



DrumBeat: October 9, 2008

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Topic: [Miscellaneous](#)

[Demand destruction: Oil prices drop to 1-year low](#)

Oil prices closed at their lowest level in a year Thursday, falling below \$85 a barrel even after OPEC signaled it may try to slow crude's downward spiral by cutting production.

...Light, sweet crude for November Delivery fell \$1.81 to settle at \$86.62 a barrel on the New York Mercantile Exchange, the lowest closing price since Oct. 15, 2007. In aftermarket trading, prices edged below \$85, a key technical level that traders say could signal another plunge.

In London, November Brent crude fell \$1.70 to settle at \$82.66 on the ICE Futures exchange, after earlier falling to a one-year low of \$80.40.

Crude has shed about \$60 — or 40 percent of its value — since soaring to a record \$147.27 on July 11. The massive losses come as a global financial downturn forces people and businesses everywhere to cut back.

[Behind OPEC's November Meeting in Vienna](#)

Less than three weeks after an acrimonious Ramadan meeting in Vienna, OPEC has now called an emergency meeting for Nov. 18 in the Austrian capital. The reason is clear: The cartel is worried about the precipitous 40% fall in oil prices since they peaked at \$147 per barrel in mid-July. The OPEC basket, a blend of OPEC crudes, dropped through the psychologically important \$80-per-barrel level, to \$77.38, on Oct. 9. OPEC countries typically receive less for their crude than the widely reported West Texas Intermediate (U.S.) crude, which is now trading at about \$87 per barrel. "The organization is concerned about the deteriorating economic conditions with contagion risks," OPEC said in calling for the rushed confab.

[Canadian dollar plunges to 87 cents on oil drop](#)

Canada's currency dropped to the lowest since April 2007 as crude oil declined.

The currency has depreciated 5.8% so far this week following a fall of 4.5% during the period through Oct. 3, which was the biggest weekly loss since at least January 1971

when Bloomberg records begin. Canada relies on commodities for about half its export revenue. The U.S. is Canada's largest trading partner.

[Energy deregulation compromise in jeopardy](#)

LUXEMBOURG - A spat over foreign investments, notably by Russia's Gazprom, threatens to wreck the EU's plan to adopt by year's end a landmark climate change bill that would end gas and electricity monopolies and stoke more energy efficiency and renewable energy use.

[Iraq to outline oil contracts to companies](#)

Iraq will provide foreign oil and gas companies with details of service contracts under which it hopes the companies will help boost the country's oil output by 1.5 million barrels per day.

[Brazil poised to become oil superpower](#)

RIO DE JANEIRO, Brazil (AP) -- Four miles under the ocean's surface off Brazil's lush coast lie billions of barrels of recently discovered light crude - a treasure that could transform the country into an oil superpower.

President Luiz Inacio Lula da Silva called it "a gift from God" and pledged to end chronic poverty and narrow the country's broad gap between the rich and the poor.

But before rhetoric becomes reality, Brazil must first get to the underwater reserves, among the world's deepest, and then manage a massive influx of wealth - a formidable task that has left other national economies awash in corruption and even greater gaps between the rich and poor.

[Proposed Canada oil sales ban may backfire-Alberta](#)

TORONTO (Reuters) - While Canadian Prime Minister Stephen Harper wants to ban heavy-oil sales to countries with lax environmental records, he should not forget that Canada relies on crude imports from nations that make little effort to cut emissions, Alberta's premier said on Thursday.

[The Peak Oil Crisis: Mea Culpa](#)

Earlier this week The Washington Post's media critic, Howard Kurtz, published an apology on behalf of the media for its weak coverage of the multi-year run-up to the

current financial debacle.

To quote the Post, "The shaky house of financial cards that has come tumbling down was erected largely in public view: overextended investment banks, risky practices by Fannie Mae and Freddie Mac, exotic mortgage instruments that became part of a shadow banking system. But while these were conveyed in incremental stories -- and a few whistle-blowing columns -- the business press never conveyed a real sense of alarm until institutions began to collapse."

In reading through the story I was struck by how eerily similar are the now admitted journalistic lapses and the failure to connect the dots in the financial story to what we have been witnessing in the media's coverage of peak oil. The heart of Kurtz's apology is the troubling question "Why didn't they see this coming?"

