



## The Round-Up: February 6th 2007

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### [Mixing oil and water](#)

Pat Marcel, an elder of the Athabasca Chipewyan First Nation, has lived along the shores of the mighty Athabasca River longer than any of the industrial goliaths straddling its banks have been there digging for oil.

Until three decades ago, the community on the tail end of Alberta's longest waterway, which runs 1,231 kilometres from the Columbia icefields in the Rockies to pour into Lake Athabasca in the province's northeast corner, drank its water and fished its bounty of whitefish, burbot and pickerel.

Today, even as many of its 800 members work in the oilsands and cash in from the region's rush, Mr. Marcel said the river's value to the First Nations community is being reduced to summer boat travel.

"The river is sick," the bookish-looking activist said last week in Fort Mc- Murray, bemoaning the impact of huge water withdrawals by oilsands companies to help produce their barrels....

....In dry Alberta, conflict over water has been going on for years, fuelled by an industry that, it's estimated, requires between two and 4.5 barrels of H<sub>2</sub>O to produce a single barrel of crude. Moreover, while Canada boasts 20% of the world's freshwater, Alberta gets by with only 2.2%.

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### [Inuit leader nominated for Nobel Peace Prize](#)

Ms. Watt-Cloutier, 53, originally from Quebec and now living in Iqaluit, Nunavut, is the chair of the Inuit Circumpolar Conference, an organization representing about 155,000 Inuit living in Canada, Alaska, Greenland and Russia.

She has worked on a range of social and environmental issues affecting Inuit and has most recently focused on global climate change. She has received awards and honours for her work, including Norway's Sophie environment prize in 2005 for drawing attention to the impact of climate change and pollution on the traditional lifestyles of the Arctic's indigenous people and others.

## [Carbon dioxide at highest level for 650,000 years](#)

Present levels of carbon dioxide - which continue to rise inexorably each year - are unprecedented for the long period of geological history that scientists are able to analyse from gas samples trapped in the frozen bubbles of deep ice cores.

However, the IPCC points to a potentially more sinister development: the rate of increase of carbon dioxide in the atmosphere is beginning to accelerate. Between 1960 and 2005 the average rate at which carbon dioxide concentrations increased was 1.4 ppm per year. But when the figures are analysed more closely, it becomes apparent that there has been a recent rise in this rate of increase to 1.9 ppm per year between 1995 and 2005.

It is too early to explain this accelerating increase but one fear is that it may indicate a change in the way the Earth is responding to global warming. In other words, climate feedbacks that accelerate the rate of change may have kicked in.

## [Winners and losers of global warming](#)

Investors around the world are rejigging their portfolios to take advantage of climate change.

Green investing is no longer a new phenomenon, but this is something different. This is not designed to spur companies into protecting the environment this is a growing field of research and investment advice that attempts to peer into the future and determine who will win and who will lose as a result of global warming.

"This is something new recently," said Tima Bansal, an associate professor at the University of Western Ontario's Richard Ivey School of Business.

The public is more aware and accepting of climate change, she said. As a result, "markets will probably be re-pricing things."

Yesterday, Swiss-based banking and investment giant UBS released a 106-page report with a section on "the investment risks and opportunities of climate change."

The report "takes the most up-to-date research on climate change, offers a detailed, sector-by-sector breakdown and identifies key investment opportunities and threats and translates it into concrete proposals for investment strategy," said a news release from UBS.

## [Premier says Alberta won't slow oilsands production to reduce emissions](#)

Premier Ed Stelmach warned Monday of "dire economic consequences" if Alberta were ever forced to slow oilsands development to curb emissions that cause global warming.

Stelmach called reporters to his office to respond to what he said were recent comments by Ontario MP Mark Holland, the Liberal natural resources critic.

Holland was asked on a radio talk show if the Liberals would nationalize the oilsands if

Alberta refused to go along with federal efforts to curb developments that increase emissions.

He responded by saying that a Liberal government would try to "work with (Alberta) collaboratively," but added "there will be consequences" if the province refused.

Stelmach described the comments as "reprehensible" and insisted the Liberals were threatening to grab control of the oilsands.

"When we hear talk of perhaps nationalizing the oilsands - a moratorium on oilsands development will bring about dire economic consequences right across the country."

