



Report to: General Committee

Meeting Date: April 1, 2025

SUBJECT: “Buy Canadian” Procurement Strategies
PREPARED BY: Alex Moore, Senior Manager, Procurement, Ext 4711
WITH INPUT FROM: Huyen Hare, Manager, Economic Development
Lisa Riegel, Assistant City Solicitor

WHEREAS trade between Canada and the United States (U.S.) has been governed by a succession of free trade agreements, most recently through the Canada-United States-Mexico Agreement (CUSMA), which came into force in July 2020;

AND WHEREAS nearly \$3.6 billion CAD worth of goods and services cross the Canada-U.S. border each day;

AND WHEREAS in 2023, Markham companies exported \$2.0 billion worth of goods to the U.S., accounting for 71 per cent of international markets served, and imports from the U.S. accounted for 33 per cent of all goods brought into Markham, totaling \$6.7 billion;

AND WHEREAS starting in February 2025, the U.S. President announced a series of escalating tariffs on imports flowing into the U.S.;

AND WHEREAS these tariffs could lead to economic instability;

AND WHEREAS governments have initiated actions and countermeasures to respond to these tariffs, including retaliatory Canadian tariffs;

AND WHEREAS the City of Markham’s Economic Development team are implementing actions to help support Markham’s business community;

AND WHEREAS Federal and Provincial leaders are encouraging Canadians to “Buy Canadian;”

AND WHEREAS the City’s procurement by-law, policies and practices are governed by principles that give regard to the best interest of and promote best value for the City, including: acquisition of required goods and services through the most cost effective and efficient manner; encouraging open competitive bidding, where practical and appropriate; and consideration of total cost of acquisition;

AND WHEREAS on March 4, 2025, General Committee directed Staff to examine the City's procurement practices from a perspective of a "Buy Canadian" procurement policy;

AND WHEREAS Staff are reporting back on a potential “Buy Canadian” procurement strategy that provides flexibility for a “Buy Canadian” approach while continuing to promote best value to City residents and remaining in compliance with applicable trade agreements;

NOW THEREFORE BE IT RESOLVED

RECOMMENDATION:

- 1) That the report “Buy Canadian” Procurement Strategies be received;
- 2) That Council approve, in principle, a “Buy Canadian” approach in the City’s procurement of goods and services, where feasible and in the best interest of the City, and in compliance with applicable trade agreements and legislation;
- 3) That the Senior Manager, Procurement, as approved by the City Treasurer and in consultation with the City Solicitor or their designate, be authorized to implement (as a temporary measure in response to U.S. tariffs) amendments to the City’s Procurement By-law and associated policies and procedures to give effect to the “Buy Canadian” approach noted under Recommendation #2, including, but not limited to:
 - a. Amendment of Part II - Methods of Procurement, Sections 5.1, 6.1 and 8.1 and Appendix A of Procurement By-Law 2017-8 to increase the open procurement dollar thresholds to match the dollar thresholds applicable to municipalities under the Canadian Free Trade Agreement (CFTA), to enable Staff to procure goods and services directly from Canadian vendors below the thresholds;
 - b. Inclusion of the requirement or preference, where feasible, in the best interests of the City and in compliance with the City’s trade agreement obligations, for the procurement of Canadian goods and services.
- 4) That the Senior Manager, Procurement and the applicable Director, with approval from the City Solicitor and City Treasurer (or their designates), be authorized to amend or establish contracts for goods and services, as required, to manage the impacts of tariffs on costs and supply chains and ensure continuity of business operations in compliance with the City’s Expenditure Control Policy; and
- 5) That Staff be authorized and directed to do all things necessary to give effect to this resolution.

