

Private Members' Business

federal contracts, how to make sure that their products are known by the federal suppliers and that the federal government ensure that information is disseminated and that it tries to ensure that the contractors purchase these goods.

The other one is an aggressive buy Canada program. By aggressive I mean going out and ensuring that certain things happen to make sure that we as a federal institution purchase Canadian goods wherever possible.

It is interesting to look at what the federal government has done so far. It has a number of systems in place where it does encourage purchasing of Canadian goods and certain small business goods through the Department of Supply and Services. It purchases \$8 billion in goods and services, 60 per cent of those on a competitive basis, 40 per cent on a sole source basis to procure goods and services for the federal government.

The government has a number of initiatives in place: Canadian content premium policies, area buy policies, Canadian value-added profit policies, various policies under Atlantic initiatives and western initiatives to buy within the regions. That is a positive.

• (1710)

I believe that we have to be even more aggressive in ensuring that we buy our goods and services wherever possible from our small business community.

The Minister of State for Small Businesses has said a number of times that his department is looked on as under 100 employees. That is fair enough; 100 employees is a reasonable number when considering a small business.

We have to aggressively look at purchasing from those outfits whenever possible and ensuring that the content is Canadian or value-added production with Canadian resources.

Looking at this particular motion, it was interesting to see what restrictions the Canadian government has to deal with in ensuring that it can buy from Canadian small business or Canadian producers.

Of course, we have certain limitations under the General Agreement on Tariffs and Trade. It limits to some extent the amount we can purchase locally before it has to go out onto the foreign market. Under the GATT agreement we have to open it up to foreign bids

without premium to our own bidders on anything \$204,000 or over.

It is interesting to look at the free trade agreement and government procurement to find that at the present time we have to open up our markets to the United States bidders at \$29,000 Canadian. I guess the argument is that with the free trade agreement it is only fair that we open up our markets if the United States opens up its.

Yet, looking in the register of United States Barriers to Trade 1992, we find that the United States does not have the same sort of restrictions as we do. This book lists certain barriers to the free trade agreement things that may be looked on in any countervail situation, retaliatory measures for such things as the softwood lumber countervail duty. But the fact remains that there are certain exemptions in the free trade agreement for the United States under its various acts, particularly its Buy America Act.

This book states on page 6: "The U.S. federal departments and agencies are required to abide by the Buy America Act to favour suppliers based in the United States when buying goods and services". Generally, the act demands that only domestic products be acquired for public use in construction, alteration or repair of public buildings or public works. Well, it appears that it has made certain exceptions and exemptions from the free trade agreement and to some extent have ignored the General Agreement on Tariffs and Trade.

In 1989, under the U.S. Small Business Act, 18 per cent of prime contracts and 39 per cent of subcontracts representing a total value of \$59 billion were awarded to small businesses. Of these, approximately \$13 billion in contracts were specifically designated by contract officers as being "set aside" and available exclusively to the U.S. small business concerns.

It is interesting to note also that under the small business administration, small business is usually defined as one with up to 500 employees and \$3.5 million in annual receipts, although companies may range in size up to 1,500 employees.

What it has done is substantially expand its definition of small business and has ensured that it can, under various guises, whether it be public security which is one of its favourites, give contracts to the small business community.