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Committee on Government Procurement

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STATISTICS FOR 2008 REPORTED UNDER ARTICLE XIX:5 OF THE AGREEMENT

REPORT BY THE EUROPEAN UNION

Addendum

The following communication, dated 20 March 2013, is being circulated at the request of the Delegation of the European Union.

EU STATISTICAL REPORT 2008 ON PUBLIC PROCUREMENT ACCORDING TO THE AGREEMENT ON GOVERNMENT PROCUREMENT

The EU is pleased to submit to the Committee on Government Procurement its statistical report for the year 2008.

The EU considers that statistical reports are a crucial element of GPA notification policy and the monitoring of the Agreement. The EU realises the importance of timely submission of statistical reports.

The EU wishes to reiterate that it takes its statistical obligations very seriously and that its member States have made a significant effort to report above-threshold procurement for **all administrative levels**.

The EU invites all Parties to do the same and not to limit themselves to reporting overall procurement, but to focus their efforts on reporting in detail the situation of **above-threshold procurement** for **all administrative levels covered by the GPA**, in particular at local and regional level, where the bulk of procurement takes place.

Outline of the report

The EU estimates that the total amount of purchases of goods and services (incl. construction services) by public authorities and utilities in Europe amounted to 2.16 trillion EUR in 2008. Estimated below-threshold procurement can thus be derived by deducting above-threshold procurement.

The estimated value of above-threshold procurement in 2008 was 392 billion EUR, i.e. 3 % of EU GDP. (In 2007, the value was 367 billion EUR.)

The breakdowns detail the volume of above-threshold public procurement at 318 billion EUR or 81 % of estimated above-threshold public procurement.

The breakdowns detailing the volume of above-threshold public procurement covered by GPA total 247 billion EUR for 2008. In preceding years, estimated above-threshold procurement was 228 billion EUR in 2006 and 293 billion EU in 2007.

The total value of contracts awarded under Article XV cases amounted to 13.5 billion EUR in 2008, hence only 5.5 % of all procurement covered by the GPA.

Finally, the EU wishes to underline that:

- central government authorities currently not covered by GPA purchased 8.5 billion EUR of goods, construction works and services above the GPA thresholds;
- railway entities purchased 17.3 billion EUR of goods, construction works, and services above the GPA thresholds;
- purchases not covered by the GPA totalled 34 billion EUR: 18 billion EUR regarded Annex 1, 11 billion EUR regarded Annex 2 and 5 billion EUR regarded Annex 3.

Methodological issues

The EU statistical report for 2008 is structured as follows:

- Estimated value of above- and below-threshold procurement.
- Estimated value of above-threshold procurement.
- Detailed breakdown for Annex 1 and EU central government authorities not covered by GPA — total value of contracts for each contracting authority of Annex 1, broken down by type of contract (services, works, supplies), type of purchase (by CPV — cf. infra), nationality of supplier of service provider and Article XV cases (only for entities covered by GPA).
- Detailed breakdown for Annex 2 — total value of contracts for regional and local authorities and bodies governed by public law, broken down by type of contract (services, works, supplies), type of purchase (by CPV — cf. infra), nationality of supplier of service provider and Article XV cases.
- Detailed breakdown for Annex 3 and utilities not covered by GPA (railways, gas and other entities) — total value of contracts for utilities covered by the GPA (airports, ports, urban transport, electricity and water), broken down by type of contract (services, works, supplies), type of purchase (by CPV — cf. infra), nationality of supplier of service provider and Art XV cases (except for railways, gas and other entities).

The EU statistical report contains summary tables consolidating the statistical reports of each of its 27 member States.

In this report, the EU also made a significant effort to report in detail on Article XV cases. Details are now provided for all Annexes for all EU member States. The EU believes that this is an important element for transparency.

The EU recognizes that further progress is still necessary to record cross-border procurement (i.e. nationality of suppliers). The EU welcomes the possibility of discussing this and other technical matters with other GPA Parties within the Special Committee to seek satisfactory solutions enabling proper monitoring of the agreement.

a) Estimated value of above- and below-threshold procurement

As with the 1996-2007 reports, the EU estimates these purchases on the basis of the national accounts of its member States, which are harmonized through the ESA95 system that transposes the System of National Accounts (SNA) adopted by the United Nations Statistical Commission, and through input-output tables for utilities (Annex 3). The former is the sum of gross fixed capital formation, intermediate consumption and social transfers in kind. Data is broken down by level of government (central government, State government, local government and social security funds). Purchases of utilities are derived from input-output tables and have been crosschecked by estimating their procurement through financial accounts (through the sum of fixed capital investment cash flows and costs of purchases of services and goods in the profit-and-loss account).

