

**AGREEMENT**

**in the form of an exchange of letters between the European Community and the United States of America on government procurement**

His Excellency Sir Leon Brittan,  
Commissioner,  
Commission of the European Communities,  
200 Rue de la Loi/Wetstraat,  
1049 Brussels.

Washington, 30 May 1995

Dear Mr Commissioner,

With reference to the discussion held between representatives of the Government of the United States of America (hereinafter the US) and the European Community (hereinafter the EC) regarding government procurement, I have the honour to confirm the following:

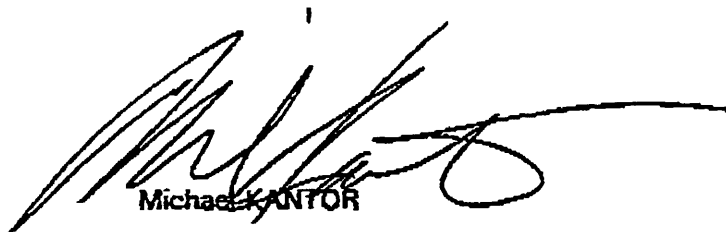
1. The US and the EC agree to amend their respective Appendix I of the Government Procurement Agreement signed at Marrakesh on 15 April 1994, as set out in the attachments to this letter.
2. The US shall grant to EC suppliers of goods and services, including construction services, treatment no less favourable than for out-of-state suppliers for the Massachusetts Port Authority and for the states of West Virginia, North Dakota and as regards Illinois for procurement not covered by the Government Procurement Agreement, and for out-of-city suppliers for the cities of Boston, Chicago, Dallas, Detroit, Indianapolis, Nashville and San Antonio.
3. The US and EC agree to cooperate and take all necessary steps to improve substantially the transparency of the notices of intended procurement in order to ensure that contracts covered under the Government Procurement Agreement can be clearly identified as such.
4. The US and EC agree that the Memorandum of Understanding between the US and the EC on Government Procurement of 25 May 1993 will be extended until the date of entry into force of the Government Procurement Agreement signed at Marrakesh on 15 April 1994.
5. The US agrees that it will implement its obligations with respect to the Rural Electrification Administration contained in Annex 3 of its Appendix I attached hereto as soon as possible after entry into force of this Agreement, but no later than entry into force of the Agreement establishing the World Trade Organization.

I shall be grateful, Mr Commissioner, if you could kindly confirm that this letter and its attachments correctly set out the understanding reached between us.

I propose that, if the EC so agrees, this letter and its attachments and your reply to that effect constitute an agreement between the EC and the Government of the US, which will enter into force on the date hereof, with the exception of point 2 above, which will be effective upon entry into force of the Government Procurement Agreement signed at Marrakesh on 15 April 1994.

Please accept, Mr Commissioner, the assurance of my highest consideration.

Sincerely,



Michael KANTOR

Michael KANTOR

Attachments: Amended Annexes 2 and 3 General Notes of Appendix I of the United States.

Amended general notes and derogations from the provisions of Article III of Appendix I of the EC.

Ambassador Michael Kantor,  
United States Trade Representative,  
Executive Office of the President,  
WASHINGTON DC 20506  
(United States of America).

Brussels, 30 May 1995

Dear Mr Ambassador,

I have the honour to acknowledge receipt of your letter of today's date, which reads as follows :

'With reference to the discussions held between representatives of the Government of the United States of America (hereinafter the US) and the European Community (hereinafter the EC) regarding government procurement, I have the honour to confirm the following :

