



Drumbeat: May 25, 2011

Posted by [Leanan](#) on May 25, 2011 - 9:45am

[Jeff Rubin: Are China's factories running out of power?](#)

Why has Global Sticks, a manufacturer of wooden ice cream sticks, moving from Dalian, China, to Thunder Bay, Ontario?

It's the kind of low margin manufacturing that is never supposed to come back after it leaves North America for cheaper labour abroad.

But wage costs are no longer everything they were cracked up to be. In today's world of soaring energy costs, power rationing and export taxes on key commodities such as wood, wage gaps are less important. When the power goes off, it suddenly doesn't matter if your labor is expensive. Factories don't run on sweat alone.

[Electricity shortage a growing pain for China](#)

Financially crippled coal plants are shutting down their generators, even though the country is facing one of its most severe power shortages ever, which could hamper the 12th Five- Year Plan starting this year.

[Oil Trades Near Highest in a Week in New York Before U.S. Inventory Data](#)

Oil traded near its highest in a week in New York, paring earlier losses, as a weakening of the dollar countered signs that gasoline inventories are accumulating in the U.S.

Stockpiles of motor fuel climbed 2.44 million barrels in the week ended May 20, the most since Feb. 4, the American Petroleum Institute said yesterday. An Energy Department report today was forecast to show supplies rose 450,000 barrels in a Bloomberg survey. Oil pared some of its loss as the dollar weakened versus the euro, heightening the appeal of using commodities to protect against inflation.

[Emerging economies strain tight commodity supplies: Glencore](#)

HONG KONG - Buoyant commodities demand from emerging economies is straining tight supplies and putting more pressure on producers to ramp up output, Glencore's chief executive said.

A sell-off in commodities in the first half of May took some speculative froth out of the market but did not mean weakening fundamentals, chief executive of the world's largest diversified commodities trader Ivan Glasenberg said.

[U.S. Suit Sees Manipulation of Oil Trades in 2008](#)

After oil prices surged past \$100 a barrel in 2008, suspicions that traders had manipulated the market led to Congressional hearings and regulatory investigations. But they produced no solid cases in the record run-up in gasoline prices.

But on Tuesday, federal commodities regulators filed a civil lawsuit against two obscure traders in Australia and California and three American and international firms.

The suit says that in early 2008 they tried to hoard nearly two-thirds of the available supply of a crucial American market for crude oil, then abruptly dumped it and improperly pocketed \$50 million.

[Nymex Trader Says Oil Prices Have Gone 'Just Nuts,' Blames Goldman: Books](#)

Dan Dicker could be forgiven if he hooted in vindication as crude plunged 15 percent in the first week of May. He concluded long ago that petroleum prices have become "just nuts," as he says in "Oil's Endless Bid."

Oil markets are defying the normal laws of supply and demand, he argues in this timely book, and a large share of the blame belongs to Goldman Sachs Group Inc. (GS), Morgan Stanley (MS) and other banks. A longtime floor trader, he brings valuable insights to bear on a contentious subject that affects us all.

[Saudi looks at restarting its first oilfield](#)

State oil giant Saudi Aramco will study drilling again at its long mothballed, first oilfield, industry sources said on Tuesday.

Dammam, now known as the "Prosperity Well", is where the top crude exporter has made its first discovery in 1938.

[Petrobras CEO says needs more rigs](#)

LILLESTROEM, Norway (Reuters) - Brazil's Petrobras must triple the number of deepwater drilling rigs it uses in order to double its oil and gas production by 2020, its top executive said on Wednesday.

The oil and gas fields off the Latin American country are one of the fastest-growing

areas for new hydrocarbon exploration and a crucial country to invest in for the oil and gas industry worldwide.

[Fareed's Take: Egypt still is not free](#)

President Obama placed the United States squarely behind the democratic wave in the region, though he didn't specifically mention one country - Saudi Arabia - where America's interests and values most obviously clash.

I don't blame him. Street protests in Saudi Arabia might warm our hearts, but they could easily lead to \$250-a-barrel oil and a global recession. That's a tough one.

