



DrumBeat: April 8, 2008

Posted by [Leanan](#) on April 8, 2008 - 9:01am

Topic: [Miscellaneous](#)

[The de-flattening of the world](#)

Of all the new barriers to free trade, the most damaging are probably export restrictions, as on rice in Egypt, India and Vietnam, or export tariffs, as in Argentina. Rice export restrictions have had the effect of doubling the world market price of rice in three months, to the immense suffering of the Third World's urban masses. They are the product of an ideology of scarcity, in which resources are thought to be severely limited and trade is viewed as a negative factor in the welfare of a country's inhabitants.

Not only do they damage the economy of commodity buyers, they are even more damaging to the country that imposes them. Nevertheless, in a world in which corn becomes scarce because of massive US ethanol subsidies, they have made their malign appearance, and they will not be eliminated until food and other commodity prices decline.

[Oil trader faces criminal charges](#)

NEW YORK (CNMoney.com) -- New York Mercantile Exchange energy trader Steven Karvellas, a former NYMEX director, is pleading guilty Tuesday to cheating clients.

Six other traders are also being arrested for allegedly engaging in similar schemes on the NYMEX floor, according to the Manhattan District Attorney's office.

[GM Volt Cost Estimate Up](#)

We really aren't ready for Peak Oil and we aren't going to be ready in a few years. GM's pluggable electric hybrid Chevy Volt was originally projected to cost \$30,000. GM's latest estimate for the Volt's cost? \$48,000.

[Marathon's East Brae Field Remains Shut After Technical Fault](#)

(Bloomberg) -- Marathon Oil Corp. said its North Sea East Brae natural-gas and

condensate field remains closed after a power failure yesterday halted work on three platforms.

[ConocoPhillips, BP forge ahead with Alaska pipeline](#)

ConocoPhillips has joined forces with BP to move forward on a plan to build a massive natural gas pipeline stretching from Alaska's North Slope to Alberta in what would be the largest private sector construction project ever in North America, the companies said today.

[Apache Reports Gas Well Output in British Columbia](#)

(Bloomberg) -- Apache Corp., the U.S. oil and natural-gas company that has almost a quarter of its reserves in Canada, said three shale gas wells began production in British Columbia in the western part of the country.

[French govt recommends 5.5 pct natgas price hike](#)

PARIS, (Reuters) - The French government has asked the Energy Regulation Commission's (CRE) opinion on an average increase in the natural gas tariff of 0.264 euros per KWh, Gaz de France said on Tuesday.

[Russia's largest oil producer sees nearly 500 per cent jump in profit](#)

MOSCOW — State-controlled OAO Rosneft, Russia's largest oil producer, on Tuesday reported its fourth-quarter profit rocketed almost five-fold due to acquisitions and production growth.

[Pakistan: Gas leak kills two at nuclear plant](#)

TWO workers were killed today after a gas leakage at a Pakistani nuclear facility, the Pakistan Atomic Energy Commission said.

The accident took place at the Khushab heavy water plant, which had been shut down for annual maintenance, the commission said.

[Tensions rise in energy rich Central Asia](#)

Analysts say to expect more energy deals - and potential trouble - in the quickly militarizing region.

NEW YORK (CNNMoney.com) -- It's got all the makings of an international geopolitical thriller: World powers move their armies into a violent, remote, and politically fragile region brimming with valuable oil and natural gas resources; except it's not fiction.

Central Asia is the scene of this powerplay. Europe is maneuvering to satisfy its energy needs while it cuts greenhouse gas emissions. China and India need the region's reserves to quench their booming economies' thirst for fuel. Meanwhile, the U.S. is challenging Russia's traditional control of the region's gas reserves - which are large - but not large enough for everyone.

[Jewish group says Swiss-Iran gas deal finances terrorism](#)

GENEVA: A major U.S. Jewish organization on Tuesday stepped up opposition to a multibillion-dollar (-euro) Swiss-Iranian natural gas deal by claiming it makes Switzerland "the world's newest financier of terrorism."

[Energy Dept: U.S. Crude Oil Should Average \\$101](#)

NEW YORK (AP) -- Crude oil prices in the U.S. are expected to average \$101 per barrel this year, the Energy Department's analytical arm said Tuesday, revising upward its price projection on the back of expected global demand growth and low surplus production capacity.

