



Drumbeat: October 25, 2010

Posted by [Leanan](#) on October 25, 2010 - 9:35am

Topic: [Miscellaneous](#)

[Economist charts new oil realities](#)

JEFF Rubin says he believes that regardless of the scientific debate about how much oil might be left in the ground, its price will continue to escalate -- maybe even back to \$100-plus per barrel level in a matter of weeks.

For 26 years Rubin was chief economist for the CIBC, until he published a book in 2009 (recently revised and updated) called *Why Your World is About to Get a Whole Lot Smaller* about how world economies are going to change as the price of oil goes up.

Not surprisingly, the publication of that book required his resignation from the bank.

ure whether it will contribute to future supply," Tanaka said.

[Richard continues to weaken as it heads into Gulf](#)

CANCUN, Mexico (Reuters) - Tropical Storm Richard weakened to a tropical depression on Monday as it moved across northern Guatemala and headed to Mexico's Bay of Campeche, where it was expected to dissipate by Wednesday.

The storm is expected to pass near the platforms that produce the bulk of Mexico's 2.6 million barrels per day of crude oil on Tuesday, but state oil monopoly Pemex said it was only taking usual precautions and all operations were normal.

[Rotting garbage, fuel shortage: Strikes costing France millions](#)

PARIS—France's massive strikes are costing the national economy up to €400 million (\$557 million) each day, the French finance minister said Monday as workers continued to block oil refineries and trash incinerators to protest a plan to raise the retirement age to 62.

Rotting piles of garbage — now at nearly 9,000 tons — are becoming a health hazard in the Mediterranean city of Marseille, which has been hit hard on land and at sea. Striking dockers at France's largest port are intermittently blocking ships trying to unload fuel

there.

[French fuel depots cleared of protesters](#)

All of France's 200 fuel supply depots have been cleared of strikers protesting against the government's pension reforms, according to an oil industry lobby.

In a separate development, workers at three of France's 12 oil refineries have voted to end their strikes.

Widespread fuel shortages have affected one in three petrol stations.

[France begins to import gasoline as strike bites](#)

PARIS (Reuters) - A vessel has unloaded gasoline at a port in northern France in a rare import of the fuel to the country and another ship is scheduled to deliver more, industry sources said on Monday, amid supply shortage due to prolonged strikes in the oil sector.

The MT Ledastern came from Britain to offload 11,000 cubic metres of gasoline -- roughly about 25,000-30,000 tonnes -- at Rouen on Saturday, one shipping source said on Monday.

[BP Won't Be Quitting US Or Deep Water Drilling - CEO](#)

BP won't quit its businesses in the U.S. and must keep drilling for oil in deep water in the Gulf of Mexico despite the damage to its reputation wrought by the huge oil spill there this summer, the company's new Chief Executive Robert Dudley said Monday.

In a robust defense of BP's response to the oil spill and its ability to drill safely in the Gulf of Mexico in the future, Dudley also blamed the media for fearmongering and igniting a "political firestorm" that, "threatened the very existence of our company."

[Uphill task for US to help Pak set up nuclear energy plants due to trust deficit: Carmela](#)

It will be a very difficult task for the United States to help Pakistan set up nuclear energy plants for solving its energy crisis, as the latter's history of attempted nuclear proliferation to Libya and North Korea has created a trust deficit about the country amongst the international community, US Consul General in Lahore, Carmela Conroy, has said.

[Pakistan's donors seek 200% hike in power prices](#)

The Friends of Democratic Pakistan (FoDP) group of donors has proposed three options, including an incredible 200% tariff increase, which they say can help steer Islamabad out of its energy crisis within three years.

[Power, petroleum ministries to be merged](#)

ISLAMABAD: With the oil import bill estimated to increase by about 300 per cent to \$38 billion by 2015, the government has concurred with the Friends of Democratic Pakistan (FoDP) to merge the ministries of power and petroleum and their sectoral regulators for an integrated solution to the energy crisis.

The government has also agreed to substantially increase power tariff for domestic consumers using over 300 units per month to bring it on a par with the average tariff for industrial and commercial consumers.

[Price spiral takes food items out of common man's reach](#)

A report compiled and released by the Federal Bureau of Statistics this month shows that food inflation has increased to 21.24 per cent in September in comparison to last year's. Prices of non-perishable food items have surged by 16.04 per cent and those of perishable items by 53.86 per cent.

A recent report jointly published by the UN Food and Agriculture Organisation and World Food Programme provides further evidence to the increasing levels of poverty in the country. It says Asia and the Pacific has become the region with the most under-nourished people (578 million) and Pakistan is among those seven countries where two-thirds of the world's under nourished live.

