



The Round-Up: March 2nd 2007

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[Shortage of diesel fuel now 'critical'](#)

Two major fuel suppliers are sounding the alarm for Ontario's trucking industry amid "critical" shortages of diesel fuel in the province.

The fuel shortage, which has seen motorists inconvenienced for more than a week as gas pumps intermittently run dry, has forced Ultramar to suspend diesel deliveries to four Toronto-area service centres and three other Ontario cities - Hamilton, Cambridge and London.

"These sites will remain open only while the product currently in the storage tanks lasts," Ultramar said Thursday in a notice to customers....

..."The last thing you want to have is a situation where your gas stations may be closed but, worse, our truckers cannot get the product from A to B," he said.

McTeague said the Energy Supplies Emergency Act allows the federal government to take action if shortages cause social or economic problems.

[Truckers say Ontario fuel shortage "critical"](#)

The Ontario Trucking Association warned on Tuesday that the big rigs used to transport everything from chickens to car parts could soon be parked on the roadside if nothing is done to alleviate a growing fuel shortage in Ontario....

A growing number of trucking companies are also reporting that their bulk storage facilities are empty, or close to being depleted, and fuel suppliers are saying relief may not come for days, Bradley added.

If the fuel shortage persists, he said, smaller firms could go out of business -- and eventually shortages would be seen on store shelves. Ninety percent of consumer products and foodstuffs are shipped by truck, he said.

"If you started to see trucks being taken out of service because they couldn't get fuel it would make the CN strike of the last couple of weeks look like a tea party," Bradley said.

[Plenty of oil but no gas](#)

All major industrialized countries have set up Strategic Petroleum Reserves (SPR) that can be used in times of supply crisis. The U.S. and the European Union are leading the way; the SPR can theoretically replace oil imports for 60 and 90 days, respectively.

Canada is the only OECD country not to have such a reserve.

One might argue that we do not need it since we are producing lots of oil and we could divert it for our own use at any given time. Unfortunately, NAFTA sets limits for any such political action.

[Gas Q&A: All Those Questions You've Always Wanted To Ask An Oil Company Exec.](#)

Q: Why is a problem at Esso affecting other companies who don't depend on the Nanticoke plant?

A: Our competitors have a lot of sites and what has happened, as those have closed, the drivers have moved over to our retail sites to fill up. It's kind of overwhelmed our ability to replenish. We have product available. It's just getting it to the sites.

"You're talking about 55,000 barrels a day of gasoline into the Ontario marketplace on any given day so that's a huge gap to fill.

[One woman, fighting to save her people from extinction](#)

Ms Watt-Cloutier may not be a household name around the world - yet - but she has been singularly effective in getting herself in front of Canadian government commissions and United Nations panels and pleading her cause in documentaries and media interviews. What she does, by her own definition, is "put a human face" on the devastations being wrought by global warming and explain its effects on real people, their lives and livelihoods.

Listen to her, and you will hear about even experienced hunters falling through the thinning ice and drowning, about food becoming scarce, about roads and runways crumbling because of changes to the permafrost, about houses collapsing, about contaminants showing up in the breast milk of Inuit women, about new non-native plant and animal species - robins and barn owls, for example - so strange that the Inuit language does not have words for them.

A study championed by the organisation she represented for many years - the Inuit Circumpolar Conference, or ICC - showed back in 2004 that average annual temperatures are increasing more than twice as fast in the Arctic as in the rest of the world. "We on a daily basis observe the minute changes that are occurring in the environment," she said. "We are the guardians of the environment, in fact, because we're on the land every day ... we're the early warning system for the rest of the world."

Ms Watt-Cloutier did not need to go out into the world to be politicised on this issue; the issue came right to her doorstep. From her home in the far northern town of Iqaluit, which sits on Baffin Island in Canada's recently formed Nunavut province, she can see the ice caps melting and the permafrost thawing. "We're already living this reality," she

said. "It's not a theory in the future, it's right now in the present."

[Inuits blame U.S.A. for climate change](#)

As the world's largest emitter of greenhouse gases, the United States has come under heavy criticism, including from people who live almost on top of the world.

The Inuits of Northern Canada and beyond are taking their case against the United States on Thursday to an international human rights commission. They have scant chance of a breakthrough but still hope to score moral and political points against the U.S. and its carbon spewers.

