



Drumbeat: August 22, 2012

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[The Demise of the Car](#): *Doomed by escalating oil and infrastructure costs*

In the same way that Western economies have shed enormous tranches of oil demand so that emerging markets could increase their oil consumption, automobile transport is now either stagnating or in outright decline outside of China. You cannot have a growing automobile industry in the United States when American oil demand is down over 12% since 2005. And you cannot have a growing auto industry in Europe when EU oil demand has shed over a million and half barrels a day – another 10% decline.

Europe's declining oil demand is particularly significant, given that coming into the last decade, the EU was already a highly efficient user of oil. To have taken off *even more* demand in the past 5 years shows just how tough high oil prices have become in Europe. The result is nothing less than a devastation of Europe's auto industry, which has already lost 800,000 jobs and looks ready to lose another 500,000 more according to recent forecasts, as reported by Bloomberg.

[Oil Near Three-Month High in New York Amid Supply Risks](#)

Oil dropped from its highest close in three days in London as concern that demand will weaken countered signs of shrinking supply in the U.S., the world's biggest crude consumer.

Brent dropped as much as 1 percent after Japan's trade deficit widened more than expected as Europe's debt crisis and a slowdown in China dragged down exports. An Energy Department report today may show U.S. crude supplies slid by 250,000 barrels, according to a Bloomberg News survey. United Nations nuclear inspectors and Iran agreed to meet again over access to disputed documents, people and sites allegedly linked to the Persian Gulf country's nuclear program.

[Gas prices rise for seventh-consecutive week](#)

Gasoline prices rose for the seventh week straight, hitting an average \$3.744 a gallon for self-serve regular in the government's weekly survey just released. That's up 2.3 cents since last Monday.

In the daily survey by AAA and Opus, the national average price slipped Monday from \$3.70 to 3.717 a gallon.

Thirty-three million people will travel 50 miles or more, a 2.9 percent increase from last year, according to AAA. That's the highest level of travel for Labor Day since the start of the recession in late 2007.

[33 million Americans hitting the road this Labor Day](#)

NEW YORK — Americans plan to hit the road this Labor Day weekend despite rising gas prices.

[Strategic Oil Reserve Likely to Be Tapped as Gas Prices Rise: Stephen Schork](#)

"It's very abnormal for Americans to be paying more for their gasoline in September than they were in July," says Schork. And that price increase, he says, is putting pressure on the White House to tap the Strategic Petroleum Reserve (SPR) in an effort to stunt the rise in oil prices. He gives 60% odds that the Administration will do just that.

[Russia Invests in Diesel as Putin's Oil Boom Peaks](#)

Russia is cementing its status as Europe's foremost diesel supplier as President Vladimir Putin seeks to shore up economic growth with record investment in the refining industry.

The nation will boost exports of premium, low-sulfur diesel by more than 50 percent next year, according to Facts Global Energy Inc., a Singapore-based researcher. Profits for European refiners may drop because of the increase in Russian shipments, JBC Energy GmbH said.

Russia is improving fuels quality to safeguard its Western export market and take advantage of crude output that's risen to a post-Soviet record. As the government tries to allay a slowing pace of economic expansion, investment in refining will rise to 340 billion rubles (\$11 billion) next year, up 93 percent on 2012, according to the nation's energy ministry.

[India Considers \\$35 Billion Debt Revamp After Blackout](#)

India plans to restructure about \$35 billion of loans held by its utilities to boost their ability to supply electricity and avert outages like the one that cut off power to half the nation's 1.2 billion people.

Half of the short-term borrowings of the state-owned utilities, which generate or buy and distribute electricity, will be transferred to the books of the regional governments, according to a power ministry draft proposal obtained by Bloomberg News. The rest will be rescheduled by the banks and allowed a three-year moratorium on principal

repayments.

[BHP Delays \\$68 Billion of Project Approvals as Net Plunges](#)

BHP Billiton Ltd., the world's biggest mining company, put approvals for about \$68 billion of projects on hold after second-half profit plunged 58 percent as metal prices declined and costs rose.

[Commodities Enter Bull Market After Drought Damages Crops](#)

Commodities entered a bull market, gaining 21 percent from a June low, as grain prices surged after the most severe U.S. drought in half a century and as crude oil rallied amid increased tension in the Middle East.

The Standard & Poor's GSCI Spot Index of 24 raw materials rose 0.9 percent to end at 675.55 yesterday in New York. The gauge has jumped from this year's lowest close of 559 on June 21. A gain of more than 20 percent is the common definition of a bull market. Crude accounts for more than 50 percent of index.

[Gazprom Neft says part of Moscow refinery to shut for two months](#)

MOSCOW (Reuters) - Two large export refineries in the former Soviet Union, the 220,000 barrels-per-day (bpd) Moscow Refinery and the 240,000 bpd Mozyr refinery in Belarus, announced outages in September for partial maintenance.

Both refineries export diesel and fuel oil to European markets, while Mozyr also exports some gasoline.

[China Shipping delays ship deliveries to cut costs](#)

HONG KONG (Reuters) - China Shipping Development Co Ltd , an oil and dry bulk shipping firm, said on Wednesday that it has delayed delivery of 10 ships and is in talks to postpone another 10 to cut interest costs after reporting its first net loss in 14 years.

