

# The City of Toronto adopts a tariff response plan restricting some government procurement to Canadian companies

March 28, 2025

On March 26, 2025, the city council of the City of Toronto (the City) unanimously adopted Mayor Chow's [10-point plan](#) (the Plan) to respond to U.S. tariffs. Two points come into contact with international trade considerations.

## Proposed measures

### First, procurement.

The Plan proposes the following changes to the City's procurement practices:

- Limiting bidding on certain City contracts to Canadian companies for values below approximately \$350,000 for goods and services and \$8,800,000 for construction;
- Prioritizing Canadian and non-American suppliers by granting preference to business from Canada, the European Union (EU), and the United Kingdom (UK) in competitive procurement;
- Empowering the City to disqualify US-based suppliers from bidding on **competitive procurement when it serves the City's best interests**;
- Expanding procurement from the City and the Greater Toronto Area suppliers to boost the local economy;
- Instructing senior staff in City Divisions that heavily depend on US-sourced suppliers to develop alternative procurement strategies, in partnership with other municipalities where possible, and report back to the City Manager in 90 days; and
- Encouraging City agencies and corporations to adopt similar policies wherever feasible.

### Second, reducing reliance on U.S. trade.

The Plan proposes launching promotional campaigns for the City's manufacturing and industrial sector as well as partnering with Toronto-region municipalities and the Government of Ontario to reduce reliance on U.S.-based suppliers, amongst other actions.

## What about our trade agreements?

Given the wholesale violation of trade agreements by the U.S. in imposing or threatening to impose wave after wave of tariffs on Canadian imports, it may be **somewhat quaint to worry about "trade obligations" in Canadian responses to those tariffs**. Trade agreements are relevant in procurement matters because federally and in **some provinces, domestic procurement reviews incorporate Canada's international trade obligations**.

Also because, as Canadians, we like to do things by the book.

For procurement issues, two trade agreements are relevant as between **Canada and the United States**, and **neither applies to the City's measures**. The Canada-United States-Mexico Agreement (CUSMA), which entered into force in 2020, does not govern government procurement. The World Trade Organization Government Procurement Agreement (GPA), in turn, does not apply to municipalities.

The City is, however, subject to both the [Canada-European Union Comprehensive Economic and Trade Agreement](#) (CETA) and the [Canadian Free Trade Agreement](#) (CFTA); each has anti-discrimination provisions for contracts above certain **thresholds**.

The City's plan to restrict bidding to Canadian companies for contracts valued under approximately \$350,000 for goods and services and \$8,800,000 is exactly in line with **the thresholds set out in the CETA for covered procurement**. This means that the City's plan to restrict participation to Canadian companies on contracts below certain values **would not engage CETA's anti-discrimination provisions, which only apply to covered procurement above the thresholds targeted by the City**. The City's definition of "US business" will influence the extent of its prohibitions, potentially leading to claims under trade agreements.

Preliminarily, the prioritization of Canadian businesses and those from the EU and the UK is unlikely to run afoul of the CETA anti-discrimination provisions as those rules only apply to Canadian, EU and UK businesses. That said, the specifics of the Plan have yet to be published and as such it is difficult to fully assess their compliance with the CETA and the CFTA. The situation remains fluid; we will continue to monitor the space.

By

[Rambod Behboodi](#)

Expertise

[International Trade & Investment](#), [Municipal & Land Use Planning](#)

## BLG | Canada's Law Firm

As the largest, truly full-service Canadian law firm, Borden Ladner Gervais LLP (BLG) delivers practical legal advice for domestic and international clients across more practices and industries than any Canadian firm. With over 725 lawyers, intellectual property agents and other professionals, BLG serves the legal needs of businesses and institutions across Canada and beyond – from M&A and capital markets, to disputes, financing, and trademark & patent registration.

[blg.com](http://blg.com)

## BLG Offices

### Calgary

Centennial Place, East Tower  
520 3rd Avenue S.W.  
Calgary, AB, Canada  
T2P 0R3

T 403.232.9500  
F 403.266.1395

### Ottawa

World Exchange Plaza  
100 Queen Street  
Ottawa, ON, Canada  
K1P 1J9

T 613.237.5160  
F 613.230.8842

### Vancouver

1200 Waterfront Centre  
200 Burrard Street  
Vancouver, BC, Canada  
V7X 1T2

T 604.687.5744  
F 604.687.1415

### Montréal

1000 De La Gauchetière Street West  
Suite 900  
Montréal, QC, Canada  
H3B 5H4

T 514.954.2555  
F 514.879.9015

### Toronto

Bay Adelaide Centre, East Tower  
22 Adelaide Street West  
Toronto, ON, Canada  
M5H 4E3

T 416.367.6000  
F 416.367.6749

The information contained herein is of a general nature and is not intended to constitute legal advice, a complete statement of the law, or an opinion on any subject. No one should act upon it or refrain from acting without a thorough examination of the law after the facts of a specific situation are considered. You are urged to consult your legal adviser in cases of specific questions or concerns. BLG does not warrant or guarantee the accuracy, currency or completeness of this publication. No part of this publication may be reproduced without prior written permission of Borden Ladner Gervais LLP. If this publication was sent to you by BLG and you do not wish to receive further publications from BLG, you may ask to remove your contact information from our mailing lists by emailing [unsubscribe@blg.com](mailto:unsubscribe@blg.com) or manage your subscription preferences at [blg.com/MyPreferences](http://blg.com/MyPreferences). If you feel you have received this message in error please contact [communications@blg.com](mailto:communications@blg.com). BLG's privacy policy for publications may be found at [blg.com/en/privacy](http://blg.com/en/privacy).

© 2025 Borden Ladner Gervais LLP. Borden Ladner Gervais LLP is an Ontario Limited Liability Partnership.