[OPEC schedules early meeting to discuss falling crude price](#)

The Organization of the Petroleum Exporting Countries said today it will meet Nov. 18, a month ahead of schedule, to consider how to react to falling oil prices.

Oil continued its fall today, trading at \$86.75 a barrel, down \$2.20, on the New York Mercantile Exchange.

[As Oil Use, Price Slide, OPEC's Hawks Fret](#)

Right on cue, OPEC's price hawks are calling for an emergency meeting as the price of the group's reference basket of crudes hits \$80 a barrel for the first time in a year.

The clamoring from Libya, Venezuela and others comes amid indications that even already deeply reduced expectations for global oil demand next year still may be too high, given the widening financial crisis.

[Chavez Says Russia Supports Creating Oil Bank](#)

Russia supports the creation of "an international petroleum bank," Venezuelan President Hugo Chavez said at a ceremony honoring late Argentine guerrilla leader Ernesto "Che" Guevara.

"We are going to create an international petroleum bank," Chavez said Wednesday on the eve of the 41st anniversary of the death of Che Guevara, who was executed by the Bolivian army on Oct. 9, 1967.

"Enough already with our people's resources having to be deposited in banks in the north, which you can see are sinking," Chavez said, referring to the global financial crisis.

[OPEC exports to rise 320,000 bpd to Oct 25 - analyst](#)

LONDON (Reuters) - OPEC oil exports, excluding Angola and Ecuador, will rise 320,000 barrels per day (bpd) in the four weeks to Oct. 25 on winter demand with no sign the group's decision to curb supply is crimping flows, an analyst who tracks future shipments said on Thursday.

Seaborne crude exports from 11 OPEC members, including Iraq, will rise to 24.69 million bpd, up from 24.370 million bpd in the period to Sept. 27, British consultancy Oil Movements reported.

The head of the consultancy, Roy Mason, said shipments were still rising ahead of peak fourth quarter winter demand for crude as refiner capacity builds to refine heating oil.

He said most of the export increase was heading to Western consumers.

[Mexico unveils emergency spending to combat crisis](#)

President Felipe Calderon on Wednesday unveiled plans for 53 billion pesos (\$4.4 billion) in emergency spending on roads, schools, hospitals and an oil refinery next year to help Mexico combat the world financial crisis.

In a televised address, Calderon assured Mexicans the nation's banks are solid and haven't slowed lending to companies or individuals, despite a global credit crunch that has sent stocks here tumbling and seen the peso weaken to a record low against the dollar.

[Mexico's Calderon Proposes Pemex Autonomy to Confront Crisis](#)

Mexican President Felipe Calderon said Wednesday he is proposing to Congress giving autonomy to state oil monopoly Pemex to free the company from federal budget restrictions and give the government more money to spend next year.

[Idemitsu starts selling spot gas oil to Mexico](#)

TOKYO (Reuters) - Idemitsu Kosan Co, Japan's No. 3 oil refiner, has started exporting gas oil to Mexico on a spot basis, in addition to longer contracts, as demand for oil products in the Central American nation grows.

Company officials declined to disclose the volume and timing of the shipments.

[Canada: Refinery maintenance creating diesel shortage](#)

Refinery maintenance projects are crimping supplies and creating a shortage of diesel fuel, according to plant spokesmen.

"We have seen the demand for diesel sales go through the roof," said Jon Hamilton, a Petro-Canada spokes-

man. "Diesel is available but it's a lot tighter than it normally is. We are bringing product from the east and the west but it's not a gap we can fill."

["Fuel Crisis" In Erie County](#)

Erie County Executive Chris Collins says because of the unexpected increase of fuel prices this year the county will soon run out of money to pay for fuel for county vehicles by the middle of this month. This shortage would impact important services such as sheriff road patrols, snow plowing, and emergency response. "I'm asking for the third time for the legislature to approve this administrative transfer of funds," Executive Chris Collins said in a news conference Wednesday.

[Alabama: Gas shortages impact operations](#)

An on-going gas shortage, both of regular fuel and diesel, is creating problems for county residents and local government operations as well.