EXECUTIVE SUMMARY:

- In March 2025, the United States imposed 25% tariffs on imports from Canada (time-limited exemption given for items exempted under the Canada-United States-Mexico Agreement (“CUSMA”)), with a 10% tariff on Canadian energy products
- In response, the Canadian government enacted tariffs on \$30 billion worth of U.S. goods, targeting various products
- These tariff regimes have and are expected to continue to shift over time and will have a significant impact to Markham’s, Ontario’s and Canada’s economy and global trade
- As a result of these developments, Council directed Staff to examine the City’s procurement practices and to bring forward a report on a possible “Buy Canadian” procurement policy to purchase Canadian goods and services
- Subject to Council’s approval of a “Buy Canadian” approach, this report proposes strategies to prioritize Canadian-made goods and Canadian vendors, while ensuring compliance with trade agreements and maintaining fiscal responsibility

-
- This report also seeks authorization for Staff to manage impacts on City contracts as a result of the imposition of these tariffs
 - These actions will complement Economic Development actions the City is taking to support Markham's business community

PURPOSE:

The purpose of this report is to provide information on U.S. tariffs and their impacts and actions taken by governments in response. This report also seeks to obtain Council approval of a "Buy Canadian" strategy for the City's procurement of goods and services and for any required amendments to procurement by-laws, policies and procedures, and to enable Staff to manage the impacts of tariffs on City contracts.

BACKGROUND:**Imposition of U.S. Tariffs**

On March 4, 2025, the U.S. imposed 25 per cent tariffs on Canadian goods. On March 6, 2025, this decision was rolled back - the new executive order states that:

- 25 per cent of tariffs will only be placed on goods that do not satisfy the Canada-United States-Mexico Agreement (CUSMA)
- A 10 per cent tariff will be imposed on Canadian energy products
- A 10 per cent tariff on any potash imported from Canada that falls outside the CUSMA preference
- A 25 per cent tariff on steel and aluminum
- A 25 per cent tariff on automobiles starting on April 3rd, and some automobile parts later in April.

The U.S. has indicated that this action is in response to national security concerns, particularly related to illegal immigration and the flow of fentanyl and other drugs into the U.S.

Canada and the United States have the world's most comprehensive and dynamic trading relationship, which supports millions of jobs in both countries. We are each other's largest trading partners with \$3.6 billion CAD worth of goods and services crossing the border every day.

Impacts of U.S. Tariffs

Consumers:

The U.S. tariffs will impact Canadians and Americans alike. The tariffs will increase costs for consumers and put jobs at risk. Tariffs will upend production at U.S. automotive assembly plants and oil refineries. It will also raise costs for consumers—at gas pumps and grocery stores. For the average American consumer, prices will increase for products made in Canada, and U.S.-made products that use Canadian raw materials. The reverse is true for Canadian consumers who purchase U.S. products or Canadian products made with American raw materials. Economists also fear the return of inflation, thereby eroding purchasing power.

Businesses:

Canadian companies reliant on cross-border supply chains will face logistical and financial challenges, with higher prices reducing demand from U.S. buyers and slowing Canada's economic growth. However, a brief surge in growth may occur as importers stockpile goods before the tariffs take effect. Uncertainty around trade relations could also delay investments on both sides of the border, further dampening growth. Economists at RBC warn that if tariffs remain for more than three months, U.S. economic growth could stall in 2025, increasing the risk of a recession in Canada.

Canada's Response to U.S. Tariffs

The Government of Canada has responded to the U.S. imposition of tariffs on Canadian goods by introducing a first set of countermeasures designed to compel the U.S. to remove the tariffs as soon as possible.

Canada's countermeasures include:

- Imposing tariffs on \$30 billion in goods imported from the U.S., effective March 4, 2025.
 - Canada's countermeasures list includes products such as orange juice, peanut butter, wine, spirits, beer, coffee, appliances, apparel, footwear, motorcycles, cosmetics, and certain paper products.
- Announcing that the government intends to impose tariffs on \$125 billion in imports from the U.S.
 - This second round of tariffs will be subject to a 21-day comment period prior to implementation, and includes products such as electric vehicles, trucks and buses, certain fruits and vegetables, aerospace products, beef, pork, and dairy.
- Announcing a robust economic support program valued at \$6 billion for Canadian businesses and workers.
- Ottawa announced a \$2 billion “strategic response fund” to help Canadian auto manufacturing and to strengthen the supply chain.

All options remain on the table as the government considers additional measures, including non-tariff options, should the U.S. continue to apply unjustified tariffs on Canada.