### [Dion was not so hot on warming: Ex-minister](#)

Liberal Leader Stéphane Dion wasn't always quite so hot about global warming, a former cabinet colleague says.

Indeed, David Anderson says that when the previous Liberal government initially signed on to the Kyoto climate change accord in 1998, Dion was more focused on keeping the peace with the provinces, most of which were dead set against meeting the pact's targets for reducing greenhouse gas emissions.

"Dion was intergovernmental affairs minister, and he had to make sure that we had harmony among provinces, and provinces were opposed," said Anderson, a former Liberal environment minister.

### [Dealbreaker?](#)

As the saying goes, heavy is the head that wears the crown. But in a minority parliament, it often comes down on the shoulders that bear the balance of power. Just ask the federal NDP Leader.

By voting in favour of a non-binding Liberal motion that called on the government to respect Canada's commitments under the Kyoto Protocol, Jack Layton could conceivably have set in motion a chain of events that results in Canadians heading to the polls this spring.

That is, if it turns out there really is a deal in place to ensure that the Conservative government survives the upcoming confidence vote on its budget in exchange for the NDP getting a shot at rewriting the beleaguered Clean Air Act. The fact that the New Democrats won't even admit to being partners in any such agreement - let alone trumpeting it to the rooftops as was the case with the 2005 "NDP budget" under Paul Martin's Liberal minority - suggests Layton may be reconsidering the wisdom of it.

### [Climate change forecast for Canada: hot, dry and chaotic](#)

To understand the true impact of global warming, they say, Canadians have to shed themselves of the complacency that comes with living in a land of plenty. In fact, living

in a country with apparent infinite natural resources makes us vulnerable.

Think human migration and water.

### [Vision of cheap power is trumping environment](#)

If the world wasn't in the grip of high energy prices and panic over global warming, there would probably be a lot more debate over Hydro-Quebec's new project to expand the Eastmain 1 powerhouse and divert the Rupert River.

After all, the course of one of Quebec's most majestic rivers will be altered over hundreds of kilometres, with potentially far-reaching consequences on the environment and on Cree communities in northern Quebec.

But after eight years of planning, environmental review and negotiation with Cree leaders, it all came down to one eye-catching number.

Five cents a kilowatt-hour.

### [Firm on Hebron](#)

Premier Danny Williams is lashing out again at Big Oil for allowing the Hebron field to go undeveloped, particularly when majority owner Exxon Mobil Corp. just posted a US\$39.5-billion profit for 2006.

"I'm not sending a signal - I'm sending a missile to these people," Williams told reporters outside the House of Assembly.

The premier also engaged in a public rant last year when the company reported a US\$36.13-billion profit for 2005.

Williams has been critical of the Hebron consortium since talks designed to kickstart the fourth oil and gas project off Newfoundland's shores broke off in early 2006. He remains firm the province must secure more revenue on this project while achieving an equity stake in the development.

### [Williams to oilpatch: closed until further notice](#)

In the Saturday paper, Danny Williams rants about Hebron, a multi-billion dollar deal that died last year and won't be revived anytime soon.

"I'm into a battle with them to make sure that they are not jamming us on the Hebron field," Williams said.

If Danny Williams is still in a battle on that one, then he is fighting alone. The oil companies left last year.

### [Cut energy exposure. CIBC's Rubin recommends](#)

"Governments are waging a war on carbon," said CIBC World Markets' chief Jef Rubin.

In the brokerage firm's latest Canadian strategy report, he said the consumption of crude oil declined in OECD nations for the first time in more than 20 years because of "aggressive actions" by many governments to cut greenhouse gas emissions....

....Accordingly, CIBC World Markets is dropping its recommended energy exposure slightly to 30.2 per cent. That still represents three percentage points more than the sector's weighting in the TSX.

### [Petro-Canada won't sell five oilsands properties](#)

It's a "no-sale" for five oilsands properties owned by Petro-Canada, as the oil and gas company said Tuesday it didn't get a bid that was attractive enough.

### [100 Things You Can Do to Get Ready for Peak Oil](#)

Yard sale season will begin soon in the warmer parts of the country, and auctions are picking up now in the North. Stocking up on things like shoes, extra coats, kids clothing in larger sizes, hand tools, garden equipment is simply prudent - and can save a lot of money.

