

**WTO Symposium on Transparency in Government Procurement**  
**Quantifying the Size of Government Procurement**  
**Geneva, 9-10 October 2002**  
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## **Introduction**

Governments are significant purchasers of goods and services and these markets represent huge opportunities for international trade. Informed knowledge about the size of these markets and in particular their internationally contestable shares is relevant for the business community, governments and trade negotiators. This presentation will begin with a comparative review of studies on the quantification of government procurement markets. The pros and cons of various methodological approaches will be outlined. Concrete examples of the size of government procurement markets will be given, including measurements of government procurement detailed by consumption and investment expenditure, by administrative levels, and the shares of government procurement that are potentially opened up to international trade.

## **Quantifying the size of government procurement markets**

There are few studies on the quantification of the size of government procurement markets, their results are not necessarily comparable as different definitions of procurement are used, and the number of countries covered is usually small. Methodological approaches based on national data drawn from the System of National Accounts (SNA) provide a more reliable basis for estimating the size of government procurement markets in a consistent manner for a large number of countries. Depending on the availability of detailed data, SNA-based data also enables to distinguish consumption and investment expenditure, to measure procurement by administrative levels, and to estimate the shares of government procurement that are potentially opened up to international trade.

The so-called “bottom-up” approach to quantify government procurement refers to the process of gathering national data on procurement expenditure directly from national entities responsible for procurement decisions. Results are often uneven and the reliability of results stems, to a large extent, from the homogeneity and consistency of the compilation and reporting processes. Establishing such processes requires legally binding notification requirements on all concerned procurement entities.

The main estimates of the size of government procurement markets obtained from the recent OECD study, entitled “*The Size of Government Procurement Markets*”<sup>1</sup>, will be presented. This study uses SNA-based data and offers various ratios of government procurement markets for over 130 countries. Some of these estimates are:

- The estimate for the world’s total government procurement market is US\$5,550 billion, which is roughly equivalent to 82.3% of the world merchandise and commercial services exports in 1998.
- The world value of the contestable government procurement market is estimated at \$2,083 billion in 1998, which is equivalent to 7.1% of the world GDP or 30.9% of the world merchandise and commercial services exports in 1998.

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<sup>1</sup> The PDF file of this OECD publication is available for free on the OECD Online Bookshop which is accessible from the OECD Web site ([www.oecd.org](http://www.oecd.org)), also available in French “*La taille des marchés publics*”.