[Green-auto owners resent fuel shortage](#)

CHANDIGARH: Even a year after UT stopped issuing permits to non-LPG autos in the city, it has failed to ensure proper supply of fuel for the over 1,500 green autos. Long serpentine queues can be seen at the two filling stations in Sector 21 and 34.

[Speed up natural gas use](#)

On a recent trip from Abu Dhabi to Dubai, I was very pleased to see two natural gas filling dispensers at a service station for vehicles using gas as an alternative to liquid fuels. But I was equally disappointed because the station was jammed with cars filling up petrol while there were none lining up for natural gas.

[Is Energy Efficiency Blue, Red or Both?](#)

My colleague John Rudolf pointed out to me that Kansas performed similarly to other states in the middle of the country and in particular, states that voted Republican in the last three presidential elections. In fact, all of the Top 10 states in energy efficiency were blue:

[Solar seen key to Gulf's renewables effort](#)

(Reuters) - Promoting solar energy in the Gulf, which has one of the world's biggest carbon footprints, will be a priority for the International Renewable Energy Agency (IRENA), its new interim director-general said.

[Kurt Cobb: Chicken Little, peak oil and Y2K](#)

At the recent conference of the Association for the Study of Peak Oil & Gas-USA in Washington, D.C., an unknown person hired two people to dress as Chicken Little and walk around outside the conference venue.

The trouble with Chicken Little is that he neither had a practical plan to address the problem of the falling sky nor the sense to discern the intentions of Foxy Loxy who ultimately devoured Chicken Little and his friends before they could reach the king to tell him that the sky is falling. As such, Chicken Little gives us poor guidance about the effect that the efforts of those involved in the peak oil movement will likely have. A better analogy would be the so-called Y2K problem.

[Oil and The Death of Globalization](#)

Canadian Economist Jeff Rubin is known for his prescient calls in the oil markets over the past few decades. His most recent book, *Why Your World is About to Get a Whole Lot Smaller*, explains why continuously rising oil prices will mean the end of globalization.

We caught up with Rubin at the Global Wealth Management seminar in Copenhagen to talk about how rising oil prices will affect everything from home loans to the price of Salmon.

[The "Good New Days" in a Non-Growing Economy](#)

Many people, as they begin to consider the problems with pursuing perpetual growth, ask with some trepidation what a non-growing economy (i.e., a steady state economy)

would look like. Having lived life embedded in a growing economy, they find themselves fearful of a transition away from growth. This fear is primarily based on experience with failed growth economies – the social unrest associated with recessions and depressions. Such fear should not be taken lightly, but a steady state economy is not the bogeyman. Economist Peter Victor has shown through his modeling efforts that we can have a non-growing economy that achieves full employment, virtually eliminates poverty, reduces carbon dioxide emissions to sustainable levels, and avoids overwhelming debt. And we have a collection of intriguing policy ideas for creating a sustainable, fair and efficient economy. Knowledge of these ideas should go a long way toward putting the fears to rest.

[Bill McKibben: Have we hit those 'limits to growth'?](#)

Forty years ago, a team of scientists at the Massachusetts Institute of Technology raised the first warnings about possible "limits to growth."

If human beings didn't slow the expansion of the size of our populations and economies, they predicted, sometime in the ensuing 100 years we would more or less fall off a cliff: Our environmental troubles would get so bad that our economies, and our civilization, would start to become unworkable.

For most of the four decades since, that analysis has drawn scorn. People insisted that human beings could keep our enterprise expanding forever — increases in knowledge would always trump a degrading physical world. We'd never run out of, say, oil — or if we did, we'd invent some substitute and just carry on as before.

In the last few years, though, those scientists are starting to look more prescient. We do seem — in one realm after another — to be bumping up against limits.

[Interview: Bracing For A Warmer Future With Bill McKibben](#)

When you wrote your first book, “The End of Nature,” twenty years ago, did you imagine that climate change would reach such a dangerous climax? Or did you hope that the science would set us straight?

Well, I was 27 at the time, so I thought: people will read my book and get to work and solve the problem. A little naive! I think we have all underestimated the determination of the fossil fuel industry to fight any real change, even if it means courting real danger for the whole planet.

[Brazil Plans a Price on Oil to Accelerate Climate Efforts](#)

Brazil expects to see its lowest rates of illegal deforestation since 1988 by the end of this year.

Minister of Environment Izabella Teixeira said the government will reduce the annual chopping and burning of the Amazon rainforest to between 4,000 and 5,000 square kilometers. The figures will be announced in the run-up to this year's U.N. climate change conference in Cancun, Mexico, this December.

