



DrumBeat: May 1, 2008

Posted by [Leanan](#) on May 1, 2008 - 9:14am

Topic: [Miscellaneous](#)

[Gold isn't buying as much oil as it used to](#)

A talking head on television this weekend was discussing the worldwide price of rice, and noted that its relationship to gold had changed little. Over the past several months, she said, the amount of rice that an ounce of gold would buy had not changed significantly.

This, of course, led The Barrel to check what had happened to the relationship between gold and oil these last few months. The numbers are sobering.

[Car buyers lighten up](#)

NEW YORK (CNNMoney.com) -- Reports released Thursday by top automakers affirmed the continuing shift in vehicle sales: Record high gasoline prices are prompting more consumers to switch to smaller cars.

[Greer: Not the end of the world](#)

You know that things are beginning to heat up when both sides of a controversy declare victory at the same time. Over the last week or so, that's happened in the peak oil scene. On the one hand, quite a number of cornucopians – those enthusiastic souls who believe that we can get ourselves out of the hole we're in by digging faster and paying less attention to where the dirt lands – have trumpeted the discovery of a few new oil fields as proof that peak oil is a myth.

[National Security Requires Pragmatic Oil Security Plan](#)

In the Oil ShockWave exercise referred to by Allison and Diamond, the crisis began with a terrorist attack that forced the closure of the Bosphorus Strait of Turkey. Without this vital shipping lane, more than two million barrels of oil a day were cut off from the world market during peak winter demand. The situation grew worse as terrorists in the Persian Gulf began to target oil infrastructure and Western workers there. As a result of these attacks, oil prices shot up to \$160 a barrel, and gasoline in the United States topped \$5 a gallon.

"Tonight's simulation made clear the importance of getting beyond sound bites and parochial interests and taking comprehensive action to limit our energy security vulnerabilities," said Diamond following the Oil ShockWave exercise. "There are no short-term solutions; once a crisis occurs, America's hands are tied."

[Union ends strike that slashed Nigeria's oil production](#)

ABUJA, Nigeria - A workers' strike that slashed Nigeria's oil output ended Thursday and regular production will resume, the union behind the strike said.

The head of the workers' bloc at an Exxon Mobil Corp. unit in Nigeria said members would return to their stations after negotiators reached a broad accord with management.

[Shell Says in Talks to Export Iraqi Gas Via Turkey](#)

(Bloomberg) -- Royal Dutch Shell Plc is in talks with Turkiye Petrolleri AO, Turkey's state oil company, to build a pipeline to export Iraqi natural gas via Turkey.

[Investors' Influence on Commodity Prices Signaled by Soaring Index Funds](#)

(Bloomberg) -- Money in funds tracking the two most popular commodity indexes jumped 48 percent so far this year, showing investors have may have influenced record energy, food and metals prices, according to Sanford C. Bernstein & Co.

[Dmitry Orlov: Keeping fed](#)

In spite of the monumental failures of Soviet agriculture, the overall structure of Soviet-style food delivery proved to be paradoxically resilient in the face of economic collapse and disruption. The combination of local food stockpiles administered by politicians conditioned to treat bread riots as career-ending calamities, the prevalence of government institutions that attended to the sustenance of their employees and plenty of kitchen gardens, meant that there was no starvation and very little malnutrition. But will fate be as kind to the United States?

[Could the global food crisis impact America?](#)

Officials at the commodity trading house, Bower Trading say the USDA report sets the stage for a wild ride in the marketplace for the rest of 2008. "Our stockpiles are down so low here in the United States, we really don't have much room for error," a trading

official said.

“It’s hard for most Americans to even conceive of the idea that food could become scarce in this country,” said Raj Patel, a writer, activist and former policy analyst with the advocacy group Food First and analyst for the World Bank, World Trade Organization and the United Nations. “Few of us are paying attention to the close relationship between bio-fuel, grain crops and price inflation,” Mr. Patel told Democracy Now’s Amy Goodman. He was appearing on her Pacifica Radio show, to push his new book, “Stuffed & Starved: The Hidden Battle for the World Food System.” The book is due out April 25. Competition between corn and other crops for planting acres has driven up the price of food in the U.S., as the government mandates more acreage for corn, wheat and soybeans, ingredients needed for ethanol production.