Ontario's Response to U.S. Tariffs

Ontario was set to impose a 25 per cent surcharge on electricity and critical minerals exported to the U.S. starting Monday, March 10, despite the recent concessions made by the U.S. on CUSMA exemptions. The move would have primarily impacted Michigan, New York, and Minnesota, potentially increasing costs and jeopardizing grid stability for 1.5 million customers reliant on Ontario's power. This decision was suspended on March 11th after President Trump threatened to increase steel and aluminum tariffs to 50 per cent, and after further negotiations took place in Washington, D.C.

Additionally, the province has cancelled its \$100 million contract with Elon Musk's Starlink, which aimed to provide satellite internet to 15,000 remote homes and businesses in Northern Ontario. Premier Doug Ford has also barred U.S. companies from bidding on Ontario procurement contracts and ordered the removal of American alcohol from the LCBO.

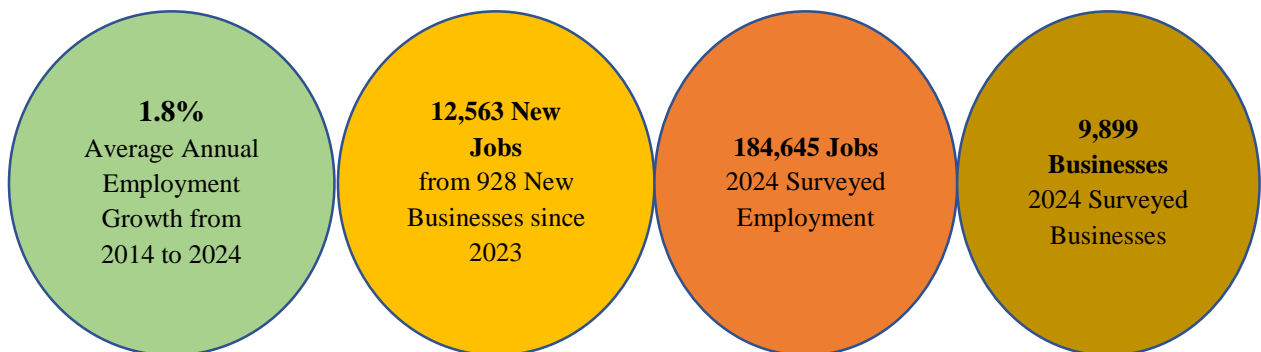
Markham's Economic Landscape

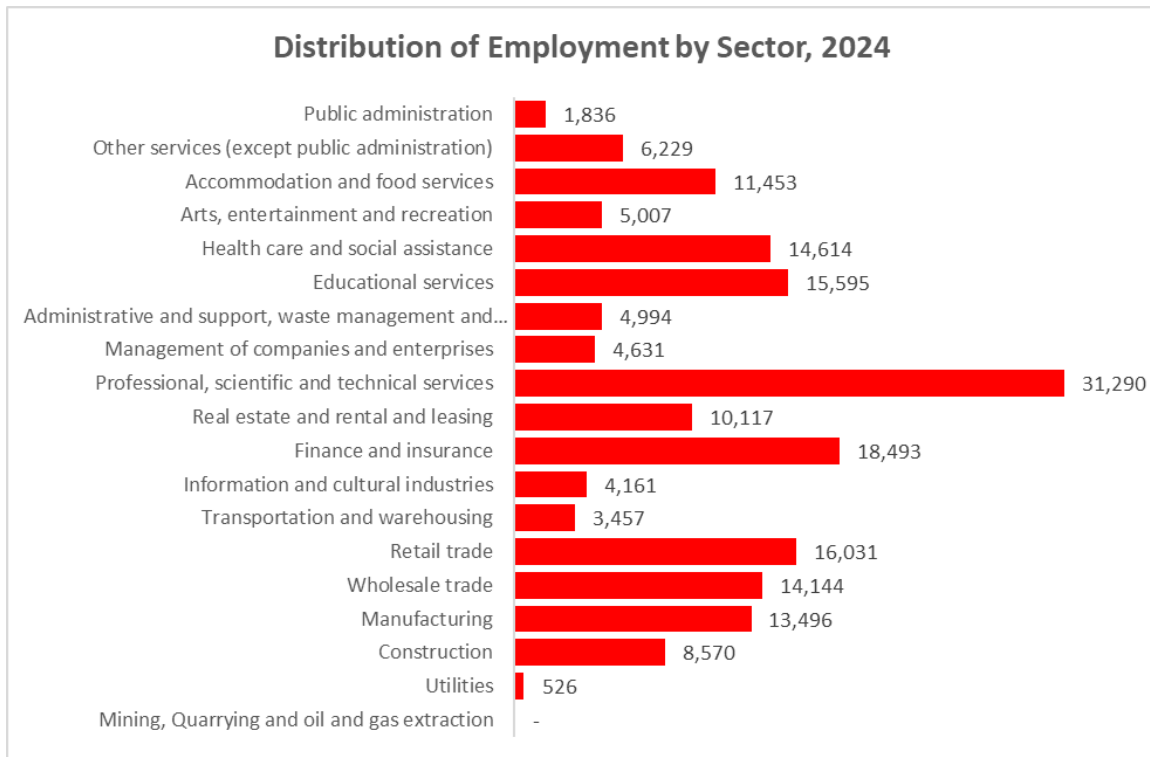
Markham is a growing and highly diverse community in Canada with over 364,000 residents. Markham is at the centre of the 3rd largest tech cluster in Canada with over 1,500 tech companies powering Ontario's innovation corridor.

