

Executive Summary

The Government Procurement Chapter of the Canada-U.S. Free Trade Agreement (FTA) builds on the 1981 GATT (General Agreement on Tariffs and Trade) Government Procurement Code (GATT Code) to open a further portion of government contracting to competition between Canada and the United States. It broadens and deepens the obligations both countries have undertaken in the GATT Code, and commits each country to work towards the further multilateral liberalization of government procurement and to negotiate further improvements to the bilateral agreement once multilateral negotiations are concluded.

Canada and the United States have agreed to extend the provisions contained in the GATT Code to purchases falling below the GATT threshold — CDN \$213,000 or US \$156,000 in 1988 — and above an agreed threshold of US \$25,000 (for 1989, CDN \$31,000). The coverage is mainly limited to goods and to those services that are incidental to the delivery of goods and applies to those federal government departments listed in the Agreement.

The procedures used for these purchases will build on the concept of national treatment and the principles of transparency and competition contained in the GATT Code. Under national treatment, subject to the scope and coverage agreed upon,

government purchasers in each country will treat suppliers and products of the other country on the same basis as domestic suppliers and goods. Transparency measures will ensure that both countries disclose the procedures they intend to follow to respect the provisions of the Agreement and provide sufficient notification and information.

It is estimated that the Government Procurement Chapter will open up new opportunities valued at over US \$2 billion in the United States. These are mainly concentrated in the product areas of automated data processing equipment, instruments and laboratory equipment, and medical, dental and veterinary equipment. A wide range of other products is also represented. Canadian businesses have proven themselves competitive in the U.S. procurement market in the past. These new opportunities should provide an even bigger market in future for competitive Canadian suppliers.