



## DrumBeat: June 17, 2008

Posted by [Leanan](#) on June 17, 2008 - 9:06am

Topic: [Miscellaneous](#)

### [Senators jab OPEC over high oil prices](#)

WASHINGTON: Eleven senators called on the Bush administration Tuesday to file a complaint with the World Trade Organization against eight members of the OPEC oil cartel, saying they are violating trade rules by colluding to hold down global oil supplies.

The senators, all Democrats and one independent, maintained "the very existence of OPEC" violates the GATT trade agreement that prohibit nations from setting quotas or imposing other restrictions on exports.

### [Airlines to Congress: Do something about oil](#)

U.S. airlines are calling on Congress to take action as soaring oil prices push jet-fuel costs to levels that are pushing the industry toward financial ruin. Reuters writes that the industry today is expected to "call for urgent congressional action to stem what they believe is excessive speculative trading in oil markets. The focus on commodities trading is the industry's strongest appeal to the government to address global prices, which have nearly doubled this year and have decimated industry balance sheets."

### [Rising cost of food devastates Haiti](#)

In a country where about 80 percent of the 9 million residents already were struggling to survive on \$2 a day before the price hikes hit, the situation has gone from bad to dire.

"Before these price increases, poor Haitians were spending 80 percent of their income on food," said Angel Aloma, head of South Florida-based Food for the Poor, one of the largest aid groups working in Haiti. "Now they've gone from 80 percent to impossible."

### [AFRI\(OIL\)COM](#)

The number of Americans who believe that the war in Iraq was a mistake has surpassed the number who felt the same way about Vietnam during that war. At the same time, a

much quieter U.S. military build-up is underway on another continent. The ultimate objective of the two efforts is the same: securing Big Oil's access to the regions' oil. The impact in Africa will likely be the same as in Iraq: perpetual occupation, instability, and growing anti-Americanism.

### [Oil: Why We're in Trouble](#)

We've been here before. \$139.89. Record oil prices. 28 years ago, after the Iranian Revolution, the world suffered an oil price shock that resulted in chronic shortages. How did the world get itself out of the conundrum in 1980? Simple -- it turned the world into Swiss cheese; it drilled the world full of holes, and came up with three large fields: The North Sea, Prudhoe Bay in Alaska and Russian Oil fields.

Today we are in the same position we were in 1980, except there are no major fields left to be brought on-line, and all the aforementioned fields are facing serious depletion.

### [The crude oil soap opera from Saudi Arabia](#)

MUMBAI: Is Saudi Arabia these days ruling the world? If the crude oil gyrations and the global oil-talks are of any indications, the lives of most people on earth, especially those oil-addicted Western countries, are dependent on Saudi Arabia.

### [Record-high corn prices slow ethanol expansion](#)

Record-high corn prices, among other market conditions, have ethanol producers slowing expansion and analysts crunching numbers to find the industry's break-even point.

On Monday -- the eighth consecutive day that corn prices set a record -- major ethanol producer VeraSun Energy Corp. said it will delay starting two nearly complete ethanol plants "until ethanol market conditions improve," spokesman Mike Lockrem said.

### [Have U.S. Drivers Reached Filling Point of No Return?](#)

It took some time, but Americans are responding to rising energy costs by driving smaller cars and cutting back on miles they log on the road.

But why now, with gasoline fetching \$4 a gallon, instead of a year ago, when it pushed past \$3, or in 2004, when it pierced \$2? Energy prices have climbed steadily for the past five years, but only recently have there been any real signs of conservation.

"I think we've reached a tipping point," said University of California, San Diego, economist James Hamilton. "There are a lot of hard numbers that show that we've

actually reached a point where people are responding."

See also: [Tipping Points and Energy Costs](#)

### [CNN: Economist Predicts 'Game Over' Because of Rising Oil Costs](#)

Senior business correspondent and program host Ali Velshi, along with CNN's Greg Hunter, interviewed "economist and author" Dr. Stephen Leeb about the consequences of high oil and gas prices during its June 14 broadcast.

"I fear it is game over," said Leeb, president of Leeb Capital Management. According to Leeb, we have to find "somebody to sit down and commit maybe \$100 billion just in research and then implement a very comprehensive energy plan or I fear it is game over." Leeb didn't say if he meant "game over" for the energy industry, the economy or civilization as a whole.

