

# Drumbeat: June 17, 2013

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# Clashes erupt at Indonesia demos against fuel hike

JAKARTA — Police fired tear gas and rubber bullets at stone-throwing protesters in Indonesia on Monday, as thousands demonstrated nationwide against the government's plan to increase fuel prices.

Several people were injured in the clashes which came as lawmakers at the national parliament in the capital Jakarta were set to approve budget amendments that will pave the way for the first fuel hike since 2008.

# <u>Indonesia expected to approve fuel hike</u>

JAKARTA, Indonesia (AP) -- Indonesia's parliament was expected to approve a budget Monday that will slash government fuel subsidies, a move that will save billions of dollars but has sparked protests by those opposing higher gasoline prices.

The measure, which would hike gasoline prices an average of 33 percent, also includes around \$900 million for cash handouts to help cushion the effects on the country's 15.5 million families who live in poverty.

Street protests erupted in major cities and clashes with police were reported. More than 18,000 police and soldiers were deployed to secure the capital, Jakarta. Thousands of police also guarded gas stations across the country.

# America enjoys oil rush as world switches to other energy sources

The peak oil theory, which states that we have passed the moment of maximum global oil production, was described 40 years ago by Marion Hubbert, a former Royal Dutch Shell geophysicist. However, once again, human innovation has saved the day.

#### The case for shale gas is growing

Energy policy has rarely been so topical and so political. Debates have raged recently about renewables versus fossil fuels, the cost of new nuclear, concerns over onshore wind, the 2030 decarbonisation target and, of course, shale gas. One of the problems

caused by the increasing politicisation of energy policy is the tendency for people to see the debate in terms of competing extremes, rather than the need for a diverse and complex mix. There is nothing simple about energy policy. Anyone who offers you a simplistic view probably doesn't understand it.

To start with, there should be no real argument about whether we need to choose between gas or renewables. We need both and will do for some time. We routinely generate over 75% of our current electricity needs from a mix of gas and coal, and 83% of our homes are heated by gas. Even a speedy increase in developing new renewable generation will take a long time to cut into that, and it should start by displacing the coal rather than the gas. According to the Department for Energy and Climate Change's central forecast, gas demand by 2030 will be broadly the same as it is today. The question is not 'do we need gas?', it is 'where will that gas come from?'

## WTI Crude Trades at Nine-Month High on Mideast Unrest

West Texas Intermediate crude traded at the highest price in more than nine months because of renewed speculation that unrest in Syria will spread to other parts of the Middle East and disrupt supplies.

Futures gained as much as 0.8 percent after rising the most in five days on June 14, capping a second weekly gain. U.S. President Barack Obama was said to authorize arming Syrian rebel groups. Iranian President-elect Hassan Rohani's vow to improve ties with the world carried him to a surprise first-round election win. Stronger summer demand and supply risks continue to support the market, Morgan Stanley said in a research note.

# Barclays Sees Brent Crude Capped at \$107.60: Technical Analysis

Brent crude's two-week rally may halt at about \$107.60 a barrel as futures reach the top of an upward-sloping trading channel, according to technical analysis by Barclays Plc.

Brent's August contract traded above the 200-day moving average on June 14 before it capped a two-week, 2.3 percent advance to \$105.93 a barrel on the ICE Futures Europe exchange. It also settled above a previous resistance level of \$105.15, signaling further gains are possible within a new range, the bank said in an e-mailed report.

#### "Turkey will invest 100 billion liras in energy in next decade", energy minister

Turkey's Minister of Energy and Natural Resources Taner Yildiz has said Turkey would invest 100 billion liras in energy within the next 10 years.

Speaking to the state-run television channel on Monday, Yildiz said, "The ministry is set to invest over one billion liras in coal plants in the frame of environmental investment. We don't work against the nature but we work with it."

## South Korea: Firms join power saving campaign

Companies have joined government-led power saving campaigns because the nation faces a possible blackout ahead of the peak summer season.

