



DrumBeat: January 13, 2009

Posted by [Leanan](#) on January 13, 2009 - 9:38am

Topic: [Miscellaneous](#)

[Analysis: Global power demand to languish in 2009](#)

The outlook for energy commodities this year remains grim, says a new report from Merrill Lynch. Neither cold winter temperatures in the Northern Hemisphere nor a steep fall in the price of energy have provided much support to the demand for oil, natural gas or coal.

In part, the low price elasticity of demand has prevented a recovery in consumption even after a collapse in energy prices. More broadly, as global economic activity continues to deteriorate, the risks to our energy forecasts remain skewed to the downside.

[Jim Rogers sees oil at US\\$200 as world is running out of reserves](#)

Investor Jim Rogers is bullish on oil as crude prices collapsed to four-year lows and the world is running out of known oil reserves.

Rogers said he is the world's worst market timer and a horrible short-term trader, but a sharp sell-off in oil prices suggested a bottom.

Rogers, who remains bullish on commodities, estimated known world oil reserves at today's consumption rate are about 16 years, which indicates crude prices will again trend higher.

"Oil Reserves are dropping 7% a year and these drop in reserves will cause serious supply problems in the near future."

"We're going to see US\$200 oil at some point, it may be by 2013. It's a sad fact but the world is running out of known oil. Oil will make a big comeback," he said"

[US audit of Iraq's rebuilding has a familiar ring](#)

WASHINGTON: A \$722 million project to restore Iraq's oil production facilities was undermined by weak management, contractor mistakes and Iraqi neglect, U.S. auditors

say in a new report similar to many others examining the country's reconstruction.

Released Tuesday, the report from the office of the special inspector general for Iraq reconstruction points to security concerns, postwar looting and the shoddy shape of the oil network as primary contributors to the cost of the contract awarded to KBR Inc. in January 2004.

As if this were not a challenging enough climate, the effort, administered by the U.S. Army Corps of Engineers, was hampered by a lack of direction, the report says. Cost overruns and frequent contract changes led to work being delayed or canceled.

[Tesla Roadster](#)

The problem is, though, that really and honestly, the US-made Tesla works only at dinner parties. Tell someone you have one and in minutes you will be having sex. But as a device for moving you and your things around, it is about as much use as a bag of muddy spinach.

[Chevron gives UC Davis \\$2.5M for endowed chair in energy](#)

Chevron Corp. is paying \$2.5 million for an endowed chair in energy efficiency at the University of California, Davis.

San Ramon-based Chevron is giving the money for a permanent position as head of the university's energy efficiency center. UC Davis set up the center in 2006 to study energy technology used in agriculture, buildings and transport.

[Canada: Renters not sold on smart meters](#)

The Ontario government's energy-saving plan to install so-called smart meters in every home by 2010 is in full swing, but landlords and tenants are already arguing over the cost of electricity.

[Jimmy Carter's bike stolen from Carter Center](#)

If you see our nation's 39th president hoofing around the center that bears his name, feel sorry for the guy. Someone snatched his bike.

Jimmy Carter's bicycle was stolen earlier this month from the Carter Center in Atlanta. The bad guy(s) also made off with former first lady Rosalynn Carter's cruiser, too.

[In the unhealed Jewish heart, Arabs became Nazis](#)

I have been reading him for about three years; he has (equipped with the work of Nouriel Roubini, Nassim Taleb, peak oil theorists and others) been extraordinarily prophetic about the meltdown and much else. His vision of the future is dark, but he has written an optimistic bestselling novel (World Made By Hand) about how we might live in the ruins of the industrial economies.

This background makes it hard for me to accept that he is a Zionist moonbat. His arrogant, unruffled pose masks a deep fear that the dislocation he has been predicting for years will have a pronounced antisemitic hue, but of course mindsets like his invite rather than repel such an outcome.

[U.S. trade deficit narrows as oil and Chinese imports drop](#)

Skidding oil prices helped push the United States trade deficit to its lowest point in five years in November, as the country imported less goods amid a sharp economic slowdown.

The gap between the value of imports and exports narrowed to \$40.4 billion in November, from \$56.7 billion a month earlier, the Commerce Department reported on Tuesday. That marked a 28.7 percent decline in one month.

