



## DrumBeat: March 17, 2008

Posted by [Leanan](#) on March 17, 2008 - 9:04am

Topic: [Miscellaneous](#)

### [Iran allows drivers to buy gas above ration limit for holidays, but at higher prices](#)

TEHRAN, Iran: Iran announced Monday it would ease gas rationing for the next month during major holidays, allowing people to buy gasoline above the imposed limit, but at a far higher price.

The government introduced rationing in June, trying to reduce large subsidies it spends on gas. The move has drawn widespread anger among Iranians, whose country is one of the world's biggest oil producers.

### [US slams Swiss-Iranian gas deal for sending 'wrong message'](#)

'We have conveyed to the Swiss that major new oil and gas deals with Iran send precisely the wrong message at a time when Iran continues to defy UN Security Council resolutions,' the US embassy in Bern said in a statement.

### [Cheap Gas is Gone Forever: Can We Adjust to Reality?](#)

American life today is structured on a foundation of cheap transportation fuel. From where we live, to how food is put on the table, even to how retailers keep their shelves stocked, everything was built on the fantasy that fuel would remain permanently cheap. We did this while exporting the American Dream and ignoring the first rule of supply and demand – when demand is greater, the price will go up.

Today, we tend to think of it as an unqualified good thing that individuals living in China and India want to live like we do. What we forgot is that this meant also sharing some of the finite resources previously made available mostly to just us.

### [Angola oil exports to rise slightly in May](#)

LONDON (Reuters) - Angola is set to export 1.853 million barrels per day of crude in May, slightly up by around 1,500 bpd from the previous month, trade sources said on

Monday.

Export volumes, on a preliminary basis, for Girasoll, Nemba, Hungo and Plutonio grades are likely to rise for May from April.

### [Oil price will shrug off U.S. woes: Goldman](#)

LONDON (Reuters) - Oil's long-term supply constraints should make any fall in prices due to a recession in the United States only temporary, Giovanni Serio, an oil analyst at Goldman Sachs told Reuters.

..."The driver is not demand, it's supply," he said, pointing to 20 years of underinvestment in new oil production.

### [Cheney, visiting Iraq, will push access for oil firms](#)

BAGHDAD: Vice President Dick Cheney made an unannounced trip Monday to Baghdad, where he plans to push Iraqi political leaders toward opening the country's vast oil fields to international companies, a senior Bush administration official said.

### [EnCana Passes Royal Bank as Canada's Biggest Public Company](#)

(Bloomberg) -- EnCana Corp. overtook Royal Bank of Canada to become the country's biggest company by market value for the first time in more than two years as Canada's largest natural-gas producer gained on higher fuel prices.

### [Tata, BP get \\$78 mln more for solar venture](#)

MUMBAI (Reuters) - Tata BP Solar, a venture of India's Tata Power Co and BP Solar, said on Monday it had signed an agreement with Calyon Bank, BNP Paribas and others to raise \$78 million for expansion.

Tata BP Solar, India's largest solar photo voltaic manufacturing company, said the funds would go toward more than tripling capacity to 180 megawatts (MW).

### [Gulf currencies may drop dollar peg](#)

KUWAIT CITY - Kuwait's decision to stop pegging its currency to the dollar last year hasn't completely tamed inflation, but experts say many of its oil-rich neighbors will follow, desperate to fight inflation.

Oil is priced in dollars on the world market, but many Gulf countries rely on government-subsidized imports priced in euros and other currencies that have been rising against the greenback. This relationship has pushed up the price of imports, a dilemma that could get worse as fears of a recession in the U.S. and related interest rate cuts continue to push down the dollar. Raising their interest rates would have little effect on the Gulf states' inflation rates while their currencies remain pegged to the dollar.

"Inflation is likely to stay on an increasing trend in the short term," said a Merrill Lynch report on Gulf nations published in January. With few other fiscal policies available to control inflation, the region's governments would consider de-pegging or revaluating their currencies, the report speculated.

### [Saudi oil output steady at 9.2 mbpd](#)

The world's top oil exporter Saudi Arabia continues to pump around 9.2 million barrels per day (bpd) of crude, a rate the kingdom has held steady for several months, a Saudi official said on Monday.

"We are pumping around 9.2 million bpd still," the official told Reuters by telephone. He declined to say if there would be any change in Saudi output in April.

The kingdom's output is around 300,000 bpd above its formal Opec target.

