

REPORT
2000 JULY 10

CITY OF BURNABY

EXECUTIVE COMMITTEE OF COUNCIL

HIS WORSHIP, THE MAYOR
AND COUNCILLORS

RE: WORLD TRADE ORGANIZATION

RECOMMENDATION:

1. THAT Council endorse the attached resolution from the City of Vancouver regarding the General Agreement on Trade In Services (GATS).
2. THAT a copy of this report be forwarded to the City of Vancouver, Burnaby M.P.'s, UBCM Executive and Federation of Canadian Municipalities Executive.

REPORT

Burnaby City Council, at the 'Open' Council meeting held on 2000 May 15, received the attached resolution from the City of Vancouver expressing serious concerns regarding proposed changes to the World Trade Organization General Agreement on Trade-in Services and referred same to the Executive Committee of Council for review.

The Executive Committee of Council, at its 'Open' meeting held on 2000 June 26, received and endorsed the resolution from the City of Vancouver on this very important matter.

Respectfully submitted,

Councillor N.M. Volkow,
Chair

Councillor D.R. Corrigan,
Member

Councillor C. Redman,
Member

CC: -CITY MANAGER
-DIRECTOR FINANCE



CITY OF VANCOUVER
CANADA

OFFICE OF THE CITY CLERK

CITY CLERK

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FILE NO. 6001

REPLY ATTN. Tarja Tuominen

May 8, 2000

Mayor and Council
City of Burnaby
4949 Canada Way
Burnaby, B.C. V5G 1M2

Dear Mayor and Council:

World Trade Organization

On May 2, 2000, Vancouver City Council approved the following motion regarding the World Trade Organization:

WHEREAS, the recent World Trade Organization (WTO) meetings in Seattle to initiate "The Millennium Round" brought public attention to the importance of trade issues to the quality of life people experience in their local community. While the meetings did not reach agreement on an agenda for the next round of WTO trade talks, discussions on the General Agreement on Trade in Services (GATS) will still take place over the next three years as part of the "built-in agenda" agreed to at the founding of the WTO in 1995. Discussions on this Agreement may result in the inclusion of many of the features of the now defunct Multilateral Agreement on Investment (MAI), opposed by Vancouver City Council by resolution on April 28, 1998;

AND WHEREAS, the proposed changes to GATS are of concern to local governments as they could affect existing jurisdiction and authorities, and also could result in significant administrative burdens and costs;

AND WHEREAS, the current GATS is a "bottom-up" agreement (each affected sector, such as Construction services, is identified), but proposed changes to the Agreement's structure (to a possible "top-down" or "horizontal" structure) would expand the Agreement's application;

: COPY - CITY MANAGER
- DIRECTOR FINANCE

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AND WHEREAS, the Federal Government has neither alerted nor consulted local governments regarding these issues, and as a result, citizens and taxpayers of Canadian municipalities have had little access to information and informed debate on proposed changes to GATS;

THEREFORE BE IT RESOLVED

- (1) THAT City Council urge the Government of Canada to consult widely and in depth with the people of Canada, especially and including municipal councils, before taking any further action on the GATS;
- (2) THAT the City of Vancouver, while recognizing trade can have beneficial impacts on our region, urge the Prime Minister to have Canada file a permanent and explicit exemption in the GATS limiting application to areas of Federal jurisdiction to ensure sub-national jurisdictions maintain local flexibility and control over the delivery of public services;
- (3) THAT the Government of British Columbia convene the Legislative Committee to hold public hearings on the impact of the WTO/GATS agenda on British Columbia municipalities, including an invitation to the Federal WTO/GATS negotiator, to provide background information and answer pertinent questions;
- (4) THAT the Government of British Columbia establish a Trade Advisory Committee for stakeholders for ongoing consultation on international trade issues;
- (5) THAT the Federation of Canadian Municipalities (FCM) be urged to dedicate staff to monitoring WTO discussions and alert Canadian municipalities of any encroachment on their jurisdictions;
- (6) THAT the City of Vancouver Council state their support for the UBCM letter to the Honourable Minister Pettigrew, dated December 16, 1999 ("Trade Negotiations and the Impacts on Local Governments in Canada" - attached);

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AND BE IT FURTHER RESOLVED THAT a copy of this motion be:

- (i) circulated to Members of Parliament representing areas within the Greater Vancouver Regional District, with the request that they endorse the City's action;
- (ii) forwarded to Lower Mainland municipalities for their support;
- (iii) made available to the public;
- (iv) forwarded to the Federation of Canadian Municipalities Executive for endorsement; and
- (v) forwarded to the UBCM Executive for their information.

Yours truly,



Tarja Tuominen
Meeting Coordinator

December 16, 1999

Honourable Pierre Pettigrew
Minister for International Trade
Government of Canada
Lester B. Pearson Building
125 Sussex Drive, Tower B, 5th Floor
Ottawa, ON K1A 0G2

Dear Minister:

**RE: TRADE NEGOTIATIONS AND THE IMPACTS ON
LOCAL GOVERNMENTS IN CANADA**

The Union of BC Municipalities (UBCM) is the association that represents all local governments in British Columbia. Although trade issues would not normally be considered a policy concern of local government, UBCM felt obliged to take positions in the past on federal trade initiatives because of the potential adverse impacts these activities could have on local government, if proceeded with as they have been proposed. If the discussion papers on the WTO's web site are any indication of that organization's inclinations and the advice being given to its members, then the need for input by organizations such as ours is greater than ever.