1. The US and the EC agree to amend their respective Appendix I of the Government Procurement Agreement signed at Marrakesh on 15 April 1994, as set out in the attachments to this letter.
2. The US shall grant to EC suppliers of goods and services, including construction services, treatment no less favourable than for out-of-State suppliers for the Massachusetts Port Authority and for the States of West Virginia, North Dakota and as regards Illinois for procurement not covered by the Government Procurement Agreement, and for out-of-city suppliers for the cities of Boston, Chicago, Dallas, Detroit, Indianapolis, Nashville and San Antonio.
3. The US and the EC agree to cooperate and take all necessary steps to improve substantially the transparency of the notices of intended procurement in order to ensure that contracts covered under the Government Procurement Agreement can be clearly identified as such.
4. The US and the EC agree that the Memorandum of Understanding between the US and the EC on Government Procurement of 25 May 1993 will be extended until the date of entry into force of the Government Procurement Agreement signed at Marrakesh on 15 April 1994.
5. The US agrees that it will implement its obligations with respect to the Rural Electrification Administration contained in Annex 3 of its Appendix I attached hereto as soon as possible after entry into force of this Agreement, but no later than entry into force of the Agreement establishing the World Trade Organization.

I shall be grateful, Mr Commissioner, if you could kindly confirm that this letter and its attachments correctly set out the understanding reached between us.

I propose that, if the EC so agrees, this letter and its attachments and your reply to that effect constitute an agreement between the EC and the Government of the US, which will enter into force on the date hereof, with the exception of point 2 above, which will be effective upon entry into force of the Government Procurement Agreement signed at Marrakesh on 15 April 1994.

Please accept, Mr Commissioner, the assurance of my highest consideration.

Sincerely,

Michael KANTOR

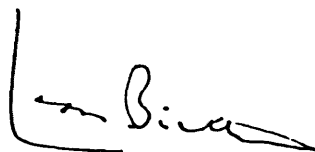
Attachments : Amended Annexes 2 and 3 and General Notes of Appendix I of the United States.

Amended general notes and derogations from the provisions of Article III of Appendix I of the EC.'

I have the honour to confirm that the EC agrees to the common understanding set out in your letter and its attachments and that your letter, this reply and the attachments shall constitute an agreement between the EC and the Government of the US.

Please accept, Mr Ambassador, the assurance of my highest consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Leon Brittan', with a stylized flourish at the end.

Leon BRITTAN

AMENDED ANNEXES 2 AND 3 AND GENERAL NOTES OF APPENDIX I OF THE UNITED STATES

ANNEX 2

SUB-CENTRAL GOVERNMENT ENTITIES WHICH PROCURE IN ACCORDANCE WITH THE PROVISIONS OF THIS AGREEMENT

*Threshold*: 355 000 SDRs for supplies and services  
5 million SDRs for construction

LIST OF ENTITIES

**Arizona**

Executive branch agencies

**Arkansas**

Executive branch agencies, including universities but excluding the Office of Fish and Game and construction services

**California**

Executive branch agencies

**Colorado**

Executive branch agencies

**Connecticut**

Department of Administrative Services  
Connecticut Department of Transportation  
Connecticut Department of Public Works  
Constituent Units of Higher Education

**Delaware (\*)**

Administrative Services (Central Procurement Agency)  
State Universities  
State Colleges

**Florida (\*)**

Executive branch agencies

**Hawaii**

Department of Accounting and General Services (with the exception of procurements of software developed in the state and construction)

**Idaho**

Central Procurement Agency (including all colleges and universities subject to central purchasing oversight)

**Illinois (\*)**

Department of Central Management Services

**Iowa (\*)**

Department of General Services  
Department of Transportation  
Board of Regents' Institutions (universities)

**Kansas**

Executive branch agencies, excluding construction services, automobiles and aircraft

**Kentucky**

Division of Purchases, Finance and Administration Cabinet, excluding construction projects

**Louisiana**

Executive branch agencies

**Maine (\*)**

Department of Administrative and Financial Services  
Bureau of General Services (covering State government agencies and school construction)  
Maine Department of Transportation

**Maryland (\*)**

Office of the Treasury  
Department of the Environment  
Department of General Services  
Department of Housing and Community Development  
Department of Human Resources  
Department of Licensing and Regulation  
Department of Natural Resources  
Department of Public Safety and Correctional Services  
Department of Personnel  
Department of Transportation

