



Transparency in Government Procurement

A decision will be taken in Cancún on whether or not to launch negotiations on an agreement on government procurement. Although this is currently limited to 'transparency' provisions, there are concerns that an agreement might restrict the rights of governments to source products from sustainable sources.

Governments are the largest purchasers of goods and services in the world. Globally, procurement markets account for trillions of dollars in commercial transactions for health, social security, natural resource, police and fire services at all levels of government. Procurement policy is also used by governments – especially in developing countries – to support small and medium enterprises, provide incomes to impoverished areas and minority groups, and to promote environmentally friendly products and services.

At the 2001 Doha ministerial, WTO members agreed that negotiations for a multilateral agreement on transparency in government procurement could be launched at Cancún – but only if there is explicit consensus amongst members. Any such negotiations would build on the work of the Working Group on Transparency in Government Procurement, which is mandated to study transparency in members' government procurement practices.

Whilst Members agreed at Doha that negotiations would be limited to transparency, there would inevitably be pressure for these negotiations – if launched – to go on to look at other aspects of government procurement. There is a fear – particularly amongst developing countries – that these negotiations would move on to consider 'market access' issues, creating requirements to open government purchases to foreign companies. There are two particular grounds for this concern:

- Some countries point out that, if the agreement is restricted to transparency provisions, then there seems no need to subject these to WTO dispute settlement procedures.
- The working group agenda seems to go beyond transparency – addressing, for example, government criteria for selection of purchases and processes of decision-making.

It is also far from clear how the negotiations on government procurement will impact on individual governments wishing to adopt public procurement policies that specify environmental, social and legal criteria to influence the export, process and import of traded products – illegal timber, for example. The current working group discussions have avoided the thorny issue of product distinction based on how goods are sourced or produced.

In addition to the concerns outlined above, adding this issue on the negotiating table will add to the very heavy agenda that WTO members are currently facing, exacerbating concerns that the WTO is expanding beyond its competencies.

What should happen in Cancún?

1. Negotiations on an agreement on transparency in government procurement should not be launched.
2. WTO members should recognise that governments have a right to source products from sustainable sources.