



## Drumbeat: November 23, 2009

Posted by [Leanan](#) on November 23, 2009 - 9:05am

Topic: [Miscellaneous](#)

[Food riots will mark the end of oil](#): *The end of the oil age won't be a pretty thing, but a new report by Deutsche Bank suggests it could be even uglier than we feared...*

There's been a lot of stale argument recently about oil – is it running out? Are we approaching/at/passed Peak Oil (the point when global oil production goes into irrevocable decline)? Business, unsurprisingly, isn't waiting for the answer; it's working out what will happen next.

Take the recent report from Deutsche Bank, entitled 'The Peak Oil Market: Price Dynamics at the End of the Oil Age'. This describes a world where the effect of failing global reserves is compounded by incoherent politics. If the US Government was honest about the cost of oil, for example, it would slap another 50c on a gallon of gasoline to pay the cost of the war in Iraq. Ludicrously, as global oil supplies dwindle, the increasingly precious part that remains is concentrated in the hands of those who give it away to their citizens for almost nothing – Saudi Arabia, Venezuela, Iran, Iraq.

ics Japan, said the tighter regulations were absolutely necessary in addition to the new taxes on fuel that were imposed by the Japanese government. Even with the imposition of new taxes, fuel prices fluctuate, giving consumers conflicting signals, he said.

Tougher standards are a more effective way of ensuring that energy is conserved and of reaching Japan's strategic goal of reducing its dependence on oil, Toichi said.

### [Iran gains \\$5 bn by shifting from US dollar](#)

The head of Iran's Central Bank says the country has gained 5 billion dollars by excluding the US dollar from its currency basket and replacing it with the euro.

"Iran has considerably reduced the total of US dollars in its currency basket," said Mahmoud Bahmani in Tehran at the 3rd Seminar on Banking Services and Export on Monday.

### [Phil Flynn: Is Oil Becoming the Poor Man's Gold?](#)

Is oil becoming the poor man's gold? Oil prices are being dragged higher once again as gold continues its assault on all time highs. Oil of course does not seem to move on its own accord but gets driven higher by traders who can't afford gold. I am only partly kidding. Gold is being driven higher for a lot of reasons. People are buying gold because they fear inflation. They are buying gold because they fear that mounting government debt will never be paid off. And gold, of course, is the currency of last resort if the whole economic system implodes on itself.

### [Norway aims to meet oil rule by 2013-Johnsen](#)

OSLO (Reuters) - Norway's Finance Minister Sigbjørn Johnsen said on Monday the government aimed at reducing fiscal stimulus and meeting the country's guidelines for spending oil cash by 2013, as suggested by the International Monetary Fund.

### [Randy Udall and Steve Andrews: Moving Beyond Denial...Two Steps Forward and One Step Back](#)

In the last few months, the vigorous debate over the future of world oil supplies has hit the mainstream radar screen. The optimists closed ranks—they have to because their numbers are shrinking—and launched a barrage of misleading reports and opinion pieces, suggesting that supplies will grow from today's 85 million barrels a day to as much as 115 mb/day by 2030.

### [Kurt Cobb: The trouble with apocalypse](#)

The trouble with apocalypse is that most people have already seen it at the movie theater, watched it on television, read it in a book, or heard all about it from the pulpit. So inundated with the language of crisis are we that we have become immune to it. From the perspective of the historian our age has been chock full of "great transformations." And, it is, after all, the historian's business to write about great change even if he or she has to invent some.

The great energy crisis of the 1970s passes and is followed by an era of cheap energy lasting more than 20 years. The great run-up in energy prices in recent years is followed by a collapse in prices. The "worst economic downturn since the Great Depression" is now being followed by a ceaselessly heralded recovery. The much feared Y2K computer bug was either fixed or of little consequence on January 1, 2000. A modern plague has been in the wings for years, first as SARS and then as avian flu. Now that the H1N1 virus is here, it doesn't seem like the civilization-destroying event it was advertised to be. Even such events, despite the drama they propagate, create a certain cyclical continuity making them seem not all that remarkable. Once the worst is over or the predicted crisis fails to materialize, the fear that most people felt fades from memory.

### [Shell delays Qatargas4 project by a year](#)

Royal Dutch Shell said it had delayed its \$8bn Qatargas 4 liquefied natural gas project by around a year, with startup now planned for late 2010 and first cargo possibly pushed into 2011.

