



DrumBeat: July 28, 2008

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Topic: [Miscellaneous](#)

[Loans for automakers gain support in U.S. House](#)

WASHINGTON -- Backers of a program that would lend up to \$25 billion to automakers and auto parts suppliers said today they had garnered 71 U.S. House members to support their search for \$3.75 billion in funding over the next couple of months.

The program, known as the Advanced Technology Vehicles Manufacturing Incentive Program, was meant to help automakers meet fuel economy standards of 35 miles per gallon by 2020. Created but not funded by Congress last year, the program would provide low-cost loans to cash-strapped automakers and their suppliers for engineering fuel-efficient vehicles or converting old plants.

[Mexicans vote 'no' on oil reform; turnout far below expectations in nonbinding referendum](#)

MEXICO CITY: Organizers of a nonbinding referendum say Mexico City residents voted against the president's proposal give private companies a bigger role the country's state-run oil industry.

More than 80 percent of those who voted Sunday in the capital oppose President Felipe Calderon's plan, according to results from nearly 98 percent of the vote.

[A \\$16 Billion Problem](#)

Few legal battles have been more exotic than the lawsuit tried over the past five years in a steamy jungle courtroom in Ecuador's Amazon rain forest. Brought by a group of U.S. trial lawyers on behalf of thousands of indigenous Indian peasants, the suit accuses Chevron of responsibility for the dumping (allegedly conducted by Texaco, which Chevron bought in 2001) of billions of gallons of toxic oil wastes into the region's rivers and streams. Activists describe the disaster as an Amazon Chernobyl. The plaintiffs—some suffering from cancer and physical deformities—have showed up in court in native garb, with painted faces and half naked. Chevron vigorously contests the charges and has denounced the entire proceeding as a "shakedown."

But this spring, events for Chevron took an ominous turn when a court-appointed

expert recommended Chevron be required to pay between \$8 billion and \$16 billion to clean up the rain forest. Although it was not the final verdict, the figures sent shock waves through Chevron's corporate boardroom in San Ramon, Calif., and forced the company for the first time to disclose the issue to its shareholders. It has also now spawned an unusually high-powered battle in Washington between an army of Chevron lobbyists and a group of savvy plaintiff lawyers, one of whom has tapped a potent old schoolmate—Barack Obama.

[Gas Price Follies](#)

Add high energy prices to a sagging economy in an election year and politicians will inevitably come up with bad policies, like converting the corn crop into ethanol or John McCain's proposal to suspend the federal gas tax — neither will provide real relief at the pump while both are guaranteed to create other problems.

[Why might Alaskans favor Arctic drilling? A \\$2,000 check](#)

JUNEAU — This year's Permanent Fund dividend check — what Alaskans receive each year from the state's oil-revenue investment fund — is likely to be more than \$2,000, the first time since the state began making the payments in 1982 that the dividend has topped two grand.

[Ethanol production soars, but its allure plummets](#)

For the past quarter-century, U.S. energy policy has been generally non-existent. To the extent there has been one, it has been to keep gasoline cheap. But one element stands out as a dramatic exception to this minimalist approach. Through a series of generous tax subsidies and production mandates, the use of corn-based ethanol has soared.

Already, some 23% of the American corn crop goes into ethanol. In acreage, that's equivalent to the combined farm land of Pennsylvania, New York, New Jersey, Maryland and Delaware. In 14 years, under current federal mandates, about 40% of America's corn crop would be heading for its gas tanks.

The more and more ethanol that's produced, however, the less and less it looks like a solution.

[U.S., China lead way in tapping wind power](#)

LONDON, England (CNN) -- From Dallas, Texas to Dabancheng, China, energy companies are staking fortunes on harnessing wind power.

[Fans of L.E.D.'s Say This Bulb's Time Has Come](#)

By lighting all of the building's exterior and most of its interior with L.E.D.'s, Sentry spent \$12,000 more than the \$6,000 needed to light the facility with a mixture of incandescent and fluorescent bulbs. But using L.E.D.'s, the company is saving \$7,000 a year in energy costs, will not need to change a bulb for 20 years and will recoup its additional investment in less than two years.