The trade deficit shrank as American consumers clipped their demand for foreign-made consumer goods, and tumbling energy prices slashed the value of imported oil and gas. Petroleum imports dropped 36.5 percent to \$23.6 billion.

[Russia Quickens Ruble Defense as Oil Drops, MDM Says](#)

(Bloomberg) -- Russia's central bank sold about \$7 billion to stem the ruble's decline against the dollar and the euro yesterday, the most since it started devaluing the currency in November, according to Moscow's MDM Bank.

[Sunoco closing Texas factory](#)

Sunoco Inc. said Tuesday it will close its polypropylene manufacturing facility in Bayport, Texas, no later than April 30 because the plant is no longer financially viable.

[Poland aiming at own nuclear power by 2020](#)

WARSAW, Poland (AP) -- Poland's prime minister says the ongoing natural gas dispute between Russia and Ukraine is pushing his government to speed up plans to build nuclear power plants.

Donald Tusk said his Cabinet decided Tuesday to step up construction of its first-ever nuclear power plants, and that he expects them to produce power by 2020.

[Steven Chu Eases Up on the Gas Price Pedal](#)

Steven Chu, the Nobel laureate scientist who is President-elect Obama's choice to be energy secretary, said in testimony prepared for his Senate confirmation hearing Tuesday that high oil prices were a threat to the economy, backing away slightly from statements made in his last job, as director of the Lawrence Berkeley National Laboratory, that gasoline prices should be higher.

[Obama energy pick says will fight global warming](#)

WASHINGTON (Reuters) - Global warming threatens the future and the incoming Obama administration will take steps to address the problem, Steven Chu, President-elect Barack Obama's pick to be U.S. energy secretary, told lawmakers on Tuesday.

"Climate change is a growing and pressing problem. It is now clear that if we continue on our current path, we run the risk of dramatic, disruptive changes to our climate in the lifetimes of our children and grandchildren," Chu said at his confirmation hearing before the Senate Energy and Natural Resources Committee.

[Quadrangle's Rattner Said to Be Candidate for 'Car Czar' Post](#)

(Bloomberg) -- Steven Rattner, co-founder of private-equity firm Quadrangle Group LLC, may be named by President-elect Barack Obama to oversee the bailout of the U.S. auto industry, according to two people familiar with the matter.

[Capitalism Freezes in Worldwide Winter of Discontent](#)

(Bloomberg) -- As capitalism staggers through its first globalized economic crisis, the costs won't be measured only in dollars and cents.

From newly rich Russia to eternally impoverished sub-Saharan Africa, social strains are threatening the established political order, putting some countries' very survival at risk.

In the past month, Nigerian rebels threatened renewed warfare against foreign oil producers, Russia sent riot police from Moscow to quell an anti-tax protest in Siberia and China's communist leadership warned of social agitation as the 20th anniversary of the Tiananmen Square massacre looms.

The disillusionment and spillover effects of the global recession "are not only likely to

spark existing conflicts in the world and fuel terrorism, but also jeopardize global security in general,” says Louis Michel, 61, the European Union’s development aid commissioner in Brussels.

[Cash crunch slows high-speed rail project](#)

Sacramento -- Just months after Californians voted to invest nearly \$10 billion in a statewide high-speed rail system, the agency charged with getting it built is running out of money.

The California High Speed Rail Authority's budget for the current fiscal year, which ends in June, included \$29 million from the sales of high-speed rail bonds authorized by voters in November. But because of the state budget crisis, the credit crisis and the poor market for bonds, the state treasurer has not sold any of the rail bonds.

[Henry Kissinger: The Chance for a New World Order](#)

Every country will have to reassess its own contribution to the prevailing crisis. Each will seek to make itself independent, to the greatest possible degree, of the conditions that produced the collapse; at the same time, each will be obliged to face the reality that its dilemmas can be mastered only by common action.

Even the most affluent countries will confront shrinking resources. Each will have to redefine its national priorities. An international order will emerge if a system of compatible priorities comes into being. It will fragment disastrously if the various priorities cannot be reconciled.

[Mayo Energy Audit \(review\)](#)

This fascinating and well-researched document builds on the concept of the Energy Descent Action Plan and presents a detailed and professional report on the energy resources of County Mayo in the West of Ireland.