### [When Gas Stations Run Out of Gas](#)

Consumers aren't the only ones getting squeezed at the pump. Many gas station owners can't afford to buy gas either.

### [Saudis playing 'high stakes game' ahead of oil summit](#)

The chief energy correspondent at the Financial Times in London, Carola Hoyas, says a 200,000-barrel increase is no certainty.

"It doesn't necessarily mean that's the level we'll get on Sunday at the meeting, and maybe they're just filling out the market," she said.

"They want to see how much that would impact the market, and so far the answer is not at all."

### [Refining shortage cause of high oil price: UAE](#)

DUBAI (Reuters) - High oil prices are due to a shortage of refining capacity in industrialized nations, the United Arab Emirates Oil Minister Mohammed al-Hamli said in remarks published on Tuesday.

"There are not enough refineries to meet growing demand," Hamli told the Gulf News daily.

## [Kuwait Says Oil Over \\$100 Is Too High; Support Saudis](#)

(Bloomberg) -- Kuwait followed Saudi Arabia in saying crude oil prices are too high as evidence mounts that energy costs are restraining growth and accelerating inflation.

"I think it's high," Kuwait Finance Minister Mustafa Al-Shimali said in an interview in Isfahan, Iran, today. A reasonable oil price would be "more or less \$100," he said.

## [Myth-makers caught short in oil speculation](#)

BRUSSELS - As in military science there is the danger of "fighting the last war", so in economic science there is the danger of puncturing the last bubble. This is especially hazardous when what one has is not, in fact, a bubble. Then, the myths of such a bubble are what need puncturing. So it is today with oil prices, which this week hit a record US\$139.89 a barrel.

## [Economics of Oil Futures Trading, Part II](#)

Q: Do speculators raise spot prices and futures prices when a commodity will be scarcer in the future?

Yes, but if a commodity like oil is expected to be less scarce and more abundant in the future, speculators would lower both spots prices today and futures prices. It works both ways, but speculators don't receive attention when they are lowering spot prices, only when they are raising spot prices.

## [Truckers struggle to fill up](#)

As the cost of diesel fuel soars and the economy slows, hundreds of small to mid-sized trucking outfits are folding - leaving legions of trained drivers looking for work.

"It's turned around quite a bit," Lingyak said. "It used to be the drivers who could pick and choose. Now we can pick and choose."

## [WA premier urges restraint in power use](#)

Premier Alan Carpenter has appealed on prime-time TV and radio for West Australians to conserve power during the state's gas crisis.

Mr Carpenter recorded the announcement on Tuesday to reinforce the message that householders and businesses must limit their electricity and gas use following the

## Varanus Island gas plant explosion and fire on June 3.

### [City lights go out after gas explosion](#)

THE Rudd Government is preparing for lower-than-expected national economic growth as the lights have begun to go out in Perth because of the disastrous West Australian gas explosion two weeks ago.

From today, Perth's skyscrapers and shops will shut down lifts and turn off lights in an effort to save energy as the mining-boom state enters its third week of severe gas shortages.

### [Energy crisis worsens in Marshall Islands](#)

The Marshall Islands government is to be urged to declare a state of emergency over the worsening energy crisis.

The Pacific Magazine is reporting the Marshall Islands national disaster committee has approved a report, recommending that cabinet take pre-emptive action before a disaster hits.

### [U.S. motorists tap out gas stations](#)

TIJUANA – U.S. drivers crossing into Mexico in search of cheaper gasoline and diesel fuel are straining supplies in Tijuana, gas station owners said.

Near the Otay Mesa border crossing, the owner of a Pemex station posted a letter near the cashier's booth explaining diesel will be sold only to frequent customers who have an account at the station.

### [Canada: Renters wary of meters](#)

Like almost 90 per cent of tenants in highrise apartments, Kim's utility costs are included in his rent.

But Kim's landlord and many others in Ontario are installing smart sub-meters ahead of a yet-to-be-proclaimed section of the Residential Tenancies Act that will allow landlords to unilaterally make tenants pay directly for their power. If they get tenants to voluntarily agree to pay now, they won't be subject to requirements to first complete energy upgrades and monitor electrical use in each unit for at least a year to calculate rent rebates before they make the switch.

## [5 electric cars you can buy now](#)

With gas prices soaring, plugging in has its appeal. But there are trade-offs: high costs and low speed.

