# **Drumbeat: October 8, 2010**

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Topic: Miscellaneous

#### Offshore Wind a U.S. Job Boon if Capital Costs Don't Erode Potential - DOE

If politics and economics align, the United States is well-positioned to build massive wind farms off of U.S. coasts and in the Great Lakes to meet a substantial amount of the nation's electricity needs, according to the Department of Energy.

In a 240-page <u>study</u> (pdf) of the potential and barriers for building 54 gigawatts' worth of offshore wind capacity, DOE's National Renewable Energy Laboratory estimates that doing so means the creation of at least 43,000 permanent jobs. Potential exists for \$200 billion in economic activity, and government analysts predict 20 jobs would be created for every megawatt produced off of U.S. shores.

The Obama administration appears big on the idea of jump-starting a dormant U.S. offshore wind industry. With the best-known offshore project, off the coast of Cape Cod, Mass., mired in a decadelong regulatory morass, the United States trails Europe and China in the development of projects.

span "is not going to be markedly different." Eighty percent of the world's energy comes from oil, natural gas, and coal.

#### World oil shortages would center on liquid fuels, forum told

WASHINGTON, DC, Oct. 8 -- The world could face more of a liquid fuels than crude oil shortage as national economies recover, experts agreed at an Oct. 7 Capitol Hill forum. Global liquid fuels production hit a plateau in mid-2004 where it has generally stayed despite the strongest economic recession in decades, said Robert L. Hirsch, a senior advisor at Management Information Services Inc.

Several nations' gross domestic products could plunge as a result, he warned at the event cohosted by the Environmental & Energy Study Institute and the Association for the Study of Peak Oil & Gas. "The countries that would be hurt the most would be the ones relying most heavily on imports," said Hirsch, who wrote a report on possible peak oil impacts for the US Department of Energy.

"It's a liquid fuels problem, not energy. Anyone who tells you that windmills will help is early in his or her understanding of the issue," he maintained.

#### The Great Transition (beyond carbon)

If there is one thing that defines the 21st century, it is the end of oil. But not just oil. Over the coming decades, we face the prospect of terminal depletion of the world's major mineral energy reserves, with major ramifications for the future of industrial civilization.

## Dept. of Interior's Figures Belie Obama - Another Case of Understatement

Only fitting on the day that we get employment data for September (that shows the US still has a long way to go to mend the economic fissures of the most recent recession) that we revisit the impacts that both the actual moratorium on deepwater and the de facto one on shallow-water drilling are having on Gulf-states jobs. The table below summarizes three different studies that provide their assessments of the slowed permitting process for shallow-water operations and the suspension of new drilling along the Outer Continental Shelf in the Gulf of Mexico as well as the Department of Interior's study that it submitted to the federal courts in August.

## EPA: No SPCC Extension for Drilling, Production, Workover Facilities

The U.S. Environmental Protection Agency (EPA) is extending the compliance date by one year for certain facilities subject to recent amendments to the Spill Prevention Control and Countermeasure (SPCC) rule. The agency is also announcing that some facilities will not be eligible for the one year extension and will have to comply by the current date of November 10, 2010.

# Shell cancels plans to build second upgrader

CALGARY — Royal Dutch Shell PLC has cancelled plans to build a second upgrader near Edmonton.

John Abbott, executive vice president of heavy oil, in a discussion with reporters said the regulatory application was yanked in the "last few days."

# Canada oil results to show impact of pipeline woes

CALGARY, Albertav (Reuters) - Third-quarter results at oil producers such as Canadian Natural Resources Ltdvand Cenovus Energy Inc are expected to be pressured by the impact of this summer's pipeline outages, which led to weaker domestic crude prices.

Across Canada's energy sector, companies will generate mixed results, with profit and cash flow improving in many cases from last year but weakening from the second quarter, analysts said.

## Analysis: Utica Shale Could Boost Quebec Government Income, Create Jobs

Utica shale gas exploration efforts in Quebec could generate C\$278 million per year in revenue for the Quebec government and create at least nearly 5,000 jobs per year by 2015, and generate significant economic benefits going forward, according to a study conducted by independent consulting firm SECOR.

### Marseille Oil Port Strike Enters 12th Day, Forcing Refining Plants to Halt

A 12-day-old workers strike at the French port of Marseille, expected to continue through the weekend, will force refiners in the region to start halting production, leading to motor fuel shortages.

