

## **NOTE FOR PUBLIC WORKS SUBCOMMITTEE OF FINANCE COMMITTEE**

### **Supplementary Information on 660CL - Site formation, construction of associated infrastructure and provision of government, institution and community facilities for an international theme park on Lantau Island**

#### **INTRODUCTION**

When considering PWSC(2001-02)25 on **660CL** at the Public Works Subcommittee meeting held on 6 June 2001, Members requested the Administration to provide supplementary information on the World Trade Organization Agreement on Government Procurement (WTO GPA) and its implications for contract packaging.

#### **THE ADMINISTRATION'S RESPONSE**

2. Hong Kong acceded to the WTO GPA in 1997 and its provisions came into effect in Hong Kong on 19 June 1997. The Agreement governs major government procurements, namely, services other than construction services of value exceeding 130,000 Special Drawing Rights<sup>1</sup> (about HK\$1.37 million) and construction services of value exceeding 5,000,000 SDR (about HK\$52.7 million).

3. The Agreement has two main objectives. First, signatories to the WTO GPA must remove all unnecessary barriers and afford opportunities to service providers from other signatories to participate in procurements governed by the WTO GPA. Any conditions for participation must be limited to those which are essential to ensure the service provider's ability to fulfil the contract in question. Second, signatories must provide open, fair and non-discriminatory treatment of products, services and service providers irrespective of their country of origin. Local and overseas service providers must be treated on an equal footing.

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<sup>1</sup> Special Drawing Rights (SDR) is an international currency unit set up by the International Monetary Fund. The current HK dollar equivalent to 1 SDR is about HK\$10.548.

4. In line with the above-mentioned principles, the Government should not try to avoid the application of the WTO GPA by splitting contracts into packages which have a value lower than the qualifying threshold value. Neither should we split or pack works contracts with a view to discriminating against or providing an advantage to any particular service provider (e.g. a local service provider). The packaging of contracts should be based on technical, financial and programme considerations, with a view to delivering the project on time and within budget.

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Works Bureau  
June 2001

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