



DrumBeat: October 14, 2008

Posted by [Leanan](#) on October 14, 2008 - 9:25am

Topic: [Miscellaneous](#)

[OPEC exports drop 600,000 bpd in September-LMIU](#)

LONDON (Reuters) - OPEC seaborne oil exports, excluding Angola and Ecuador, fell 600,000 barrels per day (bpd) in September and dropped 840,000 bpd from Gulf suppliers, Lloyd's Marine Intelligence Unit (LMIU) said on Tuesday.

The London-based consultancy that tracks tanker exports said oil shipments from 11 OPEC producers, including Iraq, fell to 23.031 million bpd, down from 23.644 million bpd in the four weeks previous.

[Mexico's reserves down 11 pct after dollar sales](#)

MEXICO CITY (Reuters) - Mexico's foreign reserves, buoyed to record levels in recent years by oil exports, dropped nearly 11 percent last week as the central bank sold dollars to defend a plummeting peso.

As the widening global credit crisis sent markets around the world into a tailspin last week, Mexico's central bank auctioned \$8.9 billion in foreign reserves in an aggressive attempt to shore up the peso.

[BP announces oil find in Gulf of Mexico](#)

HOUSTON - Oil-and-gas company BP America Inc. said Tuesday it has discovered oil in the deep waters of the Gulf of Mexico, its third discovery in this area.

The discovery at BP's Freedom Prospect is about 70 miles southeast of the Louisiana coast in about 6,100 feet of water. The well was drilled to a total depth of 29,280 feet.

[Virgin Atlantic Airways trims fuel surcharges](#)

LONDON (Reuters) - British airline Virgin Atlantic said it has cut its passenger fuel surcharges following the drop in oil prices.

From 2300 GMT on Wednesday, Virgin Atlantic will reduce the charge by up to 13 pounds (\$22.81) per passenger, depending on the destination and class of cabin, the airline said on Tuesday.

[EDF to Use Alternative to Libor on 11 Billion-Pound Buyout Loan](#)

(Bloomberg) -- Electricite de France SA will use an alternative to the London interbank offered rate, or Libor, on an 11 billion-pound (\$19 billion) loan to finance the takeover of British Energy Group Plc.

Instead of Libor, the world's biggest nuclear utility will pay interest based on an average of funding rates supplied by BNP Paribas SA, Deutsche Bank AG, Royal Bank of Scotland Group Plc, Banco Santander SA and Societe Generale SA, according to a banker involved in the deal.

``The Libor rate was broken," said Wilson Chin, rates strategist at ING Groep NV in Amsterdam. ``It's coming back at the moment."

[GM Survival Questioned as SUV's End Chills Ohio Town](#)

(Bloomberg) -- Gloom is spreading across Moraine, Ohio, as General Motors Corp. prepares to shut a sport-utility vehicle plant two days before Christmas, abandoning a factory in the Dayton suburb of 7,000 that stretches back to making refrigerators in 1921.

``The whole town is going to be devastated," said Cathy Miller, 51, who pours drinks at the Upper Deck sports bar across the street from the plant, where employment has fallen from 4,200 to 1,200 in two years.

[GMAC's Lending Limits May Add to GM's U.S. Sales Woes](#)

(Bloomberg) -- GMAC LLC, the lender once owned by General Motors Corp., may deepen the automaker's 18 percent U.S. sales slide this year by limiting car and truck loans to people with the best credit scores.

GMAC said yesterday it's granting financing only to buyers with scores of at least 700, who represent about 58 percent of U.S. consumers. The Detroit-based company, now controlled by Cerberus Capital Management LP, provided 43 percent of GM's second-quarter auto loans.

[Thousands lose power across Ontario](#)

More than 13,000 Hydro One customers across parts of central and northern Ontario were without power Tuesday afternoon.

Hydro One has not yet specified a reason for the outages, but it comes as blustery conditions are expected ahead of a cold front moving across the province.

