

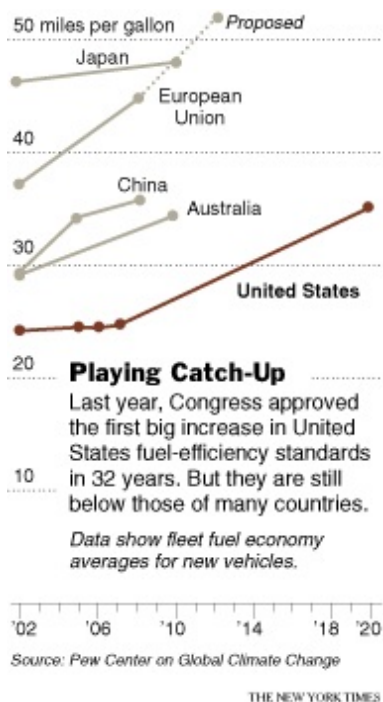


DrumBeat: July 5, 2008

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[American Energy Policy, Asleep at the Spigot](#)



Over the last 25 years, opportunities to head off the current crisis were ignored, missed or deliberately blocked, according to analysts, politicians and veterans of the oil and automobile industries. What's more, for all the surprise at just how high oil prices have climbed, and fears for the future, this is one crisis we were warned about. Ever since the oil shortages of the 1970s, one report after another has cautioned against America's oil addiction.

Even as politicians heatedly debate opening new regions to drilling, corralling energy speculators, or starting an Apollo-like effort to find renewable energy supplies, analysts say the real source of the problem is closer to home. In fact, it's parked in our driveways.

[It Was Oil, All Along](#)

Oh, no, they told us, Iraq isn't a war about oil. That's cynical and simplistic, they said. It's about terror and al-Qaeda and toppling a dictator and spreading democracy and protecting ourselves from weapons of mass destruction. But one by one, these concocted rationales went up in smoke, fire and ashes. And now the bottom line turns out to be ... the bottom line. It is about oil.

[UK: Beleaguered Brown may scrap fuel duty increase](#)

In the week that a barrel of Brent crude oil climbed by nearly US\$4 to a record high of over US\$146, British prime minister Gordon Brown hinted that the 2p a litre increase in

fuel duty due on October 1 would be scrapped.

“You’ll find that in most years since 2000 the duty has actually been frozen,” Brown told the Commons liaison committee. “It is clearly a matter that will be looked at very, very carefully over the next few weeks.”

[Nigeria's first oil well is still a source of woe](#)

OIL WELL NO. 1, NIGERIA -- Three decades after pumping its last drop, the first oil well in Nigeria is marked by a decrepit signboard bearing what would seem an uncontroversial statement:

Oloibiri Well No. 1, drilled June 1956, 12,008 feet.

But this well, its wellhead furred with rust, is at the center of an increasingly vitriolic feud between two villages over who owns the land it's on. The conflict is fed by hope that soaring prices will tempt big business to squeeze more oil from the well and give a pittance to the village that owns the land.

[How China's thirst for oil can save the planet](#)

The pioneers of green energy report a ‘gold rush’ mentality as soaring oil prices speed up the search for alternatives.

[As Gas Prices Soar, Elderly Face Cuts in Aid](#)

Faced with soaring gasoline prices, agencies around the country that provide services to the elderly say they are having to cut back on programs like Meals on Wheels, transportation assistance and home care, especially in rural areas that depend on volunteers who provide their own gas. In a recent survey by the National Association of Area Agencies on Aging, more than half said they had already cut back on programs because of gas costs, and 90 percent said they expected to make cuts in the 2009 fiscal year.

“I’ve never seen the increase in need at this level,” said Robert McFalls, chief executive of the Area Agency on Aging in Palm Beach, Fla., whose office has a waiting list of 1,500 people. Volunteers who deliver meals or drive the elderly to medical appointments have cut back their miles, Mr. McFalls said.

[The rise of nationalism](#)

As oil prices soar to new heights and nationalist feelings start to emerge about "national

assets", many companies across the globe are starting to feel the pinch and are looking to brace for a possible backlash, a move that could cause headache to Thai companies expanding outside the safe borders of Thailand.

The latest to join the bandwagon is Vietnam, which is facing an economic meltdown after having witnessed robust growth over the past few years. Activity in Vietnam comes after Mongolia undertook its move and talk started to appear in Indonesia of ways to control exploitation of "national assets".

[Spying claim may be new snag for Mexico oil debate](#)

MEXICO CITY (Reuters) - Mexican President Felipe Calderon's efforts to get a divided Congress to back an oil reform proposal are facing a new snag as a key opposition lawmaker accuses the government of spying on him.