As a globally recognized community innovation leader, Markham is home to over 650 Canadian head offices making up its nearly 10,000 businesses and they include multinationals such as IBM, Aviva Insurance, AMD, Parsons, Lenovo, GE Energy, GM Canada, GE Vernova, Syntronic, Astera Labs, Honda Canada, Kenvue and others.

Defined by its rich heritage, well-planned communities, high quality infrastructure, a diverse workforce, and pro-business environment, Markham continues to attract global talent and outstanding companies to its priority sectors including ICT, Life Sciences, Finance and Insurances, Professional Services, Autotech, Engineering, Advanced Production, Food Tech, Electric Vehicles (EV), Green Energy and others.

Key Economic Highlights





- Markham has a primarily knowledge-based economy. Knowledge industries make up over 60 per cent of Markham's total employment. More than 1,500 tech businesses generate a fifth of total employment.
- In 2023, Markham companies exported \$2.0 billion worth of goods to the U.S. accounting for 71 per cent of international markets served. Conversely, imports from the U.S. accounted for 33 per cent of all goods brought into Markham, totaling \$6.7 billion.¹
- 658 Markham companies, with 18,271 staff exported to different markets, made up 10 per cent of total employment.²

Key Sectors Vulnerable to Tariff Impacts

Exporting Businesses

Markham's small and medium sized enterprises (SMEs) exporting into the U.S. will be affected, and those who are receiving imports from the U.S. will be hit with Canada's

¹ (Source: Statistics Canada, International Accounts and Trade Division, custom tabulation for York Region Economic Strategy, 2025).

² York Region Employment Survey, 2024

retaliatory tariffs. Impacts will vary by business depending on size, capital and export footprint.

Markham Exporting Businesses

	Businesses	Jobs
Total	9,899	184,645
Exporters	658	18,271
% of Exporters	6.6%	9.9%

Source: York Region Employment Survey, 2024

Manufacturing Businesses

The manufacturing industry will be significantly affected by tariffs, in particular businesses that export their products to the United States, and import raw materials used in their production lines.

Markham Manufacturing Industry, 2024

Number of Businesses	Total Jobs	Per cent of Total Jobs in Markham
625	13,496	7.3%

Source: York Region Employment Survey, 2024

Size Range of Manufacturers in Markham, 2024

Employment Range	Number of Businesses
100+	28
50 – 99 employees	36
10 – 49 employees	178
1 to 9 employees	381
Not available	2
Total	625

