

Selling Dirtiest Oil

Peter Custers

IT LOOKS LIKE A PROXY WAR being fought on two fronts. On December 7 last, Canada's Environment Minister Peter Kent stunned the audience of the World Climate Summit convened in Durban, South Africa. Even as the UN's General secretary was making strenuous efforts to save the Kyoto Protocol, Kent publicly called on the international community to turn the page on the Protocol which he termed outdated. Any binding agreement, restricting Canada's scope to expand its CO₂ emissions, is seen as unacceptable. Hardly a week before, Kent's colleague, the Canadian Minister for Natural Resources Joe Oliver, had made an equally startling public statement, against clauses of the European Union's draft Directive on Fuel Quality. The draft Directive seeks to ensure that the overall carbon imprint of fossil fuels used in Europe be brought down by at least 6 percent before 2020, as compared to their imprint in 2010. Towards this objective, the Directive cites measurements for the emissions of greenhouse gases from different fuel sources, including conventional oil and oil extracted from tar sands. Thus, the European legislation reportedly estimates the negative value of conventional oil at 87.5 grams of CO₂ equivalents per megajoule, whereas the polluting effect of tar sands oil is estimated to be 107 grams per megajoule, i.e. some 22 percent more. This, according to the Canadian Minister is unacceptable. Hence he called the EU Directive on Fuel Quality 'unscientific' and 'discriminatory'.

Oliver's reaction to the Directive addressing fuel sources by name, itself indicates what's at stake in Canada's war of words. But what exactly are the merits of his case? First—the measurements on emission levels of conventional versus non-conventional oil are based on a peer reviewed study of academicians which the EU had commissioned in the beginning of this year. Hence, even at first view the Canadian Minister's comment seems a bit off the mark. Further, researchers linked to environmental organizations in Europe point out that the measurements quoted are based on a well-to-wheel evaluation of emission levels. In fact, the key difference in emission effects occurs, when tar sands oil is extracted and brought from in-situ mines to the surface. For it is at this point that specially large quantities of energy are required to get mining results. If for instance a 'well-to-tank' comparison of emission levels be relied on, the outcome is far more unfavorable to tar sands oil. For emission levels then are almost 2.5 times higher! Moreover and most ominously, Oliver's statement completely bypasses investigations which have been carried out by Canada's own government. Research carried out under Canada's Environment Ministry has also brought out that oil sands mining and extraction, in particular the in-situ mining that takes the lion's share, is far more greenhouse gas-intensive than is conventional oil.

To gauge the actual meaning of the pronouncements by Canada's Ministers one needs to travel to the Northern part of that country's province of Alberta. Here, in an area of 140 thousand square kilometres in size largely covered by beautiful lakes and forests, deposits of tar

sands oil are located below the earth's surface which are truly gigantic in size. A safe estimate of recoverable reserves, cited widely, puts the total at 173 billion barrels, or 85 percent of the world's entire deposits of tar sands oil, also known as 'bitumen'. Many of the world's leading oil corporations have already swarmed down on Alberta to invest in extraction here, and pressures to expand licensing are huge. One existing mine operated by a corporate consortium called Syncrude, for instance, is termed the very largest mine of any type in the world. A prominent 'player' is the British-Dutch Corporation Shell. According to 2008 figures, the company then produced 155 thousand barrels of tar sands oil per day in Alberta province, had already invested tens of Billions of Dollars in expansion of bitumen extraction and refining, and intended to raise its production level to five times the then level, i.e. to 770 thousand barrels per day! The French corporation Total, China's state-controlled firms, and the US's Chevron and ConocoPhillips too belong to the list of majors having invested in Alberta. Hence, it is easy to understand on whose behalf Canada's government is waging its proxy wars.

Further, the pressure which the oil corporations are exerting on and via the Canadian government, also needs to be seen in the light of 'peak oil', the fact that the world's production of conventional crude a few years back has reached an all-time peak. Recent speculation has in particular focused on Saudi Arabia, which country as well known, for decades has been the world's leading producer and exporter of crude oil. On an occasion such as the US's Gulf war staged in 1991 Saudi Arabia could easily operate as a 'swing- producer' for the West, filling up supply gaps caused by the war by using its reserve production capacity. Yet reports indicate that Saudi Arabia has recently halted a 100 Billion Dollar production expansion plan; that the country has not been able to increase its production capacity for many years; and that its oil exports have started declining. Hence, not only has global oil production five years ago reached an all-time peak, the world's prime exporter of conventional oil has started on its post-peak downward trend. This, of course, only increases the likelihood that oil prices will remain at the high, 90 to 115 Dollar per barrel level at which they have been hovering of late. And it makes the option of investments in tar sands oil which are costly to extract, all the more attractive for the oil corporations—whatever be the consequences for the world's climate.

Hence, the startling pronouncements by Canadian Ministers against the Kyoto Protocol and against the EU Directive on fuel quality are explainable, no matter how unforgiveable they be. Leading international institutions, such as the International Energy Agency (IEA) and the United Nations' Environmental Program (UNEP), on the eve of the Durban Summit warned that, as matters stand now, the world's climate on average may not just go upward by more than 2 degree Celsius, people risk saddling future generations with a climate that is as much as 6 degree warmer than today's. If the world allows the oil corporations to expand tar sands oil extraction instead of winding down their dangerous operations in Alberta, Canada will surely do the opposite from what it was committed to under Kyoto, and will contribute only more to the violence all are already perpetrating on future generations of humanity. It is not easy to differentiate or 'discriminate' between what's just and unjust when corporate profits are at stake. Yet vulnerable countries of the Global South have no other option than to join the choir of

Canadian indigenous people and environmentalists who warn that any extraction of tar sands oil is off limits, i.e. should be stopped. □□□