[Pakistan: Landikotal students damage WAPDA office](#)

LANDIKOTAL: The students of Landikotal Degree College on Friday stormed the Water And Power Development Authority's (WAPDA) grid station and damaged its administrative block during a protest rally staged against continued power outages in the area.

"Our annual BA/BSc examinations have been started and we are suffering due to unscheduled load shedding," the students said.

[Is Chennai fuel crunch harbinger of pan-India crisis?](#)

But the reality goes beyond Chennai. Oil companies say it will be difficult to sustain supplies if demand continues to grow at the current levels.

[Talking Points For An Energy Crisis](#)

Airlines are cutting back on water for plane toilets to save weight and fuel. They had better come up with a better business plan than that. And in the face of the burgeoning oil-price crisis, America had better come up with a plan as well.

Single-issue fixes -- like John McCain's plan to grant consumers a summertime gas-tax holiday, or Barack Obama's proposal for a windfall profits tax on oil companies -- just won't do it. America needs a comprehensive plan to deal with post-peak oil -- and that is going to involve some serious long-term thinking. To get the thought process going, here's a list of ideas -- some good, some not so good -- about how to address political, technological and social dimensions of the planet's most pressing issue.

[Obama will have to avoid Carter trap](#)

So is Obama the new Jimmy Carter? One has to hope not. For all President Carter's integrity and intelligence, he has gone down in history as a weak president. His period in office was marked by foreign policy disasters in Iran and Afghanistan. If Obama is elected president next November, there will be ample opportunity for fresh disasters in both places. There are three Carterite failings that Obama will have to watch out for: panic, pessimism and naivety.

There is no doubt that America faced an energy crisis in the 1970s. But Carter embraced an almost apocalyptic vision of the problem that now looks ridiculous. In 1977 he solemnly informed a national television audience that: "We could use up all the proven reserves of oil in the entire world by the end of the next decade."

[Cause for Alarm](#)

It was a July Fourth like many others. There was nothing overt to signal anything was wrong. The Red Sox had traveled from Boston to play a weekend series against the Yankees in the Bronx. In Washington, the National Independence Day Parade made its way along Constitution Avenue.

And yet, there was an undercurrent of anxiety in the land. Vacations have been curtailed because of the price of fuel. Since the holiday fell on a Friday, the monthly unemployment numbers from the Bureau of Labor Statistics were released a day early, on Thursday. They weren't good.

[The King of Saudi Arabia talks about oil; we should listen.](#)

One astonishing aspect of the energy crisis is the western media's preferences when it comes to sources of information. They love western speculators, economists, oil company executives, and politicians. Others go to small articles in the back pages, including statements by leaders of oil producing nations - even the King of Saudi Arabia, home to the world's largest reserves. No wonder the American public gets surprised by every new development.

[The myth of energy independence](#) (audio)

Ridding ourselves of foreign energy sources is nothing but a myth according to "Gusher of Lies" author Robert Bryce. Host Bob Moon talks with Bryce about setting realistic energy goals for the U.S.

[Israel: Do the Arabs gain from the energy crisis?](#)

An energy crisis is upon us again. As Israeli gasoline prices this week broke the psychological barrier of NIS 7 a liter, while the truckers threatened to paralyze traffic across the country in protest against gas taxes, it became clear even in this prospering economy that there can be no escaping the tumult that has already made Egyptian, Haitian and Yemeni mobs storm stores, while India and China slashed oil subsidies and Pakistan said it will not be able to pay for its signed oil contracts.

The crisis is simple: There is too little crude around and too many people on queue to buy it. Understandably, then, many suspect that this crisis, like the oil embargo of the '70s, is good news for the Arabs.

It isn't.

[Oil workers hit pay dirt](#)

These are booming times for the oil industry and the sector's workers are reaping the benefits as a lack of qualified labour has led to soaring wages, experts say. At this week's World Petroleum Congress in Madrid, recruiting and retaining personnel emerged as a leading concern for oil company chiefs as they search for geologists, engineers and project managers in a limited pool of talent.

[UK new car sales down, fuel a factor](#)

Sales of new cars fell 6.1 per cent in Britain in June compared with a year ago, an industry group says.

..."We are now seeing concerns about rising fuel bills and household costs dampening consumer confidence, leading to slower demand for new cars," said Paul Everitt, the society's chief executive.

[Caribbean tourism woes](#)

The energy crisis and its effects on the airline industry are putting a damper on fun in the sun, and the Caribbean is being particularly affected. The high cost of fuel is leading the airlines to increase their prices, cut back on expenses and even cancel flights. The result is that fewer people are traveling, as they are unable or unwilling to pay the increased fares, and the ones who do fly are suffering the consequences, as are small Caribbean nations.