Source: York Region Employment Survey, 2024

Key Insights from Employment Data and Staff's Engagement with Employers

- Innovation and tech industries are not currently affected as tariffs do not include digital services. Technology and innovation/ research and development (R&D) businesses have advised that they are not as affected.
- Markham's diversified economy supports resilience to buffer severe economic impacts (ie. 2009 economic recession, COVID-19 pandemic – Markham's economy persevered due to the dominance of Markham's tech and knowledge-based employment).
- Manufacturing activity makes up 7 per cent of Markham's total employment, which is not significant. The number of manufacturing facilities is not substantial in Markham, but they will be vulnerable to job losses.
- Based on Staff's initial outreach to key employers in Markham, there have been mixed responses regarding the impact of tariffs. Companies have reported the following:
 - significant job losses could range between 25 per cent to 40 per cent due to the companies' key market being U.S based;
 - impacts that could result in reduced production activity;
 - not affected as companies' operational focus is domestic facing (local clients and supply chain).
- Given the evolving nature of the tariff landscape, impacted businesses have a difficult time planning for the immediate/near term. To mitigate tariff impacts, businesses have shared the following strategies:
 - Hold off expansion plans until the dust settles and more is known about the direction of tariffs
 - Implement modelling and feasibility studies to cost out/ support new plans for operation (domestic/global markets)
 - Not layoff staff but reduce hours similar to practice during COVID. Implement COVID playbook to address crisis as some see the tariff scenario is similar to the pandemic (unpredictable and global in impact)
 - Some businesses with greater growth reliance on the U.S. market are contemplating establishing physical footprint in the various U.S. locations to mitigate impacts.

Most have expressed the need to pivot operational focus to domestic or other global markets (Asia, Europe, etc. depending on their operations).

Markham's Economic Development Office's Response Plan:

The Economic Development Office, based on available staff and resources, immediately deployed a strategy to assist businesses impacted by U.S. and Canadian tariffs. City Staff is part of an ongoing Regional Tariff Response Stakeholder Group that was quickly established and led by York Region to bring together community partners to collectively identify proactive solutions to support impacted businesses in our communities and the Region for both immediate and longer terms.

Markham Economic Development also partners with diverse ecosystem partners to support businesses with access to grant programs, marketing diversification services, supply chain lists, and more. These partners include senior levels of government (Ontario Province, Global Affairs Canada) and local industry and business associations including, the Markham Board of Trade.

The Response Plan culminates in the following action items:

1. Staff created a dedicated online page which lists resources and tools to help businesses navigate the tariff landscape, and to support their domestic and global market diversification. This page is kept up to date as new information becomes available.
2. Using social media channels and the department's E-newsletter, Staff have been sharing the latest information on the tariff situation, such as highlighting the latest funding opportunities, webinars, free trade agreements, and other federal government resources.
3. Participating in different webinars being hosted by partners, service providers (e.g. multinational accounting firms), and industry groups to understand mitigation strategies available to businesses.
4. Circulating a short Survey with businesses to obtain information regarding tariff impacts and business support needs.
5. Promoting Buy Local – lists available on the Tariffs page on department's website including local manufacturers, Canadian-made startups, etc.
6. Partnering with York Region to highlight key Markham businesses with products/services that are produced in Markham, the companies are then promoted on social media.
7. Planning a series of 1-hour easily accessible webinars on key topics to support businesses. Topics including import/export, taxation, market diversification (domestic and global), government procurement and others.
 - The first webinar will take place on April 10th.

-
8. Leveraging the employment database to compile company lists (export operation and production facilities) to understand magnitude of employment that will be impacted and require support.
 9. Executing Business Retention and Expansion (BR+E) outreach efforts to established businesses from across sectors with operational/ production facilities in Markham with the goal of identifying issues and to provide support as necessary. The goal of these meetings is to understand workforce impacts, market diversification interests, and supply chain impacts, among other issues.
 - To date, Staff have engaged with 25+ established businesses across different sectors, and some have production facilities in Markham.
 - Staff will continue with targeted company outreach using our employment survey database specifically focusing on manufacturers.

OPTIONS/ DISCUSSION:

Against a backdrop of escalating and shifting tariff regime changes, and government actions and measures, a number of municipalities have adopted a Buy Canadian approach. There are a number of considerations that need to be taken in adopting such a procurement strategy, given applicable legislation and trade agreements.

Public Procurement

Procurement by Canadian municipalities is governed by public procurement obligations contained in inter-provincial, national and international trade agreements, legislation, case law and municipal by-laws, policies and procedures. The core principles of public procurement are openness, fairness and transparency.

Trade Agreements

Canadian municipalities are subject to various trade agreements intended to ensure fair and open access to vendors in other provinces or countries. These trade agreements generally focus on supplier location rather than company ownership or the origin of goods.

