

24TH REPORT OF THE
FINANCE AND ADMINISTRATION COMMITTEE

Special meeting held on October 3, 2011, commencing at 3:30 p.m.

PRESENT: Mayor J. F. Fontana, (Chair), Councillors J. P. Bryant, D. G. Henderson and P. Hubert and C. Saunders (Acting Secretary).

ALSO PRESENT: Councillors M. Brown, W.J. Polhill J. Swan, H.L. Usher, M. Hayward, J. P. Barber, J. Braam, G. T. Hopcroft, V. McAlea Major, P. McNally, J. Tansley and T. Dobbie.

I YOUR COMMITTEE RECOMMENDS:

Update on
Trade
Agreements

1. (1,4) That, on the recommendation of the Director of Intergovernmental and Community Liaison, the following actions be taken with respect to Trade Agreements:

(a) the following resolution regarding the Comprehensive Economic and Trade Agreement with the European Union (CETA), **BE ENDORSED:**

Whereas the Government of Canada and the European Union have been negotiating a trade agreement known as the Comprehensive Economic and Trade Agreement (CETA);

And Whereas the Canada-European Union relationship holds great potential for growing Canada's trade and collective prosperity;

And Whereas the Council of Canadians London Chapter has provided City Council with information and their concerns regarding CETA negotiations currently underway between Canada and the European Union;

And Whereas the Corporation of the City of London supports the guiding principles as set out by the Federation of Canadian Municipalities (FCM) and endorsed by the Association of Municipalities of Ontario (AMO);

Be it Resolved that the Corporation of the City of London requests the Federal Government and the Province of Ontario to continue to ensure that the municipal sectors' interests are represented in the ongoing negotiations; and

That the federal government's negotiations ensure that the FCM guiding principles will be fully reflected in any trade agreement reached between Canada and the European Union; and

That the federal and Ontario governments provide FCM and AMO with regular, detailed updates on the status of the European Union trade negotiations to the fullest extent possible.

(b) This resolution be forwarded to the Minister of International Trade; our local MPs, the Premier of Ontario, our local MPPs, FCM, AMO and the London Chapter of the Council of Canadians. (See Report attached.)

Jinshan
Memorandum
of
Understanding

2. (2,5) That, on the recommendation of the Director of Intergovernmental and Community Liaison, the Mayor **BE AUTHORIZED** to sign the attached Memorandum of Understanding (MOU) with Chongqing Jinshan Science and Technology (Group) Co., Ltd. (See Report attached.)

II YOUR COMMITTEE REPORTS:

Confidential
Matters

That the Finance and Administration Committee (FAC) passed the following resolution prior to moving in camera from 3:38 p.m. to 4:15 p.m.:

That the Finance and Administration Committee move in camera to consider a matter pertaining to employee matters including personal information about identifiable individuals, including municipal employees with respect to employment related matters, advice or recommendations of officers and employees of the Corporation including communications necessary for that purpose and for the purpose of providing instructions and directions to officers and employees of the Corporation.

The FAC is submitting a confidential report to the Municipal Council regarding this matter. (See Confidential Appendix to the 24th Report of Finance and Administration Committee enclosed for Council Members only.)

The meeting adjourned at 4:16 p.m.

TO:	CHAIR AND MEMBERS FINANCE AND ADMINISTRATION COMMITTEE SPECIAL MEETING OF OCTOBER 3, 2011
FROM:	GRANT HOPCROFT, DIRECTOR OF INTERGOVERNMENTAL AND COMMUNITY LIAISON
SUBJECT:	UPDATE ON TRADE AGREEMENTS

RECOMMENDATION

That, on the recommendation of the Director of Intergovernmental and Community Liaison, the following actions be taken with respect to Trade Agreements:

- (a) the following resolution regarding the Comprehensive Economic and Trade Agreement with the European Union (CETA), **BE ENDORSED:**

Whereas the Government of Canada and the European Union have been negotiating a trade agreement known as the Comprehensive Economic and Trade Agreement (CETA);

And Whereas the Canada-European Union relationship holds great potential for growing Canada's trade and collective prosperity;

And Whereas the Council of Canadians London Chapter has provided City Council with information and their concerns regarding CETA negotiations currently underway between Canada and the European Union;

And Whereas the Corporation of the City of London supports the guiding principles as set out by the Federation of Canadian Municipalities (FCM) and endorsed by the Association of Municipalities of Ontario (AMO);

Be it Resolved that the Corporation of the City of London requests the Federal Government and the Province of Ontario to continue to ensure that the municipal sectors' interests are represented in the ongoing negotiations; and

That the federal government's negotiations ensure that the FCM guiding principles will be fully reflected in any trade agreement reached between Canada and the European Union; and

That the federal and Ontario governments provide FCM and AMO with regular, detailed updates on the status of the European Union trade negotiations to the fullest extent possible.