Tourism is vital to the economy of this region. Many of the islands rely on tourism to keep their economies afloat.

[A new corporation looms on the smoggy horizon: The Air We Breathe Inc](#)

THE greens might not like to think of it this way, but the carbon emissions reduction regime that Ross Garnaut recommends and the Rudd Government will adopt amounts to the corporatisation of clean air.

[The year everything changed](#)

I'm going to go out on a limb here with a couple of bold predictions. I think we are at a pivotal point in history; that we are witnessing the early stages of a massive shift in the global economy, in the balance of power and in the way we live.

Australia has become a barometer for these far-reaching changes. We are being pulled in opposite directions as we send vast quantities of resources off to China while a virus that started on Wall Street and spread across the US and Europe has infected our financial system.

In years to come, it's quite probable we will look back at 2008 as the year in which everything changed. And most of the changes being wrought upon us relate to energy, our use of it and its cost.

[World must brace for oil beyond \\$150](#)

LONDON (Reuters) - Oil's meteoric rise since the start of the year to nearly \$150 has distressed consumers and policy makers the world over, but the stark reality is prices are likely to rise higher still.

For two decades, prices were relatively stable, but then they rose seven-fold from a trough below \$20 in 2001. Since breaching the \$100 mark on the first trading day of this year they have risen around 45 percent.

Given such momentum, politicians' efforts to bring the price down could well be a waste of energy.

"It rose so fast it's got a bubble feel, but bubbles can go on for very sustained periods, and underlying that is an extremely tight fundamental position," said Stephen Thornber, head of global energy research at Threadneedle Asset Management.

[Oil minister: No country dares to attack Iran](#)

TEHRAN, July 5 (Xinhua) -- Iranian Oil Minister Gholam-Hossein Nozari said Saturday that no country will ever dare to carry out an act of aggression against the Islamic Republic, Iran's satellite Press TV reported.

"Iran's capabilities are such that no country can conceive of attacking it," Nozari said.

"If Israel dares to engage in a military conflict with Iran, it is not clear what would happen to oil prices," Nozari warned, adding that even empty anti-Iran rhetoric "pushes oil prices up by 10 to 15 dollars."

[U.S. investor: Oil reserve decline is major reason behind oil price hike](#)

U.S. investor Jim Rogers has said that the decline in known oil reserves across the world is the main reason behind the skyrocketing oil prices that have already topped 145 U.S. dollars a barrel.

While admitting that factors driving up oil prices are various, Rogers insisted that short of oil supply was the fundamental factor pushing oil prices up all the way.

[Companies begin quest for oil, gas off Florida](#)

PENSACOLA, Fla. - Oil companies once viewed drilling in the deep waters off Florida as cost prohibitive. Politicians feared even the slightest sign of support would be career suicide.

No more. Record crude oil prices are fueling support for oil and natural gas exploration off the nation's shores. In Florida, movement was underway even before President Bush called on Congress last month to lift a federal moratorium that's barred new offshore drilling since 1981.

[Iran and Brazil Can Do It. So Can We.](#)

Is energy independence a pipe dream? Hardly. In the electricity sector, the mission has already been accomplished. Remember President Jimmy Carter in his cardigan during the oil crises of the 1970s, urging Americans to save electricity? It took us just one decade to wean the electricity sector from oil. Today, only 2 percent of U.S. electricity comes from oil, according to the Energy Department. Could we do something similar with transportation, where American cars and trucks still gulp oil-based fuel greedily? At least four very different countries -- dictatorships and democracies alike -- are already making serious headway toward that goal. It's past time to pay attention to their example.

[Big Oil poised to make triumphant return to Iraq](#)

When Big Oil executives and U.S. Vice-President Dick Cheney met for secret energy talks in the spring of 2001, one subject that weighed on all their minds was the potential loss

of Iraq's bountiful oil reserves.

After more than a decade of hostile U.S.-Iraqi relations, Iraqi dictator Saddam Hussein had negotiated deals with oil companies from a range of countries, including Russia, China and India, to develop Iraq's largely undeveloped reserves.

That meant U.S. oil companies were to be denied a stake in developing one of the last oil bonanzas left on Earth. It also meant that the U.S. risked being denied access to this vast new source of petroleum – the commodity it considers essential to its continued status as an economic and military superpower.

[Pemex seeks site for new refinery to cut gasoline imports](#)

Petroleos Mexicanos, the state-owned Mexican oil company, may begin construction of a \$7-billion refinery by the end of 2010 to reduce imports of gasoline and diesel fuel.

A study has been commissioned to determine the site of the new plant, according to a filing with the U.S. Securities and Exchange Commission.

