Committee on Government Procurement

Exchange Rate Questions relevant to the Threshold Requirement in Article I:1(b) of the Agreement

At its first meeting held on 15 January 1981, the Committee on Government Procurement decided that the Parties to the Agreement should notify without delay the method and result of their calculation of the threshold of SDR 150,000 contained in Article I:1(b) of the Agreement, in terms of their national currencies (GPR/M/1, paragraph 41 and Annex IV).

The present note compiles information received so far from Parties to the Agreement.

AUSTRIA

The threshold for 1981 has been calculated at S 2,492,445 by averaging the daily SDR/S rates over the period 1 October 1979-30 September 1980.

CANADA

The Canadian dollar equivalent of the threshold of SDR 150,000 has been calculated at Can.$228,000, by averaging the daily SDR/Canadian dollar rates over the period from 1 October 1979 to 30 September 1980.

EUROPEAN ECONOMIC COMMUNITY

I. Method

The conversion from SDR to national currencies necessitates for the European Communities an intermediate conversion into the European Currency Unit, ECU. This was effected by taking on 1 November 1980 the average of the daily values of the European Unit of Account, EUA (the term ECU has been in use since 1 January 1981) in terms of the SDR over the preceding twelve-month period. This gave a figure of ECU 139,317 which was rounded up for administrative convenience to ECU 140,000.
The further conversion of the ECU into national currencies employed the existing national currency equivalents valid under Directive 77/62/EEC (Supplies Directive) for the period 1 January 1980 until 31 December 1981. Article 5, paragraph 1(c) of that Directive stipulates that the exchange value in member State currencies of what is now the ECU is to be the average of the daily value of these currencies over the preceding twelve months, calculated on the last day of October, every two years. The exchange value is calculated, as above, by the Commission, published in the Official Journal of the European Communities during the first days of November and takes effect from the following 1 January.

II. Results

The results of the above calculations can be seen from the attached extract from the Official Journal of 1 January 1981. (Annex I)

HONG KONG

The Hong Kong equivalent of SDR 150,000 for the period 1 January 1981 to 31 December 1981 will be HK$973,000. This will be the threshold level referred to in Article I:1(b). The threshold level was calculated using the twelve-month period preceding 1 November 1980.

FINLAND

The threshold value for Finland during 1981 as provided for in Article I:1(b) of the Agreement on Government Procurement is FIM 730,000. This value has been reached by averaging the daily values of the SDR in FIM's for the twelve months preceding 31 October 1980, as decided by the Committee on Government Procurement.

JAPAN

The value of the threshold in Japanese yen has been fixed at ¥ 45,000,000 for 1 January 1981-31 March 1981 and at ¥ 44,000,000 for 1 April 1981-31 March 1982. This has been made public in the Kanpō of 26 December 1980 and 20 January 1981 respectively.
The method of calculation is described below:


<table>
<thead>
<tr>
<th>Period</th>
<th>US$ pr. SDR period average</th>
<th>Yen pr. US$ period average</th>
<th>Yen pr. SDR period average</th>
</tr>
</thead>
<tbody>
<tr>
<td>4th quarter 1979</td>
<td>1.30148</td>
<td>238.65</td>
<td>310.59820</td>
</tr>
<tr>
<td>1st quarter 1980</td>
<td>1.30338</td>
<td>243.54</td>
<td>317.42517</td>
</tr>
<tr>
<td>2nd quarter 1980</td>
<td>1.29724</td>
<td>232.84</td>
<td>302.04936</td>
</tr>
<tr>
<td>3rd quarter 1980</td>
<td>1.31967</td>
<td>220.08</td>
<td>290.43297</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td>1,220.50570</td>
</tr>
</tbody>
</table>

Conversion rate 1,220.50570 ÷ 4 = 305.12643

Japanese yen equivalent of SDR 150,000

305.12643 x 150,000 = 45,768,964

The threshold has been fixed at ¥ 45,000,000. (The fractional sum of less than ¥ 1,000,000 discarded.)

2. 1 April 1981-31 March 1982

<table>
<thead>
<tr>
<th>Period</th>
<th>US$ pr. SDR period average</th>
<th>Yen pr. US$ period average</th>
<th>Yen pr. SDR period average</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st quarter 1980</td>
<td>1.30338</td>
<td>243.54</td>
<td>317.42517</td>
</tr>
<tr>
<td>2nd quarter 1980</td>
<td>1.29724</td>
<td>232.84</td>
<td>302.04936</td>
</tr>
<tr>
<td>3rd quarter 1980</td>
<td>1.31967</td>
<td>220.08</td>
<td>290.43297</td>
</tr>
<tr>
<td>4th quarter 1980</td>
<td>1.28662</td>
<td>210.52</td>
<td>270.85924</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td>1,180.76674</td>
</tr>
</tbody>
</table>

Conversion rate 1,180.76674 ÷ 4 = 295.19169

Japanese yen equivalent of SDR 150,000

295.19169 x 150,000 = 44,278,754

The threshold has been fixed at ¥ 44,000,000. (The fractional sum of less than ¥ 1,000,000 discarded.)
NORWAY

The threshold for 1981 has been calculated at NKr 965,000 by averaging the daily SDR/NKr rates over the period 1 October 1979-30 September 1980.

SWEDEN

In Sweden the equivalent of the threshold value of SDR 150,000 has been determined to 824,000 Swedish kronor (SEK). The national threshold value has been announced in a Government Ordinance SFS 1980:1130.

The basis for the calculation has been the average of the daily rates of the SEK in terms of SDR during the period 1 November 1979 to 31 October 1980 as published by the IMF in its monthly "International Financial Statistics".

SWITZERLAND

For 1981 and provided there are no major variations in exchange rates, the threshold value mentioned in Article I:1(b) will be Sw Fr 325,000. The basis for the calculation of the threshold has been the average of the daily SDR/FS rates over the period 1 November 1979-31 October 1980.

UNITED STATES

The threshold value of 150,000 SDR's provided for in the Agreement on Government Procurement has been converted by the United States into US$ 196,000 for the calendar year 1981.

The United States arrived at this figure by averaging the daily IMF-published rate for the period 1 October 1979-30 September 1980.


ANNEX I

I

Informations)

COMMISSION


1. The value of 140 000 European units of account specified in Article 3 of Directive 80/767/EEC shall be maintained for the period 1 January until 31 December 1981 in respect of the public supply contracts to which that Directive applies.

2. The above value shall also apply during the same period in respect of procurement contracts to which the Agreement on Government Procurement applies.

3. For the purpose of determining the value in national currencies of the contracts referred to above, the national currency equivalents of the European unit of account currently applicable under the provisions of Article 5 (1) (c) of Directive 77/62/EEC of 21 December 1976 (**) shall be used. They are the following:

(currency amount for one EUA)

<table>
<thead>
<tr>
<th>Currency</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bfr/Lfrs</td>
<td>40.0739</td>
</tr>
<tr>
<td>DM</td>
<td>2.51678</td>
</tr>
<tr>
<td>Fl</td>
<td>2.74450</td>
</tr>
<tr>
<td>£</td>
<td>0.649917</td>
</tr>
<tr>
<td>Dkr</td>
<td>7.12547</td>
</tr>
<tr>
<td>FF</td>
<td>5.82252</td>
</tr>
<tr>
<td>Lit</td>
<td>1132.74</td>
</tr>
<tr>
<td>£ Irl</td>
<td>0.670086</td>
</tr>
<tr>
<td>DRA</td>
<td>58.094</td>
</tr>
</tbody>
</table>

(**) OJ No L 71, 17.3.1980.