[Wheat, Corn and Ethanol Fight for Acres](#)

Economics professor Bruce Babcock, director of the Center for Agriculture and Rural Development at Iowa State University, was online Wednesday, April 30 at noon ET to explain how high ethanol prices are impacting farmers individually and the world as a whole as less and less of the nation's farmland is used for growing food crops.

[Farmers blamed for rising cost of food](#)

Congressmen from both sides of the aisle point the finger at farmers for skyrocketing grocery prices, but oil prices are 'main culprit' says leader of National Farmers Union.

[Big Plans for Biodiesel Stall in Southeast Asia](#)

JAKARTA, Indonesia -- Plans to invest billions of dollars in biodiesel refineries across Southeast Asia have been put on hold as the prices of key raw ingredients -- particularly palm oil -- have shot up amid surging food demand in China and India.

[New York: Thruway Authority out of control](#)

The toll hike comes at the worst possible time, with worries about a faltering economy and rising gas and food prices. People are beginning to make major cutbacks in spending to make up for the rising prices. The word “recession” is being tossed around by government officials and don’t forget the mortgage crisis.

Thruway managers say the hikes were unavoidable because traffic volume hasn’t been high enough to cover the cost of a \$2.1 billion highway and bridge repair plan.

[Rising energy costs and the future of hospital work](#)

My intent is to give you a realistic take on the future of your profession by explaining why healthcare and nursing will be transformed by rising energy costs. Is there danger ahead? You bet. It's going to be difficult, probably life-changing for all Americans. Here's why: the scale of our energy predicament is enormous, unprecedented and grossly misunderstood by institutional leaders and most of the media.

[Arctic Getting "Wetter" Due to Human-Driven Warming](#)

In addition to heating up faster than almost anywhere else on the planet, the Arctic has gotten wetter and snowier because of global warming, according to a new study.

The extra precipitation could freshen ocean water in the Arctic and North Atlantic, researchers say, which might disrupt the so-called ocean conveyor belt, a current that runs through the Atlantic and carries warm water northward from the Equator.

[Poison ice](#)

As the sea ice melts, a toxic stew of mercury and synthetic chemicals is seeping into the Arctic food web, harming the area's people. We may be next.

[Potent greenhouse-gas methane has been rising](#)

Methane levels in the atmosphere rose in 2007 after 10 years. Scientists are trying to find out why.

[PG&E chief's green crusade](#)

"Years ago we came to the conclusion that global warming was a problem, it was an urgent problem and the need for action is now. The problem appears to be worse and more imminent today, and the need to take action sooner and take more significant action is greater than ever before" – PG&E Chairman and CEO Peter Darbee

[Zimbabwe floats currency, vows to fight hyperinflation](#)

HARARE (AFP) — Zimbabwe decided to float its currency on Wednesday in an attempt to eliminate speculation on the black market as hyperinflation continued to ravage the economy.

...Zimbabwe has long been experiencing a shortage of foreign currency which means the government has failed to import sufficient vital commodities such as fuel, electricity,

food and medicines.

[Permanent wars for oil and permanent terrorism](#)

When the Bush-Cheney administration took over in January 2001, the international price of oil was about \$22 a barrel. Now, nearly eight years later, the price of oil is hovering around \$120 a barrel, a more than 500 percent increase.

[Strange Behavior](#)

Get Your Motor Runnin'

At 1.7 trillion passenger-car-miles a year, every man, woman and child in the U.S. averages more than 5,000 miles on the road each year.



We've all heard the reasons why the price of oil is soaring. Pipeline attacks in Nigeria, mischief in Iran, the plunging value of the dollar, those pesky hedge funds. The real reason, if there is one, isn't as important as the impact. At \$120 a barrel, the world's oil bill will account for 8% of global economic output, twice what it was in 2006. Yet the market and consumers' habits don't seem to be changing all that much (the spike in Prius sales notwithstanding). Global demand, at 86 million barrels of oil a day, hasn't wavered. Motorists are driving almost as much as they always have. And politicians are still blocking development of America's untapped oil wealth in coastal waters, the Alaskan wilderness and the massive oil shale deposits of Colorado. Maybe everyone thinks the price of oil is going to drop, and drop big, in a few years. But other rational things explain our seemingly irrational behavior.

[Ford's April vehicle sales down 12 percent](#)

DETROIT - Ford Motor Co. says its U.S. sales dropped 12 percent in April as high gas

prices accelerated the trend away from trucks and sport utility vehicles.