Procurements must exceed a specified value in order for the trade agreements to apply.

The main trade agreements that apply to Canadian municipalities are:

- **Canadian Free Trade Agreement (CFTA)** – Requires municipalities to provide open, non-discriminatory access to vendors from across Canada for applicable procurements above certain thresholds.
- **Comprehensive Economic and Trade Agreement (CETA) with the European Union** – Requires municipalities to provide open, non-discriminatory access to Europe member vendors for applicable procurements above certain thresholds.

NOTE: Canadian municipalities are not directly subject to the provisions of the Canada-United States-Mexico Agreement (CUSMA).

Table 1 below outlines the current thresholds (in Canadian dollars, CAD) for applicability for each trade agreement (which are updated every 2 years, with the next update scheduled for January 1, 2026). Subject to listed exceptions/exclusions in the trade agreements, procurements that exceed the identified thresholds noted below are required to follow the provisions within that trade agreement requiring open market competition.

Table 1 Trade Agreement Procurement Thresholds

Trade Agreement	Procurement Type	Threshold (CAD)
CFTA	Goods	\$133,800
	Services	\$133,800
	Construction	\$334,400
CETA	Goods	\$353,300
	Services	\$353,300
	Construction	\$8,800,000.00

Make-up of City Vendors

The majority (>95%) of the City's vendors are Canadian-based, and "spends" based on Accounts Payable data over the past three years show a small proportion in U.S. dollars (USD):

Year	CAD	USD	Percentage of USD payments
2022	\$254,000,000	\$2,200,000	0.87%
2023	\$237,000,000	\$2,100,000	0.89%
2024	\$207,000,000	\$6,100,000	2.95%

NOTE: The chart above excludes U.S. vendors who are paid through CAD funds, these are U.S. owned vendors who have Canadian subsidiaries or distributors.

Even though our USD spends are low, the City has some key strategic U.S. vendors for various goods and services (e.g., payroll and financial system, various computer hardware and software products, certain fire apparatus and vehicles). These U.S. vendors, particularly those in Information Technology (IT), often have a Canadian presence through domestic satellite offices.

While the bulk of City spending is through Canadian vendors, some of these vendors distribute goods that are manufactured in the U.S. (for example, the City's watermain, water service, sewer and hydrant supplied items are manufactured in the U.S.). Given the current reliance of some Canadian vendors on U.S.-sourced goods, it may be challenging to enforce a "made in Canada" requirement for sectors where there is significant U.S.

presence in the downstream supply chain. This is particularly the case for complex projects such as construction, where a significant number of U.S.-based products and vendors are used, and appropriate alternatives may not be readily available.

Procurement By-law Thresholds

The City's current Procurement By-law thresholds allow Staff to obtain three quotes for any acquisition of goods and services estimated to be below \$100,000. Acquisitions estimated to be above this amount (\$100,000) must be publicly posted through an open procurement process.

Under this report, Staff are recommending that the following sections (5.1, 6.1, 8.1) within Procurement By-law 2017-8 be amended (as a temporary measure in response to U.S. tariffs) to increase the open procurement threshold to align with the current CFTA thresholds:

5.1

Unless Vendors have been pre-qualified, all Request for Tenders for goods and services over \$100,000 in value will be advertised in a newspaper of general circulation or by electronic media or both.

6.1

Unless Vendors have been pre-qualified, all Requests for Proposals for goods and services over \$100,000 in value shall be advertised in a newspaper of general circulation or by electronic media or both.

8.1

The City may issue Requests for Quotations for the acquisition of goods and services estimated between \$25,001 and \$99,999 in value.

The recommendation is to increase the open procurement thresholds for the above sections to match the current thresholds applicable to municipalities under CFTA for goods and services (\$133,800) and construction (\$334,400). This will allow Staff to procure goods and services directly from Canadian vendors, through the three-quote process (without the need to publicly advertise), while still maintaining a competitive balance.

Definition for Canadian Products

As part of a Buy Canadian approach, Staff will be considering a definition for Canadian products.