The government, which has unveiled a package of power saving measures, is "forcibly" encouraging the public and companies to save as much energy as possible, promising incentives.

# Australia to boost offshore oil exploration

Canberra (IANS) Australia has announced the grant of 13 new offshore petroleum exploration permits as part of round one of the 2012 Offshore Petroleum Exploration Acreage Release, Resources and Energy Minister Gary Gray said in a statement Monday.

The award of these permits will see an estimated 180 million AU dollars (\$172.2 million) in new investment in waters off Western Australia and Tasmania over the next three years, reported Xinhua.

# Friendships Die Hard for Hezbollah Angering Gulf Over Syria

Allegiances are proving costly for Islamic militant group Hezbollah as the war in Syria deepens the sectarian divide in the Middle East.

Days after the town of al-Qusair fell to President Bashar al-Assad's forces this month with help from Lebanon's Shiite Hezbollah, the group was shunned by the six-nation Gulf Cooperation Council. The oil-rich, mainly Sunni GCC labeled it a terrorist group and threatened unprecedented measures against its loyalists and their financial transactions. The U.S. said last week it will help arm the Syrian opposition.

# Analyst: Al Qaeda affiliate in Syria now best-equipped of the group

(CNN) -- Al Qaeda's affiliate inside Syria is now the best-equipped arm of the terror group in existence today, according to informal assessments by U.S. and Middle East intelligence agencies, a private sector analyst directly familiar with the information told CNN.

Concern about the Syrian al Qaeda-affiliated group Jabhat al-Nusra, also known as the al-Nusra Front, is at an all-time high, according to the analyst, with as many as 10,000 fighters and supporters inside Syria. The United States has designated al-Nusra Front as a terrorist group with links to al Qaeda in Iraq.

# India cuts Iran oil imports 42 percent, takes Venezuelan, other crudes

NEW DELHI (Reuters) - India cut its Iranian oil imports by more than 40 percent in the first five months of the year, replacing the crude with shipments from Venezuela, Iraq and Oman, and pushing Iran down four places to seventh among its suppliers.

India's imports of Iranian oil for May dropped 12.2 percent from a year ago to 213,500 barrels per day (bpd), tanker arrival data compiled by Reuters from trade sources shows.

#### Iranians Celebrate Surprise Rohani Win as Reason for Hope

Hassan Rohani, who criticized government intervention in Iranian lives and pledged dialogue with the world, won the nation's presidency with enough backing to avoid a second-round vote.

Residents of Tehran celebrated into the night after it was announced yesterday that Rohani won 50.7 percent of the 37 million votes counted. Tehran Mayor Mohammad Baqer Qalibaf was second with 16.6 percent. Nuclear negotiator Saeed Jalili and former Revolutionary Guards commander Mohsen Rezai followed.

# Rohani Victory May Undermine Support for Israeli Attack on Iran

Iranian President-elect Hassan Rohani's vow to improve ties with the world carried him to a surprise first-round win. It may have also rewound the clock on a potential military strike against his country over its nuclear program.

"Those advocating an attack on Iran have been dealt a setback," said Suzanne Maloney, a senior fellow at the Brookings Institution's Saban Center for Middle East Policy in Washington. "The chances of an attack on Iran are even more remote than they have been in many years."

# Turkey Police Escalate Crackdown as Erdogan Rallies Support

Police in Istanbul stepped up their attacks on protesters, detaining hundreds amid some of the worst violence this month, as Prime Minister Recep Tayyip Erdogan told a mass rally a few kilometers away that those behind the unrest will be made to pay.

# Libyan crude oil output partly recovers after protests

TRIPOLI: Libya's oil output has climbed to 1.3 million barrels per day from less than 1 million bpd last week as operations normalise following several disruptions due to

protests at fields and ports, a senior Libyan industry source said.

"Production was 1.3 million bpd yesterday," the source said on Monday, "Things have started to stabilise."