[Rising inflation in Asia stings in the West](#)

BAT TRANG, Vietnam: The free ride is ending. For decades, Westerners have imported goods produced ever more inexpensively from a succession of low-wage countries - first Japan and Korea, then China, and now increasingly places like Vietnam and India.

But mounting inflation in the developing world, especially Asia, is threatening that arrangement. Not just in China, where rising energy and labor costs have already made exports to the United States and Europe more expensive, but in the lower-cost alternatives to China, too.

[Turning commodity increases into economic development](#)

They say money can't buy happiness, but the question facing the world's poor countries is slightly different: Can money buy economic development?

The sharp upturn in prices for commodities has presented some of the poorest countries with an enormous opportunity. Many of the beneficiaries, in Asia, Africa and Latin America, export mainly crops and raw materials. During this decade, the value of those commodities rose about 75 percent compared with the value of other goods, according to

the International Monetary Fund's latest economic outlook.

[Kuwait posts \\$43 bln fiscal surplus on oil revenue](#)

KUWAIT, April 8 (Reuters) - Kuwait posted a budget surplus of 11.44 billion dinars (\$43.02 billion) last fiscal year, 10 percent more than it forecast in February, as oil revenue was higher than expected, government data showed.

[Wales pays 10% more than England for fuel](#)

Electricity consumers in North Wales pay on average 4% more and consumers in South Wales pay on average 10% more for their electricity compared to the English average, according to new research by the fuel watchdog energywatch.

The news will be discussed by the Welsh Assembly sustainability committee on Thursday as it tries to tackle the problem of fuel poverty in Wales.

[Two Sides To The Dear-Oil Coin](#)

There's an additional factor that could drive up crude prices even further: dwindling reserves. According to Lucian Pugliaresi, president of the Energy Policy Research Foundation, a Washington-based group that analyzes oil economics, a "perfect storm" of events within the last five years--including political instability in Iraq, Venezuela and Nigeria--has undermined production expectations by as much as 3 million barrels per day.

"The real issue is: what's it going to cost to replace these reserves over time," says Pugliaresi. "That's going to be expensive." He laments that even with crude trading at \$100 per barrel, there's still little political will in Washington to expand offshore drilling or to open up Alaska's Arctic National Wildlife Reserve for more production.

[Rick Wagoner's worst nightmare](#)

NEW YORK (Fortune) -- When he spoke with Fortune at the end of last year, GM Chairman and CEO Rick Wagoner worried about "headwinds" that would impact the automaker's results in 2008.

What Wagoner had in mind were issues that affect the whole economy: oil prices, commodity and steel price inflation, the possibility of a recession. Those headwinds, which GM can do little about, are blowing just as hard or harder than Wagoner expected.

[The Lost Decade – a retrospect on “Oil Production in the 21st Century,” Scientific American magazine](#)

Back in 1998, when I wrote the above article for SciAm, I was feeling optimistic about the prospects for production growth in the oil industry. The drop-header read: “Recent innovations in underground imaging, steerable drilling, and deepwater oil production could recover more of what lies below.” There is certainly plenty of room for improving the percent of discovered oil that can be brought to the surface, and indeed, the impressive technologies I discussed in SciAm have improved that recovery efficiency by more than 10% since 1998. However, average recovery still languishes between 35% and 40% of the original oil in place in the majority of the world’s oil fields. Two unfortunate and short-sighted management trends have affected my optimism, and in my view, prevented discovery and production technologies from keeping up with increased demand in what I think of as the “Lost Decade” since I wrote that article.

[Farmers adjust to record corn prices](#)

“Pretty much everybody I know, we’re not going to plant any more corn than last year,” said Belding cash-crop farmer Joe Marhofer, who farms a few hundred acres of alfalfa and corn just off Krupp Rd. “Guys are really putting a pencil to it, they’re looking to tighten their belts this year. With the input costs for corn so high, we decided not to break our normal crop rotation.”

...“If you had to pick and could get the same inputs for any crop, corn would definitely be the thing to do,” said Portland cash-crop farmer Jeff Sandborn, who owns an 1,800 acre operation split between soybeans and corn production. “But the inputs on corn are so much more expensive.”

Those input costs include purchasing nitrogen fertilizers, sprays and seed corn, much of which are imported overseas. Economically, the weak dollar ultimately means it costs more to purchase goods abroad than it did even last year, which has a domino effect on prices.

[Price shock in global food](#)

Americans may fret that Wheat Thins cost 15 percent more than a year ago but in poor nations, such price hikes aren’t taken lightly. In Ivory Coast last week, women rioted against higher food costs, leaving one person dead.