At least four refineries may begin to completely shut from this weekend, Jean-Louis Schilansky, Paris-based head of refiners' organization Union Française des Industries Petrolieres, said today in a telephone interview. Fuel supplies may be endangered from Oct. 18, he said.

#### BP cost-cutting measures are focus of U.S. inquiry into gulf spill

METAIRIE, LA. - There's been a lot of talk about the "safety culture" at BP in the wake of the Deepwater Horizon disaster in the Gulf of Mexico. Now, federal investigators are probing what looks to them like BP's save-money culture.

# Feinberg Firm Paid More Than \$2.5 Million by BP in 3 1/2 Months

(Bloomberg) -- Kenneth Feinberg and his law firm have been paid more than \$2.5 million in 3 1/2 months to administer the \$20 billion fund set up by BP Plc to compensate victims of its oil spill in the Gulf of Mexico.

# FACTBOX - South Africa's power generation plans

(Reuters) - South Africa expects nuclear and renewable energy to play a more crucial role in plugging its power supply deficit as it seeks to halve its reliance on dirtier coal-fired plants, a draft of a new energy plan showed.

While Energy Minister Dipuo Peters has said that a fleet of six nuclear power stations is on the cards for South Africa, local umbrella group Coalition Against Nuclear Energy (Cane) believes that there are many unanswered questions pertaining to the use of nuclear energy as an answer to South Africa's electricity crisis.

## China highlights climate change efforts

TIANJIN, China (AP) -- As the world's biggest greenhouse gas producer, China was widely seen as an obstacle in the Copenhagen climate summit last year. But while negotiations inched forward, Beijing poured \$34.6 billion into clean energy in 2009, nearly double the U.S. investment.

Now, with the Asian giant hosting meetings this week ahead of the next major climate conference in Cancun, China has seized the high ground, touting its green credentials publicly and even lecturing rich nations.

#### What a scientist didn't tell the New York Times about his study on bee deaths

What the *Times* article did not explore -- nor did the study disclose -- was the relationship between the study's lead author, Montana bee researcher Dr. Jerry Bromenshenk, and Bayer Crop Science. In recent years Bromenshenk has received a significant research grant from Bayer to study bee pollination. Indeed, before receiving the Bayer funding, Bromenshenk was lined up on the opposite side: He had signed on to serve as an expert witness for beekeepers who brought a class-action lawsuit against Bayer in 2003. He then dropped out and received the grant.

## Anti-global warming parties to occur worldwide Sunday

Got plans Sunday? Why not throw a party -- one to fight global warming? A grassroots environmental group, 350.org., is helping to organize what it says will be more 7,000 events in 188 countries for the 10/10/10 Global Work Party.

## The fight against clothes line bans

For decades, the clothes line has had an image problem in the US but, ahead of a rally to highlight the benefits of natural drying, is it about to be reclaimed?

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#### China's Unconventional Energy Hunt in Australia

With its new stake in Arrow Energy, PetroChina plans to mine coal-seam gas and liquefy it for export.

## Total, Shell Keep Line Open With Tehran Despite US Claim - Sources

LONDON -(Dow Jones)- Total SA and Royal Dutch Shell PLC discreetly contacted Iranian authorities last week, seeking to reassure the Islamic Republic after telling the U.S. they have no plans for further investments for now, people familiar with the matter said in recent days.

## GDF Suez Is Said to Plan Gas-Supply Agreement With China National Offshore

GDF Suez SA, owner of Europe's biggest natural gas network, plans to sell about 2.5 million metric tons of liquefied natural gas to China National Offshore Oil Corp., according to a person familiar with the agreement.

# Schlumberger faces Yemen bribe probe

The US Department of Justice is investigating whether oilfield services giant Schlumberger paid bribes to a consultancy outfit with ties with the Yemeni government.

# BP considering shakeup of trading division to counter declining profitability

LONDON (AP) — BP PLC is considering a shake-up of its trading division to focus on emerging markets after a decline in profitability due to a tougher market environment.

BP spokesman Robert Wine said Friday that an overhaul could lead to job losses among the division's 3,500 staff around the world, but no final decisions had yet been made.

