



DrumBeat: August 24, 2008

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[U.S. and Global Economies Slipping in Unison](#)

Economic trouble has spread far beyond the United States to major countries in Europe and Asia, threatening American businesses with the loss of foreign sales and investment that have become increasingly vital to their sustenance.

Only a few months ago, some economists still offered hope that robust expansion could continue in much of the world even as the United States slowed. Foreign investment was expected to keep replenishing American banks still bleeding from their disastrous bets on real estate and to provide money for companies looking to expand. Overseas demand for American goods and services was supposed to continue compensating for waning demand in the States.

Now, high energy prices, financial systems crippled by fear, and the decline of trading partners have combined to choke growth in many major economies.

[Labor Day travelers opt for trains, buses](#)

NEW YORK (CNNMoney.com) -- More travelers will be crowding onto buses and trains for this Labor Day weekend, while car and airplane travel is expected to decline, according to a report released Friday by motorist group AAA.

The bulk of Labor Day travelers - about 28.6 million people, or 83% of the total - are still expected to drive to their destinations, AAA said. But that's a 1.1% decrease in driving from last year.

[Venezuela oil company PDVSA to open sports office](#)

CARACAS, Aug 24 (Reuters) - Venezuelan state oil company PDVSA will open a sports office to train athletes after a lackluster Olympic performance, President Hugo Chavez said on Sunday, expanding PDVSA social efforts that already range from food sales to road repairs.

PDVSA has become the financial engine of Chavez's self-styled socialist revolution,

financing and carrying out a broad array of social programs that have made the leftist leader popular among the country's poor.

[Part 3: The rush for oil](#)

The overwhelming majority of Arctic oil and gas - 84 per cent - is located offshore, meaning energy explorers must brave everything from stormy seas to heaving ice shelves, massive icebergs, vicious winds and months of darkness. Energy companies are pushing the limits of offshore drilling technology to deal with such harsh conditions, but even at today's frothy energy prices, the risk might be too high in the near term for many players. "It's a long way from a desktop study on geological potential to producing reserves," said Pierre Alvarez, president of the Canadian Association of Petroleum Producers.

See also:

[Part 1: 'A new line on the map'](#)

[Part 2: Tough talk taps into national pride](#)

[Dominicans fume over blackouts](#)

SANTO DOMINGO, Dominican Republic -- Gloom has descended over this Caribbean nation as Dominicans endure blackouts with such frequency and duration that tempers are flaring and the economy is foundering.

With blackouts lasting as long as 18 hours in some areas, angry residents have taken to blocking streets with burning tires and stones in protest, and police have responded with tear gas that have even hit homes.

[In fuel-starved Nepal, filling tank is a full day's job](#)



KATHMANDU (AFP) — How to get hold of petrol is one of the hottest topics in Nepal ever since its sole supplier, India, began refusing to sell fuel on credit a year ago to Nepal's state-run fuel monopoly, which owes it millions of dollars.

The ensuing shortage has led to rationing and pump queues of several kilometres.

[Suddenly, Sharing a Ride Looks Good](#)

RANDI MITZNER watched in alarm as the cost of driving to work rose from \$15 a week three years ago to \$35, then \$40. One day last spring, she had had enough. Ms. Mitzner, a senior director of human resources at Education and Assistance Corporation in Hempstead, popped the question to her co-worker Charlene Middleton: Want to drive in together?

[Pakistan: Massive load-shedding as KESC faces 600MW supply shortfall](#)

Massive power load-shedding plagued the lives of people in Karachi on Saturday due to the virtual breakdown and faulty working of the Karachi Electric Supply Company's (KESC) power generation system.

The electricity shortfall crossed the phenomenal 600 megawatts (MW) mark in the last 24 hours, causing continuous spells of power load-shedding in order to bridge the gap.

[Pakistan refineries protest reduced products duties](#)

KARACHI -- The Economic Coordination Committee (ECC) of Pakistan has rejected a claim by the country's refineries that they face loss under the reduced "deemed duty" (ad valorem surcharge) that they now are allowed to charge. ECC asked the Ministry of Petroleum and Natural Resources to submit each refinery's financial results separately

to determine the impact of the reduced-duty formula on the refineries.

Pakistan's five refineries have a total refining capacity of 267,000 b/d. A sixth is under construction and expected to begin products production for export, in spring 2009. Four of the refineries meet the country's domestic market demand for petroleum products.

[India: 'Uranium mining vital for country's power needs'](#)

In a bid to meet the target of generating 20,000 MW of power from uranium by 2020, India is making a serious effort to roll out mining projects in Jharkhand, Andhra Pradesh and Karnataka at a rapid pace.

[Russia: Iran N-plant operational in '08](#)

Iran's first Russian-built nuclear power plant in the southern city of Bushehr will become operational by the end of 2008, Moscow says.

"Russia is seriously committed to completing and running Bushehr power plant in the shortest possible time," Russia's ambassador to Tehran, Alexander Sadovnikov, said Saturday.

