

**GOVERNMENT PROCUREMENT : QUESTION #2**

What would a NAFTA mean to the government procurement provisions of the Canada-U.S. FTA?

**Background:**

**Canadian interests-**

Under the FTA and the GATT Code, Canada has gained only limited access to the U.S. government procurement market, as less than 5% of the public market is disciplined internationally. Given the relatively large size of the government procurement market in the United States estimated at \$749 billion in 1987, there is intense interest in securing further an expansion of access over the level secured under the FTA. Any decisions made at the Uruguay Round may reduce the priority of a change in conditions under NAFTA.

**FTA-**

FTA Article 1307 makes provisions for future negotiations: "The Parties shall undertake bilateral negotiations with a view to improving and expanding the provisions of this Chapter, not later than one year after the conclusion of the existing multilateral renegotiations pursuant to Article IX:(b) of the Code, taking into account the results of these negotiations.

**RESPONSE:**

- ALTHOUGH THE ACCESS TO THE U.S. AND CANADIAN MARKETS HAS BEEN NEGOTIATED UNDER THE FTA, ARTICLE 1307 OF THE FTA MAKES PROVISION FOR FURTHER NEGOTIATIONS TO IMPROVE AND EXPAND THE GOVERNMENT PROCUREMENT PROVISIONS. IF NAFTA MEASURES ARE CONDUCIVE TO A MORE LIBERALIZED AND OPEN ACCESS TO THE U.S. PUBLIC MARKETS, CHANGES TO THE FTA, WHICH ARE BENEFICIAL TO CANADA, MAY BE CONSIDERED.