It was a pattern expected throughout the industry as gas prices rose to record highs. Other automakers are scheduled to report their April sales later Thursday.

[Global fertiliser shortage looming](#)

Farmers are just about managing to survive with higher fuel costs which have seen "red diesel," now priced at over 60p per litre. But the same cannot be said for the cost of chemical fertilisers where demand and supply are currently miles out of balance.

[Energy costs top concern -- until food costs soar](#)

"We are supportive of biofuels with caveats. We want safety measures built into it so we don't cause harm to the environment or food prices. What's the panic if we don't have the legislation out next week?"

Fair point and unusual for the New Democrats, given their chest-thumping demands for instant environmental policy.

But there's plenty of counter-argument showing corn crops, often singled out as the main fuel-displacing-food culprit, are experiencing dramatic production increases and surplus capacity in North America.

[Rationing -- Food For Thought](#)

If food prices continue their rapid ascent, and if hoarding or rationing result, the social climate may deteriorate rapidly. It is hard to imagine two more potent causes of insurrection than economic hardship accompanied by a denial of access to food. In some countries food shortages already are causing riots. The situation is so grave that many major food producing countries such as Argentina, China and Russia are restricting food exports, driving prices even higher.

Raising the political temperature still more is the fact that the U.S. government is encouraging farmers to grow crops (corn, wheat and soybean) to burn as fuel, while refusing to even consider cuts in generous subsidies to wealthy farmers reaping windfall profits.

[Could oil mania be coming to an end?](#)

Speculation has driven up prices - but things could be about to change, some analysts say,

[Why oil prices are at a record high](#)

REUTERS, London- US crude oil hit an all-time high of \$119.93 a barrel on Monday. Robust demand for crude and a weak dollar have fuelled the rally from a dip below \$50 at the start of 2007.

Adjusted for inflation, oil is now above the \$101.70 peak hit in April 1980, according to the International Energy Agency, a year after the Iranian revolution.

[Malaysia: Emergency supply of diesel sent to Miri](#)

Asked what had actually happened that caused the April quota to run out so fast, he said it was due to technical issues.

There was a surge in demand for diesel the past few days, possibly due to concerns that the fuel might run out and due to rumours of a fuel price hike.

[Pakistan: Safety nets needed to protect poor from food-fuel inflation](#)

KARACHI: The government must devise immediate policies to insulate the most vulnerable social groups from the perils of runaway food inflation moving in tandem with soaring fuel prices.

The government's decision of passing on the burden of rising oil prices to consumers would surely compound miseries of the poorest sections of the society.

[U.S. gas: So cheap it hurts](#)

Relatively low taxes have kept pump prices far below most other developed nations, which some say is precisely why the current runup is so painful.

NEW YORK (CNNMoney.com) -- Despite daily headlines bemoaning record gas prices, the U.S. is actually one of the cheaper places to fill up in the world.

Out of 155 countries surveyed, U.S. gas prices were the 45th cheapest, according to a recent study from AIRINC, a research firm that tracks cost of living data.

The difference is staggering. As of late March, U.S. gas prices averaged \$3.45 a gallon. That compares to over \$8 a gallon across much of Europe, \$12.03 in Aruba and \$18.42 in Sierra Leone.

The U.S. has always fought to keep gas prices low, and the current debate among

presidential candidates on how to keep them that way has been fierce.

But those cheap gas prices - which Americans have gotten used to - mean they feel price spikes like the ones we're experiencing now more acutely than citizens from other nations which have had historically more expensive fuel.

[Pemex Refining Unit Operates at Loss on Higher Prices](#)

(Bloomberg) -- Petroleos Mexicanos, the state- owned oil company, said it had a loss at its crude oil refining unit during the first quarter because of higher crude prices.

The loss of 7 cents a barrel this quarter compares with profit of about \$6.90 per barrel a year earlier, said Chief Financial Officer Esteban Levin in a conference call with analysts today. It was the only loss for the unit since 2003, the earliest data available from Pemex.

[China's Meat Consumption Causing Global Grain Shortage, Study Finds](#)

A change in Chinese meat consumption habits since 1995 is diverting eight billion bushels of grain per year to livestock feed and could empty global grain stocks by September 2010, according to a new study from Biofuels Digest.

