

# **GPA as Market Access Instrument: Benefits for Acceding Members**

**Jean Heilman Grier**  
**Principal Consultant on Trade**  
**Djaghe, LLC**

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# Introduction

## ➤ Value of Covered Procurement

- ❖ Estimated US\$ 1.7 trillion annually
- ❖ Recent revision added approximately \$80 billion to \$100 billion annually

## ➤ Elements of Coverage

- ❖ **Thresholds**
- ❖ **Entities**
  - Central government entities (Annex 1)
  - Sub-central government entities (Annex 2)
  - Other entities, includes utilities, government enterprises, SOEs (Annex 3)
- ❖ **Goods:** all goods are covered unless excluded (except defense goods which are covered based on positive list)
- ❖ **Services,** including construction services
  - Negative list (all services are covered except those excluded)
  - Positive list (only listed services are covered)
- ❖ **Exclusions or derogations** from coverage

# Thresholds

## ➤ **Central government entities**

- ❖ Goods & services: 130,000 SDRs (except Japan and Aruba - 100,000 SDRs)
- ❖ Construction services: 5 million SDRs (except Aruba, Israel & Japan)

## ➤ **Sub-central government entities**

- ❖ Goods & services: 200,000 SDRs or 355,000 SDRs (except Israel and Korea for certain entities)
- ❖ Construction services: 5 million SDRs (except Israel, Japan & Korea)

## ➤ **Other entities**

- ❖ Goods & services: 400,000 SDRs (except Canada, Israel, Japan & U.S.)
- ❖ Construction services: 5 million SDRs (except Israel, Japan & Korea)

# Annex 1: Central Government Entity Coverage

- Executive/administrative entities: Parties cover all or most central government entities
- Judiciary: Several Parties cover courts
- Legislature: Several Parties cover legislatures
- Coverage varies based on governmental system: generally comparable
- Some parties cover central government entities in Annex 1 that another party covers in Annex 3.

# Types of Central Government Entity Coverage

- List entities: most parties
  
- Comprehensive coverage of all central government entities (current and future)
  - ❖ EU, Iceland, Norway and Switzerland
  - ❖ Provide indicative lists of the covered entities.
  
- EU gives comprehensive coverage to o 6 Parties: (Iceland, Aruba, Norway, Liechtenstein, Switzerland).
  - ❖ 2<sup>nd</sup> level of coverage to Israel & Montenegro: all listed entities
  - ❖ 3<sup>rd</sup> level of coverage to the remaining Parties: not all listed entities
  - ❖ 4<sup>th</sup> level of coverage for U.S., Japan and Chinese Taipei: access to some entities not offered to level 3

# Annex 2: Sub-central Entity Coverage

- Broad sub-central coverage, with some providing more comprehensive coverage than others
  
- Two approaches to coverage
  - ❖ Positive list
  
  - ❖ Classifications of entities
  
- Type of coverage depends on governmental structure
  - ❖ Centralized procurement systems, *e.g.*, EU
  
  - ❖ Federal systems, *e.g.*, U.S.

# Sub-central Entity Coverage

## (cont.)

- **Coverage based on listed entities:** Armenia, Canada, Israel, Korea, Japan, New Zealand, Chinese Taipei and U.S.
- **Coverage defined by categories of entities:** EU, Iceland, Liechtenstein, Montenegro, Norway, and Switzerland, with indicative list of entities
- **No sub-central entities:** Hong Kong, China, Aruba and Singapore

# Sub-central Coverage based on Listed Entities

- **Armenia:** 47 local authorities (municipalities)
- **Canada:** All 13 of its provinces and territories
- **Israel:** 3 municipalities (Jerusalem, Tel-Aviv & Haifa) and Local Government Economic Services
- **Japan:** All (47) prefectures and all (19) designated cities
- **Korea:** two groups
  - ❖ Group A : 16 entities: the Seoul Metropolitan Government, 6 metropolitan cities and 9 provinces.
  - ❖ Group B: local governments in 3 largest cities (Seoul, Busan and Incheon).
- **New Zealand:** 11 health boards and 7 councils
- **Chinese Taipei:** Taiwan Provincial Government and city governments for Taipei and Kaohsiung.
- **United States:** 37 of its 50 states, with the entities covered varying by state



# EU Sub-central Coverage

- All regional or local contracting authorities, which include:
  - ❖ All contracting authorities of the administrative units, as defined by Regulation 1059/2003, – NUTS Regulation, which establishes a common classification of territorial units for statistics (NUTS)
  - ❖ Regional contracting authorities are contracting authorities of the administrative units falling under NUTS 1 and 2
  - ❖ Local contracting authorities are contracting authorities of administrative units falling under NUTS 3 and smaller administrative units
- All contracting authorities that are bodies governed by public law, as defined by public procurement directive.

