



Drumbeat: May 25, 2012

Posted by [Leanan](#) on May 25, 2012 - 8:41am

[Jeff Rubin: Whatever happened to \\$200 oil?](#)

Four years ago, when I was still chief economist at CIBC World Markets, I forecast that global economic growth was on pace to send oil prices CL-FT to \$200 (U.S.) a barrel by 2012. In short, the argument was based on a supply-driven analysis that weighed the sources of future oil supply against the prices that would be needed to make the extraction and processing of that oil economically viable.

Since that call (which clearly hasn't come to pass) received some attention at the time, it feels fitting to spend a few words discussing what happened to derail the projection.

[Rising oil prices threat to life we know](#)

Toronto economist Jeff Rubin's point of view in this thorough and articulate polemic is blunt and, at first glance, unsettling.

The rising costs of oil, he forecasts, will continue to force material changes in the way Canadians live. Our children and grandchildren will not know the lifestyle to which so many of us have become accustomed.

[Will oil become the 'Canadian disease'?](#)

There's an odd symmetry to Jeff Rubin's take on the energy world these days: His logic about the effect of high oil prices might just be seen as being on the unconventional side - just as increasing amounts of oil and natural gas are coming from unconventional sources.

Rubin's latest book, *The End of Growth*, addresses the impact high oil prices will have on the global economy. Simply put, economic growth, as we know it will slow down.

[High oil prices stifling global economic growth](#)

The recent slide in world oil prices is being viewed as a sign of just how fragile the economic recovery following the most recent recession is.

Crude prices are hovering around a 7 month low, as government's the world over start to rein in economic growth projections.

[Oil Rises on Euro-Bond Speculation to Trim Weekly Drop](#)

Oil rose for a second day in New York, paring its fourth weekly decline, as support among European Union leaders for joint euro-area bonds fueled speculation that the bloc can resolve its debt crisis.

[Motorists' summer outlook: Relief at gas pump](#)

Except for the supply-tight West Coast, motorists can expect more relief at the pump heading into peak summer driving season.

[Falling oil revenues strain Russia's budget](#)

Russian financial markets have hit an eight-month low as the prices of oil, the country's largest export, continued to plunge, lowering revenue from the lucrative sector.

[Trade Deal Spurs Record Flow of North Sea Oil to South Korea](#)

An unprecedented 24 million barrels of North Sea crude were exported to South Korea since December after a free trade agreement with the European Union opened the 16,500-mile (26,500-kilometer) arbitrage trade.

[Despite early storm, Canadian forecasters expect average hurricane season](#)

HALIFAX - The early arrival of a tropical storm off the U.S. east coast does not mean Eastern Canada should brace for a particularly active hurricane season, Canadian forecasters said Thursday.

Bob Robichaud of the Canadian Hurricane Centre is predicting an average number of hurricanes this year, despite the formation of tropical storm Alberto off South Carolina last weekend.

[Clive Capital Hedge Fund Rebounds on Energy Price Bet](#)

Chris Levett's Clive Capital LLP gained as much as \$230 million in May after betting oil, power and coal prices would fall as oil tumbled as much as 12 percent, two people with knowledge of the fund said.

[EU challenges Argentina trade restrictions at WTO](#)

The EU, the world's largest trading bloc, said Friday that Argentina's recent move to seize control of a division of Spanish energy company Repsol was indicative of the worsening business climate in the country but was not instrumental in seeking international protection for its trade and investment.

[EU must be careful not to alienate gas suppliers: ex-IEA chief](#)

European gas demand is more likely to increase rather than fall by 2050, so it is important that the EU sends positive signals to suppliers about its future needs for imports, according to Claude Mandil, a former head of Gaz de France and the International Energy Agency and now the deputy chair of the advisory group on the EC-sponsored Energy Roadmap 2050.

"The perspectives for 2050 show that gas use will be less, according to the European Commission. But what if time proves this to be wrong?" he said at the 10th Gas Infrastructure Europe conference in Krakow on Thursday.

