

EXECUTIVE OFFICE OF THE PRESIDENT  
THE UNITED STATES TRADE REPRESENTATIVE  
WASHINGTON, D.C. 20508

SEP - 1 2003

The Honorable Gray Davis  
Governor of California  
State Capitol  
First Floor  
Sacramento, CA 95814

Dear Governor Davis:

I am writing to request your assistance in the area of government procurement in our trade negotiations.

The United States already is a member of the World Trade Organization's Agreement on Government Procurement (GPA), an agreement based on the principle of reciprocity that obligates Members to make purchases of goods and services covered by the Agreement in a fair, transparent and objective manner that does not discriminate against the goods and services of the other Members. California has been included in the U.S. coverage under the GPA since 1996. By adding coverage of some State government procurements to the negotiated commitments at that time, the United States was able to achieve enhanced access to foreign procurement markets for our manufacturers and suppliers, thereby increasing U.S. exports and creating new jobs.

We are now in the process of negotiating several new trade agreements. Continuing our practice of consulting with interested States, we would like to seek your permission to offer our trading partners, where appropriate, the same treatment that your state already provides to the 27 other Member countries of the GPA. Accordingly, I would like to request that California make the same commitment for procurement coverage in our new agreements. Offering state-level coverage will ensure that the United States can obtain similarly advantageous coverage from other governments.

Importantly, California is only being asked to extend to those new countries with which the United States is currently negotiating the non-discriminatory protections and procedural disciplines that are already offered by California to the 27 other Members of the GPA. We are not requesting that you take on additional commitments that would require California to change its current government procurement practices. The procurement provisions will provide the same basic obligations set out in the GPA, and, like the GPA, will apply only to larger government purchases (over \$460,000 for goods and services and over \$6.481 million for construction contracts). The current GPA obligations are summarized in the National Association of State Purchasing Officials (NASPO) publication "World Trade Organization, Government Procurement Agreement, Implementation Guidelines & Directory of Solicitation Advertising" ([www.naspo.org](http://www.naspo.org)).

The Honorable Gray Davis  
Page Two

The only change that would be required of California with respect to the government procurement provisions of each new agreement would be to accord that trading partner the same treatment that California now gives to the 27 other Members of the GPA once the new agreement enters into force. Attached please find a copy of Annex 2 of the GPA, which lays out the current state-level coverage for the United States.

The United States is currently negotiating trade agreements with Morocco, Australia, the countries of the Central American Common Market (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua) and the South African Customs Union (Botswana, Lesotho, Namibia, South Africa, and Swaziland). In addition, the negotiation of the Free Trade Area of the Americas Agreement (FTAA), which will be a \$13 trillion market consisting of 34 countries in the Western Hemisphere, is also nearing its final stage. While several of these negotiations are more advanced than others, and some are more likely candidates for consideration of state-level coverage than others, to be most efficient we are requesting that California consider coverage for all the countries with which the United States is currently negotiating. If you agree to be covered by these agreements, coverage of your state would only be offered in a particular negotiation if our trading partner(s) were also prepared to provide meaningful access to their markets.

I want to extend my personal appreciation for your consideration of my request, and I hope to be able to count on your support. I hope we can receive a response by September 30th as to whether California is willing to voluntarily participate in the identified trade agreements upon their entry into force. In the meantime, if the Office of the U.S. Trade Representative can be of any assistance, please feel free to call Christopher Padilla, the Assistant U.S. Trade Representative for Intergovernmental Affairs and Public Liaison, at (202) 395-6120. I look forward to hearing from you.

Sincerely,



Robert B. Zoellick

Enclosure