



6 June 2016

(16-3031)

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Committee on Government Procurement

Original: English

**STATISTICS FOR 2012 REPORTED UNDER
ARTICLE XIX:5 OF THE AGREEMENT (1994)**REPORT BY THE EUROPEAN UNION¹*Addendum*

The following communication, dated 2 June 2016, is being circulated at the request of the Delegation of the European Union.

The European Union (EU) is pleased to submit to the GPA Committee its statistical reports for the year 2012.

The EU considers that statistical reports are a crucial element of GPA notification policy and of the monitoring of the Agreement. The EU wishes to reiterate that it takes its statistical obligations very seriously and that its Member States have made an important effort to report above-thresholds procurement for all administrative levels.

The EU invites all Parties to do the same and not to limit themselves to report overall procurement at central level, but to focus their efforts to report 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 is taking place.

1 OUTLINE OF THE REPORTS

| EU procurement: Key figures in billion euros | 2010 | 2011 | 2012 |
|---|----------|----------|----------|
| Value of contracts covered by GPA | 227.94 | 237.176 | 286.35 |
| Value of contracts above thresholds | 318.81 | 335.37 | 365.58 |
| Value of contracts awarded under Article XV GPA | 9.87 | 7.26 | 12.28 |
| Total expenditures on goods and services | 2,416.55 | 2,405.88 | 2,422.52 |

1.1 Contracts covered by GPA

In 2012, the total value contracted by the 27 Member States of the EU and covered by GPA was EUR 283.4 billion. In addition the EU institutions (European Council and European Commission) contracted EUR 3 billion covered by GPA. In total, the contract value covered by GPA in 2012 was EUR 286.4 billion.

This is 21% higher than the total of EUR 237.2 billion of the EU in 2011 (EU Member States and institution combined). Part of the difference is caused by a less conservative imputation of missing values.² But even if the same methodology was used for 2012 as for 2011, the EU procurement market would have increased, by roughly 8%.

¹ In English only.

² For the report for 2012, for the above-thresholds contracts with missing value, the assumed value is the median of above-thresholds contracts with observed values. This median is calculated per country, type of

In 2012, EU supplies, works and services covered by GPA were contracted in roughly equal parts: EUR 90.1, 86.1 and 110.1 billion.

The greatest value of EU contracts covered by GPA in 2012 was procured by Annex 2 entities consisting of bodies governed by public law, local authorities and regional authorities: EUR 166.6 billion. In 2012, central government authorities contracted EUR 75.8 billion covered by GPA and utilities EUR 43.9 billion.

The three largest EU expenditure categories covered by GPA in 2012³ were:

- Construction (EUR 79.5 billion which is less than the EUR 86.1 billion value of works which can include e.g. architectural services);
- Medical equipment, pharmaceuticals and personal care products (EUR 21.1 billion, mostly pharmaceuticals purchased by hospitals);
- Fuel (EUR 20 billion, this is excluding fuel and gas purchased by electricity and gas utilities which are not covered by GPA).

1.2 Contracts above thresholds

The total above thresholds procurement market in the EU was EUR 365.6 billion in 2012. This is greater than the part covered by GPA. Part of the reason is that not all entities are covered by GPA. In particular, utilities in the fields of gas, railway services, coal, oil and gas exploration and extraction and postal services are not covered by GPA. Also, Annex 1 and 2 entities in the fields of water, energy, transport and postal services are not covered by GPA. Lastly, other EU agencies and the EU Parliament are not covered by GPA. In total, the value contracted by entities not covered by GPA was EUR 36.9 billion in 2012.

Another part of the reason why the total above thresholds procurement market is greater than the part covered by GPA is that not all types of contracts are covered by GPA (EUR 42.3 billion). In particular the following types of contracts are not covered by GPA:

- So-called Annex IIB services (such as for example hotel and accommodation services);
- Defence and security (defence material and training, ICT, R&D, investigation and security services) by Annex 1 authorities in the field of defence and security;
- Fuel purchases by electricity companies and water purchases by water companies.

1.3 Estimated total procurement

The statistical report assesses the total procurement market by calculating the total expenditures on goods and services. Including below thresholds procurements, the procurement market in 2012 is estimated to be EUR 2,423 billion⁴, an increase of 0.7% compared to the EUR 2,406 of 2011. These figures are based on Eurostat data on expenditures on certain categories of purchases.

1.4 Contracts awarded under Article XV (limited tendering)

The value of limited tendering contracts covered by GPA (Article XV cases of the 1994 GPA) was EUR 12.3 billion in 2012 which is 4% of the total contract value of EUR 286.4 billion covered by GPA.

entity and type of contract. The median value is preferred over the average value because it is less sensitive to outliers (except for Sweden and Germany).