Ever since I read the Kinsale Energy Descent Action Plan I realised that the next step would be a detailed accounting of energy consumption for a town or region, and an analysis of potential local renewable supplies. The Mayo Energy Audit does all this and more and represents an important next step in the energy descent process.

[The 2009 economy and your wallet](#)

Your strategy if you're young: The U.S. economy is probably going to need fewer

investment bankers and mortgage brokers for a long while. Younger people can invest in very different kinds of skills. If Obama's New Deal 2.0 takes root, this would be a good time to be studying civil engineering or green building design. Health care and education were always relatively recession-proof; Obama's plan would help to keep them that way.

Your strategy if you're mid-career: Your way ahead is tougher. You can't just quit your marketing job and start installing solar panels. But it certainly makes sense to look out for new kinds of business opportunities you can bring to your employer or perhaps new fields you can become the in-house expert on. For example, if you're in finance, you might start learning about public works financing or what's happening in the alternative-energy sector.

[Senate panel considers Chu for energy secretary](#)

WASHINGTON - Steven Chu, the Nobel Prize-winning physicist chosen by President-elect Barack Obama to be his energy secretary, faces questioning Tuesday before a Senate committee that is expected to endorse his selection.

[The six-hour work day solves the problem](#)

Technological efficiency is the root of the economic crisis, and over-production can be solved by sharing the remaining work.

[More oil is put into storage, waiting for prices to rise](#)

NEW YORK (MarketWatch) -- Oil producers, refiners and investors have put a record amount of crude oil into storage at a key delivery point as they try to profit from an unusual form of "super contango" that indicates the market expects prices to rise sharply by summer.

Inventories in Cushing, Okla., the delivery point for futures traded on the New York Mercantile Exchange, have jumped more than 40% in the month ended Jan. 2 to the highest level since at least April, 2004, when the government started collecting Cushing data.

[Investment banks hoarding oil](#) (transcript and audio)

Fifty million barrels of oil are just sitting around on supertankers. They're not getting unloaded because investors are waiting for the price of oil to go up. Mitchell Hartman explains.

[Post Carbon Institute Proposes "Real New Deal For Energy, Economic And Environmental Recovery" To Incoming Obama Administration](#) - Plan Endorsed by Bill McKibben, Michael Moore, Randy Udall, Lester Brown

SEBASTOPOL, CA, January 13, 2009 --/WORLD-WIRE/-- Post Carbon Institute today announced the release of "The Real New Deal: Energy Scarcity and the Path to Energy, Economic, and Environmental Recovery," a proposal to the incoming Obama Administration.

The plan calls for responding to the current economic crisis with a massive policy and investment shift towards a fossil fuel-independent economy. Noting the urgency to address global fossil fuel depletion and climate change, the "Real New Deal" calls for a series of bold measures to electrify the transportation system, rebuild the electricity grid, relocalize the food system, and retrofit the nation's building stock for both energy efficiency and energy production.

The plan's lead author is Post Carbon Institute Senior Fellow Richard Heinberg, author of "The Party's Over: Oil, War, and the Fate of Industrial Societies" and an internationally recognized expert on fossil fuel depletion. Heinberg said, "While there are many 'new deal' plans being offered to President-elect Obama, our plan recognizes that declining fossil fuel supplies and rising greenhouse gas emissions put us at tremendous and immediate risk. Building more roads and bridges as a stimulus for jobs is the wrong tactic. We must re-engineer our country now to deal with the end of cheap energy and to stop catastrophic climate change."

[Kenya: Oil sector crisis deepens](#)

Accusations and Counter accusations continue to emerge in the Oil sector with the latest allegations of grand corruption at the Kenya Pipeline.

Major Oil Marketers says the latest scenario of artificial fuel shortage is only a tip of the ice berg saying the Kenyan oil industry has suffered gross malpractices since 2004 with losses hitting at billions of shillings.

[War strains Gazans' survival skills](#)

In Khaled al-Dali's two-room shack in the Shati refugee camp, 21 people — half of them relatives who fled the fighting — take turns sleeping because there aren't enough mattresses to go around. Without fuel, the family cooks on fires made from trash. He has sold most of his furniture to buy food.

