



# DrumBeat: February 1, 2009

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The farms race: Wealthy countries short of fertile land are gazing hungrily at Canada's prairies

The Arab states invest their oil fortunes in the craziest things, from the proposed Mile-High Tower in Jiddah to the indoor ski resort in dry-as-dust Dubai. Perhaps the craziest idea yet is Saudi Arabian wheat. Some 30 years ago, the lake- and river-less kingdom decided it should be self-sufficient in wheat.

It worked. But the subsidies to farmers at times approached \$1,000 (U.S.) a tonne. Last year, the Saudis finally concluded that desert wheat made no more sense than Nunavut pineapples. The farms will disappear within a few years, after which the country will be entirely dependent on imports. But from where?

Answer: from any nation willing to sell or lease vast tracts of its farmland and - here's the kicker - allow the Saudis to export most or all of the food grown there back home, bypassing the international market. Such "offshore farms" are a quiet, though burgeoning, form of neo-colonialism. And they have the potential to unleash a new food crisis.

#### Two children should be limit, says green guru

COUPLES who have more than two children are being "irresponsible" by creating an unbearable burden on the environment, the government's green adviser has warned.

Jonathon Porritt, who chairs the government's Sustainable Development Commission, says curbing population growth through contraception and abortion must be at the heart of policies to fight global warming. He says political leaders and green campaigners should stop dodging the issue of environmental harm caused by an expanding population.

### BP completes transit pipeline replacement

With no ceremony, no public announcement, and little further comment, BP PLC has quietly closed the books on one of the company's most costly moments as operator to the nation's largest oil field, Alaska's Prudhoe Bay.

The company completed a new \$500 million, 16-mile transit pipeline and put it into service just before Christmas. It replaced a corroded line that, thanks to a long-standing pattern of cost-cutting and mismanagement, was the cause of a 200,000-gallon spill nearly three years ago.

BP later had to partially shut down Prudhoe Bay in August 2006, a time when the market was highly sensitive to production losses. By the time full production resumed, about 13 million barrels of oil had been kept off the market.

# Will the Real Gazprom CEO Please Stand Up

The great Russian-Ukrainian gas war is over, and it is time to assess the outcome. On the surface, the result looks promising. Finally, Russia and Ukraine have concluded a normal long-term gas agreement. Both gas prices and transit tariffs are market-related and based on clear principles without shady intermediaries or arbitrariness. The gas prices will probably average \$230 per 1,000 cubic meters in 2009, while investment bankers had expected \$250.

### Ireland 'will not survive fuel crisis'

The Irish government needs to spend at least  $\bigcirc$ 500m improving its "fragile" oil infrastructure to avoid a fuel shortage in the event of disruption to world supplies, according to a new study.

The assessment of the security of the country's oil reserves, commissioned by Eamon Ryan, the energy minister, warns that Ireland has less than two thirds of the 90-day back-up supply recommended internationally.

#### As Economy Sinks, Russians Protest

MOSCOW – Protesters held demonstrations throughout Russia on Saturday, offering largely subdued, but pointed criticism of the government's economic policies as the country continues to sink deeper into an economic morass.

Antigovernment protests are rare in Russia, and the latest come amid growing public anger with a government not used to widespread criticism after years of economic growth. Officials had initially hesitated to publicly acknowledge Russia's economic troubles, brought on by a steep drop in oil prices and the worldwide financial downturn.

The government has allocated billions of dollars to bail out troubled banks and companies but has yet to put forward a clear long-term strategy for dealing with mounting unemployment and a rapidly devaluing ruble.

### Gordon Brown condemns wildcat oil refinery strikes

Gordon Brown condemned wildcat strikes as indefensible amid frantic efforts to prevent the row over the use of foreign labour escalating into mass industrial action.

# Afghan Street Protests After US Raid Kills 2

KABUL (AP) -- Hundreds of Afghans demonstrated Sunday against an overnight U.S. military raid that one villager said killed several civilians. The American military said its forces only killed two militants.

The angry protesters gathered on the main highway linking Kabul and Kandahar near the site of the raid, the latest to stir up Afghan ire against foreign forces accused of killing civilians.

# Graveyard of analogies

Are the Americans destined to meet the same fate in Afghanistan as the Russians? Ahmed Rashid argues that it is not too late for Washington to make good on its promises.

### Utilities Turn Their Customers Green, With Envy

A frowny face is not what most electric customers expect to see on their utility statements, but Greg Dyer got one.

