ODAC Newsletter, Thursday 25 October

Posted by Doug Low on October 26, 2007 - 5:56am in The Oil Drum: Europe
Topic: Miscellaneous

Topics include:

New Peak Oil Report from the Energy Watch Group; Peak Oil Newsletter - Australia; Speeches From Big Oil; Platts Reports on ASPO-USA Peak Oil Conference; Oil Prices; Economy - UK; Iraq and Oil; UK - North Sea; Population.

New Peak Oil Report from the Energy Watch Group
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1a/ Crude Oil – The Supply Outlook [Peak Oil report] (Energy Watch Group, October 2007)

http://www.energywatchgroup.org/Oil-report.32+M5d637b1e38d.0.html

Comment: A new report from the Energy Watch Group. Earlier this year they published a report on Peak Coal, last year Peak Uranium, both available here: http://www.energywatchgroup.org/Reports.24+M5d637b1e38d.0.html. The Peak Oil report states Peak Year was 2006. Maybe, but we are not likely to be sure about that until well into 2008 if not later. If we cannot raise global output in 2008, that would suggest Peak is past. Many forecasts are converging on 2010-2012, assuming 'all goes well'. The report contains some useful sections, for example Annex 2 contains a "Critique of Oil Supply Projections by USGS, EIA and IEA". Contains some very interesting graphs, see figures 5 (Oil producing countries past peak) and 6 (Oil production of the oil majors from 1997 to 2007).

> • "Peak oil is now".
>
> For quite some time, a hot debate is going on regarding peak oil. Institutions close to the energy industry, like CERA, are engaging in a campaign trying to "debunk" the "peak oil theory". This paper is one of many by authors inside and outside ASPO (the Organisation for the Study of Peak Oil) showing that peak oil is anything but a "theory", it is real and we are witnessing it already.
>
> According to the scenario projections in this study, the peak of world oil production was in 2006.
>
> The timing of the peak in this study is by a few years earlier than seen by other authors (like e.g. Campbell, ASPO, and Skrebowski) who are also well aware of the imminent oil peak. One reason for the difference is a more pessimistic assessment of the potential of future additions to oil production, especially from offshore oil and from deep sea oil due to the observed delays in announced field developments. Another reason are earlier and greater declines projected for key producing regions, especially in the Middle East.
>
> • The most important finding is the steep decline of the oil supply after peak.
>
> This result – together with the timing of the peak – is obviously in sharp contrast to the projections by the IEA. But the decline is also more pronounced compared with the more moderate projections by ASPO.
>
> Yet, this result conforms very well with the recent findings of Robelius in his doctoral thesis. This is all the more remarkable because a different methodology and different data sources have been used.
>
> • The projections for the global oil supply are as follows:
>
> - 2006: 81 Mb/d

- 2020: 58 Mb/d (IEA: 1051 Mb/d)
- 2030: 39 Mb/d (IEA: 1162 Mb/d)

• A regional analysis shows that, apart from Africa, all other regions show declining productions by 2020 compared to 2005.

By 2030, all regions show significant declines compared to 2005.

1b/ Chris Skrebowski on alarming new peak oil report (Global Public Media, Tue 23 Oct)

http://globalpublicmedia.com/chris_skrebowski_on_alarming_new_peak_oil_r...

Chris Skrebowski, editor of the UK Petroleum Review, speaks with GPM's Julian Darley about the remarkable new oil report from the German-based Energy Watch Group, which states that world oil production peaked in 2006 and will decline by half as soon as 2030.

1c/ Report: 'World at peak oil output' (CNN, Wed 24 Oct)

http://edition.cnn.com/2007/BUSINESS/10/24/oil.decline/index.html

The world has reached the point of maximum oil output and production levels will halve by 2030 -- a situation that will eventually lead to war and disaster, a report claims.

The German-based Energy Watch Group released a report Tuesday saying the world's oil production peaked in 2006 and from now on will drop by around 3 percent a year. It says that by as early as 2030, the global availability of oil will be half of what it was at its peak.

