Unlocking international public procurement: analytical priorities for policy makers

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Lucian Cernat
Zornitsa Kutilina-Dimitrova

@Lucian_Cernat

Chief Economist Unit
DG TRADE, European Commission

The opinions expressed herein are the authors’ own and do not necessarily reflect the views of the European Commission.
Main points

- International government procurement: What role for GPA and other trade agreements?
- Data challenges and modalities of delivery of international procurement
- New EU-funded analytical "public goods":
  1. Public procurement in CGE modelling
  2. Cross-country public procurement data collection
- Conclusions and policy implications
International public procurement: how important?

- **Size**: public procurement accounts for 10-25% of GDP on a world basis. In the EU, public procurement accounts for around 19% of GDP including utilities of SOEs.

- **New markets**: increasing the size of the PP market committed internationally.

- **Knowledge gap**: Despite its increasing importance at the WTO and bilateral level, information and analyses on public procurement remain scarce.
International procurement data: challenges and opportunities

- Collecting procurement statistics under the GPA
  - Ongoing discussions in the work programme on collecting and reporting statistical data on how to address reporting issues

- Contract award data – growing trend in e-procurement and publicly available databases
  - In some jurisdictions, the international aspect not well documented

- Multi region input output databases (MRIO)
  - Good macro-analytical framework but government investment typically not well covered
Modalities of delivery of international procurement

- **Direct cross-border international procurement**: a foreign company submitting a bid and winning "from abroad"

- **Commercial presence procurement**: a domestic subsidiary of a foreign company wins “locally” the public contract

- **"Value-added" indirect international procurement**: a foreign company participates indirectly with parts and components (goods and services) without necessarily being part of the winning bid
Project #1
Public Procurement: the macro CGE approach

- **Project objective:**
  - Better capture data on international procurement from official macro-statistics and use it in a CGE modelling context against the background of negotiations in the field of public procurement

- **Main deliverables:**
  - Revised GTAP database and its modelling framework

- **Time frame:**
  - end 2015
Public procurement in CGE modelling

Main challenges of the project:

▪ Data extension:
  ➢ Identification of the sourcing of imports of goods and services purchased by governments. This basically means that a multi-region input output database has to be build
  ➢ Separation of private from public investment as for the moment the input output tables framework covers only total investment

▪ Modelling modifications
  ➢ Several new variables/dimensions need to be introduced in the GTAP model to be able to assess changes in public procurement policies
Public Procurement Project #2: the micro-data approach

- **Project objective:**
  - The project's main objective is improving the availability, coverage and quality of government procurement data in an international context.

- **Main deliverables:**
  - A cross-country database consolidating contract and award international public procurement data from a critical mass of countries. To the extent possible covering *all modes of international procurement*.

- **Time frame:**
  - 2015-2018 – extension of this project for another 3 years is possible.
Public Procurement Project #2: main features

Main challenges of the project:

- Development of a methodology for data collection:
  - The methodology should cover all modalities of delivery of international procurement
  - The methodology needs to take into account the different degrees of procurement data availability

- Data collection
  - The final dataset should cover contract award data and where necessary be complemented by estimates of relevant public procurement indicators. In addition a full set of procurement barriers should be collected and provided
  - More details available at on Tenders Electronics Daily (TED)
Service contract - 207529-2015

Belgium-Brussels: Public procurement initiative 2015/S 115-207529
Service contract notice
Location — Latin America and Asia

17/06/2015 8115 External aid programmes - Service contract - Contract notice - Restricted procedure

1. Publication reference: 
   EuropeAID/113555/CN/15/G/ER/MULTI
2. Procedure: 
   Restricted 
3. Programme title: 
   Public procurement initiative. 
4. Financing: 
5. Contracting authority: 
   European Union, represented by the European Commission, Brussels, BELGIUM.

Contract description

1. Nature of contract:
   Global Procurement 
2. Contract description:
   The project’s main objective is improving the availability, coverage and quality of data on public procurement markets in an international context. In a first step, an appropriate methodology for government procurement data collection and for assessing the contestability of public procurement markets in third countries will be developed. At a second stage, the methodology will be applied in the following trading partners: Australia, Brazil, China, India, Indonesia, New Zealand, Thailand. The project deliverables would cover detailed public procurement data (including cross-border data) and the economic assessment of the impact of policy instruments and practices that may discriminate or restrain market access in third countries’ public procurement markets.
3. Number and titles of lots:
   1 lot only.
4. Maximum budget: 
   4'500'000 EUR.
5. Scope for additional services:
   The contracting authority may, at its own discretion, extend the project in duration and/or scope subject to the availability of funding up to a maximum not exceeding the length and value of the initial contract. Any extension of the contract would be subject to satisfaction of performance by the contractor.

Australia, Brazil, China, India, Indonesia, New Zealand, Thailand.

Maximum Budget: 4'500'000

Additional information: Questions may be sent by e-mail, indicating clearly the reference of the call, to the following address: fpi-4-grants-tenders@ec.europa.eu
Conclusions: analytical priorities for policy makers

- International procurement carries a "big ticket" item in WTO and bilateral trade negotiations
- Currently policy makers not well served by comprehensive, cross-country comparable data as in other negotiating areas
- There is need for greater cooperation among key institutional stakeholders (WTO, OECD, etc.)
- Important policy-relevant analytical initiatives are forthcoming
Thank you for your attention!

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