### [Natural-gas proposal sparks fears](#)

Yves St-Laurent couldn't imagine what was at stake when he began his fight three years ago to stop a liquefied-natural-gas terminal from being built near his home across the St. Lawrence River from Quebec City.

The more he looked into the project, the more he became concerned about huge amounts of highly flammable gas unloading so close to his hometown of Beaumont.

### [Is Globalization on its Way Out?](#)

For quite some time, serious doubts have been expressed about the continuance of the present era of globalization, based on the Washington Consensus or neo-liberalism. After John Ralston Saul's well-argued book, *The Collapse of Globalism*, Walden Bello has come out with his research paper "The Capitalist Conjuncture: over accumulation, financial crises, and the retreat of globalisation" in the prestigious *Third World Quarterly* (Vol. 27, No.8, December 2006), underlining that the fortunes of the ongoing globalization have been on the decline.

Professor Bello of the University of Philippines is a well-respected researcher, who was declared as one of the "stars in our human cosmos" by the 2003 jury of the Right Livelihood Award, known as the Alternative Nobel Prize. When such a scholar is

(skeptical) about the continuance of the on-going globalization, he must have solid reasons. Let us see what they are.

### [Will the U.S. \\$ peg continue in the Middle East?](#)

It appears the Gulf Arab oil producers are to review the currency pegs to the U.S.\$ of their currencies and may change their pricing of oil to other currencies. This could happen as early as March according to the United Arab Emirates central bank. The Governors of the six Gulf central banks will meet in March in Saudi Arabia and may agree to switch to another currency or currency basket, Governor Sultan Nasser al-Suweidi said. But then again, they may decide leave the pegs as they are with any new changes requiring the approval of the Gulf Arab rulers.

The six members of the Gulf Cooperation Council (GCC) -- UAE, Saudi Arabia, Kuwait, Qatar, Oman and Bahrain, are working toward monetary union [a single currency]. Oman placed these discussions in jeopardy last month, saying it would not join in 2010. Suweidi said the governors could opt for more flexible exchange rates, instead of the fixed pegs now maintained by all states except Kuwait, which revalued its currency last year. They may decide to peg to another currency or basket of currencies, he said, declining to comment on what currencies were being considered.

### [Environmentalists Need to Help Fight Bush's Ethanol Surge](#)

Corn-based ethanol has been at the center of a well-funded misinformation campaign launched and perpetuated by the Bush Administration. In fact Nicholas Hollis, President of the Agribusiness Council, believes that "ethanol is the largest scam in our nation's history"[1].

Energy Secretary Sam Bodman promotes ethanol for Bush [2] and spreads the word through the Department of Energy and their websites. Amazingly, even the National Resources Defense Council is promoting ethanol. However, the negative environmental impacts of the ethanol cycle (everything from preparing the soil to the exhaust from vehicles) are huge.

The facts about corn-based ethanol are seriously under-reported by the media. The ethanol gold rush is gaining momentum and its time to look at the serious problems it's creating. The environmental community needs to be a strong voice of opposition against Bush's ethanol surge and the corn subsidies that our corn state politicians are only too eager to re-new in Farm Bill 2007. [3] For example, the recently elected Governor of Iowa has decided to turn the entire state into one big ethanol plant.

### [Food industry calls for a more balanced biofuel policy](#)

The European Commission has proposed the bloc produces enough biofuels to reach a target of 10 per cent of all vehicle fuel by 2020. Biofuels are produced from sugars, edible oils and grains such as corn. Use of biofuels instead of oil is seen as a way of reducing greenhouse gas emissions and the subsequent impact on climate change.

Recently the Association of Chocolate, Biscuits and Confectionery industries of the European Union (Caobisco) and the International Margarine Association of the Countries of Europe (Imace) spoke out against the setting of a mandatory target, saying it will damage the food industry by leading to a "serious" shortage of raw materials and price hikes.

"Biodiesel is grabbing an increasing share of our vegetable oil supply. The competition will be seriously distorted if mandatory obligations are included for the mineral oil companies" said Inneke Herreman, Secretary General of IMACE.

Rapeseed oil price doubled over the last five years and the price of cereals, starches, and glucose recently increased by about 20 per cent, the two organisations said in a joint statement. They blame governments and the European Commission for promoting biofuels through tax incentives. High crude oil prices have also stimulated production.

The result has been a growing conflict between the food and the energy industry for supplies.

