

Opening markets and
promoting good governance

GOVERNMENT PROCUREMENT AGREEMENT

Did you know?

Government procurement accounts for an average of 15 per cent or more of a country's GDP. The WTO's Agreement on Government Procurement covers government purchasing of goods, services and construction work valued at US\$ 1.7 trillion annually.



The GPA in brief

The WTO's Agreement on Government Procurement (GPA) is a plurilateral agreement, meaning that not all WTO members are party to it. Covering government purchasing of goods, services and construction works, the GPA promotes market opening, good governance, transparency and integrity. A recent renegotiation of the GPA involved the updating of the Agreement's text and a significant expansion of its market access commitments.

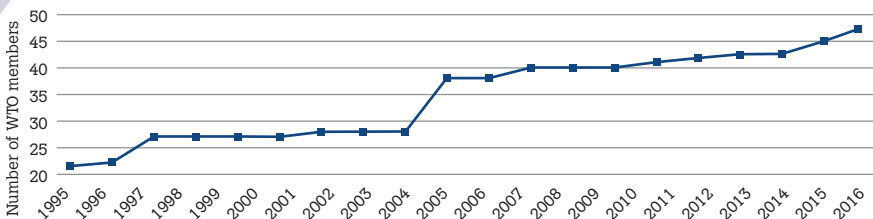
How it came about

- The GPA grew out of the original Tokyo Round Government Procurement “Code” negotiated in the 1970s.
- The Agreement was negotiated in parallel to the Uruguay Round trade negotiations in the 1980s to 1990s.
- The Agreement on Government Procurement was signed in Marrakesh on 15 April 1994 at the same time as the Agreement Establishing the WTO. It entered into force on 1 January 1996.
- Renegotiation of the GPA began in 1997 and was concluded in December 2011. The outcome of the negotiations was formally adopted in March 2012.
- The revised Agreement entered into force on 6 April 2014.

GPA membership

A total of 47 WTO members are covered by the GPA (see page 6).

Chart 1: GPA membership



The GPA embodies three general principles

Non-discrimination

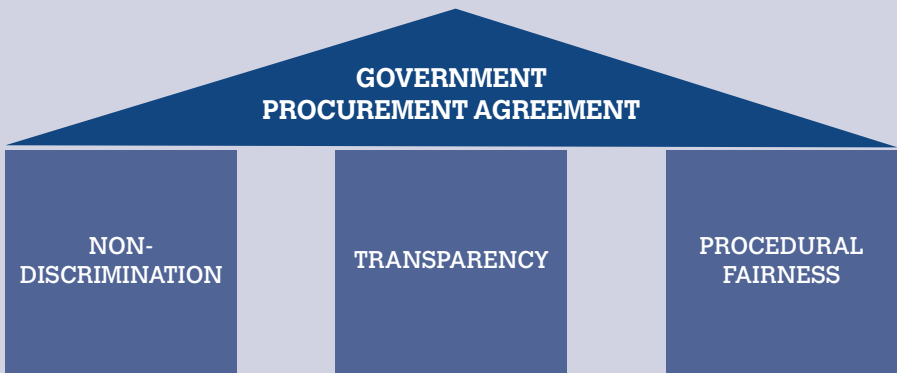
Parties to the GPA commit to opening markets covered by the Agreement to the suppliers of goods and services of other GPA parties.

Transparency

The GPA establishes minimum standards for the publication of procurement legislation and new procurement opportunities covered by the Agreement so that potential suppliers are kept fully informed.

Procedural fairness

The GPA includes specific requirements, such as independent national review of complaints, to ensure that all potential suppliers are treated fairly.



Help for developing countries

The GPA provides special treatment for developing countries, allowing for transitional measures to support the development priorities of these countries (see page 5).

Benefits of the GPA

Promoting trade

The GPA provides access to procurement markets currently estimated at US\$ 1.7 trillion annually. The rules of the Agreement ensure these markets remain open to competition from suppliers from all GPA parties. As new countries accede to the Agreement, the overall size of the market increases.

Supporting economic development

The GPA contributes to economic development and growth by:

- ensuring that domestic producers have access to foreign markets
- increasing competition and transparency in domestic procurement markets, which in turn helps governments to achieve best value for money and to make better use of public resources
- encouraging foreign direct investment and transfer of new technology from abroad.

Based on their needs, developing countries acceding to the Agreement may be allowed transitional measures, such as the phasing-in of market access commitments.