## Petrobras to Raise \$60 Billion in Debt Markets Following Record Share Sale

Petroleo Brasileiro SA, the Brazilian oil company that sold \$70 billion of stock last month in the world's largest offering, plans to now turn to debt markets to raise \$60 billion in the next five years to finance investments.

## Gulf seafood's falling supply, demand disrupt industry

IRVINGTON, Ala. — Normally, more than 70 workers would cram shoulder-to-shoulder inside the Southern Aire Seafood crab processing plant, scooping out white lump meat from the bellies of Louisiana blue crabs and stuffing them into containers.

On a recent afternoon, only 25 gloved workers pulled meat and dislocated crab claws inside the plant's one-room picking area. Several long aluminum tables stood clean and empty. The crabs were from Virginia, not the Gulf Coast.

## A battery beats at the heart of these muscle cars

Low, sleek and blisteringly fast, the Jaguar C-X75 is generating quite a buzz at this month's Paris Motor Show.

Turning out an astounding 770 horsepower and 1,180 pound-feet of torque, the prototype promises to not only be one of the most powerful street-legal automobiles on the planet but one of the fastest, launching from 0 to 60 in less than 3.4 seconds, on the way to a top speed of 205 mph. That alone might be enough to impress the Parisians thronging to the biennial Mondial de l'Automobile. But what stands out more is that the supercar does it on battery power.

### First Buyers of Nissan Leaf Get a Trunkful of Perks

Tax credits, rebate checks, personalized home visits, government giveaways — even customer service calls from top corporate executives.

The first all-electric car from a major auto company, the Nissan Leaf, arrives at dealerships in December, but thousands of Americans are already learning that going electric can come with perks like no other car purchase.

Fertilizer use has exploded, overloading plants worldwide, likely altering ecosystems for decades to centuries, scientists report Thursday.

In the journal *Science*, a review led by Donald Canfield of the University of Southern Denmark found that fertilizer use worldwide increased 800% from 1960 to 2000. "Given the rising costs of synthetic fertilizer production, this overuse is not only economically expensive, but also initiates a cascade of large-scale environmental impacts," says the review.

#### The End of Oil As We Know It

The Association for the Study of Peak Oil and Gas (ASPO-USA) asserted today that the world is facing a significant energy crisis, as the rate of oil production cannot keep pace with demand. The world is consuming four barrels of oil for every one discovered, more than 80 million barrels of oil per day. After 150 years of oil extraction, most major oil exporting nations are well past their supply peaks, defined by scientists as "Peak Oil."

"We are at the point of no return," stated Jim Baldauf, President of ASPO-USA. "While global demand is accelerating, worldwide oil supplies have reached a plateau and are now in decline. The era of low-cost, easy-to-get oil has come to an end, a moment of historic significance and one fraught with danger. The Gulf of Mexico disaster occurred because the quest for new supplies requires that we drill miles beneath the ocean surface. Without affordable energy to drive our economy, we can expect price spikes and economic crisis to be the new normal. The debate about Peak Oil is over; it is time for bold action. If we do not change our current approach, we will see tremendous global repercussions."

#### Peak oil study group's Baldauf discusses policy options

Should Congress address peak oil in its next energy package? What are the policy options for minimizing the impact of a potentially shrinking supply of oil? During today's OnPoint, Jim Baldauf, co-founder and president of the Association for the Study of Peak Oil and Gas, discusses the economic and geopolitical impacts of peak oil. He gives his take on the United States' policy options for addressing a peak and weighs in on the ongoing debate over production numbers.

#### Peak Oil Is Here: What Should We Do?

Predictions about peak oil are dispiriting, to say the least. The Hirsch Report, commissioned by the Department of Energy in 2005, said peak oil would be abrupt, soon and catastrophic for world economies, particularly the United States.

But, as environmental blog Treehugger points out, predictions of peak oil don't need to be portraits of famine and chaos. M. King Hubbert, the man who originally, and accurately, predicted that oil production would peak in the U.S. in 1965, didn't see peak oil as a necessary apocalypse, just the point when we would have to transition to more sustainable forms of energy, like solar.

#### Bianca Jagger: Now Is the Time to Move Beyond Petroleum

Our addiction to oil is dangerous and unsustainable. Our oil supply is finite, and the dwindling reserves simply cannot cope with our ever increasing demand. To compensate for the diminishing supply, oil companies have been attempting to reach reserves in deeper and more dangerous waters - often with environmentally catastrophic consequences.