"The county is out of gas," reported Cleburne County Engineer Shannon Robbins during a Cleburne County Commission work session Monday afternoon.

[Economic crisis same old for city's poor](#)

Consider facts contained in a stunning report released Tuesday by the Food Bank For New York City, at its annual conference at the New York Marriott Marquis in the Times Square: "In the period from 2003 to 2007, basic living costs in the metro area increased as follows: food by 15%, fuel and utility by 37%, housing by 18%, medical care by 17% and transportation by 14%."

During the same period, the report, titled "Child Hunger: The Unhealthy Return on Missed Investments," found that the number of city households with children who found it difficult to afford needed food grew by 41% and now reaches a whopping 45% of all New York City households with children.

[The ripple effect of high oil prices](#)

In America, rural regions stand to suffer significantly from the effects of high oil prices and may face substantial challenges in the years ahead. Rural areas generally lack public transportation, forcing people to spend record amounts of their income on energy. Up from 1.9 % in 1998, Americans on average now spend about 4 percent of their after-tax income on transportation fuels, according to Brian A. Bethune, an economist at the forecasting firm Global Insight. The number is worse for rural residents who are seeing as much as 13% of their paychecks spent on transportation. At the same time, the total amount of miles traveled on U.S. roads has dropped by some 2.8% this year. The increase in cost and decline in demand has resulted in rural interstate travel decreasing five times more than urban interstate travel.

At current or higher price levels, life in rural America is simply unsustainable. For example, Holmes County, Mississippi with a median income of around \$20,000 is currently spending 16% (\$3,200) of that on transportation. Should this continue, rural residents would be forced to migrate from rural areas to urban centers in search of greater economic opportunity, affordable living, and to take advantage of publicly subsidized transit systems. Christopher B. Leinberger of the Brookings Institute argues that in the long term other core governance functions like "schooling and safety are likely to improve in urban areas" as the tax base increases with a population influx.

[Iran's gas exporters to skip West, eye Asia - Qeshm](#)

AMSTERDAM (Reuters) - Most of Iran's future gas exports are likely to head to Asian buyers, skipping Europe due to tensions with the West, the managing director of Iranian petrochemical company Qeshm Energy said on Thursday.

[Iran faces U.S. challenge in "pistachio war"](#)

KERMAN PROVINCE, Iran (Reuters) - For some Iranians, it's a galling thought: the United States may oust Iran as the world's largest producer of pistachio nuts this year because of one of the worst harvests ever in the Islamic Republic.

The popular nibble is Iran's main export commodity outside the oil sector, earning it more than \$1 billion last year, and providing many people with jobs in the arid, southeastern province of Kerman, which has 140,000 pistachio farmers.

Unusually cold weather during the flowering in April dealt a blow to the 2008 crop, which farmers say is down by as much as 75 percent from last season's record of 280,000 tons (617.3 million pounds).

...The poor harvest follows a severe drought that is forcing Iran to import millions of tons of wheat and causing power shortages in the world's fourth-largest crude producer.

[Angola says neutralised rebels in oil enclave](#)

LUANDA (Reuters) - Angola's army said on Thursday it had neutralised separatist rebels in the Cabinda enclave which produces half the African nation's oil.

Guerrillas from the Front for the Liberation of the Enclave of Cabinda (FLEC) have waged a low-level insurgency for three decades demanding more autonomy from Luanda and a greater share of revenues from Angola's 2 million barrels a day of oil output.

[U.S. tries tough love to reduce Iraq's dependence](#)

RAMADI, Iraq — In the past, when Iraqi police here ran out of gas, they often turned to the Marines, who generally obliged by filling the trucks and generators — courtesy of the U.S. taxpayer.

The Marines have a new answer for the Iraqis: no.

[New U.S. intelligence report warns 'victory' not certain in Iraq](#)

WASHINGTON — A nearly completed high-level U.S. intelligence analysis warns that unresolved ethnic and sectarian tensions in Iraq could unleash a new wave of violence, potentially reversing the major security and political gains achieved over the last year.

U.S. officials familiar with the new National Intelligence Estimate said they were unsure when the top-secret report would be completed and whether it would be published before the Nov. 4 presidential election.

