

# Controversial EU vote not linked to CETA, experts say, but...

Posted on Wed, Feb 22, 2012, 7:06 pm by BJ Siekierski  
iPolitics

As a European Union committee prepares to vote on the controversial Fuel Quality Directive, the Canadian government and trade experts say the vote won't affect the ongoing Canada-EU trade negotiations. But the assurances come with caveats.

"The FQD will not be addressed in the context of the CETA," wrote Canada-Europe Roundtable for Business head Jason Langrish. "But it could have the affect of muddying the waters which would not be helpful."

The FQD, or Fuel Quality Directive, is a proposed piece of EU law that is meant to encourage lower greenhouse gas emissions by penalizing more CO<sub>2</sub>-intensive fuel sources, including Alberta's oilsands. The proposal is expected to go to a vote on a committee of experts Thursday.

The proposal has been called 'unscientific' by the Canadian government, which has threatened to challenge it at the WTO even as Canadian and EU officials look to finalize the Canada-EU free trade (CETA) negotiations by early summer.

A spokesman from Trade Minister Ed Fast's office insisted the two issues won't be linked

"Minister Fast has and continues to raise Canada's concerns with the EU regarding discriminatory fuel quality directive proposals," Fast's press secretary, Rudy Husny, told iPolitics. "This matter is not linked to our commitment to productive free trade discussions with the European Union."

The story may not be that cut and dry, however.

While even a positive vote tomorrow would mean the directive still needs to pass the European Parliament, the proposal still holds symbolic value, said the Canadian Manufacturers and Exporters vice president of global policy, Jean-Michel Laurin.

"Europe tends to be a trendsetter for regulator policy," said Laurin said.

While he agreed that the Canada-EU relationship is mature enough to avoid the directive spilling over, he does think there's a risk it could aggravate certain provinces.

"You need the provinces to sign on to the agreement. For a province like Alberta — for them to lose face or have a setback like that — (it) certainly won't help get their support for the agreement," he said.

That doesn't mean to expect an ultimatum, he clarified, but it could put the provincial government in a "tough spot."

This is, after all, an election year, he noted, and while the "Alberta government is bright enough to understand these are two completely separate issues, and they can be dealt with separately" it does present a potential political hot potato.

For Langrish, meanwhile, the directive could add to the kinds of technical barriers to trade (TBT) that the CETA negotiations are, in part, meant to address.

"The CETA is heavily concentrated on resolving TBTs in a range of areas, from procurement to agriculture, forestry and manufacturing (technical, environmental and safety standards)," he wrote.

"At a time when both sides are working hard to resolve these TBTs it would be a shame to unnecessarily adopt more."