[The culprit is energy, not corn](#)

A new Texas A & M University study and other analyses are instructive. The reasons for high food prices include:

- High oil prices. The energy components in all aspects of food shipping and production are huge.
- Speculative trading in commodity markets, which has little to do with the actual supply-and-demand situation.
- Changing diets in China and India, where more animal protein is in demand, which has resulted in more exports of grain, meat and processed foods.
- Short global stocks of wheat brought about in part by the 1996 Freedom to Farm bill which eliminated grain reserves.

[How African country folk hit back at urban snobs](#)

Urbanites don't like to hear this said, but the truth is that most people in cities, particularly in developing countries, are able to live a decent life because they parasite

on, and impoverish the peasants.

[Doomsday on the horizon?](#)

Americans are being slapped in the face with a new reality. We are living in a recession. Yes, I said the “R” word. I am no economist but if this is not a recession, I don’t know what is.

I paid more than \$55 to fill up my 4-cylinder Toyota Camry this week. We’re not talking about a gas-guzzling SUV here, this is a mid-size sedan with relatively good gas mileage. But with gas prices ranging between \$3.68 and \$3.75, it adds up quick.

[Armenia on shaky ground with nuclear plant: EU](#)

Armenia is facing a power crisis as it is due to replace its only nuclear power station by 2016. Metsamor nuclear plant is vital to the country's power needs. EU officials, though, consider it not only obsolete, but also dangerous due to its location in an active earthquake zone.

[Australia: Transport crisis turns west into wasteland](#)

IT MAY be home to a booming population, but lack of public transport means Sydney's west is in danger of becoming a *Mad Max*-style urban wasteland.

Its dependence on cars could prove its death knell, with rising petrol prices forcing many families to abandon their vehicles and become locked in their local communities.

[Gas prices have race fans rethinking trip to the track](#)

Auto racing is the ultimate in gas-guzzling entertainment. But the prospect of paying \$4 a gallon to get to the track has some fans reluctant to start their engines.

Ticket sales have slipped just as May, the biggest month in motorsports, approaches. So track promoters are shifting into high gear to keep the grandstands full, offering all-you-can-eat packages and staging rock concerts.

[Are US Inflationary Concerns Inflated?](#)

Is it possible that inflationary fears are inflated? Consider that:

1. Food inflation fell in both February and March 2008.

2. Energy inflation fell in both February and March, and is lower in 2008 than in 11 months in 2005 and 2006.
3. Inflation for all items less food and energy is lower in 2008 than in 10 months in 2006 and 2007.

[World Energy Crunch Is Here To Stay](#)

Fossil fuels - as in petroleum and its by-product, gasoline - are what drives the country th a fact that has not changed in the last 125 years and won't change any time soon, contends John Moroney, an economist at Texas A&M University who has studied oil prices for 30 years and whose upcoming book *Power Struggle: World Energy in the 21st Century* takes a detailed look at the subject.

[Egypt's coming energy crisis](#)

Short-term thinking has put Egypt in the unsustainable position of buying at high cost energy resources while it exports the same at low prices.

[Ducks in the muck won't amount to much](#)

Perhaps consumers will be sufficiently moved by the premature deaths of a passel of poultry that they'd be willing to weather an intensified energy crisis to spare further victims. But this is Syncrude's first incident of this nature in 30 years. And, whether we like it or not, considering that the energy industry has taken its moderate toll on wildlife, from the days of whale oil to California's raptor-shredding wind turbines, it would certainly be something if a few hundred more ducks, martyred in the name of industrial progress, made all that much of a difference now.

[Nigeria: Senate Orders Oil Exploration in the North](#)

The Senate yesterday urged President Umaru Musa Yar'adua to direct the Nigeria National Petroleum Corporation (NNPC), to resume exploration of crude oil on the Nigerian side of the Chad Basin and the Benue Trough.

Moving a motion on behalf of 54 other senators, Senator Bala Mohammed told the apex lawmaking body that huge volumes of hydrocarbons have been discovered in Niger and Chad Republics due to persistent exploration activities on their side of the river basins.

[Juneau considers partnership with nonprofits](#)

Juneau Mayor Bruce Botelho wants the city to consider pairing up with nonprofit organizations in an effort to target residents who need the most help with skyrocketing electric bills.