- (b) This resolution be forwarded to the Minister of International Trade; our local MPs, the Premier of Ontario, our local MPPs, FCM, AMO and the London Chapter of the Council of Canadians.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Board of Control: The Trade Investment and Labour Mobility Agreement (TILMA) and the Ontario-Quebec Economic Partnership Agreement, June 18, 2008.

Board of Control: Ontario-Quebec Trade and Economic Partnership and Canada-European Union Trade Agreement, October 29, 2008.

Board of Control: The Canada-European Union Trade Agreement, the Trade Investment and Labour Mobility Agreement (TILMA), the Agreement on Internal Trade (AIT) and the Québec-Ontario Economic Partnership Agreement, April 29, 2009.

Board of Control: Update on Canadian Trade Agreements, August 26, 2009

Board of Control: Update on Trade Agreements, April 14, 2010

Board of Control: Update on Trade Agreements, September 29, 2010

BACKGROUND

The Finance and Administration Committee meeting of September 28, 2011 resolved that the Director of Intergovernmental and Community Liaison review and report back to the October 3, 2011 special meeting of the Finance and Administration Committee as to appropriate actions to be taken in response to the communication from George Crowell, Economic and Trade Committee Chair, London Chapter of the Council of Canadians (COC).

The Council of Canadians is concerned that the trade agreement will impact municipalities in new ways, "well beyond its predecessor trade agreements". It foresees that procurement, the provision of municipal services and the regulation of businesses at the local level will all be affected by CETA. The letter warns that European Union corporations would have full bidding rights on municipal contracts for goods and services, and that "as a result, U.S. corporations will also." It also states that "foreign corporations are expected to have new powers to challenge contract decisions before trade panels whose decision would be binding" and that "municipalities would be subject to heavy financial penalties for trade rule violations, without access to Canadian law courts for relief." The Council of Canadians draws upon the analysis of the Trade and Justice Network to draw its conclusions.

As previously reported to the Finance and Administration Committee, the federal government is pursuing negotiations on the Comprehensive Economic and Trade Agreement with the European Union (CETA). FCM has set out guiding principles, endorsed by AMO, as stated more fully in the September 28 report to this Committee, regarding reasonable procurement thresholds, streamlined administration, progressive enforcement, Canadian content, dispute resolution, consultation and reciprocity:

- **Reasonable procurement thresholds:** Inappropriately high or broad procurement thresholds may force municipalities to tender projects when tendering is neither practical nor financially justified.
- **Streamlined administration:** Ensuring that municipal procurement policies are free-trade compliant will likely create new costs and may require specialized expertise. The administrative design of these rules must be as streamlined as possible and developed in close cooperation with municipal procurement practitioners.
- **Progressive enforcement:** Enforcing provisions of any deal should be progressive, starting with verbal or public warnings before moving to financial penalties, and should recognize and not penalize inadvertent non-compliance, particularly in cases where municipalities do not have the expertise to appropriately apply the rules.
- **Canadian content for strategic industries or sensitive projects:** A trade deal must recognize strategic and public interest considerations before barring all preferential treatment based on country of origin. There may be industries of strategic significance to a particular region, such as transit, or projects where considerations of quality, public benefit, environmental protection or business ethics means that a local government may wish to implement minimum Canadian-content levels. This should be allowed, within reason.
- **Dispute resolution:** A dispute-resolution process, like the one in NAFTA, may require a careful review of the municipal role in that process so they can appropriately defend their policies and by-laws as an order of government.
- **Consultation and communications:** Consultation and communications during negotiations are required to ensure any resulting agreement responds to municipal concerns.
- **Reciprocity:** Canada negotiating position must support reciprocity in Canadian and foreign municipal procurement practices.

