

# Communities seek exemptions from proposed Canada-EU deal

**BY JASON FEKETE, POSTMEDIA NEWS**

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OTTAWA — As Canada and the European Union negotiate final details on a free-trade deal expected to be completed this year, dozens of communities across the country are voicing major concerns or seeking exemptions from the pact.

The Conservative government, however, says the provinces support it and the Federation of Canadian Municipalities recognizes the deal would produce economic benefits across Canada.

Yet, dozens of cities and towns — including major centres such as Toronto, Mississauga and Hamilton in Ontario — have passed motions highlighting their concerns with the Canada-EU Comprehensive Economic and Trade Agreement (CETA), with many asking for permanent exemptions.

Most of the communities are worried that provisions in the agreement on government procurement will restrict their decision-making capabilities and hurt their local economies.

They want more details from the federal government and argue the trade deal could limit their abilities to adopt 'buy local' procurement policies, create jobs and enforce some environmental standards.

"There's some uneasiness that rests with some of them," Berry Vrbanovic, president of the Federation of Canadian Municipalities, said Monday.

"Some of the motions are really becoming an expression of urgency from their point of view, in terms of what's being expected by local governments."

Leaked documents have indicated that contracts worth more than \$340,000 for goods and services and \$8.5 million for construction

would be subject to CETA tendering and rules, and open for challenge by European companies if they felt they were being excluded.

The City of Toronto overwhelmingly voted recently to have the Ontario government negotiate a permanent exemption from the trade agreement for the municipality. It also called on the provincial government to protect the powers of public agencies such as hospitals, school boards and universities.

Just last week, Mississauga city council also voted to ask the provincial government for an exemption from CETA, which is the most significant trade deal Canada has negotiated since the North American Free Trade Agreement. Hamilton previously passed a similar resolution requesting an exemption from CETA.

"In the absence of clear information being communicated from the federal government and provinces and territories, this is what you're seeing play out at the municipal level," Vrbanovic added.

International Trade Minister Ed Fast stresses the federal government will only sign CETA if it's ultimately in the country's best interests and maintains it won't restrict communities' ability to contract local companies and create jobs.

The federal government has regularly consulted communities during the negotiating process and will continue to do so for areas that fall wholly or partly under municipal jurisdiction, he said.

"An agreement with the EU would not affect the ability of municipalities to use selection criteria such as quality, price, technical requirements or relevant experience, or to consider social and environmental factors in the procurement process," Fast said Monday in an emailed statement.

"A trade agreement with the EU will preserve the ability of governments to give preferences to hometown companies, through various instruments, such as grants, loans and fiscal incentives."

Mayors in Atlantic Canada, meanwhile, last week complained they have been shut out of talks and demanded they be included in the

discussions. They're worried the trade pact could clash with long-established domestic procurement policies.

The FCM believes the Canada-EU trade deal could create additional jobs by providing companies with a larger export market. It could also lead to cheaper construction costs on major municipal projects, such as wastewater plants.

But the organization has submitted a list of seven principles it wants the federal government to follow, including a threshold level that would exempt some smaller municipal capital projects from the agreement, as well as a comprehensive dispute resolution process and appropriate consultation with communities.

On the West Coast, the Union of British Columbia Municipalities has passed motions asking that local governments be exempted from CETA on government procurement, and also called on the provincial government to remove water services from any commitments.

"It's still not filtering into the public awareness that these resolutions are happening," said Stuart Trew, trade campaigner with the Council of Canadians, a citizens group that has been fighting the agreement.

"It will be difficult for the provinces to sell this agreement if they have ignored the will of important cities like Toronto and Hamilton."

There is, however, also significant support for the trade deal from communities and business groups across the country.

Cities such as Saskatoon, in an effort to show they're open for business, have voted not to seek an exemption from CETA.

Groups such as the Canada Europe Roundtable for Business argue Canadians will benefit from trade diversification and no longer having to rely on the U.S. market that's experiencing a slow economic recovery.

The business group also believes free trade with the EU would promote additional competitiveness and productivity in the Canadian economy, and improve interprovincial co-operation.

The free-trade agreement would give Canadian companies preferential access to an EU market of 500 million consumers in 27 member states. A deal is expected to be finalized this year.

Federal officials say the agreement will either immediately eliminate all trade tariffs or phase them out over time, ultimately lowering the prices of goods and services for consumers, while also creating new and better jobs for Canadians.

The government maintains a Canada-EU pact would boost the Canadian economy by \$12 billion annually, create tens of thousands of new jobs by growing export markets, and increase two-way trade by 20 per cent.