

## **1. Measures related to the WTO Agreement on Government Procurement (Reference Materials III-1)**

### **(1) Current status of the number of countries and regions participating in the WTO Agreement on Government Procurement**

Originally there were 23 countries and regions participating in the WTO Agreement on Government Procurement. As of January 1, 2011, parties to the Agreement were 41 countries and regions.

(Note) Parties to the Agreement on Government Procurement (as of January 1, 2011)

Japan, Canada, European Union (EU), Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, The Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, United Kingdom, Bulgaria, Romania, Hong Kong China, Iceland, Israel, Korea, Liechtenstein Netherlands with respect to Aruba, Norway, Singapore, Switzerland, Taiwan and the United States

### **(2) The Working Group on Transparency in Government Procurement (Reference Materials III-2)**

In December 1996, the first Ministerial Conference since the founding of the World Trade Organization (WTO) was held in Singapore, with ministers and officials from 127 countries participating. At this first Ministerial Conference, it was decided to establish a Working Group on Transparency in Government Procurement.

In response to this, since the first meeting was held in May 1997, further formal meetings, a number of informal meetings and friends meetings have taken place.

The Working Group on Transparency in Government Procurement, in which WTO members other than signatory nations (as mentioned above) to the WTO Agreement on Government Procurement can also take part, was established to study transparency in members' government procurement practices and to specify elements which could be included in a future multilateral agreement on government procurement.

At the third WTO Ministerial Conference in Seattle, discussions were conducted on launching negotiations towards forming an agreement concerning transparency in government procurement, based on the discussions of the Working Group.

In addition, at the fourth WTO Ministerial Conference in Doha (Qatar) in November 2001, the Ministerial Declaration decided that parties would keep studying on transparency in government procurement and negotiate about multilateral rules after the fifth Conference. However, the General Council on July, 2004 decided that negotiation will not be initiated in this Doha Round.

## **2. Economic Partnership Agreement**

In many of the economic partnership agreements (EPAs) that Japan has signed and concluded to date, an independent chapter is devoted to providing relevant rules for government procurement. While the Agreement on Government Procurement in Annex and procedure to the WTO Agreement (GPA) has thus far been signed by 40 countries and regions, composed of mainly developed countries including Japan, it is meaningful to designate rules for government procurement in EPAs, especially when the other party has not signed the GPA. It is also meaningful to designate such rules even with a signatory of the GPA, with expected benefits including the lowering of the threshold applied under the GPA and the expansion of applicable entities covered. The following are those EPAs already in effect that contain a chapter on government procurement (among the signatories of such EPAs, only Singapore and Switzerland are parties to the GPA).

### **(1) Japan-Singapore Economic Agreement for a New Age Partnership**

This is Japan's first bilateral economic partnership agreement, which entered into force in November 2002. While both Singapore and Japan are parties of the GPA, this Agreement includes more obligations than the GPA in the area of goods and services procurement. To be specific, both countries have agreed to provide suppliers of the other country with more opportunities for tendering by lowering the application threshold applied under the GPA from 130,000 SDR to 100,000 SDR.

### **(2) Japan-Mexico Economic Partnership Agreement**

This Agreement entered into force in April 2005. Regarding government procurement covered by the Agreement, both countries have promised in the Agreement that the goods and services of the partner country as well as their providers are subject to such treatment no less favorable than that accorded to domestic goods, services and suppliers (known as "National Treatment"). They have also agreed on the procedures related to information disclosure after successful bids and filing complaints, etc. Although there were cases in the past where Japanese companies were excluded from Mexico's government procurement on grounds that the Free Trade Agreement (FTA) was not yet concluded (Mexico has not concluded the GPA), Japanese companies now enjoy national treatment in terms of government procurement in Mexico after the coming into force of the Agreement.

### **(3) Japan-Chile Economic Partnership Agreement**

This Agreement entered into force in September 2007. Japan has agreed with Chile, which is not a signatory of the GPA, on specific procurement procedures including the national treatment and non-discrimination, as well as the procedures related to information disclosure after successful bids and filing complaints, etc. In addition, the Agreement also contains provisions concerning the establishment of a Committee on Government Procurement.

