

Part Three

Government Procurement

The provisions on government procurement are contained in a separate part because a number of the general obligations respecting trade in goods do not apply, such as the national treatment obligations of chapter Five or the rules of origin of chapter Three. The coverage, however is limited to goods, or services incidental to the delivery of goods.

Chapter Thirteen: Government Procurement

Chapter Thirteen marks important new progress in expanding the market opportunities for suppliers of goods to government markets. Canadians have proven themselves competitive suppliers of many commercial and industrial products to the United States. These include vehicles, scientific apparatus, aircraft equipment, mineral products, industrial machinery, plastic, rubber and leather products, electrical machinery, chemical products, power generation machinery, and heating and lighting equipment. The potential for increased sales by Canadian suppliers should thus be distributed widely across all regions of Canada.

The chapter broadens and deepens the obligations both countries have undertaken in the GATT Code, commits each country to work toward the multilateral liberalization of government procurement and to negotiate further improvements in the bilateral Agreement once multilateral negotiations are concluded.

The chapter increases the amount of procurement open for competition between Canadian and U.S. suppliers in each other's market. It lowers the threshold from U.S.\$171,000 (about CDN \$238,000), in the GATT Code, for purchases by Code-covered entities of covered goods to U.S.\$25,000 (about CDN\$33,000). All government purchases above this new threshold will be open to competition unless they are reserved for small business or excluded for reasons of national security.

In addition, the chapter makes substantial improvements upon the GATT Code in transparency procedures. It establishes jointly agreed principles, contained in Annex 1305.3, governing bid-challenge procedures to ensure equitable and effective treatment for