1. Document GPR/W/56/Rev.1, dated 8 October 1984, was prepared by the secretariat in response to the request made by the Committee at its meeting on 19 September 1984 that the consolidated list of suggestions made for improvements of the Agreement be revised and include concrete draft texts where such had been put forward in writing.

2. The present version revises the document to take into account additional proposals tabled at the Committee's meeting on 14-15 November 1984.

3. The order in which the proposals are set out follows generally the order of Articles referred to and should therefore not be taken as indicating any priorities.

4. For the convenience of delegations, the proposals made are listed in the left column below. The relevant provisions of the Agreement are listed in the right column below.

5. The contents of this working document are without prejudice to the negotiating position of any delegation. It is recalled that delegations remain free to present further proposals whenever they so wish, including draft texts.
1. Leasing

- **Article I:1(a):** Redraft first sentence:

  (This Agreement applies to:)

  "any law, regulation, procedure and practice regarding any procurement contract for any type of acquisition, including acquisition through purchase or lease, by the entities subject to the Agreement."

- **Article I:1(b):** Add new sentence after first sentence:

  (This Agreement applies to ... (b) any procurement contract of a value of SDR150,000 or more.)

  "For leasing contracts, the value of the contract for purposes of determining whether or not it exceeds SDR150,000 (or some new value of) SDR's, shall be the sum of the total payments plus the estimated residual value."

- **Article V:4:** Add new sub-section (h)²:

  (Each notice of proposed purchase shall contain the following information:)

  "whether the entity is inviting offers for purchase, for lease, or both."

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¹Footnote 1 is not reproduced here, as no proposals have dealt with it.

²Other proposals to add a new provision (h) to Article V:4 are made under items 8 and 10.
2. **The Threshold Value**

   - **Article I:1(b):** Redraft first sentence:
     
     "(This Agreement applies to:) "any procurement contract of a value of SDR75,000 or more.""

3. **Estimated Value/Actual Value**

   - **Article I:1(b):** Redraft footnote 2 to first sentence:
     
     "The Agreement shall also apply to any procurement contract for which a notice of proposed purchase has been made in accordance with Article V:3, whether or not the value of the contract as awarded exceeds SDR150,000."

     Former footnote 2 to be deleted.

4. **Recurring Contracts**

   - **Article I:1(b):** Redraft third sentence:
     
     "If an individual requirement for the procurement of a product or products of the same type results in the award of more than one contract or in contracts being awarded in separate parts, the basis for application of this Agreement shall be either the value of similar recurring contracts concluded over the previous twelve months or the value of these recurring contracts in the twelve months subsequent to the initial contract shall be the basis for the application of this Agreement."
value of recurring contracts in the twelve months subsequent to the initial contract."

- A problem with respect to the calculation of the threshold is that the disposition concerning recurring contracts has not or has only partially been transposed into their national legislation by some signatories. The Committee should cover this point in its review of implementation legislation.

A change of the text of the Agreement has not been proposed.

5. Rules of Origin

- Article II:3

The Agreement currently stipulates that rules of origin for the purpose of the Agreement must be the same as used in the normal course of trade. In practice this is problematic because it requires procurement officers to make judgements requiring customs expertise or to rely on input from customs officials who are often occupied with matters of more immediate concern to them. It is also confusing to firms because determinations are complex and the rules vary from country to country. Using different definitions may lead to confusion and/or errors in determining origin. The question of origin would be greatly simplified if a simple 50 per cent rule were adopted by all Parties to the Agreement.

No precise text has been put forward.

"The Parties shall not apply rules of origin to products imported for purposes of government procurement covered by this Agreement from other Parties, which are different from the rules of origin applied in the normal course of trade and at the time of importation to imports of the same products from the same Parties."
6. **Special and differential treatment for developing countries**

- **Negotiations on entity offers presented by developing countries**

- **Article III:3**

  In particular, it has been suggested that Parties should show the necessary flexibility in accepting the entity offers of developing countries and that the quantitative and qualitative criteria used by Parties might be clarified.

- **Transparency**

- **Article VI:9**

  The views have been expressed, *inter alia*, that the activities of the Committee ought to be more transparent and that information concerning purchases by Code-covered entities would, in particular, be extremely useful in evaluating the benefits accruing from membership.

