



COMPASS

INTERNATIONAL INC.



2021

**International
Procurement Yearbook**

13TH EDITION



VI PREFACE

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GLOBAL CONSTRUCTION PROCUREMENT TOPICS

Trends and issues we will see in 2021 and beyond
 Procurement / Project Delivery Methods and Issues
 Recent History and the influence of World Events on Engineering and
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 Project Execution
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PROPOSALS / BIDS / REQUEST FOR PROPOSALS (RFP) / TENDER EVALUATIONS

All Purchasing / Procurement / Contracting aspects related to Proposal / Bids / Request for Proposals (RFP) / Tender Evaluations should be considered and planned for prior to issuing documents to potential bidders, some of the following points should be considered and planned for:

- Are there procedures / policies in place to obtain competitive bids and tenders.
- Do we need to advertise in trade magazines or newspaper for expressions of interest from various engineering firms, contactors and vendors?
 - Complete a detailed review of engineering firms, contactors and vendors technical and financial ability.
 - Ensure engineering firms, contractors and vendors return receipt of proposal and intention to bid.
 - Institute security and bid opening procedures / policies.
 - Make sure engineering firms, contactors and vendor's references are checked out in detail.
 - Ensure engineering firms, contactors and vendors safety record are researched and checked out.
 - Ensure engineering firms, contactors and vendors QA / QC systems are appropriate for this application.
 - Arrange clarification / pre- bid meetings to answer scope issue related questions.
 - Perform evaluation of bids / tenders; use a weighted average methodology where appropriate.
 - Consider previous experience with bidder(s).
 - Issue questionnaire to obtain bid clarifications.
 - Perform and conclude post bid / tender negotiations, issue MOM's.
 - Make award recommendation and obtain approval of bid committee or appropriate senior manager.
 - Issue letter of intent.
 - Purchase order / Contract award; obtain ap-

From an Owner's point of view, the major goals are to acquire a safe, functional, quality designed and constructed facility, at the lowest cost available.

propriate signatures, insurance certificate and other related paperwork.

AUDIT TRAIL

Information and all documentation should be kept and safely stored of the Purchasing / Procurement / Contracting selection and award process, together with the ongoing administration of this effort. This should be completed for any future audit purposes, or in the event of objections to any of the Purchasing / Procurement / Contracting decisions / selections made by any business partners and bidders. These records should be retained for the correct statutory period (2, 5 or 7 years what ever is applicable, the reader would need to do some research on this obligation). This audit situation would apply to the detailed design, the purchase / procurement and construction of a new facility or building together with all required, demolition, site works, utilities, parking areas, landscaping and associated guard houses, fencing and security systems, that will be part of a completed facility or building:

CONCLUSION / PURCHASING / PROCUREMENT / CONTRACTING TIPS

From an Owner's point of view, the major goals are to acquire a safe, functional, quality designed and constructed facility, at the lowest cost available. The aspiration of successful International Construction Procurement activities is to provide a win- win situation for both the Owner and the Construction Procurement provider, i.e. contractor. The objective of the purchasing / procurement professional is to acquire quality materials, production equipment and related services at the best price and delivery schedule, that match the objectives of the project's execution approach. The following is a list of items / tips to consider when involved with the Purchasing / Procurement / Contracting activities. The list is random in nature and some of these topics have been

Procurement / Contractual Checklist

OVERSEAS COUNTRY

#	QUESTION	YES	NO	REMARKS
1	Can we hire local staff, what are the rules and regulations of this action?			
2	Payments terms, in local currency or are there issues that need to be resolved?			
3	What are the standard contracts used in the overseas country?			
4	What are the specific issues related to purchase orders and contracts, are there any issues that need to be reviewed?			
5	At what point does title or transfer of materials and equipment pass on a sale?			
6	What are the legal ramifications of a dispute, how will disputes be handled?			
7	Are there any tax holidays, incentives available for this particular project? Does the host country provide financing for new facilities and plants through grants, low-interest loans and training?			
8	Do we have to set up a LLC, Corporation, "S" Corp, Ltd. company or Joint Venture with perhaps an indigenous company?			
9	What are the requirements related to work permits, visa, and number of days allowed in country?			
10	What are the current tax regulations in effect, for: expatriates, locals?			
11	What are the current tax regulations in effect, for: Imports, VAT / GTS and other local province / city taxes?			
12	Can profits be moved out of country?			
13	What do construction professionals make per year?			
14	What do construction workers make per hour?			
15	Are there any issues related to importing equipment / bulk materials into country.			
16	Is there any issues regarding nationalization / government take over of facilities? Consider what is happening in Venezuela and Peru.			
17	Obtain a listing of Vendors, contracts and A/E firms; also obtain a telephone directory if possible.			
18	Check if we would need to set up a temporary work camp.			
19	Are there any government rules specific to using a high percentage of local content, i.e. some countries stipulate that a high percentage of local materials are to be used on project.			
20	Collect names of various customs departments, transport companies, inspection firms, trade union organizations and other addresses that may be appropriate.			
21	Determine / find out what hotels cost, what houses rent for per month.			

AUSTRIA

Austria is located in the center of Europe; it is landlocked and shares a border with Germany, Switzerland, The Czech Republic and other Slavic nations in the east: Austria has high rugged mountains and forests. It has an extremely skilled and productive labor force.