## Professor: Less oil could affect life quality

Arthur Winer, professor of environmental health services at UCLA, briefed the council on the implications of the peak oil production for Laguna Beach. He also briefed San Diego Gas & Electric spokesman Duane Cave on smart electric meters that will be installed by the utility.

Winer, speaking on behalf of the Environmental Committee, said oil production is starting to decline in the United States and in 90% of all other oil-producing countries.

The drop may threaten residents' quality of life, essential services and the tourist industry, which is an economic necessity for Laguna to thrive, Winer said.

## Crude Futures Fall, Head for Weekly Decline, Before U.S. Payroll Report

Oil declined as the dollar advanced against the euro, recovering from yesterday's ninemonth low, before a report today that may show unemployment in the U.S. increased last month.

Futures headed for their first weekly decline in three weeks. A government report today may show the U.S. jobless rate rose for a second consecutive month in September, according to a Bloomberg News survey.

"The dollar has strengthened since early morning and this is keeping the downtrend in oil going," said Alexander Ridgers, head of commodities at London-based CMC Markets, which handles more than \$150 million a day in U.S. crude contracts.

# Oil May Fall as U.S. Inventories Climb, Consumption Drops, Survey Shows

"Inventories are higher than a year ago, even when adjusting for demand, yet prices are a good \$10 higher," said Tim Evans, an energy analyst with Citi Futures Perspective in New York. "There's just not the demand to justify the recent rally in prices."

## Price, Yen Access May Hit Japan's Iran Oil Imports - Cosmo

TOKYO -(Dow Jones)- The relatively high price of Iran's crude oil may be a reason for reduced sales in Japan, and volumes could fall even further if Japanese banks reduce credit lines for companies doing business with Iran, a senior Japanese refining company official said Friday.

"What we are worried about is Japanese banks' possible scaling down of credit lines," Masayoshi Ishino, an executive officer at Cosmo Oil Co. (5007.TO), said.

## U.K. Gas to Fall From Double U.S. Price on Qatar

U.K. natural gas may be poised to lose its biggest premium in 19 months against New York-traded supplies as Qatar begins projects to export liquefied fuel.

The Middle East emirate, the world's biggest liquefied natural gas producer, said Oct. 6 it plans to start two plants by February, boosting export capacity by 15.6 million metric tons, or about 25 percent of annual U.K. consumption. Qatar also restarted as many as six units that were shut earlier this year for maintenance amid a glut of the fuel.

## Kuwait Petroleum Reaches Price Agreement With Some Contract Naphtha Buyers

Kuwait Petroleum Corp., the biggest Middle East exporter of oil products to Asia, reached a price agreement with some buyers for its one-year naphtha supply contract, two traders said today.

# Barclays Hires Ex-Goldman Sachs Energy Banker for Japan Hedging

Barclays Plc hired former Goldman Sachs Group Inc. oil banker Yumi Hiramoto to meet demand from Japanese refiners and trading houses for hedging commodities.

Hiramoto, 27, joined Barclays Capital Japan Ltd.'s commodities division yesterday, Tokyo-based spokeswoman Marina Totsuka said. She takes charge of oil and natural gas derivatives sales, said two people with direct knowledge of the matter, declining to be identified because her job specification hasn't been made public.

Brazil's President Luiz Inacio Lula da Silva inaugurated a new floating platform of state-controlled oil and gas giant Petrobras on Thursday.

# Essar Energy May Buy Overseas Oil Refinery, Terminal to Boost Fuel Exports

Essar Energy Plc, India's second- largest non-state refiner, may buy a refinery or storage facilities overseas to help boost exports of cleaner-burning fuels to be produced when its west coast plant is expanded.

## Norway's output dives in September

Norway's oil production fell to a preliminary 1.572 million barrels per day on average in September from actual production of about 1.603 million barrels in August.

Production of natural gas fell to a preliminary 5.7 billion cubic metres in September from about 6 billion cubic metres in August.

## Paris Oil Drillers Target 100 Billion Barrels Near Brie, Wine

Pierre Henry farms wheat and corn east of Paris in an area famous for its Brie cheese. The next big hit might be crude oil.