[Iran Says Designing New Nuclear Power Plant](#)

TEHRAN (Reuters) - Iran has chosen the site and started designing a new 360-megawatt nuclear power plant, a senior atomic official said in remarks published on Sunday.

[Are we ready to deal with world food crisis?](#)

Soaring world food prices have become a problem not only to developing countries but also to the superpowers.

High fuel costs have resulted in higher agricultural costs. The drop in food stocks and using land meant for food production to produce biofuels are the other disturbing factors. The international community should help countries which are more prone and ensure some sort of relief for the poor.

[Ron Paul: How Foreign Policy Affects Gas Prices](#)

But how does foreign policy affect gas prices? One important factor is that oil on the

world market has been priced in dollars exclusively since 1973. Only two leaders have gone against this arrangement – Saddam Hussein in 2000 and more recently Mahmoud Ahmadinejad with the recently opened Iranian Oil Bourse which trades in non-dollar currencies. But since oil is otherwise exclusively traded in dollars, this means that oil producers have vast amounts of assets held in dollars. Especially since the War on Terror and the PATRIOT Act, many oil-producing nations and banks are concerned the US government may freeze assets based on flimsy pretexts. This fear contributes to dollar weakness, and therefore also high oil prices.

[World Bank increases fossil-fuel funding despite pledge](#)

Once the new Tata Ultra Mega power plant in western India is fired up in 2012 and fully operational, it will become one of the world's 50 largest greenhouse-gas emitters. And the World Bank is helping make it possible.

A year after World Bank President Robert Zoellick pledged to "significantly step up our assistance" in fighting climate change, the development institution is increasing its financing of fossil-fuel projects around the globe.

[Gas prices dip below \\$3.70](#)

NEW YORK (CNNMoney.com) -- -- Gasoline prices fell Sunday for the 38th straight day, bringing down the nationwide average in a motorist group survey by more than 42 cents overall.

[New Zealand: Drivers to pay for oil shock](#)

Motorists should pay more to drive cars - including more expensive car parks, and fees to use the roads - if New Zealand is to survive rising oil prices, a comprehensive new report says.

The increased costs would be coupled with investment in public transport, tax breaks for fuel-efficient vehicles, laws requiring new developments to provide showers and lockers for walkers and bikers, improved urban design, and encouraging businesses to swap company cars for cash or bus subsidies.

[Ragtag Insurgency Gains a Lifeline From Al Qaeda](#)

Today, as Islamist violence wanes in some parts of the world, the Algerian militants – renamed Al Qaeda in the Islamic Maghreb – have grown into one of the most potent Osama bin Laden affiliates, reinvigorated with fresh recruits and a zeal for Western targets.

[At Conference on the Risks to Earth, Few Are Optimistic](#)

ERICE, Sicily — This ancient hilltop town, rife with Roman, Greek, Norman and other influences, is hosting a very modern gathering: a conference on global risks like cyberterrorism, climate change, nuclear weapons and the world's lagging energy supply.

More than 120 scientists, engineers, analysts and economists from 30 countries were hunkered down here for the 40th annual conference on "planetary emergencies." The term was coined by Dr. Antonino Zichichi, a native son and a theoretical physicist who has made Erice a hub for experts to discuss persistent, and potentially catastrophic, global challenges.

The participants were not particularly optimistic. They presented data showing that the boom in biofuels was depleting Southeast Asian rain forests, that "bot herders" — computer hackers for hire — were hijacking millions of computers, and that the lack of progress over handling nuclear waste was both hampering the revival of nuclear energy and adding to terrorism risks.

[Energy crisis is threatened](#)

THEY are the arteries of the world, the waterways that keep our global economy alive.

Two-thirds of all seaborne trade passes through these six narrow choke points, and half of the world's daily diet of oil.

Close just one down, for just one day, and the heartbeat of the industrial world would falter.

Block it for a month, and entire economies could collapse.

[A nation in decay](#)

Nothing screams collective failure like the complete lack of a national energy policy. I find it inexcusable that it has been more than 30 years since the first energy crisis, but no administration — Democrat or Republican — attempted to plan for our nation's energy future. Nothing is more critical to our nation's very economic or political survival than energy independence. We have known that for a century, but yet done little.

[Inflation Delivers a Blow to Vietnam's Spirits](#)

With inflation rising to 27 percent last month — the highest in Asia — and food prices 74 percent above those a year ago, Vietnam is suffering its first serious downturn since it moved from a command economy to an open market nearly two decades ago.

Last month the government raised the price of gasoline by 31 percent to an all-time high of 19,000 dong (\$1.19) per liter (or roughly \$4.50 a gallon). Diesel and kerosene prices rose still higher. The country's fledgling stock market, which had been booming a year ago, has fallen in volume by 95 percent and is at a virtual standstill.

Squeezed on all sides, people are cutting back on food, limiting travel, looking for second jobs, delaying major purchases and waiting for the cost of a wedding to go down before marrying.

