the Government Procurement Agreement

Perspectives from Israel

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Topics Discussed

- History
- Coverage under the GPA
- Implications for the national system
- Business Cooperation/ Offsets
- Negotiations under Art. XXIV (7)

History

- Acceded to the GPA 1.1.96
- Tokyo Round Code party since 1983
- Reported its National legislation in GPA/34, 5 May 2000
- Reviewed GPA/59, 18 October 2001

Coverage in Appendix I

- Annex 1: all central government ministries.
- Ministry of Defense & Ministry of Home Security- excluded
- Annex 2: 3 large municipalities
- Rest of municipalities- through central purchasing entity
- Annex 3: public utilities, including electrical corporation, water company

Coverage in Appendix I (Contd.)

- Telecom operator withdrawn from the GPA, under XXIV (6), in 2006
- Restructuring of Port authority- reflected in notification to the Committee, 2006
- Comprehensive coverage of services, including entire CPC 51 (construction)

Main Implications for Government Procurement in Israel

- Governed by the Mandatory Tenders Law (1992)
  - Every person has an equal opportunity to be considered
- Mandatory Business Cooperation (offsets)- ***limited under the GPA***
- Price preference to local bidders (15%)- ***not applicable in GPA tenders (national treatment)***

Main Implications (Contd.)

- Transparency clauses- ***publications in English***
- Time frames
- Use of E-procurement?
- In cases of conflict- ***GPA prevails (article 5 of the Law)***

Business Cooperation/ Offsets

- Mandatory under Israel Law (contract award pending approval of cooperation scheme)
- Flexible, creative, “user friendly”, win-win approach
- R&D, Investment- credited with 1.5 multiplier

Business Cooperation (Contd.)

- As developing country- in Note to Appendix I, scheduled offsets requirements (Art XVI (2))
- Level of requirement- to go down over 9 years from 35% to 20%
- Committee Decision 17 December 2004 (GPA/83)
- Committee Decision 21 December 2005 (GPA/86)

Business Cooperation (Contd.)

- Current level: 28%
- Lowering of thresholds, expanded services coverage
- Key element in current Negotiations of revised GPA (Art. XXIV (7))
- balancing tool:
  - Market controlled by foreign entities (~70% of GPA tenders)
  - Lack of opportunities abroad

Thank You

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