"It's a very serious result," said Hans-Josef Fell, a German lawmaker from the environmentalist Green Party who commissioned the report. "I fear the world will come into a big economic crisis in the coming years."

The report warns that coal, uranium, and other key fossil fuels are also in declining supply. It predicts the fall in fossil fuel production will bring with it the threat of war, humanitarian disaster, and general social unrest.

But Leo Drollas [an economist], who leads oil and gas market analysis and forecasting at the Center for Global Energy Studies in London, said there are plenty of supplies and no looming crisis. He said the report sounds like "scaremongering."

Drollas says production could still slow one day, but only because new reserves will be considered too difficult or expensive to extract.

"Oil could be left in the ground and we could move on to another fuel in the future, not because we're running out of oil but because, economically speaking, it is not worth extracting the oil," Drollas said.

The debate comes as oil prices have hovered at record level. Wednesday morning, NYMEX crude was listed at $84.96 a barrel; oil prices topped $90 a barrel last week.

Analysts do agree, however, that oil prices could continue to rise, especially if there is

> further instability in the Middle East.

1d/ Steep decline in oil production brings risk of war and unrest, says new study (The Guardian, Mon 22 Oct)

http://www.guardian.co.uk/oil/story/0,,2196435,00.html

Comment: There are only two UK mainstream newspapers likely to cover this report, The Guardian and The Independent. At least one of them did. The quote from the UK Govt's Department for Business, Enterprise and Regulatory Reform (BERR, formerly DTI) does not give much hope for the future:

"Over the next few years global oil production and refining capacity is expected to increase faster than demand. The world's oil resources are sufficient to sustain economic growth for the foreseeable future. The challenge will be to bring these resources to market in a way that ensures sustainable, timely, reliable and affordable supplies of energy."

> · Output peaked in 2006 and will fall 7% a year
> · Decline in gas, coal and uranium also predicted
>
> World oil production has already peaked and will fall by half as soon as 2030, according to a report which also warns that extreme shortages of fossil fuels will lead to wars and social breakdown.
>
> The German-based Energy Watch Group will release its study in London today saying that global oil production peaked in 2006 - much earlier than most experts had expected. The report, which predicts that production will now fall by 7% a year, comes after oil prices set new records almost every day last week, on Friday hitting more than $90 (£44) a barrel.
>
> ... Yesterday, a spokesman for the Department of Business and Enterprise said: "Over the next few years global oil production and refining capacity is expected to increase faster than demand. The world's oil resources are sufficient to sustain economic growth for the foreseeable future. The challenge will be to bring these resources to market in a way that ensures sustainable, timely, reliable and affordable supplies of energy."...

2/ Australian Peak Oil newsletter

Comment: Beyond Oil South Australia has a Peak Oil newsletter called 'Beyond Oil News' that gets delivered by e-mail every 1-4 weeks. The format is similar to this newsletter, no attachments, a summary at the beginning that lists new events (usually in Australia, and in particular Adelaide) and news. Like this newsletter tends to be slanted towards Europe, especially the UK, Beyond Oil News focuses on, but is not limited to, Australia. If you would like to receive it, send an e-mail to:

Michael Dwyer: m.dwyer1ATbigpond.net.au

Here is the summary from the 18 October newsletter.

> ____________________ SUMMARY ____________________

EVENT NOTIFICATIONS

1. 'THE ELEVENTH HOUR' FILM SCREENING THIS SUNDAY!