In Haiti, four people were killed in protests last week over a 50 percent rise in the cost of food staples in the past year. From Egypt to Vietnam, price rises of 40 percent or more for rice, wheat, and corn are stirring unrest and forcing governments to take drastic steps, such as blocking grain exports and arresting farmers who hoard surpluses.

[Area bakeries feel bite of rising flour prices](#)

A "wheat crisis" is what the baking industry is calling the wheat shortage.

The country is experiencing its lowest reserves since 1946, said J. Bohn Popp, vice president of marketing for the Fort Wayne, Ind. -based Perfection Bakeries Inc.

Perfection Bakeries does business as Aunt Millie's Bakeries, the product line carried by supermarkets including Meijer Inc., Spartan Stores Inc. and Wal-Mart Stores Inc.

"Before, we were at two to three months of reserves. Now, it's less than a month," Popp said.

[Namibia: The Price of Uranium Mining - a Namib Desert Scarred By Pipelines](#)

The water requirements of at least 12 new uranium mines by 2015 will come to about 53 million cubic metres, compared to a total water supply of 67 million cubic metres presently provided by NamWater to all its customers countrywide.

[Oil price strength here to stay; demand fails to waver](#)

DOHA - Oil price volatility is here to stay, with prices fluctuating within the range of \$70-110/bbl and averaging \$85-90/bbl this year. Also, demand growth has failed to waver because new players have emerged, with growth in China and the Middle East, according to Fereidun Fesharaki, chairman and chief executive officer of FACTS Global Energy.

[Pakistan: Eunuchs warn of power outage protest dance](#)

Islamabad - Four eunuchs in central Pakistan threatened to dance in protest at a regional power company office if it fails to provide a schedule for daily power outages, local media reported Tuesday.

The eunuchs in Muzaffargarh, in the south of Punjab province, said they often had to abruptly end their performances and were not paid the full fare because of power outages, the daily Dawn News reported.

[Ethiopia: EEPCO Finally Admits Power Shortage](#)

A week after the Ethiopian Electric Power Corporation (EEPCO) stated that there was no shortage of power in the country, the management on Thursday April 3 admitted that a power shortage has occurred due to the prolonged absence of Belg rain.

[Australia: Premium unleaded prices rise amid shortage](#)

A shortage of premium unleaded petrol in Canberra has seen the price skyrocket to a \$1.69 litre.

A BP petrol station has been charging that price, which is \$0.29 a litre more than the regular unleaded price. The oil giant is also charging \$1.63 for its mid-range, lower octane premium fuel.

[Familiar story: More need help, fewer can give](#)

“As the economy gets worse, more people will need our services, but we have less funding for them,” Talcott said. “Last year, we received \$22,800 from the United Way campaign, and this year it’s dropped to \$16,400.

“It may not seem like a lot, but we run a tight ship here, especially with the cost of fuel, heat and transporting our goods,” he said.

[Saudis raise oil prices for Asia, but widen US discount](#)

SAUDI Aramco, the world’s largest state oil company, raised prices of light crude oil grades it will export to Asia in May, while cutting them for customers in the US and Europe.

The premium for Arab Light, the most common variety exported by Saudi Arabia, to Aramco’s Asian benchmark was raised for the first time in four months, widening to \$1.45 a barrel from \$1.05 a barrel in April, the Dhahran-based company said in a faxed statement on April 5.

[Dominion CEO Touts Using All Available Energy Options](#)

The nation is facing an “energy train wreck” unless it uses every energy option available, including construction of new coal-fired power plants, Dominion Resources Chief Executive Officer Thomas F. Farrell II said on Monday.

“We do not have the luxury of limiting ourselves to a few sources of energy and excluding others,” Farrell said. “We need to draw on every resource at our disposal – coal, nuclear, oil, natural gas, renewable power and aggressive and smarter conservation and efficiency programs.”

[Bangladesh Fears Industrial Cost from Gas Shortage](#)

DHAKA (Reuters) - Bangladesh's textile producers, major export earners, said on Monday that a government decision to limit gas use by industry would cause at least \$18 million in lost production each month.

State-run Titas Gas and Transmission and Distribution Company (TGTDC) last week told all major industries to stop natural gas consumption for five hours a day at peak time to ease pressure on the power sector.

