

Government Procurement Opportunities

Supply and Services Canada (SSC) has carried out an analysis of the new competitive opportunities in Canada and the United States opened by the Government Procurement Chapter. SSC analyzed the most recent data available¹ on Canadian and U.S. federal government contracts between the new threshold of US \$25,000 (at that time estimated as CDN \$33,000) and the 1987 GATT Procurement Code threshold of CDN \$238,000 (US \$171,000) to estimate the size of the new market being opened.

It should be emphasized that this profile reflects Canadian and U.S. government requirements at a particular point in time. These requirements will, of course, change from year to year depending upon government priorities and budgetary processes.

Experience, however, gives an indication of future opportunities. If the chapter had been applied to Canadian government procurement in fiscal year (FY) 1986-87, a threshold lowered from \$238,000 to \$33,000 would have affected an estimated 5,036 contracts valued at CDN \$400 million. These contracts would have been tendered and awarded without application of the Canadian Sourcing Policy or the Canadian Content Premium Policy. The impact of the lowered threshold on U.S. government procurements, had the chapter been applicable in FY 1984-85, would have meant that 40,016 contracts valued at US \$2,364 million (CDN \$3,061 million) would have been tendered and awarded without the application of the *Buy American Act*.

New Markets

For both governments, the same kinds of goods form a large share of the procurements opened up under the Government Procurement Chapter of the Agreement (see Tables 5.1 and 5.2). General purpose data processing equipment and instruments and laboratory equipment are the two largest purchase categories in both countries. These represent 24.4 per cent of all procurements covered by the chapter in Canada and 30.3 per cent in the United States. A further 18.7 per cent in Canada consists of furniture, medical, dental and veterinary equipment, and office supplies. For the United States, the other major categories are medical, dental and veterinary equipment, engine accessories, and furniture.

Table 5.3 shows the number and value of Canadian and U.S. federal government procurements that would have been opened had the chapter been applicable in the years being studied. These are presented under the Federal Supply Classification (FSC) System used by both Canada and the United States to classify the types of goods purchased.

¹ For Canada FY 1986-87 beginning April 1, and for the United States, FY 1984-85 beginning September 1.