### [Kurt Cobb: Do we have too much energy?](#)

So much talk these days centers around whether we have will have enough energy to power the world economy. The pessimists respond, "Not this world economy at this level of activity." The optimists, on the other hand, say not to worry. We have plenty of fossil fuels for the time being and new, clever technologies will harvest all the energy we need for the future. What is almost never discussed is whether we, in fact, have too much energy and whether that abundance has been our undoing.

### [Sinopec raises prices to offset record crude costs](#)

BEIJING, March 17 (Xinhua)-- Sinopec, China's largest crude refiner raised prices of some of its oil products over the last weekends to offset record international crude costs.

Prices of petroleum coke, olefin and sulphur, which are outside government control have been lifted by 100 yuan (14.08 U.S. dollars) per ton. Further hikes are expected by the end of March.

### [U.S. quizzes Shell in foreign corruption probe](#)

LONDON (Reuters) - The U.S. Department of Justice has contacted Royal Dutch Shell Plc about potential violations of the U.S. Foreign Corrupt Practices Act (FCPA) which may lead to fines, the oil major said on Monday.

### [Shell Relied on Canada Oil Sands to Offset Russian Reserve Loss](#)

(Bloomberg) -- Royal Dutch Shell Plc, Europe's biggest producer, relied on the enlargement of its share of a Canadian oil sands project to offset the loss of half its oil and gas reserves in Russia's Sakhalin-2 venture.

### [Could high oil prices shut down suburbia?](#)

ASTRONOMICAL oil prices are causing problems for all Americans -- from higher gas and heating-oil costs to higher food bills. Citizens in suburban locales are more likely to feel the pinch, as their very existence requires motoring. But an answer lies just down the road: cities.

If any good comes from the fossil-fuel crunch, it will appear in increased energy efficiency and a new appreciation of city-centric life. Assuming the economy continues down its current path and oil prices stay elevated, many of the amenities of modern life will become elusive. Suburban-living models could fail, leading to a new golden age for America's cities and towns.

### [South Africa: Cable theft hurting electricity delivery](#)

In suburbs and industrial areas all around the city, electricity officials are battling to gain ground against a group of thieves who are fleecing the city of 3-5km of copper cables per day.

Sharing the modus operandi of these individuals, Ivan Worthington an official in the department told of a band of criminals who execute their plan with military precision. 'They arrive on a street normally very early in the morning. They normally have several ladders, they hoist them up and start cutting down cables.' Worthington continued to say that in 20 minutes these culprits can take down a kilometer of cable.

In this vain the city's electricity department has taken a stand to stamp out this destruction of city property. 'We are pleading with consumers to afford us some assistance with regards to this issue. We urge consumers to call Metro Police on 031 361 0000 if they suspect anything untoward,' said Allan Spence another electricity employee.

### [Chile seen facing electricity shortages - Fitch](#)

LONDON (Thomson Financial) - Fitch said there is a likelihood of energy shortages in Chile and the electricity prices will remain on an upward trend for the next couple of years due to rising energy demand, high diesel prices, natural gas restrictions, and initial delay in new projects.

Chile's current water deficit, combined with further disruptions in the supply of Argentine natural gas, has raised concerns about possible power shortages beginning as soon as March, Fitch said in a report titled 'Chilean Energy Crisis: Electricity Shortages Loom in 2008'.

#### [UAE: Gas shortage to double cost of electricity](#)

The cost of power generation is set to shoot up by at least 100 per cent in the next two years making electricity an even more expensive commodity, industry sources told Emirates Business.

According to a senior official, the current electricity fee will soon be unjustified to the detriment of the plant operators as the price of gas – the ideal feedstock for power generation and water desalination plants – has already been increased by tenfold in less than a decade.

#### [UAE: Paper prices to rise on import costs](#)

The price of paper is to be increased by \$25 (Dh92) per tonne by a leading UAE manufacturer because of the rising cost of imported virgin pulp and chemicals used in paper mills.

The hike, which will come into force in the next quarter, comes after Crown Paper Mills of Ajman pushed up the price by \$100 per tonne last year. Other factors behind the rise include a shortage of pulp and higher fuel and freight costs.

#### [India: Bad turbines, fuel shortage to make hot summer worse](#)

Last year in May, the shortfall in Maharashtra was 4,200 mw which went up to 5,500 mw in the peak hour. This year it may get worse, say experts.

“Shortage of coal in India is an issue, and needs to be addressed to bridge the demand-supply gap in the power industry,” said an official spokesperson for Tata Power Company.

