



Drumbeat: December 13, 2009

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Topic: [Miscellaneous](#)

[Mexico's drug cartels siphon liquid gold](#): *Bold theft of \$1 billion in oil, resold in U.S., has dealt a major blow to the treasury*

MALTRATA, MEXICO -- Drug traffickers employing high-tech drills, miles of rubber hose and a fleet of stolen tanker trucks have siphoned more than \$1 billion worth of oil from Mexico's pipelines over the past two years, in a vast and audacious conspiracy that is bleeding the national treasury, according to U.S. and Mexican law enforcement officials and the state-run oil company.

Using sophisticated smuggling networks, the traffickers have transported a portion of the pilfered petroleum across the border to sell to U.S. companies, some of which knew that it was stolen, according to court documents and interviews with American officials involved in an expanding investigation of oil services firms in Texas.

The widespread theft of Mexico's most vital national resource by criminal organizations represents a costly new front in President Felipe Calderón's war against the drug cartels, and it shows how the traffickers are rapidly evolving from traditional narcotics smuggling to activities as diverse as oil theft, transport and sales.

[href="http://uk.reuters.com/article/idUKTRE5BCoUL20091213?](http://uk.reuters.com/article/idUKTRE5BCoUL20091213?rpc=401&feedType=RSS&feedName=businessNews&rpc=401)

[rpc=401&feedType=RSS&feedName=businessNews&rpc=401">UAE, Oman seen unlikely to rejoin Gulf union](http://uk.reuters.com/article/idUKTRE5BCoUL20091213?rpc=401&feedType=RSS&feedName=businessNews&rpc=401)

DUBAI (Reuters) - Gulf Arab oil exporters will move closer to a unified currency when their rulers meet on Monday in Kuwait, which promised to seek the return of the United Arab Emirates and Oman to the monetary union plan.

The UAE, the second-largest Arab economy, dealt a serious blow to the union by pulling out in May in protest at the decision to locate any joint central bank in Saudi Arabia.

[FACTBOX - What next for the Gulf Arab monetary union?](#)

(Reuters) - Kuwait will try to persuade the United Arab Emirates and Oman to rejoin a planned Gulf Arab monetary union when rulers from the world's top oil producing region

meet this week, but chances seem slim.

The four countries, which are still going on with the project are Saudi Arabia, Kuwait, Qatar and Bahrain.

Following are a few facts on what to expect next:

[GCC inflation to see sharp fall in 2009](#)

Waning domestic demand will ally with falling commodity and property prices to depress inflation in the UAE and other Gulf oil heavyweights to one of its lowest levels this year after climbing to its highest annual rate in 2008.

[Iraqis sceptical about glittering promise of oil](#)

BAGHDAD (Reuters) - Iraq's leaders expect a flood of petrodollars from oil deals to lift the country out of poverty after years of conflict and corruption but few Iraqis are convinced.

[Natural gas needs a boost](#)

India's hydrocarbon vision statement envisages the share of natural gas to be 20 per cent by 2025.

Demand for natural gas in India is primarily driven by the power and fertiliser sectors, which account for almost two-third of the national gas consumption. Given that fertilisers are heavily subsidised, it makes sense to use cheaper gas feedstock in place of naphtha to reduce the subsidy burden. Gas-based power plants are quicker to build and incur lesser initial capex and are better suited to meet peak power demand. Shortage of gas supply has led to some fertiliser and power plants functioning below capacity, remaining idle, or operating at higher costs due to expensive feedstock.

[Brazil's river of death](#)

The once free-flowing Manaquiri River, which runs through the state of Amazonas in northwest Brazil, is in the fight of its life against a spell of dry weather - and it appears to be losing the battle.

Thousands of dead fish are rotting on the river banks and hundreds more float on its surface, turning the area into a toxic cesspool.

Vultures circle overhead, picking away at the rotting carcasses. Even an alligator - one of the fiercest reptiles of the Amazon - floats belly up in the river.

