

Type of Decision									
Meeting Date	Friday, September 4, 2009				Report Date	Tuesday, Sep. 1, 2009			
Decision Required	X	Yes		No	Priority	X	High		Low
Direction Only	X	Information Only			Type of Meeting	X	Open		Closed
REPORT TITLE									
Free Trade Report #04/09/09/205									

SUBJECT: Report on the request for support from the Federation of Canadian Municipalities and their disagreement with the US "Buy American" restrictions in their stimulus spending.

Background/Executive Summary: As briefly discussed at last meeting – the resolution has been prepared for Council's endorsement.

**WHEREAS** the world's economy has entered into a period of slow economic growth;

**AND WHEREAS** governments throughout the world have introduced various stimulus packages to encourage economic growth;

**AND WHEREAS** the North American market for a wide variety of construction supplies and manufactured goods used in municipal infrastructure projects is highly integrated;

**AND WHEREAS** the United States of America is Canada's largest trading partner and a signatory of the North American Free Trade Agreement, and both countries benefit from a highly integrated market for construction supplies and related manufactured goods used in municipal infrastructure projects;

**AND WHEREAS** Canadian municipalities are supportive of the Free Trade agreement between Canada and the United States which has existed for many years;

**AND WHEREAS** the Government of the United States has introduced infrastructure stimulus packages including the American Recovery and Reinvestment Act (ARRA) which includes a "Buy American" provision for steel and other manufactured products;

**AND WHEREAS** these restrictive provisions which are contrary to the spirit of free trade will prevent Canadian companies from bidding on contracts which contain the "Buy American" provisions at the municipal and state levels in the United States since NAFTA and The Agreement on Government Procurement of the World Trade Organization do not nullify such provisions at those levels:

**AND WHEREAS** Canadian stimulus infrastructure programs do not contain any restrictions on manufacturers from other countries, including the United States, bidding on such contracts in Canada;

**AND WHEREAS** Canadian-based companies may be adversely affected by these restrictions possibly leading to lay-offs and financial losses and could lead to the erosion of their overall ongoing viability;

**AND WHEREAS** the economic outlook of local employers is of municipal interest because of the potential negative effects of business failures on local quality of life, community vibrancy and the property tax base;

**AND WHEREAS** Canadian municipalities have the right to undertake measures to protect their local economies and quality of life;

**THEREFORE BE IT RESOLVED THAT** municipalities express support for the spirit of free and fair trade between the United States and Canada and assert that the restrictive “Buy American” provisions in the American Recovery and Reinvestment Act are contrary to that spirit of free trade;

**AND BE IT FURTHER RESOLVED THAT** the Council of the United Townships of Head, Clara & Maria does hereby support the Federation of Canadian Municipalities (FCM) in its stance to support the Government of Canada and the Canadian Manufacturers and Exporters and other stakeholders in their efforts to urge the United States Congress to repeal “Buy American” requirements in federal stimulus packages;

**AND BE IT FURTHER RESOLVED THAT** FCM urge the US National League of Cities and the US Conference of Mayors to also support the spirit of this resolution and the spirit of free trade, so that municipalities on both sides of the border can continue to procure supplies in the fairest and most efficient manner;

**AND BE IT FURTHER RESOLVED THAT** the United Townships of Head, Clara & Maria and the FCM support municipalities who choose to adopt procurement policies which favour free and fair trade by ensuring that the managers of local infrastructure projects, including environmental projects such as water and wastewater treatment projects, procure goods and materials required for these projects only from companies whose countries of origin do not impose trade restrictions against goods and materials manufactured in Canada;

**AND BE IT FURTHER RESOLVED THAT**, given that the Prime Minister, the Premiers and the US Chamber of Commerce have recently called for bi-lateral negotiations to resolve this issue, that this Council allows time for a negotiated resolution of this matter and should this matter not be resolved in a way that results in the lifting of the trade restrictions, that this Council proceed to amend its Procurement By-law to include a clause that states that we will only purchase equipment and do business with companies whose countries of origin do not impose trade restrictions against goods and materials manufactured in Canada.

Options/Discussion: Support or not.

Financial Considerations/Budget Impact: Could have an affect on the speed at which Canada emerges from recession.

Policy Impact: None at this time. May modify our procurement policy in the future to exclude doing business with companies and manufacturers who refuse to do business with Canada.

Approved and Recommended by the Clerk

Melinda Reith,  
Municipal Clerk

*Melinda Reith*