



## GOVERNMENT PROCUREMENT

CETA's public procurement liberalization provisions will allow for a great opening of the Parties procurement markets to foreign competition.

Exclusions however apply for certain sensitive issues. Governments maintain the ability to set broad exclusions for:

- National security reasons and measures that are necessary to protect public morals, order and safety;
- Reasons pertaining to human, animal or plant life or health;
- Intellectual property;
- Measures regarding goods or services of persons with disabilities, philanthropic institutions or prison labour;
- Issues touching aboriginal business.

Governments possess the right to give preferences to their domestic companies when using grants, loans and fiscal incentives or in the case of procurements below threshold value (see sections 1. and 2. below for threshold ranges).

They also maintain flexibility in determining technical considerations, social and environmental criteria, as well as in deciding on the form of procurement (open or limited).

### 1. The European Union

By providing Canada preferential access to the EU's \$2.7 trillion government-procurement market, the EU is granting the most favorable and comprehensive market access it has ever offered to any member of the G-20.

Canadian companies will be able to sell to the 28 member states of the EU, the EU-level institutions (European Commission, European Parliament, and the European Council), as well as thousands of regional and local government entities within the EU.

For EU businesses, this possibility applies for markets exceeding a certain value (procurement contracts ranging from 130,000\$ to 5 million special drawing rights). The EU also offers a more comprehensive coverage than Canada for important sectors such as energy, bodies governed by public law, cultural industries and public transit.

It should be noted that there are specific exclusions from the European Union's procurement market, namely for:

- Ports and airports;
- Broadcasting;
- The Postal sector;

- Shipbuilding and maintenance by utilities, bodies governed by public law and local authorities.

## **2. Canada**

Likewise, CETA allows EU companies to compete at the federal, provincial and municipal Canadian public procurement markets, making it the most comprehensive and favorable market access offered by Canada under any of its Free Trade Agreements.

The Canadian threshold ranges from \$205,000 to \$7.8 billion, and covers a broad range of sectors such as energy and mass transit.

Procurements in certain areas, such as those touching public health and aboriginal populations, are however excluded from coverage. There are also exclusions in sectors such as:

- Agricultural goods which are part of a food program;
- Works of art and cultural industries in Quebec and for all municipalities, school boards and academic institutions in all other provinces and territories;
- Procurement for co-production and broadcasting time (through all of Canada);
- Research and development;
- Shipbuilding and repair (in certain provinces);
- Sensitive goods that are procured by security-mandated entities, such as police forces;
- All major ports and airports;
- Certain other regional economic development exclusion.

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