____________________NEWS_________________________

1. ADELAIDE CITY COUNCIL ELECTIONS - SURVEY CANDIDATE RESPONSES

2. AUSTRALIA - LARGEST POPULATION INCREASE EVER

3. GREENHOUSE MYTHS. THE LIES AND WISHFUL THINKING DETAILED.

4. PRIVATE HIGH POWERED CONFERENCE FINDS PEAK OIL NOT FAR OFF [Hedberg Conf.]

5. TRANSITION TOWN IN AUSTRALIA, SUNSHINE COAST.

6. ASPO CONFERENCE CONFIRMS A PEAK IN GLOBAL OIL PRODUCTION BY 2012 [ASPO-6]

7. ASPO IRELAND NEWSLETTER - GEOLOGY, DIFFICULTIES, FINANCE

8. U.S. MILITARY - OIL PEAKSTERS TOO

9. UK GAS SUPPIES

10. COAL PRICE GOING UP TOO

11. PETROLEUM, PUBLIC HEALTH, AND HEALTH CARE

12. WORLD'S LARGEST OFFSHORE WIND FARM

13. TIME TO MOVE ON? - ASPO

14. ANTI-PEAK OIL ARGUMENT.

15. A POEM - THE JOY OF VERY LARGE NUMBERS?

3a/ Merrill Lynch stuns with an $8bn subprime hit (The Times, Wed 24 Oct)

http://business.timesonline.co.uk/tol/business/industry_sectors/banking_...

> Merrill Lynch stunned Wall Street after it admitted to a far bigger loss than expected arising from toxic subprime mortgage-backed investments.
>
> The investment bank said it would write-down $7.9 billion the third quarter of the year to cover bad investments and the falling price of mortgage-backed collateral it usedto raise money.
>
> The write-down was far bigger than either the bank or Wall Street had expected. Last month, Merrill Lynch said that it had to write down $4.5 billion because some of the investments it made in bonds backed by mortgage assets were effectively worthless. Wall Street analysts expected that the bank would take a $7 billion charge, as a worst case scenario...

3b/ Merrill Lynch forced to lift provision for sub-prime debt to $7.9bn (The Times, Thu 25 Oct)

http://business.timesonline.co.uk/tol/business/industry_sectors/banking_...

Comment: This is not quite the same as item 3a. Merrill Lynch is saying the $7.9bn may well not be the end of the matter.

> Merrill Lynch, the American bank, yesterday refused to rule out further losses after writing off $7.9 billion (£3.85 billion) of toxic sub-prime mortgage investments.
>
> The world's biggest brokerage still has $15 billion of investments on its books that are backed by mortgage debt in the United States.
>
> Yesterday, the bank said that it would write down $7.9 billion during the third quarter of the year to cover the cost of bad investments it made, a sum far higher than the estimate it published last month of $4.5 billion. It was also almost $1 billion higher than the most pessimistic forecasts on Wall Street.
>
> However, when grilled by Wall Street analysts yesterday, the bank said that while it had sought to value its mortgage-backed investments "conservatively", it "could not tell you what the market trajectory is from here". When questioned further by an analyst from Citigroup, Merrill Lynch would not say whether the new valuations it had made were low enough to be able to sell the investments in current market conditions...

4 a / Chevron CTO [Chief Technology Officer] Says Peak Oil Won't Be a Disaster (GreenTechMedia, Wed 24 Oct)

http://www.greentechmedia.com/articles/chevron-cto-says-peak-oil-wont-be...

Comment: Chevron Chief Technology Officer says Peak Oil may not be a problem because biofuels, oil from tar sands and coal-to-liquids will fill the gap. He has got to be joking.

> At a Dow Jones conference in Redwood City, Calif., Don Paul discussed whether alternatives such as biofuels can fill in the gap as oil demand grows but production stalls.
>
> So-called "peak oil" is coming, but it doesn't have to be a disaster, Chevron Chief Technology Officer Don Paul said Wednesday.
>
> The concept of peak oil is that the oil industry is reaching its maximum production level while the demand for oil keeps growing.
>
> At the Dow Jones VentureWire Alternative Energy Innovations conference in Redwood City, Calif., Paul said many people think the industry will hit this maximum level by 2020.
>
> "The question is will there be peak oil? Yes," said Paul, who also is a Chevron vice president. "But will it be the disaster [some people] expect? I don't think it has to be. We have other ways of making fuel."
>
> The remaining fuel could come from biofuels, oil from tar sands and coal, he said, adding that each of these potential sources has its challenges.

> With tar sands, the problem is the need to produce hydrogen, which is added to tar sands to produce fuels, he said.
>
> Converting coal into fuel brings up the problem of what to do with the carbon. Carbon-capture and sequestration technologies, which involve capturing emissions and storing them underground, have not been proven to work on a large scale, he said...

