

# Municipal Procurement Impacts of US Procurement Ban

Ontario's municipalities spend over \$22 billion<sup>1</sup> annually procuring goods and services. AMO surveyed municipalities to understand what challenges may arise from a total ban on US procurement in favour of Canadian and Ontario based businesses. Based on municipal responses<sup>2</sup>, we learned:

## Procurement Sourcing

Most non-construction procurement<sup>3</sup> comes from business with Canadian addresses.



98.6%

Canadian  
Addresses



1.5%

American  
Addresses



0.02%

Other  
Addresses

Many companies are subsidiaries of US firms or integrated into the US market

Municipalities expressed a desire for standard definitions of Canadian and US goods to inform local policies

## Reliance on US for Essential Goods and Services

Municipalities reported relying on US sources for goods and services where made-in-Canada options are not readily available including:



### IT & Communications

- Data server storage
- E-voting services
- Software
- Emergency notification system



### Emergency Services

- Fire response equipment
- Police firearms & tazers
- EMS equipment and medical supplies



### Heavy Machinery & Vehicles

- Fire trucks
- Ambulances
- Snowplows
- Road graders
- Waste management equipment



### Health and Safety

- Water treatment plant chemicals and equipment
- Long-term care supplies (e.g. nutrition for feeding tubes)

## Impacts of US Procurement Ban

Municipalities reported concerns that a full ban on procurement of goods and services from the US may have unintended consequences including:

- Penalties and legal costs to cancel existing contracts
- Liability for disputes from inter-provincial or foreign suppliers under trade agreements (e.g. CETA, CFTA)
- Inability to obtain goods and services needed to deliver essential municipal services

## Provincial Regulations

Municipalities noted that US procurement is needed to meet policy requirements set by the province including:

- Emergency services equipment standards
- *The Safe Drinking Water Act*
- Anticipated cyber security and digital trust regulations

# Municipal Procurement

## Provincial Actions to Support Municipalities

Municipalities are passing resolutions and reviewing local procurement policies in response to Premier Ford's call to join the province in banning US companies from procurement contracts. To support this work, it is important for the province to provide clarity on the scope and intent of this provincial ban.

### Call for Provincial Action

Provincial-municipal collaboration is critical to ensure that restrictions for US vendors to municipal contracts do not materially impact the ability to deliver necessary services.

To support this collaboration, the province should clarify:

- The extent of municipal discretion in implementing a municipal procurement ban on US vendors
- How Canadian and US goods and services are defined
- Whether definitions of Canadian and Ontario businesses and requirements under the *Building Ontario Business Initiative Act* will be expanded to apply to municipalities
- How to ensure municipalities following provincial direction to proceed with buy-Canadian policies or US-prohibition policies are not liable for disputes under trade agreements
- That municipalities are not required to cancel existing contracts without ensuring made-in-Canada alternatives are available, and that municipalities are not liable for contract cancellation costs incurred to follow provincial direction
- Opportunities to support municipalities in identifying alternatives to US made goods as needed

### Municipal Procurement Resolutions

Municipal councils across Ontario are passing resolutions on procurement and tariffs, calling on the province to:

- Remove barriers, and provide guidance on how to give preference to Canadian companies while adhering to requirements under trade agreements
- Remove interprovincial trade barriers to support Canadian companies and supply chains in delivering made-in-Canada options for municipal procurement
- Provide clarity and direction on the intent and scope of the call to ban US suppliers from municipal procurement

### Notes on Data

- 1 – As reported in 2023 Financial Information Returns
- 2 – Responses represent 36% of the population of Ontario from regional, county single and lower-tier municipalities.
- 3 – Responses represent 35% of municipal non-construction procurement on goods and services