[Iran, big powers agree to hold more nuclear talks in June](#)

(Reuters) - Iran and world powers agreed to meet again next month to try to ease the long standoff over its nuclear work despite achieving scant progress at talks in Baghdad towards resolving the main sticking points of their dispute.

At its heart is Iran's insistence on right to enrich uranium and that economic sanctions should be lifted before it shelves activities that could lead to its achieving the capability to develop nuclear weapons.

[Iran nuclear talks not enough to halt EU oil ban](#)

The EU foreign service has said an oil embargo on Iran will start as planned on 1 July despite ongoing talks on Teheran's nuclear programme.

[Iran's oil minister plays down looming EU oil embargo on Tehran](#)

Tehran (Platts) - Iranian Oil Minister Rostam Ghasemi Friday played down the impact of the European Union's oil ban on the Islamic Republic, due to come into effect on July 1, but warned that the sanctions had negative implications for the world economy, local news agencies reported.

[Iranian crude flowing to China](#)

China's imports of Iranian crude rebounded nearly 50 per cent last month, as Beijing refused to bow to western pressure for sanctions designed to choke off Tehran's main source of revenue.

The rise came after differences between the two parties over payments were resolved, and some say it is probable that China has been successful in its attempts to pay a lower price for Iranian oil.

[Riddle of the sands](#)

Oil and the Middle East are by all accounts Siamese twins. It is tough to mention one without the other. Even other words and characteristics that are also commonly associated with the Middle East are invariably perceived as having links to oil: cartels, boycotts, sanctions, terrorism, military expenditures, corruption, dictatorship, conflicts, wars, revolutions, foreign meddling, oil prices, oil shock, and yes, Islam.

How did these countries become so associated with oil? How did these perceptions and associations come about? What is fact and what is fiction? How has oil affected these societies - their human, political and economic development? What does it all mean for the future?

[New and Frozen Frontier Awaits Offshore Oil Drilling](#)

Barring a successful last-minute legal challenge by environmental groups, Shell will begin drilling test wells off the coast of northern Alaska in July, opening a new frontier in domestic oil exploration and accelerating a global rush to tap the untold resources beneath the frozen ocean.

It is a moment of major promise and considerable danger.

[BP agrees to \\$8 million fine in connection with refinery violations](#)

BP agreed to pay an \$8 million penalty and invest more than \$400 million in state-of-the-art pollution controls in response to alleged violations of the Clean Air Act at its Whiting, Indiana refinery.

[Canadians split over NDP views on energy](#)

OTTAWA—A new poll suggests Canadians are roughly split over NDP Leader Tom Mulcair's contention that the Alberta oilsands have given the country a case of Dutch Disease as he prepares to visit the province next week.

[Western energy vs. eastern industry: a manufactured debate](#)

Contrary to widespread opinion, the oil sands are not a significant share of the Canadian economy, and are not crowding out other sectors. Total energy and mining production as a share of Canadian GDP is actually smaller today than it was in recent decades – 4.6 per cent of GDP today, versus 5.1 per cent in 1990 and 5.9 per cent in 1980. Business services – which encompass everything from fast-food to investment banking – are by far the dominant sector in our economy, now representing 54 per cent of GDP.

[Mixed Signals Emerge From Bakken Shale](#)

NEW YORK (Trefis) -- Hit by rising labor and other costs, Occidental Petroleum is moving some of its rigs out of the Bakken Shale Play in North Dakota.

[Energy Income For A Peak 'Energy Return On Energy Invested' World](#)

EROEI is the energy one must expend in order to obtain more energy. This ratio represents the physical constraint on global energy production capacity. Even if oil is discovered, if the EROEI to obtain that oil is less than 1 it will not be added to production. Essentially, the more EROEI falls the less production is added, and with new discoveries dependent on deep water drilling or arctic exploration this ratio is falling fast for new sources. This does not bode well for replacing and expanding oil production.