[We're not over a barrel](#)

If we are truly reaching the end of petroleum production -- a scenario known as "peak oil" -- there are all kinds of gloomy predictions one could make. Facing the future of \$200-a-barrel oil, analysts are already using terms like "financial tsunami." They predict that inflation will skyrocket with the price of gas, creating a flashback of mid-70s stagflation. Commuters will become energy refugees, abandoning their homes and their SUVs and invading the cities. In the meantime, production costs will cripple manufacturers, a scenario that would turn Central Canada's factories into a scrap heap of rust. "I can't think of any upside to \$200[-a-barrel] oil," former EnCana chief executive Gwyn Morgan told the National Post.

Yet if history is any example, ingenuity can trump disaster. After all, we live in a market economy that can adjust, innovate and progress. After Malthus's famous end-of-days scenario, necessity mothered invention: diversified agricultural techniques appeared, legislation led to cheaper food imports and the Industrial Revolution made for greater efficiencies. Almost two hundred years later, the same thing happened. Paul Ehrlich predicted in his 1968 bestseller *The Population Bomb* that exploding demographics and an imploding food supply would literally decimate the United States, leaving only 22 million survivors. But the so-called "Green Revolution" stepped in. Pesticides, irrigation projects and synthetic nitrogen fertilizer contributed to a massive agricultural advance. And population-wise, there was another significant development: The Pill.

[A dream of Russian dandelions](#)

Out for a bike ride in Northern California, whipping down some rural road where the cows far outnumber the cars and the only energy actively being consumed is generated by the home fries you had for breakfast, it's easy to feel, however fleetingly, that you've escaped from the gas-price peak-oil climate-change rat race. The world simplifies. Head winds and hills are straightforward challenges, easy to parse, in contrast to such mysteries as to how much speculation contributes to the cost of oil, or how to calculate the net energy-efficiency of biofuels.

But then I read, in this morning's edition of the Road Bike Rider newsletter, that WTB, a high-end bike component manufacturer, raised prices on its tires and tubes 20 percent as of Monday. Michelin is following suit, instituting its own 15 percent price hike on Sept. 1.

There is no escape.

[Venezuela calls on OPEC to subsidize oil for poor countries](#)

CARACAS -- Venezuelan President Hugo Chavez Thursday called on the OPEC cartel to absorb the costs of the oil import bills of the world's 50 poorest countries, predicting that the price of crude is "going to continue rising."

"OPEC, or some of its members, should take the responsibility to supply these countries through special mechanisms, subsidies, donations, agreements. It is not going to make us any richer or poorer," he said at a meeting of the non-aligned movement at Isla Margarita on Venezuela's northern coast.

[Backing off on the gas.:](#) *Teens alter summer plans amid soaring prices*

Squires, 18, attends San Diego City College. He wants to transfer to the University of San Diego. He wants to study medicine. More immediately, though, he wants to volunteer at a hospital so he can start preparing for a future in medicine.

But he can't do that.

Squires' summer plans have changed due to the rapidly-rising cost of gasoline. He can't afford to make the trek to volunteer at the hospital. Instead, he stays close to home, working a part-time job because it's what he has to do now.

[Traditional fishing lifestyle in south Thailand under threat](#)

PATTANI, Thailand (AFP) — Idling on the muddy sands of Thailand's coastal deep south, fishing boats hand-painted in lurid primary colours languish while their owners look on helplessly.

Traditional fishing, once a thriving industry in southern Pattani and Yala provinces, has been reduced to a dwindling niche activity as fishermen lose out to large commercial firms and soaring fuel prices.

[European utilities building up uranium inventories](#)

Utilities in the 27 European Union states have started to rebuild their inventories of uranium, according to the Euratom Supply Agency. Plutonium recycled in European reactors saved the equivalent of over 1000 tonnes of natural uranium.

[Changing Environment - Dealing With Disaster: 'Climate refugees' on the increase](#)

The number of migrants is rising so quickly that it might destabilize the world.

[Only seven years left for global warming target: UN panel chief](#)

PARIS (AFP) - The head of the UN's Nobel-winning panel of climate scientists on Friday said only seven years remained for stabilising emissions of global-warming gases at a level widely considered safe.

[No credit as oceans turn sour](#)

There's another carbon problem, which will profoundly affect our oceans, that has received scant attention beyond a small band of marine scientists and is largely independent of global warming.

[UN chief to G8: climate change, food crisis linked](#)

AMSTERDAM, Netherlands - The global food crisis will only worsen because of climate change, the U.N. climate chief said Friday, urging leaders of the world's richest countries meeting in Japan next week to set goals to reduce carbon emissions within the next dozen years.

Food security and soaring oil prices are likely to overtake climate change in the priorities of the G-8 meeting starting Monday, though global warming was the theme set by the host, Japanese Prime Minister Yasuo Fukuda.



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