Improving governance

The revised GPA is the first WTO agreement to explicitly address corruption by requiring parties to conduct their procurement activities in a way that avoids conflicts of interest and prevents corrupt practices. This requirement is reinforced by specific transparency provisions in the GPA and procedures whereby a supplier may challenge a breach of the Agreement and/or related domestic legislation.

1.7 trillion

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Membership of the GPA

GPA membership currently consists of 47 WTO members. Another 31 WTO members and four international organizations participate in the GPA Committee as observers. Ten of the observers are in the process

of acceding to the Agreement as parties. Five other WTO members have undertaken commitments, when acceding to the WTO, to initiate accession to the GPA.

GPA parties

Armenia	Japan	New Zealand
Canada	Korea	Singapore
European Union (including its 28 member states)	Liechtenstein	Switzerland
Hong Kong, China	Montenegro	Chinese Taipei
Iceland	Netherlands with regard to Aruba	United States
Israel	Norway	

GPA observers

Albania*	India	Russian Federation**
Argentina	Indonesia	Saudi Arabia**
Australia*	Jordan*	Sri Lanka
Bahrain	Kyrgyz Republic*	Tajikistan*
Cameroon	Malaysia	Thailand
Chili	Moldova*	The former Yugoslav Republic of Macedonia**
China*	Mongolia **	Turkey
Colombia	Oman*	Ukraine*
Costa Rica	Pakistan	Viet Nam
Georgia*	Panama	

* Negotiating accession to the GPA ** Accession negotiations to be initiated

International organizations with observer status comprise the International Monetary Fund, the Organisation for Economic Cooperation and Development, the United Nations Conference on Trade and Development, and the International Trade Centre.

Updating the GPA

The GPA was renegotiated within the WTO Committee on Government Procurement from 1997 to 2012. The renegotiation involved both the modernization of the Agreement's text and a significant expansion of the market access commitments.

Improvements to the revised GPA

The improvements to the text of the GPA include:

- a complete revision of the provisions of the Agreement, with a view to making them more streamlined, easier to understand and user-friendly
- updating the Agreement to take into account developments in current government procurement practices, notably the use of electronic tools
- additional flexibilities for procurement authorities - for example, shorter notice periods when electronic tools are used
- a new requirement for participating governments to avoid conflicts of interest and prevent corrupt practices in their procurement activities
- more explicit recognition of the right of procuring entities to promote environmental values and sustainability
- revised and improved transitional measures for developing countries that accede to the Agreement.

Expansion of market access

The additional market access commitments in the revised GPA are worth US\$ 80-100 billion annually. These include:

- the addition of more than 500 central, sub-central and other government agencies covered by the Agreement
- improvements in the coverage of goods
- a reduction in the thresholds of some parties for procurement activities covered by the Agreement
- coverage of new service sectors by almost all of the GPA parties, especially in the area of telecoms
- full coverage of construction services by all parties
- coverage of build-operate-transfer contracts, public works concessions or other forms of public private partnerships by three of the GPA parties
- elimination by several parties of miscellaneous restrictions on market access.

Summary observations

The revised GPA, concluded in 2012, extends the scope of the previous agreement and promotes good governance by requiring parties to conduct their procurement activities in a way that avoids conflicts of interest and prevents corrupt practices. Growing membership of the GPA is evidence of the benefits of the Agreement in enhancing international competitiveness and supporting economic growth.

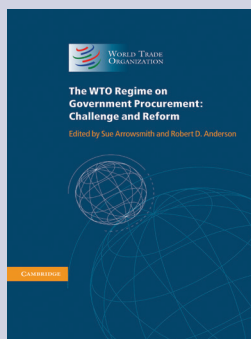
What's next

The GPA will continue to evolve to reflect new developments in government procurement. The GPA parties have already decided to conduct discussions on:

- the participation of small and medium-sized enterprises in government procurement
- sustainable procurement
- restrictions and exclusions in GPA parties' market access commitments
- collection and reporting of statistical data
- public-private partnerships
- common classification of goods and services in government procurement
- standardized procurement notices.

Further information

WTO publications can be purchased from the WTO Online Bookshop:
<http://onlinebookshop.wto.org>



The WTO Regime on Government Procurement: Challenge and Reform

e-GPA Portal: <https://e-gpa.wto.org>

GPA on WTO website www.wto.org/gpa

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