

WORLD TRADE ORGANIZATION

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PREPARATIONS FOR THE 1999 MINISTERIAL CONFERENCE

The WTO's Contribution to Transparency in Government Procurement

Communication from the United States

The following communication, dated 27 July 1999, has been received from the Permanent Mission of the United States.

Proposal

1. That Ministers approve a multilateral agreement on transparency in government procurement at the third Ministerial Conference. Such an agreement shall include meaningful rules and commitments which ensure transparency and predictability in procurement systems, while providing flexibility to address the full range of Members' procurement needs and circumstances. It shall not prevent national policies restricting the ability of international suppliers to participate in domestic procurement procedures, provided that such policies are developed and applied in a transparent manner. In addition, it shall not prejudice any Member's positions with respect to other ongoing or future WTO work relating to public procurement.

Rationale

2. Recent instability in global financial markets has underscored the importance of capacity building in the public sector and, in particular, of continuing to improve economic management. Members recognize that transparent and predictable procurement procedures are a critical element of good economic governance, and help to build public confidence, encourage long-term business commitments, and provide a solid foundation for sustained economic growth and development.

3. Transparency in procurement also helps to ensure that governments obtain the best value for the money they spend, freeing up resources to address pressing economic and social needs. For example, the Ministry of Health of one Member recently reported that it was able to reduce by 20 per cent the price of medicines supplied to patients as a result of the introduction of transparent procurement procedures. All Members can clearly benefit, often on an even greater scale, from the consistent use of such procedures.

4. To facilitate concrete progress, Hungary, Korea and the United States have jointly submitted a draft text to the Chairman of the Working Group on Transparency in Government Procurement. In the view of these delegations, this draft provides a good basis for focused discussion on the substantive elements. The work is sufficiently advanced to allow for conclusion of an appropriate and substantively meaningful agreement by the time of the third Ministerial Conference.

5. Approval of an agreement on transparency in government procurement at the third Ministerial Conference provides an important opportunity for the WTO to demonstrate that it can respond promptly and flexibly to the needs and interests of all Members. In the view of the United States, the achievement of this and other negotiating objectives at the Ministerial Conference can make an important contribution to Members' efforts to sustain momentum and public support for continued liberalization and improvement of the rules-based trading system.
