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Scholarly Analysis

Sub: Analysis of WTO Government Procurement

The Agreement on Government Procurement (GPA) is a World Trade Organization (WTO) plurilateral agreement (an agreement not all WTO Members are part of) that opens government procurement markets between members. The GPA's principles are transparency and non-discrimination, requiring members to:

- offer other members' suppliers conditions 'no less favourable' than domestic suppliers
- provide review procedures for suppliers to raise complaints about tender processes.

Australia wants to join the GPA to protect and promote Australian businesses bidding for government procurement contracts in the markets of its 47 current members. This market is valued at US\$1.7 trillion annually and is expected to grow following the accession of China and Russia to the GPA.

GPA membership will provide legally binding market access for Australian firms to the procurement markets of GPA members, most significantly the European Union and its 28 member states. This would provide safeguards against any future protectionist measures introduced by GPA parties while delivering the certainty of a multilateral rules-based system. While Australian firms are not currently automatically disqualified from participation in GPA members' markets, there are no legal barriers to stop some GPA members from excluding Australian firms.

Additional parties are currently in GPA accession talks, including Russia and China. China's accession to the GPA will, for the first time, secure for GPA member suppliers meaningful and legally binding market access to significant parts of Chinese procurement markets. China's total procurement market is estimated at up to US\$2.5 trillion at around 20 per cent of China's GDP. China's accession is a high priority for GPA members. China's accession may

also generate considerable further interest from other WTO Members who have not acceded to the GPA.

Aggrieved firms have the right to take a complaint to an independent review body in each jurisdiction.

A revised GPA entered into force on 6 April 2014. The revised GPA improves and updates the agreement and is more in line with the principles underlying Australia's government procurement regime and makes GPA accession more beneficial.

- The revised GPA better reflects the needs and realities of **modern procurement** processes. Notably the revised GPA takes into account the expansion of electronic procurement and the often reduced timelines and increased efficiency of government procurement practices.
- The revised GPA provides **gains in market access**. Existing GPA members have expanded coverage of government entities (ministries and agencies) and services.

Australian Government procurement practices have evolved over the past decade, making us already substantially compliant with the GPA. Australia enjoys a world-class government procurement system based on principles of value for money, non-discrimination and competition. Our procurement market is already open to competition from foreign suppliers.

Australia safeguards specific policy and strategic interests in negotiating trade agreements. The Australian Government worked closely with state and territory governments and other stakeholders to fully reflect Australia's broad globalised commercial and government procurement policy interests in our GPA negotiating position.

Australia's procurement market is integrated with New Zealand, and Australian suppliers already have legally-binding access to the procurement markets of the US, Singapore, Chile, the Republic of Korea and Japan through our bilateral free trade