



DrumBeat: January 19, 2009

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Topic: [Miscellaneous](#)

[Russia likely to join OPEC soon, Pickens says](#)

WASHINGTON -- Russia will likely become a member of OPEC soon, billionaire investor and alternative-energy advocate T. Boone Pickens said Monday.

That membership "will not be favourable to the United States," Mr. Pickens told a gathering of mayors.

[Arab oil producers reluctant to dig into reserves](#)

KUWAIT/DUBAI (Reuters) - Arab oil producers, loath to dig too deeply into their massive foreign reserves, will raise public spending only cautiously as they seek to guide their economies through the global recession.

A slump of more than \$110 in the price of oil to under \$36 a barrel from its peak last July has brought an abrupt halt to an explosive phase of regional growth, battering confidence among private investors and straining government budgets.

So far, Arab states have pledged they will pick up the slack to keep the momentum going and urged the private sector not to run away -- even if it means posting small budget deficits this year for the first time since the oil boom began in 2002.

But as economists cut back 2009 economic growth forecasts to almost zero for Saudi Arabia and the United Arab Emirates, the region will be wary about how much it draws down its immense reserves.

[Pdvsas suppliers hit by delays in payments](#)

Venezuela's state-run oil company Petróleos de Venezuela (Pdvsas) has delayed payments to suppliers of the oil industry and, therefore, such companies are asking banks for special payment plans to settle their financial difficulties and keep operations.

The companies that provide services to the state-owned oil company have not received any payment from Pdvsas in the last few months; as a result, suppliers have requested

meetings with Pdvsa officials to find solutions, but they have not received any answer.

[Ukraine Bonds Flag Default as Russia Has 'Upper Hand'](#)

(Bloomberg) -- Four years after Ukraine embraced the West with the election of President Viktor Yushchenko in the Orange Revolution, the former Soviet nation's economy is collapsing and investors expect the country to default.

Even with the International Monetary Fund's \$16.5 billion bailout, Ukraine's finances are deteriorating as the country battles with Russia over natural gas prices and the cost of steel, its biggest export, sinks.

[Russia, Ukraine Sign Deal to Resume Natural-Gas Flows to EU](#)

(Bloomberg) -- Russia and Ukraine signed a deal to resolve a dispute over natural-gas prices and transit fees, paving the way for the resumption of shipments to the European Union for the first time in almost two weeks.

[Two directors take on oil industry](#)

Two movies. Same subject. Almost identical titles. Made independently by two filmmakers who have known each other since 1982. Yet two very different films (and filmmakers). How could that be?

[Morgan Stanley Said to Cancel Supertanker Hire for Oil Storage](#)

(Bloomberg) -- Morgan Stanley scrapped a deal to hire a supertanker for storing crude oil in the Gulf of Mexico, two people familiar with the situation said.

Traders for the bank canceled the booking of the Argenta today, the people said, declining to be identified because the information is private. Bookings are subject to various conditions being met before they become binding. Carlos Melville, a London-based spokesman for Morgan Stanley, declined to comment.

[Libya 'must nationalise foreign outfits'](#)

Libya's Basic People Congresses (LBPCs), the country's top executive and legislative bodies, should vote to nationalise foreign oil companies when they meet in the next few days, according to a report in the country's main state newspaper.

"We should move fast to take back our oil from foreign companies," a report published in the al Jamahiriya daily, which is widely seen as the mouthpiece of Libyan leader Muammar Gaddafi's backers in the government bureaucracy, said.

[Don't fine us - we admitted it - Sasol CEO](#)

Sasol CEO Pat Davies is hoping that his company will pay no fine for breach of the Competition Act because it proactively confessed the matter to the Competition Commission.

[Kuwait donates \\$500m to Arab economic fund](#)

Kuwait will contribute \$500 million to a proposed \$2 billion fund to support Arab companies through the global financial crisis, the Gulf oil exporter's ruler said on Monday.

'I am glad to announce the contribution of Kuwait with \$500 million of its capital,' Sheikh Sabah Al-Ahmad Al-Sabah told leaders at the opening of an Arab economic summit in Kuwait.

[BP Says Abu Dhabi Hydrogen-Fueled Plant to Start 2013](#)

(Bloomberg) -- BP Plc and partners are still conducting engineering and design work for their planned \$2 billion hydrogen-fueled power plant in Abu Dhabi and expect the facility to start in 2013.