Henry's farm, 78 kilometers (49 miles) from the French capital, sits atop what geologists call the Paris Basin, an area bordering Champagne and Chablis vineyards that struck oil in 1958. Henry leased a field to Exxon Mobil Corp. in 1985, which drilled wells that have pumped for a quarter century.

These days Vermilion Energy Inc., Toreador Resources Corp. and partner Hess Corp. are targeting a bigger prize, oil trapped in Paris Basin shale rock that was previously too hard to tap. Techniques developed to pulverize rock and release petroleum have revolutionized exploration and boosted U.S. natural gas production 20 percent since 2006. Vermilion said it has had "positive" results so far in the area.

# Yemen attacks show al-Qaeda shift

SANA'A, Yemen - Militants fired a rocket-propelled grenade at a British Embassy vehicle on Wednesday and a Frenchman working for an Austrian Oil company was shot dead by a security guard in a pair of attacks that have heightened security fears in a country facing a growing insurgency.

#### Blackout alert

South Africa will face rolling blackouts from 2011 until 2016 -- like those seen in 2008 -- if drastic action is not taken to introduce independent power producers and rapidly increase energy efficiency.

## 100s evacuate downtown South Bend after gas leak

SOUTH BEND, Ind. – Authorities have shut off a gas leak almost four hours after a break in a high-pressure natural gas line forced hundreds of people to evacuate buildings in downtown South Bend.

#### Stricken Chemical Tanker in Atlantic Will Be Towed Into Port

The YM Uranus, a chemical tanker that took on water off northwestern France, will be towed to port, France's maritime agency for the Atlantic Ocean said.

"The ship is about to be towed and teams on board have started" removing water from the vessel, Magali Chaillou, a spokeswoman for the Prefecture Maritime, said by phone. Towing lines have been attached and the operation should start shortly, she said at 10:50 a.m. London time. The exact cargo and its risk to the environment are being investigated, she added.

# EU energy chief plans deepwater drilling ban

BRUSSELS (Reuters) – Europe's energy chief will next week call for a temporary ban on new deepwater drilling for oil until a probe is completed into the causes of BP's spill in the Gulf of Mexico, a draft document shows.

Oil-drilling countries questioned whether Brussels authorities should intrude for the first time in a sector that has traditionally been controlled at a national level.

# Oil spill report sketches anatomy of a flawed US response in Gulf

The Obama administration lagged in its initial response to the BP oil spill, played down spill projections, ultimately overreacted, and injected politics into the spill response, according to a report by President Obama's own oil spill commission.

## Doubts Raised About BP Study

HOUSTON—BP PLC's lawyers helped prepare its internal investigation into its Gulf of Mexico drilling disaster, according to the report's lead author, raising questions about the study's impartiality.

The report, led by Mark Bly, was presented by BP as an impartial investigation into what caused the April 20 explosion, which killed 11 workers and caused the worst offshore oil spill in U.S. history. But outside experts have been skeptical, saying its conclusions seemed convenient for BP's legal position.

## Russian "scallop garden" will monitor pollution

(Reuters) - Some prefer them grilled or steamed, but Russian scientists will now use sea scallops to monitor pollution levels at a Pacific oil terminal.

An enormous sea scallop garden will be set up at the end of this month in Russia's Far East Kozmino Bay, eight time zones east of Moscow. It will be the first Russian port to use mollusks as a water-monitoring instrument.

## Site in Hungary Was Listed as Risky

BUDAPEST — The storage pond filled with caustic alumina-processing waste that burst and inundated several Hungarian villages this week was on a 2006 watch list of more than 150 industrial sites that were at risk for accidents that could contaminate the Danube River, according to an environmental group.

#### Premier: China won't block rare earth exports

SHANGHAI – China is not using its control over supplies of rare earth — exotic metals crucial in advanced manufacturing — as a diplomatic "bargaining chip," state media quoted Premier Wen Jiabao as saying during a visit to Europe.

Recent reports that Beijing had temporarily suspended shipments to Japan of the metallic elements, used in computer disk drives, hybrid car components and other high-tech products, has drawn attention to China's near monopoly on the materials.

