

From: OCG Communications Department [<mailto:communications@ocg.gov.jm>]

Sent: Friday, May 25, 2012 04:41 PM

To: 'communications@ocg.gov.jm'

Subject: OCG Media Notification - Cayman News Service (CNS) Story - CHEC's Unsolicited Proposal in Cayman Islands Fails to Receive Support of British Government

Dear Members of the Media:

The Office of the Contractor General (OCG) wishes to bring to your attention the attached Cayman News Service (CNS) Story Link (<http://www.caymannewsservice.com/politics/2012/05/25/chinese-not-port-problem>), dated today, May 25, 2012, which has highlighted the British Government's refusal to support what is essentially an Unsolicited Proposal which has been advanced by the Chinese Company, China Harbour Engineering Company (CHEC), to construct, among other things, a Cruise Ship Port Facility in the Cayman Islands. The Cayman Islands is a British Colony.

According to the CNS Story, the CHEC investment, which is to be recouped from a port passenger tax, is being favourably considered by the Cayman Islands Government.

The Cayman Islands Governor, Duncan Taylor, however, speaking on behalf of the UK Government, has reportedly said that 'the project could not be shaped, designed, financed and built by the developer without a proper tendering process'. "It's about process and procurement", he said, insisting that the contract opportunity should 'follow international procurement practices'.

The issues that have been raised by this story in the Cayman Islands are similar to the issues which surround a CHEC Unsolicited Proposal which is now being given favourable consideration by the Government of Jamaica.

Currently, in Jamaica, the Government has signaled its intention to proceed with a controversial Unsolicited Proposal which has been advanced by CHEC to finance and complete the North/South Link of Highway 2000 and, in addition, to undertake certain yet to be specified developments on lands which will be provided by the Government adjacent to the Highway.

CHEC is to recoup its investment via a 50 Year Highway Toll Concession which will be granted to it by the Jamaican Government. The tolls, which will be paid by Jamaican motorists, are, for all intents and purposes public revenue forgone since if the Jamaican Government had itself financed the construction of the Highway, as opposed to CHEC, the tolls recovered would have been paid into the Consolidated Fund.

In like manner to the posture that has been taken by the UK Government to the CHEC Cayman Islands Unsolicited Proposal, the OCG has consistently documented its concerns regarding the Jamaican Government's consideration of the CHEC Unsolicited Proposal.

Just like the UK Government, the OCG has consistently recommended that the North/South Link contract opportunity should be put to international competitive tender in keeping with International Procurement Best Practices.

Officials of both the Jamaican Government and the Opposition are on formal record that the contracting opportunity is one which will allow the investor to recoup its investment over the life of the Toll Concession.

Please accept our appreciation and kind regards.

Respectfully,

The Communications Department

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