Oil quality clash could spoil Canada-EU trade party

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On the same day the Canada-EU trade deal was announced, Marie-Anne Coninsx, the EU's newly appointed Ambassador to Canada, was in Alberta talking up its benefits to the province's resource economy.

But the EU's top diplomat in the country also heard first hand concerns about another move that could be detrimental to trade in the energy sector: a fuel quality directive (FQD) that could discriminate against the oil sands — while giving a free pass to other oil suppliers that aren't as transparent about their greenhouse gas emissions.

In an interview Friday in Calgary, the Belgian lawyer who picked Alberta for her first official visit downplayed worries about the directive, which she said is a work in progress, while putting in high relief the gains to be had from the Comprehensive Economic Trade Agreement (CETA) announced Friday.

"It's a historic agreement which will benefit the EU and Canada," said Ms. Coninsx. "It corresponds to the objective of Canada to diversify its trade.

"I want to underline the historic because it's the most comprehensive agreement the European Union has concluded. It's the biggest agreement for Canada. And also for the first time, [there has been] a huge involvement of the provinces."

The energy sector stands to reap significant wins from the deal, she said.

The trade agreement provides a solution to its problematic shortages of skills and services, which drive up costs of energy projects and make Canadian oil more expensive to produce.

CETA will make it easier for firms to move staff temporarily between the EU and Canada. It also brings mutual recognition of qualifications in professions such as architecture, engineering and accounting.

The labour mobility aspect of the agreement was a big area of focus in discussions with Alberta energy leaders, she said.

"You are in the lucky position where you have low unemployment and very specialized employment opportunities, and in the European market we have possibilities with highly qualified staff," she said.

The deal is also expected to spur new investor interest in the energy sector, which requires large amounts of capital to support its growth, by removing or alleviating barriers, improving legal certainty and predictability for businesses.

It "should ease entry of European investors into Canada's energy and resource sectors," said Milos Barutciski, co-chairman of Bennett Jones LLP's International Trade and Investment Group.

During her two-day visit, Ms. Coninsx also met with the Pembina Institute, the Alberta environmental lobby group, and Alberta Premier Alison Redford, who are on opposite sides of the debate over the FQD.

The province is so concerned about the proposed measure that Ms. Redford dispatched two senior ministers to Europe last month to convince EU members not to support it in a vote expected later this year.

The directive to move Europe toward a low carbon fuel standard would peg bitumen from the oil sands as emitting 22% more GHG emissions than conventional crude, making it more expensive and more complicated for Europeans to use.

Alberta has argued there is no scientific basis for the number.

The Pembina Institute, on the other hand, has said the directive is nondiscriminatory because the higher GHG value applies to all fuels produced from oil sands anywhere in the world. While the vast majority of deposits under development are in Alberta, Pembina has said other deposits could be developed in the future and would be treated the same way.