

GENERAL AGREEMENT ON TARIFFS AND TRADE

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ARTICLE IX:6(b) NEGOTIATIONS STUDY OF CERTAIN TYPES OF SERVICE CONTRACTS

MANAGEMENT CONSULTING SERVICES AND FREIGHT FORWARDING SERVICES

The present working document compiles a contribution from Sweden.

I. Commercial implications of Code coverage

All twenty-one entities covered by the Code were surveyed as well as a selection of thirteen entities not covered by the Code. As shown by Table 1, the total procurement of management consulting services in 1984 for these two groups of entities combined was approximately SEK 190 million (US\$22 million). The corresponding total for the procurement of freight forwarding services was, as shown in Table 2, approximately SEK 27 million (US\$3 million).

From the material it appears that the procurement of management consulting services is a widespread phenomenon among Swedish Government entities, while procurement of freight forwarding services occurs only in a small number of entities.

With the exception of one entity the maximum amounts of individual contracts in these service areas are lower than the current threshold value for goods. Average amounts are, in general, significantly lower.

It should be noted that the figures given in the tables for the National Telecommunication Administration represent estimates only. The computerized accounting practices of the Administration do not allow for separation of service contracts. Any accurate calculation would be extremely time-consuming.

II. Questions regarding the procurement of management consulting and freight forwarding services

Problems in defining the origin of these types of services appear to be very infrequent.

Procurement of freight forwarding services involves subcontracting in the sense that the forwarder contracts with the actual carrier for the transportation of the goods. Only two entities, the National Defence Industries Corporation and the Board of Space Activities, indicated that they were aware that their suppliers of management consulting services utilized subcontractors.

Only very few entities procure freight forwarding services through multi-year contracts. Discrete short-term contracts seem to be most frequent. One-year contracts with an option for extension by another year exist in a few cases.

No particular ambiguities as to what is to be considered as the value of the service procurement contract have been brought out in the replies by entities.

In order of frequency the following factors limiting the competitiveness of foreign suppliers of management consulting services have been mentioned by the entities surveyed:

- (1) language problems;
- (2) limited knowledge of Swedish administrative procedures and of the Swedish public sector in general;
- (3) national security considerations.

Similar limiting factors do not generally appear in the area of freight forwarding services. Local forwarders are usually contracted for border formalities and for the handling of foreign goods at entry points.

ANNEX IProcurement of management consulting services in 1984 (1000 SEK)

	Number of procurements	Total value	of which from foreign supplier	Lowest and highest value of procurements	Value above which majority of procurements fall	Form of procurement	Normal bid time	Remarks
<u>I Code covered entities</u>								
National Board of Public Building	8	1500		20-250	100	0	1 month	
Royal Civil Defence Board	4	435		25-300	40	0		
Swedish Forest Service	-	2100						
Royal Fortifications Administration	-	200						
National Industries Corporation	10	1515	200	9- 54	20	0	> 30 days	
Defence Material Administration	0							
Medical Board of the Armed Forces	0							
National Prison and Probation Administration	2	392	0	64-328		S		
National Civil Aviation Administration	10	3500	64	27-1000	120	0		
Post Office Administration	-	60736						
National Police Board	0							
National Tax Board	0							
National Administration of Shipping and Navigation	0							
National Board of Forestry	-	5						
National Board of Education	12	1288	0	99-332	100	0 + S	2-3 weeks	
National Board of Health and Welfare	1	100	0	100				
National Industrial Board	0							
Central Bureau of Statistics	300	4555	0	1- 10		S		
Agency for Administrative Development	65	5557	0	3-942	50	0	10days - 1month	
National Road Safety Office	2	41	0	20		0	2 - 4 weeks	
National Road Administration	4	1500	0	30-900		0	1 week	
Subtotal	418	83424	264					
<u>II Non code covered entities</u>								
National Computer Center for Administrative Data Processing	0							
Board of Customs	0							
National Social Insurance Board	0							
National Bacteriological Laboratory	0							
Board of Space Activities	2	1574	0	600-974		S		
State Railways	11	4200		60-1800	150	0	6 weeks	
Central Office of the National Land Survey Organization	0							
National Environmental Protection Board	2	125	0	34 - 91		0	3 weeks	
National Testing Institute	2	95	0	30 - 65		0		
Geological Survey	0							
National Telecommunication Administration	-	100000	0	10-1000		0		
Board for the Equipment of Swedish Universities	0							
State Power Board	-							
Subtotal	17	105994	0					
Total	435	189418	264					

0 = open tendering
S = single or selective tender.

ANNEX II

Procurement of freight forwarding services in 1984 (1000 SEK)

	Number of procurements	Total value	of which from foreign supplier	Lowest and highest value of procurements	Value above which majority of procurements fall	Form of procurement	Normal bid time	Remarks
<u>I Code covered entities</u>								
National Board of Public Building	0							
Royal Civil Defence Board	0							
Swedish Forest Service	-	2200						
Royal Fortifications Administration	-	230						
National Industries Corporation	14	7700	2400	8 - 2100	50	0	1 - 30 days	
Defence Material Administration	0							
Medical Board of the Armed Forces	0							
National Prison and Probation Administration	0							
National Civil Aviation Administration	150	85	0	0,2 - 1	0,4	S		
Post Office Administration	-							
National Police Board	0							
National Tax Board	0							
National Administration of Shipping and Navigation	0							
National Board of Forestry	0							
National Board of Education	-							
National Board of Health and Welfare	3	1080	0	80 - 800	200	0	1 month	
National Industrial Board	0							
Central Bureau of Statistics	1	1136				S		
Agency for Administrative Development	0							
National Road Safety Office	8	9000	0	1000-2000	1000	S		
National Road Administration	1	1000						
Subtotal	177	22433	2400					
<u>II Non code covered entities</u>								
National Computer Center for Administrative Data Processing	0							
Board of Customs	0							
National Social Insurance Board	0							
National Bacteriological Laboratory	0							
Board of Space Activities	-							
State Railways	1	300		300		0	6 weeks	
Central Office of the National Land Survey Organization	3	20	0			S		
National Environmental Protection Board	-							
National Testing Institute	500	150		0,1 - 5	0,2	S		
Geological Survey	0							
National Telecommunication Administration	1	4000				0		
Board for the Equipment of Swedish Universities	0							
State Power Board	-							
Subtotal	505	4470	0					
Total	682	26903	2400					

0 = open tendering
S = selective tendering