



**Ken Neumann**  
National Director / Directeur national

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January 10<sup>th</sup>, 2018

**Via email: [gmc@toronto.ca](mailto:gmc@toronto.ca)**

City of Toronto  
Government Management Committee  
100 Queen Street West  
Toronto, ON  
M5H 2N2

**Re: *GM 23.7 The Feasibility of Developing a Canadian Content Policy for Toronto's Procurements in Compliance with Existing Trade Agreements***

Dear Members of the Government Management Committee,

My name is Ken Neumann, and I am sending this letter to the Members of the Government Management Committee in my capacity as National Director of the United Steelworkers, (hereinafter "the Steelworkers", "USW" or "the Union"). The USW thanks the members of the Government Management Committee for affording the Union the opportunity to comment on a Canadian content policy for the City of Toronto (hereinafter "the City", or "Toronto").

Representing more than 225,000 workers across Canada – 23,000 of whom work in the Greater Toronto Area (GTA) – the United Steelworkers is one of Canada's largest industrial unions. Here in Toronto specifically, the Steelworkers are proud to represent over 16,000 middle class Torontonians. Steelworkers can be found working in every sector of the economy, including manufacturing plants, banks, credit unions, retirement homes, universities, hotels, security companies and call centres.

Steelworkers know first-hand the effects of cross border trade policies and domestic content policies. It is Steelworkers at facilities like Gerdau in Whitby that produce the reinforcing steel (also known as rebar) that keeps the buildings we live in and work in standing. Furthermore, Steelworkers working at the Stelco plants in Hamilton produce the light-weight advanced steel products that are used in the cars produced in Brampton, Oshawa, and Oakville. Moreover, Steelworkers at the Welded Tube plant in Vaughan manufacture the tubular components found in the John Deere lawn cutting equipment and tractors utilized by the City. These same Steelworkers also produced the parts for the seating found in the Roger's Centre. It is these middle-class Steelworkers, and the tens of thousands across the country, who stand to feel the effects of short-sighted economic policies such as the repealing of Toronto's Canadian Content Policy. That is why I am writing to you requesting that the City not only defer repealing the Canadian Content Policy, but reverse its 2003 decision and reinstate it.

**United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union**  
**Syndicat international des travailleurs unis de la métallurgie, du papier et de la foresterie, du caoutchouc,**  
**de la fabrication, de l'énergie, des services et industries connexes**

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It is our understanding that some within the City are advocating for the repeal of the Canadian Content Policy. We strongly urge the City to maintain and reinstate the Policy as soon as possible. We submit that reinstating the policy will not run afoul of Canada-European Union (EU) Comprehensive Economic and Trade Agreement (CETA) for the foreseeable future. First, the CETA is still up in the air. Although CETA is provisionally in force, the agreement has yet to be ratified by all member states. Only seven of the EU's 28 states have ratified the agreement. Germany, France and Italy, the three largest economies in the EU, have yet to ratify the agreement. There also remains a pending European Court of Justice (ECJ) ruling on the validity of certain parts of CETA. CETA cannot come into full force until the ECJ has given its opinion, nor can it come into full force if the ECJ opinion is that CETA is incompatible with EU law. For these reasons it would be premature to base the City's policy decisions on a deal that has yet to be fully enacted, and whose future is anything but certain.

In our view, the City should take the steps necessary to reinstate the policy as soon as possible. As per CETA's provisions a Canadian content policy could be applied to City procurements in a variety of fields, such as drinking water, energy and transport, without running afoul with CETA's procurement provisions. Each one of these areas could provide a significant economic opportunity for Canadian manufacturers and workers. Toronto Water alone last year spent over \$100 million in materials and supplies. In particular, PMMD reports that from 2014-2016 a Canadian content policy could have been applied to over 870 contracts worth \$1.45 billion. Each one of these contracts fell under CETA's procurement threshold of \$8.5 million - meaning that the City could have applied a Canadian content policy to these contracts and not run afoul with CETA's procurement provisions.

Promoting the use of Canadian materials does not only make economic sense, it is environmentally responsible. In the case of steel products, using helps stimulate a sector with one of the highest jobs multiplier in the Canadian economy. Each steel industry job is said to support five other jobs throughout the Canadian economy. Moreover, Canadian made steel products are two to four times less Carbon intensive than foreign made steel products.

In the case of wood products, using Canadian lumber helps promote the long-term storage of carbon and ensures that the City sources its wood products from certified forests, as nearly half of Canada's forests are certified for their sustainability. As a result, the promotion of Canadian products, like Canadian lumber or steel, in City tendered contracts can help the City reach its environmental goals as laid out in its *TransformTO* strategy. By promoting the use of Canadian products, like Canadian made steel or lumber, in City tendered projects the City would send a clear message that Toronto not only recognizes the important economic role it can play, but that it does so with the environment in mind.

Those within the City who have recommended the repeal of the policy note its inability to verify the actual content in contracts as a reason to repeal of the policy. It is not clear why the auditing of such contracts could not be transferred to the Auditor General's office which is presumably aptly equipped to audit such contracts if necessary. Furthermore, other jurisdictions with a Canadian content policy like the Toronto Transit Commission (TTC) or the Public Works and Government Services Canada (PWGSC) provide potential verification models that the City could replicate if needed.

In closing, on behalf of the Steelworkers I would like to thank the members of the Government Management Committee for affording the union the opportunity to comment on a Canadian Content Policy for the City of Toronto. Not only would a Canadian Content Policy have a positive impact on the lives of over 23,000 middle class Steelworkers throughout the GTA, such a policy could also stimulate various sectors of the Canadian economy as a whole while minimizing the City's environmental footprint. Thus, it is clear that the City should not only defer repealing the Canadian content policy, but reinstate it as well. Should the members of the Government Management Committee require any further clarification on any of the contents in this letter please do not hesitate to contact me at 416-544-5951 or at [kneumann@usw.ca](mailto:kneumann@usw.ca).

Yours truly,



Ken Neumann  
National Director for Canada  
United Steelworkers

KN/slq