

Feds intensify lobbying against EU fuel label

Experts split on whether issue could spoil trade talks.

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The Harper government is defending its vigorous pushback against a European Union plan to classify oil sands crude as particularly dirty amid protests and criticism from environmentalists.

The EU was set to vote on how to implement its 2008 "fuel quality directive," which aims to categorize fuel according to greenhouse gas intensity, on Oct. 25. Instead it held off and moved the vote to December.

The implementation plan, if passed, would see crude from Canada's oil sands assigned a greenhouse gas intensity level larger than conventional crude—107 grams of carbon dioxide per megajoule of energy produced, versus 87.5 grams.

While little oil from the oil sands actually goes to Europe, the government has fretted that such a regulation, if left alone, would trigger similar legislation around the world.

On Oct. 23, Mr. Oliver announced that he had sent a letter to the EU's Commissioner for Energy, Günther Oettinger, in which he called the move "discriminatory" and stated that no credible scientific course categorizes oil sands crude as a separate 'feedstock,' as the directive does.

"Heavy crude is heavy crude," he wrote. He argued that crude

from the oil sands has similar emissions and properties to other heavy crude around the world.

The letter was the icing on the cake of several days of lobbying by Mr. Oliver, who flew to London and Paris to make his case directly to EU member-states.

He delivered a speech at the London School of Economics about Canada's emerging role as an energy superpower, and met with government officials including his UK counterpart Charles Hendry. He said the government has spoken with at least 10 countries on the issue.

"We have had encouraging conversations with a number of countries, some of whom are going to be helping us, some of whom are going to be voting with us," said Mr. Oliver, adding that he also planned to call key countries he thought would be amenable to "hearing the facts."

"There are a number of European countries who have invested huge amounts of money in the oil sands in our energy projects, companies from England, France, the Netherlands, Norway ... these are companies that could potentially be disadvantaged and countries who understand the issues," he said.

But Megan Leslie, the NDP's environment critic, told *Embassy* she felt the efforts were putting Canada in a bad light.

"All this PR campaign does is embarrass us," she said.

She argued the EU was working hard to transition to a green

future, and its officials recognize that crude from the oil sands isn't a part of that.

"What our government is doing, is going after the EU for criticizing a lack of environmental action on the oil sands," but there has been plenty of opportunity to do so in Canada, she said.

A report published by Friends of the Earth Europe in July criticized the government for carrying out a concerted lobbying effort during the last two years "to undermine a flagship EU policy on climate change."

"The Canadian government and Albertan government have engaged in one of the most vociferous public relations campaigns by a foreign government ever witnessed at the EU level," the report stated.

Mr. Oliver's spokesperson Julie Di Mambro, however, said in an email that while the government is fine with the directive's goal of reducing emissions, "we do object to the discriminatory treatment currently contemplated in the [directive], singling out oil sands-derived fuels without sound scientific justification."

"Studies have shown that the life-cycle GHG emissions of oil sands crude are similar to, or lower than, those of several heavy crude oils currently imported into the European Union," she wrote.

And at least one Ottawa diplomat says the lobbying efforts were constructive. Belgium's ambassador to Canada Bruno van der Pluijm said the lobbying effort aimed at Belgium has resulted in

a better understanding of the Canadian position on the directive and the arguments on which Canada underpins its position.

He said the directive has been discussed during exchanges between Belgian and Canadian officials in Brussels and Ottawa during the past year.

Trade talks may be affected

Experts are split on whether the directive issue would spoil Canada-EU trade talks.

Canada and the European Union wrapped up the ninth round of talks in Ottawa on Oct. 21, moving closer towards a deal expected to boost Canada's economy by about \$12-billion a year.

The EU delegation to Canada has pointed out that no link is being made, Mr. van der Pluijm noted. Ms. Mambro also said the fuel quality directive has no impact on the free trade negotiations between Canada and the EU.

But Jason Langrish, president of the Canada Europe Roundtable for Business, says if the proposed fuel quality directive goes through, it has the ability to "poison the well."

"I'm not saying it's going to cause a problem, maybe it can be kept completely separate, like the seals issue, they've seemed to be able to keep it separate, but there a chance that it may not be separate, and it could start poisoning the overall discussions," said Mr. Langrish.

And Scott Sinclair, a senior research fellow with the Canadian

Centre for Policy Alternative where he directs the centre's Trade and Investment Research Project, stated that it would be completely reasonable for the EU to take steps to guarantee that the FQD cannot be challenged under the free trade deal currently being negotiated.

Groups such as the Council of Canadians also support this view, said Andrea Harden-Donahue, energy and climate justice campaigner with the group.

Even so, Debra Steger, a professor with the University of Ottawa's law faculty, said there are too many uncertainties at this time to determine whether the directive would be challenged under the trade agreement.

It is uncertain whether or not the agreement will include an investor-state dispute mechanism, whether the directive will go through or if it would create problems for Canadian investors, she said.