[US hits more foreign firms with Iran sanctions](#)

WASHINGTON - The Obama administration on Tuesday hit seven foreign companies, including Venezuela's state-owned oil company and an Israeli shipping firm, with sanctions for doing business with Iran that helps fund its nuclear program. At the same time, the administration imposed separate sanctions on more than 15 people and companies in China, Iran, North Korea, Syria and elsewhere for illicit trading in missile technology and weapons of mass destruction.

[US, EU Sanctions Further Blow To Iran's](#)

(RTTNews) - U.S. sanctions on seven companies for supporting Iran's energy sector, and the European Union's restrictive measures on 100 Iranian companies and five persons over concerns about its controversial nuclear program have dealt further blow to a country that is already paying a heavy price for its continued defiance to international calls to halt its clandestine uranium enrichment activities.

EU travel restrictions and assets freeze on designated Iranian entities and members of the Ahmadinejad regime came into force on Tuesday, while the U.S. sanctions followed within hours.

[Venezuela fumes at U.S. oil sanctions over Iran](#)

CARACAS (Reuters) - President Hugo Chavez reacted with predictable fury at "imperialist" sanctions by Washington over Venezuela's ties with ally Iran -- but does not look ready to jeopardize his huge oil trade with the United States.

Venezuelan officials from Chavez down lined up to condemn the measures against state oil company PDVSA, which were announced by the U.S. government as punishment for two shipments to Iran of an oil blending component worth \$50 million.

[Blast hits Iran refinery as Ahmadinejad visits](#)

TEHRAN, Iran - An explosion blamed on a gas leak rocked Iran's largest oil refinery shortly before President Mahmoud Ahmadinejad arrived at the site for a scheduled visit Tuesday, an Iranian news agency reported.

[Iran backs Opec supply support](#)

Iran's Opec governor, Mohammad Ali Khatibi, acknowledged today that there was a shortage of supply in the global oil market, saying Opec was acting to balance the market and would continue to do so.

"Opec is trying to compensate part of the shortage of supply of crude and create a balance in the market and in the future Opec will continue to do its onerous duty which is to create balance in the market," Khatibi was quoted as saying by the semi-official Mehr news agency, reported Reuters.

[UAE gas grid could save oil](#)

An integrated UAE gas grid could help the nation burn less oil for power generation and help gas importers negotiate better deals.

Those could be compelling reasons for the federal Energy Ministry to take up the gas-grid cause, leading what could be the Emirates' next strategic energy project, said Khalid al Awadi, a gas transport expert based in Sharjah.

[CIBC starts coverage of utilities and pipeline cost](#)

Bangalore (Reuters) - Higher investments should drive earnings growth at Canadian pipeline companies and utilities, CIBC said and started coverage of five stocks in the sector.

There will be higher investments in pipeline companies on higher unconventional oil and gas production and in power generation companies on renewable energy, analyst Osvaldo Matias wrote in a note dated May 24.

[China says no oil pipeline dispute with Russia](#)

(Reuters) - China's Foreign Ministry said on Wednesday that energy cooperation with Russia was proceeding smoothly and the countries had no dispute over the East Siberia-Pacific Ocean (ESPO) crude oil pipeline.

The ministry said in a statement faxed to Reuters that China hoped both countries'

companies would be able to resolve the crude oil pricing issues through "friendly consultations".

[Ex Ukraine PM charged in Russia gas deal](#)

KIEV, Ukraine - Ukrainian prosecutors have charged former Prime Minister Yulia Tymoshenko with abuse of office for signing a gas import contract with Russia at prices that officials say were too high.

Investigators say the 10-year contract signed in January 2009 was ruinous for the Ukrainian economy and that Tymoshenko did not have Cabinet approval to sign.

[Love for shale](#)

The House of Commons Energy and Climate Change Committee published its report on shale gas last night, concluding that fears over the safety of shale gas exploration in the UK are largely unfounded.

'There has been a lot of hot air recently about the dangers of shale gas drilling' said Committee Chair Tim Yeo.

'Our inquiry found no evidence to support the main concern – that UK water supplies would be put at risk.'

[Risk From Spent Nuclear Reactor Fuel Is Greater in U.S. Than in Japan, Study Says](#)

WASHINGTON — The threat of a catastrophic release of radioactive materials from a spent fuel pool at Japan's Fukushima Daiichi plant is dwarfed by the risk posed by such pools in the United States, which are typically filled with far more radioactive material, according to a study released on Tuesday by a nonprofit institute.

