

c) Threshold

56. The USA would likely press for no threshold or a very low value threshold in any bilateral agreement. However, a threshold value below which contracts would not be subject to national treatment might be a desirable feature of an agreement. For instance, establishing a threshold at about \$200,000 (which is the level of the threshold under the GATT Agreement) would result in a greater proportion of procurement subject to national treatment in the USA than in Canada, since in Canada generally less than 50% of the value of all Federal procurement is for contracts valued at \$200,000 or more while in the USA some 75% of procurement is for contracts valued above that amount. A further consideration is the procedure which should apply to ensure compliance with such a provision. It may be that it would not be worth the effort for small contracts.

d) Leasing

57. The United States has already proposed that leasing be included in the GATT Agreement and therefore they would also likely press for the inclusion of leasing in a bilateral agreement. Leasing is used extensively, both in Canada and the USA, mainly for the acquisition of office, electronic data processing (EDP), and telecommunications equipment. In 1981, the USA government awarded some US \$900 million worth of leasing contracts, primarily EDP and communications equipment. In FY 1982-83, the Federal Government awarded some \$225 million worth of leasing contracts of which the largest part was for photo-copiers and EDP equipment.

e) Services

58. In the context of the GATT Agreement negotiations the USA pressed hard for the establishment of "pilot studies" to examine the feasibility of applying the Agreement to service contract. Five studies have been undertaken (architectural and consulting engineering, insurance, management consulting, freight forwarding, and data processing services) and are expected to yield useful information. Canadian industry in some sectors has expressed interest in access to the USA government market, including State and local procurement.

59. More specifically, the USA government spent \$2.7 billion on procurement of automatic data processing services in 1982 and access to this through direct contracting or through sub-contracting could bring major benefits to the Canadian industry, including enhanced technology transfer. In the construction field over 80% of government procurement is undertaken at the State or local level. Thus access to all three levels would be important. With respect to consulting engineers, large opportunities exist in areas where conventional technologies are required. In engineering areas requiring high technical skills, the USA has used defence contracts to build up the competence of its engineering consulting firms, giving these companies an edge when experience is considered a prerequisite for future contract