

UNITED STATES CONCERNS

30. The United States Administration attaches a high priority to the removal of discriminatory procurement policies and practices, particularly in the telecommunications, power generation and transmission, and surface transportation sectors. This policy thrust has been reflected in the USA position during and since the original negotiations of the GATT Agreement, whether in bilateral or multilateral discussions. In 1981, an Administration Report to Congress on the exclusion of certain sectors from the coverage of the Agreement concluded that the USA industry would have benefited from coverage of entities purchasing heavy electrical and telecommunications equipment and rail locomotives (but not rail cars).

31. There is substantial pressure on the Administration and on Congress by USA telecommunications and power generation and transmission equipment manufacturers to deal effectively with perceived trade discrimination in, and lack of access to, major foreign markets, notably the EC and Japan, and to a lesser extent, Canada. The Administration's response has been to seek expansion of the coverage of the Agreement to include entities in those sectors. United States GATT officials have taken the lead in Geneva in initiating the negotiations and have identified the following as priority areas: expanded entity coverage, coverage of leasing and service contracts, reduction of the threshold, extension of bid deadlines and increased transparency.

32. USA interest in Canadian procurement practices, whether in a multilateral or bilateral context, is likely to focus on Federal procurement not now covered under the GATT Agreement and Provincial procurement in the telecommunications, power generation and transmission, and transportation sectors (see Annex F). The USA would also be strongly interested in coverage of leasing contracts (largely used in the high technology area), in the reduction of the threshold and in the coverage of service contracts. Finally, the USA would likely seek to establish strong discipline on Canadian offset/industrial benefits practices which, in their view, distort trade and tend to have a demonstration effect in other countries.

CANADIAN CONCERNS

a) Domestic interests

33. The USA Government, notwithstanding the disciplines of the GATT Agreement, continues to maintain severe discriminatory practices against foreign products and suppliers. Of major exports interest to Canada would be the removal of Buy American riders on the use of federal funds under such legislation as the Surface Transportation Assistance Act of 1982. Another area of major interest to Canada would be the elimination of the Small and Minority Business Set Aside Programme which has