

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

GPR/W/53

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Special Distribution

Committee on Government Procurement

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ARTICLE IX:6(b) NEGOTIATIONS

PROPOSALS BY THE DELEGATION OF THE UNITED STATES TO IMPROVE THE AGREEMENT

At the Committee's meeting on 1 February 1984 the delegation of the United States submitted the following proposals for improvements in the Agreement on Government Procurement.

1. **Recurring Purchases:** Under Article V:10(d), the 30-day bid deadline requirement may be reduced in the case of recurring purchases. It should be considered, in light of experience, whether this provision should be retained or modified.

2. **Annual Statistical Submissions:** Annual statistical submissions should be expanded to include the following additional information, which, it is believed would be useful in assessing the Code's commercial effects and illuminating implementation problems:

- (a) purchases below threshold by entity;
- (b) single tendering by entity;
- (c) origin of the product, rather than nationality of the winning bidder;
- (d) use of derogations; and,
- (e) more detailed product breakdowns.

3. **Rules of Origin:** The Code currently stipulates that rules of origin for the purpose of the Agreement must be the same as used in the normal course of trade. In practice this is problematic because it requires procurement officers to make judgements requiring customs expertise or to rely on input from customs officials who are often occupied with matters of more immediate concern to them. It is also confusing to firms because determinations are complex and the rules vary from country to country. Using different definitions may lead to confusion and/or errors in determining origin. The question of origin would be greatly simplified if a simple 50 percent rule were adopted by all Parties to the Agreement.

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4. Lowering the Threshold: Footnote 2 to Article I:1 (b) directs the Parties to the Agreement to consider covering below-threshold purchases during the renegotiation of the Agreement. In this context, serious consideration should be given to the possibility of lowering the current threshold level.

5. Publishing Information on Winning Bids: A requirement to publish the name of the winning bidder and the price of the winning bid would allow firms to assess their competitiveness and identify possible follow-on bids. It would also be a useful tool in monitoring compliance.

6. Publishing Information on the Circumstances Surrounding the use of Single Tendering: The discipline over the use of single tendering would be improved through a requirement that information be published indicating that this procedure is being used, as well as why it is being used, each time an entity uses single tendering.

7. Qualification Procedures: The Code currently requires that government agencies which employ qualification procedures must ensure that these procedures are nondiscriminatory and are followed in an open and expeditious manner. The Parties should explore the need for further discipline on the use of qualification procedures to meet these objectives.

8. Single Tendering: The Parties should explore the possibilities for further discipline on the use of single tendering.

9. Bid Deadlines: The period for the receipt of tenders in Article V:10 should be extended from thirty to forty-five days from the date of publication of notice of proposed purchase.

10. Leasing: Clarify the Agreement to provide that all forms of acquisition, including leasing, are covered.