# France, Japan and the USA to cooperate on fast reactor demos

The Japan Atomic Energy Agency (JAEA), the French Atomic Energy Commission (CEA), and the US Department of Energy (DOE) have signed a memorandum of understanding to cooperate on the development of prototype/demonstration sodium-cooled fast reactors (SFRs).

#### New Study Names Honda as the Greenest Automaker

Honda has the greenest vehicles in the United States, with Toyota and Hyundai tying for second place, according to a study released on Thursday by the Union of Concerned Scientists, a nonprofit advocacy group.

The results were calculated using the predicted impact of the automakers' fleets on global warming — based largely on miles per gallon -— as well as the smog-forming emissions of the engines.

## A sparky new motor

The first mass-market electric cars are arriving in showrooms. They represent a big gamble for carmakers.

## Beacon tracks ice island off Canadian coast

The Canadian Ice Service, the federal agency that monitors the state of the Northwest Passage and other Arctic shipping lanes, has successfully deposited a satellite beacon on an ice island that broke away from Greenland in August and is now drifting in two pieces in waters off Nunavut's Ellesmere Island.

The glacier break created Petermann Ice Island 2010 -- launching a journey expected to last years and one that could menace offshore oil platforms in Atlantic Canada.

## Africa: Unclean Development Mechanism

Funding of climate change-related projects has led to the further commoditisation of Africa's land and natural resources while exploiting African labour to extract the surplus for Western accumulation. Proponents of this development paradigm have introduced a discourse that views Africa's land as degraded, marginal and of limited economic value. To facilitate 'economic use by foreign firms', thousands of hectares of land are being leased (in some cases sold) in the name of ensuring lasting land regeneration and conservation of natural resources, therefore deriving economic benefit.

#### Maldives President Installs Solar Roof

Maldivian leaders have long been out front on climate, and, in the case of Nasheed, on non-polluting energy choices, mainly because the nation, with hardly any land more than eight feet above sea level, is particularly vulnerable should seas rise several feet by the end of the century.

#### Waste pickers offer climate change solution

There are about 15 million people in cities across the developing world who survive by collecting rubbish, according to the Global Anti-Incinerator Alliance (GAIA), a non-government organisation that brought Khodave to China.

People such as Khodave can play an important role in combating climate change because they cheaply and efficiently gather materials such as paper, metal and organic waste, then sort them and send them off for recycling.

## Japan revives push for climate bill, outlook unclear

(Reuters) - Japan's government agreed on Friday to resurrect a climate bill calling for an emissions trading system and an environment tax, but it remains unclear if the legislation will be enacted in a divided parliament.

## Poor Prospects for New Climate Meeting

WASHINGTON — With wounds still raw from the chaotic United Nations climate conference in Copenhagen last December, negotiators are making final preparations for next month's meeting in Cancún, Mexico, in a surly mood and with little hope for progress.

There is no chance of completing a binding global treaty to reduce emissions of climatealtering gases, few if any heads of state are planning to attend, and there are no major new initiatives on the agenda. Copenhagen was crippled by an excess of expectation. Cancún is suffering from the opposite.

#### Warmer, wetter weather has crops on the move

DES MOINES, IA (AP) - Experts say warmer and wetter weather in parts of the Midwest and Northeast have helped farmers grow corn, soybeans and other crops in regions that once were too dry or cold.

Bruce Babcock, an Iowa State University agriculture economist, says in the Midwest, soybean production is expanding north and the cornbelt is expanding north and west because of earlier planting dates and later fall freezes.

## Climate Change Threatens Global Rice

Climate change is cutting deeply into yields from so-called Miracle Rice, which is credited with keeping millions from starvation across Asia, according to Dr Shaobing Peng, a research scientist with the International Rice Research Institute in Los Banos, Philippines.

Yields from IR8, which was developed in the 1960s by the IRRI, have dropped by about 15 percent, according to a research team led by Dr Peng whose study was printed in the current edition of *Field Crops Research*.

## Food prices may soar due to global warming

LONDON: Large-scale crop failures are likely to become more common in the wake of climate change and lead to spiralling prices.

Rising temperatures could trigger events such as the wheat crisis in Russia this summer which pushed up food prices, researchers from the Universities of Leeds, Exter and the Met Office said.

Scientists warned that rising temperatures would make crops mature more quickly, reducing their yield, while extreme temperatures could also significantly reduce yields, according to the journal Environmental Research Letters.

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