### [Venezuelan State Oil Company's Profits Down 67%](#)

State-owned Petroleos de Venezuela SA said its net income in the first half of 2009 fell by 67 percent to \$3.17 billion due to slightly lower output and a steep decline in oil prices.

"The total consolidated net profit for the period was \$3.17 billion, down by \$6.37 billion compared to the same period of 2008," PDVSA said in statement Thursday.

That drop in profits was due both to lower sales volumes and a 51 percent decline in the price of oil per barrel.

### [The Case for Big Oil Shares](#)

Oil has not responded proportionately to euro and S&P 500 strength and shown relative weakness when the euro and S&P 500 sag, as they did last week. I would not be surprised if oil prices fall below \$70 as the euro/dollar cross violates its uptrend line and falls below 1.46 as risk appetites mute and expectations of a tightening in Chinese monetary policy/shift in the Yuan FX regime continues to haunt the FX markets.

### [It's going to be an exciting decade](#)

The crisis in the auto industry will create opportunities for some exciting innovations in the next 10 years or so.

For starters, there is the energy crisis. In truth, there has been an energy crisis since the early 1970s, only someone finally noticed. In the United States, those who could have helped end the crisis with an intelligent energy policy stuck their heads in the sand and hoped the thing would blow over. It didn't.

### [Kenya's energy crisis worsens](#)

NAIROBI, KENYA--Kenya's electricity crisis could worsen with the evident failure of El-Nino rains that were expected to shore up water levels at the main generating power plant, the Seven Folks Dam.

The country's Energy Ministry warned that consumers should expect a further increase

in their already inflated power bills as generation continues to rely on oil intensive Independent Power Producers (IPPs).

### [Chinese cities grappling with natural gas shortage](#)

HANGZHOU (Xinhua) -- The municipal government of Hangzhou, in east China's Zhejiang Province, stopped all natural gas supplies to entertainment businesses at the weekend to guarantee supplies to the city's 410,000 households.

The city government also cut gas supplies to hotels, office buildings and shopping malls by 20 percent.

### [Bio-fuel growth raises concerns about forests](#)

PARK FALLS, Wis. — Forests are a treasure trove of limbs and bark that can be made into alternative fuels and some worry the increasing trend of using that logging debris will make those materials too scarce, harming the woodlands.

For centuries, forests have provided lumber to build cities, pulp for paper mills and a refuge for hunters, fishers and hikers. A flurry of new, green ventures is fueling demand for trees and the debris leftover when they are harvested, which is called waste wood or woody biomass.

"There simply is nowhere near enough waste wood for all of these biomass projects that are popping up all over the place," said Marvin Roberson, a forest policy specialist with the Sierra Club in Michigan.

### [Hundreds in south China oppose waste incinerator](#)

HONG KONG (Reuters) - Hundreds in China's southern city of Guangzhou protested outside government offices on Monday, opposing plans for a large garbage incinerator in a sign of the region's rising public assertiveness over green issues.

### [Australia: Climate Civil Disobedience on the rise](#)

Two hundred people blockaded the entrance to the Australian Parliament today calling on Prime Minister Kevin Rudd to secure a strong, legally binding treaty at the upcoming international climate negotiations in Copenhagen. Police arrested 130 people, although it is believed none were charged.

### [James Hansen - Tipping Points: Melting Ice, Rising Oceans](#)

Global warming IS a time bomb.

There may still be time to defuse it, but that requires policy-makers to take the actions that are needed, not the ineffectual actions they are discussing.

[Food riots will mark the end of oil](#): *The end of the oil age won't be a pretty thing, but a new report by Deutsche Bank suggests it could be even uglier than we feared...*

There's been a lot of stale argument recently about oil – is it running out? Are we approaching/at/passed Peak Oil (the point when global oil production goes into irrevocable decline)? Business, unsurprisingly, isn't waiting for the answer; it's working out what will happen next.

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### [The Oil Age: How Long Will It Last?](#)

From time to time, pessimistic analyses are published which forecast that the world will reach “peak oil” levels, which means that the remaining oil reserves will not be able to meet future increases in the demand for energy. The proponents of this theory cite the following developments to support their argument:

The decline in the number of new giant fields in recent decades and the need to compensate the shortfall in the currently productive fields, which is estimated to be between 4 and 6.5 percent annually; in other words, it is necessary to find new oil fields each year which have a production capacity of approximately 3 million barrels per day, in order to compensate for the oil extracted. Also, most of the new oil is coming from submerged oil fields and from very deep geological layers, and therefore this oil is very costly to extract.

