



The Round-Up: May 24th 2007

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[What's the meltdown price for uranium?](#)

Add another certainty to death and taxes: Barring some sort of nuclear catastrophe or an instant, massive influx of new supply, the price of uranium oxide is going to continue its shocking rise for now.

The question for the fissile metal's producers, and for investors seeking to cash in on the gains, is how high can it get before its key nuclear power plant consumers defer plans to add reactors, or try to cut consumption at existing plants, as they wait for much delayed new mine supplies to come on stream and bring the price back down?

Since bottoming out at just \$7 (U.S.) a pound in December, 2001, the "yellowcake" spot price has climbed almost exponentially, hitting \$40 a pound about a year ago and a startling \$120 a pound last month. This means it is very close to shattering the record high of \$43 it hit back in 1979, which, adjusted for inflation, is the equivalent of \$122.42 today. Already, some producers are predicting it could rise to \$250 some time next year.

[Oil, gas fuel Canada by \\$40B](#)

A new study says growing demand for energy, coupled with price increases, has led to consistent growth in Canada's oil-and-gas sector over the past 10 years.

The Statistics Canada study says the oil-and-gas sector contributed more than \$40 billion to Canada's gross domestic product in 2006, while sector employment increased at a somewhat faster pace than the national average.

Total employment in all oil-and-gas industries amounted to roughly 298,000 in 2006, a 22 per cent increase from 1997, while the general economy expanded at a 20 per cent pace.

Employment in oil-and-gas exploration, extraction and production increased at three times that pace, about 65 per cent, to roughly 177,000 from 107,000, with 75 per cent of the jobs in Alberta.

The impact on wages was pronounced: In 1997, employees in oil-and-gas extraction earned 58 per cent more per hour than the average worker; by 2006, this gap had widened to 80 per cent.

[House approves stiff gas-gouging penalties](#)

The House, eager to do something about record high gasoline prices in advance of the Memorial Day weekend, voted narrowly Wednesday to approve stiff penalties for those found guilty of gasoline price gouging.

The bill directs the Federal Trade Commission and Justice Department to go after oil companies, traders or retail operators if they take "unfair advantage" or charge "unconscionably excessive" prices for gasoline and other fuels.

The White House called the measure a form of price controls that could result in fuel shortages. It said President Bush would be urged to veto the legislation should it pass Congress.

[GE Unveils First Hybrid Road Locomotive](#)

GE today announced the debut of its one-of-a-kind hybrid road locomotive at its Ecomagination event in Los Angeles. GE's Evolution® Hybrid locomotive will be unveiled tomorrow, May 24, at LA's historic Union Station to demonstrate the progress that GE's Transportation business is making in developing a freight hybrid locomotive that is capable of recycling thermal energy as stored power in on-board batteries.

This demonstration hybrid unit will be one of many technologies featured at the Ecomagination event that are developed and used in the rail industry to reduce smog-causing emissions, including Nitrous Oxide emissions, and particulate matter. Ecomagination is GE's initiative to bring to market new technologies that will help customers meet their most pressing environmental challenges.

[How to Shift our Transport Paradigm: Learning from Grenoble](#)

In a [recent article](#) for Raise the Hammer, I described the impressive public transport system the city of Grenoble (France) has developed over the last twenty years.

Its centrepiece is a modern streetcar network, but it has also included extensive re-engineering of the streets to make them friendlier to pedestrians and cyclists.

[The Saskatchewan Budget and Resource Royalties](#)

In all the discussion of the budget by our politicians and media commentators, no one has brought up the major issue of revenues from resource extraction. Without capturing a fair return from the extraction of our resources, most of which are non-renewable, we cannot pay for the government services we desire. In the past when we had good services, we also had higher royalties, fees and taxes on the extraction of our resources. The cuts in resources royalties and taxes have been welcomed by the transnational corporations that extract these resources, but they have left the province with a high

debt and diminished services.

