

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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Committee on Government Procurement

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ISSUES WHICH MIGHT BE RAISED IN THE CONTEXT OF THE
NEGOTIATIONS FORESEEN BY ARTICLE IX:6(b)
OF THE AGREEMENT

Communications from the Delegations of Canada,
Sweden and the United States

CANADA

The Canadian delegation wishes to put forward the following subjects for discussion and possible inclusion in a "Work Programme" in preparation for the Article IX:6(b) negotiations.

A. Non-covered entities

The actual coverage of the Agreement is quite limited in scope with, for example, only some 15 per cent to 20 per cent of governments' goods purchases covered (exclusive of the threshold). The Committee should give consideration to increasing this proportion, possibly through the inclusion of entities which purchase, inter alia, telecommunications, power generation and transmission, and ground transportation (particularly urban mass transit) equipment.

B. Services

Although government procurement of services has increased rapidly during the last decade, little is known about the extent and characteristics of government procurement of internationally traded, or tradeable services. It would be timely for the Committee to begin exploring the possibilities of including services under the coverage of the Agreement in accordance with Article IX:6(b). In this regard, identification of internationally traded, or tradeable services purchased by governments and of purchasing procedures and practices currently in effect would be a useful first step.

C. Leasing

The Committee should give consideration to the potential significance of this loophole for circumvention of the Agreement.

D. Elimination of specific derogations

Several signatories have reserved their rights to maintain specific programmes despite the fact that the Agreement does not make provisions for specific derogations. Such limitations on coverage could be used to circumvent the Agreement and their elimination would significantly improve the Agreement.

E. Inclusion of a self-denial clause

The Committee should examine the possibility of adding a self-denial clause to the procedures of the Agreement. Such a clause would require signatories to refrain from directing the purchasing or attaching "Buy National" conditions to the use of their funds by their local or regional governments or by related government entities.

SWEDEN

I have been instructed by my authorities to transmit the following list of issues for consideration in the negotiations:

1. expanded entity coverage;
2. inclusion of services and leasing;
3. lengthening of bid deadlines.

We do of course reserve our right to make modification to this list of issues.

UNITED STATES

I have been instructed by my authorities to submit the enclosed list of issues for consideration in the negotiations¹:

1. expanded entity coverage;
2. inclusion of services and leasing;
3. lowering the threshold;
4. lengthening of bid deadlines.

In preparation for these negotiations, the United States delegation believes it would be useful for the Committee to prepare information to be used as background in the negotiating process. The following represents our thinking regarding the type of preparatory work that would provide useful background for the negotiations in each of the areas we have identified. With regard to the collection of data, it would be our hope, whenever possible, to collect data at a level of aggregation which would permit the use of existing sources, such as budget documents, rather than requiring new collection efforts.

¹The United States reserves the right to make modifications to this list of issues.

1. Expanded entity coverage

- Collect data on the value and types of products purchased by non-covered entities and those portions of covered entities that are now not covered.

2. Services

- Identify types of services that are traded internationally and that are acquired by governments.
- Collect data on the value of service contracts.
- Examine whether the Agreement's provisions are suitable for the procurement of services.
- Where appropriate, identify provisions which may require modification.

3. Leasing

- Collect data on the value and types of products that governments lease.
- Continue to collect information on signatories' practices with regard to leasing and similar arrangements.

4. Lowering the threshold

- Collect information on the number and value of contracts that would be covered if the threshold were lowered by increments of SDR 20,000, e.g. at SDR 130,000, 110,000, 90,000, 70,000, and 50,000. This data would provide useful information on the commercial value of lowering the threshold and give an indication of the possible administrative burden as well.

5. Lengthening of bid deadlines

Two areas appear to require investigation:

- (a) Should the thirty-day time-limit be increased, e.g. to forty-five days? In this regard, it would be useful to examine whether thirty days provides sufficient time for foreign suppliers to participate. In addition, the administrative implications of extending bid deadlines should be examined.
- (b) The signatories should seek to clarify the apparent ambiguity between Article V:9(a) and Article V:10(d) of the Agreement. In this regard, it would be helpful to study the practical experiences with the operation of the Agreement, including the frequency with which entities use shortened bid deadlines, the products involved, values of the contracts, and whether foreign firms participate in the tendering process.