[Lobster business fishes for a lifeline](#)

Because of a gloomy economy, the price of lobsters sank from October through Christmas, the peak fishing period.

In the 15 years Dexter, 40, has been in the business, things have never been worse. The "boat price" that lobstermen get fell to \$2.25 a pound this season, the lowest they've been in 20 years — at the same time that the costs of fuel, bait and insurance are going up.

[UK: Wind farm plans scrapped as economic crisis takes its toll](#)

AN AMBITIOUS scheme which aimed to establish the UK's first rural sector power company has been closed after the economic crisis threw the plans into disarray.

[Volt, Prius lead another day of fuel-efficient focus](#)

DETROIT (MarketWatch) -- Two years removed from its high-profile unveiling, the Chevrolet Volt is still stealing headlines at the North American International Auto Show, thanks to a committed marketing push and great timing.

In fact, the electric future overall has been just about the only product-related news at the big Detroit show that has drawn attention away from the struggles of the broader industry.

['Green coal' to get a tryout: Charred wood shows promise as renewable option but challenges remain](#)

North Carolina is about to become the nation's test case for what marketers call "green coal" -- wood that has been baked into charcoal.

If successful, the experiment -- a partnership of sorts between Progress Energy, N.C. State University and an Asheville start-up -- could mark the end of the state's reliance on dirty coal.

[Firewood demand soars in Vermont](#)

A Vermont firewood program is getting more interest than it has in decades, as people look for more affordable and renewable fuel sources.

In fact, the "wood warms" program may have to rely on a lottery system this year, since demand for wood is expected to exceed supply.

[Americans seeing the light on carbon tax](#)

A carbon tax is beginning to win supporters south of the border and is gaining favour from some unexpected corners as a better alternative to the kind of (watered down) carbon cap-and-trade system Harper supports.

[Reality Report: Bill McKibben](#) (audio)

The Reality Report talks to Bill McKibben, author of *Deep Economy: The Wealth of Communities and the Durable Future* and co-founder of the climate change group 350.org.

Over the past year or so, much of the thinking about the severity and timeline of climate change has undergone a major shift. In the fall of 2007, a report titled *The Big Melt* came out that reviewed the rapid loss of polar ice and the likely implications. In December 2007 James Hansen presented a paper at the American Geophysical Union in which it was argued that safe levels of the greenhouse gas carbon dioxide were at least below 350 parts per million, and in fact may be less than 300 ppm. For anyone familiar with climate science and policy this was a stunning conclusion because current levels of CO₂ are over 385 ppm. During the winter of 2008 a new report titled *Climate Code Red* was released that greatly expanded upon *The Big Melt* and delved into the socio-political implications of the new scientific information, essentially framing the issue in terms of survival requirements on a damaged spaceship Earth. Soon afterwards, a climate activist group called 350.org was formed by Bill McKibben and friends to spread the message that policy targets need to reflect the scientific imperative.

[Oil falls below \\$37 on gloomy demand outlook](#)

Oil prices fell below \$37 a barrel Tuesday on expectations crude demand will weaken amid a severe global economic slowdown.

By midday in Europe, light, sweet crude for February delivery was down 91 cents at \$36.68 a barrel in electronic trading on the New York Mercantile Exchange.

[An Economic Prediction That Actually Came True](#)

Roughly a year ago, as 2007 came to a close, someone I knew asked for my prediction as to “Who or what will be making headlines in 2008?” for her newsletter. My response — which seems prescient now, but looked more wrong than the Dow at 36,000 halfway through the year — was “The low price of oil.”

[Why \(and How\) We May Survive Peak Oil](#)

Peak oil implies not just high prices (which would provide unambiguous price signals to innovate) but extreme price volatility: wild swings in energy prices as the marginal cost of producing an additional unit of energy skyrockets, and the resulting super-spike in prices stalls economic growth.

In such a volatile environment of spikes followed by recessions, investment in new technologies actually slows due to a tightening of capital markets and the increased risk of soft or unreliable demand.

[Business, civil society urge EU to slash oil dependency](#)

Europe must reduce its oil demand by over half within the next forty years to tackle climate change and address growing difficulties in securing access to fossil fuels, an EU consultative body argued last week.