DATA TABLE

1. Type of Government: Federal Republic
2. Capital: Wien / Vienna 1,700,000
3. Major Cities: Salzburg, Graz, Linz, Innsbruck
4. Population: 8.75 million
5. Area: 85,000 sq km
6. GDP: \$470 billion
7. GDP per Head: \$51,200
8. Inflation Rate: 1.2% - 1.6%
9. Time: + 6 EST
10. VAT / Sale Tax: 20%
11. Exchange Rate: 0.88 Euros
12. Freight from USA: 7.5 - 9.5 / 30 days
13. Local freight: 2% - 3% of material / equipment purchase price
14. Government website: <http://www.bka.gv.at>
15. Import duties: Refer to website mentioned above under General Notes and www.bmf.gv.at/
16. Electricity: 230 v - 50 Hz
17. Telephone code: 43
18. Professional Architect / Engineer / Accountant / Purchasing Agent etc: \$85 - \$125
19. Skilled Worker rate: \$39 - \$51
20. Unskilled worker rate: \$27 - \$38
21. Worker Productivity vs. USA Gulf Coast (Houston = 1.00): 1.10 - 1.15
22. Location Factor vs. USA Gulf Coast (Houston = 1.00): 1.02 - 1.06
23. Local Bulk Material Factor vs. USA Gulf Coast (Houston = 1.00): 1.02
24. Major Sea Ports: Austria is landlocked most goods are shipped via Germany and Italy.

MEXICO

Located south of the USA and north of Guatemala and Belize. With the advent of NAFTA a free trade pack with Canada and the USA, trade has just about quadrupled since 1994, the year NAFTA was implemented. Mexico does have a young hardworking workforce. Mexico has a serious drugs problem that has resulted in 100's of police / army and drug traffickers being killed in the last two or three years.

DATA TABLE

1. Type of Government: Federal Republic
2. Capital: Mexico City 9,000,000
3. Major Cities: Tampico, Ciudad Juarez, Oaxaca, Guadalajara, Monterrey, Mexicali
4. Population: 135 million
5. Area: 1,972,470 sq km
6. GDP: \$1,187 billion
7. GDP per Head: \$10,385
8. Inflation Rate: 2.6% - 3.7%
9. Time: - 1 EST
10. VAT / Sale Tax: 16%
11. Exchange Rate: 22.30 Mexican Peso
12. Freight from USA: 4.5 – 7.5 / 2 - 5 days
13. Local freight: 2% - 3% of material / equipment purchase price
14. Government website:
http://www.trace-sc.com/govt_online.htm
<http://www.presidencia.gob.mx/en>
15. Import duties: Refer to website mentioned above under General Notes, note 15 and
<http://portal.sre.gob.mx>
16. Electricity: 120 v – 60 Hz
17. Telephone code:52
18. Professional Architect / Engineer / Accountant / Purchasing Agent etc: \$27 - \$52
19. Skilled Worker rate: \$12 - \$18
20. Unskilled worker rate: \$7 - \$11
21. Worker Productivity vs. USA Gulf Coast (Houston = 1.00): 1.40 – 2.30
22. Location Factor vs. USA Gulf Coast (Houston = 1.00): 0.90- 0.95
23. Local Bulk Material Factor vs. USA Gulf Coast (Houston = 1.00): 0.87 – 0.92
24. Major Sea Ports: Veracruz, Tampico, Acapulco



ORDER OF MAGNITUDE COSTS FOR SHIPPING / OCEAN FREIGHT – MATERIALS / EQUIPMENT:

from the USA (East or West Coast port) to various countries (using 20’ – 40’ containers). These values exclude shipping to and from US port and shipping from local port to jobsite. (Note: there is 35.315 CF in 1M3)

	COUNTRY	NO. OF DAYS TO SHIP TO COUNTRY FROM EAST COAST USA PORT	\$ M3 FROM EAST COAST PORT	\$ CUBIC FOOT FROM EAST COAST PORT
1	Algeria	18	284	8.06
2	Australia	29	203	5.76
3	Bangladesh	33	209	5.91
4	Belgium	13	162	4.59
5	Bolivia	25	379	10.73
6	Brazil	21	264	7.48
7	Chile	25	295	8.36
8	Burkina Faso	33	639	18.10
9	China	25	253	7.17
10	Cyprus	25	247	7.00
11	Estonia	25	287	8.12
12	Germany	22	178	5.05
13	Hungary	25	233	6.60
14	Ivory Coast	30	345	9.76
15	Mexico	11	240	6.80
16	Nigeria	29	365	10.34
17	New Zealand	33	391	11.08
18	Pakistan	30	265	7.49
19	Philippines	27	271	7.67
20	Russia	31	389	11.02
21	Saudi Arabia	30	210	5.95
22	South Korea	20	168	4.77
23	Switzerland	23	199	5.64
24	UK (Liverpool)	12	164	4.66

	COUNTRY	NO. OF DAYS TO SHIP TO COUNTRY FROM WEST COAST USA PORT	\$ M3 FROM WEST COAST PORT	\$ CUBIC FOOT FROM WEST COAST PORT
25	Australia	25	230	6.52
26	China	22	182	5.16
27	Hong Kong	23	194	5.51
28	India	28	250	7.09
29	Indonesia	24	252	7.12
30	Japan	23	203	5.75
31	New Zealand	25	248	7.04
32	Pakistan	28	242	6.84
33	Saudi Arabia	31	237	6.70
34	South Korea	22	176	4.98
35	Thailand	22	186	5.28