



DrumBeat: June 5, 2007

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Topic: [Miscellaneous](#)

[U.S. economy's fate in Saudi hands](#)

Saudi Arabia is running the U.S. economy.

I'm not sure the Saudis want the task, but they've got it. Because the United States still doesn't have a national energy policy, we've thrown decisions about how fast our economy grows and whether our standard of living rises or falls into the hands of Saudi Arabia's oil ministry.

That's risky, since the economic self-interest of Saudi Arabia and the United States aren't always aligned, and because keeping the fractious and often dysfunctional governments of the world's oil producers on the same economic course is a whole lot harder than building consensus among the governors of the Federal Reserve.

[EIA: OPEC needs to boost 2nd-half output](#)

OPEC will need to boost its output in the second half of 2007 to meet winter heating demand, but it's too late for the producers' group to have much impact on U.S. oil supplies this summer, the U.S. government's top energy forecaster told Reuters on Monday.

[GM CEO: Alternatives to gas needed](#)

General Motors Chairman Rick Wagoner told company shareholders Tuesday that moving away from gasoline-powered cars is crucial for the company's long-term business prospects, although he argued tougher government regulations on mileage requirements are not the way to get there.

[Honda Decides to Stop Making Hybrid Accords](#)

Honda will discontinue the hybrid version of its Accord sedans, the company said Tuesday, ceding Toyota's dominance of the market with its Prius hybrid.

Honda Motor Co., Japan's No. 2 automaker, will continue to make gas-and-electric

models of its Civic sedan, but stop offering the hybrid Accord with the new model expected to go on sale later this year, company spokesman Yoshiyuki Kuroda said in Tokyo.

[Manufacturing our way out of overshoot](#)

Humans have constructed a civilization that is based upon the profligate use of fuels and resources, and we have done so by harnessing the power of manufacturing. William Catton Jr. first used the term “overshoot” to describe the human condition in his 1980 book of the same name. He defined the term as “growth beyond an area’s carrying capacity”, in our case the area being the entire planet. In order to reconstruct global civilization so that we live well within the productive capacity of Earth, we are going to have to rely on the same human talent to use tools and machines that got us into this mess in the first place.

[Trouble at The Pump](#)

The Pentagon foresees a two-front threat to national security: global instability spurred by climate change and a crippling dependence on oil.

[IEA urges Germany to reconsider plans for phase-out of nuclear energy](#)

Germany should reconsider a plan to phase out nuclear energy or it will undermine the security of its power supply and make it harder to tackle global warming, the International Energy Agency (IEA) said yesterday.

[Ford engineer says plug-in hybrid fuel-cell cars may reach market first](#)

With the Hydrogen Highway still largely a dream outside California, Ford Motor Co. sees plug-in hybrid fuel-cell cars as a transitional step, says one of the automaker's top engineers in the field.

[20 countries interested in floating nuclear plants](#)

A Russian nuclear official said Monday that over 20 countries are interested in the floating nuclear power plants (NPP) Russia is building.

[Indonesia Won't Allow Oil Palm Growers to Cut Forests](#)

Indonesia, the world's third-largest emitter of greenhouse gases, won't allow oil palm

growers to cut primary forests for establishing plantations, Minister for Environment Rachmat Witoelar said.

The *Des Moines Register* has a special report on how ethanol is working so far:

[Biofuel plants generate new air, water, soil problems for Iowa](#)

Iowa's ramped-up ethanol and biodiesel fuel production led to 394 instances over the past six years in which the plants fouled the air, water or land or violated regulations meant to protect the health of Iowans and their environment.

[Water quality: Wastewater often pollutes rivers](#)

Eleven biofuels plants have been cited by the state Department of Natural Resources for wastewater violations that include polluting streams based on permit limits under the federal Clean Water Act, according to the Register's analysis of state records for 34 plants in operation during six years.

[Water use: Biofuel plants' thirst creates water worries](#)

A single plant producing 100 million gallons of ethanol a year - a capacity quickly becoming the norm - uses as much water as a town of approximately 10,000 people, the Iowa Department of Natural Resources reports.

[Air: Plants emit higher levels of toxics than expected: Facilities have run key tests at less-than-full capacity and exceeded limits for harmful emissions](#)

The infractions are perhaps the most surprising in biofuels plants' environmental performance, said Wayne Gieselman, Iowa's environmental-protection chief. That's because as the industry grew in Iowa, no one expected the levels of cancer-causing chemicals emitted by both combustion and the production processes at the plants.

[Erosion: Drive to increase corn acres could damage soil](#)

Plowing trees and native grasses on land held in conservation to plant more corn will reverse decades of work to prevent crop-related pollution, scientists say.

There's more, including [possible solutions](#).