[Bush asserts U.S. sea power over Arctic straits](#)

OTTAWA — In his final days in power, President George W. Bush asserted U.S. military "sea power" over the oil-rich Arctic on Monday, in another forceful rebuttal of Canada's claims of sovereignty over the Northwest Passage.

The White House formally released the text of a sweeping new directive on the Arctic, two years in the making, just eight days before Barack Obama is to be sworn in as the 44th U.S. president.

[Europe gas halted as Russia-Ukraine deal falters](#)

MOSCOW (AFP) – Russia's natural gas supplies bound for a freezing Europe were halted on Tuesday only a few hours after starting again as an EU-brokered accord between Russia and transit state Ukraine broke down.

Ukraine state gas company Naftogaz said it was blocking transit of the gas through its territory because Russian energy giant Gazprom was imposing "unacceptable" conditions for the transit.

[Saudi Arabia Will Pump Less Oil Than Quota in Feb.](#)

(Bloomberg) -- Saudi Arabia will produce less than its agreed quota of oil in February as the country takes the lead among exporters trying to halt a six-month slide in oil prices, the country's Oil Minister said.

February production “is lower than the target,” Ali al-Naimi said as he arrived at his hotel in New Delhi today. “We are working hard to bring the market in balance. We will do what it takes to bring the market in balance.”

[Unconventional wisdom](#)

With most of the world's 'easy' oil now held beyond the grasp of Western explorers in inhospitable Opec states, and speculation over whether the world has passed 'peak oil' (beyond which global production enters terminal decline), attention has in recent years turned to 'unconventional' hydrocarbons. These are oil and gas resources that can't be recovered by conventional well techniques and instead require more innovative recovery approaches.

[Nine Surprises to Expect in 2009](#)

6. After hiding out for months during the Energy Bear market, Matt Simmons is finally located in Carthage, Illinois and beaten by a crowd of angry peak oil enthusiasts. He is quoted as being “flabbergasted” by his treatment by the mob.

[More seek heating-bill help with low-income energy assistance](#)

With unemployment soaring, a record number of people are seeking federal assistance to pay energy bills this winter, a survey set to be released Tuesday indicates.

About 7.3 million households, 1.5 million more than last year, will likely receive \$5.1 billion in subsidies from the Low Income Home Energy Assistance Program, the National Energy Assistance Directors' Association says.

[Nigeria: Airlines Operators Decry High Cost of Aviation Fuel](#)

Abuja — Airline operators yesterday protested the increasing cost of aviation fuel in the country and warned that the situation could lead to collapse of aviation businesses.

The operators lamented that despite the crash in the price of crude oil in the international market, the cost of aviation fuel had continued to rise at an alarming rate.

[Chinese automakers test waters in Detroit](#)

DETROIT — Chinese automakers looking to make the jump to the U.S. market are facing increasingly strong headwinds, including a global financial crisis that has slowed

growth where they already sell cars and sapped the potential for partnerships that would ease their expansion.

But BYD Auto Co. and Brilliance Auto are making China's most prominent appearance yet at this year's North American International Auto Show, sandwiched between displays by General Motors Corp. and Ford Motor Co. instead of tucked away in the basement or outside the main exhibits. And they remain interested in eventually selling in the U.S., although that looks to be years away.

[Carmakers lean toward higher gas tax to fuel small-car sales](#)

DETROIT — The auto industry is warming up to the idea of higher taxes on gasoline to force buyers to keep considering fuel-efficient and small cars.

Automakers have shifted dramatically to production of small cars and expensive fuel-saving technologies partly to meet looming stricter government fuel-economy regulations.

The carmakers acknowledge that raising the gas tax is an unpopular idea, but they also saw how fast consumer preference shifted toward small cars when gasoline prices topped \$4 a gallon last summer. Without that economic incentive, the tide is turning back to bigger cars, crossovers and trucks.

[Gulf Oil States Seeking a Lead in Clean Energy](#)

ABU DHABI, United Arab Emirates — With one of the highest per capita carbon footprints in the world, these oil-rich emirates would seem an unlikely place for a green revolution.

Gasoline sells for 45 cents a gallon. There is little public transportation and no recycling. Residents drive between air-conditioned apartments and air-conditioned malls, which are lighted 24/7.