³ Considering the level of detail of the data needed for this assessment, only 88% of the GPA covered procurement can be categorised.

⁴ Due to the difficulties to get a reliable update for the 2012 data on utilities procurement, the report uses the data for utilities procurement from 2011. This is the reason why the total value of procurement in the public procurement indicators 2012 communicated by the Commission on its website does not include utilities and is significantly different from the estimates in this report.

2 METHODOLOGICAL ISSUES

The 2012 statistical report introduces two methodological changes:

- In order to better assess the contracts with missing values in TED, the report uses the imputation method.⁵ The value of those imputations based on the median or mean value of the contracts by Member States is specified in the report.
- The methodology to register defence contracts has been slightly modified in order to better reflect the actual GPA coverage for the contracts by the defence ministry (covered by GPA under Annex 4).

The EU statistical report contains summary tables consolidating the statistical reports of each of its 27 Member States. In these reports, the EU has also made an important effort to report extensively the EU institutions contracts. The procurement of EU institutions is provided in a specific report.

The EU statistical report for 2012 is structured as follows:

- a. Estimated value of above- and below-thresholds procurement

As with the 1996-2009 reports, the EU estimates this expenditure on the basis of the national accounts of its Member States, which are harmonised 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 a part of 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 to estimate 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 States). This is the method also used within the EU to estimate the public expenditure falling outside of the scope of the EU Directives.

- b. Estimated value of procurement registered in TED

The EC estimates public procurement registered in TED on the basis of the number and value of calls for competition published in the Official Journal.

- c. Detailed breakdown by Annexes

The EU has been putting considerable effort into providing a detailed reporting for all administrative levels and for above-thresholds procurement.

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

- **Detailed breakdown for Annex 1** of Member States central government authorities 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) and Article XV cases (only for entities covered by GPA).

⁵ For the report for 2012, for the above-thresholds contracts with missing value, the assumed value is the median of above-thresholds contracts with observed values. This median is calculated per country, type of entity and type of contract. The median value is preferred over the average value because it is less sensitive to outliers (except for Sweden and Germany).

- **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) and Article XV cases.
- **Detailed breakdown for Annex 3** – 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), the same statistics for utilities not covered by GPA (railways, gas and other entities) and Article XV cases (except for railways, gas and other entities).

Values

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

Listing of contracts by CPV

The EU has opted to present its statistical reports on the basis of the CPV, the Common Procurement Vocabulary. The CPV provides a much more refined way to identify contracts that are covered by the GPA or not, avoiding therefore the hassle of complex correspondences between classifications.

The statistical reports use the CPV 2008, which has been laid down under Regulation 2195/2002 as amended by Regulation 213/2008. This Regulation contains in its Annexes detailed tables of correspondence with the provisional central products classification (CPC), the NACE and the Combined Nomenclature.

Supplier and service provider nationality

The EU has not yet found a consistent method to trace contracts awarded to companies from other GPA Parties as the existing data covers only direct cross-border procurement and there were a large number of contracts awarded to suppliers that are subsidiaries of foreign companies or agents for foreign suppliers. Therefore, any picture these statistics might give will not reflect to reality.

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 better measure market penetration by companies from countries that are Parties to the Agreement.

Article XIX (d)

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

The European Union's statistics for 2012 are available at the following links:

http://members.wto.org/crnattachments/2016/GPA/EEC/16_2192_00_e.xlsx
http://members.wto.org/crnattachments/2016/GPA/EEC/16_2192_01_e.xlsx
http://members.wto.org/crnattachments/2016/GPA/EEC/16_2192_02_e.xlsx
http://members.wto.org/crnattachments/2016/GPA/EEC/16_2192_03_e.xlsx
http://members.wto.org/crnattachments/2016/GPA/EEC/16_2192_04_e.xlsx
http://members.wto.org/crnattachments/2016/GPA/EEC/16_2192_05_e.xlsx
http://members.wto.org/crnattachments/2016/GPA/EEC/16_2192_06_e.xlsx
http://members.wto.org/crnattachments/2016/GPA/EEC/16_2192_07_e.xlsx
http://members.wto.org/crnattachments/2016/GPA/EEC/16_2192_08_e.xlsx
http://members.wto.org/crnattachments/2016/GPA/EEC/16_2192_09_e.xlsx

http://members.wto.org/crnattachments/2016/GPA/EEC/16_2192_10_e.xlsx
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http://members.wto.org/crnattachments/2016/GPA/EEC/16_2192_28_e.xlsx
http://members.wto.org/crnattachments/2016/GPA/EEC/16_2192_29_e.xlsx
