

July 17, 2009

The Honourable Stockwell Day
Minister of International Trade
Government of Canada
House of Commons
Ottawa, Ontario
K1A 0A6



Dear Minister Day,

The National Union represents some 350,000 Canadians from across the country, in various walks of life. On their behalf we have been especially involved in the various trade negotiations undertaken by the Government of Canada, both at the multi-lateral and bilateral level.

We have become very concerned about the efforts being made by your government to eliminate the right of provincial and municipal governments to favour Canadian goods and suppliers in their procurement policies of Canada to businesses from other countries. This is showing up in a number of federal policy fronts: the preliminary negotiations between Canada and the European Union for a comprehensive trade and economic agreement; your government's expressed concern about the "Buy American" provisions in the United States; as well as your corresponding attempts to convince the provinces that they must open up their procurement policies to companies in the U.S. and Mexico, under NAFTA, in order for Canadian companies to get access to U.S. stimulus fund expenditures.

The fact that you are labeling local, state, and provincial limits on procurement as "protectionism" is not really helpful in understanding the issue. Putting a pejorative label on something is not nearly the same thing as an informed, research-based position.

We are convinced that the vast majority of Canadians would not want their tax money to be spent to buy products from another country at the expense of local suppliers. We believe Canadians would rather have their tax dollars stimulating the local and Canadian economies, instead of stimulating the economies of the US, Mexico or the EU.

How does it help the citizens of Canada if the steel needed for a public building, as part of the infrastructure program, is purchased from abroad? It does not stimulate the Canadian economy in anyway shape or form and it does not help our local steel companies, or our local workforce.

If procurement is simply thrown open internationally, clearly the bias will be to low wage, low cost producers. Canada's tax dollars would be going in part to companies in the southern U.S. where laws prevent effective unionization, and where wages are therefore very low, and to the Maquiladora zones in Mexico where neither workers nor the environment have any legal rights. We firmly believe that, when spending public monies to purchase goods and services, our governments have a responsibility to support Canadian companies and workers.

Government procurement is not just about goods; it is also about services. Any move to have municipal and provincial government procurement covered by free trade provisions will leave Canada, its provinces and municipalities, open to bids on local services from low-wage companies in whichever other jurisdiction is covered by the trade deal. The EU has already experienced local suppliers of services being pre-empted by lower wage providers of that service from countries with lower standards of living.

Currently, Canadian provinces and municipalities are not prevented from requiring public funds to be used to ensure Canadian content in goods and services are purchased. This right should not be easily surrendered, certainly not on the basis of ill-defined slogans about protectionism. The right to use taxpayers' money to the benefit of the taxpayers is a very important trust and should be carefully protected.

We are fully aware that the large service sector corporations in both Canada and the EU are very keen on the opening of government procurement of public services to the private sector, but that does not mean it is in the public's interest to do so. What this corporate encouragement really means is that transnational corporations in both Canada and the EU want the right to deliver public services on a for-profit basis and the ability to locate as much of the service provision in low wage jurisdictions.

We will vigorously oppose any international agreement that prevents municipal, provincial, territorial or even the federal government from investing public resources in job creation, community economic development and economic renewal through its purchasing policies. Canada's interests would not be served by trading away the power of governments to support local economic renewal and job creation especially in a period of economic crisis and serious job losses.

We also note that the proposals to expand trade-treaty coverage of procurement contain an imminent threat of privatization. The Joint Study on the EU Canada negotiations states that EU private sector interests will attempt to define "public procurement" broadly enough to include public services. As the joint study reports:

“... enhanced procurement market access should reflect a broad definition of procurement and include procurement in areas of public services such as health and education.”

That would go much further than even our NAFTA commitments by increasing for-profit presence in activities that are meant to serve social goals. The EU private sector would clearly like the right to bid on all government contracts for the private delivery of services. This would weaken the safeguards currently governing areas of public provision in Canada's international commitments, such as in health care.

Finally, we are concerned that covering local or provincial government procurement under trade deals would likely mean that any kind of fair wage policy for government procurement would not be allowed to stand as it would be ruled as an “unnecessary obstacle” to trade.

We see no benefit to Canada or Canadians from forcing local and provincial governments to surrender their ability to use government procurement as a tool for economic development. We do see many reasons not to make such a move. We therefore strongly urge your government to cease this effort to disrupt the system of government procurement that allows Canadian funds to be used to support Canadian companies, workers and communities.

Sincerely yours.

(original signed by)

Larry Brown
National Secretary-Treasurer

c.c. Provincial and Territorial Premiers
NUPGE National Executive Board