



Export Council of Australia

The Voice for Australia's Exporters

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Free Trade Agreement Policy and New Issues Section
Office of Trade Negotiations
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Sent by email to: gpa@dfat.gov.au

Export Council of Australia (ECA) submission to the Department of Foreign Affairs and Trade Office of Trade Negotiations on the Australian Government's consideration of accession to the WTO Government Procurement Agreement (GPA).

A not-for-profit, membership based organisation, the ECA is the peak industry body representing Australia's exporters and importers. With a membership base of 1,000 and a reach of 15,000, the ECA represents companies of all sizes and across a wide range of industries. The ECA's core activities include research, advocacy, skills development and events.

The ECA also works collaboratively with a number of Federal and State Government Departments and Agencies to advance its business and the interests of its members; these include the Department of Foreign Affairs and Trade, Austrade, Efic, the Australian Customs and Border Protection Service and the Department of Agriculture.

The ECA provided a formal submission affirming its support for Australia's accession to the WTO GPA in April 2014 and recently assisted DFAT in hosting a consultation session with industry in Sydney to discuss the merits of the WTO GPA and what accession would mean for Australian businesses.

The ECA welcomes the opportunity to reiterate its support for Australia's accession to the WTO GPA given the significant benefits it will offer Australian exporters through improving access to international procurement markets and promoting transparency and non-discrimination in the tendering process.

While many Australian businesses can already tender for government contracts in some of the WTO GPA member countries, accession to the GPA will provide legally binding access, thus providing safeguards against any future protectionist measures introduced by GPA parties, while delivering the certainty of a 'multilateral rules-based system'.

The Australia-United States Free Trade Agreement (AUSFTA) Government Procurement Chapter, for example, is arguably one of the most useful outcomes of the AUSFTA for Australian companies. As a result of the provisions on Government Procurement contained in the AUSFTA, Australian businesses have access to a variety of federal and state procurement



contracts over specified dollar thresholds that previously may not have been available (see Appendix 1 for examples of Australian companies contracting for United States federal procurements). The ECA is pleased to note the inclusion of Government Procurement Chapters in both the Korea-Australia Free Trade Agreement and the Japan-Australia Economic Partnership Agreement. It is also pleasing that the more recently concluded China-Australia Free Trade Agreement includes additional commitments for future negotiations on access to China's government procurement market. Extending the number of procurement markets Australian companies have access to while providing the certainty of a 'multilateral rules-based system' is a highly desirable outcome.

There are currently 43 countries party to the WTO GPA, however, according to DFAT there are ten additional countries in accession talks, including China. This means that while the WTO GPA presently offers legally binding access to government procurement markets estimated at USD1.7 trillion, this number could significantly increase in the near future. China's total procurement market alone is estimated at \$1.5 trillion or around 20 per cent of China's GDP.

Another key benefit of accession to the WTO GPA will be the ability for aggrieved companies to have their complaints reviewed by an independent body within the relevant jurisdiction. The ECA acknowledges that accession to the GPA would require some changes to current practices, including the implementation of review procedures for suppliers, however, it is hoped these changes would not add to the complexity of the domestic procurement system or processes.

The ECA supports the proposed carve-outs in the areas of defence and national security and suggests that careful analysis should be conducted and the appropriate steps taken to ensure the wellbeing of Australians is not jeopardised as a result of acceding to the WTO GPA.

Not being party to this agreement is a factor limiting the ability of Australian businesses to compete on a level playing field in international procurement markets. Therefore, the Australian Government should endeavour to see that Australia accedes to the GPA as soon as is reasonably possible. Given China's potential accession in 2015, it would be beneficial for Australia to accede before that time to secure equal access to the ensuing procurement opportunities for Australian suppliers.

The ECA stands willing and able to provide further input if so desired.

Sincerely



Andrew Hudson
Director and Trade Policy Committee Chair
Export Council of Australia

Appendix 1.

Examples of Australian companies contracting for United States federal procurements

Contract to provide air traffic control services to the United States Federal Aviation Administration

- Five-year contract for ASA as prime contractor to handle air traffic control in five United States airports in the Asia-Pacific region. ASA demonstrated technical capability and ability to provide the service competitively.

Contract with Department of Defence to provide high level technical support for intended surveillance system

- Australian organisation's sophisticated research into relevant technologies enabled it to subcontract on a project with Department of Defence for the development of a new surveillance capability.

Contracts with Department of Human Services for speech and language recognition services

- Leading service provider awarded various contracts because of its expertise.

Contracts for medical services

- Leading Australian provider of emergency medical services has entered into various contracts to provide services pursuing various different strategies including: qualifying for Department of Defence classified contracts; contracting through a small business set aside entity and seeking sole source contract awards.

Supply of catamarans to the U.S. military

- Austal is becoming a major supplier of catamaran ships to the United States Navy via its United States subsidiary.