4b/ Peak Oil: GVP, Exploration & LTR (BP, Mon 10 Sep - posted this week)

http://www.bp.com/genericarticle.do?categoryId=98&contentId=7037773

Comment: Speaker: Dr Michael C Daly, Venue: Geological Society Bicentenery Conference, London. Mon 10 Sept.

“I believe, from what I know today, that peak oil supply is still a long way off. However, we may face a peak demand for oil first...I would like to acknowledge the help of CERA in this matter, whose original production profile underpins the picture I will describe.

... Stifling of the required investment will cause higher prices. At some level this may cause demand to lessen as it did in the 80's, possibly marking a peak in demand.”

In other words, oil demand outstripping supply will cause oil prices to increase so much it will become unaffordable.

> Mr President, Ladies and Gentlemen I am honoured to have been asked to talk at the Bicentennial of the Geological Society, particularly about a subject as profound as the future of oil.
>
> I was asked to talk about oil supply after peak oil. However, I don't accept the premise. It is far from clear to me when there will be a peak to oil supply, at least one driven by a fundamental resource shortage.
>
> I believe, from what I know today, that peak oil supply is still a long way off. However, we may face a peak demand for oil first.
>
> ... We can achieve this by developing the technology to recover more oil from our existing and unconventional reservoirs, and by opening up new areas for exploration through insightful geoscience, technology and diplomacy.
>
> It is this spectrum of possibility that I'd like to talk to today the growing demand for oil and how it must be met by future diversity of supply.
>
> I will build a picture of potential supply coming from a number of sources and hopefully assure you that geology and resource is not the issue, but that the far more difficult challenge of politics is. To mitigate this political tension we need to keep diversifying supply.
>
> I would like to acknowledge the help of CERA in this matter, whose original production profile underpins the picture I will describe.
>
> ... At the Tricentennial of the Society, in 2107, I anticipate there will also be debates about fossil fuels. Perhaps not about when their production will peak or about the exploration for more, but certainly about the ultimate recovery of what will still be a significant and highly valued resource.

5a/ Peak oil meeting mostly discouraging [podcast] (Platts, Tue 23 Oct)

http://www.platts.com/Oil/Resources/Podcasts/americas/index.xml

Comment: Podcast (7m 32s.) from Platts reviewing the ASPO-USA Peak Oil conference last week. John Kingston, the commentator, describes the conference as ‘discouraging’. He thought the conference was very good, he means discouraging for the future of oil supplies.

> Record high crude oil prices were a particularly hot topic at the annual meeting of the Association for the Study of Peak Oil & Gas.
>
> In this podcast, John Kingston, director of oil, attended the ASPO meeting in Houston and reports on the theories of peak oil and the timeliness of the meeting in regards to high crude oil prices.

5b/ Report from ASPO: Dark clouds, no silver linings (Platts, Tue 23 Oct)

http://www.platts.com/weblog/oilblog/2007/10/report_from_aspo_dark_cloud...

Comment: Complimentary but bleak review from Platts of the ASPO-USA conference. A quote from the end of the article:

“This was an extreme case, but Scott Pugh, a retired Navy captain, said in order to run all vehicles on hydrogen or nuclear fuel, and assuming we use nuclear power to extract the hydrogen, the world would need to build 10 plants per year for 100 years.”

I think he means 100 plants per year?

> It is difficult to walk out of the peak oil meeting here in Houston and not feel miserable.
>
> Yes, there are some attendees who might be considered a bit offbeat, ex-hippie types who see their long-held dreams of "the end of oil" nearing reality.
>
> But the majority of the 500+ attendees at the US meeting of the Association for the Study of Peak Oil are not in that category. They are geologists, economists, professors, consultants, economists. And no matter who steps up to the podium to make a presentation, the forecast is grim.
>
> The details differ, but the broad message is consistent. Saudi oil production has peaked, according to some; others see a peak in the future, but a peak nonetheless. Jeffrey Brown, an independent geologist, was particularly bleak on Thursday, showing how exports from the world's biggest exporters, including Saudi Arabia and Russia, are going to run up against a combination of increasing domestic demand at home and declining or flat production, and shipments to other countries are going to fall, if they haven't already.
>
> David Hughes of the Canadian Geological Survey, echoed Matt Simmons, peak oil's best known proselytizer and the day's luncheon speaker, in saying that there will be a coming conflict between the world's desire to cut carbon emissions against sustainability of energy supplies, and that the latter will win out. He called it "the elephant that is going to be sitting on our chest."

