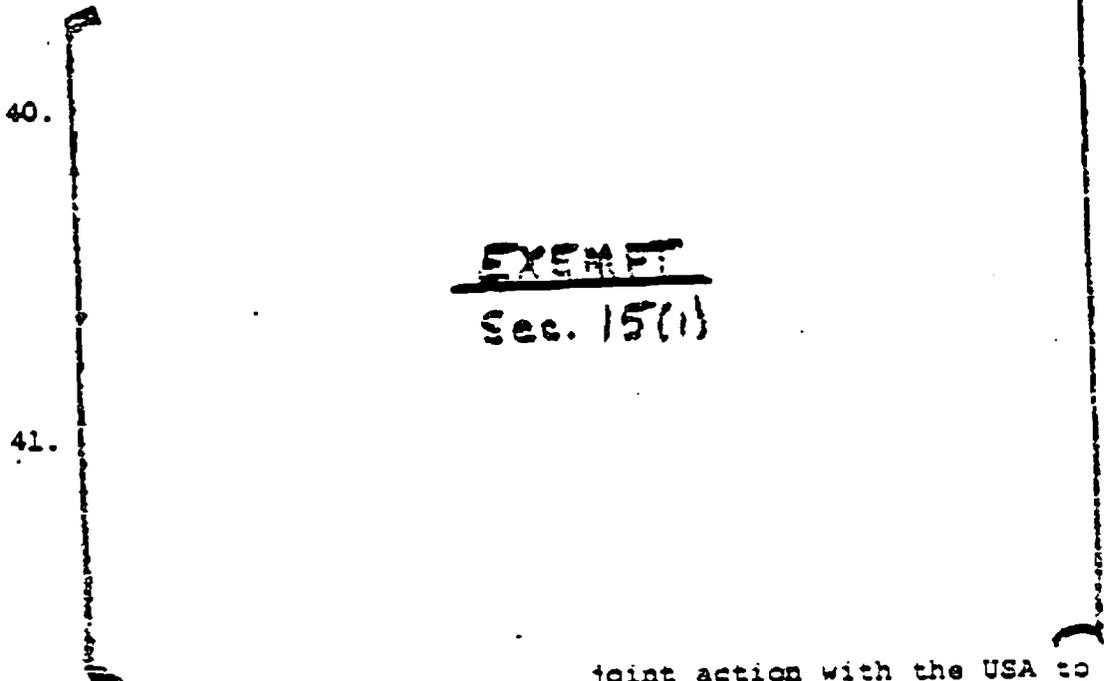


been careful to point out the importance they placed on their "preferential" relationship with these utilities. They tend to regard this relationship, however, as the natural outgrowth of years of satisfactory product performance, close technical collaboration, and their ability to meet the utilities specialized quality control and service needs.



EXEMPT
Sec. 15(1)

40. joint action with the USA to secure access to third country markets closed by the procurement practices of the telecommunications carriers in these countries could be of significant benefit to both countries.

41. Pursuing national treatment with the USA on government procurement would also be of significant benefit to the steel cement and motor vehicle industries. A considerable proportion of STAA funds are used for the modernization of highways and bridges, major uses of cement and steel. As regards motor vehicles, the USA government applies Buy American restrictions to motor vehicles purchased by entities not covered by the GATT Agreement regardless of the Autopact (recently Chrysler Canada was unable to compete for a large USA Postal Service purchase of light trucks).

42. It is not clear what the impact of national treatment would be in respect of other sectors such as aerospace, electronics, marine, machinery and information processing systems and services, some of which, particularly in the advanced technology field, are major beneficiary of government procurement and R & D contracts. The amount of government procurement in the United States in these sectors outweighs by far Canadian procurement in the same areas. However, more detailed analysis would be required to assess whether Canadian firms could sustain USA competition, particularly if tariff protection were to be removed.