[Methane hydrates: Energy's most dangerous game](#)

All the energy America needs for the next 100 years lies under the sea off the coast of South Carolina. One problem: Digging it out could cause a global climate disaster.

Welcome to the final frontier in fossil fuels, the wild card in climate change theories and the dark horse in the scramble to secure access to clean energy. Meet methane hydrates, the world's most promising and perilous energy resource.

[Groundbreaking planned for ethanol stations](#)

Groundbreaking ceremonies for two local ethanol and alternative fuel stations will be Thursday

Ceremonies are set for 10 a.m. at the Carmichael 76 station site at 5103 Fair Oaks Blvd., in Carmichael, and 3 p.m. at the DB&S Shell site at 5551 Martin Luther King Blvd., in Sacramento.

[Doubt, anger over dams on Amazon tributary](#)

PORTO VELHO, Brazil - It is quiet here on the wrong side of progress. Hot wind blows dust across the dry bluffs. The brown river runs wide and placid.

In his painted wooden skiff, Francisco Evangelista de Abreu, a fisherman, motors up-current. Two river dolphins crest and submerge. His mind is elsewhere. The dam is coming.

"I don't know what's going to happen," he said. "I don't have any experience outside of this."

The task he and his neighbors are undertaking is to re-imagine their lives. They cannot stop the dam now. Once the waters rise, Jose da Silva Machado, 45, will no longer ferry schoolchildren across the river, nor fish in its rapids, nor live on its banks. Leonel Pereira de Souza, 61, insisted that his vegetable farm, where he was born, raised his children and grandchildren, is not for sale. Period. Yet he knows that conviction will dissolve in the flood.

"We are peasants. We live off the soil," he said. "They are offering houses in the village. There is no place to plant or fish."

[Gasoline Prices Drop 22%; Further Declines Are Seen](#)

HOUSTON -- U.S. gasoline prices have skidded 22% from their highs and may fall further as the economy slows and as refinery operations disrupted by hurricanes return to normal.

A gallon of regular gasoline cost on average \$3.206 a gallon on Monday, according to AAA's Fuel Gauge Report. Since hitting a peak of \$4.114 on July 17, prices in many places have slid below \$3 a gallon.

Just a few months ago, before the credit crisis reached fever pitch, talk of \$5 -- or even \$6 gasoline -- was bandied about, underscoring how quickly the outlook for fuel prices has changed.

[Saudi seen on top of crisis](#)

RIYADH (Reuters) - Saudi Arabia's government could step in to buy collapsing stock on the local bourse and the central bank will keep banks liquid if necessary, but the global financial crisis should have a limited effect on the oil giant.

Barring surprises such as the sudden bank collapses that hit other major economies, analysts predict Saudi Arabia's status as the world's largest oil exporter offers it at least short-term protection even though falling oil prices will cut its earnings.

"They have a cushion because of the oil money in the treasury and if anyone's going to be in a safe position it's Saudi Arabia," one Western diplomat said, reflecting the general view in the Riyadh diplomatic community.

[Federal energy incentives have chiefly benefited oil, natural gas industries; nuclear, renewables lag](#)

The main beneficiaries of more than \$700 billion of federal energy incentives over the past five decades have been the oil and natural gas industries. The oil and natural gas industries together garnered 60 percent of federal incentives between 1950 and 2006, with 46 percent of the roughly \$725 billion in federal support going to the oil sector. Our new report shows that the oil industry has benefited from \$335 billion in combined incentives, with natural gas receiving \$100 billion.

Contrary to some claims, federal energy incentives have not gone to nuclear energy technologies at the expense of renewable energy sources, such as wind and solar. Of the total incentives provided since 1950, nuclear energy has received nine percent (\$65

billion), while renewable energy has received six percent (\$45 billion). Coal and hydroelectric energy sources, meanwhile, have received 13 percent (\$94 billion) and 11 percent (\$80 billion) of the total respectively.

