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From: Media <media@tpsgc-pwgsc.gc.ca>
Sent: August 12, 2020 10:38 PM
To: Roy, Cecely (SPAC/PSPC); fitz-morris, James (SPAC/PSPC)
Cc: Bryan Blom; Elizabeth Lindsay; James Stott; Jean-François Létourneau; Lucie Brosseau; Media; Me'Shel Gulliver Bélanger; Rachel Lagacé; Sara Lacasse; Vivianne Soubhie; Francesco Santostefano; Michèle Larose
Subject: For MO Approval: Media response / Tier 1 - Follow-up - COVID-19 - Medicom contract details / The Globe and Mail

Good evening,
Apologies for the very late email.
For your approval, please find the follow-up response that is department approved and respects commercial confidentiality.

New info.

Thanks,
Me'shel Gulliver Bélanger

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The Globe and Mail
Silcoff, Sean (The Globe and Mail)
Date call received: August-12-20 at 12:50
Deadline: August-13-20 at 09:00
Tier 1 - Follow-up - COVID-19 - Medicom contract details

CONTEXT: The reporter had additional questions regarding contract details with Medicom. Further to PSPC having provided a response to his questions, the reporter requires additional precisions regarding the guarantees built into the contract, ensuring Medicom would be guaranteed production of N95 and surgical masks in Canada for the next 10 years.

Q1. Is the unit price for these two mask types made in Canada at Medicom higher than those purchased from overseas manufacturers? If so – why pursue Canadian production of masks?
Q2. What are the parameters or guarantees for the extent of the 10 year contract?
Q3. What would inform the price negotiations at the three year mark?
Q4. What is the floor/minimum guarantee?

The contract with Medicom guarantees the delivery of 20 million N95 masks and 24 million level 3 surgical masks annually for 10 years, all of which are being produced in a newly established manufacturing facility in Montréal, Quebec.

This contract is an investment in domestic capacity to produce critical personal protective equipment, which will help ensure we have a stable source of supply—during the current pandemic and into the future—without fully relying on foreign suppliers.

The per-unit prices for the first three years of the contract are fixed, and are competitive with pre-pandemic pricing for these items. These prices will be re-negotiated after the first three years, based on the contractor's costs plus profit levels established in the original agreement.

Further contract details cannot be disclosed, due to commercial confidentiality.

Previous response provided August 12, 2020

Q1. What is the total value of the Medicom contract? Can you give me a precise number? Is there a publicly posted number somewhere?

A1. The Government of Canada continues to be engaged in an unprecedented effort to acquire supplies and equipment to ensure that front-line healthcare workers, other essential services workers and Canadians stay safe and healthy. We are aggressively procuring in the global marketplace, while facing the risks posed by fragile supply chains, the fluidity of the current situation, and a surge in demand.

In order to provide Canadians with information relating to Canada's response to the COVID-19 pandemic, PSPC is [here](#) disclosing supplier names and contract values for contracts that it has entered into on behalf of other government departments and agencies for PPE and medical/laboratory equipment and supplies, with the following exceptions:

Given the global nature of the pandemic and the severe competition for goods PSPC is protecting the names of suppliers for certain hard to procure commodities, namely n95 respirators, gloves and swabs. Protecting this information will help secure these sources of supply in Canada's ongoing PPE procurement efforts.

Medicom contract

AMD Medicom Inc. has responded to Canada's call with a proposed high-level agreement for a 10-year contract supplying local production and distribution of medical masks (earloop) and respiratory masks (N95) for the primary benefit of the Government of Canada.

In April 2020, PSPC entered into a ten-year sole-source contract with Medicom, with a firm price set for the first three years and seven additional years that will be negotiated annually. The contract is valued at \$94 million over three years, with the value of the remaining 7 years subject to future negotiation.

The contract is for the delivery of 20 million N95 masks and 24 million level 3 surgical masks annually for 10 years, which will be produced in a newly established manufacturing plant in Montréal.

Q2. Is it possible, under the contract, the government could extend its demand over the 20 million N95s and 24 million surgical masks per year?

A2. The contract does not allow for additional masks.