

GOVERNMENT PROCUREMENT

Building on the strong disciplines and market access afforded by the WTO Agreement on Government Procurement (GPA), to which the United States and Korea are parties, Korea has agreed to ensure nondiscriminatory access to the procurements of the many central government entities in Korea. Specifically, the Agreement expands U.S. suppliers' market access opportunities both in breadth and depth over that previously provided for under the GPA at the central government level i.e., more Korean procuring entities are covered and thresholds for coverage are significantly lowered.

The Agreement grants U.S. suppliers rights to bid on the procurements of more than 50 Korean central government entities, nine more than are covered under the GPA. It also expands procurements to which U.S. suppliers will have access by reducing by nearly one-half the threshold applied under the GPA (\$193,000) to a level of \$100,000. Government procurement generally represents ten to fifteen percent of a country's GDP. Korea's total GDP in 2007 was over \$950 (WEO) billion, thus total procurement is estimated to be between \$95 billion and \$142.5 billion.

Procurements covered by the Agreement include those in areas where U.S. goods and services firms are very competitive, such as aerospace, energy, health care (including pharmaceuticals), construction, environmental technology, and information communication technology.

The Agreement incorporates and expands on the disciplines of the GPA. Concrete benefits to suppliers in central government procurements covered by the Agreement include:

- U.S. suppliers are given non-discriminatory access to Korea's procurement market equal to that of Korean suppliers.
- A requirement of fair, transparent and predictable procedures in all aspects of the procurement process.
- Specifically, it imposes strong disciplines on tendering procedures, such as requiring transparency of procurement laws and regulations, specifying advance public notice of purchases and mandating provision of relevant information for all phases of covered procurements. It also provides predictable time periods for tendering and limits the use of limited tendering procedures.
- The Agreement clarifies that build-operate-transfer contracts (BOTs) are covered and BOTs act as vehicles for large-scale construction projects and the building or rehabilitation of public work facilities.
- The Agreement provides for impartial domestic review procedures to address supplier complaints concerning any aspect of the tendering process.
- The Agreement reduces the tendering period where procurement notices and other procurement information are made available electronically, and for the purchase of commercial goods and services.