

56. On the U.S. side, the Buy America Act of 1933 provides for a general "preference" level of 6 per cent for U.S. products on federal purchases. A 12 per cent preference is applied to bids from small businesses or minority-owned businesses or businesses located in high labour surplus areas. In some instances, bids are reserved by "set asides" for those categories. In negotiating the GATT Procurement Code, the U.S. obtained a derogation which enabled it to continue to limit these "set aside" programs to U.S. suppliers. The U.S. Surface Transportation Assistance Act (STAA) 1982 prescribes stringent "Buy America" requirements for federally funded urban mass transit and highway projects. The STAA has a particularly adverse effect on Canadian exports of subway vehicles, buses, and structural steel. A majority of states maintain some form of procurement restrictions.

57. "Buy Canada" restrictions take the form of limiting bids to domestic suppliers or of applying a 10 per cent preference for bids with sufficient domestic content. A majority of provinces discriminate in favour of provincial suppliers where these exist and/or Canadian suppliers.

H) Quantitative Import Restrictions

58. Quantitative import restrictions affecting trade between Canada and the U.S. are relatively few and are concentrated in the agricultural sector, for example, dairy, poultry and sugar products.

I) Other Measures

59. There are a range of other measures which can affect trade interests. These include measures for the protection of copyright, patents and trademarks, where U.S. legislation provides for trade retaliation against countries that do not provide adequate protection for intellectual property rights or holders, and stronger protection against imports than against domestic products which infringe such rights. Some exporters face restricted access to markets as a result of custom tariff reclassifications and new rules for determining country of origin of goods for customs purposes. Canada has government monopolies in the trade of alcoholic beverages and certain grains. In recent years, the U.S. Congress has considered a wide range of trade restrictive legislation, for example, local content rules. In many cases, the threat of unilateral trade restrictive action from existing or new legislation is as effective as the action itself in adversely affecting the climate for exports and investment.