[Energy secretary: Use tech to diversify energy supply](#)

WASHINGTON — Energy Secretary Samuel Bodman told an energy conference here yesterday that the nation must diversify its energy supply.

Technology is the key to solving the country's most pressing energy challenges, Bodman said.

The Bush administration favors putting the private sector in the lead. Already, he said, private investment in the development of clean energy has taken off.

[U.S. needs leader during energy crisis](#)

World demand for oil is growing faster than supply, and prices are rising to near-record levels. Gas is well over \$3 per gallon, and some experts are predicting \$6 per gallon in the near future. Further, our dependence on foreign oil, especially from the Middle East, is severely affecting our foreign policy. Whether we like to admit it or not, oil-producing countries have really got us in a box, as we currently import about 60 percent of our oil.

The president's response? He recently said we have an oil problem, and we should do something about it. His plan is to urge the producers to produce more. Never mind we then become even more dependent on foreign oil. Never mind our Middle East policy will become even more difficult.

Just make sure we suffer no pain. Well, thanks Mr. President, but no thanks.

[More waters off California may be off limits to oil drilling](#)

Los Angeles - A stretch of the Pacific Ocean off California's wild north coast seems poised to get permanent federal protection from oil exploration and other development, in recognition that the area lies within one of the four richest marine feeding grounds in the world.

The US Senate is expected this week to vote in favor of extending two marine sanctuaries to cover ocean waters off a 76-mile stretch of the Sonoma County and south Mendocino County coasts – a move that would be a major victory for California in its 50-year battle to restrict offshore oil drilling. The House of Representatives approved the measure April 1.

[Opponents say California power initiative is ill-advised](#)

University of Phoenix founder John Sperling and his son, Peter, are backing a ballot initiative that would force the state to more than quadruple its production of solar, wind and other alternative energy sources by 2025.

But the state's major alternative-energy companies and environmental groups say the Solar and Clean Energy Act of 2008 is poorly drafted and riddled with loopholes, and they plan to oppose it.

[Rubber Trees For Tyre Industry Shrink China Rainforests](#)

Three decades ago, jungles and high mountain forests covered about 70 percent of Xishuangbanna, tucked between China's borders with Laos and Myanmar. By 2003, that proportion had shrunk to less than 50 percent.

"With rubber prices rising like crazy, any tree that can be cut down has been cut down to make way for rubber," said Liu, a professor at the Xishuangbanna Tropical Botanical Garden, run by the Chinese Academy of Science.

['Revolutionary'](#)

[Carbon Dioxide Maps Zoom In On Greenhouse Gas Sources](#)



ScienceDaily — A new, high- resolution, interactive map of U.S. carbon dioxide emissions from fossil fuels has found that the emissions aren't all where we thought.

"For example, we've been attributing too many emissions to the northeastern United States, and it's looking like the southeastern U.S. is a much larger source than we had estimated previously," says Kevin Gurney, an assistant professor of earth and atmospheric science at Purdue University and leader of the project.

[Oil peak theorist warns of chaos, war](#)

WASHINGTON -- Matt Simmons sounds the alarm like the Cassandra of the oil industry, warning that crude production has peaked and that looming energy shortages could derail global growth and even spark armed conflict.

As a prominent "peak oil" theorist, the veteran oil industry financier paints a grim picture of a world facing resource scarcity. Still, it doesn't take a "peak-ist" to conclude that the global oil producers will find it increasingly difficult to keep up with growing demand.

He squared off yesterday against other experts who argue that the world has yet to reach the physical limits of oil production. But while they disagreed on the extent of the problem, the panelists at a U.S. Department of Energy conference in Washington concurred that future crude production will be constrained by physical, economic and political factors that add up to tight markets and higher oil prices.

[Thaw exposes Greenland's oil](#)

In Greenland, locals hunt reindeer for food and use dog sleds to traverse the ice sheet. Soon they may be working on offshore oil rigs and counting their money.

Oil companies have begun looking for crude deposits off the west coast, and Joern Skov Nielsen, deputy director of Greenland's Bureau of Minerals and Petroleum, said there may be more oil there than the entire past production of the North Sea. That's about 50 billion barrels, according to figures from Norway and Britain, the region's biggest producers.

[China to consume 63% more oil in 2020 compared with 2006](#)

BEIJING, April 8 (Xinhua) -- China is expected to consume 62.5 percent more oil in 2020 compared with 2006 as fast economic growth will continue to fuel domestic oil demand, says a government think tank.