"The point here is that our way of life is at stake," says Sheila Watt-Cloutier, who was nominated with former Vice President Al Gore for a Nobel Peace Prize for their work on climate change.

[Carbon tax a possibility, Dion confirms after Conservative attack](#)

Conservatives pounced on Liberal Leader Stéphane Dion yesterday, accusing him of supporting the "mother of all tax increases" and backing away from assurances he gave Albertans in January that he would not impose a carbon tax.

The Conservatives planted a question from their own ranks yesterday for Environment Minister John Baird, in response to Liberal MPs who said this week that their party may soon endorse a carbon tax on corporations and consumers as a way of fighting global warming.

"A big battle is taking place right within the Liberal Party caucus to bring in a big tax whack called a carbon tax on Canadian families," Mr. Baird answered in the House. "Let us be very clear. The only thing standing in the way of a large mother of all tax increases is the Conservative Party and the Prime Minister." Mr. Dion confirmed after Question Period that his party is on the verge of "improving" its environmental platform and that a carbon tax is on the table.

[Dion backtracks on carbon tax](#)

Liberal Leader Stéphane Dion retreated from his previous opposition to a carbon tax Thursday, blaming Conservative government cuts to climate change programs for forcing him to revisit his own party's environmental policies.

Dion said the proposed tax for businesses, responsible for greenhouse gas pollution linked to global warming, is among the new measures he's considering in an effort to improve his platform.

"We have a set of possibilities and it's a possibility," Dion said outside the Commons. "This being said, when we will announce something, it will be fair for every province, including the province of Alberta, and it will be good for the economy. So we will announce something that will be very clever and very good."

But Environment Minister John Baird ridiculed the new Liberal position, noting Dion had previously rejected carbon taxes, while deputy Liberal leader Michael Ignatieff had endorsed them.

[Carbon tax back on Grit agenda?](#)

"It's not been ruled out. It's a debate we're having right now in our caucus," said Grit environment critic David McGuinty.

The party is currently undergoing a wholesale policy review as it prepares its next election platform.

McGuinty's comments came as he appeared alongside two environmental groups recommending carbon taxes or fees worth 10 cents a litre on gas and three cents per kilowatt-hour on electricity.

The revenues, totalling almost \$6 billion a year, would be pumped back into environmental initiatives such as better transit and incentives to purchase more fuel-efficient vehicles.

[B.C. to recruit energy workers outside borders](#)

A potential labour crunch is flagged in B.C.'s new energy plan, which was released Tuesday. It includes ambitious conservation targets and numerous initiatives aimed at reducing greenhouse gas emissions and making the province self-sufficient in energy by 2016.

Recruitment efforts won't be aimed at poaching workers from Alberta, which has drawn many former B.C. residents to work in its booming oil sands sector.

"We're not there to try to outdo what's happening in Fort McMurray - that would be pretty tough to do," Mr. Neufeld said. "But what we are going to do is encourage people and let them know what opportunities there are in B.C."

[Trade agreement could terminate B.C.'s climate plan](#)

Gordon Campbell would like to think he's upstaging Arnold Schwarzenegger by proposing strict new environmental regulations. But a little-known trade agreement with Alberta could end up terminating any effort to fight climate change, says the Council of Canadians.

On April 1, 2007, the relatively unknown Trade, Investment and Labour Mobility Agreement (TILMA) between B.C. and Alberta will go into effect. "After that date, both provinces can be sued by corporations or individuals for exactly the kind of regulatory changes B.C. Premier Gordon Campbell is proposing in his new environmental plan," says Carleen Pickard, B.C. spokesperson for the Council of Canadians.

TILMA, which was signed into law without public debate last April, is a legally binding

agreement between Alberta and B.C. that gives businesses and individuals the right to sue either province when they feel that any regulation or other government policy "restricts or impairs" investment. B.C.'s plan for higher tailpipe emissions standards on new vehicles, anti-idling measures for transport trucks, new low-carbon fuel standards and stricter rules on methane-capture at private landfills will all impair investment and are therefore vulnerable to attack under TILMA.

"TILMA also forbids the introduction of new standards or regulations after April 1, 2007," adds Pickard. "B.C.'s proposed climate plan is clearly incompatible with this new trade and investment agreement, which is a perfect example of why TILMA should never have been signed in the first place."