> The mainstream media is not covering the issue, thundered a few other speakers, and the world's leaders need to wake up the general public to the growing problem. (The Barrel was surprised, in an era of now $90 oil, that media attendance seemed to be minimal.)
>
> And so on. That's the overriding message, but here are a few specific items:
>
> ... All in all, a terrific conference. But don't attend unless you've taken your Prozac.

6a/ U.S. oil above $88 on supply concern (Reuters, Thu 25 Oct)

http://today.reuters.com/news/articleinvesting.aspx?type=hotStocksNews&s...

U.S. oil surged more than $1 towards $89 and Brent crude hit an all-time high on Thursday, after a slide in U.S. oil stocks renewed fears of an energy crunch during the northern hemisphere's winter heating season.

London Brent was up $1.42 at $85.79 a barrel at 6:45 a.m. Eastern Time, having hit a record $86.28. U.S. crude was up $1.53 at $88.63 after a brief test of $89. It is back within striking distance of the $90.07 peak it reached last Friday.

News that crude stocks in the world's top oil consumer fell 5.3 million barrels last week, instead of an expected increase of 800,000 barrels, has buoyed U.S. oil.

Prices are up 45 percent this year and have more than quadrupled since the start of 2002.

Supply concerns, unprecedented dollar weakness and a shift of investor money into energy and commodities from other asset classes have boosted the market.

Assaults by Turkish troops on Kurdish separatists in northern Iraq have added to tension in the oil-rich Middle East.

But OPEC's secretary general said there was no shortage of oil. And a weak dollar meant the Organisation of the Petroleum Exporting Countries was far from reaping a windfall.

... "There is a lot of oil in the market," Abdullah al-Badri told reporters in Beijing.

"It is not really a bonanza for us, $90 a barrel."...

6b/ PETROLEUM (Bloomberg, Wed 12 Sep)

http://www.bloomberg.com/markets/commodities/energyprices.html

> PRICE ($US/bbl)
>
> Nymex Crude Future 90.60
> Dated Brent Spot 87.15
> WTI Cushing Spot 92.81

7a/ Sharp drop in mortgages increases housing gloom (The Times, Thu 25 Oct)

http://business.timesonline.co.uk/tol/business/economics/article2737191.ece

New September approvals fall to a seven-year low, are 14% down on August and 27% lower than a year ago

The housing slowdown worsened last month as the number of mortgage approvals fell by 14 per cent, the British Bankers' Association reported.

Members of the BBA recorded 52,685 approvals for house purchase in September, down from 61,051 the previous month and 27 per cent lower than a year ago. It was the smallest number of approvals for any September since 2000.

Approvals are the key measure of activity in the property market and a decline is seen as an early indicator of a slowdown in house prices.

Peter Newland, of Lehman Brothers, forecast that the Bank of England would show a decline in approvals from 109,000 to 100,000 next week in its official record of the whole market.

... Surveys by the Royal Institution of Chartered Surveyors have suggested that house prices are already falling at their fastest pace in two years.

Earlier this week Kate Barker, a member of the Bank of England's Monetary Policy Committee, said that house prices appeared to be overvalued and could suffer from a change in people's expectations, amplified by uncertainties in the buy-to-let sector.

7b/ UK financial system at risk from new shocks, says Bank [of England] (The Times, Thu 25 Oct)

http://business.timesonline.co.uk/tol/business/industry_sectors/banking_...

Comment: How much worse can the outlook for the UK economy get? A bleak message from the Bank of England.