[In some quarters of state, sympathy for Juneau lacking](#)

While Juneau struggles with high power prices, not everyone in Alaska is sympathetic.

"As much as I feel Juneau's pain, Juneau residents need to understand that there are thousands of us rural Alaskans who would love to pay only 50 cents per kilowatt for electricity," wrote Dan Klaes, mayor of Bettles, in an opinion piece in the state's largest newspapers.

Residents of Bettles, a city of 25 located 35 miles north of the Arctic Circle, would save almost 30 cents per kilowatt-hour if its power rates were as low as Juneau's.

Klaes said Juneau residents are now facing the same fuel and electricity crisis as other parts of rural Alaska.

[Alaska: Borough mayor will ask for state of emergency](#)

Mayor Jim Whitaker will ask the Fairbanks North Star Borough Assembly to declare a state of emergency at its May 8 meeting.

...The purpose of the Town Hall Meeting was to figure out what resources are available specifically in Alaska and how Alaska can regain its self-sufficiency when it comes to energy.

[Going green, but with caution](#)

"All is not lost simply by living in suburbia," said Alan Belenz, a committee member and resident whose day job is chief of the Climate Science and Technology Bureau at the state Department of Environmental Conservation.

Not everyone feels that suburbs, based on expansive, car-centric development, can ever be "green" in any meaningful way.

After all, most residents must still drive to the new Clifton Park-Halfmoon Library even though it includes numerous environmentally friendly features.

[MediaBistro](#)

Once we started hearing about the books that brought these authors to the table, though, James Howard Kunstler (left) told the audience how his new novel, *World Made By Hand*, extrapolated from the themes of his last nonfiction book, *The Long Emergency*. When he turned the novel in to his editor, Kunstler recalled, "he behaved as if I had handed him a basket of garlic and crosses," and then tried to dissuade him with a lowball offer. (That was before he got a new agent, though.) He conceded that, in writing about a world a few years into the future where the depleted oil supply leads to the collapse of our technological infrastructure, "I was very conscious of *The Road* being out there... I knew what it was about, and I wanted [my book] to be the antidote to that, to suggest that this isn't the worst thing that could happen."

[Can Climate Campaigns Withstand a Cooling Test?](#)

If the new forecast of a decade of cooler temperatures in North America and Europe pans out, it will pose a substantial challenge to climate campaigners, politicians, and citizens: Can they produce meaningful action to limit the long-term warming that scientists still say is clearly ahead under a building greenhouse blanket even when it's cooling outside?

[Transition towns](#)

LONDON, England (CNN) -- Imagine a life where you cycle each morning to work, and come home at night to tend your allotment and eat a dinner of locally produced food.

Maybe after your meal you take a walk down the car-free streets to the nearest bar where you buy a round of drinks with locally produced currency and settle down in a corner to watch a troupe of musicians play some local folk music.

It might sound like some kind of fairytale arcadia -- a return to the simple lives of our forefathers, before fossil fuels and consumer culture turned everything on its head. But in fact this is how many people are beginning to envision our future -- a world where we come to terms with inevitable fuel shortages and work towards a less energy-dependent lifestyle.

[They don't just shop local in Totnes - they have their very own currency.](#)

If you were to nip down to Devon's Totnes market on a Saturday looking to buy some spelt flour pancakes, crêpes or falafels, then you might just encounter Lou Brown, who is a remarkably fine cook. But she has another, non-culinary distinction. Unlike most businesses in the country, Brown does not deal in currency with a picture of the Queen's head on it. No, instead, her change features an image much closer to home. The town where she lives.

Brown, along with thousands of her fellow residents in this colourful south-west retreat, uses Totnes pounds: notes printed and traded locally (and decorated with a sepia

depiction of the town's main thoroughfare). The idea for the pound – used in 70 businesses round these parts – was introduced a year ago, to promote links between local businesses while reducing reliance on big business. The aim is to keep money circulating within the town's local economy. If people are encouraged to buy local produce, the thinking goes, it will help to cut down on food – and trade – miles and also help to strengthen community relations and links with local producers.

[Planning Over a Cliff](#)

Raise the Hammer was born in part from the imminent Peak Oil crisis and the necessary paradigm shift in living and city planning to mitigate the crisis. The City of Hamilton was 'planning' for a future based on cheap oil/gasoline and to some extent still is.