[API: 'U.S.' Third Quarter Drilling Activity Up 34% from Last Year'](#)

The U.S. exploration and production industry's drilling activity continues to outpace last year's levels and is nearly twice the level seen in the 1990s, according to API's third quarter 2008 drilling estimates.

"These numbers demonstrate the oil and natural gas industry's commitment to finding new sources of oil and natural gas to increase U.S. production," said Hazem Arafa, Director of API's statistics department.

[Sinopec to Start Up Fujian Refinery Next Spring, an Industrial Info News Alert](#)

BEIJING (MARKET WIRE via COMTEX) -- Researched by Industrial Info Resources (Sugar Land, Texas) -- China Petroleum and Chemical Corporation is nearing completion of a refinery and ethanol project in Fujian province and will begin running it early next spring.

[Saudi Aramco Targets \\$1.2B, 100,000 B/D Dammam Field Development](#)

Saudi Arabian Oil Co. plans to upgrade its aging onshore Dammam oil field, first tapped in 1938, to produce 100,000 barrels a day of crude at an estimated cost of \$1.2 billion, people familiar with the plans said.

The state-run oil company, better known as Saudi Aramco, is close to inviting engineering firms to make initial bids for the contract to carry out a study on the project that will upgrade the Dammam field, the people said.

[Pemex Launches Tender for 4 Cantarell Platforms](#)

State-run Petroleos Mexicanos has launched a tender to build four offshore oil platforms for the giant Cantarell field where the company hopes to stabilize production levels that have dropped by around a third over the past year.

[GM closing factories in Wisconsin, Michigan](#)

DETROIT (AP) -- The U.S. automotive sales slump worked its way to Janesville, Wis.,

Monday when General Motors Corp. told workers that it would cease operations at a sport utility vehicle factory there in December.

The automaker also said Monday that it will close its metal stamping plant near Grand Rapids, Mich., by the end of 2009, costing about 1,340 hourly jobs. Workers at the 2-million-square-foot factory in the suburb of Wyoming, Mich. were notified Monday afternoon.

[Energy teams see different shades of green](#)

Facing soaring gasoline prices and the prospect of sky-high heating bills this winter, presidential rivals Barack Obama and John McCain have assembled teams of top-notch energy advisers to formulate some solutions.

[Coal and clear skies: Obama's balancing act](#)

To some Beltway environmental advocates, Obama's role in blocking the Clear Skies legislation, and his subsequent efforts to redeem himself in the eyes of coal-belt voters, speak to a tension that cuts to the heart of his environmental philosophy. Obama is among the most liberal lawmakers in the Senate - a genuine progressive with a stellar record on most environmental issues and a fine grasp of the minutiae of the energy debate. But he's a pragmatist, not an idealist; though generally sympathetic to greens, he tends to cast himself as a consensus-builder rather than an environmental purist. It's a political style that's earned him a reputation as a moderate and won him friends on both sides of the aisle, but also one that has left some environmentalists wondering whether a President Obama would prove able to build a broad coalition behind his energy and environmental platform - or would bend too far, and sacrifice his environmental promise on the altar of bipartisanship.

[A Modest Proposal for Winning the Iraq War](#)

The person who really knew how to deal with the Middle East was Alexander the Great. Alexander had the funny idea that when you make war, you should defeat your enemy, not yourself. He also expected to turn a profit, and would accept nothing less than complete victory. When the cities of Tyre and Gaza declined to be conquered, Alexander besieged them, killed all who resisted, and sold the survivors into slavery. Selling defeated enemies to the slave merchant was not only profitable, but a humane alternative to their execution. Since the Iraqis are being obstinate, I suggest we sell the entire population of twenty-eight million - men, women, and children - into slavery. Once Iraq has been emptied of its troublesome native population, we can lease it to Exxon-Mobile with the understanding that they are to provide the US with oil in return for a fair profit. Energy crisis solved!