He earned it, the utility said, by using a lot more energy than his neighbors.

"I have four daughters; none of my neighbors has that many children," said Mr. Dyer, 49, a lawyer who lives in Sacramento. He wrote back to the utility and gave it his own rating: four frowny faces.

### Gas prices start February higher

Gasoline prices are still 37% down from a year ago and off 55% from their July high of \$4.114 a gallon.

Britain 'must revive farms' to avoid grave food crisis

Britain faces a major food crisis unless urgent steps are taken to revive its flagging

agricultural sector, warns one of the world's most influential thinktanks.

Following a week in which world leaders and the United Nations expressed deep concern about the prospect of global food shortages, Chatham House suggests there needs to be a major shake-up in the UK's supply chain if the country is to continue feeding itself.

# Cuba: former sugar workers discuss challenges of boosting food production

MADRUGA, Havana province, Cuba—The year 2008 brought both important changes and new challenges for Cuba's farmers and workers engaged in agriculture.

Between January and September, working people and their revolutionary government began implementing a number of measures to increase food production and reduce imports, which account for some 60 percent of the food consumed on the island.

# Gaza desperately short of food after Israel destroys farmland

Gaza's 1.5 million people are facing a food crisis as a result of the destruction of great areas of farmland during the Israeli invasion.

According to the World Food Programme, the UN's Food and Agriculture Organisation and Palestinian officials, between 35% and 60% of the agriculture industry has been wrecked by the three-week Israeli attack, which followed two years of economic siege.

### Energy and ecology: why societies really succeed and fail

Throughout the urban phase of human history societies have expanded and then contracted, succeeded and then failed, sometimes to expand again at another time. The concept of a society 'collapsing' is a relative one. In his book "Collapse," Jared Diamond defines the phenomenon as "a drastic decrease in human population size and/or complexity, over a considerable area and for an extended time." By this definition every social group in history except modern technological society has at some point in their history collapsed, so there is nothing unusual about it.

Why do societies collapse? The apparent or proximate reason is often social strife, either within a formerly cohesive social group, or actual open warfare with an external enemy. But, all complex, urbanized societies are ultimately dependent upon agriculture; no army fights for long without food. In fact the Mayans, who had no pack animals and therefore no way to transport large quantities of food, would periodically break off battles to return home and harvest corn. This agricultural base is in turn dependent on the ecological health of the home environment, especially on fertile soil and adequate water. Thus the ultimate cause of collapse is often the deterioration of the ecosystems that feed human societies.

#### Projects 'delayed, not deferred'

DAMMAM – Development projects in Saudi Arabia are not being deferred, contrary to press reports and speculation by some quarters of the foreign business sector, according to the chairman of one of the ten top leading construction and engineering companies in the Eastern Province.

"What is being done now is that Saudi Aramco, SABIC, and other mega projects proponents are undertaking pricing review of their projects, but are not deferring or stopping projects that are already on stream," he said during the signing of an agency agreement between Supply & Support Services Systems Co., Ltd. (S4), a local suppliers of products and services for the energy sector, and Lindner AG of Germany here, Thursday.

"Due to the current economic downturn, which has not deeply affected the Kingdom, our local companies are now taking the opportunity to reschedule their projects in anticipation of the turnaround of the global economy hopefully by the end of 2009," he said.

### Medvedev in hurry for new gas pipelines: Bulgarian TV

SOFIA (AFP) — Russian President Dmitry Medvedev called for the speedy completion of two new gas pipelines that bypass Ukraine in an interview with Bulgarian national television Friday.

"The new energy routes such as the South Stream and the Nord Stream pipelines have to be speeded up," Medvedev said during an interview from his Meiendorf Castle official residence.

"If we can diversify supplies, Europe will depend less on the whims of the political regime in one country or another," he said according to the BNT channel.

### Foundation Coal idling 3 WVa mines

Mine operator Foundation Coal Holdings said Friday it is idling three underground mines in southern West Virginia in the latest sign that the recession is catching up with the industry.

### Netanyahu says Iran will not get hands on nukes

In an interview with Israel's Channel 2 TV, Netanyahu said if elected prime minister his first mission will be to thwart the Iranian nuclear threat. Netanyahu, the current opposition leader and head of the hardline Likud party, called Iran the greatest danger The Oil Drum | DrumBeat: February 1, 2009

to Israel and to all humanity.

When asked if stopping Iran's nuclear ambitions included a military strike, he replied: "It includes everything that is necessary to make this statement come true."

