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Fighting back: Small town says turn-around fair trade in 'Buy America' battle

1 day ago

OTTAWA — Tiny Halton Hills, Ont. - population 58,000 - is vying to be the mouse that roared in the battle against big bad U.S. protectionism.

Upset that one of the southern Ontario community's biggest manufacturers is being shut out of municipal infrastructure projects south of the border under Buy American legislation, Halton Hills is taking matters into its own hands.

The town council has unanimously passed a resolution that would have the Toronto-area municipality discriminate against any country that discriminates against Canada.

And the idea is proving so attractive that it will likely be put to a vote during next month's annual general meeting of the Federation of Canadian Municipalities.

Mayor Rick Bonnette says his town's action is not a "Buy Canadian" response, but he does want Canadian municipalities - which will be spending the lion's share of the federal government's \$12-billion infrastructure program - to shut the door to contract bidders from the U.S. until that country opens its doors to Canadian firms.

"We want to push back," he explained. "There comes a point where you can't stand by and do nothing when you have people losing their jobs."

Buy American clauses in President Barack Obama's US\$800-billion stimulus package - meant to ensure U.S. taxpayer money creates jobs in the recession-ravaged United States - have raised the ire of international governments, which are accusing the U.S. administration of preaching free trade, particularly during the current recession, but practising stealth protectionism.

Prime Minister Stephen Harper believed he had exacted the necessary concession from the U.S. administration in February when the president pledged to honour international trade obligations, including those under NAFTA, in the application of Buy American provisions.

But Canadian firms and observers say the U.S. is managing to get around the letter of the law by filtering billions of federal dollars, which are subject to NAFTA rules, to municipalities, which let out the infrastructure contracts and are not subject to any trade agreements.

"What they are doing is imposing federal conditions on funding for municipal governments. That at least infringes on the spirit of NAFTA," said Jayson Myers, president of the Canadian Manufacturers and Exporters.

Although Ottawa has lobbied against the provisions, Buy American is picking up steam in the U.S. Congress. The manufacturers' group says there are currently seven bills before Congress with protectionist provisions and that Canadian companies are going to be big losers.

"We already have companies losing contracts," Myers said. "We've identified about 250 companies that are threatened by just one of the bills ... the (US\$13 billion) Water Quality Investment Act."

For Halton Hills, the issue is local.

John Hayward, president of international pumps and mixers maker Hayward Gordon Ltd., is one of the few Canadian firms that has chosen to go public with his complaints about Buy American.

The U.S. market represents about one-third of his business, he says. And after losing out on a municipal water treatment contract in Maryland, the company is in peril of losing another in Indiana. That is why he is exploring moving some of his production to plants south of the border so he can bid for local contracts.

"I have to sign a legal affidavit today that in order to receive an order from a municipality in Indiana, I have to legally certify my products are manufactured in the U.S.A.," he said. "That's why I'm planning a trip in two weeks into New York and Pennsylvania to look at manufacturing facilities."

Another Toronto-area firm, Belgian-owned Ipex Inc., said recently that its plastic pipe was ripped from a sewage line in California because the offending material was stamped with a "Made in Canada" label.

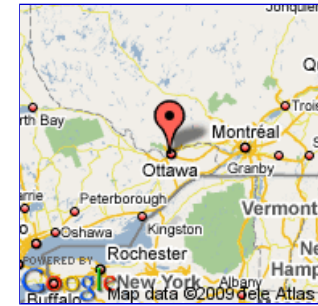
Hayward said the Conservative government is only now awakening to the seriousness of the problem. Not only is the Buy American provisions hurting current Canadian manufacturers, he said, but unless the measures are removed, it will discourage foreign investors from locating plants in Canada that would also serve the U.S. market.

"Would you as a foreign company invest in Canada now not knowing if you have access to U.S. market?" he asked.

Firms with U.S. parent companies are also being impacted, said Myers, but are reluctant to voice

THE CANADIAN PRESS 

Map



their concerns.

In response to questions in the House of Commons, International Trade Minister Stockwell Day said he is concerned about recent developments, "which is why a number of us, myself included, have been in Washington, have set in motion some actions to have this addressed and we are continuing to follow that up."

But Clark Somerville, a Halton Hills regional councillor and board member with the Canadian Federation of Municipalities, says the time has come to get tough. And since most infrastructure spending happens at the municipal level, Canada's cities and towns may be in the best position to apply pressure.

Myers agrees, although he says he has qualms with any form of trade discrimination.

"At the end of the day, nobody wants restrictions in place, but if Canada is serious about negotiating an end to Buy American provisions, then we need a credible threat of retaliation in Canada," he said.

Myers said diplomatic pressure is useful, but Congress is much more likely to respond when their own companies start complaining they are losing business in Canada.

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