[Fusion will be cracked "within 30 years"](#)

Despite the complexity and high research and development costs, scientists are convinced they can unlock the massive power of nuclear fusion within a generation.

[EU to roll out hydrogen vehicles by 2020](#)

The EU could see hydrogen cars and buses on its roads by 2020 if a new public-private partnership takes off, according to research chief Janez Potocnik.

[Chinese company produces 1st solar-powered car](#)

The mini car produced by Zhejiang's OO1 Group was designed to target the increasingly serious energy crisis. The group has so far produced over 10 such cars and each of them will sell for 38,000 yuan (US\$5,560).

[UK: Limited storage forces importers to give away gas](#)

The price of gas collapsed over the weekend as warm weather and full storage tanks forced importers to give away gas for - literally - nothing.

At one stage on Sunday, the within-day delivery price for wholesale gas fell to 0p per therm as suppliers were forced to give away surplus fuel in order to balance the system.

The zero-trades occurred on APX, a 24-hour trading platform, and followed a weekend of weak prices and unusually warm weather. A price of zero or a negative price is highly unusual, according to ICIS Heren, the gas price assessor.

[As Food Prices Rise, Fertilizer Shortage Now Threatens World's Farms](#)

Due to a limited supply being outstripped by demand, synthetic fertilizer prices have increased nearly threefold in the last year alone. Some Midwest dealers have experienced supply problems, leading them to restrict how much fertilizer each customer can purchase.

"If you want 10,000 tons, they'll sell you 5,000 today, maybe 3,000," said Iowa fertilizer dealer W. Scott Tinsman Jr. "The rubber band is stretched really far."

Rising prices have placed an incredible financial strain on companies that subsidize their farmers' fertilizer. In India, for example, the yearly fertilizer subsidy has increased from \$4 billion in 2004-05 to an estimated \$22 billion this year.

[The Philippines: Cut in prices of farm inputs urged: No rollback in prices despite lower oil prices](#)

LA TRINIDAD, Benguet — Groups of farmers and traders in this vegetable-producing province asked yesterday concerned government agencies to work for the reduction in the prices of farm inputs such as fertilizers, pesticides, and fungicides.

The prices of farm inputs went up a few months ago because of the soaring prices of petroleum, which is the common raw-material base of fertilizers, pesticides, and fungicides, the groups said.

But despite the recent series of reductions in the prices of petroleum, there is no rollback in the prices of farm inputs, they said.

[The curse of living in interesting times](#)

The second big problem we face remains energy supplies.

Oil prices have continued dropping because of reductions in demand as a result of increased prices. This oscillation in price is likely to happen a number of times as the global economy lurches through the period of peak oil and gas production. This may give false summits, but it will will cause considerable disruption.

[Fuel woes continue to plague truckers in Alberta](#)

For more than a week now, truckers like Dan Dickey of Chilliwack, British Columbia, have been scrambling around to find fuel.

That's because supplies to some of the "cardlocks," aka unmanned fuel stations, in the province of Alberta, Canada, are being rationed and have run out of diesel because of scheduled maintenance and unexpected production problems at Western Canadian refineries.

[Pakistan: Gas suspension deepens power crisis](#)

LAHORE-Country will face yet another energy crisis as several thermal power plants with a generating capacity of upto 1,200 megawatt electricity have either halted their production or reduced their generation capacity, following the suspension of gas supply to them, it is learnt.

The officials in the Pakistan Electric Power Company informed The Nation that in the aftermath of thermal plants closure due to gas supply suspension, the Pepco authorities have asked the distribution companies to prepare new schedule of loadshedding duration in big as well as small cities and towns, including rural areas, which will be from 6 to 8 hours.