**Massachusetts**

Executive Office for Administration and Finance  
Executive Office of Communities and Development  
Executive Office of Consumer Affairs  
Executive Office of Economic Affairs  
Executive Office of Education  
Executive Office of Elder Affairs  
Executive Office of Environmental Affairs  
Executive Office of Health and Human Service  
Executive Office of Labor  
Executive Office of Public Safety  
Executive Office of Transportation and Construction

**Michigan (\*)**

Department of Management and Budget

**Minnesota**

Executive branch agencies

**Mississippi**

Department of Finance and Administration (does not include services)

**Missouri**

Office of Administration  
Division of Purchasing and Materials Management

**Montana**

Executive branch agencies (only for services and construction)

**New York (\*)**

State agencies  
State university system  
Public authorities and public benefit corporations, with the exception of those entities with multi-state mandates

In addition to the exceptions noted at the end of this Annex, transit cars, buses and related equipment are not covered

**Nebraska**

Central Procurement Agency

**New Hampshire (\*)**

Central Procurement Agency

**Oklahoma (\*)**

Office of Public Affairs and all State agencies and departments subject to the Oklahoma Central Purchasing Act, excluding construction services

**Oregon**

Department of Administrative Services

**Pennsylvania (\*)**

Executive branch agencies, including :

Governor's Office

Department of the Auditor General

Treasury Department

Department of Agriculture

Department of Banking

Pennsylvania Securities Commission

Department of Health

Department of Transportation

Insurance Department

Department of Aging

Department of Correction

Department of Labor and Industry

Department of Military Affairs

Office of Attorney General

Department of General Services

Department of Education

Public Utility Commission

Department of Revenue

Department of State

Pennsylvania State Police

Department of Public Welfare

Fish Commission

Game Commission

Department of Commerce

Board of Probation and Parole

Liquor Control Board

Milk Marketing Board

Lieutenant Governor's Office

Department of Community Affairs

Pennsylvania Historical and Museum Commission

Pennsylvania Emergency Management Agency

State Civil Service Commission

Pennsylvania Public Television Network

Department of Environmental Resources

State Tax Equalization Board

Department of Public Welfare

State Employees' Retirement System

Pennsylvania Municipal Retirement Board

Public School Employees' Retirement System

Pennsylvania Crime Commission

Executive Offices

**Rhode Island**

Executive branch agencies, excluding boats, automobiles, buses and related equipment

**South Dakota**

Central Procuring Agency (including universities and penal institutions)

In addition to the exceptions noted at the end of this Annex, procurements of beef are not covered

**Tennessee**

Executive branch agencies (excluding services and construction)

**Texas**

General Services Commission

**Utah**

Executive branch agencies

**Vermont**

Executive branch agencies

**Washington**

Washington State executive branch agencies, including :

General Administration

Department of Transportation

State Universities

In addition to the exceptions noted at the end of this Annex, procurements of fuel, paper products, boats, ships and vessels are not covered

**Wisconsin**

Executive branch agencies, including :

Department of Administration

State Correctional Institutions

Department of Development

Educational Communications Board

Department of Employment Relations

State Historical Society

Department of Health and Social Services

Insurance Commissioner

Department of Justice

Lottery Board

Department of Natural Resources

Administration for Public Instruction

Racing Board

Department of Revenue

State Fair Park Board

Department of Transportation

State University System

**Wyoming (\*)**

Procurement Services Division

Wyoming Department of Transportation

University of Wyoming

*Notes to Annex 2*

In addition to the conditions specified in the General Notes, the following conditions apply :

1. For those States marked by an asterisk with pre-existing restrictions, the Agreement does not apply to procurement of construction-grade steel (including requirements on subcontracts), motor vehicles and coal.
2. The Agreement shall not apply to preferences or restrictions associated with programs promoting the development of distressed areas and businesses owned by minorities, disabled veterans and women are reserved from coverage.
3. Nothing in this Annex shall be construed to prevent any State entity from applying restrictions that promote the general environmental quality in that State, as long as such restrictions are not disguised barriers to international trade.
4. The Agreement shall not apply to any procurement made by a covered entity on behalf of non-covered entities at a different level of government.
5. The Agreement shall not apply to restrictions attached to Federal funds for mass transit and highway projects.