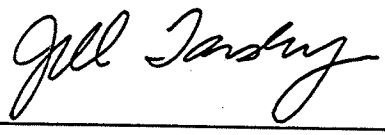
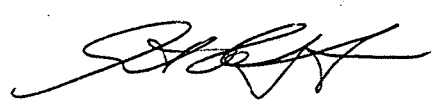
Many of the COC concerns are directly addressed in FCM's guiding principles and in International Trade Minister Ed Fast's August 23, 2011 letter to FCM that was also attached to the September 28 report. Both FCM and AMO continue to be actively engaged on this matter. FCM Standing Committee and staff have been in consultations with Minister Fast, his Chief Negotiator, and Minister Fast's predecessors over many months. CETA marks the first time that provinces and territories have been allowed to participate directly in trade negotiations. FCM and AMO are encouraged by this. Of particular significance in Ontario are the terms of the AMO/Ontario Memorandum of Understanding, which commits Ontario to prior consultation with municipalities on

changes to legislation and regulations that will have a significant financial impact on the current municipal budget year or planning cycle, and on negotiation of agreements with the federal government on specific matters that have a direct municipal impact.

Minister Fast assured FCM in his August letter that "CETA will not affect the ability of municipalities to use selection criteria (in procurement) such as quality, price, technical requirements or relevant experience, or to consider social and environmental factors in the procurement process, so long as these are applied in a non-discriminatory manner." Furthermore, most municipal procurement will fall under the procurement thresholds being proposed and will not be subject to CETA in any event.

On the question of dispute resolution, Minister Fast's letter to FCM states that any "party-to-party dispute under CETA would be between the Government of Canada and the EU" and that "the EU would not be able to bring a case directly against a municipality", and that "in the case of dispute between the parties under CETA, the dispute settlement process will be progressive (gradual)."

According to Minister Fast, "once concluded, CETA will provide Canadian suppliers with improved access to one of the largest procurement markets in the world. According to the European Commission, the EU procurement market is estimated at C\$2.4 trillion, or 16 percent of gross domestic product." Furthermore, according to Minister Fast, "a Canada-EU CETA would deliver new jobs and economic benefits across a broad range of industries located within municipalities all across Canada" including "aerospace, chemicals, plastics, wood products, aluminium, fish and seafood, light vehicles and automotive parts, agricultural products (such as wheat, beef and pork) and service sectors (such as transportation and environmental, engineering and computer services.)"

PREPARED BY:	RECOMMENDED BY:
	
JILL TANSLEY MUNICIPAL POLICY SPECIALIST	GRANT HOPCROFT DIRECTOR, INTERGOVERNMENTAL AND COMMUNITY LIAISON

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TO:	CHAIR AND MEMBERS FINANCE AND ADMINISTRATION COMMITTEE SPECIAL MEETING OF OCTOBER 3, 2011
FROM:	GRANT HOPCROFT, DIRECTOR OF INTERGOVERNMENTAL AND COMMUNITY LIAISON
SUBJECT	JINSHAN MEMORANDUM OF AGREEMENT

RECOMMENDATION

That, on the recommendation of the Director of Intergovernmental and Community Liaison, the Mayor **BE AUTHORIZED** to sign the attached Memorandum of Understanding (MOU) with Chongqing Jinshan Science and Technology (Group) Co., Ltd.

PREVIOUS REPORTS PERTINENT TO THIS MATTER - none

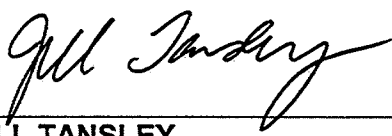

BACKGROUND

At the invitation of Canadian Surgical Technologies and Advanced Robotics (CSTAR), the London Chamber of Commerce and the Mayor, the Chongqing Jinshan Science and Technology (Group) Co., Ltd. (Jinshan) visited London September 27 to 30, 2011 to explore research and development, export and manufacturing opportunities.

Jinshan is a medical technology company, based in Chongqing China, which has developed a capsule endoscope and other products for visualization of the gastro-intestinal tract. With over 30 branch offices in China and sales of its products to more than 60 countries and regions, Jinshan has received significant support from the Chinese government.

During their visit, The Chairman of Jinshan and senior officials of the company met with Mayor Fontana and Chief Administrative Officer, Jeff Fielding, and requested that the City of London sign a MOU with their company. Jinshan has expressed interest in establishing a North American presence here in London and in further exploring collaborative opportunities with various London business, academic, and other interests. The proposed MOU establishes a framework for further discussion to that end.

CSTAR, the City of London, the Chamber of Commerce and other private and public sector participants are organizing a joint mission to China in November 2011 and plan to visit the cities of Chongqing and Chengdu. Jinshan will facilitate contacts with Chongqing stakeholders to assist the London mission in investigating economic opportunities in that region.