Local fishermen say it has not rained in more than 25 days, leaving the large surrounding rivers in recession. This has in turn choked off the tributaries that provide fresh water to the Manaquiri.

[Rising waters threaten Louisiana](#) (video)

The southern coast of Louisiana in the United States is among the fastest disappearing areas in the world.

Rising waters have led to the state losing a land mass equivalent to 30 football fields every day.

And as the communities disappear, more and more people are leaving the region.

[Hills of despair](#)

Speak to any villager in the hills and their grievances about the climate, rainfall, lack of fuel wood, soaring temperatures — resonate, valley after valley. Interestingly, research and science confirms every bit of apprehension and fear that these people ally. Conservation International estimates that no more than 23 percent of original vegetation remains; the Western Ghats have the highest population density for a biodiversity hotspot — 260 people/km². With an ecological history of over three millennia of forest utilisation in terms of systematised logging, agriculture, harvesting of non-timber forest produce, spice trade, crop plantations, development projects, the Western Ghats have backboned local economy, water, electricity and other needs for 50 million people — stakeholders in the region.

[US forests can soak up 50 year-equivalent of CO₂ emissions](#)

(IANS) Forests and soils in the US could soak up additional quantities of carbon dioxide (CO₂) and mitigate climate change, says a new estimate.

The 48 US states can potentially store an additional three to seven billion tonnes of carbon, if farmlands were converted into forests. This is equivalent to two to four years of its current CO₂ emissions from burning fossil fuels.

[Arab Activism Gets Going in Copenhagen](#)

“Activism in the Arab world is very low,” Tayara, who manages an eco-village outside Beirut says. “While some Arabs are active, when it comes to defying politics, defying power, the leaders - it’s totally out of the question for many Arabs.”

In Copenhagen, Tayara has been wearing a black shirt with bright lettering in white, red and gold, which spells out “Arabs against oil,” on the back and “You can’t drink oil on the front.”

It’s a message which he says is intended to shatter stereotypes about Arabs.

[Thousands of churches ring their bells 350 times for climate justice in Copenhagen](#)

This December 11-13, tens of thousands of people of all faiths will join the “World Wants a Real Deal” weekend of action with 350.org and its partners at the World Council of Churches and the TckTckTck campaign.

[Going solar at cut-rate cost](#)

The Dickinsons are getting a 23 percent discount on solar panel installation arranged by One Block Off the Grid, an Internet-driven group that in a year has become the nation's largest solar-buying collective. In its short organizing campaign in Los Angeles, the firm has already assisted 102 clients.

"They were able to negotiate a much better price than anything I found on my own," Dickinson said.

[China Challenging the United States for World Wind Leadership](#)

Leadership of the global wind market is about to change hands. The United States—the birthplace of the modern wind industry—has held the top spot in new installations since 2005, growing at 50 percent a year and adding a record 8,540 megawatts of wind generating capacity in 2008. But if the credit-crunched U.S. industry adds only 8,000 megawatts in 2009, as anticipated, China’s new installations of some 10,000 megawatts will make it the world leader in annual additions. Having doubled its installed capacity in each of the last five years, this relative newcomer is now poised to dominate the wind energy industry for years to come.

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[Retrofitted Vehicles Offer Window Into Mexico's Cartels](#)

As of January 2009, the Mexican government reported that it had seized 14,441 vehicles nationwide, on top of huge quantities of drugs, money and guns. The fact that the army keeps these vehicles on its bases instead of in an impound lot is telling, too. Drug gangs have sometimes carried out armed assaults to try to get the vehicles back, perhaps because so much money has been spent retrofitting them.

In a twist on that, men suspected of being traffickers attacked a car lot in Tijuana recently in what the authorities described as an effort to intimidate the police. The assailants used gasoline to burn 28 trucks at a Mazda dealership that were in the process of being purchased for use as police transport vehicles. Six of them were destroyed.