[IMF Warning on Oil Prices Shows Urgent Need for Alternative Fuel Sources, Fuel Freedom Foundation Says](#)

The Fuel Freedom Foundation is a nonpartisan, nonprofit organization based in Irvine, California, which is dedicated to breaking the U.S. economy's oil addiction by removing barriers to competition to promote the development of cheaper, cleaner, American-made fuels. Fuel Freedom means that gasoline, diesel, methanol, natural gas, ethanol and electricity compete on equal footing both at the dealership and at the pump. Achieving Fuel Freedom will lower fuel prices, create jobs, spur economic growth, reduce pollution, and improve national and global security.

[Geologist Is Nominated to Lead Nuclear Agency](#)

WASHINGTON — President Obama on Thursday nominated Allison M. Macfarlane, a professor of environmental science at George Mason University, to serve as chairwoman of the Nuclear Regulatory Commission.

[China rules US clean energy support improper](#)

BEIJING — China's Commerce Ministry issued a ruling Thursday that U.S. government support for six renewable energy projects violated free-trade rules, the latest volley in a

widening conflict over clean power.

The United States and China, the world's two biggest energy users, have pledged to work together to develop renewable sources. But they accuse each other of improperly subsidizing or protecting their manufacturers.

[China to spend \\$27bn on energy efficiency and renewables](#)

China plans to spend \$27 bn (£17bn) this year to promote energy conservation, emission reductions and renewable energy.

The country's finance ministry said it wants to promote energy-saving products, solar and wind power and accelerate the development of renewable energy and hybrid cars.

[Off-the-Grid Living in Brooklyn](#)

AS the standards for environmentally friendly construction rise, a Brooklyn developer has a new goal: renovate an apartment building so it generates as much energy as it uses.

[Africa: 'The Real Enemy Is Humanity Itself](#)

Forty years on and those predictions of doom have not been borne out. The average life expectancy of a human has increased by 10 years, and the number of infants dying before their fifth birthday has fallen from 134 per thousand to 58. Thus, the human population has nearly doubled, and global GDP has risen threefold. There are more of us, we are healthier, wealthier and better fed. There is vast disparity between what the advocates of political environmentalism have claimed and reality. So why are world leaders set to meet next month in Rio at the United Nations Conference on Sustainable Development?

[German Power Set For Record Slide Without Carbon Fix](#)

The European Union's failure to decide whether to curb supplies of emission permits is sending prices for electricity in Germany, Europe's largest market, toward their biggest losing streak since at least 2006.

Power for 2013 delivery has fallen as much as 8.8 percent this year to a record low today, according to broker data compiled by Bloomberg. It may decline a further 7.1 percent by November, according to UBS AG. Adapto Advisors AB, a hedge-fund manager, forecasts an additional 5 percent slide this year.

[Africa: Livestock - Cure or Curse?](#)

Lambasted for their voluminous greenhouse gas emissions, implicated in massive land degradation, and denounced for driving deforestation, livestock are supposedly the bad kids on the block - the black sheep of sustainable agriculture.

In short, the sacred cow has long left the building; to misquote Orwell, it's definitely now a case of "four-legs-bad".

But the polarisation of the livestock debate has brought about one of the greatest public image travesties of our time. It has seen small-scale livestock keepers, who raise a handful of animals for milk or meat in low-tech systems with a negligible environmental footprint, tarred with the same brush as large-scale industrial producers.

[China hits back at claims it is blocking climate talks](#)

China hit back Thursday at claims it was holding up global climate talks in Germany, saying the United States, Europe and other rich states were the ones applying the brakes.

Developed nations are trying to wriggle out of legal targets to curb global warming, Chinese chief negotiator Su Wei told AFP.

[The UN climate talks grapple with rich-poor divide](#)

There is a growing gap between rich and poor countries at the UN climate talks which risks undermining the global effort to control harmful carbon emissions, the Associated Press.

Negotiations at the Bonn, Germany talks have been plagued by technical disputes but the core of the problem is the divide between developed and developing nations.

"There is a total stalemate," Artur Runge-Metzger, the chief negotiator for the European Union told the AP.



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