[Scientists predict Southwest mega-drought - Climate models indicate region will be as dry as Dust Bowl for decades](#)

Changing climate will mean increasing drought in the American Southwest — a region where water already is in tight supply — according to a new study.

[WEC Survey: Energy Execs See Oil in \\$60-80 Range for 5 Years](#)

Senior energy executives don't expect oil and gas prices to increase dramatically in the next five years, but the political risk attached to them means coal and nuclear power will become an ever more important part of the global energy mix, a survey from the World Energy Council published Monday showed.

Out of a survey of 50 senior executives from major global energy companies and their strategic suppliers conducted over the last 18 months, more than 65% of those surveyed expected the oil price to remain in the \$60-80-a-barrel range for the next five years.

Respondents saw some stability within this range. Just 5% believed oil prices would rise above \$80 a barrel, and less than 30% said it would fall below \$60 a barrel.

[Caribbean terror overview](#)

There's no shortage of questions surrounding the disrupted plot to blow up fuel pipelines at John F. Kennedy International Airport. Among the most pressing: what sort of jihadist organization would operate in the Caribbean, where radicalized Muslims are comparatively few? According to a 2005 analysis by the Jamestown Foundation, not the most advanced.

[Mexico's economy: Fiscal reform is coming soon](#)

At present, some 10% of fiscal revenue comes from the state oil company, Petr leo Mexicano (Pemex). But that revenue is expected to decline as Pemex's oil production dips in future years. Moreover, a reduction in fiscal dependency on Pemex would allow the oil company to direct more of its income to exploration and other much-needed investment.

[South Africa: Motorists warned of fuel shortage](#)

Motorists should not put "pressure on the pumps" ahead of Wednesday's fuel price hike as some filling stations may run dry, the SA Petroleum Retailers Association said.

Spokesperson Peter Noke said Gauteng has been experiencing fuel shortages, and on Monday 23 Engen petrol stations were without fuel for the entire day.

[Peru: Energy profile](#)

Peru's oil production has increased in the last two years as new projects have come online, but the country is still a net oil importer.

Turkey: [Electricity producers call for a tax cut to save investments](#)

A law approved by the Parliament in 1984 encouraged individuals and establishments to found their own electricity power plants, which operate on fuel oil. However, due to the high tax implemented on fuel oil, many of those companies currently are facing the danger of closing down.

[Shell Restores Some Nigerian Oil Output](#)

Royal Dutch Shell PLC said it has restored 150,00 barrels per day of lost oil production from its Bomu pipeline complex that has been shut-in since last Tuesday when the facility was attacked.

[Blood for oil...no, really](#)

For months, people have complained that filling up the car is costing them an arm and a leg.

American Red Cross officials believe they have a better deal: give blood for a chance to win \$3,500 worth of gasoline.

Trying to counter the annual summer blood shortage, the Red Cross has decided that people might be more willing to give the "gift of life" if they got a chance to win an item some consider equally important to living.

[Ethanol boom won't threaten food supply: analysts](#)

Fears of world food shortages caused by booming use of sugar cane and corn to produce ethanol fuel for motor vehicles are overblown and politically motivated, analysts and politicians said on Monday.

[Iraqi oil workers strike over proposed law](#)

Iraqi oil workers, marginalized while a law to govern the oil is drafted and debated, are firing a warning shot by going on strike.

The Iraqi Pipelines Union released a statement Monday that it shut down two 14-inch oil and gas products pipelines inside the country in protest against the law and working conditions they want changed.

[More than one-third of Zimbabweans face food shortages](#)

"While drought devastated crops in many areas, Zimbabwe's overall production was also hampered by insufficient fertilizer, fuel and tractors, and by the country's crumbling irrigation system," said Henri Josserand, Chief of FAO's Global Information and Early Warning System.

[Uranium May Reach \\$200 in Two Years](#)

Uranium spot prices may reach \$200 a pound within the next two years, buoyed by a shortfall in supply and increasing investment in the nuclear fuel by speculators, said Macquarie Bank Ltd., Australia's biggest securities firm.

[Strong Molybdenum Demand Panicking Traders](#)

There is presently a growing panic among molybdenum traders. From our sources, it appears reduced inventories have been overpowered by rushing demand for the silvery-white 'energy metal.' On the day before the Ryan's Notes metals conference at the New York Athletic Club on Tuesday, our sources told us moly traders are sweating, scrambling to find inventory. One told us, "\$50 per pound molybdenum is a heartbeat away." This would represent an increase of nearly 50 percent from present pricing.

[TeraCloud SRM Whitepaper Examines Role of Storage in Energy Crisis](#)

Power consumption is a critical issue in the data center, placing storage resource management (SRM) firmly in the cross-hairs of the energy crisis, according to the whitepaper "Storage in Energy Management," by TeraCloud Corporation.