"The ten ships that have been delayed between six and 18 months include oil tankers and bulk vessels," said chief financial officer Wang Kangtian.

[ConocoPhillips Sells Interest to Lukoil](#)

ConocoPhillips (COP) sold its indirect 30% interest in joint venture NaryanMarNefteGaz to co-owner Lukoil Holdings (LUKOY, LKOH.RS), part of the exploration and

production company's efforts to divest itself of billions of dollars in assets this year.

Financial terms weren't disclosed, but ConocoPhillips anticipates an after-tax gain of roughly \$400 million.

[Asia's Iran Crude Oil Imports to Regain Levels Prior to EU Insurance Ban](#)

Asia's crude imports from Iran are set to recover in September to levels reached before a July 1 insurance ban by the European Union plunged trade with the Islamic Republic into uncertainty not seen in decades.

Top Asian buyers — China, India, Japan and South Korea together take more than half of Iran's crude oil exports — have worked around the European Union's embargo, suggesting imports will stay at least around these levels for the rest of the year.

[UN Inspectors to Meet Iran Over Access to Dispute Sites](#)

United Nations atomic inspectors and Iran agreed to meet again over access to disputed documents, people and sites allegedly linked to the Persian Gulf country's nuclear program.

International Atomic Energy Agency inspectors and Iranian officials will meet on Aug. 24 at Iran's embassy in Vienna, the IAEA said late yesterday in a statement. It is the first face-to-face discussion since talks over a so-called structured approach to the atomic investigation broke down two months ago.

[As Decision Nears on Gas Drilling, Ad War Heats Up in New York State](#)

ALBANY — As Gov. Andrew M. Cuomo's administration finishes up new regulations on where and how to allow hydraulic fracturing in New York State, groups on both sides of the issue are turning to the airwaves in a late-inning effort to press their cases.

The advertisements are appearing in the Southern Tier region, just north of the Pennsylvania border, where the Marcellus Shale rock formation is rich in natural gas, and where communities may have to give local approval for drilling to be allowed in their area under a plan being pursued by the administration.

[Taylor Asset Management CEO Busts The Peak Oil Myth](#)

Frankly I think peak oil is baloney, and you can quote me on that. The potential reserves, especially on the natural gas side, are just tremendous. I was just reading a report that even in a place like Argentina, shale gas reserves could be north of 700 trillion cubic feet. That could be another huge gas-producing region. There's plenty out

there. I don't buy peak oil or gas.

[Crashing off the Olduvai Cliff](#)

READERS of my correspondence to The Gisborne Herald should now be familiar with terms like Peak Oil, Energy Descent, Fantasy Finance and the current clash of wills between those who seek to control the resources of the world by endless money creation, and the laws of nature that demand a sustainable approach.

All of these concepts are best expressed in a paper by Richard C. Duncan PHD called "The peak of world oil production and the road to the Olduvai Gorge" that states modern civilisation has a life span of around 100 years, measured from 1930 to 2030.

[Turkey is in talks to build second nuclear power plant](#)

Turkey is negotiating with Japan, Canada, China and South Korea to build a second nuclear power plant, Minister of Energy and Natural Resources Taner Yildiz said, the newspaper Sabah reported.

"The construction of NPP Akkuyu is already being carried out. And negotiations on the construction of NPP Sinop is being carried out with four countries," Yildiz said.

[Obama Curbs on Coal Pollution Rejected by U.S. Court](#)

A federal court threw out a U.S. Environmental Protection Agency rule aimed at cutting pollution from coal-fired power plants, dealing a blow to the Obama administration's efforts to curb harmful emissions.

The U.S. Court of Appeals in Washington in a 2-1 ruling today struck down the EPA's cross-state air pollution rule, saying the agency overstepped its legal authority and issued standards that were too strict. The court sided with power companies and mining groups challenging to the measure, which caps emissions in more than two dozen states. The rule had been put on hold by the court in December while it considered the regulation's legality.

[Coal Plants' Victory Over EPA Is Muted by Low Gas Prices](#)

Southern Co. (SO), Edison International (EIX) and rival power companies won a legal fight with the Environmental Protection Agency, gaining more time and leeway to cut pollution from burning coal. The bigger challenges from cheap natural gas may make it a muted victory.

"This really is a black eye for the EPA," James Lucier, managing director at Capital Alpha Partners LLC in Washington, said in an interview. "But for the industry, the

critical factor overall has been the low price of natural gas,” which is “the great destroyer.”

[The evolution of the U.S. power sector, in one chart](#)

Since the early 1990s, utilities have mostly stopped building coal and nuclear plants, thanks to a combination of costs, regulation and pressure from outside groups. The Sierra Club, in particular, has done a lot of work to prevent utilities from building new coal-fired plants, and only one was built this yearan 800-megawatt unitat thePrairie State Energy Campusin Illinois.