[Oilpatch workers rake in the pay: study](#)

As the energy sector booms in Western Canada, workers in the oil and gas sector are commanding 80-per-cent more in wages than the average Canadian employee, a gap that has widened more than 20 per cent in the past decade, a new study shows.

Statistics Canada reported Wednesday that total employment in all oil and gas industries was roughly 298,000 in 2006, a 22-per-cent increase from 1997, slightly faster than the average of 20 per cent for the economy as a whole.

In the upstream component of the sector, which covers oil and gas exploration, extraction and production, employment increased at three times that pace, or about 65 per cent, from 107,000 to roughly 177,000, the study added. Three-quarters of the jobs were in Alberta, with its vast oil and gas reserves, the report said.

[Gas price spike longest on record](#)

The 11th straight day of record high gas prices Wednesday resulted in a new measure of pain for the nation's drivers -- the longest stretch of time with gas above \$3 a gallon, according to a closely-watched daily survey.

And relief is no where in sight heading into the Memorial Day holiday that marks the start of the summer driving season. Prices continue to rise in most of the country, as the Midwest saw prices soar a nickel or more a gallon in one day in several states.

[Federal gas tax freeze causes cash crunch](#)

A cash crunch is fast approaching for the government trust fund that pays to build and repair highways and bridges.

The federal tax on a gallon of gas has not risen in 14 years and Congress is reluctant to increase it. People are demanding more fuel-efficient vehicles -- less gasoline used, fewer dollars for the fund.

[BG sees progress toward Gaza gas deal with Israel](#)

A deal would have a significant impact on the Palestinian government, which is in the middle of a cash crunch. It would result in \$100 million a year in taxes, royalties and equity.

The Times newspaper reported that the group was poised to agree the terms of a \$4 billion deal to supply gas to Israel, with representatives from the British energy firm scheduled to meet Israeli negotiators next week.

[Libya to unveil gas round details](#)

The country has held three oil exploration licensing rounds since the end of Western sanctions, awarding permits to companies keen to secure a foothold in one of the world's last under-explored oil regions.

There is increasing interest in Libya's underdeveloped gas sector, including the potential for liquefied natural gas, following several recent discoveries.

[Iran continues to defy UN on nuclear programme](#)

Iran continues to defy UN Security Council demands to scrap its uranium enrichment programme and has instead expanded its activities, the International Atomic Energy Agency (IAEA) said yesterday in a finding that sets the stage for new council sanctions.

[Ahmadinejad faces backlash over plans for petrol rationing](#)

Iran is to introduce petrol rationing in two weeks in a move that belies its status as the world's fourth-largest oil exporter and threatens to trigger a popular backlash against its president, Mahmoud Ahmadinejad.

The country's motorists - used to some of the cheapest fuel in the world - will be restricted to three litres a day under a scheme to cut fuel consumption and reduce the burden on Iran's struggling economy of providing subsidised petrol.

[The big chill](#)

Russia has learned to use its vast natural resources to exert power in Europe and beyond. This week, just ahead of a testy bilateral summit with the European Union in Samara, its clout was enhanced by Mr Putin's crude but effective diplomacy in Central Asia. He persuaded Kazakhstan and Turkmenistan to send more gas exports through Russia, spoiling the rival plans of America and Europe for a trans-Caspian pipeline that would skirt south of Russia. Ms Rice's comment that "no one needs a monopoly" in natural resources will merely bring smiles to the faces of Kremlin officials.

Just before Ms Rice's visit, the Kremlin's rumbustious anti-American rhetoric hit new peaks. In his speech on Victory Day (May 9th), Mr Putin seemed to liken America to the Third Reich. "The victory once again will be ours," Russia's state television channel echoed.

[Europe's Energy Giants Call For Business As Usual With Russia](#)

Europe's three largest natural gas companies called Wednesday for greater political support for increased business ties with the Russian energy giant Gazprom, saying

growing tensions between Moscow and the European Union should not be allowed to jeopardize energy security.

The blunt assessment from Eni of Italy, Gaz de France and E.ON Ruhrgas of Germany came as the Russian president, Vladimir Putin, arrived in Vienna for a state visit a week after the collapse of an European Union-Russia summit meeting. Putin raised the energy issue himself, praising Austria as a model partner, but failed to win support for setting aside political differences.