[TILMA 'radical' shift in business](#)

Lastly, Hansen says TILMA does not require "harmonization." He is playing with words. It is true the word harmonization does not appear in the agreement, but "reconcile," a word with the same meaning and same implications, does. In addition, Article 5 calls for "mutual recognition" of each province's regulations. It allows an investor to, in effect, apply the weakest regulations of the two provinces to his investment.

For example, Vancouver has rent controls, but Alberta does not. An Alberta investor buying an apartment building here could use TILMA's "mutual recognition" article to have rent control waived for his building.

Maxime Bernier, the federal Industry Minister, praises TILMA because, he says, it will force governments to "compete" to have the lowest regulations.

[Suzuki says premier unfit to lead Alberta](#)

One of Canada's top climate change crusaders blasted Ed Stelmach on Friday, saying the Alberta premier's reluctance to curb greenhouse gas emissions makes him unworthy of leading the petro-powered province.

During a trip to Calgary, David Suzuki said Alberta needs to put the brakes on unlimited oilsands development until industry finds a more efficient way of extracting the fossil fuel.

There are more than \$100 billion worth of oilsands projects on the books for northern Alberta, but concerns are mounting about greenhouse gas emissions tied to its rapid development.

"If your premier thinks he's worried about the future -- and he doesn't realize not doing anything about greenhouse gases is going to wreck the economy -- then he doesn't deserve to be a leader," Suzuki said. He was responding to Stelmach's comments Thursday that Alberta's economic growth won't be sacrificed to meet environmental targets of the Kyoto accord.

Speaking to a business crowd on Thursday, the premier said he understands protecting the environment is a responsibility, but added: "It's clear that green politics are as much about emotion as they are about science."

[Equalization: We'll huff and we'll puff...](#)

and we'll hold our breath until we turn blue.

Well, deeper blue.

Maybe purple.

And if that doesn't work we'll stamp our feet.

The provincial government of Danny Williams has such an effective relationship with Ottawa that its operatives must resort to leaking correspondence to the Globe and Mail's Brian Laghi in an effort to get anyone to pay attention to them.

[How much is a fair share?](#)

Surprise, surprise - we're on our way to becoming a have province within five years and surviving on our own without handouts from Ottawa for the first time in forever, but only if we don't shag it up.

All we want is our fair share, sure any Newfoundlander will tell you that. But who's to say what our fair share is? Locke attempts to answer the question in a fascinating article for the Newfoundland Quarterly's most recent issue.

It's easy enough to see where the call for a "fair share" comes from, considering the high price of oil and the profits posted by Big Oil. ExxonMobil recorded the largest annual profit in U.S. history in 2006 at \$39.5 billion, up from the previous record of \$36.1 billion in 2005.

Those kinds of numbers strengthen the resolve of leaders like our Danny to ensure the primary beneficiaries are governments themselves and the people, like us, that they represent.

"It is easier to agree with the view that the owners of the resource - the people of the region in which the oil and gas resources are located - should receive a fair share of the benefits than it is to identify a specific share that is fair," Locke writes.

He asks how much more would make it fair? And more of what - taxes, royalties, jobs, spinoffs?

[Province urged to halt LNG project](#)

The panel members said Mr. Parent has a tough judgment to make because the project represents a "scale and type of development which would be unique in Nova Scotia" and has the potential of benefiting but also hurting the rural area.

"While some impacts would be positive (employment and investment), other impacts to the environment and on the rural surroundings and way of life would be negative. . . . The panel recognizes that a final decision will present significant challenges to the Nova

Scotia (environment minister) in balancing economic development with the need to ensure environmental sustainability."

[Canada, Japan test production of frozen gas](#)

Japan's government said it will start test production of frozen natural gas in Canada's permafrost area as part of Japan's 16-year project to siphon gas from methane hydrate, a form of the fuel known as gas crystals.

State-run Japan Oil, Gas, and Metals Corp. and Natural Resources Canada drilled a test well inside the Arctic Circle last Thursday. In March, they plan to start extracting gas from the hydrates, an ice-like form of methane trapped in oxygen and hydrogen, by depressurizing the icy gas crystals inside a drilled hole.

Methane hydrate has to be depressurized or heated to be turned into gaseous form.

[Canadians watch progress on Alaska gas line](#)

Canadian born Alaska Sen. Fred Dyson, R-Eagle River, remains well-versed on trade issues with Canada by representing the state on the Pacific NorthWest Economic Region, which promotes cooperation among governments and businesses.

