

**The revised WTO Agreement on Government
Procurement (GPA): developmental
significance and scope for synergies with other
Organizations' work in this area**

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What is the WTO Agreement on Government Procurement (GPA)?

An internationally recognized tool that promotes:

Access to other GPA Parties' procurement markets;

Improved value for money in each participating Member's procurements;

Good governance (transparency, fair competition and an absence of corruption in covered procurement markets).

A plurilateral agreement within the WTO system (not all WTO Members participate)

Successfully renegotiated over the past several years; *revised Agreement in force effective April 6, 2014.*

Membership increasing over time. Multiple developing/transition economies acceding/pondering accession (Moldova; Montenegro and Ukraine currently among the most active).



How the GPA works: relationship to national legislation and other international instruments (1)

GPA is not a self-contained procurement system or a substitute for appropriate national legislation.

Rather, it is a set of principles and minimum standards regarding competition (including trade-openness), transparency and procedural fairness in the government procurement sector to which participating governments commit themselves.

Each participating government must adopt national legislation conforming to the GPA's standards (though uniformity not imposed).



How the GPA works: relationship to national legislation and other international instruments (2)

Market openness and fairness of procurement systems of the participating governments are enforceable via the WTO dispute settlement system and national institutions (“bid challenge” or “domestic review” systems). Contributes to a culture of transparency and accountability.

For participating governments, GPA an essential guarantee of fair treatment for their own suppliers in other markets (encourages trade/FDI).

Positive spillovers with respect to value for money in procurement processes, transparency and integrity within and potentially beyond the government procurement sector (strongly pro-development!).

Magnitude of GPA coverage

- **Size of the GPA-covered procurement market**
 - **An estimated USD1.6 trillion .386 0 Td [-**



Gradually increasing membership of the Agreement

Currently, covers 43 WTO Members including the EU and its 28 member States; most other developed countries (i.e. US, Canada, Japan; Norway and Switzerland); plus Hong Kong, China; Iceland; Israel; Korea; Singapore; Chinese Taipei; Aruba and Armenia.

Ten more countries currently seeking accession (Albania, China, Georgia, Jordan, the Kyrgyz Republic, Moldova, Montenegro, New Zealand, Oman, and Ukraine).

Five more countries have commitments to join the GPA, as part of their WTO accession protocols: **the former Yugoslav Republic of Macedonia, Mongolia, the Russian Federation, Tajikistan and Saudi Arabia.**

India an observer (not a Party) to the Agreement since February 2010; Malaysia, Indonesia, Montenegro and Viet Nam have also since become observers.

The recent conclusion of the GPA renegotiation: overview

The recent conclusion of the GPA renegotiation (3): improvements in the revised GPA text (cont'd)

More explicit recognition of the GPA's significance for *good governance and the fight against corruption*, including in new substantive provisions that require participating governments to carry out their GPA-covered



Other factors increasing the importance of the GPA as an element of the global framework for trade and development: changing global policy environment

Enhanced importance of the procurement sector in light of the global economic crisis; emerging economies' infrastructure needs.

Also increased pressures for policies that potentially limit access to procurement markets in other major world economies by non-Parties to the Agreement.

GPA the main tool of exporting economies to preserve market access rights in this crucial sector.

Use of the GPA text in numerous preferential/free trade agreements, including in Latin America, Africa and Asia.



Potential benefits of GPA accession for developing/emerging countries: presenter's perspective*

Potential trade gains from assured access to other Parties' procurement markets and insulation from possible protectionist measures.

Possibilities for achieving enhanced value for money in acceding countries' own procurement systems.

Potentially increased incentives for inbound foreign direct investment.

Opportunity to influence the terms of other Parties' accessions.

Opportunity to influence the future evolution of the Agreement.

***It is recognized that each acceding WTO Member must ultimately assess these for itself.**



Scope for synergies with other organizations' work in this sector

Common interest between the WTO and multiple other Organizations in promoting procurement reforms and institution-building for general developmental purposes (since procurement processes impact importantly on national infrastructure systems, public health, the adequacy of schools and universities, etc.).

Usefulness of common perspectives/shared messages for client countries, where appropriate.

Agreement already extensively harmonized with the UNCITRAL Model Law.

Robust informal co-operation now established with EBRD.

Other possibilities e.g. with World Bank.