## [Reliance to Raise Crude Oil Imports From Saudi Arabia](#)

(Bloomberg) -- Reliance Industries Ltd., India's biggest company, is increasing crude oil imports from Saudi Arabia as it seeks to secure supplies because of rising demand for fuels in India and the rest of Asia.

Reliance, based in Mumbai, is boosting purchases by at least 90,000 barrels a day, accounting for 30 percent of Saudi Arabia's output increase of 300,000 barrels a day this month, P.M.S. Prasad, president of the company's oil and gas business, said in a telephone interview.

## [Our diet of destruction](#)

We are fed a production-line diet that is homogenised and bolted together from standard commodity parts. The parts, many of them created out of American agricultural surpluses, are largely controlled by an oligopoly of US-based trading and processing companies - Cargill, ADM, Bunge - that are little known in the UK. All three companies are now expanding in China and heavily involved in spreading the western industrialised diet, with its unsustainable dependence on fossil fuels and extravagant use of grains. As the Chinese move up this processed-food chain, the diet-related diseases that have afflicted us in the west are growing there too.

## [Midwest floods feed grain price inflation](#)

Beyond the short-term losses from physical damage and lost business, the worst flood to hit the U.S. breadbasket in 15 years has added momentum to the recent surge in food prices worldwide.

## [Australia: Rudd in the hot seat](#)

Kevin Rudd, if we can start with oil. You and Brendan Nelson are both arguing over very small savings at the bowser, although his small savings are bigger than your small savings, that's if you have savings in the end.

But isn't it time to look Australians in the eye and tell them the news is only going to get worse on oil?

## [The message from the markets is inflation, inflation, inflation](#)

All eyes are now on Khursaniyah, Saudi Aramco's newest field. Saudi Arabia now earns \$1 billion a day slaking the world's thirst for oil. Only \$64,999,000,000,000 to go before all the world's oil is gone, according to Morgan Stanley economist Stephen Jen.

Outside America, watch out: dollar pegs and growing economies make a dangerous brew.

## [Angola: Oil Production - Country Beats Nigeria Again](#)

FOR the second consecutive month, Angola has beaten Nigeria to emerge Africa's highest oil producing nation, a development which underscores Nigeria's dwindling fortunes in the sector and Angola's steady rise as an oil producer of note on the continent.

## [US Coal Production Unlikely to Sate World Demand](#)

HOUSTON - US coal production has room to grow, but expansion is unlikely to meet surging world demand because miners fear a boom-bust cycle, key reserves are declining, and regulation has tightened.

## [Earthquake Repercussions Spur Rethinking of China's Dam Building Strategy](#)

One such problem that graphically illustrates the law of unintended consequences is this: While the Three Gorges Dam was supposed to control flooding, it is now actually increasing flood risk and putting millions of Chinese living downstream at grave risk. Since the river now flows with much less silt, it also flows much faster. This faster-flowing river is, in turn, putting much more force on a set of dikes that have been built over the centuries to contain the river. The very real threat now is that some of these dikes will be gouged out by the rushing water, collapse and unleash a flood of water onto the cities and towns downstream.

## [Is America's suburban dream collapsing into a nightmare?](#)

While the foreclosure epidemic has left communities across the United States overrun with unoccupied houses and overgrown grass, underneath the chaos another trend is quietly emerging that, over the next several decades, could change the face of suburban American life as we know it.

This trend, according to Christopher Leinberger, an urban planning professor at the



University of Michigan and visiting fellow at the Brookings Institution, stems not only from changing demographics but also from a major shift in the way an increasing number of Americans -- especially younger generations -- want to live and work.

"The American dream is absolutely changing," he told CNN.

This change can be witnessed in places like Atlanta, Georgia, Detroit, Michigan, and Dallas, Texas, said Leinberger, where once rundown downtowns are being revitalized by well-educated, young professionals who have no desire to live in a detached single family home typical of a suburbia where life is often centered around long commutes and cars.

Instead, they are looking for what Leinberger calls "walkable urbanism" -- both small communities and big cities characterized by efficient mass transit systems and high density developments enabling residents to walk virtually everywhere for everything -- from home to work to restaurants to movie theaters.

