

## SNC-Lavalin backtracks on CEO's comments about potential job losses



Company says avoiding criminal prosecution would be best way to protect jobs

The Canadian Press · Posted: Mar 26, 2019 11:29 AM ET | Last Updated: March 26



SNC-Lavalin chief executive Neil Bruce told The Canadian Press last Wednesday that if the company is convicted of criminal charges and barred from bidding on federal contracts its workers would end up working for the Montreal-based company's foreign rivals. (Graham Hughes/Canadian Press)

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SNC-Lavalin Group Inc. is walking back a statement by its chief executive officer, who said last week he never cited the protection of 9,000 Canadian jobs as a reason the construction giant should be granted a remediation agreement.

Neil Bruce told The Canadian Press last Wednesday that if SNC-Lavalin is convicted of criminal charges and barred from bidding on federal contracts its workers would end up working for the Montreal-based company's foreign rivals.

"We have never put forward anything that is purely an economic argument about jobs and why we think we qualify for a DPA (deferred prosecution agreement)," he said in an interview. "We put forward an argument in terms of the public interest."

The charges stem from allegations the engineering firm paid millions of dollars in bribes to win government business in Libya between 2001 and 2011.

- [SNC-Lavalin CEO says firm never cited 9,000 jobs as reason for deserving DPA](#)

In a statement posted to its website Monday afternoon, SNC-Lavalin says it never threatened the federal government.

"However, the company had made it very clear to the government through its advocacy campaign that the implementation of a remediation agreement — known as a deferred prosecution agreement — was the best way to protect and grow the almost 9,000 direct Canadian SNC-Lavalin jobs, as well as thousands of indirect jobs through its more than 5,000 suppliers across Canada. The company still asserts this position."

It added that an agreement is not "a get out of jail free card," as a few commentators have stated.

"It is an internationally recognized tool for protecting innocent stakeholders from the criminal actions of a few bad actors in a company."

## **Chile copper mine cancels SNC contract**

SNC said countries around the world have made this tool available to their prosecution and that Canada was at a competitive disadvantage until it passed its own version of the DPA.

"If the remediation agreement is not available to SNC-Lavalin, the company will continue to vigorously pursue a path that allows it to move forward and defend its innocent employees to the fullest as it moves forward through the Canadian court system."

Prime Minister Justin Trudeau has repeatedly held up potential job losses as the main reason he and other top officials spoke with former attorney general Jody Wilson-Raybould about her decision not to intervene after federal prosecutors declined to negotiate a deferred prosecution agreement with SNC-Lavalin.

Wilson-Raybould, who resigned from cabinet last month, has suggested political considerations rather than jobs were behind the alleged pressuring by the Prime Minister's Office to hammer out an agreement with the company.

Earlier Monday, Chile's state-owned copper mining company said it has terminated its contract with SNC-Lavalin, accusing the construction giant of breaching its obligations.

- **Council could demand more info on controversial SNC-Lavalin bid**

Codelco said SNC-Lavalin failed to live up to its commitments under a \$260-million US contract attached to one of the world's largest open pit copper mine, citing quality issues and delays in subcontractor payments and project execution.

The contract, awarded in November 2016, included engineering, supply and construction of two new acid plants for a smelter at the Chuquicamata mine in northern Chile.

The announcement from Codelco comes after SNC-Lavalin slashed its profit forecast twice in two weeks earlier this year, stemming largely from problems with the project and plunging SNC's share price to 10-year lows of around \$34.

SNC-Lavalin announced last month it had agreed to settle a dispute with the Chilean state miner through a fast-tracked arbitration process, which it expected would yield "significant recoveries in the future" on losses of about \$350 million.

The project cancellation "likely means relations between the two companies have further soured" and could make clawing back any losses more "difficult" during arbitration, analyst Derek Spronck of RBC Dominion Securities said in a research note.

SNC-Lavalin did not respond immediately to requests for comment about the contract termination.



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