

Harper to balance oilsands lobbying with trade concessions during Europe trip

By Jason Fekete, Postmedia News June 11, 2013 3:58 PM

LONDON — Prime Minister Stephen Harper will be juggling the need to push free-trade talks forward with efforts to tamp down concerns over oilsands crude as he begins an extended trip to several European countries.

Harper landed in London Tuesday night at the start of an eight-day trip. He's expected to deliver a speech to the British Parliament Thursday, where he'll be greeted with anti-oilsands protests.

But the government is also making last-ditch efforts to produce at least the outline of a free-trade deal with Europe while the prime minister is there.

The government is willing to smooth the way for more takeovers of Canadian companies by European firms, The Canadian Press reported Tuesday.

The proposed change comes after the House of Commons passed its budget bill this week, raising the threshold for automatic review from the current \$334 million to \$1 billion over the next four years.

Harper's spokesman, Andrew MacDougall, would not comment on the report. "Negotiations are ongoing and I won't speculate on the outcomes of those negotiations," he said.

Even as it courts trade, the federal government will be trying to build support against a proposed European Union fuel law that, as drafted, would label the oilsands a dirtier form of crude.

Ottawa says it supports Europe's efforts to reduce greenhouse gas emissions, but maintains the fuel directive is a discriminatory and non-scientific approach that singles out the oilsands.

"We don't want to see arbitrary standards applied against Canadian oilsands crude. We want it judged on science and in fair comparison with other sources of oil," said MacDougall. "The prime minister has had these conversations with foreign leaders before in Europe. We will certainly press Canada's position on this if it does come up."

It's expected Harper will also look to carve out a bilateral meeting with U.S. President Barack Obama on the sidelines of the G8 talks, with the Keystone XL oilsands pipeline almost certainly near the top of the agenda for any tete-a-tete.

Around the same time Harper delivers the first speech by a Canadian prime minister to the British Parliament since 1944, a coalition of environmental groups will gather outside to protest the oilsands and Canada's lobbying against the EU's fuel quality directive.

"The lobbying that we've seen from the Canadian government has been absolutely

extraordinary and relentless,” said Jess Worth, with the UK Tar Sands Network. “The battle over the tar sands has come to Europe in a very real way.”

Organizers say that, on the street outside Parliament, they’ll recreate the protest of former Canadian Senate page Brigette DePape, who was tossed out of the red chamber in 2011 during the Throne Speech after she held up a red stop-sign-shaped placard that said “Stop Harper.”

Environmental groups in Canada and Europe have been promoting the protest on a Facebook page that says: “Tell Harper: We Don’t Want Your Dirty Oil!”

Harper was to be joined in London by Foreign Affairs Minister John Baird, Natural Resources Minister Joe Oliver and International Trade Minister Ed Fast.

Oliver cautioned last month that Canada, as a last resort, may launch a complaint with the World Trade Organization if the European Union adopts a fuel quality directive that singles out oilsands-derived crude for having a higher carbon content.

The EU fuel directive would reduce emissions from transportation fuels by six per cent by 2020, effectively slapping a tax on oilsands crude because importers would face higher carbon fees to process Canadian oil.

“The fuel quality directive is, in our opinion, fundamentally flawed and it must be fixed or replaced,” Oliver said recently in Brussels following a meeting with European Commissioner for Energy Guenther Oettinger.

A council of EU ministers is expected to vote on the proposed fuel quality directive in the fall, after an impact assessment has been completed and released.

On trade, Canada has significantly moved to appease European demands, according to the Canadian Press, which says it is prepared to give Europeans more market access in protected sectors such as telecommunications, which has restrictions on foreign ownership, as well as uranium mining, postal services and insurance.

Later in the trip, at the G8 summit, Harper will likely shift priorities, bending the ear of Obama on the \$5.3-billion Keystone XL oilsands pipeline, which would transport 830,000 barrels of oil a day primarily from Alberta’s oilsands to refineries on the Texas Gulf Coast.

The Conservative government has been launching a public relations advertising offensive on American lawmakers in recent weeks — running ads in Washington D.C. newspapers, along with the launch of a new government website — selling Canada as a “world environmental leader” in hopes of winning U.S. political support for the project.

The Harper government says the TransCanada Keystone XL project is an important component of trying to increase pipeline capacity and getting western Canadian crude to market. Federal and provincial governments have been losing billions of dollars a year because of an ongoing pipeline squeeze.

Obama, who has been busy stickhandling several domestic political controversies in recent months, is expected to announce a final decision on the Keystone XL project later this year.

“My guess is there isn’t an answer (from Obama on the pipeline) but that Harper, by bringing it up (at the G8), will be able to put it back at the forefront, remind Obama that he needs to deal with it,” said Christopher Sands, a specialist in Canada-U.S. relations at the Washington-based Hudson Institute.

“Harper has a reputation for being very focused and to keep hammering away at the (Canada-U.S.) issue that is most important to Canada, and this is now Keystone. So the expectation has to be that he’s going to bring it up, and it can’t hurt because Obama has a lot on his mind.”