#### Do not ignore the data centre energy crisis, warns expert

"Throughout 2009, running out of power and space will prove a constant threat to data centres. Consolidating servers and becoming energy efficient is now not just a tick in the green computing box, but a necessity for any organisation that aims to minimise server downtime and failure," says Mike Vinten, CEO, Thesaurus.

Debate over the impending capacity and energy crisis is intensifying in the data centre industry. As data centres fill with increasingly demanding hardware and cooling systems, the energy crisis looms large and will impact upon many locations in the UK and across Europe.

### Will family's 4th generation at GM be its last?

"Cars were powerful," Smith says. "Gas mileage did not matter. Cheap gas was readily available."

The 1970s forever shifted the landscape when an oil embargo suddenly created long lines at the gas pump. Americans turned to small, fuel-efficient Hondas, Datsuns and Toyotas, now readily available.

"There was a certain amount of hubris among the automakers," Smith says. "They got complacent."

When they scrambled to catch up, some of their early efforts were flops, even disasters the Ford Pinto and Chevy Vega. Smith, who was a mechanic at the time, recalls that "every time I saw a Vega come in the door, I cringed."

### Mass transit is in trouble despite more riders

Driving is down. Transit use is up. And soon, bus and light-rail service nationwide will become less convenient.

The impending cuts here in our area are part of a much larger trend. Nationwide, transit systems are in economic crisis, just when riders are demanding service the most.

#### Clean Energy Spending Needs To More Than Triple: Report

DAVOS - Clean energy investment needs to more than triple to \$515 billion a year to stop planet-warming emissions reaching levels deemed unsustainable by scientists, the World Economic Forum said in a report on Thursday.

The hefty investments required in renewable energy sectors such as solar and wind energy need to be made between now and 2030, the report, which was co-written by research group New Energy Finance, said.

#### New nuclear reactor's waste is seven times more hazardous, Greenpeace exposes

International — Greenpeace has uncovered evidence that nuclear waste from the European Pressurised Reactor (EPR), the flagship of the nuclear industry, will be up to seven times more hazardous than waste produced by existing nuclear reactors, increasing costs and the danger to health and the environment.

The revelation comes soon after President Sarkozy's decision to build a second EPR in France.

### Yucca is no solution to energy crisis

There is no question that significant amounts of green power will be needed in the near future. Coal and oil are not solutions. Wind and solar may be part of the solution and, while natural gas has filled the void during the past few decades, its skyrocketing cost has raised serious questions. My conclusion is that nuclear energy must be considered.

I know the biggest obstacle is dealing with the waste stream. Long-term burial in Yucca Mountain is not the answer, nor is on-site storage, but there is a third option that has been developed that holds great possibilities. It requires a smaller investment, shorter storage time and a process our scientists have had success with. It is known as the 300-year Spent Nuclear Fuel Disposal Solution and, as its name suggests, it requires only 300 years for the spent fuel to decay instead of the tens of thousands of years in the current plan.

### Organics growth spurt clipped by recession

LONDON/CHICAGO — As recession drives consumers to cut costs, their commitment to organic food has been tested with sales growth slowing – but so far, sales are not falling. How green are our wallets?

### Earth's big problem: Too many people.

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But how can we ease population without taking draconian steps? By developing in ways that we should be anyway, experts say.

Are there too many people on Earth?

That question is rarely raised today, in part because it conjures up the possibility of governments intruding into the most private and profound decision a couple can make. In a worst-case scenario, authorities could impose discriminatory policies that would limit births based on such criteria as race, ethnic origin, cultural background, religion, or gender.

But with huge, vexing questions such as food security, poverty, energy supplies, environmental degradation, and climate change facing humanity, some are asking whether aggressive measures to control population growth should be on the public agenda.

..."You've got to get a president who's got the guts to say, 'Patriotic Americans stop at two [children],'" says Paul Ehrlich, a professor of population studies at Stanford University. "That if you care about your children and grandchildren, we should have a smaller population in the future, not larger." Professor Ehrlich wrote the groundbreaking 1968 book "The Population Bomb," which predicted disastrous effects from unchecked population growth.

### Strike by 24,000 refinery workers averted for now

HOUSTON – A strike by some 24,000 refinery workers was averted, at least for now, as both sides agreed to extend negotiations for at least 24 hours.

Workers at refineries near New Orleans, Houston and as far away as Billings, Mont., will show up for scheduled shifts Monday, though negotiators will be back at the table on Sunday.