[Iraq hails oil auction but risky sites shunned](#)

BAGHDAD - Iraq's oil minister began counting the money Saturday even before the first wells were drilled, dubbing the country's second postwar oil auction a triumph even as international oil companies largely snubbed the most violent regions in the Middle East's last major oil bonanza.

[Kuwait Favors No Quota Change at Next OPEC Meeting](#)

(Bloomberg) -- Kuwait favors no change to OPEC's oil production quotas at the group's next meeting and isn't concerned about oil prices falling below \$70.

"No, no, so what?" Oil Minister Sheikh Ahmed Al-Abdullah Al-Sabah told reporters today in Kuwait City, when asked if the emirate was worried about oil prices below \$70.

"The price of the dollar, the supply situation," are pushing prices down, the minister said. "Things will rectify in no time" and oil will rise again to an ideal price of between \$70 and \$80, Sheikh Ahmed said.

[Cyclone Forms off Australia; PTTEP Evacuates Workers](#)

(Bloomberg) -- PTT Exploration & Production Plc's has begun evacuating workers from a well head platform off northwestern Australia as the region's oil and gas operations brace for the first tropical cyclone of the season.

[Kuwait Has 'Other Investor' to Replace Shell in China Refinery](#)

(Bloomberg) -- Kuwait's government said it has "another investor" for its \$9 billion project to build an oil refinery in China if Royal Dutch Shell Plc backs out.

"We have not yet received anything official" from Shell on whether its pulling out of the Chinese project, Oil Minister Sheikh Ahmed Al-Abdullah Al-Sabah told reporters in Kuwait City today. "On the other hand, there is another investor," he said, adding that there are "definitely" alternatives.

[Best Of The Podcasts: Puplava Interview's Mangel On Oil](#)

I've got to give a lot of credit to Jim Puplava, one of the peak-oil, energy permabulls.

The energy segment in this week's news hour (click [here](#) or [here](#), beginning 34 minutes in for about 10 minutes) features an interview with a genuine oil expert who discusses the current inventory situation (which is pretty dismal for crude oil and its products [gasoline, diesel, distillates]). He said that in terms of days of use, that crude oil is in the 99th percentile. *This means that historically 99 percent of the time there has been less crude oil inventory than there is currently. It means that demand in the USA has fallen hard (there was one data point that indicated it was down 20% year over year for at least one week recently). Pretty darn bearish for oil.*

I give Puplava a lot of credit for having a guy on whose short term call is so much the opposite of Puplava's long time outlook. Gives Puplava a lot of credibility, in my view.

[No relief](#)

While the most recent EIA figures showed a stout decline in production in September, Barclays Capital suggests it didn't represent a new trend of accelerating production decreases.

Analysts have also raised concerns about the costs, efficiency, reserves and environmental impact of shale plays and whether they will be sustainable. "I don't think the reserves will ever prove up enough to make them viable in the long term," says Matt Simmons, founder of energy investment bank Simmons & Co. International.

All of which may lead to more pain, which could result in some dealmaking. As Scott Baxter, head of energy investment banking at Houlihan, Lokey, Howard & Zukin Inc., said at an industry conference not too long ago, "Over the next 12 to 18 months, we're

going to see more distressed assets."

[Oman's economy grew 1-2 pct in 2009 - Econ Min](#)

DUBAI (Reuters) - Oman's economy was expected to grow by a sluggish 1-2 percent this year after being hit by lower oil prices in the second quarter, the country's economy minister Ahmad Mekki said in remarks published on Sunday.

The global economic crisis slashed income for Gulf Arab oil producing nations, sending the region's key economies into downturn this year.

[Arroyo orders another probe on 'overpriced' oil](#)

MANILA - President Arroyo has ordered Energy Secretary Angelo Reyes to check the alleged "overpricing" of petroleum products of some oil companies.

