

The Mission of Canada
to the European Union
Office of the Ambassador



La Mission du Canada
auprès de l'Union Européenne
Bureau de l'Ambassadeur

Avenue de Tervuren, 2
1040 Brussels, Belgium

October 19, 2011

Mr. Günther Oettinger
European Commissioner for Energy
European Commission
B-1049 Brussels

Dear Commissioner,

Please find attached a copy of a letter from the **The Honourable Joe Oliver,**
Minister of Natural Resources, Canada, concerning the Fuel Quality Directive (FQD).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'D. Plunkett'.

David Plunkett
Ambassador Designate

Encl.

CC: **Commissioner Karel de Gucht, DG TRADE**
CC: **Commissioner Connie Hedegaard, DG Climate Action**
CC: **Commissioner Antonio Tajani, DG Enterprise**
CC: **Baroness Catherine Ashton of Upholland - High Representative of the Union
for Foreign Affairs & Security Policy & Vice-President of the Commission**



October 19 2011

Mr. Günther Oettinger
European Commissioner for Energy
B-1049 Brussels
Belgium

Dear Commissioner Oettinger,

I am writing to you regarding the proposed treatment of Canadian crude oil under the European Commission's proposed implementing measure for the Fuel Quality Directive (FQD).

The European Commission has recently proposed an implementing measure that differentiates oil sands crude from all other sources of crude oil. Yet there has not been a comprehensive scientific study of the greenhouse gas (GHG) intensity of crude oils currently used in the European Union, some of which we know have similar or higher GHG emissions than oil sands crude. Any proposed implementing measure that provides separate, more onerous treatment of oil sands derived crude oil relative to other crude oils with similar or higher GHG emissions intensities is discriminatory, and potentially violates the European Union's international trade obligations.

The proposed implementing measure asserts that oil sands crude should be treated separately from other sources of crude oil because it is a different "feedstock". There is no credible scientific source that differentiates oil sands as a "separate feedstock" and such categorisation is unrelated to the GHG intensity of the crude -- heavy crude is heavy crude. Rather than being a separate feedstock, oil sands crude is a heavy crude oil with GHG emissions and chemical properties similar to other heavy crudes found and produced throughout the world and currently used in Europe. Treating oil sands derived crude oil differently from other crude oils, based on anything other than actual GHG emissions intensity, does nothing to further the FQD's goal of reducing GHG emissions in fuels.

The credibility of the FQD depends on the quality and reliability of its data on life-cycle GHG emissions. However, not all sources of crude oil provide the same quality of data and transparency and countries that fail to provide such information are assumed to have low GHG emissions. As drafted, proposed implementing measure actually penalizes countries and companies that provide transparent, independently verifiable data. The proposed implementing measure therefore discourages less forthcoming sources of crude oil from providing better data or becoming more transparent. While Canada offers detailed data on GHG emissions from the production of crude oil, other oil producing countries often have less stringent oversight, are less transparent, or simply lack data concerning their oil sector's GHG emissions.

Canada

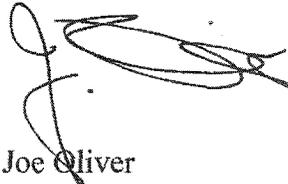
We object to being treated less favourably than other crude oil sources simply because Canadian industry provides more detailed data on oil sands emissions. It is not sufficient for the European Union to fail to address these data issues and base its directive on incomplete information. Furthermore, it is illogical for the European Union to defer any attempts to address these issues until 2015.

Canada believes that the proposed implementing measure is ineffective in meeting the FQD's policy goal and is discriminatory. Canada calls upon the European Union and its Member States to propose an effective implementing measure for the FQD, one which properly assesses all sources of crude oils used in Europe and ensures any differentiation is based on life-cycle GHG intensity.

Holding the third largest proven reserves in the world, Canada is a stable, reliable, democratic, and an environmentally responsible supplier of oil in a global market that is otherwise subject to a range of risks and uncertainties. Any policies that impede the free flow of global oil supplies are detrimental to our collective energy security. Implementation of the current FQD proposal could have significant and unintended consequences to the world oil supply to the extent it introduces discriminatory and non-science based impediments to global energy markets.

Canada objects to policy measures that ignore evidence-based approaches to meet the stated goal of the FQD, in favour of what appears to be an asymmetrical and arbitrary proposal. If unjustified, discriminatory measures to implement the FQD are put in place, Canada will not hesitate to defend its interests.

Yours sincerely,



Joe Oliver
Minister of Natural Resources