### [A Corny Idea](#)

The take-away point here is that the full-court press now ongoing in the U.S. to build plants and manufacture ethanol from agricultural corn will not provide any sort of long-term energy salvation for the nation. Rather, it will destabilize the nation's food supply and disrupt traditional export patterns, all for the sake of converting fossil-fuel based inputs into ethanol. From a national security standpoint, therefore, large-scale ethanol production from corn will not make the nation more secure in any measurable way. We would still need to import billions of barrels of crude oil to produce our billions of barrels of ethanol. In fact, based on current technologies, we would consume about 5 to 8 billion gallons of oil equivalent (boe) to produce the 11 billion gallons of ethanol we expect to produce by 2009. I would hardly call that "energy independence."

### [A Corny Idea, Part II](#)

You need more than just fresh air and sunshine to grow corn. And if conventional, fossil fuel-intensive U.S.

agriculture is the basis for growing corn, then what currently passes for "renewable energy" production is really more of an "energy trade." In particular, oil and natural gas are used in great quantity to grow and harvest corn, which is then converted to ethanol. So at the end of the process we are merely trading one form of non-renewable fossil fuel for the illusion of another, so-called renewable kind of fuel. The claimed environmental and long-term sustainability advantage of corn-based ethanol in the U.S. is simply not going to be realized because, viewed as a system, the net result is a negative fuel balance.

Brazilian ethanol, on the other hand, is estimated to have a rather respectable EROEI of 7- or 8-to-1, and even up to 15-to-1. This is because Brazil produces ethanol from high-yielding sugar cane, in a tropical climate, using an agricultural system that is far less dependent on fossil fuel inputs than is the case in the U.S. Brazil has been developing its ethanol industry for over 30 years, and the EROI has improved over time, as Brazilian

agronomists and technical personnel have gained knowledge in the field.

### [Massive biofuel program to go ahead despite international concerns](#)

International criticism of Indonesia's massive biofuel development program will not affect the project, which is expected to turn the country into one of the biggest biofuel producers in the world, says an official.

The director of the Energy and Mineral Resources Ministry's research and development unit, Nenny Sri Utami, said in Jakarta on Monday that the plan to turn more than five million hectares over to growing the feedstock for the biofuel plants would go ahead as planned.

### [Bank of Canada overestimating growth?](#)

Watch out, companies in Canada and the U.S. will be clearing their shelves of excess inventories through the first half of this year, a major investment firm is warning.

The Canadian economy will remain much weaker than the Bank of Canada expects through the first half of this year because companies here and in Canada's largest export market need to reduce an overhang of inventories, Merrill Lynch says.

### [Canada housing starts to cool this year: CMHC](#)

Construction activity will continue to moderate as demand for home ownership moves toward more sustainable levels, CMHC chief economist Bob Dugan said in a statement.

The Bank of Canada raised interest rates seven straight times between September 2005 and last May, making mortgages more expensive. The banks overnight rate is now 4.25 percent, up from 2.5 percent at the beginning of the string of increases.

The weaker demand will also hurt sales of existing homes and rein in price gains somewhat, CMHC said.

### [We're Swimming In Liquidity. Aren't We?](#)

If indeed we will be seeing a slowing in the growth of household asset inflation ahead, as sure appears to be the case at this point, just where will consumers find their next source of liquidity? Although we sure wish we had an answer to that question, maybe more important is to at least be aware of current circumstances regarding household liquid assets. For if continued household asset inflation is at any point a non-starter anywhere ahead, household liquidity will either be what's on the books of household balance sheets right now, or ever more leverage assumption. It's either one of the two. As you know, God forbid there is any deflation in either household residential real estate holdings or equity values....



....In one of the greatest residential real estate price acceleration periods of a life time, how come there has been absolutely no increase in relative owners equity as a percentage of market values since the real estate mania's inception early this decade, let alone since the baby boomers came of age in the early 1980's? With the type of price increases we have seen just this decade, we would have expected this to perhaps have turned up a bit vertical. As you know, there's only one explanation. Household residential real estate leverage in aggregate accelerated at a greater rate than did prices during the current cycle. And here we thought nothing could have moved faster than real estate prices in recent years. Wrong. This shows us just how meaningful "liquidity extraction" has been in the land of residential real estate for households this decade.

