The following communication on leasing, dated 2 July 1981, has been received from the Swedish delegation.

1. At the meeting of the GATT Committee on Government Procurement on 9 April 1981, Parties were invited to submit a description of what they considered to fall within the scope and coverage of the Agreement.

2. In Sweden the legislation and rules make a clear distinction between leasing and procurement, a leasing contract may contain no terms that put the lessee under an obligation to buy the product at the end of the leasing period. If such rules exist, what is then in question is no longer a leasing relationship but hire purchase. On the other hand, a leasing company often offers a customer an opportunity at the end of the leasing period (most frequently three years) to buy the object at a price decided in advance.

3. The National Audit Bureau has carried out an inquiry at the Swedish entities subject to the Agreement regarding the existence and prevalence of the leasing of goods whose purchase price exceeds the threshold according to the agreement. This inquiry found that about half the entities are using leasing and in these cases to a very limited extent.

4. It has already been pointed out by the Swedish delegation that in its opinion leasing is not included in the Agreement. In Article I of the Agreement it is stated clearly that the Agreement "applies to any law, regulation, procedure and practice regarding the procurement of products by the entities subject to this agreement", leasing is not mentioned.

5. It might be appropriate to discuss if leasing should be included in the Agreement at the negotiations which, pursuant to Article IX, paragraph 6, the Parties are to enter into not later than the end of the third year from the entry into force of the Agreement. In the meantime, it should be specified that leasing must not be used in order to circumvent the Agreement.