[Suspected U.S. missiles strike in Pakistan](#)

DERA ISMAIL KHAN, Pakistan - Suspected U.S. missiles struck a Pakistani tribal region along the Afghan border on Thursday, intelligence officials said Thursday. Local sources told NBC News that nine people were killed.

They said civilians were among the dead, and the toll expected was to rise as victims were being taken to hospitals.

[Pakistan: Loadshedding returns to haunt Karachiites](#)

KARACHI - A respite for the citizens with regard to the power supply seems to be over as loadshedding has once again begun to disturb industrial and commercial activities in the city after Eid holidays.

[North Korea prepares to restart nuclear facility](#)

VIENNA, Austria (AP) -- North Korea announced Thursday that it is preparing to restart the facility that produced its atomic bomb, clearly indicating that it plans to completely pull out of an international deal to end its nuclear program.

...The North was to eventually dismantle the complex in return for diplomatic concessions and energy aid equivalent to 1 million tons of oil under a February 2007 deal with the U.S., South Korea, China, Russia and Japan.

But the accord hit a bump in mid-August when the U.S. refused to remove North Korea from its list of states that sponsor terrorism until the North accepts a plan for verifying a list of nuclear assets that the Pyongyang regime submitted to its negotiating partners earlier.

[Paying at the pump just got more risky: Secret Service, police warn of 'well-organized' debit card skimmers](#)

“We are looking at a sophisticated, very well-organized group of individuals,” says Detective Jason Visnaw with the Puyallup Police Department. When all the victims from these two incidents are identified, the total loss could reach half a million dollars.

Why steal debit card numbers? “With a credit card you have to go and buy merchandise and then you have to fence it or pawn it,” Det. Visnaw explains. “With a debit card, you’re getting cash money.”

[The Power of the nonrational](#)

For a quarter century, those who recalled Charles Mackay’s *Extraordinary Popular Delusions and the Madness of Crowds* and its many successors, and pointed out that uncontrolled speculation always ends the same dismal way, were told that they ought to shut up until they learned something about economics. Sober warnings from distinguished scholars were drowned out by a chorus of cheerleading, while less prestigious voices were pushed out to the fringes of the blogosphere. What is now painfully clear is that those marginalized voices were right all along, and their warnings could have spared us a massive economic disaster if the pundits and politicians who dismissed them had listened instead.

All this raises a question that deserves more attention than it usually receives: what makes a society accept or reject any given set of warnings about the future? At the ASPO-USA peak oil conference last month, a slightly more focused version of this question was much in the air. Several of the speakers expressed their frustration at the way warnings of global climate change have been picked up by the media and turned into an international cause célèbre, while warnings of the imminence of peak oil are still being dismissed as a nonissue by most people straight across the political and cultural

spectrum.

[GM, Ford fall sharply as outlook dims](#)

A new report says U.S. auto sales will hit recession levels this year, threatening their survival.

[Hybrid SUVs that carry real value](#)

"Hybrid SUV." It used to sound like an oxymoron, but it doesn't sound so strange as fuel prices stay high. As long as drivers want them - why not make them as fuel-efficient as possible?

But not all hybrids are going to save you money in the long run when put next to their non-hybrid counterparts.

To figure out which hybrid vehicles are indeed a better value, analysts at automotive-cost tracking Web site IntelliChoice.com conducted an exclusive study for CNNMoney.com.

[Green-collar pioneers eye offshore wind riches](#)

Even with today's credit crunch and falling energy prices, money continues to flow for new U.S. wind farms, Armistead says, as major wind developers race to build the nation's first offshore project.

[China's Faltering Oil Appetite](#)

A lot of people who forecast the future tend to draw a straight line forward from existing trends. That's why people forecast a continuation of the breakneck increases in Chinese oil consumption.

There are at least two reasons to question that. One is that the current financial crisis could hammer the U.S. economy, and cut deeply into our purchases of all kinds of stuff, including stuff that comes from China. If that happened, it's doubtful that China would keep up its double-digit economic growth in the coming months.

The other reason is more benign: China has drastically raised fuel prices, effectively slashing its subsidies for motor fuel. And we all know that when retail petroleum product prices rise sharply, we tend to use less of them. Will the Chinese be any different?