As E.U. and Russian leaders continue to disagree, the bloc's big energy companies are making their own deals with Gazprom. With Russia as Europe's most important supplier of natural gas - demand for which is expected to rise sharply over the coming 10 years - officials at an energy conference in Berlin, sponsored by the Russian Gas Society said both sides had an interest in increasing energy security.

[Russian regulator: BP may lose license on gas field](#)

BP PLC's license to develop a giant Siberian gas field could be revoked in days, Russia's environmental watchdog said Tuesday, as pressure mounted against one of the last major foreign-controlled energy projects in the country.

Losing its license to the Kovykta field would be a painful blow for BP PLC since the company has appeared conspicuously eager to court favor with the Kremlin, which has aggressively expanded state control over the world's biggest oil and gas industry.

Analysts suggest that official complaints over production quotas at Kovykta will fade just as soon as an acceptable deal is struck that gives control of the project to state gas monopoly OAO Gazprom.

Such a conclusion would mirror Gazprom's entry to the giant Sakhalin-2 liquefied natural gas development off Russia's Pacific coast, observers say, where Royal Dutch Shell PLC was elbowed into a minority position.

[Wind, wave and solar power targets will not be met, says White Paper](#)

The Government has admitted it is likely to miss its own targets for renewable power generation. Problems with incentives to energy generators, planning curbs and difficulties connecting renewable power to the national grid mean Britain will not be getting 20pc of national energy consumption from renewables by 2020.

[Britain 'will run out of power' unless it takes nuclear option](#)

By 2023 all but one of the nuclear power stations now in operation will have reached the end of their predicted lifetimes, as will a number of fossil fuel power plants, leaving Britain with an estimated shortfall of up to 35 gigawatts in capacity within two decades.

[Gas boom reinforces Burmese junta's defiance](#)

In recent days, Burma's military junta has been bombarded with calls to free Aung San Suu Kyi, the Nobel Prize-winning democracy advocate who has been detained, mostly under house arrest, since May 2003.

But with natural gas sales filling the junta's coffers and cementing its ties with powerful, energy-hungry neighbours, analysts and diplomats say the generals feel under little pressure to act.

[The government's carbon Greenplan](#)

"The British government is proud to announce the creation of Green-plan. As our energy white paper, published yesterday, makes clear, the only way to tackle climate change is central schemes and targets for everything from light bulbs to biomass. We need a Low Carbon Transport Innovation Strategy. We need a succession of five-year plans. We need Greenplan, modelled on the old Soviet economic planners at Gosplan, to take control."

Or almost. Yesterday's white paper contained some sensible - if rather vague - stuff about energy security and a new generation of nuclear power plants. But it also contained plans, some decided by the European Union, to micromanage exactly how and where carbon emissions will be cut.

[Paris set to rethink GdF-Suez merger](#)

France's newly appointed government said yesterday it might rethink plans to create a new European energy champion through the merger of state-controlled Gaz de France with Suez, the quoted French utility.

[Wall Street closes lower on China worries](#)

Greenspan said he feared a "dramatic contraction" in Chinese stocks after the recent boom, adding the run-up was "clearly unsustainable."

The comments come almost three months after a sharp drop in Chinese stocks on concerns about speculative investments triggered a global equity rout.

[NAFTA Superhighway Has Giuliani As Key Player](#)

But the SPP is cleverly disguised as a boon for all three North American countries and its citizens, yet has lacked input or oversight from federal, state, or municipal legislators nationwide. The goals of the SPP agenda largely include a call for transparency and unprecedented cooperation with respect to all three governments' commerce and trade. The endeavor is to join forces in uniting as one competitive body in the global marketplace and to function as the North American Union (NAU), which at the same time whittles away at each country's sovereignty, its national security and its laws.

[Speed of subprime bust surprises lenders](#)

The subprime mortgage meltdown has been a shock to industry insiders, but now they say it's hitting harder and faster than expected - even to those who predicted the crisis in the first place.