"With forecasted growth in storage experienced by organizations approaching or in excess of 100 percent compounded annually, traditional storage solutions are not addressing the energy problem," the TeraCloud whitepaper reports. "Due to the reduced cost of storage hardware, increased storage demand has been solved predominantly through new hardware acquisition. This approach is no longer feasible with competition for floor space coupled with increased density of the devices creating more heat to be cooled."

[Five Little-known Tips For Getting Better Gas Mileage](#)

On a recent drive to work, Philip Reed was able to boost his car's gas mileage by almost 25 percent.

Reed, tracking the Honda's gas efficiency with an onboard computer, credited his fuel

savings to the fact that he left earlier for work, thus avoiding morning congestion and the stop-and-start traffic that wastes fuel. As consumer advice editor at Edmunds.com, the automotive information Web site, Reed knows a few fuel-efficiency tricks.

[Uganda Outgrows Its Electricity Supply](#)

Samuel Kizito gives his business a month before it goes belly-up.

Uganda, once one of the fastest-growing economies in Africa, is suffering through a power crisis that makes doing business here difficult, expensive, and , for Kizito, at least , not worth the trouble.

[U.K.: Motoring costs rise for drivers](#)

The AA said owners of superminis - like the Volkswagon Polo or the Fiat Punto - were the only ones to see annual costs fall in April this year, in comparison to April 2006.

But the petrol price increase in May and the rise in interest rates voided the supermini saving.

[Petrol's Price in Bulgaria to Increase](#)

Increase of the petrol's price is expected at the beginning of the summer, reported Valentin Kunev, chairman of Balkan and Black sea petrol association.

[Severe climate change unlikely before we run out of fossil fuel](#)

The issues of climate and future temperature increases have become part of our everyday life, and central in this debate is carbon dioxide. The fossil fuels we use contain carbon and hydrocarbon compounds, and carbon dioxide is released together with energy when we burn these.

However, it seems that the amounts of fossil fuels themselves are not perceived as a problem among those debating climate change. Instead, the problem is only ever that we are expected to use too much of them. The idea that the combined volumes of these fuels are insufficient to cause the changes in climate that are currently discussed is nowhere to be heard.

[Economic effects of climate change and oil shortages present a unique challenge for financial planners](#)

Peak Oil and global climate change are closely connected. After all, we wouldn't be facing global climate change if people around the world didn't use so much fossil-fuel energy. What's more, some substitutes for conventional oil, such as tar sands and coal-based diesel, generate even more carbon dioxide and other greenhouse gases than regular oil. Furthermore, so-called alternative energy, such as solar, wind, water or geothermal power, is not yet available in large quantities in most places. The result is a feedback loop of misfortune: More energy spent leads to more pollution, which leads to more warming, which forces us to use more energy...and so on.

As financial planners, we need to help our clients address the challenges that these developments pose in both their personal and investing lives.

[Worries about global warming are growing: survey](#)

Worries about global warming have increased around the world this year and many people want more government action to slow climate change, a survey showed on Tuesday.

[Bill would block states on auto rules](#)

A dozen states would be blocked from imposing new requirements on automakers to reduce greenhouse gas emissions under a draft energy bill being prepared for a vote later this month.

[UK: World warmer than average in year to May](#)

The world was slightly warmer than average in the first four months of this year, but 2007 may not turn out to be the hottest on record, Britain's official weather forecaster said on Tuesday.

[Can you afford \\$20 per gallon?](#)

The answer is Peak Oil. The question is what will make \$3 a gallon gas seem like the good old days.

[G8 summit defining moment for energy](#)

Dust-up may be necessary to force U.S. to cut carbon emissions for global good.

[Silver Set to Shine: The \(Very\) Long Term View](#)

This period we are now in will have its own inflation causing events that will see silver grow and grow in price until another 1980 style crisis greets the world. Those events will be the welfare deficit crisis brought on by the mass retirals of the Baby Boomers. It will also be exacerbated by the unfolding energy supply brought on by the expanding economies of the Far East as well as Peak Oil. Finally, continuing depletion of resources and lower ore grades will be the final straw for a world already struggling to cope with one monetary woe after another.

[Vermont Secession Hucksters](#)

Yes, they are at it again. Small-town socialist hucksters like James Kunstler - along with Kirkpatrick Sale and Rob Nayler - are getting loads of ink around the country with their plans to turn New Hampshire into an island of progressive socialism within a sea of dismal social engineering.

Read below to see what Nayler and Sale have in mind for Vermont. Hint: It's a kind of small-town hyper-Greenism in which everyone seemingly will ride bikes to work, light houses with corn oil, go to bed at dusk and wake at dawn to slave throughout the day on small-plot farms. Ah, the satisfaction of eking out a "bare bones" living!



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