

Trading on the floor of London's International Petroleum Exchange. Fears of oil shortages drove 2008 prices to record levels.

## INTERNATIONAL PETROLEUM EXCHANGE OF LONDON

4759		IPE BRENT		CRUDE		FUTURES		TIME		15:27	
MSK	HIGH	LOW	TIME	VOL	SETT	WTI	CHG	HIGH	LOW		
4888	4888	4898	4878	1527	13315	4799	NOV 1800	56	4800	4812	15:27
4810	4810	4830	4767	1527	20541	4739	DEC 1710	57	4800	4812	
4775	4775	4765	4787	1521	6781	4780	JAN 1100	61	4800	4812	
4675	4680	4705	4688	1524	3949	4723	FEB 5007	62	4800	4812	
4517	4517	4645	4596	1522	1536	4766	MAR 5818h	56	4800	4812	
4500	4500	4598	4538	1522	106	4718	APR 4925	44	4800	4812	
4455	4455	4488	4438	1527	1815	4754	MAY 4858h	48	4800	4812	
4320	4320	4320	4320	1513	208	4708	JUN 4788	39	4800	4812	
4183	4200	4218	4167	1527	1414	4650	JUL 4718	43	4800	4812	
3988	3988	3988	3988	1586	395	4608	B/G	8/WTI			
3885	3885	3884	3884	1135	228	4564	NOV 10.68	11.22	3.72		
3788	3788	3695	3700	1135	300	4523	DEC 9.92	12.17	4.88		
XV10547	EFP	3421	OPT	25	VOL 49774	4538	JAN 9.52	12.70	4.14		
Reuters:	14:27	DUC	Sep	N. Sea gas production up 71 pct yr/yr in Sept		4528	FEB 8.89	12.68	4.12		
	14:24	DUC	Sep	North Sea oil output up 12.3 pct yr/yr		4528	MAR 8.52	11.18	3.21		
	14:23	Perenco		to improve Gabon's Oguindjo crude quality		3541	(7.45)	(8.42)			
						3775	XHH LAST	2NDL	HIGH	LOW	
						3652	NOV 7120	7138	7347	7045	
							DEC 8135	8158	8324	8011	



## Peak oil — Why the time has come for a re-think

Dr. Werner Zittel and  
Dr. Daniele Ganser

Even if current oil prices do not signal a shortage, the oil era is bound to come to an end. If we do not switch to new energy sources in the very near future, we will soon find ourselves caught up in a very real supply crisis.

In times of economic hardship, climate-protection goals have to take a back seat as politicians readjust their priorities and see the additional financial burdens as a further obstacle to competitiveness. After all, first things first! This is to ignore the fact that, far from being a bolt from the blue, the latest economic downturn was entirely predictable. Our intention is to throw light not on what sparked the crisis, the unbridled development of new financial instruments, but on the rapid rise in oil prices. An analysis by economists Jeff Rubin and Peter Buchanan of Canadian Imperial Bank of Commerce showed oil was a key factor, even though high oil prices could not in themselves have caused a recession of such severity.

The crisis is being addressed using the same old models: the problems are first considered in isolation and then ranked in order of importance. We have to stimulate the economy before we can afford the luxury of climate protection, whilst the goal of reducing oil consumption comes a very poor third. However, this is to disregard a banal truism: by definition, non-sustainable structures cannot survive in the long term.

To act sustainably requires no special moral qualities, nor is it a luxury to be indulged only in the good times. It is simply a dictate of reason which assumes a certain planning foresight. Those who do not subscribe to this view should just try maintaining a non-sustainable lifestyle whilst certain key resources are gradually exhausted.

The current crisis clearly shows that this does not work. Blinded by short-term success, industry and consumers have not felt the need to question the long-term basis of their economic actions. Prices have soared precisely because consumers have not changed their behaviour even though oil is a finite resource. We should not be deluded into thinking that limited oil resources are not a problem simply because the collapse in the oil price coincided with the economic crisis.

On the contrary, the situation is precarious from any perspective. A number of experts on this subject, among them Werner Zittel, believe that we have already passed the peak whilst others, including Daniele Ganser, think we will reach it in the very near future.

In the meantime, the German Federal Institute for Geosciences and Natural Resources has also endorsed the Energy Watch Group analysis which concluded that world oil production has been falling since 2006. The International Energy Agency's World Energy Outlook 2008 opens with the words: "The world's energy system is at a crossroads" and concludes: "For all the uncertainties... we can be certain that the energy world will look a lot different in 2030 than it does today."

Viable solutions have to take account of all aspects of the current problem. That means, for instance, supporting the changeover to a sustainable energy sector instead of financing structures that have no future. Thus, ten years ago, the best strategy for car manufacturers would have been to honour their own commitment to build clean, low-fuel cars. Instead, politicians gave in to industry pressure and gradually reduced the targets.

We know that we have to switch to renewable energies and develop efficient application technologies. We also know that we need to base our urban planning on minimal energy consumption. Those are the markets of the future. However, if we stick to the same old behaviour patterns when economic times are hard, it will not be long before we slither into the next crisis, and that really will be a supply crisis.

That apart, changing to renewable energy also has a geopolitical aspect. If we consume fewer scarce resources, the politicians do not need to safeguard access to raw materials. That, rather than the practice of forming alliances to prolong the survival of our own, non-sustainable structures at others' expense, will make a genuine contribution to an active peace policy.

It has long been an open secret that we can change from oil to renewable sources. Pioneering sectors that have made a real commitment in this respect have seen demand for their products steadily grow, even in economic downturns. This shows that making the transition early on also brings financial benefits.

### Has production passed its peak?

Production, currently over 80 million barrels per day, will fall in the next 20 years to the point where it no longer meets growing demand.

Source: [www.energywatchgroup.org](http://www.energywatchgroup.org)

Oil production in million barrels per day



