



Hong Kong Out on a Limb

THERE is concern in Hong Kong over the possibility of her being excluded from the United Nations Scheme on Trade and Development, which will grant tariff preferences to imports from developing countries, the proposal for which was approved in Geneva on October 11. Warnings have been expressed by Mr. Geoffrey Rippon, Britain's chief negotiator to the E.E.C., who said that there was a "strong tendency to exclude Hong Kong in the negotiations over general preference schemes," and also Mr. Anthony Royle, who said that Hong Kong has unspecified "powerful enemies," probably a reference to protectionist-oriented countries, who do not desire the colony to benefit from the tariff preference scheme.

Since Britain's proposed entry into the Common Market would probably mean a loss of Commonwealth preference arrangements, the colony feels that the exclusion of Hong Kong and the granting of preferences to certain rival countries, which already have lower production costs, would have a devastating effect upon local industry's ability to compete in world markets.

Britain has made "strong representations" on behalf of Hong Kong to all the colony's major trading partners. And in Tokyo Mr. Anthony Royle urged the Japanese Government to back Hong Kong's inclusion in the trade preference scheme.

Details of the UNCTAD preference scheme are expected to take shape within the next six months. It is thought that Hong Kong's major export, textiles, would fall outside the preference scheme, but these are already under quota restriction in major world markets.

Two serious implications could result from Hong Kong's exclusion from the scheme. Firstly, the Colony's export trade, which constitutes over 95 per cent of locally manufactured goods, would be hit. Secondly, there is a likelihood of a drain of foreign investment to neighbouring Asian countries which benefit from the

scheme. Last year Hong Kong's exports amounted to more than £729 million with the markets of the chief customers of the developed world. Hong Kong is itself a free trade area and no doubt those countries which are against her inclusion "have their own vested interest to consider" but as usual the consumer, who would benefit from the cheaper goods exported by Hong Kong is not to be considered.

HONG KONG AND THE EEC

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THE AIR of foreboding concerning Britain's EEC application, and its effects on Hong Kong if it goes through, seem to grow daily.

The prophets of doom are not only to be found in the Colony itself. This week we carry a report on a warning emanating from the Market area itself, a warning that many Hong Kong companies will face ruin if their worst fears are realised.

We do not know if the original report was written with a sympathetic air or one of smug satisfaction—but either way it does show an awareness in Europe of the problems faced by the Colony, an awareness all too often lacking in Britain itself.

Britain claims Hong Kong as a Colony—and if through British political manoeuvring Hong Kong becomes a liability instead of a self-supporting asset (its present condition), it will be up to the British Government and the British taxpayer to subsidise its continued existence.

Britain can in no way claim that the Colony has been a burden on the British taxpayer. And if Whitehall wants things to remain that way it will have to take another look at its EEC application—an application which, we feel, is after all more of a political ploy than a move which the majority of Britain's populace support.