Dyson said the value of a partnership with a Canadian government and pipeline company cannot be underestimated.

"We will have a difficult time building a line across Canada without a major Canadian partner," he said. "Canadians are more provincial than Alaskans and uneasy about the undue cultural economic influence of this giant immature neighbor of theirs. Having Canadians as a partner politically gives us a significant advantage."

Palin is in Washington, D.C., discussing her pipeline ideas with U.S. federal regulators and lawmakers, but has met with Canadian officials since taking office Dec. 4. Further, she said she will be working with U.S. Sen. Ted Stevens on an upcoming Canadian summit.

[Fort Hills potential boosted by one-third](#)

Petro-Canada's Fort Hills oil sands project could produce as much as 4.7 billion barrels of bitumen in total, a new report suggests, up by about one-third from estimates made a year earlier.

The numbers were issued Wednesday by UTS Energy Corp., a junior oil sands company that has a working interest of 30 per cent in Fort Hills. Petrocan is the operator, with a 55-per-cent working interest, and mining company Teck Cominco Ltd. has 15 per cent.

[Drilling Down](#)

The North American natural gas industry is a real-time illustration of the law of diminishing returns. Exploration and production (E&P) companies are sinking an ever-growing number of wells, but extracting an ever-shrinking quantity of natural gas. In other words, the North American natural gas industry is becoming very "drilling-intensive." That's bad news for the E&P companies, but good news for the folks who provide the drill rigs and pipes and other equipment that the explorers use.

[Forecasters see La Nina brewing](#)

Forecasters don't know how strong this La Niña will be. However, it typically means more hurricanes in the Atlantic, fewer in the Pacific, less rain and more heat for the already drought-stricken South, and a milder spring and summer in the north, Mr. Lautenbacher said. The central plains of the United States tend be drier in the fall during La Niñas, while the Pacific Northwest tends to be wetter in the late fall and early winter.

Of special concern is west Texas which is already in a long-term drought, which during a La Niña will likely get worse, Mr. Lautenbacher said.

La Niñas tend to develop from March to June and reach peak intensity at the end of the year and into the next February, according to Vernon Kousky, NOAA's top El Niño/La Niña expert. La Niña winters tend to be warmer than normal in the Southeast and colder than normal in the Northwest.

[Eco Financing](#)

When you buy a car you do pay up front or amortize the cost by borrowing to lessen the initial sting? Why not do the same when purchasing mechanical upgrades to your house?

This makes way more sense because if you buy a heating/cooling system such as a geothermal heat pump, you will save a significant amount on the monthly utility costs. You will win out in the end. You can't do that with a car.

Alternative heating and cooling systems will become more common simply because they do make economic sense in the long run. The Question then becomes how long will it take the banks and other financial institutions to promote products encouraging the purchase of such improvements?

[Will green tech become the valley's new bubble?](#)

Silicon Valley's shift toward green technology is in high gear. Will it create the same kind of bubble, bust and lasting change as the Internet itself? Are we going to party like it's 1999? Will we hear venture capitalists like John Doerr describe ``green tech" the way they did the Internet boom in the 1990s as the ``largest legal creation of wealth in human history"?

I don't think we're in danger of going over the edge into a bust just yet. It's so early, and the bubble warning signs just aren't there. For instance, we don't have any 50-person

green tech start-ups valued at \$10 billion yet.

[Yen strength raises fears over carry trade](#)

The Japanese yen on Friday headed for its biggest weekly gain against the dollar in 14 months, raising fears about the unravelling of the global carry trade.

The continuing strengthening of the yen comes in the wake of a widespread downturn and volatility across the global equity markets - which initially started on Tuesday when the mainland Chinese stock market fell by nearly 9 per cent.

[Deep in Debt, Deeper in Denial](#)

"Maxed Out" is directed by filmmaker James Scurlock, a Wharton business school dropout and entrepreneur. Scurlock also wrote a book based on the film, which is due out next week from Scribner, a division of Simon & Schuster.

Scurlock says he started out hoping to do a lighthearted riff on consumer irresponsibility, but was shocked by what he found: College students and housewives committing suicide over their credit card debt, and the nation's biggest banks involved in predatory lending schemes.

