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I attended an Energy Summit in mid-November. The summit included representatives from not only Oil and Gas but also most or all of the other energy sources including coal, nuclear, hydro, wind, and other renewables. The intent of the summit was to discuss if what principles and objectives a National Energy Framework would entail. Certainly since the discussion began a few years ago much literature can be found in the media; one framework paper has been completed by EPIC (Energy Policy Institute of Canada); another by Tides Canada. In general a number of policy principles are largely the same however they become divergent depending upon what different sides feel the mix should be between markets and government policy mix.

The IEA (International Energy Agency) recently released its 2012 World Outlook. A couple of the themes they touched upon included Energy Efficiency as being a subtle but powerful force in energy use reduction; and the use of water as becoming more important in the exploitation of energy resources. The report indicated the USA would become a net exporter of oil by 2035 through Oil Shales supply increases and through reduced demand as their population levels off and the general public transportation habits continue to change.

This brings me to an interesting article in The Economist – ***Driving, The road less travelled, Car use is peaking in the rich world*** published on September 22, 2012 – Some excerpts follow:

Modern life is unimaginable without the car. The automobile has powered the growth of cities and steered their sprawl. Its manufacture has created millions of jobs and eased the development of many millions more. In rich countries, 70% of journeys are now by car. More than a billion cars now roll on the world's roads.

Measured globally, car use will go on rising, for as people in emerging markets get rich, they want the mobility and status that car-ownership offers. But in the rich world the decades-long link between rising incomes and car use has been severed and miles driven per person have been falling. That is partly because of recession and high oil prices, but the trend pre-dates 2007. Other, longer-term, factors are at work. One is generational: car-ownership is reaching saturation. The current cohort of retirees is the first for whom driving was commonplace, so new generations of vehicle-owners will replace rather than add to existing ones. Young people, meanwhile, are falling out of love with cars. All over the rich world they are getting their licences later, and they use other forms of transport more than the young did a generation ago.

That, like so much else, may be partly a consequence of the internet. Never before has not travelling been so much fun. People who want to socialise can do so virtually, instead of driving round to each other's houses. Shopping can be done online, instead of buzzing off to the supermarket or the mall: one van delivery can do the work of many individual shoppers in their cars. People who don't want to go into the office find it increasingly easy to do their work from home.

But government policy also makes a difference. Congested roads, smog and fears about global warming have led many cities to try to change the way people move around. Tokyo has shown that mass-transit systems need not be a poor or dirty option. Portland, which grew with the car, has since the 1980s developed its light rail. London has devoted more space exclusively to buses and cycles; cars pay to enter the centre. Singapore has congestion-pricing too. For the past 30 years Copenhagen has cut the number of parking bays by 3% a year. By contrast, in places where petrol is undertaxed so the motorists are shielded from the costs of the pollution (America) or where urban design has included public transport as an afterthought (Los Angeles), policy has supported the car.

Policy drives change

So even though it will be hard to detect in many parts of American suburbia, car use may well have peaked in the rich world overall. Is that a good thing? Not entirely: governments will lose out on revenues from fuel and car taxes, for instance. But in many other ways it should be a boon. Falling car use should reduce oil-importers' dependence on volatile foreign governments. It should cut pollution. Cities could become pleasanter places to live in. And, since obesity rates track car use, more people will take up walking and cycling, and fitter people are less depressed and more productive (or so they tell us).

A decline in miles driven per person in the developed world does not spell doom for carmakers. There is plenty of demand for them in the developing world. They may overcome resistance in the rich world by coming up with radically cheaper or greener cars or new vehicles entirely (driverless cars, for instance). But in the short term the falling underlying demand makes the industry's excess capacity in Europe all the more wasteful; politicians should let them close factories.

Governments in emerging markets, where hundreds of cities are taking shape, should learn from mistakes and successes elsewhere. Policies that encourage people to drive into urban centres—by, for instance, requiring businesses to offer parking spaces for employees and customers—condemn metropolitan areas to heavy car use and congestion. Planning that provides mass transit systems and good pedestrian and cycle ways can make them more efficient. That is happening in some places. China is building rail networks in more than 80 cities. Eighteen Indian cities are developing metro systems. Yet many cities continue to drive themselves round the same bend as in the developed world. Bangkok, Dhaka and Jakarta are building more freeways in response to already clogged ones.

The car will bring freedom and fun to millions in emerging markets, just as it has done in the rich world. But if technology and policy are enabling people to find cheaper and cleaner ways to work and enjoy themselves, that is all to the good.

The IEA 2012 World Outlook says: Growth in oil consumption in emerging economies, particularly for transport in China, India and the Middle East, more than outweighs reduced demand in the OECD, pushing oil use steadily higher. The transport sector already accounts for over half of global oil consumption, and this share increases as the number of passenger cars doubles to 1.7 billion and demand for road freight rises quickly. The latter is responsible for almost 40% of the increase in global oil demand: oil use for trucks – predominantly diesel – increases much faster than that for passenger

vehicles, in part because fuel-economy standards for trucks are much less widely adopted.

Underlying all of this for Canada will mean access to world markets is fundamental going forward.

From the Thursday Files

I don't care whether you're driving a hybrid or an SUV. If you're headed for a cliff, you have to change direction. That's what the American people called for in November, and that's what we intend to deliver."

- Barack Obama.....February 2009