[Inventor hopes rail idea gets noticed](#)

Nanaimo inventor Frank Illguth designed a hydrogen-powered monorail system he said would make high-speed train service proposed between Vancouver and Portland faster and greener.

[Economist charts new oil realities](#)

JEFF Rubin says he believes that regardless of the scientific debate about how much oil might be left in the ground, its price will continue to escalate -- maybe even back to \$100-plus per barrel level in a matter of weeks.

For 26 years Rubin was chief economist for the CIBC, until he published a book in 2009 (recently revised and updated) called *Why Your World is About to Get a Whole Lot Smaller* about how world economies are going to change as the price of oil goes up.

Not surprisingly, the publication of that book required his resignation from the bank.

[Oil nearing \\$83 as dollar drops after G-20 meeting](#)

If crude rises much higher it will spark inflation, which regional policymakers will seek to quell with interest rate hikes and capital controls, which would in turn trigger an economic slowdown, said Frederic Neumann, co-head of Asian Economics Research at HSBC.

"Energy prices are crucial," Neumann said. "If oil heads to \$100 per barrel, or higher still, you'll know that it's back to 2008 and another bust."

[China's Energy Demand Growth May Slow Further on Efforts to Curb Economy](#)

China's energy demand may slow further as the government takes steps to meet conservation targets and to cool the world's fastest-growing economy.

[China considering new oil pricing mechanism: top economic planner](#)

BEIJING (Xinhua) -- China's top economic planner, the National Development and Reform Commission (NDRC), said Monday that a new and more transparent pricing mechanism for refined oil products could be announced this year.

[Supertankers Face Two-Year Losing Streak as Frontline Shuns Oil](#)

Supertanker owners are facing the longest stretch of unprofitable rates in 17 years as the supply of new vessels increases nine times faster than demand for oil.

[U.S. Gasoline Advances 5.23 Cents to \\$2.82 a Gallon](#)

The average price for regular gasoline at U.S. filling stations rose 5.23 cents to \$2.8237 a gallon, according to a survey.

The price covers the two-week period ended Oct. 22 and is determined from data provided by 2,500 filling stations nationwide to Trilby Lundberg, an independent gasoline analyst in Camarillo, California.

[Hedge Funds Lift Gasoline Bets a 7th Week on French Strike](#)

Hedge funds raised their bullish bets on gasoline for a seventh straight week on speculation that a French labor strike will curtail European exports to the U.S.

[French Fuel Service-Station Disruption to Worsen on Sunday Delivery Halt](#)

Shortages at French fuel service stations will worsen today after insufficient deliveries yesterday, the refiners' group Union Francaise des Industries Petrolieres said, as oil industry workers are striking to oppose the government plan to raise the retirement age.

"We didn't supply much" yesterday "so the situation will be more difficult for everyone," Jean-Louis Schilansky, head of the UFIP told Agence France-Presse yesterday. "And as we've given fuel in priority to highway stations, the rest will suffer a bit more during the day," he added. Supplies were further reduced because truck drivers transporting fuel in France aren't allowed to drive on Sundays, Schilansky said.

[France Gets a Foretaste of a World After Peak Oil](#)

"It's like apocalypse time," to quote a friend, on the situation in France. While much of the world ponders what can be done to avoid peak oil, instability of our transportation systems, and breakdowns of national security, France is making a trial run. If you have

been watching the news, you know that the disruptions in France stem from protests against the government's proposal to raise the retirement age to 62. But for people living and working in France, the effects could be a foretaste of the world when oil runs out. Having an unavoidable commitment in Paris this week, this author can report the experience first-hand. It is not a promising picture.

[Shell Hires Glencore Trader Bensen Ho to Expand China Oil-Product Sales](#)

Royal Dutch Shell Plc, Europe's biggest oil company, hired its first trader in mainland China to increase oil-product transactions with state companies including China Petroleum & Chemical Corp. and PetroChina Co.

[The End of Oil's Golden Age](#)

One can argue that the world would be very different from what it is today if we hadn't found crude oil and invented how to leverage this very convenient and relatively cheap energy source. The energy density of oil derivatives such as gasoline is superior to any other substance in liquid or gas form. That's why majority of cars are propelled either by gasoline or diesel and airplanes use kerosene.

Also, approximately 15% of oil is used to make asphalt, plastics and wide variety of critical chemical products.

Therefore, crude oil plays a key role in the modern globalized world economy. It has truly enabled a golden age for those that can afford to leverage it.

[Gas exporters study OPEC for natgas market model](#)

MOSCOW (Reuters) - Gas-producing countries are studying OPEC's experience as they try to build a global natural gas market, the head of the recently-launched Gas Exporting Countries Forum (GECF) said on Monday.

