



## DrumBeat: August 11, 2007

Posted by [Leanan](#) on August 11, 2007 - 9:35am

Topic: [Miscellaneous](#)

### [Peak Oil Hits the Third World](#)

I've been watching and waiting for these signs for about five years now: Not just high prices and declining exports, but the slowing of commerce, interstate trucking and air travel, food shortages and similar indications.

But the actual *feeling* of peak oil didn't really hit me until this week, as I perused a page on Jim Kingsdale's excellent Energy Investment Strategies site, listing countries that are currently experiencing serious fuel shortages and grid blackouts.

Here in the first world, we still have the luxury of armchair theorizing about peak oil, and paying a bit more for gasoline, but the third world is actually feeling the pain of peak oil today. Rising oil prices are acting as a regressive worldwide tax, pricing poorer countries right out of the market.

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### [Is Capitalism Sustainable?](#)

Capitalism is a very efficient system of energy extraction, but it provides no incentive to reconcentrate and restore energy to offset entropy. Capitalists have no economic incentive to invest in energy renewal for the benefit of those of future generations. Capitalists reduce waste and pollution or reuse resources only when it is profitable to do so, meaning only when it is in their individual self-interest to do so. Capitalists have incentives to use renewable energy to support current consumption, but not to restoring energy for future generations. Capitalism inevitably tends toward *physical entropy*.

### [Argentina Cuts Natural-Gas Shipments to Chile, Utilities Say](#)

Argentina cut shipments of natural gas to Chile, worsening an energy shortage, according to two Chilean utilities.

Argentina suspended exports by three suppliers of the fuel, Chilean utilities Electroandina SA and Empresa Electrica del Norte Grande SA said in statements posted last night on the Chilean securities regulator's Web site.

The utilities supply power to cities and copper mines in northern Chile. The nation is the

world's largest supplier of copper.

### [Cold snap prompts Chile to seek gas deal with old foe Bolivia](#)

A South American cold snap is causing Chileans to pay up to four times more for heat and electricity, and could spur the government to speed reconciliation with its bitter – but gas-rich – foe, Bolivia, observers say.

### [Get ready for food-price spike](#)

Donald Coxe has a useful tip for investors. The global portfolio strategist for BMO Financial Group calls it the "Rule of Page Sixteen": Never invest on the basis of a story on Page One of the newspaper, but the one on Page 16 that is destined for page one.

The Page One story of this week was turbulence in the stock markets over concerns about exposure of banks to subprime mortgages and the global credit crunch that led central banks to flood markets with money.

The Page 16 story? Turn to last Wednesday's Wall Street Journal, page C6 actually. Buried inside an earnings round-up is one sentence about Dean Foods Co., the largest milk processor in the United States. Second-quarter profit fell 1.6% due to higher raw milk prices, the story said. What it failed to add was that CEO Greg Engles said Dean is "being challenged by the most stubbornly inflationary dairy markets in history," a global phenomenon that "feels like a perfect storm, and it isn't over."

### [Oberstar's gas tax may hit some political potholes](#)

Republican Sen. Norm Coleman suggested that addressing the nation's infrastructure is not a question of money, but of making it a priority. "I'm not yet prepared to accept a gas tax increase as the solution," he said.

Sen. Amy Klobuchar, a Democrat, suggested other remedies first. "We should look at closing lucrative loopholes for the big oil companies and rolling back the Bush tax cuts for people making over \$336,000 per year before adding another burden on the middle class," she said.

### [Bart Anderson on The Reality Report](#) (podcast)

Bart Anderson of Energy Bulletin recaps recent news related to resource depletion, climate change and more.

### [A flurry of good intentions: Congress tries to green America's power supply](#)

WHEN in doubt about energy policy, build more windmills. That, in short, was the thrust of the energy bill approved by the House of Representatives on August 4th. The legislators disagreed about a proposal to reduce the fuel-thirst of American cars. Surprisingly, they also passed up the opportunity to lavish more subsidies on ethanol. They did not even bother to consider a carbon tax or a cap-and-trade scheme for greenhouse gases. But they did give the nod to an amendment that would require utilities to generate 15% of their power from clean sources, such as windmills and solar panels, by 2020.

### [Africa keeps going despite high oil prices](#)

Record high global oil prices have so far had a muted effect on sub-Saharan Africa, with exporters reaping rewards and importers less badly hit than many had feared.

### [SUV plant doesn't offer the job security it once did](#)

Michigan Truck is down to one shift and has about 1,400 hourly employees, producing about half of the 1,000 SUVs it made daily back in the good times. Ford has fared about the same, borrowing billions to restructure as gas prices rose and consumers shifted from its SUVs and trucks to more fuel efficient models.

### [The cost of imported goods rose in July more than expected](#)

Higher crude oil prices were to blame for the rise in the price of goods imported into the United States in July, which suggests inflation may not be in check. July's increase marked the largest gain in the cost of imported goods since March, rising 1.5 percent in July compared to the 0.9 percent increase the prior month.

