U.S. Membership in the WTO Government Procurement Agreement:
Benefits for American Businesses and Workers

Reciprocity is Central to the GPA: Thanks to U.S. participation in the GPA, American companies have the right to bid on foreign government contracts with an estimated value of approximately $900 billion annually The GPA bars discrimination against U.S. firms in competing for these foreign procurements, so non-American companies enjoy no price or other preference over U.S. companies as they bid. Absent the GPA, other countries could even ban purchases from U.S. firms in these procurements. Because the United States is a GPA member, firms from other GPA member countries have the same right to bid on about $800 billion in U.S. government procurement opportunities. In other words, U.S. businesses win access under the GPA to more procurement opportunities than their international competitors do.

There Are No Free Riders in the GPA: The agreement's benefits are not extended to the entire world but only to GPA members, thus denying its benefits to would-be free riders. Further, the GPA is a club of like-minded countries: Its membership is made up of U.S. allies and partners such as Australia, Canada, Israel, Japan, and the EU. China and Russia are not members. WTO members seeking to accede to the GPA must negotiate bilaterally with the United States in order to win U.S. approval and negotiate separately with all GPA members as a group. By remaining in the GPA, the United States will be able to shape whether and how other countries might join; if the United States withdraws, other countries may well permit non-members such as China and Russia to join with only modest reforms, affording firms from those countries better access to global government procurement than U.S. firms receive.

Just 2% of U.S. Federal Contracts Go to Foreign Firms: Information from the Federal Procurement Data System shows that just 2% of all contracts were secured by foreign-headquartered companies in FY 2016. Of this small portion, about 80% were Department of Defense contracts (many of which are not covered by GPA commitments in any event), nearly all of which went to the U.S. affiliates of British or other European firms. According to a 2019 GAO report, a large share of U.S. procurements won by foreign firms relate to U.S. military bases overseas where the U.S. Armed Forces procure basic goods and services from local firms.

Leaving the GPA May Deter Foreign Investment in the U.S.: Withdrawing from the GPA may lead foreign companies to question whether America will continue to welcome foreign investment. Denying a level playing field to international companies that invest and hire in the United States would endanger efforts by the federal government and many U.S. states to attract foreign investment to the United States through programs such as the Commerce Department's SelectUSA. Foreign companies that have invested more than $4.3 trillion in the United States employ 7.4 million American workers. Withdrawing from the GPA — and in effect threatening to discriminate against foreign firms — risks sending a signal to these firms that they may be subject to discrimination even if they invest in the United States.

The GPA Does Not Infringe on Current "Buy America" Rules: The United States already has extensive "Buy America" laws in a number of areas, such as those requiring the use of U.S.-made iron and steel in transportation infrastructure, as the Trade Agreements Act and U.S. commitments under the GPA explicitly allow. Furthermore, U.S. GPA commitments allow the U.S. to apply comparable requirements to other state-level projects funded by federal grants and loans, as the United States has done with clean water projects in recent years. There is no need to withdraw from the GPA to expand the reach of these rules.