

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

RESTRICTED
GPR/W/141
17 January 1995
Special Distribution

(95-0047)

Committee on Government Procurement

Original: English

UNITED STATES: REPLIES TO THE QUESTIONS FROM THE EUROPEAN
COMMUNITIES ON THE US STATISTICAL REPORT FOR 1990

Communication from the United States

The following communication, dated 11 January 1995 and containing replies to the questions raised by the European Communities in document GPR/W/118 on the US 1990 statistical report, has been received from the delegation of the United States with the request that it be circulated to the members of the Committee on Government Procurement.

1. It has been very difficult to obtain comprehensive answers to the questions posed by the EC in document GPR/W/118. The simplest answer, as confirmed by independent inquiries to each of the US entities identified in the questions, is that US procurement budgets have been on the decline in recent years, particularly that of the Department of Defense. The trend is likely to continue in future years as a result of US Federal efforts to contain the US Federal budget deficit. Nevertheless, the US Government anticipates that the value of US covered procurement will remain substantial. The United States continues to report a higher value of covered procurement than the EC, despite the fact that the Member States of the EC account for a higher GDP.
2. The Department of Defense has been hit the hardest in terms of declining procurement budgets, in large part because of the declining national security threat. As to the specific figures cited for 1990, much of the drop occurred in procurement of petroleum products, the value of which is subject to substantial price fluctuations. The fall in miscellaneous items appears in part to involve reallocation of certain product categories into more specific GPA reporting categories. As to the decline in 1990 of procurement of agricultural products, this is most likely attributable to the fact that the Department of Defense will enter into multi-year contracts for the supply of food products for the various armed forces.
3. The General Services Administration reports that in addition to declining procurement budgets, there have been reduced requirements for specialized medical equipment due to government hospitals beginning to share equipment, instead of individually procuring expensive equipment. This change in practices accords with efforts to introduce greater efficiency in US Federal activities.
4. The drop in procurements of the Department of Health and Human Services is fully attributable to declining procurement budgets.
5. This statistic was reported in error. The Smithsonian covered procurements should have been reported as three contracts for a total value of \$622,000. Below threshold procurement was \$1,193,000.
6. The decline in reported statistics for the Departments of Interior and State is attributable to declining procurement budgets.