Leonid Bokhanovsky told reporters the group was set to propose a gas market model based on OPEC experience.

GECF, whose members hold about 70 percent of the world's conventional gas reserves, could be seeking to have more control over supply and demand and, eventually, gas prices.

[Shell slashes \\$18bn from Kashagan costs](#)

Royal Dutch Shell has radically simplified the design of the Kashagan oil development, slashing \$18bn (£11.5bn) from the cost of the second phase of development as it strives

to make the project economically viable.

[Iran says to sign \\$5 bln gas deal with foreign firm](#)

(Reuters) - Iran will soon sign a \$5 billion contract with a foreign company to develop its offshore Farzad-B gas field, the Oil Ministry's website SHANA said on Monday.

The report did not name the company, but India's state-run Oil and Natural Gas Corporation Limited heads a consortium which has exclusive exploration rights for the offshore Farsi block of which the Farzad-B gas field is part.

[BP slams media, rivals over spill fears](#)

BP PLC's BP-N new chief executive officer said its rivals and the media had helped cause a climate of fear during the summer when the oil giant's blown-out Gulf of Mexico well caused the worst ever oil spill in the United States.

The comments represented the latest volley in BP's battle to rebuild its battered reputation by taking a harder line with those who have blamed the disaster on a safety culture at BP that, they said, put cost-saving before safety.

[BP sells 4 Gulf of Mexico fields for \\$650 million](#)

LONDON – BP says it has sold its stake in four mature oil and gas fields in the Gulf of Mexico to Marubeni Oil and Gas for \$650 million (euro466 million).

The oil company has been selling assets to raise cash to pay for the damage caused by the disastrous blowout of its Macondo well in the Gulf of Mexico.

[Should BP's Money Go Where the Oil Didn't?](#)

IN late April, a week after the BP oil spill began, Keith Overton had an alarming encounter with one of his employees here at the TradeWinds Resort. The guy — an engineer who had worked at the hotel for a dozen years — had just spoken with his mother, who lives in Bosnia, and the conversation went like this:

“Are you going to be fired?” she asked.

“Fired?” the son replied. “Why would I get fired?”

“Because your beach is covered with oil,” she said.

Actually, there wasn't a drop of oil anywhere in sight. Not then, not in the months that

followed and not now. This barrier-island city and snowbird haven is hundreds of miles from the nearest land befouled by the collapse of the Deepwater Horizon platform and the epic gusher it left behind.

[Toyota's global vehicle output falls in September](#)

Toyota's global production fell in September for the first time in a year, while rivals Honda and Nissan increased output thanks to strong demand in China.

[It Must be Peak Oil Driving Saudis to Solar](#)

As oil supplies decline, Saudi Arabia's own electricity is becoming expensive. By one estimate, it's as much as 25 cents a kilowatt-hour, at wholesale. Saudi Arabia gets all of its electricity from the oil field. Flared gas provides 45%, heavy fuel oil provides 13%, diesel; 22% and crude provides the remaining 20%. So as oil prices rise, its domestic desalination and electricity costs rise too.

But the kingdom has solar insolation that is the envy of the world. So the Governor of the state power company ECRA (Saudi Electricity and Cogeneration Regulatory Authority) is hoping to get state approval for incentives to help solar begin to power some of the kingdom's 50,000 megawatt electricity needs, according to ArabNews.

[Peak oil and the energy issue](#)

Chris Martenson, a respected consultant on energy, no longer feels we even have the luxury of wondering if cost will increase; he is clear after attending the recent Association for the Study of Peak Oil and Gas (ASPO) in Washington, D.C. this October, that only the military is seriously paying attention to the projection that Peak Oil - maximum production-might occur 2012 (players with less rosy assessments think traditional oil production peaked two years ago), and there is no plan B for the subsequent supply crunch on oil. Typical of stock exchange mechanisms, some will benefit from the fall!

[Days Of Oil And Roses](#)

The oil companies must surely know that when global oil production drops to half of peak production, we'll all be living in a pretty good reconstruction of the Middle Ages, or at the very least a good reconstruction of a novel by Charles Dickens. In plain English, there won't be any modern world to invest in. For that matter, in the near future there won't be any use for money at all, except as a rather poor material for starting campfires. All that can be done is to retire, buy a so-called hobby farm in the lower subarctic, and hope there's enough canned beans in the kitchen to keep the kids alive for a few years. (Well, okay, the burned-out middle-aged exec might be long alienated from

the kids anyway.)