The report, from the Institute for Policy Studies, recommends that the United States transfer most of the nation's spent nuclear fuel from pools filled with cooling water to dry sealed steel casks to limit the risk of an accident resulting from an earthquake, terrorism or other event.

"The largest concentrations of radioactivity on the planet will remain in storage at U.S. reactor sites for the indefinite future," the report's author, Robert Alvarez, a senior scholar at the institute, wrote. "In protecting America from nuclear catastrophe, safely securing the spent fuel by eliminating highly radioactive, crowded pools should be a public safety priority of the highest degree."

[Fukushima Containment Vessels May Be Leaking, Tepco Says](#)

(Bloomberg) -- Tokyo Electric Power Co. said the containment chambers of damaged reactors at its Fukushima nuclear plant were likely breached, identifying additional source of radiation leaks that may exceed Chernobyl.

Computer simulations of the meltdowns of three reactors in March indicates holes formed in chambers, the company known as Tepco said in a report.

[Agency stops giving projections of radioactive substance spread](#)

TOKYO — The Japan Meteorological Agency has stopped giving projections of the spread of radioactive substances from the Fukushima Daiichi nuclear plant as the International Atomic Energy Agency is no longer asking for them, JMA officials said Wednesday. The IAEA had requested the projections to gauge the potential impact on other countries of the damage to the nuclear plant from the March 11 earthquake and tsunami.

[IAEA team probing Japan nuclear accident says government giving full cooperation](#)

TOKYO — The head of a United Nations nuclear fact-finding mission says he has no concerns about working with the Japanese government as his team investigates what happened at the crippled Fukushima Dai-ichi power plant.

[U.K. May Use Green Investment Bank to Fund Expansions of Nuclear Program](#)

Britain may use the Green Investment Bank it plans to open in April 2012 to help fund nuclear power plants as it encourages consumption of more low-carbon fuels.

[Judge rules environmental group can pursue lawsuit](#)

MOBILE, Ala. -- A federal judge has ruled that an environmental group can continue to pursue a lawsuit claiming the government violated environmental policies in approving oil drilling leases in the Gulf of Mexico after the BP Deepwater Horizon oil spill.

The environmental group maintains that leases were approved without any environmental review that considered the impact of the Deepwater Horizon blowout and the oil spill.

[Are drones also protecting the new oilfields on the Caspian?](#)

During the Soviet period, Kazakhstan was a nuclear laboratory. As the United States did in Nevada, the Soviets carried out nuclear tests in the Kazakh city of Semipalatinsk and the neighboring town of Kurchatov. Over the last two decades, Kazakhstan has renounced its nuclear missiles, and in a celebrated 1994 mission called "Project

Sapphire," shipped much of its enriched uranium to Oak Ridge, Tennessee. More recently, the United States has been flying drones over the test sites to surveil against terrorists or smugglers targeting still-remaining stores of plutonium or highly enriched uranium, according to a piece by the *New York Times*' Ellen Barry.

[College major analysis: Engineers get highest salaries](#)

Just one word of advice for the nation's 2011 high school graduates: petroleum.

An analysis of the projected lifetime earnings of 171 college majors provides a clearer picture of what one bachelor's degree means compared to another in the labor market. And the answer can be as much as \$3.64 million.

[Falling populations and the future of investing](#)

But what if Malthus wasn't wrong, just early? 'Peak oil' - the notion that we're close to pumping as much oil as we'll ever be able to - is an increasingly mainstream argument.

Agricultural yields are falling, and the amount of land available to grow more food is shrinking all the time.

Meanwhile, the UN estimates that there'll be nine billion people on the planet by 2050, and more than 10 billion by 2100. How are we going to feed all those extra mouths? How are we going to fill all those extra cars? Heat and cool all those extra homes?

[Pickens points to natural gas](#)

It's been two months since the massive 8.9 magnitude earthquake and tsunami hit Japan. The nuclear crisis in Japan caused by the damaged reactors since has created doubts on the future of nuclear power. Until the natural disaster occurred, the world seemed on track to see a surge in nuclear reactor projects.