## ANNEX 3

**ALL OTHER ENTITIES WHICH PROCURE IN ACCORDANCE WITH THE PROVISIONS OF THIS AGREEMENT**

*Threshold:* 400 000 SDRs for supplies and services (except as specified below)  
5 million SDRs for construction

## LIST OF ENTITIES

**The following entities at the SDR equivalent of \$ 250 000 for supplies and services :**

Tennessee Valley Authority

Power Marketing Administrations of the Department of Energy

- Bonneville Power Administration
- Western Area Power Administration
- Southeastern Power Administration
- Southwestern Power Administration
- Alaska Power Administration

St Lawrence Seaway Development Corporation

**The following entities at 400 000 SDRs for supplies and services :**

The Port Authority of New York and New Jersey with the following exceptions :

- maintenance, repair and operating materials and supplies (e.g. hardware, tools, lamps/lighting, plumbing);
- in exceptional cases, individual procurements may require certain regional production of goods if authorized by the Board of Directors;
- procurements pursuant to multi-jurisdictional agreement (i.e. for contracts which have initially been awarded by other jurisdictions).

The Port of Baltimore (subject to the conditions specified for the state of Maryland in Annex 2)

The New York Power Authority (subject to the conditions specified for the state of New York in Annex 2)

Rural Electrification Administration Financing :

1. waiver of Buy American restrictions on financing for all power generation projects (restrictions on financing for telecommunication projects are excluded from the Agreement);
2. application of Code-equivalent procurement procedures and national treatment to funded projects exceeding the thresholds specified above.

*Notes to Annex 3*

1. With respect to these entities, the Agreement shall not apply to restrictions attached to Federal funds for airport projects.
2. The conditions specified in the General Notes apply to this Annex.



*General Notes*

1. Notwithstanding the above, this Agreement will not apply to set asides on behalf of small and minority businesses.
2. Except as specified otherwise in this Appendix, procurement in terms of US coverage does not include non-contractual agreements or any form of government assistance, including cooperative agreements, grants, loans, equity infusions, guarantees, fiscal incentives, and governmental provision of goods and services to persons or governmental authorities not specifically covered under US Annexes to this Agreement.
3. Procurement does not include the acquisition of fiscal agency or depositary services, liquidation and management services for regulated financial institutions and sale and distribution services for government debt.
4. Where a contract to be awarded by an entity is not covered by this Agreement, this Agreement shall not be construed to cover any good or service component of that contract.
5. For goods and services (including construction) of the following countries and suppliers of such goods and services, this Agreement does not apply to procurement by the entities listed in Annexes 2 and 3 or the waiver described in Annex 3:  
Canada  
Switzerland  
Norway  
Japan  
The United States is prepared to amend this note at such time as coverage with respect to these Annexes can be resolved with a Party listed above.
6. For construction services of the Republic of Korea and suppliers of such services, this Agreement applies only to procurement of the entities listed in Annexes 2 and 3 above a threshold of 15 million SDRs.
7. For goods and services (including construction) of Japan and suppliers of such goods and services, this Agreement does not apply to procurement by the National Aeronautics and Space Administration.
8. A service listed in Annex 4 is covered with respect to a particular Party only to the extent that such Party has included that service in its Annex 4.