[The new black](#)

As designers debuted their autumn 2008 collections on the runway earlier this year, a trend towards conservatism and the use of sober colours – including an overwhelming predilection for black – rapidly emerged. Now, as the season approaches and clothes land on showroom floors, a new undercurrent is welling up: echoes of the energy crisis are rippling through the fashion world, resulting in a raft of oily-finish fabrics from shiny-treated silk to liquid latex, glossy vinyl and other synthetics.

[Americans think worst of 2008 oil spike over: poll](#)

The poll of 1,089 likely voters found that just under 13 percent thought gasoline prices would rise a lot between now and the end of the year. About one quarter thought prices would rise a little, while one in three thought they would drop a little and 18 percent said they would stay about the same.

...Pollster John Zogby said the swift rise in fuel prices earlier this year had fundamentally changed U.S. consumer behavior, and a pullback below \$115 per barrel was not sufficient to alter that.

"The lines are not forming to buy Hummers," he said, referring to the big luxury trucks that are notorious for their poor fuel mileage.

[Opec set to cut oil supplies after weakening demand sparks sharp price fall](#)

OIL cartel Opec is expected to reduce supplies next month following a sharp fall in crude prices on Friday.

[Thirst for oil feeds Oman innovation](#)

In Saudi Arabia, Oman's neighbor, oil production still can be as easy as jamming pipe into the ground and pumping up the oil, or standing back to let it gush forth from the pressure of the reservoir.

But for Oman, "easy oil is over," said Khalid Jawad al-Khabouri, a petroleum engineer at the headquarters of Oman's state-controlled oil company in Muscat, the capital.

At Harweel and several of the country's complex, aging fields, Oman is going after oil the hard way. More than any country along the Persian Gulf, Oman provides a preview of the future of oil.

[With Dubai's oil running out, the energy majors arrive](#)

Since Dubai oil production peaked in 1991, the central question concerning energy matters has not been about production, but how much it needs to fuel its robust economy.

[Georgia official: Train on fire after hitting mine](#)

TBILISI, Georgia - A train carrying oil products hit a land mine near Georgia's strategic central city of Gori on Sunday, causing at least two tanker cars to burst into flames, a government official said.

A television report however said 10 tanker cars were on fire about 6 miles east of Gori. Television footage showed large clouds of black smoke billowing from the site.

[Not a Safe Route](#)

Oil and gas traveling through Georgia was supposed to free Europe from Russia. Not anymore.

...For now, this is a practical risk only east of the Atlantic. The pipelines through Georgia mostly feed Europe, and energy analysts don't see any direct threat to the American market. But oil prices, which had been declining, spiked again late last week on the news. And while no one believes energy was the main motive for Russia's incursion, it surely played some part in Moscow's thinking on the region. "When Baku-Tblisi-Ceyhan was constructed," says Costello, "you had a much weaker Russia that was more amenable to an energy dialogue. While Russia didn't like the existence of a pipeline that bypassed its territory, Moscow had accepted its existence. Now we're in a situation where Moscow sees the situation in zero-sum terms. A resurgent Russia will be less happy to see routes across Georgia expanded."

[US warship docks in Black Sea port](#)

The first US warship to bring aid to Georgia arrived in the country's main Black Sea port of Batumi on Sunday, in a gesture of support for the ex-Soviet republic in its conflict

with Russia.

The USS McFaul, a guided missile destroyer, is loaded with humanitarian aid including bottled water, blankets, hygiene kits and baby food for the tens of thousands displaced by the confrontation that erupted on Aug. 7-8 over Georgia's breakaway South Ossetia region.

[The Russian power play on oil, natural gas reserves](#)

Russia today has become more powerful relative to Europe than it has been since Napoleon, a situation that is all but certain to make the Europeans less willing than the United States to challenge Russian policies. Energy may accomplish for the Russians what the Soviet and Russian armies by themselves could not.

[Iran to double oil reserve capacity](#)

LONDON (IranMania) - Iran plans to start construction of four one-million oil storage tanks in Kharg Island in a bid to double its oil reserve capacity, PressTV reported.

[China's Sinopec H1 net falls 77 pct on soaring crude](#)

HONG KONG (Reuters) - Top Asian oil refiner Sinopec Corp posted a 77 percent fall in first-half earnings as soaring crude prices and caps on state-set fuel prices pushed its refining business into the red, despite government subsidies.

[Ag secretary: Biofuels good for farmers, security](#)

MITCHELL, S.D. - Expanded production of renewable biofuels promises newfound riches for farmers but also improved national security, U.S. Agriculture Secretary Ed Schafer said Thursday at the Dakotafest farm show.

"They are here to stay. They are part of our energy solutions," he said at a forum with Sen. John Thune, R-S.D.

"If we're going to cut our dependence on foreign suppliers, we must be committed to building this new energy portfolio."

[Conference splits over deforestation emission cut](#)

ACCRA (AFP) - Trading carbon emission rights between developed and developing nations caused a split Sunday between delegates at protracted international climate

change talks in Ghana.

"The issue of reducing emissions from deforestation in developing countries under the carbon market mechanism has been a stormy one among delegates and observers," Nicole Wilke, head of German delegation told AFP on the sidelines of the UN framework convention on Climate Change (UNFCCC) conference in Accra.



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