[Russia to face tough FX choice if oil falls further](#)

MOSCOW (Reuters) - Russia is battling to keep its currency stable and prevent the stock market panic spreading to the streets but a further decline in oil prices could trigger a change in course.

With almost \$550 billion accumulated in reserves, the world's third largest, Russia's authorities have enjoyed a certain degree of comfort in defending the ruble since foreign investors fled, spooked by the confrontation with Georgia that erupted in August just when global risk aversion was ramping up.

"The central bank will hold the (currency) level for as long as it can. Otherwise it may spread panic among the population," said Nikolai Kashcheyev, analyst at MDM Bank.

But even such a sizeable cash pile, accumulated thanks to oil revenues, might not be enough to sustain currency interventions requiring billions of dollars every day after the government pledged to spend \$210 billion -- including \$70 billion from reserves -- on rescuing the financial sector and bailing out struggling banks.

[Libya cuts off supplies to Swiss oil refinery](#)

Libya halted oil supplies to its Swiss refining unit Tamoil SA, a decision that will cut deliveries to the European country by about 2 million metric tons a year, Switzerland's Oil Association said.

"This is a political decision, not an economic one," said Rolf Hartl of Association de L'industrie Petroliere Suisse in a telephone interview today. "The whole of Tamoil's business in Switzerland is at risk."

[Energy Markets: Losing their gloss: A liberalised market model is falling from favour](#)

For over a decade Britain's energy market has been among the most liberalised in the world. At one end, firms compete to sell electricity and gas to customers; at the other, market forces determine investment in power stations and infrastructure. But despite Ofgem's relatively clean bill of health, in some respects the market is not delivering the goods.

[Going for Gas](#)

Europe needs oil and gas from the South Caucasus and the Caspian. So while the conflict between Georgia and Russia might appear to be mainly about territory, the biggest practical effects are being felt in energy supply. None of the solutions is especially appetising. A few days after the end of the Georgian war, major flows resumed through the twin arteries that carry Azerbaijani oil and gas to Europe: the \$4 billion Baku-

Tbilisi-Ceyhan (BTC) oil pipeline and the \$1 billion Baku-Tbilisi-Erzurum (BTE) gas pipe. But the restoration of the greater part of Azerbaijan's export capacity masked a string of underlying problems that will force companies and governments, producers and consumers, to re-evaluate energy policy in general and their reliance on routes through the South Caucasus in particular.

[What does the financial crisis mean for greens?](#)

In the last two presidential debates, Barack Obama has twice said that solving America's energy and environmental problems would be his administration's top priority, regardless of what state he found the economy in when he arrived in office. John McCain, too, has said that we can fix the energy crisis and prevent climate change even while putting the financial system back on an even keel. But is the candidates' optimism really justified?

According to a new Rasmussen poll, 48 percent of voters say there's a fundamental contradiction between environmental policy and economic growth; essentially, half of Americans now believe we can't have both a sound environmental policy and a strong economy. And let's be honest: with the Dow in the doldrums and foreclosures still spreading like a rash, it's pretty obvious which of the two options voters would prefer their leaders to prioritize.

[Wood as a power source may be making comeback, even in Mass.](#)

RUSSELL, Mass. (AP) - A proposed wood burning power plant in Russell is just the tip of the iceberg.

While airwaves have been permeated by advertisements for solar and wind power, last year wood generated more net electricity in the U.S. than those two up & comers combined.

[ABC Won't Air Gore's Global Warming Ad](#)

The media in the hip pocket of big oil and coal? Sounds like an outrageous claim given how much those industries get blasted on the networks. But that's just what the CEO of the Al Gore's Alliance for Climate Protection's "We Campaign" has alleged.

CEO Cathy Zoi, in an Oct. 8 e-mail, complained that ABC, CBS and CNN aired TV spots for the oil and coal industry during the Oct. 7 presidential debate, but ABC was refusing to air theirs.

['Armageddon' in the oil patch](#)

CALGARY -- Jeffery Tonken has lost a fortune over the past six weeks.

"It's Armageddon out there," Mr. Tonken, the chief executive officer of junior oil and gas company Birchcliff Energy Ltd., said yesterday.

