



**Canadian
Manufacturers &
Exporters**

Canada's Leading
Business Network

**Manufacturiers et
Exportateurs du
Canada**

Le réseau d'affaires
par excellence du Canada

*Via Fax 416-325-3745
To follow by regular mail and email*

Friday, May 29, 2009

The Honourable Dalton McGuinty
Premier of Ontario
Legislative Building
Queen's Park
Toronto, ON M7A 1A1

Dear Premier McGuinty,

We are writing on behalf of businesses across Canada that are now being excluded from state and local procurement markets in the United States as a result of Buy American provisions contained in recent legislation.

The American Recovery and Reinvestment Act, which became law in February, requires all iron, steel, and manufactured goods procured for public works funded under the Act to be made in the United States. We are now seeing similar restrictions appear in other bills before the United States Congress.

Canadian manufacturers of steel and other construction materials, water and wastewater treatment technologies, heating and ventilation systems, energy technologies, and medical devices are currently being hurt by Buy American restrictions.

While Buy American preferences have been used by state and local authorities in the past, the restrictions now being imposed by United States federal legislation are far more punitive. They effectively ban Canadian-made products from all state and municipal infrastructure projects that use even a single dollar of funds authorized under the laws in question. Many industries, such as the water treatment sector, have until now been able to bid on U.S. infrastructure projects without hindrance, enjoying the same unfettered access that American companies enjoy in Canada.

The United States Government has said that it will comply with its international trade obligations, but this offers no protection for Canadian companies since our provinces and municipalities are not party to the NAFTA or WTO government procurement agreements. As a result, Canadian manufacturers are losing contracts – and communities across Canada are losing businesses, jobs, and investment.

There is also a growing backlash within Canada. A resolution will be considered by the Federation of Canadian Municipalities in June that would keep municipal infrastructure markets in Canada open to suppliers from other countries only if reciprocal access is granted to Canadian exporters.

Protective market restrictions are not the solution to economic problems in either Canada or the United States. Damage will be done on both sides of the border if discriminatory procurement restrictions continue to be enacted.

We believe that the Canadian Government can and should propose a solution to the United States Administration that would safeguard jobs in both countries. One possible short-term solution would be for both Canada and the United States to make every effort (including the use of regulatory guidance) to ensure that federal procurement standards under the NAFTA are applied to federal funds spent by sub-national authorities. Another possible option would be to encourage the United States Government to issue a public interest waiver on a sectoral basis (e.g., in the water infrastructure sector).

However, it is clear that the most effective response to the Buy American provisions would be for Canada to seek a more open procurement agreement. We urge you to explore signing onto the reciprocal WTO Agreement on Government Procurement and to pursue an even more ambitious agreement with the United States covering provincial/state/territorial and local governments.

We are asking for your support to help avert the trend toward rising protectionism. We ask you to engage in urgent discussions with the federal government to resolve this growing challenge. We also ask that you and your Government commit to engage in and support negotiations to keep provincial/territorial/state and local procurement markets open to suppliers from both countries.

Respectfully,



Jayson Myers
President
Canadian Manufacturers & Exporters



Perrin Beatty
President and CEO
The Canadian Chamber of Commerce



Thomas d'Aquino
Chief Executive and President
Canadian Council of Chief Executives



Claude Lajeunesse
President & CEO
Aerospace Industries Association of Canada



Christian L. Van Houtte
President and Chief Executive Officer
Aluminum Association of Canada