

Resolution 1007

GSA "MOST FAVORED CUSTOMER" PRICING CLAUSES OR PRACTICES

Whereas, the use of "most favored customer" pricing practices used by General Services Administration and other Governmental Organizations in public purchasing has the effect of establishing fixed prices for all users, and especially is restrictive upon other governmental purchasers in negotiating supply contracts; and

Whereas, competitive bidding is officially regarded by Federal, State and Local Governments as being in the public interest; and

Whereas, "most favored customer" pricing practices result in pre-established and uniform pricing and thereby defeat the principles of competitive bidding and laws and policies which support these principles; and

Whereas, the Federal Supply Service procurement regulations provide that schedule contractors who wish to submit bids in response to State and Local Government requirements may do so freely, as sales made to State and Local Governments are excluded from the requirements of their Price Reduction Clause.

Now Therefore, BE IT RESOLVED, the National Institute of Governmental Purchasing again affirms its opposition to practices at any level of Government which restrict "the price suppliers may offer to other purchasers", and urges the abolishment of such practices in public purchasing.

The above resolution was adopted by the Board of Directors of the National Institute of Governmental Purchasing at its official meeting on the 7th day of October, 1981.

I certify that the above resolution was reviewed and ratified by the Board of Directors of the National Institute of Governmental Purchasing at its official meeting on the 11th day of November, 1995.

J. E. Brinkman, CPPO
Executive Vice President and Secretary

