ISSUE BRIEF

World Platinum Investment Council

Platinum demand growth in automotive applications is still likely despite calls to ban diesel cars from some major cities

Background

Media coverage in 2015 and 2016 of various calls to ban diesel cars from cities may have led some consumers and investors to believe diesel cars could be phased out and that the associated platinum demand will fall.

This is unlikely for many reasons including:

- Diesel cars typically emit 20% to 30% less CO_2 per kilometre than comparable gasoline cars
- NO_x emissions from diesel cars are typically a small portion of urban NOx concentrations
- Diesel car technology is already available to meet on-the-road emissions requirements
- Does not account for diesel car longevity, capital and operating cost-effectiveness and consumer preference
- Global car growth requirements, linked to population growth/demographic change

Each of the above topics is complex and the subject of WPIC research, which will be published separately.

The recent suggestion that diesel cars should be banned from London's roads is presented below as an example and reminder of why the impact of such claims on platinum demand should be carefully considered.

Nitrogen oxide (NO_x) emissions from diesel cars in London are 11% of the total. London continues to implement effective and comprehensive NO_x strategies that do not just target diesel cars. This includes retrofitting emissions controls on buses, increasing the portion of low emission hybrid buses and the effective use of city-entry levies to discourage older vehicles that emit higher levels of NO_x. A blanket ban on diesel cars would not solve excessive urban NO_x concentrations.

Reducing urban pollution, the London example:

Reducing urban pollution in cities such as London is a complex problem deserving of careful consideration and the adoption of a range of solutions to address all vehicle emissions as well as significant non-road pollution sources.

NO_x emissions in Greater London exceed UK and EU limits. However, official Transport for London (TfL) data shows that diesel cars account for 11 per cent of NO_x emissions, while taxis and petrol cars contribute 7 per cent and 3 per cent respectively. Buses and heavy duty trucks together contribute 20 per cent.

London's infrastructure adds notably to NO_x emissions, including fossil-fuelled commercial and domestic boilers, responsible for 21 per cent of emissions, while trains and other non-road machinery account for another 18 per cent.

TfL is already implementing comprehensive plans to reduce emissions. It has successfully retrofitted over 1,000 diesel buses with modern urea-based catalytic converters and altered its bus fleet mix in favour of hybrid buses. London now has one of the largest hybrid bus fleets in Europe.

The plans for London, currently under consultation, pragmatically target higher NO_x, older emissions technology. This includes low and ultra-low emission zones, a higher city entry levy in 2020 for diesel cars more than 12 years old, continued retrofitting of older buses and ensuring that all new buses are in hybrid or zero emission format.

In addition, London has over 80 bus depots, an ideal infrastructure to support widespread use of fuel cell electric buses. Adoption could dramatically reduce bus NO_x emissions at a lower cost. London has eight zero-emission fuel cell electric buses in service.

Banning diesel cars from London's roads would be a blunt policy response to a complex and evolving problem. This move looks unlikely based on current actions and trends.

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