[Economy hitting the elderly especially hard: Bankruptcies soar as retirees, agencies struggle to keep up with rising costs](#)

Food prices and medical costs are still rising, tarnishing what are supposed to be the golden years for the elderly, perhaps the hardest-hit victims of the slumping economy.

Elderly Americans are filing for bankruptcy in record numbers, according to a study by AARP, formerly the American Association of Retired Persons. At the same time, support is drying up from meal, transportation and other home assistance agencies that can't pay their own bills.

"There's no question that the downturn in the economy is dramatically impacting those at the doorstep of retirement and those that have already decided to retire," said Mark Kitchens, a senior vice president of AARP.

The numbers are stark. Of the more than 1 million Americans who filed for bankruptcy last year, nearly a quarter were 55 and up, AARP found. Bankruptcy filings among those ages 75 to 84 skyrocketed by 433 percent from 1991 to 2007.

[Charities suffer as donations diminish](#)

Layoffs, foreclosures and higher gas and food prices are driving more people to turn to local charities for help.

But as demand for food, temporary shelter and other necessities has soared in recent months - by as much as 100 percent for some agencies - the economic downturn also has curbed giving. Local human service organizations report that donations from individuals and businesses have slowed more dramatically than normal during the historically low summer months.

Add rising fuel prices, and the problem intensifies, increasing nonprofits' operating costs and hindering their ability to recruit volunteers.

[Australia: Supermarkets stockpile fresh food as truckies protest](#)

SUPERMARKETS across Queensland are expected to run low on food tomorrow as angry truck drivers stand firm on their two-week strike.

Retailers, fearing the worst yesterday, started to stockpile fruit, vegetables and meat as thousands of truckies joined blockades to protest against low pay rates, new fatigue regulations and soaring fuel prices.

[UK: Energy firms 'conspire to raise prices'](#)

Energy companies stand accused today of overcharging customers, leaving millions of households struggling to pay gas and electricity bills.

A report claims that the six biggest energy companies conspire to keep charges artificially high and gives a warning of widespread hardship this winter unless the Government acts.

[New Zealand: Power shortages cost economy \\$3b](#)

Business is licking its wounds as the country emerges from the winter of tight power supplies.

Lost production and the cost to some generators exposed to high wholesale prices to meet customer obligations will, according to previous dry year precedents, total hundreds of millions of dollars.

[Concerns raised over Pacific's capacity to cope disaster](#)

The Pacific Regional Disaster Risk Management Meeting last week expressed deep concerns over the Pacific's capacity to cope with disasters.

In a communiqué released yesterday, the participants say the high fuel prices - the global food shortage have a likely impact on the ability for the Pacific nations to cope with natural disasters.

It adds the increasing impacts of climate change will further worsen the capacity especially in regard to response and recovery.

[Russia EconMin sees stronger rouble, less oil](#)

Klepach also told reporters the ministry had revised down its forecast for Russian oil production in 2008 to 492 million tonnes from 495-500 million tonnes predicted earlier.

[Nigeria to ramp up oil exports by 14%](#)

Nigeria, overtaken by Angola this year as Africa's biggest oil producer, is scheduled to increase daily crude exports by 14 percent in September.

Loading programs show Nigeria is scheduled to ship an average of about 1.88 million barrels a day, compared with a revised average of 1.65 million barrels a day in August. Total exports will climb to 56.3 million barrels from a revised 51.2 million barrels in August.

[Firms squeeze the workweek](#)

Ask Roberta Chinsky Matuson about compressing the workweek into four 10-hour days and her response is enthusiastic. "I would rather work four days than five," says Ms. Matuson, who once spent nearly nine months on a compressed schedule as a human resource director in Massachusetts.