While we have asked the Federation of Canadian Municipalities (FCM), of which we are a member, to advocate the local position on our behalf, we also wish you to be directly aware of our concerns and would like to know that the federal government is taking these into account in trade negotiations underway, now and in the future. Our concerns apply uniformly to discussion involving any international trade forum that Canada may be a member of - whether WTO, OECD, NAFTA, Free Trade of the Americas - our concerns remain.

Documents taken from the WTO web site indicate that the proposals for the recent talks in Seattle explicitly include local government as part of their mandate, and the potential for adverse consequences to local government is substantial. We have taken note that the agreements in question, particularly those involving services and procurement, would only apply to local governments in Canada if the federal government agrees to do so. Prior to the Seattle talks, B.C.'s Minister responsible for Trade, the Hon. Mike Farnworth, commented publicly that it is B.C.'s view that the federal government must make sure that any future trade/investment agreements do not apply to matters within provincial jurisdiction, including local government matters, without the express consent of the Legislative Assembly of B.C. We see the merits in this view and have advocated this to Mr. Farnworth in the past.

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PRESIDENT
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EXECUTIVE DIRECTOR
FRANCOIS TAYLOR

While the federal government's agreement is required for the proposals to apply to local government, the federal government seems to want to proceed this way because this reciprocity will open up foreign markets to Canadian exports. We are not aware of any analysis by the federal government of the consequences within Canada of this change in policy to extend trade rules to other levels of government.

Our analysis of WTO discussion documents raises concerns about the potential consequences for local government in Canada if current proposals are implemented. We have attached a paper that discusses a number of local government areas of impact in some detail. A few of the major areas of concern include:

- the GATS proposal would set rules for trade and investment in all services, including education, health, social services, libraries, recreation and culture, architecture and engineering, sewer and water, construction, retail, and other sectors that fall wholly or in part within local government's jurisdiction. Many of these would not normally be considered as related to trade.
- local government regulation of planning, development, business activities, environment, and public health and safety could be challenged if regulations are seen to be "more burdensome than necessary to ensure the quality of the service." In other words, local regulations would be judged by their impact on trade, even though they may well serve other legitimate purposes and are considered in the public interest.
- like the failed MAI, the proposed agreement gives guaranteed rights to foreign corporations to establish a commercial presence in the 134 WTO member countries. This would include foreign owned hospitals, schools, social service agencies, water corporations, solid waste disposers and other service providers including libraries.
- the broader government procurement rules (AGP) would:
 - bar local governments from giving preference to local contractors or from discriminating against foreign corporations, even unintentionally;
 - compel local governments to publish all notices of proposed procurements with the WTO; and
 - compel local governments to report and explain their procurement decisions to the WTO.

These requirements would be excessively burdensome for the local government sector in this country, given that it is predominantly made up of small to medium sized governments that have few staff and no resources to dedicate to fulfilling bureaucratic requirements and defending against the inevitable legal battles that will ensue.

- potential for legal challenges and federal-provincial strife – under WTO agreements, challenges are made by other governments, not by investors as occurs under NAFTA. An example would be the recent European Union complaint to the United States about legislation passed by the Commonwealth of Massachusetts. The law restricted trade with Burma because of that country's civil rights violations. We understand that once a federal government has signed a WTO agreement that covers sub-national governments (i.e., provincial/state and local), then the federal government must make the sub-national governments abide by the terms of the agreement. In the case of Massachusetts, the law in question was struck down by the U.S. courts which cited the American obligations under its WTO agreements.

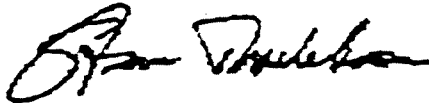
This precedent does not give us confidence in our continued ability to regulate locally for the benefit of our citizens and according to community values.

We urge you to extend a blanket exemption for local governments from the application of any international trade agreement that the federal government is contemplating - for now and in the future. This action would be consistent with the treatment of local governments under the NAFTA. We feel that it is inappropriate for the federal government to impose on local governments the kinds of burdens that would come with implementing these agreements on a national scale.

When the MAI was being discussed, the federal negotiator was willing to attend meetings in B.C. to explain the proposed agreement and to discuss concerns. We would be pleased to host a similar meeting between local governments and the Canadian WTO negotiator, if you should wish to make him or her available.

Given the reported outcomes of the Seattle meetings, we appreciate that this matter may not have the urgency that it did a few weeks ago. However, we recognize that further international trade talks will reconvene in some other venue and in some other form at a future date, and we believe it would be prudent to use this interval to discuss publicly the local government implications of the proposals.

Yours truly,



Mayor Steve Thorlakson
President

c.c.: Members of the BC Liberal Caucus
Bryon Wilfert, MP (Oak Ridges), Chair, Liberal Municipal Caucus
Hon. Michael Farnworth, Minister of Employment and Investment, Province of B.C.
Deputy Mayor Sam Synard, President of FCM
other Canadian municipal associations
✓ Members of UBCM

Attachment
925.70.T.1 - WTO/PC/mgr-w

