



Contracting Policy Notice 2020-2: Replacement of the North American Free Trade Agreement (NAFTA)

Published: 2020-06-30

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Published by Treasury Board of Canada, Secretariat
90 Elgin, Ottawa, Ontario, K1A 0R5, Canada

Catalogue Number: BT12-10E-PDF
ISSN: 1491-591X

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Aussi offert en français sous le titre : Avis concernant la Politique sur les marchés 2020-2 :
Remplacement de l'Accord de libre-échange nord-américain (l'ALENA)

From Treasury Board Secretariat

Date: June 30, 2020

To: Functional Heads, Finance and Administration of all Departments and Agencies

Subject: Replacement of the North American Free Trade Agreement

Summary

This Contracting Policy Notice covers three elements: the replacement of NAFTA, the updated procurement thresholds for free trade agreements, and the collection of country of origin statistics.

1. Replacement of the North American Free Trade Agreement

On July 1, 2020, the Canada-United States-Mexico Agreement (CUSMA) came into force, replacing the North American Free Trade Agreement (NAFTA). However, unlike NAFTA, Canada is not a party to the government procurement chapter in CUSMA, which pertains only to Mexico and the United States. Canada will maintain government procurement commitments with the United States through the World Trade Organization Agreement on Government Procurement and with Mexico through the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

NAFTA will not apply to any procurements that commence on or after July 1, 2020.

It is advised that departments apply the following instructions with respect to the NAFTA-CUSMA transition:

- If no solicitation documentation relating to the procurement is published before July 1, 2020, NAFTA will not apply to the procurement.
- If solicitation documentation relating to the procurement that will lead to award of an instrument is published before July 1, 2020, NAFTA will continue to apply to the procurement until it is complete.
- If only a Request for Information or information-gathering document is published before July 1, 2020, NAFTA will not apply to the solicitation itself.

- For existing standing offers put in place before July 1, 2020, the standing offer should simply be administered in accordance with its terms.
- For a procurement subject to NAFTA with a process involving a one-time prequalification list (e.g. Invitations to Qualify) where the prequalification documentation was published before July 1, 2020, NAFTA will continue to apply to that procurement until it is complete.
- For existing supply arrangements put in place before July 1, 2020:
 - Any qualification process that takes place on or after July 1, 2020 will not be covered by NAFTA; and
 - Individual solicitations issued on or after July 1, 2020 will not be subject to NAFTA and there is no requirement to amend the supply arrangement.

The government procurement obligations of the other trade agreements to which the Government of Canada is a party will continue to apply. Entities are strongly advised to review the obligations of these agreements to ensure they account for any changes resulting from the rescission of NAFTA.

2. Thresholds for Trade Agreements

As of July 1, 2020, the thresholds for procurements subject to free trade agreements to which the federal government is a party is as follows:

Thresholds (CDN\$ July 1, 2020 – December 31, 2021)

Free Trade Agreement	Entities (departments and agencies)			Crown corporations and other government enterprises		
	Goods	Services	Construction	Goods	Services	Construction
Internal						
<u>Canadian Free Trade Agreement (CFTA)</u>	26,400	105,700	105,700	528,300	528,300	5,283,200
International						

* Under the free trade agreements that Canada has with Chile, Colombia and Ukraine, there are “extended transparency” commitments to provide suppliers with information regarding procurements for which they are not eligible to bid but where (1) an open-tendering process is used, and (2) the procurement value exceeds CAN \$124,000 for Chile and Ukraine and CAN \$150,000 for Colombia.

Free Trade Agreement	Entities (departments and agencies)			Crown corporations and other government enterprises		
	Goods	Services	Construction	Goods	Services	Construction
<u>Canada-Chile Free Trade Agreement</u> *	108,400	108,400	9,100,000	542,400	542,400	17,300,000
<u>Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)</u>	238,000	238,000	9,100,000	650,000	650,000	9,100,000
<u>Canada-Colombia Free Trade Agreement</u> *	108,400	108,400	9,100,000	542,400	542,400	17,300,000
<u>Canada-European Union Comprehensive Economic and Trade Agreement (CETA)</u>	238,000	238,000	9,100,000	Annex 19-3, Section A: 650,000	Annex 19-3, Section A: 650,000	9,100,000
				Annex 19-3, Section B: 732,400	Annex 19-3, Section B: 732,400	
<u>Canada-Honduras Free Trade Agreement</u>	108,400	108,400	9,100,000	542,400	542,400	17,300,000
<u>Canada-Korea Free Trade Agreement</u>	100,000	100,000	9,100,000	N/A	N/A	N/A
<u>Canada-Panama Free Trade Agreement</u>	108,400	108,400	9,100,000	542,400	542,400	17,300,000
<u>Canada-Peru Free Trade Agreement</u>	173,900	173,900	9,100,000	542,400	542,400	17,300,000
<u>Canada-Ukraine Free Trade Agreement</u> *	238,000	238,000	9,100,000	650,000	650,000	9,100,000

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Free Trade Agreement	Entities (departments and agencies)			Crown corporations and other government enterprises		
	Goods	Services	Construction	Goods	Services	Construction
<u>World Trade Organization- Agreement on Government Procurement (WTO-GPA)</u>	238,000	238,000	9,100,000	650,000	650,000	9,100,000

* Under the free trade agreements that Canada has with Chile, Colombia and Ukraine, there are “extended transparency” commitments to provide suppliers with information regarding procurements for which they are not eligible to bid but where (1) an open-tendering process is used, and (2) the procurement value exceeds CAN \$124,000 for Chile and Ukraine and CAN \$150,000 for Colombia.

3. Collection of Country of Origin Statistics

Following the replacement of NAFTA, Canada will no longer collect procurement statistics concerning country of origin. For Government of Canada statistical reporting purposes, departments are now to report the country of the vendor’s address under the Country of Vendor data field that will replace the Country of Origin data field in proactive disclosure of contract reports.

References

1. The trade agreements to which this Contracting Policy Notice pertains have been hyperlinked in the table above.
2. [Canada-United States-Mexico Agreement](#)
3. [Canadian International Trade Tribunal Procurement Inquiry Regulations](#)
4. [Treasury Board Contracting Policy](#).

Enquiries

1. For matters of content regarding the Canada-United States-Mexico Agreement (CUSMA), please contact **Global Affairs Canada:**

Telephone:

1-800-267-8376 (toll-free in Canada)

613-944-4000 (in the National Capital Region and outside Canada)

If you are deaf or hard of hearing, or you have a speech impediment and use a text telephone, you can access the TTY service from 9 a.m. to 5 p.m. Eastern Time by calling 613-944-9136 (in Canada only).

Facsimile: 613-996-9709

Email: enqserv@international.gc.ca

Write to:

Enquiries Service (BCI)

Global Affairs Canada

125 Sussex Drive

Ottawa, ON, Canada K1A 0G2

2. For information with respect to the TB Contracting Policy, please contact [TBS Public Enquiries](#).

Date modified:

2020-07-03