

# **The WTO Government Procurement Agreement: Opportunities, Challenges & Homework**

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# Outline

- The State as economic actor
- The WTO GPA – Present and Perspectives
- Switzerland: Opportunities, Challenges and Homework

**1**

**The State as economic actor**

# A mighty player

- Lots of things to buy/ construct to function & provide public services
- Historically, few constraints, little competition & non-transparent markets
- High quality & low price: the indispensable mantra in a time of deficits
- Governance matters a lot if you want to be amongst the winners!

# The Four “I”s can’t be ignored!

- **I**ntegration
- **I**nterdependency
- **I**nequality
- **I**T innovations

# Extractive political & economic institutions come with heavy costs!



# **The billion(s) CHF (or any other currency) question**

**How to reduce government debt,  
while also stimulating growth  
and promoting good governance?**

Austerity alone doesn't do the trick.

Obvious in CH, less elsewhere : Debt Brake is very helpful!

**Is there another, complementary recipe?**

# The billion(s) CHF (or any other currency) question

Sound management of Government Procurement  
helps States to:

- Better utilize their scarce resources
- Increase their political, economic and fiscal options
- Tighten their belts to reduce their debt/GDP ratio

**Infrastructure: the difference-maker!**



# How to implement sound management of GP?

Perhaps not that way!



IT'S EASY! WE'VE GOT TO BRIBE MORE POLITICIANS TO  
GET BETTER ANTI-CORRUPTION LAWS!

# **2**

## **The World Trade Organization Government Procurement Agreement**

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### **Present and Perspectives**

## 2 - WTO Government Procurement Agreement?

- Largest legally binding GP Agreement in the world
- 43 WTO Members. 15-20% GDP. MA: \$US 1.7 trillion/year
- Governance: fair, transparent & non-discriminatory
- Creating growth, employment and returns on Capital

# The GPA - At present...

## 15 December 2011: A historic milestone

- GPA transformed after 12 years of arduous negotiations  
Now a XXIst Century recipe
- Why negotiators worked so hard: desire to upgrade & no substantial new success without the right tools
- Tailor-made instead of 'one size fits all' provisions will help tremendously in attracting new Parties

**After 12 years of negotiations,  
it came down to the last night!**



# The GPA - The perspectives

All the fastest growing regions of the world  
are still not Members of the GPA.

They have tremendous infrastructure needs.

- *OECD: infrastructure spending requirement of \$US 50 trillion through 2030, across the world.*
- *Morgan Stanley: \$US 21.7 trillion in infrastructure spending needed across Emerging Markets through 2020.*
- *ADB / PIDA: \$US 360 billion through 2040 for energy, transport, ICT, trans-boundary water projects.*

## Why opening up?

*“A bird does not sing because it has an answer.  
It sings because it has a song.”*

Chinese Proverb

# Emerging, Developing & Frontier Markets' interests?

- Sense of history: Capital & Investment is moving fast
- Governance & efficiency reforms at every level
- Secure access to markets worth \$US 1.7 trillion/year
- The lessons from WTO Accession & DSB protection
- The « good governance stamp » effect

