

Canada threatens EU over oilsands

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OTTAWA—Canada is threatening to take Europe to the world's trading body if it persists in trying to single out oilsands crude as dirty oil.

The threat was contained in a letter sent by Canadian ambassador to the European Union, David Plunkett, in December, which was obtained by the environmental group Friends of the Earth.

Canada has complained in the past about efforts in Europe to single out oilsands crude in the new Fuel Quality Directive that aims to curb emissions from transport fuels by 10 per cent. But it has not explicitly threatened publicly to take the issue to the World Trade Organization for adjudication.

The new European standards are being voted on Thursday and if approved will go to the full European parliament.

The directive assigns carbon values to different sources of crude, with oilsands bitumen valued at 23 per cent more than conventional oil. Shale oil is given an even higher carbon value.

The sticking point is that the European directive appears to put oilsands in a different category.

“Canada will not accept oilsands crude being singled out in the Fuel Quality Directive as an entirely separate feedstock from other crudes which are bundled together under a single default value,” Plunkett writes. Connie Hedegaard, the EU’s commissioner for climate action.

“I want to again state that Canada will explore every avenue at its disposal to defend its interests, including at the World Trade Organization.”

Canada currently sells very little if any oil to Europe, but oil interests in Canada say a ban or a restriction could serve as a precedent and would deal another blow to the resource following the setback to the Keystone XL pipeline project, which would connect oilsands crude to the U.S. Gulf Coast