## Georgian Energy Minister: Trans-Caucasian corridor should be strategic for entire region

"The plan provides both economic and social provision for the country and all this must be done in the shortest possible time. Both energy and railway are strategic spheres for us and we must do everything to make our corridor strategically important for the entire region," the minister said.

# Saudi Aramco-Dow JV raises funding for \$19 billion project

Sadara Chemical Co, a joint venture between Saudi Aramco and Dow Chemical, has signed a fundraising package for the \$19.3 billion petrochemical complex it is building in the east of the kingdom, three banking sources said on Sunday.

## <u>5 fastest-growing states</u>

GDP growth rate: 13.4%

The energy boom once again made North Dakota the fastest-growing state in the country, according to a recent report from the Commerce Department.

Attracted by six-figure salaries and an unemployment rate below 3%, workers from across the country continue to flock to the Bakken Shale region in the northwest part of the state.

### On the brink, Detroit halts debt payments, plans pension cuts

NEW YORK (CNNMoney) Detroit will immediately stop payments on about \$2 billion in debt, the city's emergency manager announced Friday, an effort to conserve cash.

The manager, Kevyn Orr, also said Detroit will need to cut pay and pension and health benefits for city workers.

Debt holders are likely to get only pennies on the dollar.

#### Statoil shuts field centre in N. Sea after incident

(Reuters) - Production at the Oseberg field centre in the Norwegian section of the North Sea is shut after an incident early on Monday, and it is unclear when it will restart,

operator Statoil said.

## Who'll pay for San Onofre?

The decision to decommission the San Onofre nuclear power plant doesn't end its saga, which instead promises to drag on for decades. There are long-term uncertainties about where to find replacement power for Southern California Edison customers and how long to allow the plant to take up beach space in Camp Pendleton before demolishing it. Before that, though, the state's Public Utilities Commission will have to decide who should pay for the fiasco that led to San Onofre's early retirement.

## Nuclear Decommissioning Surge Is Investor Guessing Game

Nuclear utilities thrust into the spotlight after the Fukushima meltdowns have ordered 20 reactors shut, the most in a three-year span since Chernobyl's aftermath, saddling the industry with a possible \$26 billion in costs.

#### Bloomberg Plan Aims to Require Food Composting

Mayor Michael R. Bloomberg, who has tried to curb soda consumption, ban smoking in parks and encourage bike riding, is taking on a new cause: requiring New Yorkers to separate their food scraps for composting.

#### China Sets New Rules Aimed at Curbing Air Pollution

HONG KONG — China's cabinet has adopted 10 measures to improve air quality in the latest move aimed at responding to the dense smog that has repeatedly enveloped Beijing and other major Chinese cities in recent years.

# Why Dwindling Snow—Thanks Largely to Climate Change—Might Dry Out Los Angeles

The City of Angels has struggled with the basic fact that it is a desert metropolis since its founding. (Just watch *Chinatown*.) The first three months of 2013 were the driest for California on record, and there's no relief in sight. Now a new study from the University of California-Los Angeles suggests that the local mountain snowfall—vital for water supplies—could fall 30 to 40% below 2000 levels by midcentury, thanks to global warming. And if emissions don't decline and warming is worse than we expect, more snow will vanish, even as greater L.A. continues to grow.

# An Arid Arizona City Manages Its Thirst

PHOENIX — The hiss of sprinklers serenades improbably green neighborhoods early in the morning and late at night, the moisture guarding against the oppressive heat. This is

the time of year when temperatures soar, water consumption spikes and water bills skyrocket in this city, particularly for those whose idea of desert living includes cultivating a healthy expanse of grass.

Half of the water consumed in homes here is used to irrigate lawns, but there is a certain curiosity about the way water is used in Phoenix, which gets barely eight inches of rain a year but is not necessarily parched.

The per capita consumption here, 108 gallons a day, is less than in Los Angeles, where residents average 123 gallons a day. And though humid Southeastern cities like Atlanta have grappled with recurrent water shortages, there is no limit here to how many times someone can wash a car or water flowers in a yard.