**AMENDED GENERAL NOTES AND DEROGATIONS FROM THE PROVISIONS OF  
ARTICLE III OF APPENDIX I OF THE EC**

**General notes and derogations from the provisions of Article III**

**1. The EC will not extend the benefits of this Agreement :**

- as regards the award of contracts listed in Annex 2 to the suppliers and service providers of Canada,
- as regards the award of contracts, other than for supplies, listed in Annex 2 to the suppliers and service providers of the USA,
- as regards the award of contracts by entities listed in Annex 3 paragraph
  - (a) (water), to the suppliers and service providers of Canada and the USA ;
  - (b) (electricity), to the suppliers and service providers of Canada, Hong Kong and Japan ;
  - (c) (airports), to the suppliers and service providers of Canada, Korea and the USA ;
  - (d) (ports), to the suppliers and service providers of Canada ;
  - (e) (urban transport), to the suppliers and service providers of Canada, Israel, Japan, Korea and the USA

until such time as the EC has accepted that the Parties concerned give comparable and effective access for EC undertakings to the relevant markets :

- to service providers of Parties which do not include service contracts for the relevant entities in Annexes 1 to 3 and the relevant service category under Annexes 4 and 5 in their own coverage.

**2. The provisions of Article XX shall not apply to suppliers and service providers of :**

- Israel, Japan, Korea and Switzerland in contesting the award of contracts by entities listed under Annex 2, paragraph 2, until such time as the EC accepts that they have completed coverage of sub-central entities,
- Japan, Korea and the USA in contesting the award of contracts to a supplier or service provider of Parties other than those mentioned, which are small or medium-sized enterprises under the relevant provisions of EC law, until such time as the EC accepts that they no longer operate discriminatory measures in favour of certain domestic small and minority businesses,
- Israel, Japan and Korea in contesting the award of contracts by EC entities, whose value is less than the threshold applied for the same category of contracts awarded by these Parties.

**3. Until such time as the EC has accepted that the Parties concerned provide access for EC suppliers and service providers to their own markets, the EC will not extend the benefits of this Agreement to suppliers and service providers of :**

- Canada, as regards procurement of FSC 36, 70 and 74 (special industry machinery, general purpose automatic data processing equipment, software, supplies and support equipment (except 7010 ADPE configurations), office machines, visible record equipment and ADP equipment),
- Canada, as regards procurement of FSC 58 (communications, protection and coherent radiation equipment) and the USA as regards air traffic control equipment,
- Korea and Israel as regards procurement by entities listed in Annex 3 paragraph (b), as regards procurement of HS Nos 8504, 8535, 8537 and 8544 (electrical transformers, plugs, switches and insulated cables); and for Israel, HS Nos 8501, 8536 and 902830,
- the USA, as regards procurement by entities listed in Annex 3 paragraph (d), as regards procurement of dredging services and procurement related to shipbuilding,
- Canada and the USA as regards contracts for good or service components of contracts which, although awarded by an entity covered by this Agreement, are not themselves subject to this Agreement.

**4. The Agreement shall not apply to contracts awarded under :**

- an international agreement and intended for the joint implementation or exploitation of a project by the signatory States,
- an international agreement relating to the stationing of troops,
- the particular procedure of an international organization.

5. The Agreement shall not apply to procurement of agricultural products made in furtherance of agricultural support programmes and human feeding programmes.
  6. Contracts awarded by entities in Annexes 1 and 2 in connection with activities in the fields of drinking water, energy, transport or telecommunications, are not included.
  7. This Agreement shall not apply to contracts awarded by entities in Annex 3 :
    - for the purchase of water and for the supply of energy or of fuels for the production of energy,
    - for purposes other than the pursuit of their activities as described in this Annex or for the pursuit of such activities in a non-member country,
    - for purposes of re-sale or hire to third parties, provided that the contracting entity enjoys no special or exclusive right to sell or hire the subject of such contracts and other entities are free to sell or hire it under the same conditions as the contracting entity.
  8. This Agreement shall not be applicable to contracts :
    - for the acquisition or rental of land, existing buildings or other immovable property or concerning rights thereon,
    - for the acquisition, development, production or co-production of programme material by broadcasters and contracts for broadcasting time.
  9. This Agreement shall not be applicable to the award of service contracts by Spanish entities listed in Annex 3 before 1 January 1997 or to the award of contracts by Greek or Portuguese entities listed in Annex 3 before 1 January 1998.
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