

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

MTN.TNC/MIN(90)/ST/19
3 December 1990
Special Distribution

Trade Negotiations Committee
Meeting at Ministerial Level
Brussels, December 1990

Original: English

HONG KONG

Statement by Mr. John Chan,
Secretary for Trade and Industry

We are all privileged to be participating in the most important multilateral trade negotiations ever to have taken place, in terms of their scope, complexity and significance for the world trading community. Either we produce a package this week which will ensure the future of the multilateral system, or, if we fail, I fear that the global economy will splinter into trading blocs, and with it protectionism will increase. Come to think of it, it is more an awesome responsibility than a privilege.

But, it is appropriate that we are being asked to exercise this responsibility at the seat of the world's largest trading entity. My delegation and I are most grateful to the Government of Belgium and to the European Community for their hospitality.

Now to substance. I shall comment selectively - though it is a word I hate using in the GATT context.

Coming from Hong Kong, I must always first speak of textiles. It is encouraging that we have before us at least a draft text of an agreement. It is pleasing that after a period of procedural differences, the importers and the exporters have finally got down to substantive negotiations; and I am confident that given the necessary political will, the draft, with appropriate phase-out, growth and other figures, can be rapidly translated into a balanced and credible agreement. But it is important to note that the proposed rates of integration would leave much too great a percentage - a veritable cliff edge of over 50 per cent of the sector - for integration at the end of the phase-out period. There must be a smoother return to normal trading.

Closely tied to textiles are the negotiations on safeguards. Here we have a comprehensive draft agreement merely waiting for the unequivocal reaffirmation of the m.f.n. principle. Our trading partners in the Berlaymont have pursued their perceived need for a selective provision in Article XIX. Let me just say that there really does seem to be consensus-minus-one on the need to preserve the most-favoured-nation principle. I hope that the Community will now accept this consensus.

. / .

The Hong Kong negotiating team has, over the past four years, taken an interest in virtually all sectors, but, as a small, heavily export-oriented economy, we have a special interest in trading rules, to ensure that our exports will not be unfairly restricted. We have in particular contributed significantly to the anti-dumping and rules of origin negotiations.

There is a gulf of perception on anti-dumping. It is no secret that Hong Kong wants real, not cosmetic, reforms in key areas of the existing Code. Provided the rules on investigations are made fairer in the first place, we are prepared to address other participants' reasonable concerns over circumvention. Anti-dumping is no longer the preserve of a few developed countries. It is proliferating as more countries develop systems of their own or become the target of allegations. It is therefore a high priority that we should make progress in this area.

The draft agreement on rules of origin would introduce some broad disciplines into an area which has previously defied resolution in the GATT. If the ambitious programme to harmonize origin rules can be successfully concluded, a significant uncertainty of the international trading régime would be eliminated. All that remains is for one or two major participants to accept the level of commitment required to make an agreement effective.

I am concerned about the state of the tariff negotiations, in particular the threats of withdrawal by some participants. Hong Kong has respected the negotiating objectives. We have, in addition to our tariff-free régime, which has been taken for granted, made an offer that significantly increases our zero bindings. Some other participants have also made good offers. It would be quite wrong if, at the eleventh hour, some of these offers were withdrawn.

As a general point, it is important not to shrink from finalizing individual agreements because of lack of progress elsewhere. As the Director-General has said on many occasions, nothing is agreed until everything is agreed. So despite our various priorities, and our differing assessments of what constitutes a balanced package, it should be our objective to finalize texts as quickly as possible.

This has been, of necessity, a very brief reaction to certain issues. Hong Kong will, of course, continue to participate actively in the negotiations on other subjects. On services, for example, Hong Kong will today table a very substantial initial offer, covering some thirty sectors. I have come to Brussels to participate in the collective process of bringing the Round to a successful conclusion. I am prepared to negotiate and to demonstrate flexibility. But I regret to say that, at this stage, the extreme positions taken by some players do appear to make a successful conclusion only a remote possibility. The fact is that in certain areas - key, highly political areas - it will require leadership by the major players if we are to complete the Round successfully. And the test of whether it is a success is that there is something in it for all of us: that there is a balanced package.