

To: Our Clients and Friends

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Taiwan Poised to Accede to Government Procurement Agreement at the WTO

On July 15, 2009, Taiwan will become the 41st member of the Government Procurement Agreement (GPA) of the World Trade Organization (WTO). Taiwan's President Ma Ying-Jeou signed the instrument of accession to the GPA on June 8, 2009, thus clearing the final hurdle for Taiwan to become a member of this plurilateral accord. On June 15, 2009, Taiwan's delegation to the WTO deposited the accession instrument with the WTO Secretariat.

As a member of the GPA, Taiwan is committed to open most of its government procurements valued over NT\$6,520,000 (about US\$194,000) to international bidding by other GPA members. Similarly, Taiwanese goods and services will be eligible to compete in the procurements of other GPA members above a certain monetary threshold.

In the United States, this means that products substantially transformed in Taiwan will be eligible for the waiver to the Buy American Act if the value of the acquisition is over \$194,000. This waiver also applies to government contracts under the American Recovery and Reinvestment Act passed earlier this year.

U.S. companies competing for Taiwanese government contracts can now also expect equal treatment as well as a higher level of transparency and predictability. The GPA requires that members treat products and services from other members in a non-discriminatory manner. Furthermore, the GPA sets certain minimum procedural and transparency standards for the bidding and review process. Finally, any disputes concerning these procedures or unequal treatment could be heard under the WTO Dispute Settlement Understanding.

Taiwan began the process to join the GPA soon after its accession to the WTO in 2002. Objections from China prevented the conclusion of the negotiations until December of last year, when the WTO Committee on Government Procurement finally approved Taiwan's application.

Taiwan will be the fifth signatory of the GPA in East Asia, following Japan, South Korea, Hong Kong and Singapore. Other members of the GPA include the 27 members of the European Union and the European Commission, the United States, Canada, Iceland, Israel, Norway, Liechtenstein, Switzerland, and Dutch Aruba. China has begun its accession talks, but is not expected to become a member in the near future.

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