

# Municipalities jump on opposition wagon

Recent \$1.2-billion Montreal subway contract dispute would be very different under trade deal, expert says.

Anca Gurzu

As negotiators again tackle the free trade deal between Canada and the European Union in Ottawa this week, municipalities across Canada have been adding their voices to a growing chorus of opposition over the deal's most controversial element: procurement.

At the end of September, the Union of BC Municipalities—representing the interests of all local governments in British Columbia—took aim at the Canada-EU Comprehensive Free Trade Agreement, asking for sub-national governments not to be included in the final deal.

The resolution requested that “the provincial government negotiate a clear, permanent exemption for local governments from [the free trade deal].” The small district of Logan Lake, with just over 2,000 residents, sponsored the resolution.

The document states that allowing European companies full access to sub-national procurement, “could significantly reduce or eliminate the right to specify local priorities when public money is invested in goods, services or capital projects.”

Also last month, in a letter to Trade Minister Peter Van Loan, the Federation of Canadian Municipalities asked the federal government to negotiate rules that would still allow cities to favour local companies in different deals.

“A trade deal must recognize strategic and public interest considerations before barring preferential treatment based on country of origin,” the letter read.

Unlike the Union of BC Municipalities, the federation did not ask that municipal procurement be fully exempted from the trade deal. However, it did emphasize that “inappropriately high or broad procurement thresholds may force municipalities to tender projects when tendering is neither practical nor financially justified.”

Thresholds for project bidding are particularly important for smaller cities, where the impact and perspective of a contract can be different than that of larger cities, said Patrick Fafard, an expert on federalism at the University of Ottawa, who also managed intergovernmental affairs in the Privy Council.

“What is small for the federal and provincial government is big for them,” he said. “They are just nervous.”

Since a contract in a small town would only affect dozens of jobs, he said, the local government there would want to tender projects to local companies.

“The lower the threshold, the scale of the impact will be stronger, so cities will want higher thresholds,” Mr. Fafard said. “But at the same time, if you are a small company in Spain supplying paper clips, you live and die on many small contracts. The crunch will come on what’s defined as a small contract.”

Full access to all levels of government procurement is a deal-breaker for the Europeans, who have often emphasized the comprehensive nature of the talks. This is why provinces and territories sit at the same negotiating table with the federal government for the first time.

In an interview with *Embassy* on Oct. 18 after the official launch of the fifth round of negotiations, Mr. Van Loan said the government keeps municipalities regularly updated about the talks through the Federation of Canadian Municipalities.

“We do brief them fully on the progress that is happening in the negotiations and I’m quite confident that the position of the municipalities is best reflected as the same one we saw when we dealt with Buy America,” Mr. Van Loan said, “a recognition that their workers, their businesses, their jobs depend on trade.”

The minister said thresholds are always negotiable, and that provinces helped negotiate the threshold for the Buy America process after consulting with municipalities.

“Now they’ve come back to us and said ‘Can we lower that threshold so that more projects can be covered because we are losing out on too many contracts?’”

Jason Langrish, executive director of the Canada-Europe Roundtable for Businesses, said this issue is one for provinces to solve.

“At the end of the day, provinces have to deliver their municipalities because they control them,” he said.

Mr. Langrish said it is too late for local governments to be asking for exemptions, referring to the resolution passed by the Union of BC Municipalities.

“You can’t start exempting people now,” he said. “This is something [the union] should have asked for two years ago, before the province said it will support the negotiations.”

Mr. Fafard said the growing opposition from municipalities is reflecting the lobbying results of different interest groups, like civil society groups and unions. Groups like the Council of Canadians, the Canadian Union of Public Employees or the Canadian Autoworkers Union have repeatedly voiced their opposition to the trade talks, especially on the issue of procurement.

“If you are an interest group you want to influence what governments think and it’s much easier to get access to municipal governments,” Mr. Fafard said.

The municipalities’ influence on the trade talks will be “negligible,” said Patrick Leblond, an expert on international economic integration at the University of Ottawa.

“It really sounds like ‘not in my backyard’ kind of thing,” he said. “If the provinces want the deal to happen, it’s not the municipalities that will stop them from doing it. Public procurement... has been so prominent since the beginning.”

But an announcement earlier this month that Quebec decided to block international companies from bidding on a \$1.2-billion contract to supply subway cars to Montreal has upset European officials, according to recent reports. Quebec Premier Jean Charest announced the contract will go to Bombardier, which left European companies like big Spanish firm CAF out of the game.

That kind of move will very likely become unacceptable once the free trade deal is signed and procurement rules are set, Mr. Fafard said, especially since this was a very large contract.

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## PROBLEM

Diesel emissions from the vehicles manoeuvring through mines pollute the air for miners and create the need for pricey ventilation systems for mining companies.

## SOLUTION

Head to the Institut du transport avancé du Québec, a research centre affiliated with Cégep de Saint-Jérôme, just north of Montréal. Ask them to build a light, emission-free vehicle that can still carry a heavy load.

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## LE PROBLÈME

Les émissions de diesel provenant des véhicules utilisés dans les mines polluent l’air que respirent les mineurs. Les entreprises minières doivent ainsi engager des coûts élevés pour se munir d’un système de ventilation.

## LA SOLUTION

Rendez-vous à l’Institut du transport avancé du Québec, un centre de recherche affilié au Cégep de Saint-Jérôme, au nord de Montréal. Demandez qu’on monte un véhicule léger, qui ne produit pas d’émissions, et qui peut tout de même transporter de lourdes charges.

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