Still, the region's leaders know energy and money, having built their wealth on oil. They understand that oil is a finite resource, vulnerable to competition from new energy sources.

[Alternative-Energy Companies Grow Even as Others Falter](#)

While many small businesses continue to struggle with tight credit and declining sales, one fledgling industry is seeing a boom in investment and sales growth: alternative energy.

[Prices for rooftop solar systems fall as supply grows](#)

Here's a bright spot in an overcast economy: Solar panel prices are tumbling.

Prices for rooftop solar systems, including installation, already have fallen 8% to 10% since October and are expected to drop another 15% to 20% this year.

Fueling the trend are an oversupply of worldwide manufacturing capacity and lower demand, especially in Spain and Germany, which have been growth engines for the industry.

[Stanford creates 100 mln dlr energy research center](#)

SAN FRANCISCO, (AFP) – Stanford University is creating a 100-million-dollar research institute that will focus on energy issues, including the search for ways to reduce global warming, officials said.

[Eyeing uranium supply, India to back Kazakh bid for WTO](#)

NEW DELHI: State-owned Nuclear Power Corporation and Kazakh national atomic firm Kazatomprom are working on a uranium supply deal that may eventually see India's sole N-power firm set up its first overseas plant in joint venture in Central Asia's fastest-growing economy.

A team of Kazatomprom executives is coming to India for advanced negotiations. The two sides will try and sew up talks so that a deal may be signed when Kazakh president Nursultan Nazarbayev visits India as the Republic Day chief guest. The talks will first focus on getting nuclear supplies from Kazakhstan and could later move to setting up reactors in joint venture.

[A nuclear Iran: live and let live, or die another day?](#)

What would it take to eliminate Iran's uranium enrichment effort?

To begin with, it would entail a diplomatic package that offered Iran access to nuclear energy but not physical control over nuclear materials. Economic sanctions hurting Iran's troubled economy could be eased. Security assurances could be provided to Iran and normal diplomatic relations between it and the US and others established.

There is no guarantee Iran would accept such an offer. But it might, especially now the price of oil has fallen below \$50 a barrel, a level that leaves Iran's inefficient economy in worse shape than ever.

[Removing species from sub-Antarctic island 'caused disaster'](#)

PARIS (AFP) – Efforts to remove an invasive species from a sub-Antarctic island that has been named a World Heritage site accidentally triggered an environmental catastrophe, a study to be published on Tuesday says.

The eradication programme on Macquarie Island, lying halfway between Australia and Antarctica, is a cautionary tale about the complex web of ecosystems, its authors say.

[Greenpeace buys land to foil London runway plans](#)

LONDON – Greenpeace says it bought a small plot of land within a site proposed for a third runway at London's Heathrow Airport in hopes of blocking the project.

[The earth's magnetic field impacts climate: Danish study](#)

COPENHAGEN (AFP) – The earth's climate has been significantly affected by the planet's magnetic field, according to a Danish study published Monday that could challenge the notion that human emissions are responsible for global warming.

"Our results show a strong correlation between the strength of the earth's magnetic field and the amount of precipitation in the tropics," one of the two Danish geophysicists behind the study, Mads Faurschou Knudsen of the geology department at Aarhus University in western Denmark, told the Videnskab journal.

[New report identifies hard landing for China, collapse in asset prices, gaps in global governance and climate change as key risk](#)

A report released today by the World Economic Forum warns of challenging risks to the global economy in 2009.

Global Risks 2009 identifies deteriorating fiscal positions, a hard landing in China, a collapse in asset prices, gaps in global governance and issues relating to natural resources and climate as the pivotal risks facing the world this year.

[Food Production Chaos Looms in Africa as Soil Quality Worsens](#)

(Bloomberg) -- African farmers and climate change are combining to damage soil at a rate that may plunge the continent, home to about 1 billion people, into chaos as food production declines.

“The situation is very severe and soil fertility is declining rapidly,” Jeroen Huising, a scientist who studies soils at the International Center for Tropical Agriculture, or CIAT, said today in an interview. “Many countries like Kenya already don’t have enough food to feed their population and soil degradation is worsening an already critical situation.”



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