In Canada, the labels "Made in Canada" and "Product of Canada" are governed by specific criteria based on the percentage of Canadian content in a product:

- **Product of Canada:** This label can be used when at least 98% of the total direct costs of producing or manufacturing the good are incurred in Canada. This includes all or virtually all of the ingredients, components, processing, labour, and manufacturing costs. Additionally, the last substantial transformation of the product must have occurred in Canada.
- **Made in Canada:** This label is applicable when the last substantial transformation of the product occurred in Canada, and at least 51% of the total direct costs of producing or manufacturing the good were incurred in Canada.

If the product contains imported content, a qualifying statement such as "Made in Canada with imported parts" is required.

Determining whether a product is "Made in Canada" or a "Product of Canada" can be challenging due to several factors:

Complex Supply Chains: Modern manufacturing often involves sourcing materials and components from multiple countries, making it difficult to ascertain the exact origin of a product.

Regulatory Ambiguities: The guidelines for "Made in Canada" and "Product of Canada" claims can be complex and subject to interpretation, leading to inconsistencies in labeling practices.

The "Made in Canada" and "Product of Canada" labels are specifically designed for goods and do not apply to services.

When looking at the entire range of goods sold by Canadian companies, estimates suggest that about one-third (roughly 30–40%) of these goods have either been fully or partially produced outside of Canada. This figure is higher in sectors like electronics, automotive, and consumer goods, where global supply chains are more common.

Definition for Canadian Business

As part of a Buy Canadian approach, Staff will be considering a definition for a Canadian vendor. In particular, Staff are looking at a definition of a "Canadian Business", similar to the definition of "Ontario Business" in the "Building Ontario Businesses Initiative Act".

"Canadian Business" means a supplier, manufacturer or distributor of any business structure that conducts its activities on a permanent basis in Canada.

The business either:

- a. has its headquarters or main office in any province or territory in Canada.

Or

- b. has at least 250 full-time employees in any province or territory in Canada at the time of the applicable procurement process.

This definition will be considered for open procurements above CFTA but below CETA thresholds, which include a requirement or preference for Canadian goods or services.

Considerations in pursuing a "Buy Canadian" strategy

In view of applicable legislation and trade agreements that impact municipal procurement, and the current realities of Canadian supply chains, the following considerations should inform a possible "Buy Canadian" approach:

-
1. A “Buy Canadian” approach for procurements over the CETA (Canada-Europe) thresholds would be contrary to the open procurement obligations under CETA, as that approach would discriminate against European businesses. The City has more flexibility to adopt a “Buy Canadian” approach for procurements below the CETA thresholds (as described more fully below).
 2. The Discriminatory Business Practices Act (Ontario) prevents discrimination in Ontario on the ground of (among other things), “geographical location of persons employed in or engaging in business”. A preference for Canadian vendors could be viewed as a discriminatory business practice against businesses located outside of Canada. However, there is an exemption under the Act where the discriminatory business practice is in accordance with federal government policy directed toward trade with another country. In defence of any challenge to the City’s “Buy-Canadian” policy on the basis of discrimination, the City would rely on the retaliatory measures and policies implemented by the Federal government in response to the U.S. tariffs on Canadian goods and services.
 3. Some goods and/or services can only be provided by U.S. vendors (i.e., IT application / software solutions), so the City should include flexibility in a “Buy Canadian” policy to include options for the procurement of these types of U.S. goods and/or services to maintain business continuity.

Proposed Procurement Strategy

Should Council approve in principle, a “Buy Canadian” approach to procurement, Staff will identify opportunities, where feasible and in the best interests of the City, to establish a requirement or preference for goods and services that are, “made in Canada” and/or delivered by a Canadian vendor.

The following are the by-law and administrative changes that Staff recommend as part of a “Buy Canadian” strategy, through a separate procurement policy.

Threshold Revision

- Amend the applicable sections within the Procurement By-law 2017-8 (on a temporary basis in response to U.S. tariffs) to increase the current open procurement thresholds (publicly advertised) to match those thresholds applicable to municipalities under CFTA.
- Increasing this open procurement threshold will allow Staff to procure goods and services directly from Canadian vendors, through the three-quote process (without the need to publicly advertise), while still maintaining a competitive balance.
- For procurement between the CFTA and the CETA thresholds, Staff can apply a Canadian preference to procurements but they must do so through an open procurement process.

