



PBEC Resolution on the WTO Agreement on Transparency in Government Procurement

At their December 1996 Ministerial meeting in Singapore, WTO Trade Ministers called for the development of “elements for inclusion in an appropriate agreement on transparency in government procurement”. In 1997 APEC’s Government Procurement Experts Group concluded a set of principles for transparency in government procurement, which were forwarded by APEC Senior Officials to the WTO for consideration. In 1998 PBEC adopted its *Charter on Standards for Transactions Between Business and Government* that calls, inter alia, for PBEC economies to support a regional or WTO Agreement on Transparency in Procurement.

To implement the WTO Ministers mandate from Singapore, a WTO Working Group on Transparency in Government Procurement met extensively in 1997 and 1998 to discuss this issue and develop elements for a multilateral agreement. Substantial progress has been made, and the WTO Working Group is scheduled to meet again in June. PBEC believes that the core elements of any such agreement should include transparency in government procurement rules and regulations, in procurement opportunities, in purchase requirements, in bid evaluation criteria and bid openings, in contract awards, and due process procedures.

Extensive analytical work has been undertaken in recent years confirming the importance of transparency in economic and corporate governance, and the negative impact of corruption on economic and social development. For example, the Manila-based Asia Development Bank, in a recent policy paper concludes that corruption can add between 20 and 100 percent to government costs for goods and services in several Asian countries, and that corruption can cost as much as 50 percent of a government’s tax revenues. The economic downturn and financial problems confronting many Pacific Rim economies highlight the need to assure that government procurement projects are carried out on a transparent, fair basis to ensure optimum use of scarce capital resources and maximum “value for money” expended by public authorities.

In view of the foregoing considerations, PBEC calls on the WTO to build on the progress made to date and to finalize an agreement on transparency in government procurement by the time of the WTO Ministerial in December.

PBEC calls on the leaders of the APEC economies when they meet in New Zealand this September, to support the early conclusion by the WTO of an agreement on Transparency in Government Procurement and the inclusion therein of the principles set forth in the APEC Principles on Transparency in Government Procurement adopted by the APEC Government Procurement Experts Group in September 1997. If widely accepted and implemented, a multilateral agreement on transparency in government procurement would strengthen confidence of investors, lenders and the public in the efficient implementation by governments of infrastructure and other major procurement projects. This, in turn, would stimulate increased capital flows to the region and enhanced public confidence in the processes of government, thereby contributing directly to increased stability and economic growth.

PBEC also encourages multilateral and bilateral development organizations to assist national authorities and infrastructure development agencies with training and technical aid needed to establish transparent and efficient procurement systems. This will strengthen domestic systems and ultimately facilitate the early implementation of the WTO agreement by as many economies in the Asia Pacific region as possible.

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