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GENERAL AGREEMENT ON TARIFFS AND TRADE

Committee on Government Procurement

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LEASING AND THE AGREEMENT ON GOVERNMENT PROCUREMENT

Statement by the United States

The following statement, dated 24 March 1981, has been received from the delegation of the United States.

The delegation of the United States notes that, as a result of United States proposals made at the first meeting of the Committee on Government Procurement in January 1981, the Committee agreed to return to the issue of leasing at its meeting of 9-10 April 1981. In preparation for this meeting, the United States delegation would like to draw the attention of the Parties to a number of considerations regarding leasing and to reiterate the United States' proposal for a work programme on this issue.

As the Parties are aware, the United States believes that the Agreement is applicable to leasing. In our view, the Agreement covers the "procurement of goods" and leasing is but one form of procurement.

We recognize that there is no consensus on this matter within the Committee at this time. Nevertheless, regardless of how the Committee eventually decides on this issue, it is relevant and timely to consider the extent of leasing by covered entities as well as how the exclusion of leasing from the coverage of the Agreement might effect the achievement of the objectives of the Agreement. For instance, the achievement of the objectives of Agreement could be frustrated if Parties were to shift procurement practices from purchasing to leasing with the sole purpose of circumventing the Agreement. Such practices would undoubtedly lead to other Parties following suit.

Proposal for a work programme

The United States believes that the issue of leasing should be kept on the agenda for future meetings of the Committee. To facilitate the Committee's consideration of this issue, we believe it is necessary to develop data regarding the leasing practices of the Parties. We recommend that prior to the third meeting of the Committee, Parties provide the GATT secretariat with information concerning their leasing practices, including the types and value of products procured by leasing.

Furthermore, until the question of the applicability of the Agreement to leasing is resolved, we believe it important that Parties affirm their intention not to change their procurement practices with respect to leasing in a manner that would have the effect of circumventing the Agreement. To this end, we recommend that the Parties promulgate a joint declaration stating their intention not to use leasing in a manner that would prejudice the objectives of the Agreement.