Instead, power companies switched their focus to natural gas plants, which are often smaller, less polluting and easier to build. (By the way, that dip in new natural gas generation in the 1980s came after Congress made natural gas plants illegal for a few years. True story.) Moreover, since the mid-2000s, after a series of tax incentives from Congress, solar and especially wind power have made up a bigger and bigger chunk of new capacity. These days, the plants being built are pretty much natural gas, wind and a bit of solar.

[What Can Cyclists Do About Our "Rogue" Element?](#)

Despite the efforts of Transportation Secretary Gabe Klein, the Active Transportation Alliance, the chainlink, Grid Chicago, and other pro-cycling advocates, certain careless “cyclists” among us threaten the goodwill everyone else has fought so hard to garner. While being lumped together and stereotyped is not fair for reasons too numerous to list, it is a perception problem that we will need to address sooner rather than later.

[Vestas Cuts 1,400 More Jobs on Forecast for Shipments Drop](#)

Vestas Wind Systems A/S is cutting an additional 1,400 jobs to lower costs by more than 250 million euros (\$311 million) in preparation for a decline in wind turbines installations it expects next year.

The world’s biggest maker of the machines said it expects to have 19,000 employees at the end of the year, down 16 percent from the end of last year. It’s still considering whether to eliminate 1,600 jobs in the U.S., which depend on a tax credit that expires this year.

[Why green energy startups are now 'toxic'](#)

NEW YORK (CNNMoney) -- Green energy startups are feeling the sting of rejection by investors concerned about falling energy prices and the future of government support.

The boom in natural gas has hurt the competitiveness of alternative energy. And

proposed budget cuts would force the government to dial back support of wind farms, solar panel manufacturers, ethanol producers and makers of alternative fuel cars.

[The battle of power lines and the urban forest](#)

Many of the city's oldest neighborhoods received basic electricity supply in the first decades of the last century at a time when trees that grew from the mid-19th century were already of great height and girth. A single, innocuous power line brought power well below where these lofty giants began to branch. But during the course of the 20th century, homes became loaded with air conditioners, refrigerators, washer-dryers and other appliances, requiring an increasingly powerful network of electricity transmission and distribution. At the same time, new development led to wholesale removal of old trees and the planting of new ones that were destined to grow amid the utility wires.

[Eyes in the sky aim to cut down illegal logging](#)

SINGAPORE -- In the two minutes it takes to read this story, an area the size of 60 football fields will have been clear-cut by illegal loggers globally, according to Chatham House, an independent policy institute in London.

Catching the loggers and their bosses has long been a problem because of corruption, lax law enforcement and limited ability to detect the crime quickly.

Satellite monitoring is changing that. Powerful eyes in the sky and cheaper and more powerful data-crunching computers mean there will be no place to hide for palm oil, logging or mining firms that clear without permits or outside their concessions.

[So You're Going to Mine Asteroids? Oh, Really.](#)

PM: How can you tell if an asteroid might have platinum, gold, or water deposits?

CL: We'll characterize them by studying their albedo—the amount of light that comes from them—and then with the appropriate instruments we can start to classify them, as to what type of asteroid they are, whether they are stony, metallic, or carbonaceous. We're starting with optical analyses, though we could use swarms of Arkyd 100s with spectroscopic, infrared, or ultraviolet sensors, too, if needed.

[Climate Science as Culture War](#)

In May 2009, a development officer at the University of Michigan asked me to meet with a potential donor—a former football player and now successful businessman who had an interest in environmental issues and business, my interdisciplinary area of expertise. The meeting began at 7 a.m., and while I was still nursing my first cup of coffee, the potential donor began the conversation with “I think the scientific review

process is corrupt.” I asked what he thought of a university based on that system, and he said that he thought that the university was then corrupt, too. He went on to describe the science of climate change as a hoax, using all the familiar lines of attack—sunspots and solar flares, the unscientific and politically flawed consensus model, and the environmental benefits of carbon dioxide.

As we debated each point, he turned his attack on me, asking why I hated capitalism and why I wanted to destroy the economy by teaching environmental issues in a business school. Eventually, he asked if I knew why Earth Day was on April 22. I sighed as he explained, “Because it is Karl Marx’s birthday.” (I suspect he meant to say Vladimir Lenin, whose birthday is April 22, also Earth Day. This linkage has been made by some on the far right who believe that Earth Day is a communist plot, even though Lenin never promoted environmentalism and communism does not have a strong environmental legacy.)

[U.Va. institute assists Virginians with sea-level rise](#)

Virginia's largest city may get up to 45,000 acres smaller over the next century, due to an anticipated 2.3 to 5.2 feet of relative sea-level rise expected in Virginia Beach – a rise that would also impact the entire Hampton Roads region and the Eastern Shore.

Recognizing the challenges this will pose, the University of Virginia's Institute for Environmental Negotiation is assisting citizens and decision-makers in long-range planning.

[UN agency calls for global action plan on drought](#)

The worst effects of drought could be avoided if countries had a disaster management plan to confront the problem, the UN World Meteorological Organization said Tuesday.

With world food prices 6 percent higher now than at the start of the year and approaching the 2010 record, "it's time for countries affected by drought to move towards developing a policy", said Mannava Sivakumar, director of the WMO's Climate Prediction and Adaptation Branch.



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