



The conclusion of the renegotiation of the WTO Agreement on Government Procurement (GPA): enhanced prospects for a global procurement market?

Robert Anderson

**Counsellor, WTO Secretariat (Team leader for government
procurement and competition policy)**

International Chamber of Commerce

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What is the GPA?: Basic nature of the Agreement

- ❑ A plurilateral agreement within the WTO system (not all WTO Members participate)
 - ❑ Membership increasing over time. China's accession initiated December 2007; negotiations now at an advanced stage. Other developing/transition economies also pondering/pursuing accession.
- ❑ An internationally recognized tool to promote:
 - ❑ Access to other GPA Parties' procurement markets;
 - ❑ Improved value for money in each participating Member's procurements;
 - ❑ Good governance (transparency, fair competition and an absence of corruption in covered procurement markets).
- ❑ Also promotes fair treatment for international companies in domestic procurement processes, backed up by independent domestic review bodies.

Main elements of the Agreement (1)

- ☐ Rules on national treatment and non-discrimination with respect to participation in each Party's "covered procurement markets".
- ☐ Coverage defined through detailed schedules (Annexes) in "Appendix I". Specify covered entities, thresholds, covered services, specific exclusions, etc.
- ☐ Minimum standards re: relevant aspects of the procurement process, to ensure fair, transparent and open competition. Includes provisions on:
 - ☐ Tendering procedures;
 - ☐ Qualification of suppliers;
 - ☐ Time limits, documentation, opening of tenders and contract award procedures.

Main elements of the Agreement (2)

- ❑ **Enforcement: provisions on application of the WTO-DSU and independent domestic review procedures (bid challenge or remedy systems).**
- ❑ **S&D and other provisions to facilitate accession to the Agreement**

The recent conclusion of the GPA renegotiation: a “triple response” to the global economic crisis

- ☐ **“Political conclusion” to the negotiations reached by GPA Ministers on 15 December 2011, following intensive negotiations over almost a decade. Hailed as a contribution to: (i) open markets; (ii) good governance; and (iii) value for money in a time of fiscal constraint.**
- ☐ **Formal adoption of the results of the negotiations on 30 March 2012, following a verification process.**
- ☐ **Elements of the deal:**
 - ☐ **Market access enhancement package valued at \$80-100 billion annually.**
 - ☐ **Agreement that the previously-negotiated revised GPA text may now come into effect**
 - ☐ **Package of Future Work Programmes on issues such as SMEs and sustainability**

The recent conclusion of the GPA renegotiation (2): key improvements in the revised GPA text

- ❑ Core principles of the revised text are the same as the existing one (non-discrimination, transparency, procedural fairness). However, revised text incorporates:
 - ❑ A complete revision of the wording of the provisions of the Agreement with a view to making them more streamlined, easier to understand and user-friendly;
 - ❑ Updating of the text of the Agreement to take into account developments in current government procurement practice, notably the use of electronic tools;
 - ❑ Additional *flexibility* for Parties' procurement authorities, for example in the form of shorter notice periods when electronic tools are used. Shorter time-periods have also been allowed for procuring goods and services of types that are available on the commercial marketplace;
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The recent conclusion of the GPA renegotiation (3): improvements in the revised GPA text (cont'd)

- ☐ **More explicit recognition of the GPA's significance for *good governance and the fight against corruption*, including in new substantive provisions that require participating governments to carry out their GPA-covered procurements in ways that avoid conflicts of interest and prevent corrupt practices; and**
- ☐ **Revised and improved transitional measures ("special and differential treatment") for developing countries that accede to the Agreement. Under the revised provisions, such measures are to be tailored to the particular needs of the individual accession candidates.**

The WTO Agreement on Government Procurement (GPA): gradually increasing membership

- ❑ A plurilateral agreement - not all WTO Members bound
- ❑ Currently, covers 42 WTO Members including the EU and its 27 member States; most other developed countries (i.e. US, Canada, Japan; Norway and Switzerland); plus Hong Kong, China; Iceland; Israel; Korea; Singapore; Chinese Taipei; Aruba and Armenia.
- ❑ Ten more countries currently seeking accession (Albania, China, Georgia, Jordan, the Kyrgyz Republic, Moldova, New Zealand, Oman, Panama and Ukraine).
- ❑ Six more countries have commitments to join the GPA, as part of their WTO accession protocols: **Croatia, the former Yugoslav Republic of Macedonia, Mongolia, Montenegro, the Russian Federation and Saudi Arabia.**
- ❑ India an observer since February 2010; assessing its options. Malaysia, Indonesia and Montenegro granted observer status in 2012.

Concluding comments

- ❑ Increased importance of government procurement and the GPA in the global economy
- ❑ GPA the main “insurance policy” of exporting economies to preserve market access rights.
- ❑ Significance for “good governance”, development and management of public resources.
- ❑ Significance of the recent conclusion of the renegotiation of the Agreement.
- ❑ Prospects for expansion of Membership.