Julie Lenzer Kirk, who has also worked a compressed week and has approved it for employees, offers another perspective. "When they're done right they can work well, but if they're not managed correctly they can be tough on the business," she says. "It can be more of a hassle than a blessing."

Their comments reflect the divergent viewpoints employees and employers hold as more companies adopt, or at least consider, alternative schedules. By squeezing five eight-hour days into four 10-hour days, workers save one day of commuting – a growing consideration as gas prices have soared.

[UAE: Union Cement Q2 profit down](#)

Union Cement Co posted a 60.2 percent drop in net profit in the second quarter on high raw material and fuel costs, as well as a sharp decline in income from investments in shares.

...Cementmakers in the United Arab Emirates are turning to imported coal as gas is scarce and a petrodollar-fuelled building boom shows no signs of letting up.

[Pakistan: Rally slams power outages](#)

OKARA: People held a protest demonstration against the Wapda for the long-hours load-shedding being conducted from 14 to 16 hours here in Okara and its environs.

[Mexico's capital, 9 states vote on nation's oil industry](#)

MEXICO CITY -- A bitter debate on how to rescue Mexico's troubled state-owned oil company went directly to the people Sunday as residents of the capital and nine states voted in a nonbinding referendum on President Felipe Calderon's plan to open some portions of the petroleum industry to outsiders.

[Congress deadlocked over offshore drilling](#)

Washington - As Congress heads into its last week before August recess and political conventions, there's one big item on the must-do list: Action to ease energy costs for American families.

With a gallon of gas hovering at \$4, energy prices are the No. 1 issue on voters' minds. But congressional leaders are increasingly deadlocked over what to do. In response, frustrated rank-and-file members on both sides of the aisle are stepping up efforts to find common ground.

[Ontario nuclear plant weld failure "unprecedented," documents show](#)

OTTAWA -- When the Canadian Nuclear Safety Commission was struggling last December with a shortage of medical isotopes sparked by the Chalk River reactor shutdown, it was also dealing with another Ontario nuclear plant where there had been an "unprecedented" weld failure on one fuel bundle.

In all, 10 defective welds were found on the fuel bundle, a collection of processed uranium rods resembling the barrel of a Gatling gun about a half-metre long.

[Small farming is the future](#)

There's the rub -- feeding the world was never the intention. Back in the '70s well-meaning researchers and eager graduate students, myself included, were convinced we could eliminate hunger in our lifetime. We had good intentions, but the big picture was always about making a profit.

Farmers, using cheap fuel, fertilizer and plenty of chemicals, could plant more acres, produce enough volume and generally make a profit. This, of course, benefited the seed and chemical companies, which long ago figured out that small farmers saving their own seed and tending small acreages didn't spend much money.

[Want guilt-free steak? Go against the grain](#)

Instead of focusing on what you're eating, how about taking a look at what your prime rib had for lunch last week? Research is showing that beef from grass-fed cattle is leaner, healthier, and less costly to the planet — and may even be safer to eat than the heifers you're chewing on now.

[Grocery wars: Whose belts are the tightest?](#)

As you scuttle through the aisles of the grocery store looking for your favorite snacks, you probably experience some sticker shock: \$8 for a pint of ice cream! Yes, food prices have gone up, and they're going to keep climbing. Kind of like gas (and largely because of gas), everyone is shelling out more — but who's being hit the hardest? Vegans? Regular ol' omnivores? Or are we all in equal-opportunity Sufferville?

[NEPAL: Fuel shortage threat to food security](#)

KATHMANDU (IRIN) - Nepal's acute fuel shortage is causing serious concern among local food traders about its impact on food prices.

"The shortage of fuel has been affecting the cost of our transportation. We can expect further increases in food prices which could heavily affect poor families," Ravi Sharma, a local food trader, who supplies rice and other food from the Terai region (fertile plains of southern Nepal) to the hill areas of the country, told IRIN in the capital.