**Despite all of these compelling arguments,  
it certainly won't be an easy sell!**



**How to convince those with vested interests to change their ways? The problem is universal!**

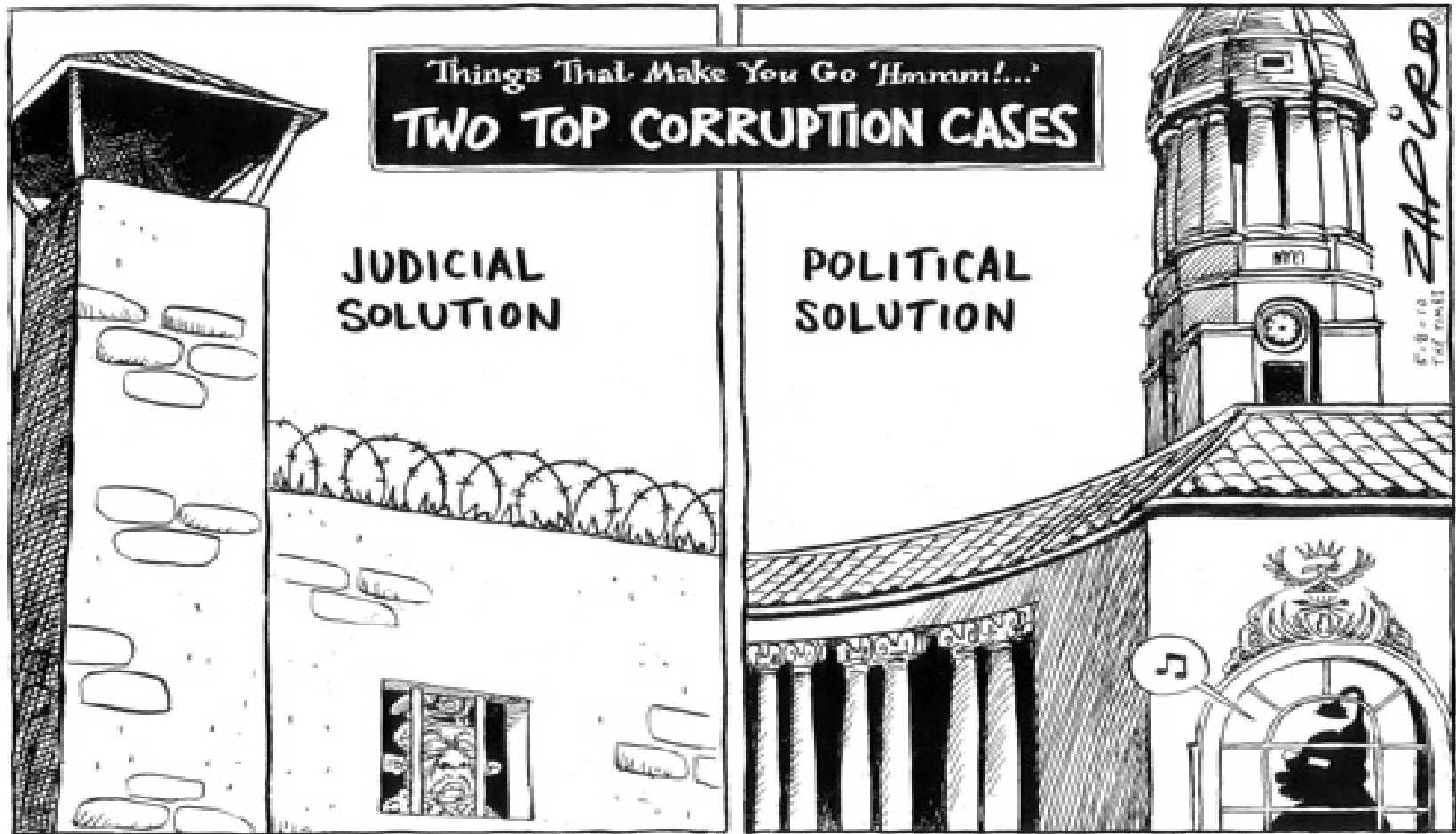


# Who will pave the way?

- China Accession started in 2007, and is well under way
- Other EC's, DC's and LDC's will likely follow
- Market access gains up to close to \$US 1 trillion/year

**Should the rest of the World look forward?**

# Helping to create inclusive political & economic institutions has important advantages!



# 3

## Switzerland: Opportunities, Challenges & Homework

# Assessing GPA potential: If you are an entrepreneur

**Double-edged sword!**

**Opportunities** are abundant... And will only grow (GPA enlargement, FTA's, RTA's)! Importance of MA potential assessment, understanding of processes!

**Competition** will only grow too (with or without GPA). Need to prepare accordingly. Fortunately, we have good cards to play (reputation, competitiveness, innovation)!

## **Assessing GPA potential: Coming soon (hopefully)...**

- **WTO «e-GPA» project** linking together GPA schedules, statistical reports and Parties' websites showing commercial opportunities available under the Agreement is progressing well
- If all goes according to plan, «e-GPA» should be running by late-Summer/early Autumn, using modern, interactive software
- User-friendliness, especially for SME's, should dramatically improve, hopefully leading to higher rates of success in competition for markets

# Homework (I)

- Revised GPA was implemented on April 6, 2014. It took two years of waiting for the Parties to ratify the revision. Approval by 2/3 of 15 GPA partners was needed
- Liechtenstein was the first to ratify, followed by: Norway, Canada and Chinese Taipei, Hong Kong China, US, EU, Iceland, Singapore and Israel
- The April 6 entry into force applies only to these 10 Parties. However an 11th Party, Japan, implemented it shortly thereafter

## Homework (II)

- The revised GPA will apply to the remaining four GPA Parties that have not yet ratified it — Armenia, Republic of Korea, the Netherlands with respect to Aruba and **Switzerland** – 30 days after they accept the Protocol Amending the Agreement
- Until these Parties ratify the revised GPA, they will not be given access to the procurement added in the revision and they will continue to be subject to the unrevised GPA



## Homework (III)

- It is in the interests of the Swiss State, citizens, entrepreneurs and investors to benefit from the revised GPA rules and MA
- Revised GPA must be implemented in Switzerland; related federal/cantonal laws and regulations have to be revised and ratification of the revised GPA needs to be completed

# Homework (IV)

## Swiss Roadmap:

- 07. 2014:** Start of the Offices' consultations
- 12. 2014:** Start of public consultations
- 1st half 2015:** Result of public consultations & Draft of "Botschaft" to Parliament
- 2nd half 2015:** Start of Parliamentary process
- 1st half 2016:** Implementation revised GP Law & Ratification of revised GPA

# Concluding remarks

- GP represents a great tool for policy-makers, magnificent business opportunities for large, medium and small enterprises and a prime investment vehicle for investors
- Enhanced global openness and commitment to good governance should help to promote political stability & economic growth around the World
- The bigger picture can't be ignored. If we rise to the challenge, there should be plenty of opportunities!

**“ Life is like riding a bicycle :  
To keep your balance, you must keep moving.”**

Albert Einstein

**I wish you all a great ride!**

# Thank you very much for your kind attention!

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