At the Committee's meeting on 20 June 1984 the Chairman announced that, in the future, statistics will be circulated as ordinary GPR documents (and thus be available to observers), that statistical reviews would be conducted in regular Committee meetings, and that the statistics will be derestricted one year after the conclusion of the annual review. (GPR/M/12, paragraph 9)

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**Article III:3 (first sentence)**

"With a view to ensuring that developing countries are able to adhere to this Agreement on terms consistent with their development, financial and trade needs, the objectives listed in paragraph 1 above shall be duly taken into account in the course of the negotiations with respect to the lists of entities of developing countries to be covered by the provisions of this Agreement."
7. Qualification procedures

- Article V:2(b): Add new clause at the beginning of the existing provision:

"Conditions for participation in tendering procedures shall be limited to those which are essential to ensure the firm's capability to fulfill the contract in question."

- Article V:2(b): Add new clause to the end of the existing provision:

"the financial, commercial and technical capacity of a supplier shall be judged on the basis of that supplier's total business activity rather than its activity in the territory of the purchasing entity;"

- Article V:2(d): Redraft the existing provision:

(... Qualification procedures shall be consistent with the following:)

"entities maintaining permanent lists of qualified suppliers shall ensure that suppliers may apply for qualification at any time; and that all qualified suppliers so requesting are included in the lists within a reasonably short time."

- Article V:2(d): Add new clause at the end of the existing provision:

(... reasonably short time;)

"and on their permanent supplier list, entities

"2. Entities, in the process of qualifying suppliers, shall not discriminate among foreign suppliers or between domestic and foreign suppliers. Qualification procedures shall be consistent with the following:" 

"(b) any conditions for participation required from suppliers, including financial guarantees, technical qualifications and information necessary for establishing the financial, commercial and technical capacity of suppliers, as well as the verification of qualifications, shall be no less favourable to foreign suppliers than to domestic suppliers and shall not discriminate among foreign suppliers;" 

"entities maintaining permanent lists of qualified suppliers shall ensure that all qualified suppliers so requesting are included in the lists within a reasonably short time;"
shall not maintain subgroups of qualified suppliers within a product category on such grounds as volume of business, nor shall they use such distinctions as a basis of restricting invitations to tender."

**Article V:** Add new paragraph 3:

"Parties shall ensure that

(a) each entity and its constituent parts follow a single qualification procedure, except in cases of duly substantiated need for different procedures;

(b) differences between the qualification procedures of separate entities are minimized."

8. **Single tendering**

- **Article V: General observations**

- Observation of the practices employed in the various signatory countries over the last year indicates that there is a need to eliminate potential "grey" areas between the selective and single-tendering procedures. Some signatories appear to regard as selective procedures those tenders where the entity selects a limited number of suppliers and then denies for one reason or another - usually shortage of time - the possibility of participating in the tender to additional suppliers. This procedure usually

**Article V:**

"The Parties shall ensure that the tendering procedures of their entities are consistent with the provisions below. Open tendering procedures, for the purposes of this Agreement, are those procedures under which all interested suppliers may submit a tender. Selective tendering procedures, for the purposes of this Agreement, are those procedures under which, consistent with paragraph 7 and other relevant provisions of this Article,
discriminates against foreign suppliers since the selected candidates for participation in the tender are usually domestic suppliers. Other signatories, however, tend to regard such procedures as a form of single tendering even though a number of suppliers may be involved in the negotiation of the contract since the procedure lacks the essential transparency and openness characteristics of a truly selective procedure. Unless the possibility of participation in a market is genuinely open to all potential suppliers it should in future not be classified under the open or selective tender heading.

- It is important for the proper functioning of the Agreement to reduce the use of single tendering, or at least improve the transparency of single tendering procurement.

No precise texts have been put forward.

- Article V:3: Redraft first sentence:

"Entities shall publish a notice of each proposed purchase, including purchases to be procured through single tendering, in the appropriate publication listed in Annex II."

- Article V:4: Add new subparagraph (h):

those suppliers invited to do so by the entity may submit a tender. Single tendering procedures, for the purposes of this Agreement, are those procedures where the entity contacts suppliers individually, only under the conditions specified in paragraph 15 below."

Article V:15

"The provisions of paragraphs 1-14 above governing open and selective tendering procedures need not apply in the following conditions, provided that single tendering is not used with a view to avoiding maximum possible competition or in a manner which would constitute a means of discrimination among foreign suppliers or protection to domestic producers:" (Sub-paragraphs (a)-(e) then follow)

In addition to Article V:1 and 15 and the provision concerning statistics in Article VI:9(c), Article VI:2 may be relevant to the question of transparency in single tendering.