Britain's financial system is vulnerable to new shocks in the wake of its most severe challenge for decades, and banks and authorities must learn the lessons of the crisis, the Bank of England says today.

In its first detailed analysis of the squeeze that has engulfed credit markets since the summer, the Bank says that financial institutions have become more fragile and that the availability of credit may tighten. In turn, it sounds a warning that tighter lending conditions could spell serious fallout for the economy, with sub-prime borrowers and highly-leveraged companies particularly exposed.

The Bank's unexpectedly gloomy report goes on to warn investors that share prices in Britain and the US could prove "vulnerable to any further revision in growth prospects". A further danger is that the dollar could fall sharply if adverse sentiment towards US securities persists, it says.

Sir John Gieve, the Bank Deputy Governor, admitted that although it had expected some of the problems, "the speed and ferocity" of the global disruptions "had not been anticipated by firms or authorities".

The Bank's half-yearly Financial Stability Review, published today, says that the turmoil "has proved to be the most severe challenge to the UK financial system for several decades" and calls for the UK's crisis management tools to be strengthened. It says that "serious fragilities" have been exposed within the so-called originate and distribute business model used by many financial firms to parcel up debt.

British banks are especially vulnerable. They face a bill of almost £150 billion, hitting their profitability, if the credit crisis forces them to set aside capital against their exposure to structured investment vehicles (SIVs), leveraged loans and mortgage-backed securities, the Bank says.

... If banks now fail to adapt their business models and carry on as before, confidence will return but at the risk of a repeat of the market turbulence "potentially on an even larger scale", the Bank says. It adds that there is evidence that some banks are already loosening their standards once again.

In a shot across the bows of the private equity industry, the report says firms subject to leveraged buyouts will be particularly sensitive to the rise in the cost of debt. The likelihood of a sharp rise in corporate distress in this area has risen, the Bank says.

The report singles out commercial property as "particularly prone to shocks and to rises in the cost of finance", noting the high levels of borrowing by the sector.

8/ Endgame for Iraqi Oil? (TomDispatch, Wed 24 Oct)

http://www.tomdispatch.com/post/174853/jack_miles_baghdad_to_bush_you_ha...

Comment: There is an introduction from Tom before the main article by Jack Miles. "Jack Miles is senior fellow for religious affairs with the Pacific Council on International Policy and professor of English and religious studies at the University of California, Irvine. He is the author of the Pulitzer Prize-winning God: A Biography, among other works."

The oil game in Iraq may be almost up. On September 29th, like a landlord serving notice, the government of Iraq announced that the next annual renewal of the United Nations Security Council mandate for a multinational force in Iraq -- the only legal basis for a continuation of the American occupation -- will be the last. That was, it seems, the first shoe to fall. The second may be an announcement terminating the little-noticed, but crucial companion Security Council mandate governing the disposition of Iraq's oil revenues.

By December 31, 2008, according to Foreign Minister Hoshyar Zebari, the government of Iraq intends to have replaced the existing mandate for a multinational security force with a conventional bilateral security agreement with the United States, an agreement of the sort that Washington has with Kuwait, Saudi Arabia, and several other countries in the Middle East. The Security Council has always paired the annual renewal of its mandate for the multinational force with the renewal of a second mandate for the management of Iraqi oil revenues. This happens through the "Development Fund for Iraq," a kind of escrow account set up by the occupying powers after the overthrow of the Saddam Hussein regime and recognized in 2003 by U.N. Security Council Resolution 1483. The oil game will be up if and when Iraq announces that this mandate, too, will be terminated at a date certain in favor of resource-development agreements that -- like the envisioned security agreement -- match those of other states in the region.

Time will tell, but not too much time. The eerie silence of the Bush administration about oil grows all the more deafening as the price of crude climbs toward $100 a barrel. Blood

> for oil may never have been a good deal, but so much blood for no oil at all may seem a far worse one.

9a/ Bread and butter issue: Rising prices may herald the first global food shortage since the 1970s (Financial Times, Tue 23 Oct)

http://www.ft.com/cms/s/0/e0a5e0c2-818f-11dc-9b6f-0000779fd2ac.html?ncli...