"I've lost millions. Everyone has."

The value of Canada's energy companies has been devastated since oil plunged from record levels in the summer. Among the 58 companies in the S&P/TSX capped energy index, about \$110-billion in market value has been wiped out in the past six weeks, calculations show.

..."Buy some ammunition, go to the hills and hide," said William Lacey, an analyst at FirstEnergy Capital Corp.

"We've gone beyond doomsday scenarios. There's no logic any more and this is an outright capitulation. Investors are simply throwing up their hands and saying 'I'm out,' " he said.

[Richard Heinberg: Say Goodbye to Peak Oil](#)

Now that the world's credit markets are suffering the equivalent of a cardiac arrest, one can confidently say that the peak in global oil production is behind us. With demand for oil declining (because of global recession), OPEC will want to constrain production. With investment capital disappearing in a deflationary bonfire, oil companies will have difficulty financing new projects (even if they have full governmental go-ahead to drill, baby, drill). Thus even though the peak might have been delayed for another year or five if the credit crunch hadn't intervened, that time cushion is now effectively gone.

This is not to say that Peak Oil should no longer to be considered to be of importance. In the larger, longer view of things, the energy decline will be the determining factor in the fate of our civilization—not a money or credit crisis.

[Nigeria: Refineries Crippled As Crises Take Toll](#)

The twin problem of pipeline breaks and epileptic power supply are taking their toll on the nation's refining capacity, as activities at all the nation's refineries have been completely crippled.

[South Africa: Knock-on Effects of Increasing Petrol Price](#)

Close to a fifth of car drivers claimed that they now occasionally travel with other people in a car pool arrangement and 6% claimed they are now making more use of public transport. In addition, over 9% claimed they had postponed a long trip or holiday because of the high petrol price. While the extent to which the petrol price is having this

effect, as opposed to every other price increase is a moot point, the fact remains that many drivers report that the petrol price has directly changed their behaviour.

Of course, this still leaves the majority of drivers for whom nothing has changed, and this has to be the brutal reality for much of the working population for whom petrol is an essential, if grudge, purchase.

[Africa: Global Food and Fuel Crisis Will Increase Malnourished by 44 Million](#)

High food and fuel prices will increase the number of malnourished people around the world in 2008 by 44 million to reach a total of 967 million, a report from the World Bank says.

While food and fuel price increases may have moderated in recent months, prices remain much higher than previous years and show few signs of declining significantly, according to the report entitled "Rising food and fuel prices: addressing the risks to future generations". Poor families around the world are being pushed to the brink of survival, causing irreparable damage to the health of millions of children. As families cut back on spending, there are also grave risks for the educational performance of poor children.

[Oil, war, lies and bulls**t'](#)

In this critical sense, I will argue, rather regretfully, the anti-war movement itself has indeed played a significant part in the Bush administration's reckless and frantic foreign policy. Moreover, I contend that speaking of oil as the cause of war is clumsily out of context and thereby distracts our attention from the neoconservative /militarist/Christian Zionist vision of the Bush-Cheney administration.

And, particularly, by invoking "No Blood for Oil", the anti-war left - including radicals and certain self-proclaimed "Marxists" - is, advertently or inadvertently, blameworthy of sweeping the real cause of war under the carpet.

[Indonesia Papua forests seen under palm oil threat](#)

JAKARTA (Reuters) - Indonesia must do more to save pristine rainforests in Papua from destruction, particularly with plans to open up huge tracts of land to develop palm oil plantations, environmentalists said on Wednesday.

The rapidly expanding palm oil industry in Southeast Asia has come under attack by green groups for destroying rainforests and wildlife, as well the emission of greenhouse gases.

[Green architecture opportunity in financial woes](#)

WASHINGTON (Reuters) - The current financial downturn could spur demand for sustainably designed buildings and communities, the chairman of one of the world's largest green architecture firms said on Tuesday.

"It's the environmental opportunity of a lifetime," Bill Valentine of the HOK firm told the Reuters Global Environment Summit. "And if we don't use it now as an opportunity to make the sustainable movement not just make progress, but gallop ahead, we've lost our chance."