### [Oil scene: Uncertainty haunts the energy world](#)

UNCERTAINTY has taken over the energy world. And it is detrimental to every one, be it consumer or producer. The consequences could be horrific. A number of factors are in play. The volatility of oil market pricing is a major issue. After all most producers have a single product economy. With extreme swings in play, they are almost in dark while projecting their long-term incomes and expenses. OPEC (Organization of the Petroleum

Exporting Countries) oil producers could lose \$4 trillion in revenue between now and 2030, if a UN conference in Copenhagen next month strikes a deal on global warming curbs, the International Energy Agency projected earlier.

### [Making Racing Cars Relevant Again...](#)

The process which formed the hydrocarbons took millions of years. In comparison, through burning we are releasing the bound carbon atoms in the blink of an eye. Estimates vary for the point at which we will run out, but in the case of oil (currently the chief source of transport energy), even if we double what we believe we currently have, the Environmental Protection Agency in the United States estimates that 'peak oil' – the point at which demand starts to outstrip supply – will occur between 2016 and 2028. There will then be some tough times ahead for society on a political and economic level – and in all likelihood, very soon.

### [Reaching our best-before date](#)

Oil has an expiration date. Long have scientists claimed that we will see the depletion of oil in our lifetimes, but in reality we have a more pressing problem than this. It's called 'Peak Oil' and many scientists think we may have already reached it.

Put simply, peak oil is the point at which our oil reserves have reached their highest output and after this point begin to decrease. And to put our current situation into perspective, 33 of the largest 48 oil-producing nations have already hit peak oil and are decreasing in their production of oil.

### [Crude Oil Rises on Iranian Military Test, Weaker U.S. Dollar](#)

(Bloomberg) -- Crude oil rose from a one-week low after an Iranian military exercise renewed concerns over Middle Eastern supply, while the weaker dollar heightened oil's appeal as an inflation hedge.

Iran is testing an air defense system this week, in the largest military exercises the country has conducted to assess the vulnerability of its nuclear plants. The most accurate dollar forecasters predict the world's reserve currency will continue sliding even when the Federal Reserve begins to raise interest rates.

### [Resources front and centre for this index beater](#)

Do you believe in the peak oil theory suggesting the world is running out of oil?

No, I don't buy that concept. I think the biggest impact [on a higher oil price] has come from geopolitical reasons. It's the result of guys like [President Hugo] Chávez in

Venezuela, who has been nationalizing Western companies out of their assets, and guys like [Prime Minister Vladimir] Putin in Russia who have been playing strong-arming companies out of their assets...And Alberta has effectively imposed draconian new fiscal terms, and pushed out new growth. That has had a greater impact on the supply side.

### [Global LNG Supply to Exceed Demand in 2010, Bernstein Says](#)

(Bloomberg) -- Global Liquefied natural gas supplies will exceed demand for a second successive year in 2010 as new projects begin production to more than match the expected rise in fuel demand, Sanford C. Bernstein & Co. said.

Global demand for the cleaner-burning fuel will grow by 17 percent in 2010 compared with an estimated 7.5 percent increase in 2009 from 2008, Bernstein said in a report today. Projects from Qatar, Yemen and Peru may boost output also by 17 percent next year, from a larger base, it said.

### [Oil industry enters new era of volatility and opportunity](#)

Since the middle of 2008, there has been a lot of intensity in our industry. That's been amplified in companies that have a lot of natural gas because gas is suffering far more than crude oil.

In fact, we've just gone through the first globally synchronous recession since probably the turn of the [20th] century, and the worst financial crisis in 100 years. And yet the most we can pound oil down is from \$150 to \$80 U.S. a barrel. That to me is a reasonably strong signal of how resilient the commodity is.

### [Colonial Pipeline Issues Allocation Notice on Gasoline Pipeline](#)

(Bloomberg) -- Colonial Pipeline Co., which operates the largest pipeline linking U.S. Gulf Coast refiners and East Coast markets, will limit shipments of gasoline because orders exceed the company's ability to deliver fuel on time.