The plant will generate 420 megawatts of electricity, BP's President of Middle East and South Asia Steve Peacock said today in an interview in Dubai. The partners previously said design work would be completed last year and the facility would produce 500 megawatts.

[OPEC champion boosts renewable portfolio](#)

ABU DHABI, United Arab Emirates (UPI) -- Abu Dhabi, one of the most oil-rich places in the world, has decided to make an ambitious push for renewable energy sources.

The leadership of Abu Dhabi, the capital of the United Arab Emirates, on Monday announced it would boost the share of renewables in its emirate to 7 percent by 2020.

[Study Looks at Mortality in Post-Soviet Era](#)

The report contends that life expectancy diminished in the early to mid-1990s in countries that were being rapidly transformed after the collapse of the Soviet Union. Even though the governmental and economic transitions occurred nearly two decades ago, the report said, “only a little over half of the ex-Communist countries have regained their pretransition life-expectancy levels.”

From 1991 to 1994, life expectancy in Russia was reduced by five years. But life expectancy in Croatia and Poland improved in the same period. By last year, the life expectancy of Russian men was less than 60 years, compared with 67 years in 1985.

...The authors suggest that the existence of trade unions, churches, sports, political organizations and other social organizations played a significant role in cushioning adults' stress during the transitions.

“In countries in which more than 45 percent of the population was a member of a social organization, mass privatization had no significant adverse association with mortality rates,” the report said.

[Steve Levine: Clowns to the Left of Me, Jokers to the Right](#)

Why has Russia's natural gas dispute with Ukraine stretched out so long?

A key reason is the subtext from Russia's side: an effort once and for all to tar and discredit much-detested neighbors who have become darlings of the West, and end the West's intrusion into Moscow's claimed sphere of influence.

Despite some self-inflicted damage, the gambit so far has been relatively successful.

[Norway's Petromena drops as creditors control sale](#)

OSLO (Reuters) - Shares in Norwegian oilfield services group Petromena ASA fell as much as 14 percent on Monday after a deal saw bond holders take control of its sale of three deepwater rigs under construction.

[Bahrain, Saudi to build \\$350mn oil pipeline](#)

Bahrain and Saudi Arabia plan to replace and expand an oil pipeline connecting the two countries by 2011, with costs expected to reach \$350 million, a senior Bahraini official said on Monday.

Abdulkarim al-Sayed, chief executive of Bahrain Petroleum Co (Bapco), said the engineering design for the pipeline would be completed by the end of this year, and construction completed in 2011.

[New RCMP team to combat foreign and homegrown extremists](#)

The 40 to 45 members would be based in Edmonton and Calgary. They would guard against both international al-Qaida-style terrorists as well as home-grown radicals, says Asst. Commissioner Bob Paulson with the RCMP's Ottawa-based National Security and Criminal Investigations.

Paulson said there is no specific threat. "Certainly, the oilsands and the pipelines are as viable a target in Alberta as they are in British Columbia or as the nuclear plants are in Central Canada."

[Gas prices jump 3 cents in 3 days](#)

NEW YORK (CNNMoney.com) -- Gasoline prices rose for the sixth consecutive day Monday, according to a daily survey of credit card swipes.

[The benefits of an intercontinental energy grid](#)

Imagine an Asian electricity grid anchored by China at one end and Australia on the other. The grid would carry and distribute hemispheric solar, geothermal, wind and wave energy. The vision is big. But so's the problem of climate change.

[Land rental deal collapses after backlash against 'colonialism'](#)

One of the world's largest land deals, a scheme to lease African farmland to rich countries to grow their own crops, has collapsed amid accusations of 'neo-colonialism'.

[Sustainable Agriculture and Food Security in an Era of Oil Scarcity: *Lessons from Cuba*](#)

When other nations are forced to rethink their agricultural and food security strategies in light of the post-peak oil debate, they only have one living example to draw from: that of Cuba in the 1990s. Based on the first and - up till now - only systematic and empirical study to come out of Cuba on this topic, this book examines how the nation successfully headed off its own food crisis after the dissolution of the Soviet Bloc in the early 1990s.

[Cheap, high grade Brent-linked crude fails to woo Asia](#)

SINGAPORE (Reuters) - OPEC's deep supply cuts pushed the Brent/Dubai Exchange of Futures for Swaps (EFS), a key crude oil hedging tool, to its first-ever discount this month, but expected African and European cargoes have yet to flow to Asia.

