



WSJ Reports, "The Next Crisis: Prepare for Peak Oil"

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The Wall Street Journal today has an article about the work of Britain's Industry Taskforce on Peak Oil and Energy Security that goes well beyond summarizing what the task force said in its report. The article starts out:

[The Next Crisis: Prepare for Peak Oil](#)

As Europe's leaders gather in Brussels today, they have only one crisis in mind: the debts that threaten the stability of the European Union. They are unlikely to be in any mood to listen to warnings about a different crisis that is looming and that could cause massive disruption.

A shortage of oil could be a real problem for the world within a fairly short period of time. It was unfortunate for the group which chose to point this out yesterday that they should have chosen to do so on the day the Organization of Petroleum Exporting Countries, or OPEC, reported that the effects of the financial downturn had led to a slight downgrade in its forecast for oil consumption this year. [Emphasis added]

The article says that the concerns raised by the report of the task force are well-founded:

But the work of the Industry Taskforce on Peak Oil and Energy Security shouldn't be disparagingly dismissed. Its arguments are well founded and lead it to the conclusion that, while the global downturn may have delayed it by a couple of years, peak oil—the point at which global production reaches its maximum—is no more than five years away. Governments and corporations need to use the intervening years to speed up the development of and move toward other energy sources and increased energy efficiency.

The WSJ article also points out how much modern economies depend on oil, and that a likely mismatch between supply and demand is ahead:

The latest report from the Taskforce points out how much modern economies depend on oil, whether for transport, heating or even fertilizer. Demand may have peaked in the

developed world but any shrinkage there, is likely to be more than outweighed by the developing countries, with their rapidly expanding appetite for energy to fuel industry needs and consumer aspirations. The International Energy Agency, in its World Energy Outlook report last year, estimated global oil demand, currently running at just over 85 million barrels a day, could reach 105 million barrels a day by 2030. The Taskforce, assimilating various opinions, believes 92 million barrels a day will be the most that global supplies will be able to generate, "unless some unforeseen giant, and easily accessible, finds are reported very soon."

It may be that the oil companies are keeping some giant secrets from us but that seems unlikely. So what lies ahead is a mismatch between supply and demand. According to Chris Skrebowski, of the Peak Oil Consulting firm, mid-2015 is when the crunch hits. "This is when capacity starts to be overwhelmed by depletion and lack of new capacity additions."

The article points out that prices have been volatile, and are likely to continue to be volatile, but high prices won't necessarily solve the problem. They can destabilize economies:

But a higher oil price brings with it dangerous knock-on effects for oil-dependent economies with little in the way of their own oil resources. Europe has reason to be concerned. According to Philip Dille, the chairman of Arup, the consulting engineers: "We must plan for a world in which oil prices are likely to be both higher and more volatile and where oil prices have the potential to destabilize economic, political and social activity."

The article concludes by pointing out the need for alternatives, not only because of the supply issue, but because of the question of energy security. Climate may also be an issue, although e-mails have recently cast an unflattering light on the climate change debate. The closing words of the article are

But whatever the risk to the climate, scarce and expensive oil would be a threat to established economies.

We need alternatives.



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