[OPEC reportedly considers meeting to stop crude's fall](#)

The price of crude continued to drop Wednesday as the sagging world economy sapped demand.

The Organization of the Petroleum Exporting Countries reportedly was considering a November meeting to discuss reducing production to shore up prices.

Shokri Ghanem, chairman of Libya's National Oil Corp., told Bloomberg News in a telephone interview from Tripoli that OPEC may meet Nov. 18 in Vienna.

"Oil producers are losing money because prices are falling," Ghanem said. "We'd better keep the oil in the ground and not sell it because the international banks are collapsing, and we may lose our money there as well."

[Global crunch strains Russian economy](#)

MOSCOW — Battered by the global sell-off, the economy Vladimir Putin built has begun to show its chinks. Russian stock markets have nose-dived, a construction boom has ground to a halt and energy titans like Gazprom and Lukoil are urging the Kremlin to lend a hand.

Like other emerging economies, Russia is finding itself far from immune to the turmoil afflicting U.S. and European markets. And with oil prices continuing to drop, the country's overdependence on energy as the engine of its economy only makes matters worse, analysts say.

[Energy descent](#)

Capitalism works! Just as the planet is driven to the brink of environmental destruction by our crazed pursuit of increased growth and consumption, so the hand that guides us begins to crumble.

Financial commentators have agreed on the cause. It was the bankers who made bets with money they did not have, putting new money into circulation as debt, often in excess of 20 times more than the value of assets they actually held. Then, as those limited assets dramatically lost value, there became no way to service these ludicrously leveraged bets.

What is not being discussed quite so openly is that the dramatic fall in the value of these assets is not a US sub-prime issue. This is only the symptom, not the cause. What caused this meltdown in asset value is a realisation by the international financial community that we have peaked. Ladies and gentlemen, our generation has inherited the era of peak oil, peak everything. The oil has not yet run out, but from now on, year on year, there will be an ever-decreasing supply available to us. The all powerful neo-liberal model of unceasing expansion and growth lies in tatters.

[Scottish councils urged to get into peak oil practice](#)

AS THEY grapple with the implications of climate change and the imperatives of "going green", Scotland's local councils, as an integral part of their responses to these twin "missions", also need to come up with sustainable transport and energy solutions. To help councils formulate their thinking, two organisations, the Oil Depletion Analysis Centre (ODAC) and the Post Carbon Institute, have got together to produce a guide aimed at local councils, outlining the implications of "peak oil" and the kinds of responsible options that are available to councils.

[Next 20 years will see rapid changes - Sargent](#)

"We need to drop that energy demand or else we drop people and that's a pretty stark choice. Our global village depends on a sea of oil and in 2020 that will not be possible to depend on."

He went on: "The next 12 or 20 years will probably contain more change than has been the case in the last 100 years. But, hopefully, it will be voluntary change.

"Life will be busier but less stressful and we will probably be healthier and lead more useful lives."

[Who's the man with the plan now?](#)

There are more storms brewing on the horizon – global warming, peak oil, water scarcity, food insecurity are rolling towards us. These are momentous, frightening times. The fundamentals of our economy, the sustainability of human life are under threat. This is no time for timid, piecemeal politics.

[Petrobras Seeks Redress After Losing Ecuador Block, Gazeta Says](#)

(Bloomberg) -- Petroleo Brasileiro SA, Brazil's state oil producer, is in talks with the Ecuadorian government on getting \$250 million compensation for ceding an oil block, Gazeta Mercantil reported, citing an unidentified person at the company.

Petrobras has given up exploring Block 31, which may yield as many as 30,000 barrels a day, because it's located in an Amazon Indian reserve and could present the company with social and environmental problems, according to Gazeta. The transfer of the block and receipt of payment may take at least four months, the Brazilian newspaper said.

[Angola oil output dips to 1.959 mln bpd - Sonangol](#)

CAPE TOWN (Reuters) - Angola's oil production has dipped to 1.959 million barrels per day after touching 2 million bpd earlier in 2008, a senior official with the state-run Sonangol oil firm said on Thursday.

...He cited production problems in one of the southwest African nation's oil developments for the drop.