Sinking fuel consumption during the economic crisis and a durable improvement in the value of Middle East crude as its demand rises to feed more complex refineries mushrooming across Asia, have come at the expense of light-sweet Brent-linked crude.

The Brent/Dubai EFS for February -- the price spread between ICE Brent futures and Dubai swaps -- dipped to negative levels for the first time on January 6.

[What strategy for a green recovery?](#)

The American Recovery and Reinvestment Act, presumably drawn up with Obama's blessing, would, to hear it described by Keith Schneider of the Apollo Alliance, usher in the green millennium. Keith Schneider's comments on behalf of the Alliance can be read [here](#).

Unfortunately, it doesn't quite do that. It does not even fund Green jobs specifically. It suggests neither a change in the direction of the economy, nor that we need to change our expectations of what constitutes a good life, i.e., a continually expanding level of consumption. (See commentary below the link to the press release for the Act) Considering that renewable energy, particularly wind energy, has been growing geometrically over the past few years, and is now collapsing very quickly with the onset of the depression, the priorities of the Act will not revive it.

Those of us who understand that the limitations of resources and technology, and the danger to our future from the consequences of continued use and dependence on finite fossil and living fuels, need to be very worried, and in the streets, about the direction we are being taken.

[Pile up! KU report makes commute even more depressing](#)

It's going to take more than a great big stimulus package and a giant dose of optimism to dig the country out of our transit and infrastructure challenges. So says a new report from the University of Kansas Transportation Research Institute released last week.

"Humankind confronts interrelated crises of energy and transportation in a rapidly changing world where we must deal with spiking petroleum prices, decaying bridges, growing congestion in all modes, an aging and inattentive driver population, a shortage of adequately trained transportation engineers, and the diverse ramifications of global climate change."

And that's just the introduction.

[Welcome to a New World of Investing](#)

Efforts may be growing in the U.S. Congress to pass a bill authorizing anti-trust suits

against OPEC members for damages caused by the restraint of trade that the cartel is devoted to enforcing. When I first read about this I thought the idea of suing OPEC was nutty because when oil prices were high the marginal costs were not the issue - rather it was excessive demand vs. supply capacity. But now as our economy declines, as the Treasury runs ever larger deficits, and as American consumers suffer every day, the possibility that we might stop OPEC from extracting its pound of flesh is starting to seem like a good idea to me.

[FACTBOX - Global energy investment hit by financial crisis](#)

(Reuters) - The deepening of the global financial crisis and the sharp drop in energy prices have forced companies to scale back spending and delay projects, with expensive ventures in the Canadian oil sands hardest hit.

Below is a list of projects that have been delayed or scaled back in recent months, as well as other related news.

[Protest rally wants restart of Kozloduy nuclear power plant units](#)

While university students were protesting outside Parliament on January 18 2009, several thousand people gathered outside the National Palace of Culture (NDK) to ask for the restart of units 3 and 4 of Bulgaria's only nuclear power plant in Kozloduy on the Danube River.

The units were shut down as part of the deal for Bulgaria's accession to the European Union in 2007 and ever since then the issue whether it was the right thing to do has been the subject of much debate in Bulgaria.

[India: Coal supply to thermal power stations still pathetic](#)

PTI reported that coal shortage continues to haunt India's largest power producer NTPC, which is depending heavily on imports, though the company hopes that situation would start looking up 3 to 4 months.

[Thai Air Slumps to 16-Year Low After Seeking Government Funds](#)

(Bloomberg) -- Thai Airways International Pcl, the nation's largest airline, fell to a 16-year low in Bangkok trading after seeking emergency funds from the government to resolve a cash shortage.

[Israel must diversify energy sources despite gas find](#)

While the discovery of a potentially massive natural gas field off the coast of Haifa is significant for Israel's energy economy, it will not allow the country to abandon efforts to diversify its energy sources, including more environmentally unfriendly solutions like coal, Eco-Energy CEO Dr. Amit Mor told *The Jerusalem Post* on Sunday.

[Morgan Stanley Hires Supertanker to Store Oil in Gulf](#)

(Bloomberg) -- Morgan Stanley hired a supertanker to store crude oil in the Gulf of Mexico, joining Citigroup Inc. and Royal Dutch Shell Plc in trying to profit from higher prices later in the year, two shipbrokers said.

The ship is the *Argenta*, capable of carrying more than 2 million barrels, Paris-based Barry Rogliano Salles and Athens-based Optima Shipbrokers said in reports today. Morgan Stanley officials in London didn't immediately reply to three phone messages seeking comment.