In one case, the film shows Citigroup's lending arm foreclosing on a Mississippi shack owned by developmentally impaired woman and her severely retarded 44-year-old son after they were refinanced into a loan they couldn't afford.

"I wanted to know why people are living so close to the edge," says Scurlock. "A lot of people just haven't been able to keep pace with expenses like health care, education, and housing. Credit cards become the life raft that people don't even have to reach for -- they're just there." Scurlock points to new "medical" credit cards, for example, which invite consumers to dive deeper and deeper in debt.

[How Long Can The U.S. Count On Foreign Funding](#)

In a speech in 2004, then Federal Reserve Chairman Alan Greenspan said: "It is difficult to imagine that we can continue indefinitely to borrow savings from abroad at a rate equivalent to 5% of U.S. gross domestic product." Well, by the third quarter of 2006, the U.S. was dependent on foreign lending to the tune of more than \$860 billion, or about 6.5% of gdp, and the need for foreign money will most likely hang above 6% through 2007. The big question: Can the U.S. continue to count on this massive amount of foreign capital to fund its overseas obligations and finance its economic growth?

The question seemed especially urgent after the Treasury Dept.'s eye-opening report that net inflows of foreign capital into long-term U.S. securities fell to only \$15.6 billion in December. It was the skimpiest monthly total in almost five years. Consider that during all of 2006 the U.S. needed, on average, more than \$70 billion a month in foreign funds to finance its current account deficit, made up mainly of the trade deficit, along with net investment income that the U.S. owes to foreigners and certain government

transfers.

[Central banks cutting holdings of U.S. dollar](#)

Central banks around the world are continuing to diversify their reserves by cutting their dollar holdings, according to a survey sponsored by Royal Bank of Scotland Group.

Italy, Russia, Sweden and Switzerland have made "major adjustments" in foreign-exchange holdings favoring the euro and the pound, according to the poll, which was conducted by Central Banking Publications between September and December 2006.

China also plans to manage its reserves more actively, the report said.

"Central banks are open to saying they've been diversifying to improve returns and reduce exposure to any single currency," said Sean Callow, senior currency strategist at Westpac Banking in Singapore. "There's no doubt that when they say 'diversification' they mean selling dollars."

[The Ugly Reality of the US Stockmarket](#)

The reason why the Dow Jones Industrials Average features so prominently in the mainstream financial press is that it is the principal tool used by wholesale vendors of stock to sucker the ordinary retail investor into buying at market tops.

[Subprime housing game is over](#)

For the better part of at least six months, and perhaps nine, it has traded more like a price-discovery market (think voting machine). That's how commodities such as wheat and corn trade -- they just get pushed from one price to another. Daily reactions are almost totally to price, although fundamentals are loosely correlated.

Everyone has grown up thinking that the stock market discounts, meaning it anticipates a company's operational performance and prices a stock accordingly. The market has done so in the past, and it will again.

But for now, it discounts next to nothing. Witness the huge gaps seen recently in the subprime sector, where problems seem to have arisen out of the blue -- although they have been easily foreseeable, as I have been chronicling in this column. When the market reverts to discounting and ceases to be the price-discovery animal it is today, there will be a tremendous amount of violence on the downside.

[Wall Street most at risk in housing downturn](#)

The party most vulnerable to the retreat of housing exuberance is not housing, it's the mortgage profiteers, at this moment the Wall Street co-dependents even more so than their Main Street lender-accomplices.

Since the 1980s the ultimate source of mortgage credit has been the Street, at first because of its ability to handle interest-rate risk. "Handle" is the civilian term for hacking up mortgage-backed securities into derivative securities and spreading the interest-rate risk all over the world. In roughly 2000 the Street figured out how to handle credit risk, and the junk mortgage was born.

[What to do in a failing civilization](#)

The nature and scale of our economic behavior is reducing the capacity of the Earth to support us in the future. The list is long: destruction of biological diversity, over fishing, ozone holes, aquifer depletion, the drying up of rivers and lakes, the pollution of ground water with salt and industrial chemicals, soil degradation, desertification, fossil fuel depletion, mineral depletion, and climate change. In spite of these trends, we demand more from the Earth each year. The demographers say that there will be 8 or 9 billion of us in 2050, absent intervening catastrophe, just when some of these trends will have reached their full destructive capacity, and all of them will be working furiously to demolish the support Earth lends us. Can we react in time to oppose these trends effectively?



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