### [Nuclear renaissance will deliver challenges](#)

If the "nuclear renaissance" emerges as many energy experts predict, finding the raw materials, components and skills necessary to meet Ontario's nuclear needs could prove tricky, and more expensive than authorities are banking on.

On top of cost, completing such projects on schedule is shaping up to be a logistical nightmare. All Ontario coal plants are scheduled for shutdown by 2014. A number of existing nuclear reactors must be refurbished or replaced over the coming 15 years. Bringing one power plant or reactor online while another goes offline will be a delicate balancing act, made more complicated by the international rush for scarce and increasingly costly resources.

### [Oil search plans fuel tensions on Cyprus](#)

Tensions on the ethnically partitioned island of Cyprus could come to a head next week with Nicosia's plans to proceed with oil and gas exploration in the eastern Mediterranean. The internationally-recognized Greek Cypriot government plans to accept applications from interested parties for oil exploration permits for a 70,000-square-kilometre sea area south and south-west of the island until August 16.

### [Sinopec seeking to build \\$5bn refinery](#)

Sinopec is in negotiations with Royal Dutch Shell, Kuwait Petroleum and Dow Chemical to build a refinery and petrochemical plant in south China worth at least \$5 billion.

### [Time to move forward to meet India's energy crunch?](#)

It might appear to be rather too simple a solution to the energy crisis. Could a mere tweak of the hands of the clock, setting it forward by half an hour, significantly lower evening peak electricity demand to save India Rs. 1,000 crore annually?

By setting Indian Standard Time forward six hours ahead of Universal Coordinated Time (now it is five and a half), as much as 16 per cent of the evening peak energy demand would be saved, concludes a research paper published in *Current Science*.

### [Dropped out, tuned in and still switched on](#)

A one-time professional hippy now has his own green energy company, an OBE, ambitious plans - and some critics unimpressed by his claims.

### [McHenry thinks bikes, unlike sexual harassment, voter fraud, and war with Iran, are worth condemning](#)

The energy bill just passed by the House contains a provision that would offer a \$20 monthly tax rebate to bicycle commuters. When Rep. Patrick McHenry (R-N.C.) found out, he took to the floor of the House to deliver this speech...

### [Fuel inequity: Is your tank taking you for a ride?](#)

Floridians get shorted: Our warm gas packs less punch -- but costs no less than in colder states.

### [Utility costs hit university](#)

In January, for example, UW received 95 truckloads, each carrying 40 tons of Montana coal. Thus, UW has been susceptible to the price increases for diesel fuel used to transport that coal.

### [Infinite Energy](#)

Renewable energy to an Icelander is what sleek automotive luxury is to a German: a given. Electricity and water bills are embarrassingly minimal (though it seems only fair that some necessities are cheap when food prices are so high) and that is all thanks to the immense geothermal power plants dotted along the country side.

### [IEA: Tighter Global Oil Market Awaits if OPEC Sits Tight](#)

The International Energy Agency on Friday kept up its drumbeat for OPEC to lift oil output next month when it meets, warning that world oil demand is likely to outpace supply this winter and that this gap will only widen if the producer group decides not to raise crude production.

The warning by the IEA, in its monthly oil market report, implies that consumers could see higher energy prices if global economic growth continues apace and the U.S., Europe and Asia see normal winter weather, as expected.

The Paris-based IEA, which monitors energy markets on behalf of the world's 26 most industrialized nations, said inadequate oil supplies amid steady oil demand posed unwanted risks to the world economy at a time of volatile swings in global equity and bond markets caused by investor concerns over the fallout of the U.S. credit downturn.

"The last thing the global economy needs is higher oil prices. Undersupplying the market in this context could bear considerable risks," the IEA said.

### [Iran, Iraq sign oil pipeline deal](#)

Iran and Iraq signed an agreement to build pipelines for the transfer of Iraqi crude oil and oil products, the state-run Iran news network Saturday quoted the oil ministry as announcing.

The 32-inch (81-centimetre) pipeline will bring crude from the southern Iraqi port of Basra to the southwestern Iranian port of Abadan. There will be a separately 16-inch one for oil products.

## [Nigerian President Removes Head of State Oil Co.](#)

Nigerian president Umaru Yar'Adua has dismissed the managing director of state-owned oil company the Nigerian National Petroleum Corp. Nigerian national newspaper The Daily Sun reports Friday.

Funso Kupolokun's responsibilities will be taken on by the next most senior executive in the organization, Abubakar Yar'Adua, no relation to the president, the paper writes.

The Daily Sun learned that Kupolokun had been under fire over a scam involving 71 recent contracts said to have been executed at the twilight of the Obasanjo regime.

## [Jeremy Leggett: Weapon of choice](#)

We are mobilising for war against global warming and peak oil and we need to arm ourselves with photovoltaic technology.

## [Arctic sea ice 'lowest in recorded history': scientist](#)

Sea ice in the northern hemisphere has plunged to the lowest levels ever measured, a US Arctic specialist said Friday, adding that it was likely part of the long-term trend of polar ice melt driven by global warming.



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