[Book review: Welcome to a strange, new-old world](#)

Provided you make it out the other side of the apocalypse, what is it about today that you'll miss the most? In James Howard Kunstler's new novel, "The Witch of Hebron," which is set "in the not-distant future," a minor character known as the hermit mentally rhapsodizes over a long-gone pleasure, "the gigantic batter-dipped, deep-fried sweet onion he used to order on weekend nights in the old times" at the "Outback restaurant." There are onions aplenty in "The Witch of Hebron" — one recurring bit of black humor revolves around a dead onion-wagon driver — but it's not the produce that's lacking, it's the process.

[Uttering the "C" Word](#)

I was intrigued to learn that authors from three politically disparate think tanks-- American Enterprise Institute, Brookings, and Breakthrough Institute--had recently published a report on how to foster deployment of clean energy technology. For those of you who don't know, AEI's most well-known in energy/climate circles for receiving millions of dollars from the oil industry to foment doubt about anthropogenic global warming. So it's interesting to see someone from AEI as a co-author of this report.

[More management needed at IRENA](#)

The International Renewable Energy Agency (IRENA) was suffering a management vacuum before the recent departure of its top official and must address its management problems to meet a growing agenda, a representative of Japan's delegation to the agency said yesterday.

[India Billionaires Go On Buying Spree in 'Last Frontier' Africa](#)

Indian billionaire Ravi Ruia flew to Africa every month for the past 18 months, buying coal mines in Mozambique, half an oil refinery in Kenya and a call center in South Africa for his Essar Group.

[Bicycles, Unchained and Grease-Free](#)

Belt-driven systems were first used primarily on single-speed mountain bikes but are now appearing on multigeared commuter and city bikes as well, said Larry Wallach, manager of the Sid's Bikes store in the Chelsea neighborhood of Manhattan.

"They last much longer than chains, and are quiet and clean," Mr. Wallach said. "In a perfect world, everyone would probably use them because they require less

maintenance.”

[Bottle Ban? What Ban? Supervisors May Ask](#)

The city’s 11 current supervisors and their staff members have guzzled \$4,387 worth of bottled water since the ban on using city money to buy bottled water went into effect.

[Petrobras signs \\$1.2 bln ethanol deal with Tereos](#)

(Reuters) - Brazil's state-run oil giant Petrobras said on Monday it signed a 2.1 billion-real (\$1.23 billion) agreement with Tereos International to secure the supply of ethanol.

The deal will bring Petrobras a step closer to reaching its goal of becoming a leading player in the global biofuels sector.

[Nagoya 2010: weighing up the risks and benefits of biofuels development](#)

Water could determine the degree to which bioenergy can contribute to combating climate change by reducing the world's reliance on fossil fuels, the United Nations Environment Programme (UNEP) said in an Issue Paper presented at the Convention on Biodiversity meeting (CBD COP10) in Nagoya, Japan, today.

Increasing water demand for biofuels production in areas where water is already scarce could increase environmental and social pressures, the paper entitled Water and Bioenergy, stated.

[The lie of the land](#)

The anger over plans for water cuts along the Murray-Darling Basin underlines how the issues of water, climate change and the environment play out in country and city.

[Antarctic snowfall linked to south-western drought](#)

Increased snowfall in the Antarctic has been linked to drought in south-western Australia.

[Obama aims to toughen big-vehicle mileage rules](#)

WASHINGTON — Future tractor-trailers, school buses, delivery vans, garbage trucks,

and heavy-duty pickup trucks would have to use less energy under fuel-efficiency rules proposed by the Obama administration — the first ever for such vehicles.

The Environmental Protection Agency and the Transportation Department are moving ahead with a proposal for medium- and heavy-duty trucks, beginning with those sold in the 2014 model year and into the 2018 model year.

[Calculating Commitment to the Climate](#)

The amounts being pledged to help poor countries adapt to climate change are much lower than many experts say is necessary.

[Gates, Grin, Cameron Pay to Fight Oil Companies Over California Carbon Law](#)

Clean-energy investors and environmentalists in California raised \$11.9 million in the past two weeks to snuff out a challenge to the state's global-warming laws backed by oil refiners Tesoro Corp. and Valero Energy Corp.

[Australian business heads push for carbon tax](#)

A sense of gloom continues to hang over negotiations for a new and binding global agreement on cutting greenhouse gas emissions. Talks last week between the climate envoys from Washington and Beijing seemed to reinforce that pessimism by failing to achieve a breakthrough ahead of the next UN climate summit at Cancun, Mexico, beginning in late November. But some experts say it is irrelevant that there's no international deal because countries are acting anyway. And a new Australian study suggests that despite different formulations for their individual pledges, they are all pledging to do a similar thing.



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](#).