

## Peel's council says yes to concrete pressure pipe and 'Protect Ontario Jobs'

Council in Ontario's Peel Region was recently asked to decide whether to allow steel pipe supplied by a company from the US as an alternative to concrete pressure pipe for its Hanlan Water Project.

The Hanlan Water Project is the largest and most extensive watermain project the Region has ever designed and constructed. It will require a combination of open-cut construction and tunnelling. This project includes installation of 14.5 kilometres of 2,400 mm diameter feeder-main and 6 kilometres of 1,500 mm diameter subtransmission watermain. This is needed to meet the water demands of future population growth in Peel Region.

Representatives from the Ontario Concrete Pipe Association (OCPA), Munro Ltd., and Hanson Pipe and Precast gave a presentation to council, entitled 'Protect Ontario Jobs'. Concrete pressure pipe is manufactured in Ontario by Hanson Pipe and Precast and Munro Ltd. Combined, these two companies represent over 1,000 direct manufacturing jobs. Cement, steel (plate and coil), aggregates (stone and sand), gaskets, couplings, plugs, and welding supplies are all sourced from Ontario companies. In addition to the 1,000 direct manufacturing jobs at Hanson and Munro, there are 3,000 to 4,000 indirect jobs in the supply chain.

Councillors were asked to contrast these statistics with those of the US company, which has no jobs or supply chain in Canada. If it supplied steel pipe for the Hanlan project, Canadian manufacturing jobs would be at risk.

Every dollar invested in infrastructure creates as much as \$1.11 in economic growth, according to a Conference Board of Canada analysis of recent investments. But, OCPA believes that is only true when infrastructure is built in Ontario with Ontario-supplied products and labour. The Hanlan Water Project represents large quantities of pipe, almost 2,400 pieces of 2,400 mm diameter pressure pipe and close to 1,000 pieces of 1,500 mm pipe. Also, there are the asso-

ciated fittings and valve chambers.

This project is representative of the province at large: "Ontario today has one of the most dynamic markets for infrastructure in the world" according to the Ontario government's long-term infrastructure plan - *Building Together: Ministry of Infrastructure Ontario, 2011*.

It is no wonder that American companies are interested, says OCPA.

The US company's delegation said "it's not about Canada; it's not about the United States". They asked councillors to "allow fair competition (*in materials*) for the region's rate payers". OCPA feels this might be acceptable if Canadian infrastructure manufacturers were allowed to compete in the United States. However, various "Buy American" legislations, attached to US federal funding for municipal water infrastructure projects, prevent this.

As an example, the current version of the 2013 *Appropriation Bill for the Environmental Protection Agency*, which is still pending a House/Senate conference, contains a new Buy American provision that would be applied to all water and wastewater projects funded by this measure. The amendment was unanimously approved by Republicans and Democrats alike.

In addition, a number of US states and municipalities impose domestic content restrictions for water infrastructure projects, therefore preventing Canadian companies from participating in these projects. In many infrastructure bid documents, there is the statement: "Manufacturers limited to Made in USA only". All of these Buy American restrictions based on domestic content usually require that all products must be manufactured in the US, and that more than 51% of the components used come from the US.

While many Canadian companies think that NAFTA has created open access to the US markets for Canadian manufacturers, an examination of government procurements shows this to be false. The US has exempted from the coverage of NAFTA the transfer of funds

from the federal to other levels of government. This allows the US government to impose domestic content requirements even if the actual entity buying the products is a state or municipality. It is also worth noting that only 37 states have signed on to the WTO-Government Procurement Agreement, and that municipalities are not covered by any of the trade agreements signed by the US government.

Some business associations, such as the Canadian Manufacturers and Exporters (CME), have called for a Canada-US agreement on government procurements, which would give companies from both countries an open and fair access to each other's government procurements. OCPA says that it too would support such an agreement.

Mayor Hazel McCallion of Mississauga concluded at the July 5th Peel Regional Council meeting that, based on the arguments that she had heard, she would choose concrete pipe. She went on to state: "I do not support importing material from the United States for this line...Orion Bus has just been closed down in Mississauga. Every bus that is manufactured in Canada can only be manufactured fifty per cent here. It then has to be shipped across the border to be finished in the United States because the US government will not give subsidies to any city that buys buses completely manufactured in Canada... We talk about free trade, but it really isn't and it never has been, certainly as it applies to buses."

Ultimately, Peel Regional Councillors voted to allow only concrete pressure pipe to be used on the Hanlan Water Project.

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