That was the message Monday from a panel of leading industry executives on the state of the mortgage lending industry at the Mortgage Bankers Association's National Secondary Market Conference & Expo in New York.

Michael Marriott, a panelist and managing director for Credit Suisse, said, "Last October, I predicted the subprime market would collapse and many issuers would go out of business. But the violence and speed of the market sell-off surprised people."

David Lowman, a panelist and chief executive of JPMorgan Chase & Co.'s global mortgage business, said, "35 percent of what once could be done, can no longer be done," referring to mortgage loan products that have effectively been taken off the shelves.

And speaking separately from his Atlanta office, Duane LeGate, president of House Buyer Network, a specialist in short sales and foreclosure prevention, said one of the real estate agents he works with had six deals blow up within four days because, "The loan originator told him, 'We're not offering [these products] anymore.'"

According to LeGate, this kind of thing just started to happen in the past month or so.

[Derivatives Say Bernanke Will Be Wrong](#)

Derivatives are something of a financial accounting anomaly. Since they are traded between parties (Over-The-Counter), holders do not have to use mark-to-market accounting (assigning value based on current market price). To quote Warren Buffet on derivatives:

"...there is no real market and "mark-to-model" is utilized. This substitution can bring on large-scale mischief. As a general rule, contracts involving multiple reference items and distant settlement dates increase the opportunities for counter-parties to use fanciful assumptions. The two parties to the contract might well use differing models allowing both to show substantial profits for many years. In extreme cases, mark-to-model degenerates into what I would call mark-to-myth."

A hedge fund manager that I have been discussing this with said: "None of these guys mark to market even though there are no question big losses. The CDO's (Ed Note: Collateralized debt obligations based on credit derivatives) are held by hedge funds, insurance companies and foreign banks etc. Once these CDO's start getting downgraded or hedge funds that own this paper get redemptions and are forced to sell, then things will start to get ugly."

[Lost in translation](#)

China is being cast as the villain once again. By holding its exchange rate artificially low, it is stealing jobs and causing the United States to run a huge trade deficit. Beijing must therefore be forced to revalue the yuan. These are the arguments behind an increasingly protectionist mood in Washington. Yet they are largely flawed. A stronger Chinese currency would not much reduce America's trade deficit. Indeed, the irony is that China, not America, has more to gain from setting the yuan free. Without a more flexible exchange rate, there is a growing risk that China's sizzling economy will boil over.

[Make That a Cheap Money Bubble to Go](#)

"The current wave of Gulf money, driven by an oil boom that has seen oil prices peak at \$78, has been on a different scale," says Kerr. The late 1970s was the last extended period when borrowing cash made you richer than saving it. Now real rates of interest - on the Dollar, Sterling, Euro, Yen and Swiss Franc - sit near to zero again.

Throw the Chinese Yuan into the mix, and is it any wonder oil prices have trebled in the last half-decade? The flood of money is simply washing back whence it came.

"Thanks to huge trade surpluses in Asia and massive oil revenues in Saudi Arabia and Russia," reports Reuters today, "sovereign wealth funds designed to maximize returns on part of a country's currency reserves have blossomed in recent years."

"The 13 biggest funds manage assets totaling of \$2.1 trillion, according to estimates by Lehman Brothers," says the newswire, "potentially allowing them to exert hefty influence on global asset prices."

[China and Blackstone, Perfect Bubble Buddies](#)

There is something wondrous and symmetrical of one bubble (China) making an investment in another bubble (private equity). Of course, there are numerous bubblicious precedents that went awry.

