

REGIONAL PROCUREMENT ARRANGEMENTS IN EAST ASIA: SOME REFLECTIONS FOR THE WTO RULES

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ABSTRACT

This paper will provide a review of procurement provisions in East Asian RTAs as well as consider the positive and negative influences of regional procurements on the global economy and WTO negotiations. To this end, section II will examine the main features of procurement provisions on a few examples of recently signed RTAs in East Asia that might indicate some forms of “GPA party to GPA party”, “GPA party to non-GPA party” and “non-GPA party to non-GPA party”. The following Section III will analyze the implications of a regional approach for global procurement liberalization drawing from the experience of East Asia. Section IV will further address the effects of regional experience of WTO negotiation on Transparency in government procurement in the future, particularly focusing attention on the APEC model. The concluding remarks of this paper will be provided in section V.

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In the author's view, the APEC model provides different regulatory pattern and serves as a great contributor for procurement liberalization in the Asian region. Practical lessons and experiences of APEC reveal that in formulating new rules for procurement, national practices should be first taken into account. If WTO-sponsored future negotiation would focus attention on promoting better procurement practices followed by members remaining transparent rather than a narrower focus on market access for specific developed country exports, the prospect of acceptance by developing countries will be enhanced. In this regard, adopting "non-binding" or "loose" provisions may help to overcome political obstacles to agreement and reduce regulatory costs.

KEYWORDS: *government procurement; Asia; WTO; RTA; bilateral agreement; RTAs; Doha Round*

I. INTRODUCTION

Government procurement of goods and services constitutes a significant proportion of GDP¹ and such purchases which could be subject to international competition are generally limited.² Discrimination in government procurement can lead to important barriers to trade. Examples found in national procurement systems include outright bans on foreign bids, price preferences against foreign bidders,

¹ Such purchases are estimated to represent 14-20% of a country's GDP. See OECD, *The Relationship between regional trade agreements and the Multilateral Trading System: Government Procurement*, at 4, TD/TC/WP(2002)24/FINAL; Federico Trionfetti, *Discriminatory Procurement and International Trade*, 23(1) WORLD ECON. 57, 60 (2000).

² OECD figures put US government that is contestable at just over 6% of GDP, of which roughly 80% is carried out at the state or local government level. The average for all OECD member countries was estimated at 7.6% of GDP for contestable markets of which 1.75% took the form of central government procurement. Steve Woolcock, *The Interaction between Levels of Rules Making in Public Procurement*, paper for the UNU CRIS/LSE Workshop on the Interaction between Levels of Rulemaking in trade and Investment, at 2 (2004).