Unlocking international public procurement:

analytical priorities for policy makers \$1.2



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The opinions expressed herein are the authors' own and do not necessarily reflect the views of the European Commission.

Main points

- International government procurement: What role for GPA and other trade agreements?
- Data challenges and modalities of delivery of international procurement
- New EU-funded analytical "public goods":
 - 1. Public procurement in CGE modelling
 - 2. Cross-country public procurement data collection
- Conclusions and policy implications

International public procurement: how important?

- ❖ Size: public procurement accounts for 10-25% of GDP on a world basis. In the EU, public procurement accounts for around 19% of GDP including utilities of SOEs.
- ❖ New markets: increasing the size of the PP market committed internationally.
- * Knowledge gap: Despite its increasing importance at the WTO and bilateral level, information and analyses on public procurement remain scarce.

International procurement data: challenges and opportunities

- Collecting procurement statistics under the GPA
- Ongoing discussions in the work programme on collecting and reporting statistical data on how to address reporting issues
- Contract award data growing trend in eprocurement and publicly available databases
- In some jurisdictions, the international aspect not well documented
- Multi region input output databases (MRIO)
- Good macro-analytical framework but government investment typically not well covered

Modalities of delivery of international procurement

- Direct cross-border international procurement: a foreign company submitting a bid and winning "from abroad"
- Commercial presence procurement: a domestic subsidiary of a foreign company wins "locally" the public contract
- "Value-added" indirect international procurement: a foreign company participates indirectly with parts and components (goods and services) without necessarily being part of the winning bid

Project #1 Public Procurement: the macro CGE approach

Project objective:

➤ Better capture data on international procurement from official macro-statistics and use it in a CGE modelling context against the background of negotiations in the field of public procurement

Main deliverables:

Revised GTAP database and its modelling framework

Time frame:

end 2015

Public procurement in CGE modelling

Main challenges of the project:

Data extension:

- Identification of the sourcing of imports of goods and services purchased by governments. This basically means that a multiregion input output database has to be build
- Separation of private from public investment as for the moment the input output tables framework covers only total investment

Modelling modifications

Several new variables/dimensions need to be introduced in the GTAP model to be able to assess changes in public procurement policies

Public Procurement Project #2: the micro-data approach

Project objective:

The project's main objective is improving the availability, coverage and quality of government procurement data in an international context

Main deliverables:

A cross-country database consolidating contract and award international public procurement data from a critical mass of countries. To the extent possible covering all modes of international procurement

Time frame:

> 2015-2018 – extension of this project for another 3 years is possible

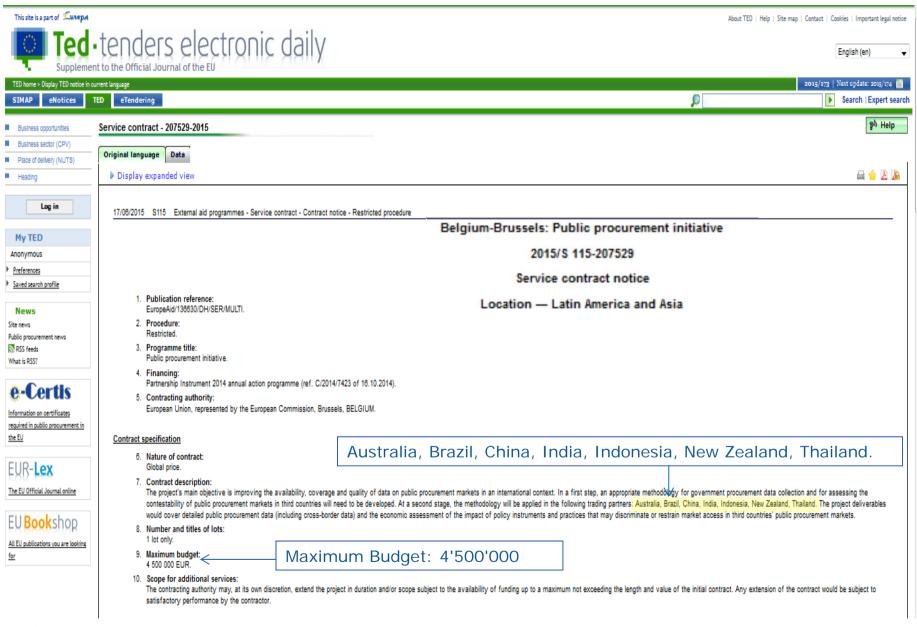
Public Procurement Project #2: main features

Main challenges of the project:

- Development of a methodology for data collection:
- The methodology should cover all modalities of delivery of international procurement
- The methodology needs to take into account the different degrees of procurement data availability

Data collection

- The final dataset should cover contract award data and where necessary be complemented by estimates of relevant public procurement indicators. In addition a full set of procurement barriers should be collected and provided
- More details available at on Tenders Electronics Daily (TED)



Additional information: Questions may be sent by e-mail, indicating clearly the reference of the call, 10 the following address: fpi-4-grants-tenders@ec.europa.eu

Conclusions: analytical priorities for policy makers

- International procurement carries a "big ticket" item in WTO and bilateral trade negotiations
- Currently policy makers not well served by comprehensive, cross-country comparable data as in other negotiating areas
- There is need for greater cooperation among key institutional stakeholders (WTO, OECD, etc.)
- Important policy-relevant analytical initiatives are forthcoming



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