[Pakistan: Industry facing horrid gas load-shedding](#)

LAHORE: At the peak of energy crisis, shutting down the Qadirpur field for emergency maintenance has left the industrial sector in the lurch, as it forced Sui Northern Gas Pipeline Limited (SNGPL) to curtail gas supply to cement, textile, and many other industries from October 11.

[India: Govt to import 20 MT of coal](#)

NEW DELHI: The Government on Tuesday said that it will import 20 million tonnes (MT) of coal in this financial year to meet the demand of the fuel.

“Whenever there is coal shortage, we expedite the fuel imports,” Power Secretary Mr Anil Razdan said here adding “we would import 20 million tonnes of coal in FY'09”.

[India: 21 nuclear power projects planned](#)

New Delhi (AKI/Asian Age) - India is kickstarting its nuclear facilities by setting up 21 nuclear power projects based on three different technologies.

These include the setting up of six French reactors of 1,600 MW, four Russian reactors of 1,000 MW and four American reactors of 1,500 MW within the next five years.

Senior sources in the Nuclear Power Corporation of India Ltd (NPCIL) point out that each of these reactors is likely to cost a minimum of 2 billion dollars and will collectively produce 30,000 MW of nuclear energy.

[Europe's solar researchers bet on silicon](#)

LEUVEN, Belgium —Crystalline silicon technology remains the big bet in solar cell research at IMEC, but the group is also exploring options in silicon thin films, compound materials and organics.

[Heat costs fuel wood shortage](#)

The province is suffering from a severe shortage of firewood. Rising furnace oil and electricity costs have many New Brunswick residents scrambling to trade in oil and electric heat for the wood-fired warmth of wood stoves. The resulting demand is driving up the cost of wood and draining the existing supply in a market that is already tight thanks to a slew of recent mill closures in the province.

['High cost of a pint will close pubs in Northampton'](#)

Mr Cherry said that a worldwide shortage of hops as well as increases in heating and fuel bills had put a large financial strain on producing beer.

Northamptonshire is currently the 18th most expensive place to buy a pint of bitter out of 30 different regions in England according to the latest figures from the Good Pub Guide 2009.

Mr Cherry said: "It costs us more to brew the beer so we work on smaller price margins and then the pubs have got to make money so they have to pass on the cost."

[Heinberg: The Magic Market](#)

As the world finance system disintegrates and the price of oil wafts below \$80 a barrel, we are about to see yet another instance of Market Magic.

Demand for oil is falling as world economic activity sputters. Many analysts are now forecasting that the barrel price could go as low as \$50 to \$60 in the next few weeks.

Meanwhile, however, the marginal cost of bringing a new barrel of oil into production has been rising in recent years, and now stands in the range of \$80 to \$100. Therefore, as the spot price and futures prices weaken, efforts to develop new oil sources will be mothballed.

At the same time, some recent adaptive efforts to develop renewable energy and energy efficiency, spurred by \$150 oil, are getting slammed by lower oil prices and the drying up of investment capital.

Once petroleum supply levels have fallen sufficiently (OPEC is now trying to decide how much production to take off-line), oil prices will start to recover and will eventually soar. But the response this time (by way of investments both in new oil production capacity and alternative energy sources) will be weaker.

[Kunstler: The Nausea Express](#)

The G-7 world, the club of "developed" western nations plus Japan, has commenced an ordeal of suddenly waking up much poorer. All the desperate work-arounds being engineered by governments and central banks on an al fresco basis are intended to overcome this stunning basic fact, and none of them will. The benchmarks of everything are in flux -- stocks, bond values and yields, commodity prices, most especially currencies -- but these tend to disguise the basic fact of growing and spreading impoverishment. Is oil priced at \$80 a barrel this morning? That's nice. Except if the company that employs you is about to fold up and you face a holiday season of driving frantically around Atlanta in search of another job, which the odds are against you find

finding. Or if you're living on a retirement fund that's just lost 37 percent of its value and it's time to fill the heating oil tank.