Press Secretary Cerge Remonde said Saturday the President has ordered Reyes to "act as appropriately as possible" on the reported continued overpricing of some oil companies.

[China to Set Up State Energy Committee, Economic Observer Says](#)

Bloomberg) -- China will set up a national energy committee headed by a vice premier or a state councilor, the Beijing-based Economic Observer reported, citing unidentified officials.

[Iran Says It 'Explicitly' Accepts Uranium Swap Deal](#)

(Bloomberg) -- Iran says it has accepted a proposal to swap most of its stock of enriched uranium for nuclear fuel rods to power its research reactor, an approach that the U.S. says doesn't meet the requirements of a United Nations plan.

[Michigan legislature considers diesel tax hike to help Department of Transportation budget](#)

KALAMAZOO — When gas prices rose into uncharted territory four years ago, motorists responded.

"When the cost for a gallon of gas shot up to \$4 or so, people really started changing their behaviors on the road and their attitudes about driving," said Nick Schirripa, spokesman for the Michigan Department of Transportation's Southwest Region.

“We’ve seen more cars in our carpool lots, people driving slower speeds on the highways and more people buying electric-hybrid and more fuel-efficient cars,” he said.

The unintended consequences of that trend is that a major piece of Michigan’s road-funding pie has been eaten away at.

Motorists filling up their fuel tanks less means less gasoline and diesel fuel taxes. Michigan collects 19 cents per gallon of gasoline sold and 15 cents per gallon of diesel fuel.

[New fuel misers to hit the road](#)

Gasoline prices are no longer \$3 or higher, but the economy remains sluggish. Never fear: A fresh batch of peppy economy cars is heading to showrooms in the near future. Here are four all-new offerings that made their debut this month at the Los Angeles International Auto Show.

[Energy records broken as Snohomish County shivers](#)

EVERETT — If you were getting out of bed, turning up your heat and getting into a hot shower about 8 a.m. Thursday, you were far from the only one.

That’s the moment when the Snohomish County PUD recorded one of the highest electricity usage spikes in its history, spokesman Neil Neroutsos said.

[Poinsettias grown in cooler greenhouses save money](#)

Growing the perfect poinsettia has always been tricky. There’s a narrow window to get plants to the ideal size, shape and color in time for the Christmas season. In recent years, high fuel costs — for heating greenhouses and shipping plants — have also made the work more expensive.

With that in mind, researchers like those at UNH have been experimenting with “cold finish” techniques that would allow growers to drop the temperatures in their greenhouses and save on heating costs.

Though cooler temperatures slow plant growth and can require earlier planting, growers who cut back a few degrees late in the season still could save 20 to 40 percent on energy costs, depending on their location, said Roberto Lopez, an assistant professor and floriculture extension specialist at Purdue University in Indiana.

[Nuclear Site Finds Money Can Bring Headaches](#)

Earlier this year, the nuclear site won one of the biggest pots of stimulus money, \$1.6 billion, to accelerate its cleanup of radioactive waste left behind after decades of producing materials for the nation's nuclear weapons stockpile. But the pressure to spend the money quickly and effectively has led to a series of bitter disputes among officials that burst into public view this fall after the tensions reached critical mass.

At the heart of the dispute is the question of whether officials in Washington or at the site can do a better job managing the cleanup. The tensions have spurred a wide-ranging investigation by the Department of Energy's inspector general and a host of bitter accusations, including one that led to an inquiry into whether one stimulus official had really threatened another by saying she wanted to shoot him.

[Serving Two Masters](#)

Call it the Sophie's Choice of globalization: make middle-class consumers out of the global poor and they create new business, but they deplete resources and damage the environment. Move to conserve resources and protect the planet, and you condemn hundreds of millions of people to life as second-class citizens.

