



Examine why most countries want to reduce their dependence on oil. [15 marks]

Introduction

Industrialisation has changed the way humans live allowing much greater consumption and more choice. Most industrial processes depend significantly or at least in part on oil as a raw material and as an energy source. The drastic improvements in transport and increased access to cars, planes, motor-cycles around the world has also vastly increased our reliance on oil. Oil has become the backbone of most economies but it is a finite resource and is running out.

Main Content

Many countries are keen to reduce their dependency on oil because:

With a limited supply of oil and increasing demand (China & India industrialising) world prices are rising and causing the prices of most things in most economies to rise with them.

Increasing dependence on Middle Eastern countries for oil supplies (UK & US resources are dwindling) has been causing political tensions for many countries as they aim to secure supplies for their own countries.

Recent conflicts in the Middle East & North Africa (Iraq & Libya) have led to volatility in oil prices with large & sudden increases which causes many problem for economies, firms and individuals.

Increasing concern over climate change with the bulk of scientists suggesting that fossil fuels (of which oil is one) are one of the major causes due to CO₂ emissions.

Linked to this are targets for reductions in greenhouse gas emissions that many countries have signed up for (Kyoto Agreement). Reducing fossil fuel combustion is the fastest way to do this.

Increased public awareness of climate changes and increased public desire to combat it is pressurising Governments into looking for ways to change.

Environmental accidents (BP Deepwater Horizon oil spill, 2011) have raised awareness of the hazards of the oil industry, with loss of life, significant environmental damage & significant economic damage to many firms and individuals affected by the spill.

Increasing cost of oil is making alternative sources (renewables) comparably more affordable & this is leading to increased investment in them & new technologies which should further drive the cost down. Solar power & wind power have had significant developments & biofuel use has vastly increased in recent years.