#### [India: P 48-hr outage sparks unrest in Gurgaon](#)

GURGAON: While people living in Gurgaon are getting prepared for summer sweat, electricity consumers from adjoining villages have threatened to hit the streets if their concerns were not addressed. The electricity discom already got an initial feeler when villagers from Damdama and Khedla of Sohna block stopped the traffic movement near Badshahpur on Gurgaon-Sohna road for an hour protesting against the two-day black out in their villages.

#### [The Philippines: NGO hits Agriculture chief for failing to curb rice price hike](#)

The President urged the El Shaddai members to continue to pray and believe in God in light of the problems in oil and rice.

Cabinet Secretary Ricardo Saludo reiterated that the rising price of oil in the world market is beyond the control of the Arroyo administration or any government for that matter.

Saludo said the administration, however, have already taken certain measures to cushion its impact through a cut in the oil tariffs and the implementation of fuel discounts and a single ticketing which would help deter any possible fare hike.

#### [The Philippines: Oil refining no longer viable due to Supreme Court ruling?](#)

Sources said the recent ruling of the Supreme Court on the relocation of Pandacan oil depot had disappointed oil companies. They said the Pandacan relocation might affect the operations of Shell's 110,000 barrel-per-day refinery in Tabangao, Batangas.

The sources added that government's decision to review the books of oil companies was another major "turnoff."

#### [Thailand: National biofuel strategy in the pipeline](#)

The Energy Ministry will draft a new national biofuel plan with a significant focus on alternative energy sources as oil prices are expected to continue to increase.

Energy minister Poonpirom Liptapanlop said the strategic plan would focus on increasing the use of alternative fuels as much as possible to help mitigate the impact of soaring global oil prices.

#### [Kenya: Concerns Mount Over Country's Food Security](#)

Stakeholders in the industry say the country's optimum yield of agricultural produce may not be average after farmers fled from their farms for fear of being attacked by the



local community during the violence.

Nyanza Provincial director of Agriculture, Mr. Otieno Owiro says the region may not produce even half of its optimum yield this year owing to lack of preparations for the field and the high cost of farm inputs.

Preparation of fields for the planting season, which normally takes place between February and March, is yet to kick off, Nyanza Kenya federation of agricultural produce Wilfred Nyamula said that the delay has been occasioned by high cost of fuel and transport problems to most of the agricultural produce.

### [Rising diesel costs hurt local truckers](#)

Trucking company executive Kevin All says he has "seven trailers not working, trucks are sitting in the yard and I have men on unemployment."

All said Friday he wished ``there was some light at the end of the tunnel, but I can't see any."

### [Giving superyachts a green veneer](#)

Artist, sustainability campaigner and naval architect David Trubridge is preaching a prickly message to super yacht designers, builders, brokers and owners, but it is the audience left twitching in their seats.

Sustainable design for super yachts, one of the most expensive, materialistic and non-essential luxury purchases available to mankind, is always going to be a tricky sell.

### [Shenhua sees flat 2008 exports despite higher output](#)

HONG KONG (Reuters) - China Shenhua Energy Co Ltd, the world's most valuable coal producer, said on Monday it expects exports in 2008 to be flat despite a 12 percent rise in planned production of the fuel.

### [Sleepily eyeing a peak in world oil output:](#) *Some analysts cite a lack of preparation for a looming economic event*

Since tanks of crude are full to brimming, many traders in oil markets suspect that \$110 could be the top price for now. But a growing number of oil-market analysts reckon the supply of oil to the world economy has reached a peak or is about to. The discoveries of new oil are now exceeded by the output of old oil. At some point, global oil output will start to decline, as happened in the United States in 1971.

If that is the case, before long \$100-a-barrel oil will be regarded as "the good old days," says Robert Hirsch, a senior energy analyst at Management Information Services, Inc., a Washington, D.C., research and consulting firm.

### [Is peak oil theory only for fascists?](#)

Which British political party has the following observations about peak oil on its website?

"One person's apocalyptic view could be interpreted as an opportunity by another. Britons are resourceful, innovative and can be pretty bloody minded in a crisis. We can knuckle down, roll up our sleeves and get on with life even without all the labour saving devices, the shopping malls and the twice-yearly trips to the Med or Florida."

The Greens? The Lib Dems? Think again. The British National Party has a pretty good grasp of peak oil. "We are the only political party making this an issue at the moment," the party boasts.

