

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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COMMUNICATION FROM THE REPUBLIC OF KOREA

Annex on Construction and Engineering Services (CES)

The attached communication is circulated at the request of the delegation of the Republic of Korea to the members of the working group on construction and engineering services.

Annex on Construction and Engineering Services (CES)

Explanatory Note

The annex attempts to consolidate some of the specificities identified during the discussions in the working group on CES. The proposed annex will help the parties in determining whether sectoral annex is needed or not, and if it comes to the conclusion that some form of annotation is needed, what the content should be.

Article I Scope/Definition

1. This annex applies to the following components of CES: project finding, planning, feasibility studies, basic design, detailed design, implementation, supervision and inspection, test runs, delivery, operation and management.
2. Trade in CES means the cross-border supply of service itself (blueprints, consultations), and the direct receipt and implementation of orders by foreign contractors. Therefore, the cross-border movement of factors of production essential to the provision of the service in CES industry falls under the domain of trade in CES.

Article II Movement of Capital

1. The parties recognize that the term "capital" means establishment capital, and capital used in the course of the receipt and implementation of construction projects.
2. Restrictions of specificity of purpose, discreteness of transactions and limited duration shall not be applied to the movement of capital.

Article III Movement of Equipments and Materials

1. The parties shall not impede the cross-border movement of

construction equipments and materials with unduly restrictive tariffs or standards.

2. The parties shall refund the tariff levied on construction equipments and materials at the time of importation when such equipments and materials are re-exported.

Article IV Movement of Labour

1. Free movement of essential personnel, i.e., administrators, supervisors, engineers and technicians specified in the project contract shall be allowed.
2. All construction personnel is employed on the condition that they are restricted to work on specified projects for limited duration and that they will be withdrawn upon the completion of such projects on the responsibility of the contractor.
3. For the cross-border movement of personnel, the host country's laws and regulations governing employee welfare, accidents, etc., shall be applied.

Article V Government Procurement

1. The national treatment and m.f.n. principles shall be applied to the procurement of CES in public construction projects to achieve the goal of liberalizing trade in CES.

Article VI Market Access

1. In the course of inviting bids on public construction projects, bidding shall be open to domestic and foreign firms on the basis of non-discrimination. When the qualified participants for the bidding are determined, objective and rational standards for selection, such as

records of performance on similar projects in and outside the host country, financial condition, technical expertise, etc., must be established and made public in advance.