Comment: The FT has been covering food supply issues over the last few months admirably, in particular the stratospheric rise in the price of wheat. This is a lengthy article which discusses the long-term problems of global food supplies. Peak food will be entering everyday jargon soon.

Note: The FT is changing the way it allows access to its online articles. If you are not a paying subscriber, then you can access up to 30 articles per month free if you register, 5 if you are not registered. See http://www.ft.com/cms/275bc334-3063-11dc-9a81-0000779fd2ac.html.

> When the United Nations held its annual World Food Day last week to publicise the plight of the 854m malnourished people around the world, its warning that there "are still too many hungry people" was a little more anxious than usual.
>
> Finding food to feed the hungry is becoming an increasingly difficult task as growing demand for staples such as wheat, corn and rice brings higher prices. That is leading all nations – rich and poor – to compete for food supplies.
>
> Food security is not a new concern for countries that have battled political instability, droughts or wars. But for the first time since the early 1970s, when there were global food shortages, it is starting to concern more stable nations as well. "The whole global picture is flagging up signals that we're moving out of a period of abundant food supply into a period in which food is going to be in much shorter supply," says Henry Fell, chairman of Britain's Commercial Farmers Group.
>
> As agricultural commodities trade at record high levels, causing one food manufacturer after another to put up prices – Danone, the French dairy group, this month became the latest to reflect the severity of the cost increases when it said it would increase prices by 10 per cent – countries are starting to question whether they can afford to keep feeding themselves.
>
> Wheat and milk prices have surged to all-time highs while those for corn and soyabeans stand at well above their 1990s averages. Rice and coffee have jumped to 10-year records and meat prices have risen recently by up to 50 per cent in some countries.
>
> "The world is gradually losing the buffer that it used to have to protect against big swings [in the market]," says Abdolreza Abbassian, secretary of the grains trading group at the UN's Food and Agriculture Organisation. "There is a sense of panic."
>
> ... In the near future, demand for agricultural raw materials is likely to continue rising in world markets as countries that have previously been able to meet their own food needs start importing more, increasing the global challenge of feeding populations. Don Mitchell, an economist at the World Bank, says: "Although China and India are relatively self-sufficient in food, some economists doubt that this can continue as incomes rise and [think] that they will need to rely much more on imports."
>
> The FAO expects India to import more wheat and China to increase imports of coarse grains to supply feed to its livestock industry. Both countries are also expected to

increase imports of oils that are used in food production, such as palm oil. The World Bank estimates that cereal production will have to rise by nearly 50 per cent and meat output by 85 per cent between 2000 and 2030 to meet projected global demand.

Developed countries are not immune. In the UK, the Department for Environment, Food and Rural Affairs acknowledged in a December paper that food security was becoming a “matter of concern”.

Kate Bailey of Chatham House, the London think-tank, says Britain’s food supply is facing “huge change” due to shifts in global trade patterns. Policymakers may have to return to thinking about food as a “strategic asset”, she adds – even in a nation that has not been self-sufficient in food since the Industrial Revolution.

9b/ Supermarkets 'raise food bill by £750 a year' (The Telegraph, Wed 24 Oct)

http://www.telegraph.co.uk/news/main.jhtml?xml=/news/2007/10/23/nshop123...

The average family has to spend an extra £750 on their annual food bill, compared with a year ago, according to figures.

In recent weeks, some of the most dramatic signs of food inflation have hit supermarket shelves.

According to price comparison website mySupermarket.com, the three biggest supermarkets – Tesco, Asda and Sainsbury's – are charging their shoppers 12 per cent more on average for a basket of 25 different goods compared with last year.

Tesco has increased its prices by 16 per cent in the past year. A kilo of peas has gone up from £1.19 to £1.79 at Tesco, a dozen eggs at Sainsbury's has leapt from £1.62 to £2.35, while Asda has increased the price of its orange juice from 73 pence a litre to 88 pence.

The figures suggest that, despite promises from the supermarkets that they are continually cutting their prices, households are being hit hard by food inflation.