### [Investors bet on \\$100 a barrel oil until 2016](#)

Crude oil futures prices for delivery until 2016 have surged above \$100 a barrel as investors bet that oil costs will remain high in the long term even if they weaken in the short because the impact of the US economic slowdown.

Every futures contract until December 2016 finished last week above \$100 a barrel for the first time after a strong rally in long-dated futures prices. The Nymex December 2016 future settled on Friday at \$103.59 a barrel.

### [Matt Simmons: Peak Oil's Investment Implications](#)

The Key Investment Questions For 2008 (And Beyond?)

- How real and imminent is Peak Oil?
- Can world economy survive \$-triple digit oil?
- How real is "rust" in industry's assets?
- Can demand exceed supply?
- How fast could supply fall?
- Are there "winners" in the Post-Peak Oil world?
- How well is the rest of energy?



These questions might be most serious of 21st Century

### [Sydney must prepare now for peak oil](#)

Sydneysiders must take serious steps to reduce their vehicle use before future global oil shortages hit, a peak oil study group says.

The Australian Association for the Study of Peak Oil (ASPO Australia) says cities all around the country should be preparing now for the inevitable shortages as global oil production heads into decline in the coming years.

### [Shell CEO says no problem with oil supplies](#)

LONDON, March 17 (Reuters) - Royal Dutch Shell Plc's Chief Executive said on Monday that there is no major problem with world oil supply, making it difficult to explain why prices have hit an all-time peak.

... "From the physical point of view there is no high alarm," Shell's Jeroen van der Veer said at a news conference. "It's difficult to understand why the oil price is where it is."

"No tankers are waiting in the Middle East, there are no queues for the retail stations here."

### [China wants 40% of oil/gas imports from Africa](#)

CAPE TOWN (Reuters) - China wants up to 40 percent of its oil and gas imports to come from Africa in the next 5-10 years, a Chinese industry official said on Monday.

### [Big Chinese Oil Firms Squeezed By High Crude Costs](#)

HONG KONG - China Petroleum & Chemical Corp. and PetroChina, the two largest oil firms in China, were under a cloud on Monday as U.S. crude oil futures climbed above \$111 a barrel, directly endangering their profitability.

### [Slow dancing with 'morbidly obese' oil prices](#)

Kloza, who's been tracking prices of this greasy stuff for three decades, believes both to be true. He says oil prices are being driven not so much by supply and demand right now as by the psychology of the markets. With stock prices dipping, he says, investors have been drawn to commodities like oil and have bid the prices up. He calls oil prices

"morbidly obese."

As for gasoline prices, the average for regular could top \$3.75 before long, Kloza said. Somewhere in there, he projects that oil pique (not peak oil) will set in.

In other words, miffed consumers will cut back on buying gas (and of course driving) not just to save money, but as a sort of silent protest.

### [When roads go bad: Clinton County considers grinding route into gravel](#)

This year, at least three mid-Michigan counties have considered converting paved roads to gravel as a budget fix.

### [Shielding flag carriers 'is killing airlines'](#)

Governments shielding their national flag carriers are "killing" the aviation industry, the head of the International Air Transport Association (Iata) has warned.

Giovanni Bisignani, chief executive of Iata, warned that protectionist attitudes towards flag carriers were exacerbating the downturn. Soaring oil prices and slowing economies are causing concern for airlines, which raised capacity by buying aircraft but now struggle to fill them.

### [Australia to have carbon trading scheme by 2010: minister](#)

SYDNEY (AFP) - Australia will have a carbon emissions trading scheme in place by 2010, under a plan released Monday by the minister for climate change, Penny Wong.

Senator Wong said the national scheme would "constitute the most significant economic and structural reform undertaken in Australia since the trade liberalisation of the 1980s."

### [Government figures hide scale of CO2 emissions, says report](#)

Britain's climate change emissions may be 12% higher than officially stated, according to a National Audit Office investigation which has strongly criticised the government for using two different carbon accounting systems. There is "insufficient consistency and coordination" in the government's approach, the NAO said.

### [India can lead world in renewable energy: Al Gore](#)

NEW DELHI (AFP) - India, as an advanced developing nation, can help lead the world in renewable energy technologies to solve "the climate change crisis," former US vice president and Nobel Peace winner Al Gore said.

"India has proven its capability in sectors like information technology and can be a leader in the world in developing new renewable technologies to combat climate change," Gore told reporters here in New Delhi on the weekend.



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