But it doesn't have to be that way, says C.K. Prahalad, a professor of corporate strategy at the University of Michigan's business school. He's the creator of something like a Grand Unification Theory of Globalization: that environmentalism, development and profitmaking are not only compatible but also interdependent. Stop arguing about whether globalization is good or bad. Learn to make something good out of it.

[Resisting An Underlying Moral Vacuum](#)

The second largest source of greenhouse gases is thought to be transportation. For that reason alone, the creation of markets for cheap cars becomes a major issue relative to ecological concerns aside from the fact that any sizeable increase in personal vehicles on the road will cause post-peak oil to arrive all the more quickly if it hasn't already.

[U.S. bears oilsands burden, ex-PM says](#)

COPENHAGEN—The United States should shoulder some of the "burden" for Canadian greenhouse gas emissions as the chief recipient of energy from Alberta's oilsands, former prime minister Paul Martin says.

[English town's climate lessons](#)

As the discussions at the Copenhagen climate summit continue, life will go on as normal in one small English town, but delegates may be wise to spare a thought for Totnes.

It is an example of how one community is thinking ahead and altering its behavior in preparation for the changes that climate change might bring.

[How Global Warming Could Change the Winemaking Map](#)

Many Bordeaux winemakers are declaring 2009 the best vintage in 60 years, but Yvon Minvielle of Château Lagarette isn't celebrating. Like many vintners across France, Minvielle is feeling uneasy after another unusually warm summer and early grape harvest. "They say everything is going great in Bordeaux, but take a closer look," he says. Heat-stressed vines ripened at unequal rates this year, and only skillful picking spread over a full month allowed Minvielle to gather a mature crop.

Such seasonal headaches are becoming more commonplace in France, and many vintners are placing the blame on global warming. In the past 30 years, harvest dates have moved up an average of 16 days because of unusually warm growing seasons. Grapes are reaching their sugar ripeness before their aromas fully develop, alcohol levels are soaring and acid levels are dropping — forcing some winemakers to resort to chemistry in their cellars to produce a quaffable cuvée.

[Down and dirty: farm soil will offset emissions in Australia's carbon cut scheme](#)

The premise is that simple changes in how we manage agricultural land - reducing tillage and fertiliser use or improving fire management - help return carbon to the soil. It is hard to put a dollar value on the bonanza but the numbers are enough, some say, to make Australia carbon neutral for the next three or four decades - all without having to impose a nasty tax, set up a complicated emissions trading scheme or clean up a single polluting pipe.

[EU May Decide 2020 CO2 Target in 'Last Hours' of Climate Talks](#)

(Bloomberg) -- The European Union, the world's biggest trade bloc, probably won't decide on its carbon-dioxide target for 2020 until the "last hours" of climate talks in Copenhagen to elicit deeper cuts from other nations.

"We can't sell out our 30 percent target as a cheap offer," Andreas Carlgren, Sweden's environment minister, said today at a press conference in the Danish capital. Sweden holds the rotating EU presidency. The bloc is considering tightening its target to 30 percent below 1990 levels from 20 percent as long as the U.S. and China agree to do more to reduce their emissions, he said.

[Developing nations 'let off hook on climate change'](#)

Industrial countries criticised a draft climate pact yesterday for not making stronger demands on major developing countries as environment ministers arrived in Copenhagen to ramp up the level of talks.

Initial reaction to the text underscored the split between wealthy countries and countries still struggling to overcome poverty and catch up with the modern world.

[Thousands March in Copenhagen, Calling for Action](#)

COPENHAGEN — Waving a panoply of signs warning that the planet is in peril and that powerful nations should take note, tens of thousands of demonstrators from around the globe took to the streets here on Saturday for the largest protest planned in two weeks of talks on a global strategy to combat climate change.

The police and organizers estimated that 60,000 to 100,000 participants joined a long march from Christiansborg Slotsplads, or Castle Square, southward to the Bella Center, the sprawling and heavily fortified convention center where delegates and observers from nearly 200 nations are gathered to seek a consensus.



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