

LCQ15: Imposition of sanctions on US companies by China

Following is a question by the Hon Jeremy Tam and a written reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (November 18):

On the 26th of last month, the Ministry of Foreign Affairs of the People's Republic of China announced the imposition of sanctions on three companies from the United States (US), namely Boeing Defense, Lockheed Martin, and Raytheon. Currently, Raytheon is the supplier of the Air Traffic Management System (ATMS) of the Civil Aviation Department (CAD) installed at the Hong Kong International Airport, and provides hardware and software maintenance services for ATMS. As the Basic Law stipulates that the Central People's Government (CPG) shall be responsible for the foreign affairs relating to the Hong Kong Special Administrative Region (SAR) and its defence, some members of the public are concerned that the sanctions may have impacts on the SAR Government. In this connection, will the Government inform this Council:

(1) of the government departments which (i) have entered into or (ii) are negotiating for contracts with the three aforesaid companies for the supply of services/goods, and set out in the table below the relevant details;

| Government department | Company name | Name, value, effective date and expiry date of existing contract | Name and value of contract under negotiation |
|-----------------------|--------------|--|--|
| CAD | Raytheon | | |
| ... | ... | | |

(2) whether the ATMS maintenance service contracts involve any service or equipment which is subject to the US export controls on dual-use technologies; if so, of the details; and

(3) whether the SAR Government is required to follow CPG by imposing sanctions on the three companies; if so, in respect of such sanctions, (i) of the details, (ii) whether they have impacts on the ATMS repair and maintenance work (if they do, of the corresponding plans to ensure that aviation safety will not be affected), and (iii) whether they have impacts on the procurement work and operation of various government departments (if they do, of the corresponding plans); if not, the reasons for that?

Reply:

President,

My reply to the various parts of the Hon Jeremy Tam's question is as

follows:

(1) and (2) The Civil Aviation Department (CAD)'s Air Traffic Management System (ATMS) was provided by Raytheon, and the CAD does not have any contractual arrangement with Boeing Defense or Lockheed Martin at present. The procurement of CAD's ATMS strictly followed the procurement regulations applicable to all Government departments. In the contract signed between the CAD and the supplier concerned, there are provisions requiring the supplier to provide the necessary civil aviation equipment and services pursuant to the contractual requirements. As the maintenance contract of the ATMS involves sensitive commercial information, we would not disclose the details to any third party. We have been, and will continue to be, in close communication with the supplier.

Meanwhile, we have consulted other policy bureaux/departments. Based on the feedbacks received, no other policy bureau/department has contractual arrangement in force with any of the three companies concerned.

(3) As far as aviation is concerned, the Government will pay close attention to matters related to the operation of the Hong Kong International Airport and review our corresponding strategies and arrangements in a timely manner. We will spare no effort in ensuring aviation safety and that the maintenance work for the ATMS would not be affected, and in consolidating Hong Kong's position as an international aviation hub.