

Joe Oliver backs away from threat of EU trade battle

[PAUL WALDIE](#)

LONDON — The Globe and Mail

Published Thursday, May. 09 2013, 11:02 AM EDT

Natural Resource Minister Joe Oliver is playing down suggestions Canada will launch a trade battle with the European Union over its proposal to label oil-sands crude as dirty.

On Wednesday in Brussels, Mr. Oliver said Canada would consider filing a complaint with the World Trade Organization, the global referee for trade disputes, if the EU proceeds with its so called fuel-quality directive which singles out crude from Canada's oil sands as the most harmful to the planet's climate.

But in London on Thursday Mr. Oliver backed away from that threat, which came as Canada is in the midst of negotiating a trade agreement with the EU.

"I'm not threatening anything," Mr. Oliver told reporters after making a speech to a business group in London. "We have always kept, and will continue to keep separate, the issue of the trade negotiations and the fuel quality directive. That's something which the Europeans also want to do. So there is no issue."

When asked specifically about whether Canada would go to the WTO over the fuel directive issue, Mr. Oliver replied: "I just want to tell people that this is an important issue. We of course are not looking to take any action at all. What we are looking for is some movement on this file because as I said in my remarks if one is green one would want the fuel quality directive amended because as currently drafted it does not achieve an environmental objective."

He added that Canada is "hoping for a positive result and so we're not anticipating having to go to any other step."

Mr. Oliver clarified his comments later in the day, noting tht while he was not "looking for a fight," he would consider going to the WTO if changes to the directive were not made. "That stands," he said,

referring to a possible WTO action. "We're going to defend our interests."

Canadian officials have been lobbying for years to get the fuel directive modified, even though it has already been adopted but is still in the implementation process which has been delayed.

The directive is part of an effort by EU countries to meet greenhouse gas emission targets and it requires fuel suppliers to reduce the greenhouse gas intensity of energy supplied for road transportation. Canadian government officials believe the measure is discriminatory to oil-sands products because it penalizes them far more than dirty oil from other jurisdictions such as California and Venezuela. But many environmental groups support the measure, saying it will help to reduce harmful emissions and that it properly designates oil sands crude as dirty.

Mr. Oliver has been in Brussels, Paris and London this week meeting officials and trying to get Canada's point of view heard. "I've had a lot of discussions on this subject with EU commissioners, with government officials, with people in industry and I think there has been some movement on this. I think there's a growing recognition that this is a policy which needs amendment to achieve its objectives and I'm more encouraged than I was a year ago."

He also took a swipe at a group of scientists who have sent him an open letter raising concerns about the environmental impact of pushing ahead with pipelines and other oil projects.

Mr. Oliver said every major resource project has been opposed by some groups. "The position of these scientists is unfortunately unrealistic in the real world because what they want to do is to see a diminution of the use of hydrocarbons and they look upon the oil sands as a symbol, as an example of that," he said adding that the global demand for energy will increase by 33 per cent over the next 25 years. "Even under the most optimistic scenarios for renewables, hydrocarbons, fossil fuels, will represent at least 63 per cent of the source of energy by the year 2035. So we have to be realistic. The world needs energy."

He added that opponents were banking on oil running out, when in fact more unconventional deposits are being found. These groups "are

confronting the reality that their hopes which would be other people's nightmares, are not going to be realized and so they are trying to target different projects at earlier stages to prevent them from going ahead."

Mr. Oliver also joked that none of the Europeans he has met have raised any comments about former U.S. Vice President Al Gore who has been critical of the oil-sands development. "I haven't heard anybody in Europe mention Al Gore," he said.