# It's useless forecasting oil price: Shell chief

Concern is rising among top energy officials that the oil industry is facing a deeper set of financial ailments and future supply problems.

According to industry estimates, around \$100 billion (Dh367 billion) worth of oil and natural gas drilling projects - mostly in nations that aren't members of the Organisation of Petroleum Exporting Countries (Opec) - have been either delayed or cancelled over the past year because of the world's financial problems and weak oil prices.

Those reassessments may well hurt future energy supplies but they also have big implications for oil companies.

MOSCOW (RIA Novosti) - Russia is lowering as of February 1 export duties on oil and petroleum products, responding to a fall in world oil prices amid the ongoing global financial crisis.

Under the government decree signed by Russian Prime Minister Vladimir Putin on Thursday, the oil export duty now stands at \$100.9 per metric ton compared with the previous export duty of \$119.1 per ton.

# Morales ousts oil chief as bribe concerns swirl

LA PAZ, Bolivia (AP) - President Evo Morales dismissed the head of Bolivia's state oil company on Saturday amid suggestions that money stolen from a slain businessman may have been destined for a bribe.

# Unrest over BP's choice of chairman

There is growing uncertainty among the oil giant's non-executive directors and major shareholders over whether Skinner is the right man.

Questions are being asked about his decision to turn down rival BHP Billiton's £43bn takeover offer a year ago. Critics also point to Rio's £28bn purchase of aluminium producer Alcan in 2007, a move that saddled Rio with enormous debts.

# German operators of hijacked ship in contact with Somali pirates

Berlin - The German operators of a tanker hijacked off the coast of Somalia are hoping to stay in touch with the ship after establishing initial contact with the pirates, they said Sunday. "We hope to stay in dialogue," with the pirates on board the MV Longchamp, a spokesman for Bernhard Schulte ship management company said, hours after they had received a first phone call from the captors.

### Crashes prompt search for safer ride to oil rigs

Helicopter operations play a vital role in local oil exploration, providing the main form of transportation to more than 5,500 platforms fanned out from the Texas and Louisiana shores. Platform-bound flights take off as many as 9,000 times a day, the NTSB estimates. Because radar coverage does not extend over the Gulf, pilots must fly at low altitudes and with ample distance from other aircraft, whose exact locations are unknown.

 Three years ago, NTSB officials began to press for more safety technology on such

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il Drum | DrumBeat: February 1, 2009 http://www.theoildrum.com/r flights. Progress has been made on some recommendations, but little action has been taken on others.

#### Saudi gov't offers more funding to non-oil exporters

A plan to boost non-oil exports in Saudi Arabia has been expanded to offer more companies involved in the industry extra funding, it was reported on Sunday.

#### Riot? If I were 20 years younger I would take to the streets

The riots in Paris and the demonstrations against foreign work forces being used at British oil refineries and a power station seemed to be a presentiment of widespread civil disturbance, especially in this country. We are, after all, only at the beginning of a slump which is predicted by the IMF to hit Britain more seriously than any other developed nation. It will be longer and deeper and we can already see the hardship, the bills accumulating.

#### The view from the front

Westminster Editor James Cusick travelled to Grimsby, near the Lindsey oil refinery, to see for himself the effect of last week's strikes. He found a town backing the striking workers but fearful of what might happen next.

#### Food, Finance and Democracy in Crisis

Is it true, Raj asked, that the overweight population is predominantly in the USA and other Western countries, while the starving live in Africa and the Third World? To some extent, yes. The USA is indeed the most obese country on Earth. Only 4 out of 10 Americans have a "normal" body weight. But we must remember that at the same time, 40 million people in the USA -- more than 10 percent of the population -- are going hungry. This contradiction between obesity and hunger is not just an American phenomenon. The second most obese country is Mexico, a developing country where there are extreme levels of hunger. In fact, every country has these vast inequalities.

#### How greedy speculators control commodity prices

In oil markets, we were warned that the dire predictions of the "peak oil" doomsayers were finally coming to pass. In global food markets the rise in prices of staples was correctly identified to be at least partly related to the medium-term policy neglect of agriculture by governments especially in the developing world, but the role of speculation in commodity futures, enabled by financial deregulation, was denied.

Further, it was also argued that the real gainers of this process were the direct producers: not only oil exporting countries but small farmers producing foodgrains that were becoming highly valued internationally. The commodity price boom was supposed to translate directly to income gains for such producers to the point where some governments even argued that there was no need to provide any protection to agriculture since cultivators were already gaining from high crop prices.