[The Blue Revolution Is the Optimal Solution for Japan](#)

During the past two months, I have spent some time in Japan and, no particular surprise, they are in deep trouble regarding energy supply. The great Tohoku earthquake, tsunami and nuclear disaster set them back to square 1945, and they will need to reinvent the country again. I have a sense they will ultimately recover, but only with the right decisions.

Fukushima was a repeat of Hiroshima and Nagasaki: nuclear devastation symbolic of a nation already in decline. I again visited these two atomic-bombed sites, and found the vitality and metamorphosis remarkable. Can the nation rebound a second time? Clearly, nuclear fission will never again become an option for the country.

[Americans say 'no' to electrics despite high gas prices](#)

Nearly six of 10 Americans — 57% — say they won't buy an all-electric car no matter the price of gas, according to a USA TODAY/Gallup Poll.

That's a stiff headwind just as automakers are developing electrics to help meet tighter federal rules that could require their fleets to average as high as 62 miles per gallon in 2025. And President Obama has set a goal of a million electric vehicles in use in the U.S. by 2015.

[Obama administration buying 101 Chevrolet Volts](#)

The Obama administration is buying 116 Chevrolet Volts and other plug-in electric vehicles -- despite their high cost -- and installing charging stations in five cities.

[Con Ed Fights Solar Rules in New York That It Profits From in New Jersey](#)

Consolidated Edison Inc. (ED), owner of New York City's utility, is fighting legislation to boost demand for solar power in the state while profiting from rules that triggered a boom for the technology in New Jersey.

[Spanish solar plant built by Masdar is well worth its salt](#)

A Spanish solar plant built by an Abu Dhabi company is set to power homes even during the night.

Masdar, which is owned by Mubadala Development, and a Spanish joint venture partner have completed the final tests on a solar plant in Seville, in southern Spain. Mubadala is a strategic investment company owned by the Abu Dhabi Government.

[GE Joins Suzlon, Acciona in Betting on Slow-Wind Turbines to Boost Sales](#)

General Electric Co. (GE), Spain's Acciona SA (ANA), and India's Suzlon Energy Ltd. (SUEL) this week began offering new wind turbines that generate power in gentle breezes, allowing them to target regions such as the U.S. Southeast that have been largely overlooked for development.

[Contamination: The totalitarian strategy of the GMO crop industry](#)

Certainly, many of us know people who say (wrongly) that nowadays everything causes cancer. This view becomes a justification for making no effort to avoid carcinogens,

especially in food. It is a case of learned helplessness that becomes a major public relations weapon for creating and maintaining docile populations. Make people feel powerless. Then, even if they disagree with you, they won't oppose you.

[Can We Contemplate Disaster And Still Remain Hopeful?](#)

The predicted apocalypse may have come and gone last weekend without too many signs of rapture, but anyone who is aware of the multiple environmental crises we face most likely can't help themselves but contemplate some pretty dark scenarios for the future of humanity. When I wrote before about the Dark Mountain Project, arguing that disasterbation can turn you blind, Paul Kingsnorth responded suggesting that it was irresponsible to ignore the evidence mounting up around us and to keep peddling "false hope". Lately I've been wondering, is it possible to contemplate disaster *and* keep a sense of optimism for the future?

[Global warming threatens anthrax cattle burial areas in Russian Arctic](#)

Global warming can uncover and expose anthrax cattle burial sites in the Arctic and cause the spread of dangerous infections, Russia's Emergencies Ministry warned on Wednesday.

"Climatic anomaly impacts on permafrost zones, enhances the danger of exposing anthrax cattle burial grounds," a ministry spokesman said.

[The Stockholm Memorandum: tipping the scales towards sustainability](#)

The Stockholm Memorandum concludes that the planet has entered a new geological age, the Anthropocene. It recommends a suite of urgent and far-reaching actions for decision makers and societies to become active stewards of the planet for future generations.

The verdict from the trial of humanity, which opened the 3rd Nobel Laureate Symposium, has been incorporated into the Stockholm Memorandum: Tipping the Scales towards Sustainability. In particular, the jury of Nobel Laureates concluded that humans are now the most significant driver of global change, and that our collective actions could have abrupt and irreversible consequences for human communities and ecological systems.



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