# Sub-central Coverage based on Classification of Entities

- **Iceland** covers two categories:
  - ❖ All contracting authorities of the regional or local public authorities, including all municipalities
  - ❖ All other entities whose procurement policies are substantially controlled by, dependent on, or influenced by central, regional or local government and which are engaged in non-commercial or non-industrial activities
  
- **Liechtenstein** covers two categories:
  - ❖ Public authorities at the local level;
  - ❖ All bodies governed by public law (defined same as EU)
  
- **Montenegro** covers two categories:
  - ❖ All sub-central government entities (local self-government units) and subordinated organizations, which extends to the contracting entities of administrative units with populations between 3 million and 7 million, between 800,000 and 3 million and between 150,000 and 800,000 and smaller administrative units such as municipalities.
  - ❖ All contracting authorities, which are bodies governed by public law, (defined same as EU)
  - ❖ Indicative list of 17 contracting authorities

# Sub-central Coverage based on Classification of Entities (cont.)

## ➤ **Norway** covers entities in three categories:

- ❖ All sub-central government entities operating at the regional (counties) or local (municipalities) level
- ❖ All bodies governed by public law (same definition as EU)
- ❖ All associations formed by one or several of the entities covered by the first two categories. Norway provides an indicative list of its covered entities, which includes 12 bodies and two categories (state banks and publicly owned and operated museums)

## ➤ **Switzerland** covers:

- ❖ Any centralized or decentralized authority or administrative unit at the cantonal level under cantonal law and at the district and communal level
- ❖ Lists its 23 cantons

# Annex 3: Other Entities

- All parties, except Aruba, cover “Other Entities”
- **Coverage of specified entities:** Canada, Hong Kong, China, Israel, Japan, Korea, New Zealand, Singapore, Chinese Taipei and United States
- **Coverage of entities that are within certain classifications** and that undertake activities in specified sectors (electricity, urban transport, airports, ports and water)
  - ❖ EU, Iceland, Liechtenstein, Montenegro, Norway and Switzerland
  - ❖ Provide an indicative list of entities that are covered
- **Armenia** covers all legal persons governed by public law and publishes list of entities
- For more information, see a White Paper: [“Comparison of GPA Parties’ Coverage of Other Entities”](#)

# Coverage of Other Entities

- All parties, except Aruba, cover “Other Entities”
- Two approaches to coverage
  - ❖ One group limits its coverage to Other Entities that it lists: Canada, Hong Kong, China, Israel, Japan, Republic of Korea, New Zealand, Singapore, Chinese Taipei and United States.
  - ❖ Second group bases its coverage on entities that fall within certain classifications and that undertake activities in specified sectors. Each provides an indicative list of covered entities that are covered: Armenia, EU, Iceland, Liechtenstein, Montenegro, Norway and Switzerland
- The parties’ coverage of other entities is detailed in a White Paper, [“Comparison of GPA Parties’ Coverage of Other Entities”](#).

## **Annex 4: Coverage of Goods**

- GPA coverage of goods is based on principle that all goods are covered unless explicitly excluded
- Procurement of defense and security entities is generally based on positive list
- Exclusions of specific goods

# Annex 5: Coverage of Services

## ➤ Positive list

- ❖ Access provided only to listed services
- ❖ Used by most Parties

## ➤ Negative list

- ❖ Provides access to all services except those listed
- ❖ Only used by New Zealand and U.S.

# Services Excluded under Negative List

## ➤ **U.S.** excludes:

- ❖ Transportation services, including launching services
- ❖ Services associated with the management and operation of government facilities, or privately owned facilities used for governmental purposes, including federally funded research and development centers
- ❖ Public utilities services, including telecommunications and ADP-related telecommunications services except enhanced (*i.e.*, value-added) telecommunications services
- ❖ R&D services.

## ➤ **New Zealand** excludes:

- ❖ R&D services
- ❖ Public health services
- ❖ Education services
- ❖ Welfare services



# **Annex 6: Coverage of Construction Services**

➤ **All construction services covered**

➤ **Exceptions**

❖ Dredging by Canada and the U.S.

❖ Several entity-specific exclusions

# Public-Private Partnerships under Revised GPA

## ➤ Work Concessions

- ❖ **EU** limits access to: Iceland, Korea, Liechtenstein, Montenegro, Norway, Netherlands on behalf of Aruba, and Switzerland
  - Only national treatment obligation
  
- ❖ **Montenegro** limits access to 7 parties: EU, Iceland, the Republic of Korea, Liechtenstein, Norway, Aruba, and Switzerland

## ➤ Japan's Private Finance Initiative

## ➤ Korea's build-operate-transfer (BOT) contracts

# Exclusions and Derogations

- Parties place certain limitations on their coverage.
- Some are included in General Notes (Annex 7)
  - ❖ Canada & U.S. exclude set-asides for small and minority businesses
  - ❖ Canada & EU exclude agricultural products purchased for agricultural support programs and human feeding programs (U.S. excludes in Annex 1)
  - ❖ EU excludes U.S. and others from certain procurement
- Some are included in other Annexes
  - ❖ EU denies U.S. rights to procurement of services by sub-central entities
  - ❖ U.S. excludes specific goods and services

# Contact Information

## Jean Heilman Grier

Principal Consultant on Trade

Djaghe, LLC

[jhgrier@djaghe.com](mailto:jhgrier@djaghe.com)

Tel: (202) 294-1528

Website: [www.Djaghe.com](http://www.Djaghe.com)

Trade Blog: <http://trade.djaghe.com>

