

# Canada, EU trade deal near

January 14, 2012 - 4:35am **BY SELENA ROSS**  
The Chronicle Herald

## **Agreement could affect way cities, towns award contracts**

A close-to-completed trade agreement between Canada and the European Union will likely require towns and cities in Canada to open up bidding on their biggest-ticket spending to foreign companies.

The Comprehensive Economic Trade Agreement will probably be concluded by the end of the year, Prime Minister Stephen Harper said Thursday during his visit to the Halifax Shipyard. But a final deal is rumoured to be closer to completion and may be brought to Parliament within the next month or two.

Canadian beef, pork and seafood exporters could enjoy a boom in profits if EU tariffs are lifted. On the other end, according to those familiar with the talks, one Canadian market to which the European negotiators hope they'll gain admission is municipal contracts, including those for transportation and construction projects, waste management systems, and smaller goods and services tenders.

The market includes spending by hospitals, airports, school boards and universities, according to the Federation of Canadian Municipalities.

Halifax Regional Municipality announced this week that it had awarded a contract for an online electronic voting system to a Spanish firm, raising eyebrows in the city. Coun. Dawn Sloane (Halifax Downtown) was unhappy with the decision and said she wanted to look into creating a "buy local" policy for future procurements.

With CETA negotiations flying mostly under the radar, few Canadians are aware that a buy-local policy could be illegal in the future in cases like the e-voting contract, which went for just over half a million dollars.

Under the CETA agreement, monetary thresholds would determine which contracts could be kept local-only, said Don Downe, the mayor of the Municipality of the District of Lunenburg.

Downe is also active in the Federation of Canadian Municipalities, where he is chairman of the Standing Committee on Municipal Finance and Intergovernmental Arrangements. Ottawa has been briefing the committee regularly, Downe said, and the trade talks are now in the "fine-tuning" stage.

Though the details of those discussions are still secret, it looks like two thresholds will be set for different types of Canadian procurement processes, Downe said.

For capital spending contracts, any project falling below roughly \$8 million to \$9 million wouldn't be subject to CETA restrictions. For goods and services, which comprise most government spending aside from infrastructure, the limit would be somewhere around \$300,000 or \$400,000.

Those thresholds are similar to the ones that the World Trade Organization already has in place for sub-central government entities, trade minister Ed Fast pointed out in an Aug. 23 [letter to the FCM president](#).

"These thresholds are approximately \$340,600 for both goods and services and approximately \$8.5 million for construction," Fast wrote.

Canada signed on to the WTO's government procurement agreement in 1996, counting in a long list of federal agencies and organizations as well as many provincial departments, including Nova Scotia's. (But excluding some of the province's Emergency Health Services spending, which was exempted.)

But similar obligations have never been required of Canadian municipalities above any threshold, and the District of Lunenburg briefly balked at not having more of a say in the decision. In 2010, the municipality passed a resolution, later adopted by the federation, asking the federal government to

reconsider.

Downe said, however, that opening the bidding will drive down prices for municipalities, and he is not concerned that European companies' access will hurt Nova Scotia businesses.

"It would have to be an awful big contract for a company to come all the way from Europe to come to Nova Scotia to put a bid in, and it's highly unlikely that they will bring their own crew over."

Aside from seafood exporters, MP Gerald Keddy (South Shore-St. Margarets) said he expects the Port of Halifax to be the province's other main beneficiary of CETA, as it is a major gateway between Canada and Europe.

For the municipalities, he said, opening up bigger contracts won't be as huge a change as some are predicting.

"It doesn't really matter who builds it," Keddy said. "It does matter who runs it."

Constitutionally, Keddy said, the municipalities do not have a seat at the table, and the province is directly responsible for their interests. Nova Scotia has four representatives at the trade talks and they are visiting Ottawa regularly, said government spokeswoman Patricia Jreige, but all other information about CETA is still under wraps.

Critics worry that the new restrictions will limit local governments' ability to encourage certain fledgling local industries or to try to use their spending to spur change like going green.

"It really can be quite troubling for Canada, because not only will it affect municipal governments, but it can also affect stimulus packages that might be more strategic," said Ontario MP Brian Masse (Windsor West), the NDP trade critic.

Once the agreement is announced, it will go before Parliament for further debate.