Iceland is the poster-child du jour for this. The little island nation of about 320,000 souls (roughly half of Vermont's population) lately grew a banking sector that thrived on something-for-nothing finance. In little more than a month, its banks have imploded like mini death stars, leaving Iceland with a pariah currency. Since it has to import just about everything, and it suddenly finds itself unable to pay for imports, the people are stripping the grocery markets of whatever remains there now. You wonder what they will do in two weeks. Ten years from now there may be 32,000 of them left, subsisting on blubber sandwiches. I exaggerate perhaps a little, but who really knows where all this leads? Here in the USA, the Treasury, enjoying new and seemingly limitless powers of discretionary spending, has begun shoveling dollars into every truck that backs up to the loading dock. The numbers are staggering. In ten days it's reached into the trillions in loans and handouts. Most of this money is getting sucked directly into the black hole of debt and margin calls of one kind or another. This is previously-presumed wealth that is now un-presumed. It's leaving the system, never to be seen again. One useful way of thinking about it is to regard it as our society's previous borrowings against our own future. Thus, we are seeing our future vanish into a black hole -- our future comfort, health, and basic nourishment.

[Chris Nelder: Notes from the 2008 ASPO-USA Peak Oil Conference](#)

Here are my notes from the 2008 ASPO-USA Peak Oil Conference, September 21-23, 2008 in Sacramento, California. Length: 57 pages.

[Oil rises above \\$84 as financial panic eases](#)

LONDON - Oil prices climbed above \$84 a barrel on Tuesday on hopes the economic fallout from the financial crisis would be curbed by U.S. and European government pledges to pump capital into the banking sector.

Light, sweet crude for November delivery on the New York Mercantile Exchange was up \$3.37 to \$84.56 a barrel in electronic trading by midday Europe. The contract rose \$3.49 to settle at \$81.19 on Monday.

[Cnooc Shares Rise Most in a Month as Crude Oil Climbs](#)

(Bloomberg) -- Cnooc Ltd., China's biggest offshore oil producer, rose the most in almost a month in Hong Kong trading as crude oil prices climbed for a second day.

Shares of the state oil company gained 14 percent to HK\$7.17, the most since Sept. 19. Cnooc was the sixth-largest gainer on the 40-member MSCI AC Asia Energy Index. The benchmark Hang Seng Index climbed 3 percent.

[OIL DATA: China Jan-Sep Crude Oil Imports 140 Million Tons; +8.8%](#)

BEIJING -(Dow Jones)- China's crude oil imports rose 8.8% on year to 140 million metric tons in the January-September period, preliminary data from the General Administration of Customs showed Monday.

Volumes - equivalent to 3.75 million barrels per day - suggest that China imported a record amount of crude oil in September.

[Syria, Russia sign \\$71 million gas deal](#)

DAMASCUS, Syria (AP) - Syria and Russia have signed a gas deal worth \$71 million to transport natural gas from the northern Syrian city of Aleppo to the Turkish border.

The report Tuesday on SANA says the agreement between Syrian Gas Company and Russian company StroyTrans Gaz provides for the construction of a 38-mile long pipeline from Aleppo to the border in 18 months.

[Kuwait Producing 270,000 Barrels a Day After Power Outage](#)

(Bloomberg) -- Kuwait's three oil refineries are producing 270,000 barrels a day out of a total capacity of 936,000 barrels after a power outage halted operations yesterday.

``We're starting up gradually and now producing 270,000 barrels," Kuwait National Petroleum Co. spokesman Mohammed al-Ajmi said by phone today. ``We hope to resume full operations by the end of tomorrow."

[Petrobras Finds More Oil in Brazil's Deep-Water Campos Basin](#)

(Bloomberg) -- Petroleo Brasileiro SA, Brazil's state-controlled oil company, found oil in an offshore well in the Campos Basin, the country's petroleum regulator said.