[Funds for Highways Plummet As Drivers Cut Gasoline Use](#)

An unprecedented cutback in driving is slashing the funds available to rebuild the nation's aging highway system and expand mass-transit options, underscoring the economic impact of high gasoline prices. The resulting financial strain is touching off a political battle over government priorities in a new era of expensive oil.

A report to be released Monday by the Transportation Department shows that over the past seven months, Americans have reduced their driving by more than 40 billion miles. Because of high gasoline prices, they drove 3.7% fewer miles in May than they did a year earlier, the report says, more than double the 1.8% drop-off seen in April.

[Saudi Aramco denies shortage of fuel to rural areas](#)

DHAHRAN – Saudi Aramco said, Sunday, it has not received any complaints from clients about shortages of its products in any local market. The statement comes after farmers have complained that diesel has been undersupplied to the rural regions of the Kingdom.

Farmers complained of their crops being in danger of drying up because they could not

acquire diesel for their water pumps to irrigate the fields. Truck drivers also complained of shortages at filling stations in June.

[Arroyo rejects calls to scrap sales tax in Philippines](#)

She said her government would maintain a 12 percent value-added tax on oil, the proceeds of which she said would go to funding projects for the poor.

'Take away VAT and you and I abdicate our responsibility as leaders and pull the rug from our present and future progress,' Arroyo said. 'Take away VAT and we strip our people of the means to ride out the world food and energy crisis.'

[Saudi Aramco to sell 41 pct more crude oil to Sinopec this year](#)

BEIJING (XFN-ASIA) - Saudi Aramco is expected to sell 41 pct more crude oil to China Petroleum & Chemical Corp (Sinopec) this year, the official China Daily reported.

Mohammed Al-Madi, regional vice-president and chief representative of Saudi Aramco in Beijing, was quoted as saying that Saudi Aramco is looking to deliver 32.4 mln tons of crude, equivalent to 650,000 barrels per day, to Sinopec, compared with nearly 23 mln tons in 2007.

The Saudi company expects to increase exports to 1 mln bpd by 2010 and 1.5 mln bpd by 2015, he said.

[Contemplating Nigeria's Future](#)

The state authoritarian tactics in handling the festering crisis over environmental degradation, underdevelopment, resource control against the advice of its general staff to the effect that it is a political problem, which requires a political solution and not military, could lead to an all out war that might unhinge the huge joke called Nigeria.

[Interview with Nick Barisheff: Gold is Money](#)

The issue of Peak Oil – it used to be a debate as to when the production of oil would peak. Now it looks like that has already happened, in March 2006. As a result we have a situation where oil production is declining while demand is increasing, particularly from India and China. This will result in ever-increasing oil prices, and also increasing prices for almost every product and service.

As these two forces – increased money printing and peak oil – interact, the result is a declining dollar alongside constantly increasing oil prices. This leads to even greater oil

price increases in an effort to offset the dollar decline. These two highly inflationary factors are working in tandem, and they can't be changed.

[China's Cars, Accelerating A Global Demand for Fuel](#)

"In China, size matters," says Zhang, the 44-year-old founder of a media and graphic design company. "People want to have a car that shows off their status in society. No one wants to buy small."

Zhang grasps the wheels of his Hummer, called "hanma" or "fierce horse" in Chinese, and hits the accelerator.

Car ownership in China is exploding, and it's not only cars but also sport-utility vehicles, pickup trucks and other gas-guzzling rides. Elsewhere in the world, the popularity of these vehicles has tumbled as the cost of oil has soared. But in China, the number of SUVs sold rose 43 percent in May compared with the previous year, and full-size sedans were up 15 percent. Indeed, China's demand for gas is much of the reason for the dramatic run-up in global oil prices.

China alone accounts for about 40 percent of the world's recent increase in demand for oil, burning through twice as much now as it did a decade ago. Fifteen years ago, there were almost no private cars in the country. By the end of last year, the number had reached 15.2 million.

[Public resists Beijing efforts to clear the air](#)

BEIJING — Wang Hao knows that the air in Beijing still needs to get a lot cleaner before the Olympics start in fewer than two weeks.