### [Prediction: More pain for homeowners](#)

A glut of vacant homes suggests that the U.S. housing market has not yet stabilized and may be poised for another downturn, Merrill Lynch said in a research note released Monday.

"Now that oil prices and mortgage rates have stopped falling, we will be back lamenting the downturn in the housing market and its spreading effects on the economy in the second quarter, much as we were in the summer and fall 2006," Merrill Lynch economist David Rosenberg wrote.

"Looking at the inventory backlog and still-stretched affordability levels, this story is far from over."

### [Corporate America to the Rescue?](#)

Pondering the U.S. economy's performance in 2007 ultimately boils down to two main questions: first, whether the housing downturn will seriously hurt consumer spending; and second, whether capital spending by Corporate America will promptly come to the rescue when consumer spending slows.

In our view, the first eventuality is highly probable, and the second is highly improbable. The first of the two assumptions is simply commanded by the recognition that the housing bubble over the last few years has been the economy's main driving motor, against pronounced weakness in business capital investment. Sharply rising house prices provided the collateral, which enabled private households to embark on their greatest borrowing-and-spending binge of all time.

Those "wealth effects" from house price inflation, manifestly, played the key role in fueling the soaring home equity withdrawals. But the thing to see now is that to stop this easy credit source, it is enough for house prices to flatten. In fact, the curb to this borrowing-and-spending binge has started with a vengeance.

The fact is that private households have drastically curbed their mortgage borrowing. It amounted to \$672.7 billion in the third quarter 2006, sharply down from \$1,223.6 billion in the same quarter of last year. That is, consumer borrowing almost halved. It amazes us how little attention this fact finds.

It means that the most important credit source for spending in the economy is rapidly drying up, even though money and credit remain, in general, as loose as ever. It is

drying up because the decisive lever of this borrowing binge, rising house prices, has broken down; most importantly, this lever is not under the control of the Federal Reserve.

### [Subprime lenders act to cut defaults](#)

“With subprime mortgages, you’re dancing on the edge of a razor blade – they’re awful investments,” said John Devaney, CEO of United Capital Markets, a specialist in distressed asset-backed securities. Others warned US commercial banks could be exposed.

Tony Hughes, economist at Moody’s Economy.com, told the conference: “There’s a chance that the commercial banking sector is acutely at risk if there’s a blow up in housing.”

Analysts estimate that the commercial banking sector holds up to \$1,750bn of residential mortgage loans, accounting for nearly a third of their total assets.

### [US plans to 'fight the net' revealed](#)

Bloggers beware.

As the world turns networked, the Pentagon is calculating the military opportunities that computer networks, wireless technologies and the modern media offer.

From influencing public opinion through new media to designing "computer network attack" weapons, the US military is learning to fight an electronic war.

The declassified document is called "Information Operations Roadmap". It was obtained by the National Security Archive at George Washington University using the Freedom of Information Act....

...When it describes plans for electronic warfare, or EW, the document takes on an extraordinary tone.

It seems to see the internet as being equivalent to an enemy weapons system.

### [Macleans: Return of the FLQ?](#)

The communiqué, anonymously mailed and delivered to all of its recipients on the same day, is chillingly forthright. "We will use a combination of booby-trapped vehicles and packages and remotely detonated explosives," it reads. "We will focus on strategic targets, including roads, railway tracks, airports, water and gas facilities. It is possible that there will be dead and wounded . . . The bombings will take place between February and March 15th." Delivered on Jan. 15 to assorted media, anglophone politicians, as well as Premier Jean Charest and French President Jacques Chirac, the words are the latest salvo from a group claiming to be a newly formed cell of the FLQ, the notorious Quebec nationalist terrorist group.

## [Game Over: Thirty-Six Sure-Fire Signs That Your Empire Is Crumbling](#)

You know your empire's crumbling when just about your entire military land force is tied up in a worse-than-useless war launched on the basis of complete fabrications, that every day is actually making you less – not more – secure from external threat.

You know your empire's crumbling when almost half the soldiers in that war are high-paid mercenaries, and you don't dare institute a draft.

You know your empire's crumbling when you send soldiers into war with two weeks training and a lack of armor, and then you keep them there for three, four and five rotations.

You know your empire's crumbling when a rag-tag military hodge-podge of irregulars has you pinned down in an endless fight you can't win, but also can't lose.



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