But the subsequent collapse of commodity prices - both oil and non-oil - has shown how wrong the earlier explanations were, and how little primary commodity producers are likely to have gained, especially small producers in the developing world.

### Kenya Red Cross: 111 dead in oil blaze after crash

MOLO, Kenya (AP) — An overturned gasoline tanker exploded as hundreds of people were trying to scoop up free fuel, killing at least 111 people and wounding 200 in one of Kenya's deadliest accidents, officials said Sunday.

# 'Honey, they shrunk the groceries'

Kim Black, scanning coordinator at Alpine Marketplace, said, "It's not the grocer, it's the manufacturers. I've never seen anything like this in all the years I've worked here."

Black spends between 14 and 20 hours every week re-pricing items and re-scanning them into the store's UPC system. She cites high fuel costs as the reason for the huge number of price and packaging changes in 2008, and keeps waiting for the prices to come down as fast as they went up.

"What troubles me is with the price of gas going down, I haven't seen prices reflect that change," said Black. "Oil, sugar and flour — when these prices went up, everything went up. They should be coming down, but I haven't seen that happening."

# Compromise likely in Obama's fuel rule push

While most people see President Barack Obama's order telling the Environmental Protection Agency to reconsider its decision that banned California's tougher greenhouse-gas emissions as a victory for environmentalists, I think it's more likely to lead to a compromise that California and the automakers could live with.

# To Protect Public Land, Eco Protesters Get Creative

If BLM officials thought it was odd that a 27-year-old dressed like he'd just gotten out of class—as DeChristopher had—was bidding for oil and gas leases, they didn't say anything. At first he simply bid near the beginning of an auction, to keep prices rolling,

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but as the sales continued, he started to win plots of land—12 parcels in all, more than 22,000 acres, at the cost of \$1.79 million. By the end, DeChristopher was simply bidding nonstop, and BLM officials finally caught on to what he was doing and took him into custody. Though now in the hands of the feds, he remains cool. "I told them I was there to commit civil disobedience and that this was a fraudulent auction," he says.

#### Coal-fired power plants studying carbon capture

Five coal-fired power plants in the U.S. and Canada are studying the feasibility of retrofits to capture and store carbon dioxide, a nonprofit industry research group says.

Electric Power Research Institute said studies are being done at Great River Energy's Coal Creek Station near Underwood in central North Dakota, and at plants in Illinois, Utah, Ohio and Nova Scotia. The group said the research could help guide development of future power plants and how they deal with carbon dioxide emissions blamed for global warming.

Czech president attacks Al Gore's climate campaign

DAVOS, Switzerland (AFP) – Czech President Vaclav Klaus took aim at climate change campaigner Al Gore on Saturday in Davos in a frontal attack on the science of global warming.

"I don't think that there is any global warming," said the 67-year-old liberal, whose country holds the rotating presidency of the European Union. "I don't see the statistical data for that."

### Parched: Australia faces collapse as climate change kicks in

Leaves are falling off trees in the height of summer, railway tracks are buckling, and people are retiring to their beds with deep-frozen hot-water bottles, as much of Australia swelters in its worst-ever heatwave.

...Ministers are blaming the heat – which follows a record drought – on global warming. Experts worry that Australia, which emits more carbon dioxide per head than any nation on earth, may also be the first to implode under the impact of climate change.

### LEBANON: Climate change and politics threaten water wars in Bekaa

NABHA, BEKAA VALLEY (IRIN) - In the shadow of Black Peak Mountain in Lebanon's Bekaa Valley, an historic feud over irrigation is being slowly re-ignited, illustrating how increased water scarcity is triggering social conflict in Lebanon.

#### Going to the Dogs in Greenland

Climate change may still be debatable in some circles, but in Greenland—the world's largest island, covered by an ice sheet averaging 1.6 miles deep — it's an observable fact.

<u>Stern recipe for change</u>: To stop the world warming we have to cut our carbon emissions to African levels

"Over the next 10-15 years the world is going to move strongly to low-carbon technologies," said Stern. "There is going to be a very rapid technological change. Areas like construction, transport and power are going to change particularly fast – and that is going to need huge investment as well as creating many businesses."

The scale of the challenge to business is huge. At the moment humanity generates the equivalent of about 50 billion tonnes of carbon dioxide a year, roughly equal to eight tonnes for every person on the planet. There is, however, huge variation. Europeans generate 11-14 tonnes per head and Americans about 22 tonnes, while Africans typically generate 1-2 tonnes.

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