### [Southern towns shrink, economic woes grow](#)

Those who live here often tolerate driving an hour each way to shop for groceries or dresses, and that far or farther to work. They accept the empty storefronts on the main streets of every little town, and they try to ignore stigmatizing news reports about their region. They endure slow dial-up Internet connections, long stretches of lonely roads rolling past fallow farms and the absence of siblings who left to find jobs. They bear it all because, for them, the ability to live in a region they love outweighs the inconveniences and hardships of life in a vanishing place.

"This is a great place to live, and a lot of people would like to stay here but they can't because there aren't any jobs," says Lovell Burrell, 47, a disabled heavy equipment operator. "All my brothers and sisters, everybody I went to school with, has left here to find work."

### [Will gas prices plateau after hitting another record?](#)

The price of gasoline set another record Monday, but the average is going up in relatively small increments, signaling either a normal summer plateau or a breather before the run-up resumes.

### [Nigeria oil rebels reject Niger Delta summit](#)

LAGOS, June 17 (Reuters) - Nigerian militants responsible for the bombing of oil pipelines and the kidnapping of foreign workers in the Niger Delta said on Tuesday they would not take part in a peace summit called by the government.

The Movement for the Emancipation of the Niger Delta (MEND), whose campaign of violent sabotage against Nigeria's oil industry has helped push world oil prices to record



highs, said next month's summit was "bound to fail".

### [Ex-British Army Chief in Iraq Confirms Peak Oil as Motive for War; Praises Fraudulent Reconstruction Programmes](#)

Brigadier-General James Ellery CBE, the Foreign Office's Senior Adviser to the Coalition Provisional Authority in Baghdad since 2003, confirmed the critical role of Iraqi oil reserves in potentially alleviating a "world shortage" of conventional oil. The Iraq War has helped to head off what Brigadier Ellery described as "the tide of Easternisation" – a shift in global political and economic power toward China and India, to whom goes "two thirds of the Middle East's oil."

### [The sheer hypocrisy of this debate on oil](#)

This seems, on the surface, to be one of the greatest paradoxes of the modern world: while democracies such as those in the European Union have been sufficiently insensitive to the wishes of their consumers as to have provoked disturbances over the price of petrol and diesel - augmented as they have been by very high taxes - totalitarian states such as China have pre-empted the possible political consequences of high domestic gasoline prices.

### [Oil prices will hurt Jihad Inc](#)

The bottom-line is that the world must find cures for its oil addiction and combat terrorism.

But the silver lining in the cloud of rising oil prices might just be a decline in Jihad. Terror might actually be easier to control if oil prices continue to go north. In other words, if the world is focussed on bringing down high oil prices, it is likely to find collateral solutions to the problems of terrorism since the two are inextricably linked.

### [More drilling won't help](#)

First, "vast" is relative. These reserves pale in comparison with what we've already consumed and won't return the U.S. to pre-peak levels, much less meet contemporary consumption. Second, accelerating the consumption of this last domestic resource not only robs it from our progeny but also impedes our military's ability to defend us during future conflicts. Our Defense Department is the world's largest oil consumer, using 3.5 million gallons of oil per day for U.S. combat operations in the Middle East alone. These last reserves are, in a meaningful way, our strategic petroleum reserve. Consuming them apace is morally unjustifiable and egregiously shortsighted.

### [Manila Offers Loans to Convert Bus and Taxi Engines](#)

MANILA - The Philippine government said on Monday it would lend up to 1 billion pesos (US\$22 million) to owners of taxis and buses to convert their diesel engines and cut their reliance on costly imported fuel.

### [Gaza 'genius' helps besieged city survive a year of Israel's blockade](#)

Fayez Annan turns the silver key to start the power, pushes the green button on the standard industrial jog-run-stop switch on the dashboard, and eases the white Peugeot 205 into the main east-west shopping street in Gaza City.

With traffic abnormally sparse, thanks to the acute fuel shortages caused by the Israeli blockade, he soon reaches the distinctly un-urban and pedestrian-scattering speed of 37 miles per hour (60kph).

But then Mr Annan is proudly trying to make a point that, while it might be electric, this Peugeot is no milkfloat.

### [Thunder Horse platform finally pumping after three-year delay](#)

BP's long-delayed Thunder Horse platform in the Gulf of Mexico is finally pumping oil and gas.

BP spokesman Ronnie Chappell said today that Thunder Horse started pumping from a single well on Saturday, launching the start of a lengthy commissioning process.

"There's still a lot of work to do. There are other wells to prepare for production and others to drill and complete. But we're on track, making good progress, and on schedule to have the field online by year-end," he said.

