

Procurement market offers launch pad for businesses to leap forward as global players



Public Procurement Service (PPS) Administrator Lee Jong-wook / Courtesy of PPS

Procurement agency contributes to expansion of exports

By Yoon Ja-young

Procurement markets overseas offer huge opportunities for businesses to grow into global players, but many of them have been hesitant due to high entry barriers. The Public Procurement Service (PPS) has been accompanying businesses to successfully enter the blue ocean market, and help their exports rise to record highs in the first quarter.

PPS Administrator Lee Jong-wook said his agency is expanding the scope of support for Korean businesses aiming for the global procurement market, as the country's trade deficit is continuing amid a global economic slowdown.

"The global procurement market is huge, amounting to 2.8 trillion as of 2020. Any business that has a dream of rising as a global player must tackle this market, but they often face high entry barriers including special treatment for domestic firms and complicated laws and procedures," Lee said in an interview with The Korea Times.

"That's why support by a government agency equipped with expertise in procurement is essential," added Lee, a former deputy minister at the Ministry of Economy and Finance who has been serving as PPS administrator since May.

The procurement agency thus adopted the "G-Pass," which is bestowed on promising businesses equipped with quality goods and technologies suitable for the global procurement market. Those designated as G-Pass businesses get support for exports through diverse opportunities, including when they make bids overseas or pioneer new markets. The procurement agency also offers its annual Global Public Procurement Marketplace, a trade fair where exporters can meet potential buyers. Its website also offers information on global procurement markets as well as procurements by international organizations to give firms more export opportunities.

Thanks to such efforts, these G-Pass businesses saw a notable increase in their exports. While a total of 69 G-Pass firms recorded 30 million in exports in 2013, the figure jumped to .25 billion in exports by 1,021 firms last year. The exports for the first quarter of this year amounted to a record-high 00 million, and 1,104 firms recorded .12 billion in exports as of the third quarter this year.

Lee said that the businesses also made meaningful achievements at the 2022 Global Public Procurement Marketplace, which the PPS jointly hosted with the Ministry of Foreign Affairs and the Korea Trade-Investment Promotion Agency (KOTRA). The annual event was held offline for the first time in three years since before the COVID-19 pandemic.

"We have been hosting the event to help businesses build up relations with overseas procurement agencies and foreign buyers, and seek chances for exports. It was held non-face-to-face during the COVID-19 pandemic," Lee explained.

The event this year was held both online and offline, with 127 Korean businesses as well as foreign procurement agencies, and 67 buyer firms from 17 countries.

"At this year's marketplace, 11 companies, including a manufacturer of guard rails that minimize casualties, signed a total of .8 million worth of export contracts with diverse countries including Thailand and Australia. Korean companies are making such achievements thanks to their competitive and innovative products," Lee said.

The achievements are meaningful as the country's trade account has been in a deficit amid the global economic slowdown. As local businesses are increasingly turning their eyes to overseas markets, the PPS is considering additional support.

"If these businesses have innovative products, for instance, we can offer them test beds overseas based on our expertise in procurement as well as network with overseas procurement agencies. We are also expanding support to match these innovative firms with the government's support programs for exporters," Lee said.

The PPS plans to provide comprehensive support efficiently by forming a consultative body jointly with 12 organizations, to help innovative products make their way into overseas procurement markets.

"We are also planning a program to nurture experts in overseas procurement markets. It will be a win-win for both SMEs suffering from a shortage of experts in overseas bidding and young people looking for quality jobs."

The PPS has been running education and training programs to nurture marketing experts, winning favorable responses from both employers and those looking to start a career. The program has so far since 2019 nurtured 191 global marketing experts, who got jobs at SMEs seeking procurement markets overseas.

"We will expand collaboration with other organizations to help the businesses enter new markets overseas. We will make multilateral efforts," Lee said.