



TRANS-PACIFIC partnership

GOVERNMENT PROCUREMENT

FACT SHEET

➔ Overview

The Trans-Pacific Partnership (TPP) is a comprehensive agreement that goes beyond the trade in goods across borders. New Zealand businesses will also be eligible to compete for government procurement contracts in TPP countries. This will unlock access to contracting opportunities in several new government markets for New Zealand exporters, and provide improvements on existing access in others.

The commitments made by New Zealand in TPP are consistent with New Zealand's Government Rules of Sourcing. No changes to New Zealand's government procurement regulatory framework will be required.

→ Government procurement

Worldwide, government is a big consumer of goods and services. The OECD estimates that government procurement typically represents 14–20% of GDP in most developed countries. As such, it is important that New Zealand businesses are able to access and compete on an even footing in government markets.

The TPP Government procurement chapter will make it easier for New Zealand businesses to sell their goods and services to TPP governments. It establishes rules ensuring open, fair and transparent conditions of competition in government procurement, which are consistent with New Zealand's Government Rules of Sourcing. These rules will apply to those procurement activities set out in the respective market access schedules of each Party.

TPP offers New Zealand businesses new access to government procurement markets in Malaysia, Mexico, Peru, and Viet Nam.

TPP will also build on the procurement opportunities achieved through New Zealand's accession to the World Trade Organization Agreement on Government Procurement (GPA). TPP will also offer some modest improvements to access other GPA Parties; Canada, Japan, Singapore and the United States (such as being able to sell to more entities and coverage of private-public-partnerships).



The TPP Government procurement chapter will make it easier for New Zealand businesses to sell their goods and services to TPP member governments.

Subject to limited exceptions, the Government procurement chapter will further ensure that new discriminatory practices that a Party may introduce, or 'buy local' policies currently in place (such as those in the United States), would not apply to TPP countries in relation to covered procurement. It will also provide domestic mechanisms for New Zealand businesses bidding for government contracts to challenge a breach of the obligations set out in the chapter, or the measures a country adopts and maintains to implement these obligations.

New Zealand's commitments

Each TPP Party has negotiated a Schedule of commitments describing the entities and kinds of procurement activity that will be subject to the commitments in the TPP Government procurement chapter. In New Zealand's case, no additional commitments have been offered in TPP beyond those already made in other agreements, in particular the World Trade Organisation Agreement on Government Procurement (GPA). In other words, New Zealand will simply extend the commitments that are already in place for many other countries, including a number of TPP Parties.

New Zealand's TPP government procurement commitments will be applied to the following entities, for procurement above the specified thresholds, in the specified areas of procurement listed below.

Central government

- All 29 public service departments, New Zealand Police and New Zealand Defence Force as covered entities. All entities subordinate to these entities would also be included, for example departmental agencies.
- Procurements by these central government entities are covered at and above the value thresholds of: 130,000 SDRs¹ (equivalent to approximately NZ\$240,000) for goods and services, and 5 million SDRs (equivalent to approximately NZ\$9 million) for construction services.

Other entities

- 10 Crown agents: New Zealand Antarctic Institute, Civil Aviation Authority of New Zealand, Energy Efficiency and Conservation Authority, Maritime New Zealand, New Zealand Fire Service Commission, New Zealand Trade and Enterprise, Tertiary Education Commission, Sport New Zealand, Careers New Zealand and Education New Zealand.
- Tertiary education institutes, SOEs and regional and local government will not be covered.
- The value thresholds at which procurements by these other government entities are covered are: 400,000 SDRs (equivalent to approximately NZ\$700,000) for goods and services and 5 million SDRs (equivalent to approximately NZ\$9 million) for construction services.

Procurement by central government and other entities would be covered if it falls in the following areas, subject to the “Other exclusions and provisions”.

Goods, services and construction services

- All goods will be covered.
- All services will be covered except for research and development, public health services, education services and welfare services.
- All construction services will be covered.

Other exclusions and provisions

- Some activities, such as commercial sponsorship arrangements and unsolicited unique proposals will not be covered by the chapter.
- The chapter preserves the right to take measures for certain legitimate public policy purposes, such as public health, safety and protection of the environment. In addition, the right to take appropriate actions in respect of procurement indispensable for national security or for national defence purposes is protected by the Agreement.

Future review

The TPP Government procurement chapter also includes an undertaking to consider expanding government procurement commitments in the future, including consideration of possible commitments at the regional and local level of government. For New Zealand, any consideration would require consultation with regional and local government and other stakeholders in order to formulate a position.

1. The thresholds are expressed in International Monetary Fund Special Drawing Rights (SDRs), a unit of account used by the International Monetary Fund and based on a basket of international currencies. The conversion from SDRs to New Zealand dollars changes periodically with currency fluctuations.