[Gazprom Courts Alaska as Palin Warns Against Russian Aggression](#)

(Bloomberg) -- OAO Gazprom, Russia's biggest energy company, offered to help Alaska increase natural-gas supplies to the U.S. mainland, even after Governor Sarah Palin warned against Russia's resurgence while campaigning for vice president.

State-run Gazprom sent eight senior executives to Anchorage for talks yesterday with Alaska's Department of Natural Resources and ConocoPhillips Chief Executive Officer

Jim Mulva, state and company officials said.

[Chesapeake Energy cancels shale Web TV project](#)

HOUSTON (Reuters) - Chesapeake Energy Corp, which recently cut its drilling budget by more than \$3 billion, has canceled the development of an online television show aimed at educating landowners on urban drilling in north Texas.

"Given today's economic challenges faced by our country and industry, it is the right decision as we focus our time and resources on exploration and production activities," spokeswoman Jerri Robbins said in an e-mail on Monday.

[China Oil Suppliers Deny Report PetroChina, Sinopec May Be Sued](#)

(Bloomberg) -- The China Chamber of Commerce's fuel distribution unit denied a report it may sue PetroChina Co. and China Petroleum & Chemical Corp., the nation's biggest oil companies, for allegedly breaching the anti-monopoly law.

The committee, representing privately owned suppliers, has no intention to sue the companies and the report is "untrue," President Zhao Youshan said by phone in Beijing today. The group will instead submit proposals to the government to help independent suppliers, he said, without elaborating.

[Oil price crash delays Nigeria's 2009 Budget](#)

LAGOS (Xinhua) -- Oil price crash on international market has delayed the presentation of the proposed 2009 budget to the National Assembly by the Nigerian Federal Government.

A Ministry of Finance source said in Abuja on Monday that the Federal Government is currently adjusting the 2009 appropriation bill, especially as the proposed crude oil price benchmark of 62.5 U.S. dollars per barrel would have to be changed to align with the current realities in the international oil market.

[Shell India's Gas Users Switching to Cheaper Naphtha From LNG](#)

(Bloomberg) -- Royal Dutch Shell Plc is selling liquefied natural gas in India at a third more than the price of naphtha, prompting users to switch to the cheaper feedstock, said an official at one of the nation's biggest fertilizer companies.

Shell is charging as much as \$22.50 per million British thermal units, excluding

transportation, for LNG, used by local power producers and fertilizer makers, the official said, asking not to be named because fuel pricing is confidential. The price of naphtha of equivalent calorific value is about \$17, he said.

[Indonesia offers tax incentives for oil/energy](#)

JAKARTA (Reuters) - Indonesia's president has issued a decree giving income tax incentives for investment in oil refineries and geothermal projects, according to a copy of the decree obtained by Reuters on Tuesday.

Indonesia, Asia's biggest importer of diesel and gasoline, is trying to push for more investment in oil refineries to cut imports of oil products.

[Motorists ecstatic about falling gasoline prices](#)

Pump prices have plummeted to the \$2 mark.

OK, so it's \$2.99, but after a summer of paying \$4 a gallon for regular unleaded fuel, motorists welcome the relief.

"I'm flabbergasted," gushed Sue Weersma, an insurance company nurse and Saginaw resident, who happily gassed up her Chevrolet Cavalier at the Admiral station at 2621 Davenport in Saginaw on Monday.

"I didn't even need a fill-up, but I stopped when I saw the price. I'm ecstatic."

[Inflation hits 16-year high of 5.2pc](#)

UK inflation hit a 16-year high in September, as energy companies and retailers passed on high prices to their customers, but economists believe that it has now reached its peak.

[Now That's A Rally!](#)

A result of the drop in oil prices is sharply dropping gasoline prices. The national average on Sunday was \$3.25 per gallon but 13 states had individual averages under \$3. That should convince Joe sixpack to rush out and buy a new truck or SUV. Once the pain of high prices has passed the memory quickly fades. Americans still believe the peak oil story is a hoax and there will always be cheap gasoline because there are still billions of barrels of oil to be found. The majority of people never give it a passing thought until the next price spike steals their paycheck.