PREPARED BY:	RECOMMENDED BY:
	
JILL TANSLEY MUNICIPAL POLICY SPECIALIST	GRANT HOPCROFT DIRECTOR OF INTERGOVERNMENTAL AND COMMUNITY LIAISON

MEMORANDUM OF UNDERSTANDING

This memorandum of understanding ("MOU") is made and entered into effective as of October 1, 2011, by and between Chongqing Jinshan Science and Technology (Group) Co., Ltd. ("Jinshan"), with principal offices at No.18, Nichang Avenue, Lianglu Industrial City, Yubei District Jinshan International Industrial City, Chongqing, China, and The Corporation of the City of London ("City") a Canadian municipal corporation with principal offices at 300 Dufferin Ave., London, Ontario, Canada.

RECITALS

- A. The Canadian Surgical Technologies and Advanced Robotics centre ("CSTAR") has developed and established professional relationships with healthcare, government, industry and other key stakeholders in China, in particular in the cities of Chengdu and Chongqing;
- B. Jinshan is a worldwide leader in the research and development and manufacture of an OMOM capsule endoscopy system used as a first line tool for gastrointestinal tract disease diagnosis and, in cooperation with multinational companies, has developed data management and analytical systems for use with the OMOM capsule endoscopy system;
- C. Jinshan sells its OMOM capsule endoscopy system in over sixty countries outside of North America and Jinshan is investigating the North American market to identify research and development, export and manufacturing opportunities;
- D. Through the relationships established by CSTAR in China, Jinshan was approached by the Canada Trade Commission stationed in Chongqing, China, to consider the City as an ideal location for its North American research, development, testing, training and manufacturing facilities;
- E. In support of CSTAR, the Mayor and The London Chamber of Commerce submitted jointly with CSTAR letters of invitation to Jinshan to come and visit the City;
- F. On September 27, 28 and 29, 2011, CSTAR organized and facilitated a visit to the City by Jinshan's Chairman of the Board of Directors, its Vice Chief Technology Officer and its Overseas Marketing Director;
- G. At the conclusion of the visit, Jinshan expressed the desire to further explore through CSTAR investment opportunities in the City and collaborative opportunities with various business, academic and other City stakeholders; and
- H. Jinshan and the City desire to enter into this MOU to acknowledge and confirm each of Jinshan's and the City's desire to further discuss and explore, pending London Health Science Centre approval, together with CSTAR, investment opportunities and collaborative initiatives.

The Parties acknowledge and confirm the following:

1. Jinshan desires to establish a research and development centre with CSTAR and, pending approval, the University of Western Ontario in the City of London and Chongqing, China.
2. Jinshan desires to pursue through CSTAR further discussions regarding the establishment of its North American headquarters in the City along with a sales, marketing and manufacturing presence to cater to the North American market.
3. The City and Jinshan desire to work together to facilitate Jinshan working with CSTAR to conduct the following activities, each to be formalized through contractual agreements between the appropriate entities:
 - a. clinical trial of robotic capsule with the intention of eliminating colonoscopy;
 - b. joint research and development in robotics and potentially imaging support where possible; and
 - c. training programs for clinicians throughout North America.
4. Jinshan desires to further explore investment and collaboration opportunities with the local life science companies listed below and the City desires to facilitate discussions regarding such opportunities:

- a. Annidis Health Systems;
- b. Sernova;
- c. Ortech; and
- d. Sciencetech.

5. The City acknowledges that Jinshan and Trudell Medical desire to further explore and discuss areas of potential collaboration, such as the distribution by Jinshan of Trudell Medical devices in China and the distribution by Trudell of the OMOM capsule endoscopy system in Canada.

6. Jinshan has an interest in importing products from Canada for distribution in China and the City desires to assist Jinshan by facilitating the introduction of Jinshan to local companies.

7. Jinshan desires to assist CSTAR, the Mayor, and the London Chamber of Commerce with their London Mission to Chongqing in November 2011, by facilitating contact with local government, education and business stakeholders to investigate economic opportunities of mutual benefit.

8. Jinshan desires to facilitate collaboration between The London Chamber of Commerce and The Chongqing Chamber of Commerce to assist the members of each Chamber to identify and capitalize on economic opportunities of mutual benefit.

9. This MOU sets out the parties' intentions in conducting further discussions regarding potential investments and collaborative undertakings. The provisions of this MOU do not create any legal obligations between the parties or with any other person or entity referenced in this MOU.

Entered into at the City of London, Ontario, effective as of the 1st day of October, 2011.

CHONGQING JINSHAN SCIENCE AND TECHNOLOGY (GROUP) CO. LTD.

Per: _____
Dr. Wang Jinshan, Chairman

THE CORPORATION OF THE CITY OF LONDON

Per: _____
MAYOR JOSEPH FONTANA