

# Intelligence MEMOS



From: Jon Johnson  
To: Members of the Senate  
Date: May 7, 2024  
Re: **BILL C-282 – FOOLISH LEGISLATION MARCHES ONWARD**

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The improbable journey of a private member's bill continued last month as the Senate moved Bill-C-282 along at second reading without a murmur.

This leaves one last chance to stop a misguided attempt to tie the hands of Canadian trade negotiators, now and forever, from bringing down Canada's protectionist walls for dairy products, poultry or eggs. The bill, from Bloc MP Luc Thériault, would prohibit any Canadian concessions on tariffs or tariff rate quotas in any current or future trade negotiations and is now headed to committee.

A tariff rate quota permits a prescribed volume of a product to be imported free of duty but applies a prohibitive rate on any imports beyond that volume. In past trade negotiations, Canada has reluctantly agreed to small increases in these volumes for supply managed goods. If Bill C-282 becomes law, Canadian negotiators will be prohibited from making even small concessions.

Canada's most important trading relationship, with the United States, is governed by the Canada-United States-Mexico Agreement (CUSMA). There are two CUSMA provisions of concern if Bill C-282 becomes law.

CUSMA Article 34.7 provides that the treaty, which came into effect on July 1, 2020, terminates on June 30, 2036 unless each party confirms it wishes CUSMA to continue for a further 16-year term. The first confirmation date is July 1, 2026. If the three nations confirm that they wish it to continue, CUSMA continues in effect for another 16 years.

If the parties do not then confirm that they wish it to continue, they revisit the issue of extension each following year. For CUSMA to continue in effect, each party (including the US) must confirm that it wishes CUSMA to continue. If one party (say the US) does not confirm that it wishes CUSMA to continue, CUSMA terminates on June 30, 2036. The critical point is that CUSMA's continuing in effect depends on a positive confirmation by each of the three parties, including the US. If the US never confirms that it wishes CUSMA continues, it ends on June 30, 2036.

Canada's supply management regime has always been front and centre in trade negotiations with the US. If Bill C-282 becomes law, any concession on Canada's part on supply management will be prohibited. Possibly the US could accept this, but only if Canada agrees to significant concessions in other areas. One example would be agreeing not to challenge new US country of origin labelling (COOL) rules that will affect imports of live cattle into the US.

Last March, the US Department of Agriculture announced that it was making its voluntary "Product of the USA" labeling regulations mandatory and that, to qualify, meat must be derived from animals born, raised, slaughtered, and processed in the US. The new rule comes into effect in January 2026. In 2012, Canada won a WTO challenge of an earlier version of mandatory US COOL requirements.

Another provision of concern is CUSMA Article 34.6 (Withdrawal). Article 34.6 provides that a party may withdraw by providing written notice to the other parties. It goes on to provide that "the withdrawal takes effect six months after the Party provides written notice." Once the notice is given, the withdrawal of the party giving the notice occurs automatically.

CUSMA Article 34.6 could be invoked for any number of reasons by a US administration hostile to trade agreements. However, enshrining an intransigent Canadian position on supply management in law could be a significant factor in leading a US administration to withdraw from CUSMA.

Canada's interests would be best served if Bill C-282 never becomes law.

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