[Financial crisis: Big government is back](#)

We have been here before, though not for a while. Watching Gordon Brown throw an avuncular arm around a worried nation and declare himself the "rock of stability on which the British people can depend" was to recall another world when the state ran the trains and buses, flew people to their holiday destinations, extracted coal from the ground, made steel and motor cars and provided households with water, gas and electricity. More than that, it fixed prices and set incomes. Once upon a time, this was regarded as a normal role for the government.

[George Soros: End of Financial Crisis Could Be in Sight](#)

At this point, repairing the financial system will not stop a severe worldwide recession. Since, under this circumstance the U.S. consumer can no longer serve as the motor of the world economy, the U.S. government must stimulate demand. Because we face the menacing challenges of global warming and energy dependence, the next administration should direct any stimulus plan toward energy savings, developing alternative energy sources and building green infrastructure. This stimulus can be the new motor for the world economy.

[GM and Ford stocks hit road to recovery](#)

Shares in Detroit's two biggest automakers, beaten down by about half their value last week, rebounded Monday after a weekend of hopeful signs the credit squeeze will begin to ease and of talk about industry consolidation.

[Charging ahead on batteries](#)

The global effort to bring low-emission battery-powered vehicles to the masses could find oil giant Exxon Mobil playing a supporting role.

On Monday, the world's largest oil company announced it is working with U.S. battery maker EnerDel to develop lithium-ion battery technologies for hybrid and electric vehicles.

[China plans dams across Tibet](#)

China is set to build more than 750 hydroelectric power stations across Tibet to boost the region's electricity supply.

[Climate change targets could end farming as we know it - NFU](#)

New targets to cut the UK's greenhouse emissions by at least 80 per cent will cripple agriculture in the UK, according to farmers.

The Climate Change Committee, that is advising the Government on carbon-cutting legislation, recommended last week the target be raised from 60 to 80 per cent and include all greenhouse gases.

This means that methane and nitrous oxide, which are mainly produced by farming practices, will have to drop significantly.

[Climate Change May Harm Health of Humans, Raise Disease Risk](#)

(Bloomberg) -- The world needs to be better prepared to react to the deleterious effects that climate change may have on humans, including dirtier water, crop shortages and a higher risk of disease and food spoilage, European officials said.

Special attention should be given to the impact that warming weather, malnutrition among the poor and more intense storms can have on people, according to a panel of health and food officials speaking today at a forum in Rome marking World Food Day.

[Fred's Footprint: What does the credit crunch mean for the environment?](#)

Global recession is going to have two effects - pulling in opposite directions. The economic downturn will reduce fuel burning and so cause a slackening off in the recent inexorable rise in emissions of carbon dioxide. It happened in the 1930s; it will happen now.

That's the good news. The bad news is that, as the cost of fuel plunges (oil is back under \$80 a barrel already), the incentives to use less and to switch to renewables will evaporate. Cheap coal will trump clean coal - let alone solar panels and wind turbines.

But what could really change as a result of the crunch is the world's view of what capitalism can and, more particularly, cannot do for us. Like protecting the planet.

[A 'Green New Deal' can save the world's economy, says UN](#)

Top economists and United Nations leaders are working on a "Green New Deal" to create millions of jobs, revive the world economy, slash poverty and avert environmental disaster, as the financial markets plunge into their deepest crisis since the Great Depression.

The ambitious plan – the start of which will be formally launched in London next week - will call on world leaders, including the new US President, to promote a massive

redirection of investment away from the speculation that has caused the bursting “financial and housing bubbles” and into job-creating programmes to restore the natural systems that underpin the world economy.

It aims to convince them that, far from restricting growth, healing the global environment will be a desperately -needed driving force behind it.



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