Yet he won't apologize for paying \$12,000 for a second car. The purchase allows him to avoid the city's tough anti-smog restrictions, which ban half of the city's vehicles from the roads on alternate days until the Games are over.

"Of course taking the subway is more environmentally friendly," says Wang, a car salesman. "But it's not convenient."

[Gas: Under \\$4 a gallon and falling](#)

NEW YORK (CNNMoney.com) -- Gas prices declined for the 11th straight day on Monday, falling to a level not seen since May, according to a nationwide survey of filling station credit card swipes. Other fuel prices also continued to fall.

[Nigeria militants attack oil pipelines](#)

ABUJA (Reuters) - Militants in Nigeria's Niger Delta said on Monday they had attacked two major oil pipelines belonging to Royal Dutch Shell, forcing the firm to halt some production and helping push world oil prices higher.

['Blood oil' dripping from Nigeria](#)

Under cover of night dozens of barges queue up to dock at a jetty in a creek somewhere in Nigeria's oil-rich Niger Delta.

Their holds are filled with stolen oil running from valves illegally installed into a pipeline.

[No more cheap energy: How do we end fuel poverty?](#)

By any standards, 20% is no small price rise. But according to EDF Energy, this was what was needed for it to keep up with its own sky-high costs.

It is moves like this, compounding rising household costs that are pushing more and more people into poverty, that prompted a committee of MPs to investigate the big energy companies.

The resulting report not surprisingly states that the era of cheap energy is behind us. It warns: 'Expect gas and electricity bills for domestic consumers to rise significantly in the near future, over and above the increases already announced this year, with serious consequences for millions of households, and especially the fuel poor.'

[Ryanair Profit Falls 85% on Oil; May Post Annual Loss](#)

(Bloomberg) -- Ryanair Holdings Plc, Europe's biggest discount airline, said profit fell 85 percent, missing analysts' estimates, and may post its first full-year loss since going public in 1997 because of increased fuel expenses.

[Hedge Funds May Post Worst Month in 5 Years as Bank Bets Sour](#)

(Bloomberg) -- Hedge funds may post their worst month in at least five years after bets on financial stocks falling and on crude oil rising backfired.

[Toyota cuts global sales outlook](#)

"The main reason for the change came from the faltering U.S. economy, and how rising oil prices and material costs are dampening the market there overall," said Toyota

spokeswoman Kayo Doi.

The Japanese and western European markets were also sluggish, but Toyota's solid sales in China, the Middle East and other markets were enough to maintain its worldwide growth, she said.

[Will clotheslines turn dryers into relics?](#)

In my most rich environmentalist fantasies I am off the grid, self-sufficiently solar. In real life I'm still on the grid because I'm not rich.

But even in real life with a budget, my family and I have scored big with one simple lifestyle change — we hang dry all of our laundry. It has reduced our power bill, and turned us, like converts to a new faith, into proselytizers.

[Man hurt in fuel-making explosion](#)

A man blew up his garage attempting to make biodiesel from cooking oil at his Northamptonshire home.

The victim received 20% burns when his makeshift garage factory, in Middleton Cheney, exploded on Saturday afternoon.

[Oil bogeyman approach won't reduce emissions](#)

AUSTRALIAN motorists have been frightened into greenhouse submission. A shocking CSIRO report issued earlier this month warns of petrol prices of up to \$8 a litre by 2018.

There are few buttons hotter than petrol prices to get public attention on the future cost and availability of transport energy.

The eye-watering projection of a 500 per cent increase in petrol prices is based on one small section of the Fuel for Thought report, which models a doomsday scenario of imagining if the exhaustion of the world's oil reserves peak oil was already upon us.

[Kyoto, city against global warming, sees threat to gardens](#)

KYOTO, Japan (AFP) - Kyoto, the city whose name is synonymous with the fight against global warming, is feeling the effects of climate change first-hand as the moss dries out in its celebrated gardens.



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