Considering that many families spend £90 a week on food, a 16 per cent increase equates to an annual rise of £749.

The research came on the same day that Government statistics showed that staples, such as butter, flour, pork and milk, soared in price last month. The Office of National Statistics published detailed figures yesterday which showed that butter had increased by 18 per cent in the past month, while milk had leapt by 12 per cent.

The price of milk powder has been climbing all year on the global markets as Chinese consumers start to eat dairy products in far greater quantities...

10/ BP to cut 350 North Sea oil jobs (BBC News, Wed 24 Oct)

http://news.bbc.co.uk/1/hi/scotland/north_east/7060003.stm

Comment: Big Oil has to start pulling out of Aberdeen some time.

Oil giant BP is to shed about 350 jobs at its North Sea headquarters in Aberdeen as part of a restructuring of its operation. The company said 250 of those affected would be onshore BP staff, while the remaining 100 were contracted workers.

The company said offshore and Norwegian operations would not be affected by the reorganisation, which will take place over the next six months.

BP saw its third quarter profits for the period to September slump by 45%.

The company said the changes were intended to improve efficiency and meet the challenges of declining production and rapidly rising costs in the North Sea.

It has a total onshore staff and contractor workforce in the UK of 2,100 at present.

... The company produces around 350,000 barrels of oil per day from the UK Continental Shelf.

In 2004 it was producing 550,000 barrels per day.

Profits at BP were down to $3.88bn (£1.89bn) for the three months to the end of September from $6.98bn a year earlier, while oil and gas production for the period was 4% lower...

11/ Global over-population is the real issue (The Telegraph, Thu 25 Oct)

http://www.telegraph.co.uk/opinion/main.jhtml?xml=/opinion/2007/10/25/do...

Comment: The Telegraph discusses the issue that people don't like to discuss. A very reasonable article from Boris Johnson MP.

It is a tragic measure of how far the world has changed — and the infinite capacity of modern man for taking offence — that there are no two subjects that can get you more swiftly into political trouble than motherhood and apple pie.

The last time I tentatively suggested that there was something to be said in favour of apple pie, I caused a frenzy of hatred in the healthy-eating lobby. It reached such a pitch that journalists were actually pelting me with pies, and demanding a retraction, and an apology, and a formal denunciation of the role of apple pie in causing obesity.

As for motherhood — the fertility of the human race — we are getting to the point where you simply can't discuss it, and we are thereby refusing to say anything sensible about the biggest single challenge facing the Earth; and no, whatever it may now be conventional to say, that single biggest challenge is not global warming. That is a secondary challenge. The primary challenge facing our species is the reproduction of our species itself.

Depending on how fast you read, the population of the planet is growing with every word that skitters beneath your eyeball. There are more than 211,000 people being added every day, and a population the size of Germany every year.

... How the hell can we witter on about tackling global warming, and reducing consumption, when we are continuing to add so relentlessly to the number of consumers? The answer is politics, and political cowardice.

There was a time, in the 1960s and 1970s, when people such as my father, Stanley, were becoming interested in demography, and the UN would hold giant conferences on the subject, and it was perfectly respectable to talk about saving the planet by reducing the growth in the number of human beings.

But over the years, the argument changed, and certain words became taboo, and certain concepts became forbidden, and we have reached the stage where the very discussion of overall human fertility — global motherhood — has become more or less banned.

... The debate is surely now unavoidable. Look at food prices, driven ever higher by population growth in India and China. Look at the insatiable Chinese desire for meat, which has pushed the cost of feed so high that Vladimir Putin has been obliged to institute price controls in the doomed fashion of Diocletian or Edward Heath.

... This is not, repeat not, an argument about immigration per se, since in a sense it does not matter where people come from, and with their skill and their industry, immigrants add hugely to the economy.

This is a straightforward question of population, and the eventual size of the human race.

All the evidence shows that we can help reduce population growth, and world poverty, by promoting literacy and female emancipation and access to birth control. Isn't it time politicians stopped being so timid, and started talking about the real number one issue?