

Findings of the Interdepartmental Working Group on Informatics and Telecommunications

The assessments of European Commission initiatives by the four subgroups were based upon EC Directives, Regulations, Recommendations and Proposals and information obtained from various sources. These included the Canadian Mission to the European Communities, the Delegation of the Commission of the European Communities, consultants reports, and a visiting delegation from the EC. The results of these reviews are summarized below.

a) Market Access and Government Procurement

(i) Market Access

The concept of "market access" represents a general objective of trade negotiations and the EC measures reviewed to date were generally acceptable in GATT trade terms. However, at a later date, a more rigorous assessment of specific EC directives and proposals will be necessary to ensure their conformity with established trade practices and principles. The key elements to assess include the principles of national treatment, Most-Favoured Nation (MFN), tariffs, right of establishment, quantitative restrictions (quotas), procurement practices and selected non-tariff barriers (e.g., standards and regulations). This review should establish if negotiations are required to influence EC policies and determine whether such negotiations should be conducted directly with the EC, its Member States or through the GATT. The Working Group noted that the continued delegation of negotiating authority to the Commission in the current round of the GATT Multilateral Trade Negotiations (MTN) added to the influence which the EC could bring to bear in trade negotiations.

In general, Canadian firms seeking market access to the EC should continue to focus on the individual Member States until such time as Community-wide policies supercede national policies. It was noted that in the telecommunications and information technology sectors, the EC has made statements on the need for "reciprocity" or "reciprocal advantages" before it will permit entry to its internal market by non-EC countries. This approach will require continued monitoring by the Departments concerned with these and other sectors in which similar principles are expected to be applied. For example, in the area of financial services the reciprocity principle has been elaborated further by the Commission and it will be necessary to assess the applicability of such proposals to the telecommunications and computer sectors.

(ii) Government Procurement

The EC has taken a number of important steps to establish a Community-wide procurement policy. These commenced with the Council Recommendation in November 1984 (84/550/EEC) to open up at least 10% of the annual procurement by Member State PTTs of terminals and network equipment. More recently, the March 1988 Directive (88/295/EEC) has sought to establish more transparent procedures for contract awards by the Member States and encourage greater compliance with EC procedures. In addition, it was noted that the Commission's "Proposal for a Council Directive on Procurement in the Telecommunications Sector (COM (88) 378 Final)" reinforced the established preference for Community-origin supplies over equivalent offers from third countries "within certain limits". It was noted that it is standard and acceptable practice within the EC for telecommunication entities to reject bids with less than 50% EC content (goods and services). As the telecommunications equipment sector is effectively excluded from the GATT procurement code, there is no existing multilateral discipline to favour a competitive approach.

EC legislation and procurement practices will need to be reviewed as part of the current GATT-MTN round where the GATT Agreement on Government Procurement is being re-negotiated. The telecommunications sector is expected to form an important element in the GATT Agreement; much will depend on the willingness of private and public operators in the U.S., EC and Japan to open up to foreign suppliers.