Banks and commodity traders are seeking new ways to make money after the Standard & Poor's 500 Index fell by the most since 1937 last year and crude oil prices dropped more than \$100 a barrel from their peak. Companies including Koch Industries Inc. and BP Plc are hoarding enough crude at sea to supply the world for almost a day.

"It's a window of opportunity that won't last long," Gareth Lewis-Davies, a London-based energy analyst at Dresdner Kleinwort Group, said by phone. There may only be four or five banks with the expertise to make the trade, he said.

[Crude Falls on Forecasts Global Recession Will Cut Fuel Demand](#)

(Bloomberg) -- Crude oil futures fell on forecasts faltering global economic growth will drive down fuel consumption for a second year.

China's economy may have expanded at the slowest pace in seven years in the fourth quarter as exports collapsed, according to a Bloomberg survey. Global oil demand will shrink 0.6 percent to 85.3 million barrels a day this year, the first two-year decline since 1983, the International Energy Agency said Jan. 16. If prices fall further, OPEC may cut output again at its next meeting in March, Algerian Oil Minister Chakib Khelil said over the weekend.

"The world recession is continuing to dampen demand," said Christopher Bellew, a senior broker at Bache Commodities Ltd. in London. "Cuts by OPEC members will probably stabilize the market, but it may take some time before they translate into any upward price move."

[Goldman Sees 'Swift, Violent' Oil Rally Later in Year](#)

(Bloomberg) -- Goldman Sachs Group Inc. commodity analyst Jeffrey Currie said he expects a "swift and violent rebound" in energy prices, including oil, in the second half of the year.

Oil prices may have reached their lowest point already, after tumbling to the high \$30s, low \$40s a barrel, and are expected to rise to \$65 by the end of this year, the analyst said.

[Beware the pain-for-no-gain scenario](#)

In the midst of today's gloom we might wish to turn the clock back, but could we have lived with ever-increasing food and energy prices and yielding the West's economic sovereignty to Russia and the Middle East? I think not. This financial crisis is painful, but we'll get through it and the fortuitous gain from this shorter-term pain is the avoidance of a more dangerous outcome. That is, unless ill-considered reactionary attempts by Western governments to soften the crises brings back those same problems, as well as saddling taxpayers with enormous public debts and deficits. What are the signs that this pain-but-no-gain scenario may well happen?

[MiRO Refinery Won't Cut Throughput as Margins Weaken](#)

(Bloomberg) -- Mineraloelraffinerie Oberrhein GmbH & Co KG, which operates Germany's biggest refinery, said this year's throughput levels at the facility will be unchanged from last year even as margins fall on European fuel overcapacity.

[Gas Spat Earns Praise for Putin at Home](#)

Prime Minister Vladimir Putin's standoff with Ukraine over gas supplies may have angered European Union leaders and denied heat to millions, but at home it's winning him plaudits.

In turning off gas supplies to Ukraine and Europe, Putin showed Russians that he is in charge as a recession looms and that the West must treat him as a key player in global energy. He also is pushing for higher long-term revenue for Gazprom.

"The more they criticize Putin abroad and the more they fight with Russia, the greater his political weight grows," said Mikhail Delyagin, an economic adviser to former Prime Minister Mikhail Kasyanov and director of the Institute for Globalization Studies in Moscow.

[Russia to review the budget with oil at \\$41/bbl](#)

MOSCOW (Reuters) - Russia will review the 2009 state budget based on the new

forecast for the average price of oil at \$41 per barrel during the year, Prime Minister Vladimir Putin told the government meeting on Monday.

'The Finance Ministry should amend the state budget using the price of oil of \$41 per barrel,' Putin told his cabinet.

[It's OK, the sheiks are suffering too](#)

Are you sweating over your latest financial statement? If so, you may take some slight comfort in the fact that even the fabulously wealthy Arab oil sheikhs of the Persian Gulf are sharing your pain in this global economic downtown.

[Saudi Arabia, U.A.E., Cut Rates as Growth Slows, Oil Falls](#)

(Bloomberg) -- Saudi Arabia and the United Arab Emirates, the two biggest Arab economies, cut their benchmark interest rates by half a percentage point after oil prices tumbled and economic growth was forecast to slow.

[China promises to help Angola to revive agriculture](#)

LUANDA (Xinhua) -- Visiting Chinese Minister of Commerce Chen Deming said here on Sunday the Chinese government will help Angola to revive agriculture to diverse Angola's oil-based national economy.