# Insulating your house could boost its value by £25,000

Energy saving improvements are boosting house prices by 14-38% according to a study from the UK's Department of Energy and Climate Change (DECC).

The report's findings, based on 300,000 sales from 1995-2011, suggest energy efficiency is now a major factor in influencing the sale of residential houses in England.

## Al Gore says Obama must veto 'atrocity' of Keystone XL tar sands pipeline

Al Gore has called on Barack Obama to veto the Keystone XL tar sands pipeline, describing it as "an atrocity".

The former vice-president said in an interview on Friday that he hoped Obama would follow the example of British Columbia, which last week rejected a similar pipeline project, and shut down the Keystone XL.

# Obama's Keystone Silence Is Driving Green-Activists Away

"I was really depressed," Abrams, who has raised hundreds of thousands of dollars for Obama and the Democrats, said in a telephone interview. "People who had hoped he would do really great things walk away feeling that he's not standing up against the fossil fuel industry."

# Obama leaves climate change-fighting tool on shelf for now

WASHINGTON (Reuters) - President Barack Obama has vowed to tackle climate change in his second term, but so far has not acted to strengthen a tool that does not require backing from Congress - the National Environmental Policy Act.

NEPA, a statute that dates to the Nixon administration, calls on officials to weigh

whether projects such as highways, dams or oil drilling could harm the environment.

### Most coal must stay in ground to save climate

SYDNEY (AFP) - Most fossil fuels must remain in the ground because burning them will unleash changes that will "challenge the existence of our society", a new Australian government agency report warned Monday.

The Climate Commission study found that the burning of fossil fuels such as coal, a key Australian export, represented the most significant contributor to climate change.

#### Climate science debate has cost precious time, expert warns

Floods, bushfires and this year's scorching summer heatwave have raised awareness of the dangers of climate change, but an "infantile" debate over the validity of the science has cost Australia precious time, according to a key Climate Commission expert.

# Oil, gas have central role in British economy

LONDON (UPI) -- The British government will continue to rely on oil and natural gas reserves despite a push to advance a low-carbon economy, the British energy minister said.

#### Vulnerable states decry slow progress at Bonn climate talks

LONDON (Thomson Reuters Foundation) – Two weeks of U.N.-led climate talks in Bonn ended on Friday in an atmosphere of frustration, with participants bemoaning insufficient progress on everything from securing financial support for vulnerable poor countries to protecting forests.

#### Beyond NYC: Other places adapting to climate, too

From Bangkok to Miami, cities and coastal areas across the globe are already building or planning defenses to protect millions of people and key infrastructure from more powerful storm surges and other effects of global warming.

# Coastal Cities And Climate Change: You're Going To Get Wet

Even as seas have risen over the past century, Americans have rushed to build homes near the beach. Storms that lash the modern American coastline cause more economic damage than their predecessors because there is more to destroy. The Great Miami Hurricane of 1926, a Category 4 storm, caused \$1 billion-worth of damage in current dollars. Were it to strike today the insured losses would be \$125 billion, reckons AIR Worldwide, a catastrophe-modelling firm. In 1992 Hurricane Andrew, a Category 5 storm, caused \$23 billion in damage; today it would be twice that.

### UN drought chief: 'famine dehumanizes us, but it is not a fate'

The most affected communities are not standing by but are leading the way to drought resilience and water security.

While we pondered and planned the actions to take in the Sahel, for instance, affected communities in Niger and Burkina Faso invested in agroforestry and protected over 5 million hectares of farmland from 1975.

In the latter half of this period, villagers in the Tahoua region of Niger saw a dramatic rise in the water table by as much as 14 metres, and were less vulnerable to the most recent droughts in the region.

## Climate change overseas likely to affect UK food supplies

Climate change abroad will have a more immediate effect on the UK than climate change at home, a report says.

Research by consultants PWC for Defra says the UK is likely to be hit by increasingly volatile prices of many commodities as the climate is disrupted.

It warns that global production of some foodstuffs is concentrated in a few countries.

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