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The *Small Business Act* assists U.S. small businesses in obtaining procurement contracts. The act is implemented by full-time advocates assigned to procurement operations centres. Purchasing departments must consider, for each procurement, the possibility of limiting the entire award, or a portion, to small businesses. Procurements can also be divided into economical production runs to allow small suppliers to participate. Where the contracting officer has set aside a procurement for small business firms, such procurements are not open to any non-U.S. firms or products. The act also has a sub-contracting program. Under this program element the Small Business Administration negotiates small business participation objectives with prime contractors in the award of large U.S. Government contracts.

Each government agency is required to set aside a portion of its planned contract volume exclusively for small business, as well as all government purchases under \$25,000. On contracts that have not been set aside, small business bids enjoy a 12 per cent price premium in the evaluation of bids. Generally, a small business set-aside can only be overcome if a foreign small business is located in the United States and uses U.S. materials and labour.

The definition of a small business is set by the Small Business Administration according to standards specialized from industry to industry and based on sector specific characteristics. These standards can include companies quite large by Canadian small business standards.

### **The GATT Government Procurement Code**

Canada and the United States are signatories to the GATT Agreement on Government Procurement (referred to as the GATT Code) negotiated during the Tokyo Round of the multilateral trade negotiations. The code came into effect on January 1, 1981. Other signatories are Austria, the European Community, Finland, Hong Kong, Israel, Japan, Norway, Singapore, Sweden and Switzerland.

To achieve greater international competition in the government procurement market, detailed rules are set out on the way in which tenders for government purchasing contracts should be invited and awarded. Signatories agree to undertake to make laws, regulations, procedures and practices regarding government procurement more transparent and to ensure that they do not protect domestic products or suppliers or discriminate against foreign products or suppliers.