During a meeting with Angolan Prime Minister Antonio Paulo Kassoma, the Chinese minister said China will send agrotechnicians to Angola to help revive agricultural production which was made standstill during the several decades of armed conflicts ending in 2002.

[Hugo Chavez, chagrined](#)

"Humbled" is never quite the word when you're talking about Venezuelan President Hugo Chavez. But the oil boom-turned-bust has turned down the volume on his hemispheric grandstanding. Having squandered the proceeds of one of the biggest oil bonanzas in history, Chavez is having trouble keeping his promises and smiting his enemies.

[Pakistan: UAE walks out of \\$5 billion Coastal Refinery project](#)

ISLAMABAD: The United Arab Emirates (UAE) government has backed out of an agreement to install a \$5 billion Coastal Refinery at Khalifa Point near Hub in

Balochistan.

[Angola Oil Exports, Including Palanca, Will Rise 1.8% in March](#)

(Bloomberg) -- Angola, OPEC's newest member and holder of the group's rotating presidency, will increase daily crude shipments, including the Palanca grade, by 1.8 percent in March.

BP Plc, Total SA, Chevron Corp., Exxon Mobil Corp. and other companies are scheduled to load an average of 1.64 million barrels a day in March, compared with February's 1.61 million barrels a day, according to loading programs released today.

[New U.S. president could mean big changes for Alberta's oil industry](#)

"At some point... they'll look to us and see what we're all about. We probably have the single most concentrated energy and resources in the world, so we're extremely strategic. They'll come to that realization [and] they'll see how well we produce things."

While environmentalists are hoping Obama follows through on his campaign promises to focus on "green" jobs and alternative energy, Anderson said those initiatives will have to wait until after the current economic crisis is over.

"Let's get past this disruption we're having right now in terms of our ability to make a profit in the resource development," Anderson said. "It's pretty tough right now."

[Gazprom Gas Output to Fall 2 Percent This Year, JPMorgan Says](#)

(Bloomberg) -- Russian natural gas exporter OAO Gazprom will produce 538 billion cubic meters in 2009, 2 percent less than last year, because of the weaker economy, JPMorgan Chase & Co. said.

[Israel eyes gas bonanza from large offshore find](#)

JERUSALEM (Reuters) - A U.S.-Israeli exploration group said on Sunday it has discovered large natural gas deposits in the eastern Mediterranean with the potential to meet Israel's gas needs for well over a decade.

[Energy Inefficient](#)

The plain truth is that the United States is an inefficient user of energy. For each dollar of economic product, the United States spews more carbon dioxide into the atmosphere

than 75 of 107 countries tracked in the indicators of the International Energy Agency. Those doing better include not only cutting-edge nations like Japan but low-tech countries like Thailand and Mexico.

[Renewable Energy](#)

Explore these new ideas for the world's sustainable energy solutions.

[EU Carbon Falls to Record as U.K. Makes a Second Bank Rescue](#)

(Bloomberg) -- European Union emission permits fell to a record as the U.K. government announced the second bank rescue in three months to revive the flagging economy.

[Clean coal won't be viable - industry](#)

Under the Government's plan for emissions trading, due to start next year, a coal-fired power plant using CCS won't have to pay for emissions buried underground.

But it will have to pay for emissions that go into the air.

ZeroGen says its demonstration plant is high-risk and expensive, so it shouldn't have to buy permits at all.

[Emission reduction projects on the anvil in Abu Dhabi](#)

Dubai: Masdar and the Abu Dhabi National Oil Company (Adnoc) on Sunday signed a framework agreement to develop a series of ground-breaking projects to reduce carbon emissions from Abu Dhabi's oil and gas facilities and monetise the emission reduction under the Kyoto Protocol's Clean Development Mechanism (CDM).

[Clearer skies over Europe as fog halved in 30 years](#)

Europe has become less foggy over the past three decades, according to scientists who have examined weather records across the continent. Fog, mist and haze have become less frequent and have contributed, they calculate, to between 10% and 20% of the warming trend during that period. The change is down to reduced air pollution, the scientists think.

[Australia: Move north to escape climate change](#)

Worried about climate change? Move to Darwin.

New research shows the top half of Australia will be little affected by climate change, while from Brisbane south the effects will get stronger and stronger.

Dr Tim Barrows, from the Australian National University, has prepared a hit-list of the cities which will be most affected as the climate warms up.



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