

EU delays vote on oilsands label

BY JASON FEKETE, POSTMEDIA NEWS

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OTTAWA — Canada is welcoming a move by European Union officials to delay a vote until 2013 on whether to label the oilsands a dirtier form of crude, as EU politicians conduct an impact assessment of the proposed fuel standard.

A vote by EU ministers was initially expected by June 2012, but will now be pushed back until next year so officials can study the impacts on industry of the proposed Fuel Quality Directive and prepare a stronger case for adopting it.

The decision Friday by the European Commission, the EU's executive arm, to postpone the vote by a council of ministers from individual countries is another partial victory for Canada in its efforts to block what the Harper government says is a discriminatory policy.

"We hope that the European Commission will conduct a full impact assessment that deals with the potential costs of this measure to consumers and also the potential costs to the EU's economy," federal Natural Resources Minister Joe Oliver said Friday in a statement.

"We are not opposed to the goal of the Fuel Quality Directive. However, we remain strongly opposed to Canadian oilsands crude being unfairly discriminated against. Canada wants to ensure that any directive or policy that emerges in regard to the Fuel Quality Directive is fair."

Oliver said he has asked a senior department staffer to meet with European Commission officials next week in Brussels to secure more information on the study, to offer the government's co-operation and ensure Canada has an opportunity to provide submissions for the analysis.

The EU's impact assessment is expected to examine the potential fallout of the proposed law on fuel suppliers, other businesses and markets.

The decision follows months of intense lobbying of EU officials by the Canadian government and petroleum sector, and shortly after an initial vote in February to adopt the fuel directive ended in a stalemate.

"The commission has decided to make an impact assessment and submit the proposal to the council (of ministers) in early 2013. This way we accommodate some of the concerns expressed by stakeholders," Isaac Valero-Ladron, EU spokesman for Climate Action Commissioner Connie Hedegaard, said Friday in an email.

The European Commission has recommended oilsands-derived fuel be given a greenhouse gas rating of 107 grams per megajoule, 22 per cent higher than the 87.5 grams assigned to fuel from conventional crude oil. Two other unconventional sources — oil shale at 131.3 and coal to liquid at 172 — have considerably higher values than oilsands.

The aim of the fuel directive is to reduce emissions from transportation fuel by six per cent by 2020. If approved by the European Parliament, importers would face higher carbon offsets in order to trade in Canadian oil.

Canada has threatened to launch a trade war with the European Union and take the fuel proposal — which would effectively classify Alberta's oilsands as so-called "dirty oil" — to the World Trade Organization if it passes.

Virtually no bitumen-derived fuels are shipped to Europe, but Canada maintains the FQD is a discriminatory and non-scientific approach that singles out oilsands as having higher carbon emissions without any sound studies examining the greenhouse gases from the conventional oil the EU actually imports.

The Conservative government and energy industry worry the policy would establish a dangerous dirty oil precedent, severely damage the oilsands sector's global reputation and potentially close future energy export markets.

Hannah McKinnon, campaigns director with Climate Action Network Canada, welcomed the decision to delay the vote because it will give

EU officials more time to combat "massive" lobbying from Canada and further demonstrate their policy is science-based.

"It's a good indication that the commission is really committed to what they know is a science-based policy proposal and what they know they need to meet their own greenhouse-gas reduction targets," McKinnon said. "It's smart of the commission to call the bluff of a lot of this lobbying."

In February, EU technical officials blocked the draft fuel law in a stalemate vote that saw more people reject the fuel directive than support it. The federal Conservative government trumpeted that vote as a temporary victory.

With many of Canada's allies abstaining from the February vote, European Union countries supporting the proposed Fuel Quality Directive failed to win enough support at a committee meeting of technical experts to have it pass.

However, there also wasn't enough support to kill the measure, so the matter was sent to the council of EU ministers, which was initially expected to vote on the fuel directive by June.