### **(4) Japan-Philippines Economic Partnership Agreement**

This Agreement entered into force in December 2008. Japan has agreed with the Philippines, which is not a signatory of the GPA, on establishing a Sub-committee on

Government Procurement. The two countries also agreed that when one of the signatories gives a favorable treatment to a third party country regarding government procurement, it will provide opportunities for negotiations with the other party to obtain the same treatment. Furthermore, it is stipulated that the two countries will enter into negotiations with the view of liberalizing the respective markets of government procurement within a maximum of five years after the Agreement's entry into force.

## **(5) Others**

As for the Japan-Thailand EPA (entered into force in November 2007) and the Japan-Indonesia EPA (entered into force in July 2008), each contains an independent chapter on government procurement, stipulating information exchange on government procurement and establishment of a Sub-committee for government procurement although neither of the Agreements makes promises on the procedures of government procurement themselves.

The Japan-Switzerland EPA(entered into force in September 2009) confirms the rights and obligations of both countries under the GPA. This Agreement stipulates that both countries designate a contact point to facilitate communications between each other. The Agreement also includes provisions on additional negotiations.

The Japan-Brunei EPA (entered into force in July 2008) and the Japan-Vietnam EPA(entered into force in October 2009) regulate government procurement in an independent chapter on improvement of business environment.

(Thailand, Indonesia, Brunei and Vietnam are not the signatories of the GPA.)

### 3. Action Program measures

#### (1) Government Procurement Seminar

The Ministry of Foreign Affairs holds a seminar on government procurement each year, based on the Action Program on Government Procurement adopted at the 20th Meeting of the Action Program Committee in February 1994 and on the Procedures for Government Procurement on Products (Operational Guidelines) adopted at the 21st Meeting of the Action Program Committee held in March 1994. In 2010, the seminar was held on 23 April (with 82 domestic and 25 foreign suppliers participating).

The above two voluntary measures also call for the other ministries and agencies to hold seminars on government procurement as necessary. In 2010, the following seminars were held.

Table III-1 Government Procurement Seminars in Japanese Ministries and Agencies in 2010

Procurement Organization	Date	Content
National Public Safety Commission (National Police Agency)	21 May 2010	Government Procurement Seminar, Government Procurement Annual Meeting (Telecommunications)
Ministry of Internal Affairs and Communications	25 June 2010	Government Procurement Seminar, Government Procurement Annual Meeting (Telecommunications, Medical Technology)
Ministry of Education, Culture, Sports, Science and Technology	14 May 2010	Government Procurement Seminar, Government Procurement Annual Meeting (Telecommunications, Medical Technology)
Ministry of Health, labor, and Welfare	14 May 2010	Government Procurement Seminar, Government Procurement Annual Meeting (Medical Technology)
Ministry of Land, Infrastructure, Transport and Tourism	27 May 2010	Government Procurement Seminar, Government Procurement Annual Meeting (Telecommunications)
Ministry of Defense	20 May 2010	Government Procurement Seminar, Government Procurement Annual Meeting (Medical Technology)

#### (2) Voluntary Review Meeting

In 2010, by means of questionnaire survey, the opinions of suppliers were solicited concerning implementation and utilization of voluntary measures. In addition, a voluntary review, a follow-up to the voluntary measures based on statistics, etc., was held on 26 November and gave consideration to the results of the survey (Reference Materials III-3). The Voluntary Review Meeting drew up the Government Initiative on Future Management of Government Procurement (Reference Materials III-4) based upon the reviews above.

From FY2001, among the opinions and requests gathered by the questionnaire survey, the government picked up those ① from many respondents, ② considered important to improve the current measures, and ③ considered necessary information to the public, and released

responses from the government on the website: <http://www.kantei.go.jp/> (Reference Material III-5).

### **(3) Action Program Committee**

In the 43rd Action Program Committee held on 10 December 2010, the state of the implementation of the voluntary measures reviewed at the Voluntary Review Meeting was confirmed, and the Government Initiative on Future Management of Government Procurement drawn by the Voluntary Review Meeting was approved.

### **(4) Thresholds**

Thresholds, which vary according to types of contract specified in the WTO Agreement on Government Procurement, are obtained by converting the applied standard values (in SDR) into the national currency (The Standard Values are revised every two fiscal years.).

The thresholds in the voluntary measures related to government procurement as formulated by the Action Program Committee are revised according to these notifications. The current thresholds applicable are in Reference Material III-6.