China's oil consumption would rise from 346.6 million tons in 2006 to 407 million tons in 2010 and 563 million tons in 2020, the Chinese Academy of Social Sciences forecast in a new report.

[China's demand for oil is expected to slow](#)

BEIJING — China's total oil demand is projected to rise at a modest annual rate of 3.3 per cent between 2010 and 2020, easing from 4.5 per cent in the 2007-2010 period, Chinese media said on Tuesday.

...The report gave no reasons for the projected dip in growth.

[Drive to copy Prius's green halo](#)

When Tom Weatherbee swapped his minivan for a Toyota Prius hybrid two years ago, he was mostly hoping to save money at the bowser.

But he was pleasantly surprised by both the requests from friends for a test drive and the grins its aerodynamic profile drew at the grocery store, and he basked in the attention.

"Even the people who own more expensive cars acknowledge the Prius as being pretty cool," said Weatherbee, an electrical engineer who lives outside Traverse City, Michigan.

[UK: Ofgem investigating two companies](#)

Two of the UK's largest energy companies are being investigated by their regulator over allegations they abused their dominant market positions.

Ofgem said it had launched the study into Scottish Power and Scottish & Southern Electricity following a formal complaint from an unnamed complainant.

The investigation centres on the companies' activities in the electricity generation sector.

[ConocoPhillips settles Texas EPA charges](#)

The Justice Department and Environmental Protection Agency said Tuesday oil company ConocoPhillips has agreed to pay \$1.2 million to resolve alleged Clean Water Act violations at its Borger, Texas refinery.

The agencies alleged ConocoPhillips violated discharge limits more than 2,000 times between 1999 and 2006. The discharges from the facility involved two types of water pollutants -- selenium and toxic wastewater.

[Australia's own 'peak oil'](#)

Resources and energy minister Martin Ferguson has warned the country's growing dependence on imported energy could reach critical proportions, speaking at the Australian Petroleum Production and Exploration Association conference in Perth.

“With only about a decade of known oil resources remaining at today's production rates, Australia is looking down the barrel of a \$25bn trade deficit in petroleum products by 2015,” Mr Ferguson said.

[China, Syria sign deal on oil refinery](#)

China and Syria have signed an agreement to build a joint venture refinery in eastern Syria, expanding their cooperation to include oil processing, state-owned China National Petroleum Corp. has disclosed.

China's state-owned oil industry has been investing heavily abroad in hopes of securing energy supplies to fuel its booming economy.

[Blast rocks Gazprom export link](#)

An explosion has hit Gazprom's Urengoi-Uzhgorod pipeline, which pumps gas to Europe via Ukraine, but supplies to Europe continue to run smoothly, the country's Emergencies Ministry said.

The blast and subsequent fire hit the pipeline, which takes Gazprom's gas from the Arctic region of Urengoi through Ukraine and into Europe, at a point 170 kilometres north-east of the town of Perm in the Ural mountains.

[America at a critical turning point](#)

The specter of global warming and Peak Oil are threatening to make dramatic changes to our lifestyle and to the very future of our planet's existence. Do we Americans understand what the issues of global warming and Peak Oil mean to our future? Have Americans taken the time to educate themselves about these threats looming on the horizon? The impact that these twin impending disasters will have on every element of our daily lives and our very existence into the future? And not only the impact upon ourselves but also the lasting, terrible impact that they will have on future generations? If you do not know now you better prepare yourself for the future. It is not the least bit difficult to spend some time to research these critically important issues and anyone can easily do so by simply Googling these two terms on the Internet. Doing so will open up a window into a knowledge of things to come that most of us cannot even begin to imagine. Doing so will prepare you to face up to the future that is coming your way and one that is

unavoidable. What is so difficult about getting educated about critical issues endangering our future?

[Soot Plays Big Role in Global Warming](#)

Black carbon, the stuff that gives soot its dirty color, could be the second most important contributor to climate change after carbon dioxide and a key to preventing warming, at least in the short-run, a new study suggests.

[Gore convinced US will sign up to new climate treaty in 2009](#)

TORSHAVN (AFP) - Nobel Peace Prize-winner and former US vice president Al Gore said Monday that he believes Washington will sign up to a new climate change treaty in Copenhagen in 2009.

"The United States will definitely join the next treaty," Gore said at a conference on global warming and rising oceans in the Faroe Islands. "The good news is that after the next (presidential, November 2008) elections, we will have a new politics."



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](#).