The Alpharetta, Georgia-based company issued the requirement, known as an allocation, in a bulletin to shippers for Cycle 68. The restriction applies to shipments on the pipeline north of Collins, Mississippi.

### [At least 400 pipelines vandalized in Niger Delta: official](#)

LAGOS (Xinhua) -- More than 400 pipelines have been destroyed in Nigeria's oil rich Niger Delta region in the last two years, the Lagos-based Vanguard newspaper reported

on Monday.

### [South Dakota a battleground in Canadian oil sands debate](#)

MITCHELL, S.D. (AP) - An oil industry representative says he considers South Dakota a battleground in the fight over the extraction of oil from the Canadian oil sands.

Dan Gunderson, a communications specialist working for the American Petroleum Institute, says he's concentrating on the Midwest because states like South Dakota could end up with pipelines and a refinery as a means to handle the incoming crude oil from Canada.

### [Eskom May Secure a \\$3.75 Billion World Bank Loan by Early 2010](#)

(Bloomberg) -- The World Bank may agree to lend Eskom Holdings Ltd. as much as \$3.75 billion by early next year to help reduce an 80 billion rand (\$11 billion) funding shortfall, South Africa's National Treasury said.

### [Brazil to Invest \\$6 billion in Mozambique Biofuels, O Pais Says](#)

(Bloomberg) -- Mozambique has signed two accords with Brazil for a \$6 billion investment in biofuel exploration, the daily independent O Pais reported, citing António de Godoy, chairperson of the Brazilian confederation of biofuel companies Arranjo Produtivo Local do Alcool (APLA).

Some of the biofuels produced from sugar cane will be exported to Brazil to cut its dependence on petroleum based fuels, de Godoy told the Maputo-based newspaper.

### [8 weird ways to save the Earth](#)

Geoengineering, or deliberately tinkering with the earth's climate, could help if global warming proves disastrous for mankind, but the ideas are untested and the risks unknown.

### [Held hostage by the oil sands](#)

Dealing with climate change is extraordinarily difficult because it does entail serious costs and painful change. But the International Energy Agency, in its latest *World Energy Outlook*, puts the climate challenge front and centre because we don't really have a choice.



What's needed, it says, is nothing less than a low carbon energy revolution that would rival the Industrial Revolution of the 19th century and the information technology revolution of the 20th century. "The scale and breadth of the energy challenge is enormous – far greater than many people realize," it warns. "But it can and must be met," it says, because the costs of not acting, and soon, are much greater.

### [Global body needed to direct green technology, G77 says](#)

A green technology body with powers to direct a worldwide transition away from a high-carbon economy is needed to combat climate change, according to the world's developing nations. While most negotiations ahead of the UN's climate change summit in Copenhagen next month have been concerned with which nations should slash greenhouse gas emissions and by how much, the method in which these cuts will be achieved has received far less attention. Yet the importance of green technology – from wind turbines to electric cars to zero-carbon buildings – is enormous.

### [Climate Aid for Poor World Comes to Focus as EU Ministers Meet](#)

(Bloomberg) -- European Union environment ministers may underline the need for climate aid for developing countries as they meet today for final preparations before the United Nations summit in Copenhagen.

### [IEA 'Cautiously Optimistic' About Copenhagen Summit](#)

(Bloomberg) -- The International Energy Agency is "cautiously optimistic" about the climate-change summit next month in Copenhagen, where almost 200 nations are working to replace or extend the Kyoto Protocol to slow carbon emissions.

Political leaders may commit to a general climate-change framework and discuss the details next year, Executive Director Nobuo Tanaka said in Beijing today. "Some kind of strong political commitment or decision" may emerge at the United Nations meeting in the Danish capital, Tanaka told reporters.

### [Climate scientist suspects hackers targeted Denmark summit](#)

LONDON — A leading climate-change scientist whose private e-mails were included in thousands of documents stolen by hackers and posted online said Sunday that the leaks may have been aimed at undermining next month's global climate summit in Denmark.

Kevin Trenberth of the National Center for Atmospheric Research in Boulder said he believes the hackers who stole a decade's worth of correspondence from a British university's computer server deliberately distributed only those documents that could help attempts by skeptics to undermine the scientific consensus on man-made climate

change.