"Entities shall publish a notice of each proposed purchase in the appropriate publication listed in Annex II. Such notice shall constitute an invitation to participate in either open or selective tendering procedures."
(Each notice of proposed purchase shall contain the following information:)

"In the case of single tendering, notice that the procurement is being made under single tendering procedures and identification of the reason under Article V:15 for doing so."

- **Article V:15:** Modify first line to conform to these other changes by changing the reference "paragraphs 1-14" to "paragraphs 3, 5-14."

9. **Separate publication**

- **Article V:3:** Redraft second sentence:

(Entities shall publish a notice of each proposed purchase in the appropriate publication listed in Annex II.)

"Such notice, constituting an invitation to participate in either open or selective tendering procedures, shall be published under a separate heading referring explicitly to this Agreement."

10. **Contents of synopsis and quality of information**

- **Article V:4:**

  - The Agreement specifies in its Article V:4 the minimum contents of the synopsis of the invitation to tender. There is widespread disrespect of this particular disposition among purchasing entities to the point where it is sometimes scarcely possible to identify the basic parameters of the invitation to tender. Thus it

  "Each notice of proposed purchase shall contain the following information:

  (a) the nature and quantity of the products to be supplied, or envisaged to be purchased in the case of contracts of a recurring nature;"
becomes impossible for a potential supplier to identify whether the invitation to tender interests him or not. Indeed it is becoming evident that some signatories may not have adequately transposed the contents of Article V:4 into their national legislation. It is incumbent on those signatories who are in default in this respect to remedy it now before other signatories are obliged to seek redress under the terms of the Agreement. The Committee may wish to review national legislation on this and indeed other matters during the negotiations.

A change of the text of the Agreement has not been proposed.

In respect of those signatories whose entities observe in form at least the terms of Article V:4, the Committee should verify that the contents of the publication are in conformity with the terms of the Agreement. (The Party making this proposal) is already carrying out such an investigation into the contents of the synopsis of invitations to tender published in (its) Official Journal. Other signatories should carry out similar studies in order that appropriate proposals may be made at a later date during the negotiations for the modification of Article V:4, if it should prove to be necessary.

A change of the text of the Agreement has not been proposed.

Article V:4: Add new subsection (h):

(b) whether the procedure is open or selective;

(c) any delivery date;

(d) the address and final date for submitting an application to be invited to tender or for qualifying for the suppliers' lists, or for receiving tenders, as well as the language or languages in which they must be submitted;

(e) the address of the entity awarding the contract and providing any information necessary for obtaining specifications and other documents;

(f) any economic and technical requirements, financial guarantees and information required from suppliers;

(g) the amount and terms of payment of any sum payable for the tender documentation.

The entity shall publish in one of the official languages of the GATT a summary of the notice of proposed purchase containing at least the following:

(i) subject matter of the contract;

(ii) time-limits set for the submission of tenders or an application to be invited to tender; and

(iii) addresses from which documents relating to the contracts may be requested."
"Each notice of proposed purchase shall contain
the following information:"

"(h) the GATT language or languages in which
tenders can be submitted."

11. Delivery times

- Article V:9 (b): Redraft as follows:

"Consistent with the entity's own reasonable
needs, any delivery date shall take into account
such factors as the complexity of the proposed
purchase, the extent of sub-contracting
anticipated, and the normal time required for
production, destocking and transport of goods
from the points of supply."

12. Bid times

- Article V:10(a), (b) and (c)

In order to allow exporters sufficient time to
prepare and transmit tenders, the period for the
receipt of tenders in Article V:10 should be
extended from thirty to [forty] [forty-five] days
from the date of publication of notice of
proposed purchase.

10(a) "In open procedures, the period for the
receipt of tenders shall in no case be less than
thirty days from the date of publication referred
to in paragraph 3 of this Article.

(b) In selective procedures not involving the use
of a permanent list of qualified suppliers, the
period for submitting an application to be invited
to tender shall in no case be less than thirty days
from the date of publication referred to in
paragraph 3; the period for receipt of tenders
shall in no case be less than thirty days from the
date of issuance of the invitation to tender.

(c) In selective procedures involving the use of a
permanent list of qualified suppliers, the period
Article V:10: Add new sub-paragraph (d):

"Entities shall take due account of publication delays when setting the final date for receipt of tenders or of applications to be invited to tender."

Former sub-paragraph (d) to become sub-paragraph (e).

Article V:10(d): Redraft as follows:

"The periods referred to in (a), (b) and (c) above may be reduced where a state of urgency duly substantiated by the entity renders impracticable the periods in question."