When the structure 150 miles southeast of New Orleans reaches its full daily capacity of 250,000 barrels of oil and 200 million cubic feet of natural gas, Thunder Horse will be the biggest producer in the Gulf.

Thunder Horse originally was slated to start producing three years ago. But system and design troubles prompted lengthy delays for repairs.

### [Wholesale prices bolt higher in May](#)

WASHINGTON - Wholesale prices bolted ahead in May at the fastest pace in six months as energy and food prices marched higher.

## [Market full of oil, price trend "fake": Ahmadinejad](#)

ISFAHAN, Iran (Reuters) - The market is full of oil and the rising price trend is "fake and imposed," Iran's president said on Tuesday, partly blaming a weak U.S. dollar which he said was being pushed lower on purpose.

"At a time when the growth of consumption is lower than the growth of production and the market is full of oil, prices are rising and this trend is completely fake and imposed," President Mahmoud Ahmadinejad said in a televised speech.

## [How to cut the price of oil](#)

Can the world do anything – fast – to stop the surge in oil prices?

A newly announced boost in oil production by Saudi Arabia is a start.

And recent steps by several Asian nations to cut subsidies for oil consumption should reduce global petroleum demand.

No guarantees, but such actions may ease the price pressures that pushed oil to a record \$139 a barrel earlier this month. Energy costs have become a driving force of inflation besetting US and global consumers.

## [Paulson, Darling Face 'Stagflation' Risk on Oil Price](#)

(Bloomberg) -- Finance ministers from the world's richest nations face another week of inflation headlines after signaling concern that the global economy risks a dose of stagflation as commodity prices soar.

Officials from the Group of Eight ended talks in Osaka, Japan, on June 14 by saying record fuel and food costs threaten to spur inflation. They also pose a "serious challenge" to growth, eclipsing the credit squeeze, the ministers said.

## [U.S., China to tackle energy, currency at Annapolis meeting](#)

ANNAPOLIS, Md. (AP) — With global oil prices hitting records, energy is expected to be a key topic when high-level delegations from the United States and China convene for two days of discussions at the U.S. Naval Academy.

## [Uganda: Country Will Not Export Crude Oil - Museveni](#)

UGANDA will not export crude oil but have it refined to maximise returns from exploration. This was announced by President Yoweri Museveni at the Organisation of Islamic Countries (OIC) first business forum in Kampala yesterday.

### [BP chairman compared to Nazi](#)

A row between oil giant BP and its Russian partner TNK has escalated after a Russian executive compared BP's chairman to arch Nazi propagandist Joseph Goebbels.

### [Gazprom's oil division to boost output 15% to 356mln bbls in 2008](#)

MOSCOW (RIA Novosti) - Gazprom Neft, the oil producing arm of energy giant Gazprom, said on Tuesday it plans to boost output 15% to 48-48.5 million metric tons (352-356 million barrels) in 2008.

"Output is expected to rise to 48-48.5 million metric tons in 2008 from 42 million metric tons in 2007," Gazprom Neft's vice president for finances, Vadim Yakovlev, said.

### [Top court won't review Exxon Indonesia lawsuit](#)

WASHINGTON (Reuters) - The U.S. Supreme Court declined on Monday to hear an appeal by Exxon Mobil Corp. seeking to dismiss a lawsuit by 11 Indonesian villagers who claim the company's security forces committed human rights abuses at a natural gas processing plant in the Aceh province.

### [McCain touts energy conservation and oil exploration](#)

DALLAS (Reuters) - Republican presidential candidate John McCain will call on Tuesday for energy conservation and the lifting of a ban on oil and natural gas exploration as two ways to help address the nation's "dangerous" dependence on foreign oil.

McCain, an Arizona senator who has wrapped up his party's presidential nomination, has made energy independence and fighting climate change key components of his bid for the White House.

### [Segway Glides as Gasoline Jumps](#)

With gasoline prices and global warming on their minds, more Americans are getting out of their cars and riding to work -- and riding on the job -- on the once-maligned Segway.

## [Qatar Airways to try GTL-Kerosene mix fuel from next year](#)

KOZHIKODE: Qatar Airways will use Gas-to-Liquid (GTL) and kerosene mix as fuel for its aircraft from next year to facilitate lesser carbon emission, a top airline official said today.



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