

central devices of the contingent protection system, but they can be critical for particular firms or industries. These devices are: (a) domestic product preferences in government procurement, (b) the use of product "standards" or "norms" to restrict imports, (c) the payment of selective subsidies, (d) the use of the patent system to unduly restrict trade, (e) the use of copyright law (as it applies to industrial designs) to restrict trade. These are not more than short notes on each of these topics; each one could be, if it were to be dealt with comprehensively, the subject of detailed study.

Procurement Policy As An Instrument of Trade Policy

Given the very great importance of the state, or state-controlled agencies or corporations, as a purchaser for many particular categories of products — e.g. communications equipment, electricity generating, transmission and distribution equipment, transportation equipment (particularly railway and urban mass transit equipment) and of course, the whole range of goods for defence purposes (including many categories of so-called high technology-products) — the deployment of a preference (which in some cases is absolute) for domestically-produced goods may be one of the more important areas in which trade policy should be scrutinized in terms of competition policy. For the first time in the development of the post-war multilateralized system an agreement designed to limit the scope of such domestic product preferences was worked out in the Tokyo Round,³ after many years of preparatory discussion in the OECD.

Negotiations to extend the coverage of the Agreement are now under way, it is understood; it may be that some extension of the "coverage" — that is, the governmental entities to which it applies — will make this agreement important in economic terms; however, for the present all one can say is that, while admirably drafted, the agreement does not have great economic effect because its coverage is so limited. "Coverage", in this agreement, is defined by the list of specific departments of government or government-contracted agencies or corporations which the various signatories agree are to be directed to carry out their purchasing policy according to the detailed procedural rules of the Agreement. The "coverage" is limited, in this agreement, because the purchases of state and provincial authorities, in federal states, are excluded, because not all central government agencies are included — which has the effect of excluding a number of product categories, and because defence goods are excluded.

One of the difficulties in constructing an agreement on procurement arises from the fact that certain activities are carried out, in some countries, by the state, in others, by the private sector, in still others, by agencies of subordinate governments, that is at the state or provincial level. This was one reason why it proved impossible to include communications equipment, transportation equipment or electricity generating, transmission and distribution equipment in the code; the exclusion of these products is, of course, not set out in product terms but in terms of the entities which are the principal purchasers.

It should not be assumed, therefore, that from a competition policy point of view the Tokyo Round agreement on government procurement significantly reduced the anti-competitive effects of procurement policy.