Almost four years have passed and the denial of an energy crisis is still steering the city planning, even with surmounting evidence of present a \$120 barrel of oil.

The City of Hamilton still believes that box retail centres with supply chains and business models based on cheap oil will be the employment opportunities that keep the next generation in the City.

[Peak Everything: Learn About Peak Oil](#)

The first in a series where we look at why those basic things that we take for granted, like water, food and fuel are getting expensive and scarce, all at once.

[Gas to Hit \\$7 a Gallon](#)

Both Qatar's oil minister and the head of OPEC can see oil hitting \$200 a barrel before the end of the year and one analyst says gas could reach \$7 a gallon within four years. That could mean cataclysm for the global economy.

[Nigerian oil strike against Exxon to press onward](#)

A Nigerian oil workers' strike that has halted production at Exxon Mobil Corp.'s local unit entered its eighth day with talks between union leaders and management scheduled to resume at noon local time, a union official said.

The industrial action has cut crude output by 860,000 barrels a day, according to the Petroleum & Natural Gas Senior Staff Association of Nigeria union, also known as Pengassan. Gloria Essien-Danner, a spokeswoman for Irving-based Exxon, also confirmed today that the strike had not ended.

[Iraq: U.S. has no claim to oil boom](#)

BAGHDAD — As Congress gears up to debate the Bush administration's latest request for an additional \$108 billion in war funding for Iraq and Afghanistan, Iraqis are fuming at suggestions being floated by lawmakers that Baghdad should start paying a share of the war's costs by providing cheap fuel to the U.S. military.

"America has hardly even begun to repay its debt to Iraq," said Abdul Basit, the head of Iraq's Supreme Board of Audit, an independent body that oversees Iraqi government spending. "This is an immoral request because we didn't ask them to come to Iraq, and before they came in 2003 we didn't have all these needs."

[Myanmar: Junta's horribly misguided energy experiment](#)

Biofuels have long been hailed as a solution in the fight against global warming and increasing scarcity of petroleum. But recently it is becoming increasingly clear that unless sufficient precautions are taken, biofuels can snatch food from the mouths of the poor and can be a human rights disaster.

Nowhere is this truer now than in Burma. In its typical brutal, heavy-handed fashion, the Burmese junta has combined forced labour, ham-fisted implementation and superstition in a disastrously misguided nationwide biofuel project that is creating yet more suffering for this desperate country.

[Arctic sea ice forecast: another record low in 2008](#)

WASHINGTON (Reuters) - Arctic sea ice, sometimes billed as Earth's air conditioner for its moderating effects on world climate, will probably shrink to a record low level this year, scientists predicted on Wednesday.

In releasing the forecast, climate researcher Sheldon Drobot of the University of Colorado at Boulder called the changes in Arctic sea ice "one of the more compelling and obvious signs of climate change."

[Lake With 20% of Earth's Fresh Water Is Warming Faster Than Air](#)

Bloomberg) -- The world's largest lake is warming faster than the atmosphere, challenging the idea that large bodies of water can withstand global warming, according to U.S. and Russian scientists.

[Is Desert Solar Power the Solution to Europe's Energy Crisis?](#)

A tiny fraction of the sun's energy that shines upon the deserts of North Africa and the Middle East could meet all of Europe's electricity demands. The technology to harness the energy already exists. So why is hardly anyone investing in it?

[Rising costs reshaping air travel across the USA](#)

Record-high oil prices are threatening to ground millions of travelers who have grown accustomed to flying for fun and business during the past 30 years.

Air travel in the USA has grown at a rate five times faster than the population since 1978, when deregulation first allowed airlines to compete by setting their own prices and routes without government approval. Last year, 769 million passengers boarded U.S. airline flights.

But with today's unprecedented jet fuel prices, airline executives and aviation analysts are warning that only extreme fare increases and dramatic cutbacks in flights will enable the industry to cover a 2008 jet fuel bill the airlines' trade group projects will be 44% higher than last year's.

[Non-OPEC oil producers unable to boost output](#)

Oil producers outside the OPEC cartel are unable to pump enough oil to reduce crude prices, hampered by robust domestic demand, weak investment and exhausted oil fields, analysts say.

In the short term, "no non-OPEC member is in a position to produce more," said Francis Perrin of the publication *Petrole et Gaz arabes*.

"They are selling all the oil they can."

