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## The Procurement Environment

### *Canada*

Procurement has been used as an instrument for industrial and regional development in Canada for well over a decade. This use of procurement is bound by the pre-eminent objective to meet operational requirements and by the international commitments made by Canada under the GATT Procurement Code and now the Free Trade Agreement. SSC has reflected the government's direction on social and economic goals through a number of policies that are applied in accordance with those international obligations.

Under Canadian sourcing policy, priority in soliciting bids is given to Canadian-based manufacturers and service companies. The aim is to encourage Canadian employment while ensuring adequate competition exists. Where there is not sufficient competition, the range of companies is widened to include, first, Canadian-based companies acting as bona-fide agents of Canadian or foreign manufacturers, and second, foreign-based manufacturers, service companies or foreign-based agents, and foreign governments or their selling agencies.

The Canadian Content Premium Policy applies to certain types of purchases. It allows for a premium equalling 10 per cent of the difference in foreign content value between two competing bids to be applied in evaluating bids, if by doing so Canadian content is enhanced. As well, this policy, when applied to negotiated sole source contracts, allows a premium of up to 10 per cent for substantial Canadian content in the product being purchased.

Preferential treatment is not accorded, however, to Canadian suppliers in the bid solicitation process in cases where such treatment would be inconsistent with the GATT Government Procurement Code. The same will apply to FTA covered purchases.

The major thrust of SSC regionalization strategy is contained in the Area Buy Policy. This requires that purchases by SSC regional supply centres be made as close as possible to the point of ultimate consumption, provided sufficient numbers of local suppliers exist and fair value for taxpayers' dollars can be obtained. As well, SSC has undertaken special efforts to support the programs of the federal government's regional development agencies. These include activities to explain government procurement processes and opportunities and giving companies assistance in developing as suppliers.

As well, a procurement review mechanism provides for interdepartmental review of contracts worth between \$2 and \$100 million, as well as for those contracts judged to have significant socio-economic impact regardless of value. A Procurement Review Committee is charged with identifying industrial benefits and regional opportunities that should be included in the Request for Proposal sent to potential suppliers. Competing bids are then evaluated on the basis of the industrial benefits package offered, as well as the normal criteria of price and quality.