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**City Council**

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**Motion without Notice**

MM46.7	ACTION			Ward: All
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**Government Procurement Agreement between Canada and the United States of America - by Deputy Mayor Pantalone, seconded by Councillor Perks**

- \* Notice of this Motion has not been given. A two-thirds vote is required to waive notice.*
- \* This Motion is subject to referral to the Executive Committee. A two-thirds vote is required to waive referral.*
- \* This Motion has been deemed urgent.*

**Recommendations**

Deputy Mayor Pantalone, seconded by Councillor Perks, recommends that:

1. City Council request the City Manager to report expeditiously to the Executive Committee on the impact of the Government Procurement Agreement between Canada and the United States of America on the City of Toronto purchasing and procurement powers and practices.

**Summary**

The Canadian government has reportedly reached an agreement with the United States of America to open procurement markets between the two countries at the provincial and municipal orders of government. This agreement took effect February 16, 2010 and expires September 2011. This is the first time government procurement – the purchase of goods and services on behalf of governments or public authorities – which normally use a public tendering process, will apply international trade rules to local government procurement. In prior agreements, under the World Trade Organization (WTO), the Canadian government excluded provinces and towns from procurement rules.

The new Government Procurement Agreement (GPA) responds to concerns over “Buy American” mandates in the American Recovery and Reinvestment Act of 2009 by the United States Congress as part of their economic stimulus. Previous “Buy American” conditions required the use of American goods and construction services by the US government when it transferred funds to state and local government infrastructure projects. Terms of the arrangement provide mutual access to certain state, provincial and municipal infrastructure projects.

The new agreement offers Canadian suppliers bidding opportunities on projects in seven stimulus programs in 37 US States covered by the WTO and accounts for \$18 billion of the total \$787 billion in the stimulus package. While the deadline for allocating these funds was February 17, 2010, the Canadian government indicates this deadline will likely be extended and some sub-contracts will continue to be awarded as the remaining stimulus projects proceed. In return, Canada has guaranteed US supplier's access to a range of provincial and municipal infrastructure spending projects.

Such an agreement raises questions and concerns for Canadian provincial and municipal government procurement processes which use government purchasing as a policy tool. Preference for local goods and suppliers has been incorporated into policy and used to monitor private access to public sector resources in order to negotiate local benefits when governments procure goods and services.

As Canada's largest city, and economic hub of Ontario, the potential impact on the City of Toronto is significant. There is a need for the City of Toronto to fully understand the agreement and its impact and implications to our residents and the City. We simply need to know.

The recommendations in this motion have no financial impact.

The recommendations in this motion are urgent as the deadline for accessing funds under the American Recovery and Reinvestment Act was February 17, 2010 though it is determined by Federal Government this deadline will likely be extended.

(Submitted to City Council on February 22 and 23, 2010 as MM46.7)