13. Languages

- Article V:11: Redraft as follows:

"Entities shall, except in exceptional circumstances, allow tenders to be submitted in an official GATT language designated by the entity."
14. **Offset procurement and technology licensing**

- **Article V:14(h)**

The Committee should consider the possibility of modifying this provision to make the present restraints on the use of offset procurement and technology licensing requirements stricter and perhaps forbidden in Code-covered purchases.

No precise text has been put forward.

15. **Publishing information on winning bids**

- **Article VI**: Add new subsection 1, and renumber all existing subsections accordingly:

  (1)."Within 45 days of a contract awarded under Article V:14 and 15, entities shall publish a notice in the publication listed in Annex II. Such notice shall include:

  (a) the nature and quantity of the goods in the contract award(s);
  (b) the name of the awarding entity;
  (c) the name and address of the winning supplier(s);

"entities should normally refrain from awarding contracts on the condition that the supplier provide offset procurement opportunities or similar conditions. In the limited number of cases where such requisites are part of a contract, Parties concerned shall limit the offset to a reasonable proportion within the contract value and shall not favour suppliers from one Party over suppliers from any other Party. Licensing of technology should not normally be used as a condition of award but instances where it is required should be as infrequent as possible and suppliers from one Party shall not be favoured over suppliers from any other Party."

(The note to this provision is not reproduced in this document)
(d) the value of the winning bid; and
(e) a means of identifying the proposed purchase
  notice issued for the contract under Article V:3.

16. Information to unsuccessful tenderers

- Article VI:3: Redraft as follows:

  "Entities shall promptly and in no case later than seven working days from the date of the award of a contract, inform the unsuccessful tenderers by written communication or publication that a contract has been awarded, the value of the winning bid and the name and address of the winning bidder."

17. Statistics

- Article VI:9: General comments

It is clear after the experience of the last two years that the statistical requirements of the Agreement have presented problems for most signatories. A wide diversity of methods has been developed to face up to these problems. However, much of this ingenuity may have led to a situation where the statistical returns submitted for the information and examination of the Committee are scarcely comparable. It is thus necessary to discuss within the framework of the renegotiations the experience amassed by the signatories over the last three years in order to distill from it a series of more detailed

Another suggestion relating to statistics is also dealt with under item 6 above.
guidelines than those presently foreseen in the Agreement for the preparation of the annual statistical returns.

No precise text has been put forward.

- **Article VI:9(a):**
  - Redraft as follows:
    "(a) statistics on estimated value of contracts awarded, both above and below the threshold value on a global basis and broken down by entities;"

- **Article VI:9(b):**
  - Redraft as follows:
    "(b) statistics on number and total value of contracts awarded above the threshold value, broken down by entities, categories of products according to a classification system using 100 product categories, and country of origin of the product, according to a recognized trade or other appropriate classification system."
entities, categories of products and country of origin of the product, according to the classification system listed in Annex V;"

- Article VI:9(c):
- Redraft as follows:

"(c) statistics broken down by entities, on the number and total value of contracts awarded under each of the cases of Article V, paragraph 15 showing country of origin of the product."

- Redraft as follows:

"(c) statistics on the total number and value of contracts awarded above the threshold value under each of the cases of Article V, paragraph 15, broken down by entities, categories of products and country of origin of the products, according to the classification system listed in Annex V."

- Article VI:9
- Add new subsection (d):¹

"(d) statistics, broken down by entities, on the number and total value of contracts awarded under derogations to the Agreement listed in Annex I."

- Annual statistical reports by governments should include statistics on the number and value of contracts awarded under specific derogations. (No specific text put forward.)

¹A further proposal concerning addition to Article VI:9 is dealt with under item 18 below.
18. Preferences and exceptions/specific derogations (Annex I):

In addition to the two proposals concerning statistics on the use of derogations, the following points have been made:

- Although the Agreement recognizes the existence of a number of preferences and exceptions, it would appear that some of these preferences have been more extensively used than was expected at the time of the negotiation of the Agreement. In the meantime other instruments and exceptions, which appear to discriminate against foreign suppliers, have surfaced. It would seem appropriate that signatories should further examine the validity and importance of such preferences and exceptions during the renegotiations with a view to defining more restrictive conditions for their use.

- Despite the fact that most Parties have not provided the agreed information which makes it possible to quantify the impact of specific derogations, such limitations on coverage could be used to circumvent the Agreement. Serious consideration should be given to the elimination of all derogations under the Agreement.

- A requirement should be added to Article VI:9 that each case in which derogations are made use of shall be reported to the Committee through the GATT secretariat within thirty days of the award of the contract.

No specific texts have been put forward.