[Iran Offers to Cooperate With Saudi Arabia, Kuwait on Gas Field](#)

(Bloomberg) -- Iran, holder of the world's second- largest oil and gas reserves, offered to cooperate with Saudi Arabia and Kuwait to jointly develop the disputed Arash gas field, which spreads over the three Persian Gulf nations.

Iran has suggested the three countries cooperate on ``investment, development and production and for the natural gas to be exported to Kuwait and Saudi Arabia," Mahmoud Zirak Chianzadeh, managing director of state-owned Falat Ghareh Oil Co., was quoted as saying by Shana.

[S. Korea indefinitely delays power cost hikes](#)

SEOUL (Reuters) - South Korea has put an indefinite hold on its plan to lift power costs in the latter half of the year, Seoul's energy ministry said on Thursday, a decision prompted by inflation pressure and falling oil prices.

South Korea, heavily dependent on foreign energy reserves, was planning to raise electricity and gas prices by 5-8 percent as fuel costs increasingly became a burden for state-run energy companies -- Korea Electric Power Corp and Korea Gas Corp.

[Is it possible to spend a winter without heat?](#)

With rising energy costs, is central heating for wimps? And can you face winter without turning on the heat and without breaking up your marriage?

[Cheaper food and petrol offer cheer amid the gloom](#)

The first signs of respite for consumers came yesterday as a slump in the price of crude oil held out the prospect of lower prices for fuel and food.

Supermarkets are preparing a new round of price cuts in coming weeks after the dramatic slide in crude oil to \$86 (£50) a barrel, the lowest price for a year, and amid signs that food inflation has stalled.

[Can Korea Learn From Wall Street Folly?](#)

Asian economies, such as Korea's, have benefited for decades from the exchange of cheap Asian credit for American consumption of Asian products. But should this arrangement significantly falter or fail, we could see America's weakening economic leadership position being filled in part by China.

[Police look to trade 'gas hogs' for fuel-efficient fleet](#)

Last year at this time, Mike Cochran, assistant chief of the Lauderhill, Fla., police department, was driving a Ford Crown Victoria cruiser that he says got about 14 miles per gallon.

Now, as municipalities count every penny amid the economic crisis, he drives a four-cylinder Chevrolet Malibu that, according to the Environmental Protection Agency, gets about 30 mpg on the highway.

"We started trying to segue away from the gas hogs," Cochran said. "When we can, and where we can, we are trying to put officers in more fuel-efficient vehicles."

[Fancy a free \(electric\) car?](#)

LONDON (Reuters) - Plummeting car sales, climate change, high oil prices and the threat of global recession. The answer? Free electric cars.

So says the founder of California-based electric car operator Better Place, Shai Agassi.

"Do you want a \$40,000 car, a \$20,000 car or drive this car off the lot for free?" he asks.

...Agassi calculates the present running cost of a pure electric car at some 7 cents per mile compared with about 35 cents to run on gasoline -- contrasting the dual cost of electricity plus battery with the cost of gasoline.

That price difference is the source of his teaser.

[Why motoring will only get more expensive: three views of the future](#)

As we struggle with high fuel prices and taxes intended to tackle global warming, Andrew English analyses three views of the future.

[Exxon to Build \\$325 Million Battery-Part Plant in South Korea](#)

(Bloomberg) -- Exxon Mobil Corp., the world's largest oil company, will invest \$325 million to build a factory in South Korea to produce a main part of lithium batteries used in power-hybrid cars.

[Consensus takes form on forests and climate change](#)

BARCELONA (AFP) - An elusive consensus on the best way to reduce forest carbon emissions took shape Wednesday with the release of a joint statement by forestry companies, green organisations and indigenous peoples.

[Climate change poised to devastate penguins: WWF](#)

BARCELONA (AFP) - Half to three-quarters of major Antarctic penguin colonies could be damaged or wiped out if global temperatures are allowed to climb by more than two degrees Celsius (3.6 degrees Fahrenheit), according to a report released Wednesday.

A two degree hike would threaten 50 percent of breeding grounds of emperor penguins, and 75 percent of Adelie penguin colonies, said the study, released by the World Wildlife Fund (WWF) at the World Conservation Congress in Barcelona.



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