### [Some businesses waste more than £1m a year on excess energy, carbon trading trial finds](#)

A PIONEERING carbon trading programme in Yorkshire has revealed some businesses are wasting more than a £1m a year on excess energy and would face six figure fines under future legislation.

### [Firms fail to take climate risk seriously-study](#)

LONDON (Reuters) – Companies are failing to take the strategic implications of climate change seriously and are missing out on investment opportunities, a study sponsored by three major UK investors said on Monday.

Firms are addressing the impact of major climate-linked events, but are neglecting to manage incremental changes or extend their focus into supply chains, raw materials or logistics, the study found.

### [Why infrastructure is the bedrock of society](#)

But the risks of that infrastructure breaking down and the scale of the consequences are growing, due to random and non-random sources such as climate change, potential over-dependence on high-technology infrastructure, and increasing urbanisation - in both the developing and developed worlds. The demand for effective infrastructure services is immense. And we know that when infrastructure fails, things simply go wrong. We saw it when Hurricane Katrina hit New Orleans in 2005. A few simple civil structures - flood levees - failed. Eight hours later, the social cohesion of a city in the world's richest and most advanced country was reduced to chaos. No electricity, no ATMs, no cash and therefore an inability to buy food or water.

We saw it with 2004's tsunami in Indonesia, Sri Lanka and India, and again just recently in Samoa. We saw it with earthquakes in China, Pakistan, Italy and Indonesia. We also saw it in the UK with floods in south-west England, Yorkshire and Scotland. Water and electricity supplies were lost, as were homes and personal property. People camped in their drives to protect their shattered properties and remaining possessions.

### [Bangkok: A Future Filled with Floods](#)

BANGKOK (IPS) - Thailand's capital, dubbed the 'City of Angels' and the 'Venice of the East', is threatened by long-term flood inundation as rising sea waters triggered by global weather change and monsoonal rains combine.

The 240-year-old Thai capital, located on the Chao Phraya River delta, is one of major cities on the globe seen as a potential victim of rising sea waters and whose landscape is sinking due to a history of water drawn from wells within city limits.

### [Scientist Explains Earth's Warming Plateau](#)

Research shows that over the past several years, Earth's temperature has not been heating up. Climate change skeptics claim this as evidence that global warming is overexaggerated. But the man who did the research, climate and ocean scientist Mojib Latif, says "not so fast."

### [Why media tell climate story poorly](#)

If it's true that Canadians and Americans have become less concerned about the potential impact of climate change, and that more consider global warming a hoax, some blame can certainly be directed at the news media.

"The media (are) giving an equal seat at the table to a lot of non-qualified scientists," Julio Betancourt, a senior scientist at the U.S. Geological Survey, told a group of environment and energy reporters during a week-long learning retreat in New Mexico.

### [New Voices on Climate Change](#)

Among public figures, television weather presenters are relative latecomers to leading efforts to deepen knowledge about climate change.

Wary of offending viewers and the authorities, who might be skeptical about the effect of human beings on climate, and mindful of making references to hugely complex science during three-minute broadcasts, most presenters have studiously avoided using their prime-time slots to discuss global warming.

But that may be changing.

### [Climate change sceptics and lobbyists put world at risk, says top adviser](#)

Climate change sceptics and fossil fuel companies that have lobbied against action on greenhouse gas emissions have squandered the world's chance to avoid dangerous global warming, a key adviser to the government has said.

Professor Bob Watson, chief scientist at the Department for Environment and Rural Affairs, said a decade of inaction on climate change meant it was now virtually impossible to limit global temperature rise to 2C. He said the delay meant the world

would now do well to stabilise warming between 3C and 4C.

### [Is global warming unstoppable?](#)

In a provocative new study, a University of Utah scientist argues that rising carbon dioxide emissions - the major cause of global warming - cannot be stabilized unless the world's economy collapses or society builds the equivalent of one new nuclear power plant each day.

### [Antarctica Loses Ice From East as Well as West, Scientists Say](#)

(Bloomberg) -- Antarctica is losing ice from its larger eastern side as well as the western part, an indication the southernmost continent may add “significantly more” to rising seas, researchers in Texas said.

The eastern sheet lost ice at a rate of about 57 billion metric tons a year from 2002 to 2009, contributing to the continent’s total annual average loss of about 190 billion tons, scientists at the University of Texas at Austin said in the journal *Nature Geoscience*.



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