

13. In addition to the policies and practices described above, major Crown procurements of over \$100 million are subject to industrial benefit practices. These industrial benefits may take the form of a Canadian participation in the production of the procured product, of offsets or of business activity unrelated to the product. In pursuing such benefits, the government asks potential prime contractors to define the benefits they can provide in their bid packages. Reliance is placed on the competitive nature of the process to ensure attractive industrial benefits proposals.

14. With respect to Federal funding programmes, "Buy Canadian" conditions are frequently attached. As of May 31, 1985, fifty-nine subsidiary agreements under umbrella economic and regional development agreements had been signed. These agreements represent a total commitment by both levels of government of \$2.8 billion, of which the federal share is close to \$1.6 billion. Of these agreements, thirty-six (61%) contain some form of "Buy Canadian" condition and represent a total commitment of more than \$1.9 billion or 68%. Moreover, where the agreement does not contain "Buy Canadian" conditions, procurement is carried out under the normal practices of the awarding agency, generally favouring local or provincial suppliers. A list of the subsidiary agreements is attached at Annex B.

15. Procurement policies and practices of Crown Corporations vary somewhat, but generally tend to favour Canadian sources. There are some 50 Crown Corporations not covered by the GATT Procurement Code. They could be grouped into 7 categories: manufacturers, service providers, financial intermediaries, fisheries related, real estate, regulatory, and other. Those Crown Corporations with significant procurement activity are largely in the services and manufacturing field (CN, VIA, Petro Canada, Teleglobe, Air Canada, Canada Ports and CDIC).

EXEMPT
Secs. 15(1)
20(1)(b)