



No. 277

November 27, 1990

## POTENTIAL \$1 TRILLION GOVERNMENT PROCUREMENT MARKET ABROAD MAY BE OPENED TO CANADIAN SUPPLIERS

International Trade Minister John C. Crosbie says Canada could win access to more than \$1 trillion worth of government business worldwide under an offer made today at General Agreement on Tariffs and Trade (GATT) negotiations in Geneva.

Standing to benefit substantially from this initiative are Canadian suppliers of advanced technology products and services in such sectors as telecommunications, power generation and transmission equipment, as well as computer services, software and construction services.

"Canada has a unique opportunity through these negotiations to enhance significantly further competitive opportunities under the Canada-United States Free Trade Agreement (FTA) and to share in the benefits of the market liberalization entailed in Europe's 1992 single-market integration," Mr. Crosbie said.

The Canadian offer responds to the initiatives of the European Community, the U.S. and Japan to negotiate the comprehensive liberalization of government procurement contracts above certain thresholds in the areas of non-defence goods, construction and some other services. Most other members of the GATT are not signatories to the Government Procurement Code.

The scope of the negotiations extends potentially to all government departments and agencies of central, state/provincial, regional and local governments.

The Canadian offer would broaden the coverage of government entities open to international bidding under the existing GATT Government Procurement Code and the Canada-U.S. FTA.

It has three main features:

1. It would include purchases of goods and services by federal departments and agencies.
2. It involves an undertaking by the federal government to seek commitments on a voluntary basis from the provinces to achieve, within 18 months of the conclusion of the agreement, the broadest possible coverage by provincial entities. (The U.S. is seeking a similar voluntary commitment from the states.)
3. It involves an undertaking not to seek to influence the composition or origin of the purchases of non-governmental corporations that are substantially regulated.

This Canadian offer is an initial one and is conditional upon receiving fully reciprocal benefits for Canadian suppliers in the EC, Japan and the U.S., including removal of restrictive practices under the Buy America and the Small Business Set-Asides programs.

Any agreement will also preserve reasonable flexibility to allow Canada to pursue regional development goals.

While acceptance of the Canadian offer would commit the federal government to open its supplies and services contracts to competition, it would only lay down a framework for the provinces with which they could voluntarily comply during an 18-month period.

Canada also has asked the U.S. to agree to the mutual removal under the FTA of restrictive procurement practices that may not be removed as a result of the GATT negotiations.

Since the co-operation of provinces will be necessary to ensure a successful outcome of this important international government procurement negotiation, the proposal has been discussed with them and positive interest received, the minister said.

The Canadian offer also has the support of the private sector, Mr. Crosbie added.

-30-

For more information, media representatives may contact:

External Affairs and International Trade Canada,  
Media Relations Office  
(613) 995-1874