

normal BML process, but you've got to go down and visit and do it repeatedly. You should not encounter any formal opposition to your visits down there.

Question:

I have a question for David. Does the CCC deal with Canadian universities on military contracts or is that done directly?

Answer:

We do marginally. Most contracts are done directly on university type R&D. Because the university is not a profit organization, the U.S. Military buyers have an easier time dealing with you. But we do deal with universities on occasion.

Question:

The other question falls in line with this. At UBC we find that we're sole sourced on a lot of contracts from the Department's Supply and Services and this is primarily due to a relationship between a researcher and someone in a Federal department. Do you find a similar situation happening between, say, researchers, Canadian universities and U.S. federal department individuals.

Answer:

Basically yes. The scientific community is a fairly small community and people seem to know what is going on around the universities and that. Typically we find a university or a U.S. agency coming to us and saying, we'd like to contract with so-and-so at such- and- such an institution. So, it is very much that type of thing as well.

Comment: Questionner

So that if I was to encourage the faculty to go down and press the flesh and let them know that there are no bars or no restrictions to setting up a contract with the U.S. Government and that they should pursue that the same way they pursued in Canada, that would probably get the best results.

Answer:

Yes, there will be scientific symposiums and getting to know in their field who in the U.S. is in that field at one of the labs in the military bases and what-not. Most things like this start out from the technical side of it from personal knowledge of individuals and it works its way through the system and ends up as a sole source. And whether it comes through us or comes direct, I would say the majority of them would go direct from the U.S. buyer into the Canadian university.

DON ETCHISON, Chairman

I would like to point out two things in concluding this session that I don't believe either Dave or Barry mentioned. On the Free Trade Agreement, Barry referred to the "Defence Sharing Agreement", and I liked his terminology in calling it the "old free trade agreement". There has been free trade with the military since the 1950s. What the free trade does with the other non-military departments on the U.S. side is lower the threshold for Canadians to 25,000 dollars U.S. where previously it was 156,000 dollars. But that higher threshold still remains for other countries so this is a preferential treatment for Canadian firms to bid on those contracts on a non-discriminatory basis in strict competition with U.S. firms.

The second part is that until January of this year a Canadian company bidding on a U.S. contract under the "Buy America Act", would get penalized. Either a 6-percent or a 12-percent penalty was tacked on your bid to give preferential treatment to a U.S. company. Under the FTA that penalty was removed and now Canadian firms can bid on non-defence contracts on an even basis. So, Canadian businesses received two fundamental breaks out of the Free Trade Agreement that are very significant as far as doing non-military procurement activities with the U.S. Government. This really does give Canadian firms an edge in gaining contracts with the U.S. Government. However, from the presentations this is a complicated business. Yet it can be lucrative and worth pursuing.

Thank you for your attention.