

**Committee of Participants on the Expansion of Trade in  
Information Technology Products**

Original: English

## **SUBMISSION FOR THE NON-TARIFF MEASURES WORK PROGRAMME**

### Communication from New Zealand

The following communication, dated 24 September 2001, has been received from the Permanent Mission of New Zealand.

#### Government Procurement Practices Which May Act as a Non-Tariff Measure in the IT Sector

#### **1. The NTMs**

Government procurement barriers are fairly prevalent in the form of local content and buy national requirements and lack of transparency. Many governments seek to protect and foster their information technology (IT) and telecommunications equipment sector as a strategic industry. Government procurement measures are often used to serve this end.

#### **2. ITA products affected**

Government procurement barriers impact on many IT and telecommunications products. The OECD Trade Committee Working Party report "Assessing Non-tariff Barriers in Telecommunications Equipment in the OECD and Non-OECD Countries" (TD/TC/WP(99)45) concluded that in 18 markets reviewed government procurement barriers were almost as preponderant as technical (standards and certification) barriers.

#### **3. How they impede trade in ITA products and details of the trade-distorting impact of the NTM (e.g undue delays at the border, difficulties in getting the necessary licences)**

Government procurement barriers, like most NTMs, tend to lack transparency and often discourage exporters who are faced by extra 'red tape'. Local content or buy national requirements often compel IT exporters to enter into arrangements with 'local' partners who take on the responsibility for meeting the government's requirements. In this way government procurement barriers may impose unnecessary costs, contrary to the intent of the ITA, which is to foster and enhance global trade in IT products.

As identified in a recent survey of New Zealand exporters' experience of NTMs faced in overseas markets (all sectors, not just IT), typical government procurement barriers include a 'lack of publication of tenders, rules and regulations, arbitrary requirements for qualifying to bid, irregular "additional payments" expected to obtain tender, sole-source procurements, bid margin preferences, and requirements for use of local labour, inputs, R&D, offsets or countertrade.

#### **4. Additional information**

We would suggest for ease of reference that the typology used in the OECD survey (TD/TC/WP(99)45) mentioned above could be adopted as the basis for the inventory of NTMs in the area of government procurement of ITA products.

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