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Committee on Government Procurement

Original: English

**STATISTICS FOR 2013 REPORTED UNDER
ARTICLE XIX:5 OF THE AGREEMENT (1994)**

REPORT BY THE EUROPEAN UNION¹

Addendum

The following communication, dated 28 June 2017, is being circulated at the request of the Delegation of the European Union.

The EU is pleased to submit to the GPA Committee its statistical reports for the year 2013.

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 stress 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 as well as for Annex 3 entities (Utilities)**.

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 an important part of procurement is taking place.

1 OUTLINE OF THE REPORTS

EU procurement : Key figures in billion euros	2011	2012	2013
Value of contracts covered by GPA	237.17	286.35	303.87
Value of contracts above thresholds	335.37	365.58	398.00
Value of contracts awarded under Article XV GPA	7.26	12.28	12.57
Total expenditures on goods and services	2405.88	2422.52	2444.46

1.1 Contracts covered by GPA

The 2013 Report presents the value of contracts procured in the EU 28. Croatia is included in the report for the first time, since it joined the EU in July 2013. In 2013, the total value contracted by the 28 Member States of the EU and covered by GPA was EUR 302 billion. In addition the EU institutions (European Council and European Commission) contracted EUR 1.9 billion covered by GPA. In total, the contract value covered by GPA in 2013 was EUR 303.9 billion (EUR 303.7 billion excluding Croatia).

The latter value is 6% higher than the total of EUR 286.35 billion of the EU 27 in 2012 (EU Member States and institutions combined).

In 2013, EU supplies, works and services covered by GPA were contracted in roughly equal parts: EUR 96.4, 105.4 and 102 billion.

¹ In English only.

The greatest value of EU contracts covered by GPA in 2013 was procured by Annex 2 entities consisting of bodies governed by public law, local authorities and regional authorities: EUR 184.4 billion. In 2013, central government entities (European Union entities and central government authorities of EU Member States) contracted EUR 77.1 billion covered by GPA and entities operating utilities in the covered sectors EUR 42.4 billion.

The three largest EU expenditure categories covered by GPA in 2013 were:

- Construction services (EUR 89.2 billion - value of construction services contracts that are indicated with relevant EU code CPV 45);
- Medical equipment, pharmaceuticals and personal care products (EUR 22 billion, mostly pharmaceuticals purchased by hospitals);
- Fuel (EUR 20.3 billion, this is excluding fuel and gas purchased by electricity and gas utilities which are not covered by GPA).

1.2 Contracts awarded under Article XV (limited tendering)

The value of limited tendering contracts covered by GPA (Article XV cases of the GPA 1994 Agreement) was EUR 12.6 billion in 2013 which is 4% of the total contract value of EUR 303.9 billion covered by GPA.

1.3 Contracts above thresholds

The total above thresholds procurement market in the EU was EUR 398 billion in 2013. This is greater than the value of contracts covered by GPA. One 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 unless they are covered in the EU Annex 3. Lastly, in terms of coverage of EU institutions, only some of them are covered by the GPA. In total, the value contracted by entities not covered by GPA was EUR 40.2 billion in 2013.

Another reason is that not all types of contracts are covered by GPA (EUR 53.9 billion). In particular the following types of contracts are not covered by this report:

- Service contracts listed in Annex II.B of EU Public Procurement Directive (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.

1.4 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 2013 is estimated to be EUR 2,444 billion², an increase of 0.9% compared to the EUR 2,423 billion of 2012. These figures are based on Eurostat data on expenditures on certain categories of purchases and are not exactly comparable to procurements. For example, these expenditures include below thresholds direct purchases (i.e. without a formal procurement).

² Due to the difficulties to get a reliable update for the 2013 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 2013 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 2013 statistical report introduces some methodological changes:

- The addition of Croatia, for which contracts were included as from 1 July 2013;
- Contracts with multiple CPVs, as long as they include CPV 45, are systematically classified as works contracts;
- In order to better assess the contracts with missing values in TED, the report uses the same imputation method systematically for the vast majority of MS. The value of those imputations was based on the median;
- The Eurostat national accounts data of 2013 are no longer available in both the ESA95 classification and the ESA2010 classification. Only data according to the ESA2010 classification can be used. This can cause some break in the data year on year for some countries in the table reporting the estimated total procurement.

The EU statistical report contains summary tables consolidating the statistical reports of each of its 28 Member States. Along with them, the EU has also made an important effort to report extensively on the EU institutions contracts. The procurement of EU institutions is provided in a specific report.

The EU statistical report for 2013 is structured as follows:

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

As with the previous reports, the EU estimates this expenditure on the basis of the national accounts of its Member States, which are harmonised through the ESA2010 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 State). 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

Based on the number and the value of calls for tenders published in the Official Journal, the EU estimates the values of the public procurement published in TED, which can be seen as a proxy for the above-thresholds procurement.

- 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**

- As to 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).
- As to the EU institutions, total value of contracts broken down by type of contract (services, works, supplies) and type of purchase (by CPV – cf. infra).
- **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 the 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 2013 are available at the following links:

https://members.wto.org/crnattachments/2017/GPA/EEC/17_2972_00_e.xlsx
https://members.wto.org/crnattachments/2017/GPA/EEC/17_2972_01_e.xlsx
https://members.wto.org/crnattachments/2017/GPA/EEC/17_2972_02_e.xlsx
https://members.wto.org/crnattachments/2017/GPA/EEC/17_2972_03_e.xlsx
https://members.wto.org/crnattachments/2017/GPA/EEC/17_2972_04_e.xlsx
https://members.wto.org/crnattachments/2017/GPA/EEC/17_2972_05_e.xlsx
https://members.wto.org/crnattachments/2017/GPA/EEC/17_2972_06_e.xlsx
https://members.wto.org/crnattachments/2017/GPA/EEC/17_2972_07_e.xlsx
https://members.wto.org/crnattachments/2017/GPA/EEC/17_2972_08_e.xlsx
https://members.wto.org/crnattachments/2017/GPA/EEC/17_2972_09_e.xlsx
https://members.wto.org/crnattachments/2017/GPA/EEC/17_2972_10_e.xlsx
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https://members.wto.org/crnattachments/2017/GPA/EEC/17_2972_30_e.xlsx