The EU believes that this is the most reliable method of estimating the volume of public procurement below the thresholds, as each EU member State has implemented different types of legislation for its below-threshold procurement (national publication obligations apply at different thresholds in each member State). This is the method also used within the EU to estimate public procurement falling outside of the scope of the EU Directives.

b) Estimated value of above-threshold procurement

The EU estimates public procurement above the thresholds based on the number of calls for competition published in the Official Journal.

c) Detailed breakdowns

The EU has put considerable effort into providing detailed reporting for **all administrative levels** and for **above-threshold procurement**.

The volume of data reported in the breakdowns has grown from 70.6 billion EUR in 1996 to 318 billion EUR in 2008.

Breakdowns are based on two sources: data provided by the EU member States and/or the Official Journal.

Thresholds

Many of the public works contracts may have a value below the GPA thresholds, as they are part of a larger project. More generally, it is also possible that a contracting authority estimated ex ante that the value of a contract was above the threshold, but the final value at which it was awarded fell below the threshold.

Listing of contracts by CPV

The EU has opted to present its statistical reports based on the Common Procurement Vocabulary (CPV). The CPV provides a refined way of identifying contracts that are covered by the GPA (or not), avoiding the need for complex correspondences between classifications.

The statistical report uses the CPV in force in 2008 in the EU, CPV 2003, which was laid down under Regulation 2195/2002 as amended by Regulation 2151/2003. The annexes of this Regulation have detailed tables of correspondence with the CPC prov., the NACE and the Combined Nomenclature. The CPV was also amended in 2008 via Regulation (EC) 213/2008. Data using this latest CPV were transposed into the CPV 2003 for statistical purposes only.

Supplier and service provider nationality

The EU has not yet found a consistent method of tracing contracts awarded to companies from other GPA Parties, as a large number of contracts were awarded to suppliers that are subsidiaries of foreign companies or agents for foreign suppliers.

Moreover, the EU believes that it is extremely difficult to determine the real beneficiary of a specific transaction.

The EU remains ready to engage in in-depth discussions to determine how to improve measurements of market penetration by companies from countries that are Parties to the Agreement.

Values

All prices are given in Euros, **excluding VAT**. Any comparison between the EU public procurement market and the market of any other Parties would need to be done on a similar statistical basis.

Article XV cases

The EU is currently refining data collection methodology to be able to fully fulfil its obligations under Article XIX(c).

Article XIX(d)

The EU has not yet found a consistent method to measure this heading and is ready to discuss how to do so with other Parties.

Other remarks

The procurement of EU institutions is provided in a specific report.

The European Union's statistics for 2008 are available at the following links:

http://members.wto.org/crnattachments/2013/GPA/EEC/13_1270_00_e.xls
http://members.wto.org/crnattachments/2013/GPA/EEC/13_1270_01_e.xlsx
http://members.wto.org/crnattachments/2013/GPA/EEC/13_1270_02_e.xlsx
http://members.wto.org/crnattachments/2013/GPA/EEC/13_1270_03_e.xlsx
http://members.wto.org/crnattachments/2013/GPA/EEC/13_1270_04_e.xlsx
http://members.wto.org/crnattachments/2013/GPA/EEC/13_1270_05_e.xlsx
http://members.wto.org/crnattachments/2013/GPA/EEC/13_1270_06_e.xlsx
http://members.wto.org/crnattachments/2013/GPA/EEC/13_1270_07_e.xlsx
http://members.wto.org/crnattachments/2013/GPA/EEC/13_1270_08_e.xlsx
http://members.wto.org/crnattachments/2013/GPA/EEC/13_1270_09_e.xlsx
http://members.wto.org/crnattachments/2013/GPA/EEC/13_1270_10_e.xlsx
http://members.wto.org/crnattachments/2013/GPA/EEC/13_1270_11_e.xlsx
http://members.wto.org/crnattachments/2013/GPA/EEC/13_1270_12_e.xlsx
http://members.wto.org/crnattachments/2013/GPA/EEC/13_1270_13_e.xlsx
http://members.wto.org/crnattachments/2013/GPA/EEC/13_1270_14_e.xlsx
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http://members.wto.org/crnattachments/2013/GPA/EEC/13_1270_17_e.xlsx
http://members.wto.org/crnattachments/2013/GPA/EEC/13_1270_18_e.xlsx
http://members.wto.org/crnattachments/2013/GPA/EEC/13_1270_19_e.xlsx
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http://members.wto.org/crnattachments/2013/GPA/EEC/13_1270_27_e.xlsx
http://members.wto.org/crnattachments/2013/GPA/EEC/13_1270_28_e.xlsx
