

**SUBMISSION  
TO  
THE HOUSE OF COMMONS STANDING COMMITTEE  
ON INTERNATIONAL TRADE**

**BUILDING TRADES PERSPECTIVES AND PROPOSALS  
ON CANADA-UNITED STATES TRADE RELATIONS**

**SUBMITTED  
THURSDAY, APRIL 1, 2010**

**British Columbia and Yukon Territory  
Building and Construction Trades Council  
#204 – 4333 Ledger Avenue, Burnaby, B.C. V5G 3T3  
Tel: 604-291-9020 Fax: 604-291-9590  
[bcyfbctc@bcbuildingtrades.org](mailto:bcyfbctc@bcbuildingtrades.org)  
[www.bcbuildingtrades.org](http://www.bcbuildingtrades.org)**



I want to begin by thanking the Committee for this opportunity to appear. The discussion regarding the “Buy American” legislation has prompted a debate across this nation that touches the very nerve of economic recovery. It is through the development of our regulated banking system (some would argue a protectionist action) that we have fared better than many other countries through the fallout of the global financial crisis precipitated in the U.S.

In my research on this issue, I looked for the benefit gained or at the very least for a ‘win-win’. Certainly by looking at the value gained in dollars through reciprocated access to infrastructure funded projects, there is no doubt that the U.S. has gained an enormous advantage. Canadian business’ access to about 1 billion dollars of infrastructure spending in the U.S. pales with the 25 billion dollars of funding access gained by the U.S. to Canadian infrastructure procurement.

Ken Newman, USW National Director for Canada, has noted that this debate is an opportunity for Canada to have its own “Buy Canadian” policy. Such a policy could be a win-win if it were to develop meaningful language to support Canadian manufacturing while continuing to be part of an integrated and co-operative North American market. Mr. Newman represents a significant voice of labour in the manufacturing industry. In the world of manufacturing, investment equals job creation.

I now turn my attention to Construction because that is who I represent and where I come from. What is or is not in this agreement that speaks to the needs of construction workers or job creation in a migrant workforce market?

In my research and review of the discussion at this Committee in Hansard, I note that there are a number of issues which raise concern.

The first concern I will address is that the benefit of access is lopsided to the extreme. If the numbers quoted in Hansard are accurate, and we can be confident that our businesses will be accorded fair access, then this could be considered somewhat of an advantage, minimal or otherwise. However, it would seem that there is a degree of protectionism still evident in the balance to the advantage of the U.S. through state and municipal procurement jurisdiction that they maintain.

Across Canada, the municipal procurement provisions in the agreement preclude the favorable treatment to local contractors or goods and service providers and municipalities are further prohibited from seeking “offsets”. Many municipal procurement policies contain procurement provisions on quality, qualifications and training, safety, employment standards and in some instances, fair wage or living wage policies. These social and legal commitments now stand to be challenged. Union agreements that provide for local hiring or contracting out language are at risk. These

are mutually negotiated agreements that benefit workers, their employers and the communities they live in.

I could not possibly be aware of all of the provisions for tendering and bidding in each of the American States let alone their municipalities. However, I am quite aware that procurement policies and bidding practices vary from municipality to municipality here in B.C. let alone from province to province across our nation. I am simply not sure that this agreement is well thought out though it may well be a noble objective.

As for access to Canadian Infrastructure Project funding, most large prime construction contractors are controlled by US investment or are US owned and are not restricted in anyway. They currently bid to and are constructing Canadian Infrastructure Projects including highways, bridges and transit even though these are listed as exclusions.

If the projects remain at the \$8.5 million threshold, then there seems no advantage, however, as the project packages are broken down, do the provisions of the Agreement flow? Most contractors in the construction industry are small to medium enterprises (SMEs) and are likely more concerned about their access through sub-contracting. I am not sure that many local SMEs would risk bidding into the US market based on added costs of mobilizing equipment and labour as well as provisions of liability and bonding. To illustrate this, I offer a few comments from BC Contractor Associations.

In an interview with Monday Magazine, Vancouver Island Construction Association president Greg Baynton said large local companies—which pale in size next to global giants—don't have the capacity to orchestrate bids for contracts that involve finance and operations components.

Vancouver Island Equipment Operators Association president Don Cameron submitted the following statement on procurement options: "Large multi-national corporations will blow into town and misplace years of meaningful well-paying employment during construction, and then leave town and in their wake the skeleton of what was once a vibrant industry."

Construction contractor John Knappett wrote earlier, not in reference directly to this agreement, but nevertheless a significant comment. "In simple terms what this means is that those of us who live, work and help build the community on Vancouver Island are about to get the heave-ho for a consortium of bankers and multinational contractors from far afield. Although some local procurement will certainly be done, such as buying gravel or hiring hourly dump trucks, the management and engineering jobs and the general construction contracts for all the sewage plants and pipelines will almost certainly be handled, like the Sea to Sky Highway or the Golden Ears Bridge, by one foreign company."

When one considers the carve-outs and exclusions within the agreement that include road construction, bridges and transit – what other projects fall under major public infrastructure funding of any significance over \$8.5 million between now and September 30, 2011? One is left to wonder just exactly what benefit is to be found.

Is it JOBS? One should not confuse investment in construction contracts with the same kind of job creation as in the manufacturing industry. When construction contracts proceed, temporary jobs are created under whatever provisions may apply for access to private or public funding. In Construction, our concern is who gets the jobs. I would ask that this committee give consideration to job opportunities for Canadians given the difficulty we have had getting Canadian workers into the American market and the impact of the foreign labour market as a result of both American and Canadian immigration legislation and policies. There are no provisions ensuring that either Canadian or American workers will benefit from the provisions in this agreement. The application of this agreement cannot be considered in isolation from these important related regulatory regimes.

Is it MOBILITY? We don't even have effective mobility and qualification recognition across Canada, let alone international foreign credential recognition. Will requirements for trade qualification become a restriction? How will a provincial safety board or employment standards officer chase an American employer that has violated legislation and returned to the U.S. and at what cost?

Finally, I prefer that my tax dollars be spent promoting Canadian contractors and workers contributing to our economy and giving the estimated 12% unemployed and unregistered workers an opportunity to contribute to the Canadian economy, the spin-off benefit to the investment of our tax dollars. When we look at the disparity regarding the benefit to access provided by this agreement giving US access to in excess of \$25B of our infrastructure funding in return for access to about \$1B of the US infrastructure funds, when there are no guarantees that this agreement will create jobs for Canadian construction workers and their contractors, one wonders what the actual benefit is? All in all, this agreement appears to be an overreaction to a short term concern.

Given that the Canada US Procurement Agreement includes the Temporary provision to September 30, 2011 and the provision into fast-tracking on future permanent agreements, there must be a commitment to transparency and consultation throughout the negotiation process. I am unaware of any consultations with labour groups or worker representatives that led to this agreement. I can only hope that workers concerns will be given full consideration should there be an expansion to commitments with regard to any permanent agreements with any nation for government procurement.

A truly “Buy Canadian” policy would incorporate language to support the development of strong local economies and strong international relations that includes the interests of both business and labour.