

## How do we get rid of oil?

Oil is still the 'lifeblood' of the world economy. It is the highest traded raw material in both physical quantity and dollar value. Most of us don't follow what the 'Brent' price is doing, but it affects every aspect of our lives, everything we buy and everywhere we go. And now, of course, we know it is one of the three fossil fuel drivers (along with gas and coal) that are leading us towards catastrophic climate change. It's destroying our world and we have to stop using it – fast.

Up until recently, it seemed that this just couldn't happen. In the 2000s we hoped for 'peak oil', that we would simply stop finding new oil, and that would force us into other technologies. But the urgency was then masked by the rise of shale oil in the US, and by 2012 it seemed that peak oil had been a false hope.

But in fact that threat hadn't gone away. The lack of big conventional oil discoveries since the mid-2000s has continued, and now it appears that investors have seriously fallen out of love with shale. Peak oil is back in the news and could be a reality by the early 2020s. It's possible that a high oil price may indeed drive our energy transition. Some analysts see this coming as early as 2023, exacerbated by rising demand, now at 100 million barrels per day, and going up 1% per year.

### **But there's another side to this story....**

But not so fast.... On the other side of the equation is the fact that demand is set to *reduce*. Finally, electric vehicles are becoming viable - an alternative to the internal combustion engine is here... Electric and hydrogen cars, trains, buses, vans, lorries, shipping and even airplanes are all being tried out, building support infrastructure and expertise as they go. The oil industry has finally been shaken out of its confident prediction that they would fuel our transport forever...

So, it seems there are two strong, conflicting trends. Electrified transport – cars, buses, trains and even ferries, trucks and aviation – are all coming on fast. Electric buses have already cut oil demand by 270,000 barrels per day – and we are only just starting out on the electric car revolution. Peak *demand* is likely some time in the 2020s. The implications for old-style oil companies are really challenging: they will find themselves in a battle for market share, and having to manage their own long-term decline.

### **Many aspects to consider...**

There are many moving parts to this equation.... I haven't discussed the impacts of trade wars, political sanctions and boycotts, divestment campaigns, other price factors such as the role of OPEC and Russia, the physical risks of climate change to oil production, or the risk that governments will finally get their acts together and stop subsidising oil. Much of this is new to the industry and to oil traders – a truly perplexing world of new variables...

### **The oil industry's strategy**

But bottom line, oil is now a 'sunset industry'. With the Paris agreement, we gave this industry its marching orders. The industry is lobbying like mad to slow this transition while at the same time promoting gas as 'clean', moving big time into chemicals and plastics, and focusing heavily on growth in 'emerging markets'. Just a few companies are taking small, tentative steps into clean technologies. We need them to do this, to throw their capital and political weight behind this transition – for Big Oil to become Big Green Tech. At the moment, while there is money to be had from Business As Usual, they are reluctant to do this.

### **What do we, as consumers, do?**

For us, we need to prepare for the worst case of high oil prices, and we need to prepare for climate change. We cannot stay below two degrees, let alone one, without the Global North making big cuts in our wasteful consumption. We need to rediscover our legs – get walking and cycling; drop the over-sized status-driven cars and buy economical / electric; buy local, seasonal and organic produce; re-think our impulse buying of clothes and gadgets; and take low-impact holidays that don't involve flying. Anyone still using oil for heating needs to get advice.

We can take heart from the fact that our own reduced consumption will benefit the climate *and* our pockets. It may seem that our own individual actions have little effect but each reduction has a far bigger impact that we can see.... A third of our shipping is just getting oil to us, a typical North Sea oil rig will consume the power of a city the size of Bath... When we don't buy that tank of petrol, we are saving far more than that one tank - all the production, refining and transport consumption – and emissions. So when we cut, we send a big signal to this industry that *needs constant demand growth* to justify its investments.

### **Don't wait for oil to become more expensive**

So, don't wait for the market to change the price. Corny as it sounds, be the change you want to see.... And for added effect, ask your pension company to detail your top ten investments – are they still in this sunset industry? Then ask the government why they have just given another £3 billion in subsidies to the oil industry and almost all the infrastructure budget is for new roads and airport expansion.

It's time to make your voice heard and vote – in every way possible – for an oil-free world, and the good news is that we really can drive this change.