[Crude logic](#)

There is a puzzle over oil prices - and it is not what is driving them up. That particular question can be answered quickly enough: demand for oil has increased, especially in booming China, and that lift to prices has been intensified by that old culprit, market speculation.

So far, so simple. The real mystery, however, is this: why is expensive oil not changing the way we behave?

[Companies cut corners to save on fuel as gas prices rise](#)

Along with altering shipping routes, companies have slowed trucks to boost gas mileage, stepped up tire-pressure checks for the same reason, combined deliveries and deployed technology to improve routes — to the point of avoiding left turns because waiting for lights or for traffic to pass can consume more fuel than driving alternate routes.

[UK: Petrol prices reach £5 a gallon](#)

Petrol prices have reached £5 a gallon for the first time, figures confirmed on Wednesday.

The average motorist could soon be paying more than £2,600 a year to fill up their car, swallowing almost 15 per cent of the average take-home pay, a survey predicted.

[Cut fuel tax by 9p a litre, Brown is urged](#)

Gordon Brown could afford to cut fuel tax by 9p a litre, City analysts believe.

Motoring groups say ministers should scrap a 2p-a-litre tax rise planned for October - and reduce the current duty by a further 2p.

[Start Drilling](#)

What to do about oil? First it went from \$60 to \$80 a barrel, then from \$80 to \$100 and now to \$120. Perhaps we can persuade OPEC to raise production, as some senators suggest; but this seems unlikely. The truth is that we're almost powerless to influence today's prices. We are because we didn't take sensible actions 10 or 20 years ago. If we persist, we will be even worse off in a decade or two. The first thing to do: Start drilling.

[Mexico rebel talks may spur investment](#)

MEXICO CITY - President Felipe Calderon's decision to talk with guerrillas linked to gas pipeline explosions could encourage foreign investment in Mexico at a time when the government is pushing to open the oil industry to private partnerships, experts said Wednesday.

[Iraq Oil Revenue May Top Outlook](#)

WASHINGTON -- A new U.S. government report projects Iraq's oil revenue will top a record \$70 billion this year, adding fuel to a congressional push to force the Iraqi

government to assume more responsibility for rebuilding the country.

[Candidates' plans to cut gas prices](#)

High gas prices can prompt political hysteria in the best of times, but when they soar during an election year, the fumes rising from candidate stump speeches can make a person sick. Of the three candidates and the president they're out to replace, only one is telling the truth about oil -- and he may suffer for his political courage.

[Exxon's earnings rise on record oil prices](#)

HOUSTON - Exxon Mobil Corp., the world's largest publicly traded oil company, says record crude prices helped its net income grow 17 percent in the first quarter.

Exxon Mobil said Thursday its earnings for the first three months of the year rose to \$10.9 billion, or \$2.03 per share, up from \$9.3 billion, or \$1.62 per share, a year ago.

Analysts polled by Thomson Financial were looking for a slightly larger profit of \$2.13 per share.

[Shell to withdraw from UK's flagship wind project](#)

LONDON (Thomson Financial) - Royal Dutch Shell Plc has decided to withdraw from a 1,000-megawatt wind farm project in Britain, a Shell spokeswoman confirmed.

[Shell lambasted as it seeks exit from offshore wind farm](#)

Royal Dutch Shell yesterday provoked a storm of anger among its partners in the world's largest offshore wind proposal when it revealed plans to sell its stake.

[Tempus: Oil pressure](#)

The statement from British Airways last night that it is "exploring opportunities" with American Airlines and Continental is confirmation of just how worried these carriers are by rising oil prices. AA and Continental announced huge first-quarter losses recently and BA is widely expected to reveal its second profit warning of the year next month as oil prices show no sign of dropping significantly in the near future.

[Asia tourism, airlines 'complacent' on climate change](#)

BANGKOK (AFP) - Asian airlines and tourist firms are too complacent about the urgent need to address global warming, industry leaders warned at a conference on climate change.

Westerners rather than Asians dominated the first Pacific Asia Travel Association (PATA) conference on climate change, held in the Thai capital, organisers said.

[Global warming? Next decade could be cooler, says study](#)

PARIS (AFP) - Global warming could take a break in the next decade thanks to a natural shift in ocean circulations, although Earth's temperature will rise as previously expected over the longer term, according to a study published on Thursday in the British journal Nature.



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