

# International comparisons of procurement policies

Country	Details
China	<p>Government Procurement Law (GPL) issued in 2002 states that government agencies and entities must purchase domestic goods, works and services except in rare circumstances when:</p> <p>“the required items cannot be obtained within China under “reasonable commercial terms” defined as 20 per cent more expensive than foreign products.”</p>
USA	<p>The <b>Buy American</b> provision in the stimulus package became law in 2009. Section 1605 of the American Recovery and Reinvestment Act of 2009 (ARRA) requires that all of the iron and steel and manufactured goods used in ARRA funded projects for construction, alteration, maintenance and repair of a public building or public works be produced in the United States.</p> <p>This provision can be waived under certain circumstances, only when buying American would increase by 25%, not merely for the cost for the specific input, but the cost of the total project. The differential is considered so large, that in practical terms it is unlikely that the exception would be invoked.</p>
India	<p>The Indian government allows a price preference for local suppliers in government contracts and generally discriminates against foreign suppliers. In international purchases and competitive bids, domestic companies get a price preference in government contracts and purchases.</p>
Australia	<p>Launching the report <i>Railway Manufacturing Industry – A Profile of the Rail Manufacturing Industry in Australia</i>, Innovation Minister Senator Kim Carr said understanding the size, scale and structure of the rail industry was essential if the Government was to develop successful strategies to secure the industry’s future.</p> <p>“The report, prepared by ACIL Tasman, shows that in 2008-09, the <b>rail manufacturing industry comprised more than 330 firms, employed more than 15,000 Australians, generated \$4.2 billion annual revenue and added \$1.6 billion to the Australian economy annually,</b>” Senator Carr said</p> <p><u>In addition:</u></p> <p>In June 2009 the NSW Government released its revised government procurement plan setting out its intention for procurement to be used to develop local industry capability and support local economic activity while achieving value for money.</p> <p>It says substantial economic benefits are said to “flow from buying Australian or NZ goods and services and maximising opportunities for local service providers to compete for Government business on the basis of value for money.”</p> <p>It said value for money is about broader economic benefits and not just lowest price.</p>
South Africa	<p>Addressing a well-attended meeting in Gauteng on 5 April, transport minister Sibusiso Ndebele announced an impressive programme to procure new rolling stock</p>

	<p>for the Passenger Rail Agency of South Africa (Prasa). To be rolled out over 18 years, the declared aim is to reposition rail as the “backbone” of public transport.</p> <p>According to Prasa’s Piet Sobola, it is hoped to have the first of 6,600 new coaches to be in use during 2015, followed by deliveries continuing until 2030. Of these, 4,600 will comprise commuter rolling stock for Metrorail. The remaining 2,000 will be for Shosholozza Meyl’s intercity fleet.</p> <p><b>A 65% minimum level of local content is to be a precondition.</b> The market engagement process will seek to gauge the technology and financing options available “within South African ownership and infrastructure constraints”.</p>
<b>Norway</b>	<p>The most recent statistics are from 2005. Of the USD 1,215 million procured, only 1.3% of supply, 6.9% of service and 1.3% of works contracts went to foreign companies.</p>
<b>South Korea</b>	<p>In 2004, the most recent data from South Korea, procurement contracts were valued at over USD 25 billion. Less than 1% went to foreign-based firms, these almost exclusively entered into by the Ministry of National Defense with firms based in the United States, Germany and the Netherlands.</p>
<b>Japan</b>	<p>98% was procured domestically in 2008. Ironically, its Foreign Trade Commission did not contract at all with foreign-based companies.</p>