Trade Agreement	Procurement Type	Procurement By-law	CFTA Threshold
CFTA	Goods	\$100,000	\$133,800
	Services	\$100,000	\$133,800
	Construction	\$100,000	\$334,400

Incorporate Canadian requirement/preference into procurement processes, where feasible and in the best interests of the City

- In all cases, incorporation of a Canadian requirement / preference into a procurement process, will be done where feasible and in the best interest of the City. In the best interests of the City includes ensuring best value and quality for taxpayers.
- For low dollar value buys (less than \$25k), the Procurement team will encourage / promote / engage City Staff to procure from Canadian vendors and buy “made in Canada” products as much as possible, and where feasible, when procuring goods.
- For procurements below the CFTA thresholds, invite Canadian vendors for procurement opportunities, where feasible.
- For procurements above the CFTA thresholds, but below the CETA thresholds, include provisions in the City’s tender documents and adjust the evaluation points framework, to favour Canadian vendors, where feasible and when it results in best value and quality for taxpayers. Procurement above the CETA thresholds cannot favour Canadian vendors (or discriminate against European vendors).
- Work with current procurement partners in various provincial, municipal and third-party buying groups to promote “Buy Canadian” procurement.
- Continue to engage in and leverage cooperative procurement opportunities with an emphasis on contracts that have been awarded to Canadian vendors.
- Staff will review and incorporate key definitions, such as “made-in-Canada”, “Canadian business”, and “Canadian supplier”, that support a “Buy Canadian” approach.

The recommendations in this report are similar to the “Buy Canadian” approaches of other local municipalities (Vaughan, Richmond Hill, Toronto, Aurora), and still maintain compliance with the City’s trade agreement obligations.

Tariff Impacts

The impact of tariffs on Canadian municipalities can vary depending on the nature of the goods being imported or exported, the industries involved, and the specific economic dynamics of each municipality. However, several general impacts can be expected:

- Increased Costs:
 - Construction and Infrastructure Projects: Tariffs can lead to higher prices for raw materials and equipment that municipalities rely on for the development of capital infrastructure (e.g., steel, aluminum, machinery).
- Supply Chain Disruptions:
 - Supply chain disruptions may cause delays in production of goods, and increased costs.

-
- **Inflationary Pressures:**
 - The cumulative effect of increased costs due to tariffs can lead to broader inflationary pressures, depreciation of Canadian dollar and market volatility.
 - Due to the potential supply chain disruption, Procurement anticipates questions from vendors regarding the City's position on tariffs and their implication on increased costs.
 - Any requests by vendors for price adjustments in existing contracts (on the basis of tariff impacts) will need to be examined on a case-by-case basis, based on the terms of the contract and other factors. Any adjustments will require approval by the Senior Manager, Procurement and the applicable Director, in consultation with the City Solicitor and the Treasurer (as required).

FINANCIAL CONSIDERATIONS

Economic Developments actions noted in this report are being implemented within existing funding and resource approvals.

For the City's procurement activities, during this period of uncertainty, Staff are taking a strategic and measured approach, and will carefully evaluate procurement opportunities, options, and risks. Should and as cost impacts on City projects and contracts materialize, Staff, as part of the normal course of business, will ensure compliance with the City's Expenditure Control Policy. Utilizing this policy, the City will rely on our existing mechanism that allow Staff to add funds to existing projects / contracts, subject to review by Procurement and approval by the Treasurer, or their designate, on source and availability of funds. These changes are reported out as part of status of capital reports and/or brought to Council for significant values or issues, as required and appropriate. Any broader and longer-term impacts will need to be considered as part of the budget process.

HUMAN RESOURCES CONSIDERATIONS

Not Applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

Not Applicable.

BUSINESS UNITS CONSULTED AND AFFECTED:

The Finance, Economic Development and Legal Departments were consulted and feedback has been incorporated into this report.

RECOMMENDED BY:

Joseph Silva
Treasurer

Trinela Cane
Commissioner, Corporate Services

Andrew Baldwin
Director, Economic Growth, Culture
and Entrepreneurship

Arvin Prasad
Commissioner, Development
Service

Claudia Storto
City Solicitor and Director, People Services