[Guardian at the Gates: Surging Toward War With Iran](#)

If you have any doubt that the Bush Administration is planning a military strike against Iran, then check out the lead story in today's Guardian: [Iran's secret plan for summer offensive to force US out of Iraq](#). The story, which based entirely entirely on the unchallenged statements of three anonymous "American officials," not only alleges that Iran is "already committing daily acts of war against US and British forces" including the increasing mortar attacks on the Green Zone but also asserts that Tehran has entered into an active military alliance with al-Qaeda. Together, this new axis of evil will launch a "nationwide, Iranian-orchestrated summer offensive" aimed at undermining the scheduled September progress report from U.S. General David Petraeus on the vaunted "surge." Oh, and to top it all off, the same officials told the Guardian's stenographer, Simon Tisdall, that Iran has now also allied itself with its long-time enemy, the Taliban, and are helping kill Americans in Afghanistan as well.

To reiterate: the claim now from "top Bush officials" is that Iran has entered into an alliance with al Qaeda and is "committing daily acts of war" against American forces. As a casus belli, this beats the hell out of an "imminent threat" from undiscovered WMD, the entirely specious charge used by the Bush Faction to gull the nation into aggressive war with Iraq.

[Zimbabwe: The last person to leave may not have any lights to turn out](#)

Power cuts are already frequent, but the latest blackouts mark a new low. Residents of Harare, the capital, have been rushing to get firewood and paraffin, though a domestic worker's monthly wage can buy only five litres (1.3 American gallons) of paraffin or two litres of cooking oil. Many companies, already operating at about 40% of capacity, say the cuts will force them to reduce their working hours even more. "The whole thing is a nightmare," says Lovemore Mandebvu, who runs a small furniture-making factory in Harare. "We don't know when we will have power and when it goes. This is affecting our output. Then at home water runs out when you are bathing, and the electricity goes while you are cooking." Hospitals must use gas stoves, coal-fired boilers, fuel generators, solar power and candles.

[Obstacles to peace: Water](#)

With water consumption outstripping supply in both Israel and the Palestinian territories, Palestinians say they are always the first community to be rationed as reserves run dry, with the health problems that entails.

Not surprisingly, during the era of Arab-Israeli peacemaking in the 1990s, water rights became one of the trickiest areas of discussion.

[Climate change could put Canada's Arctic whales in hot water](#)

The report, released Tuesday by the World Wildlife Fund, said global warming is likely having the same effect on whales that it's having on polar bears - changing the conditions under which they are adapted to live.

"It is unclear to what extent cetaceans will be able to adapt to the rate of climate change predicted in the near future," says the report.

"As temperatures increase, there are likely to be significant losses of polar 'specialist' species and a general shift of more temperate species towards the poles."

[Canadians not prepared for financial sacrifices to tackle environment, survey says](#)

Canadians have no doubts about the existence of global warming, but they are still reluctant to make financial sacrifices or alter certain lifestyle habits to save the environment, a Finance Department report warned just prior to the 2007 federal budget release.

The recently released executive summary titled Focus Groups for Budget 2007 advised the Harper government that, in the short term, Canadians wanted more information and a sense of what the country was doing in response of the environmental crisis.

"As part of this, they want some direction in terms of what they can do to help. Although, on this last point, the research indicates that at this point Canadians are reluctant to sacrifice either financially or alter certain lifestyle habits for the sake of the environment," said the summary.

[Scientists Concerned About Effects Of Global Warming On Infectious Diseases](#)

As the Earth's temperatures continue to rise, we can expect a significant change in infectious disease patterns around the globe. Just exactly what those changes will be remains unclear, but scientists agree they will not be for the good.

"Environmental changes have always been associated with the appearance of new diseases or the arrival of old diseases in new places. With more changes, we can expect more surprises," says Stephen Morse of Columbia University, speaking May 22, 2007, at the 107th General Meeting of the American Society for Microbiology in Toronto.

[Big Oil money doesn't go over well down on The Farm](#)

Stanford University has found itself caught squarely in the middle of a major proxy battle between a group of New Jersey nuns and the world's largest privately owned oil company.

The university, which has been heavily criticized for taking up to \$100 million from ExxonMobil for climate and energy research, is poised this week to vote in favor of the nuns' proposal that the oil giant immediately reduce its greenhouse gas emissions contributing to global warming. The vote would fall in line with the university's policy to support proxy resolutions addressing climate change.



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