



Drumbeat: June 17, 2011

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U.S. Oil Supply Highest for May Since 1980, API Says

U.S. oil supplies rose to the highest level in 31 years for the month of May as refineries processed less crude amid a decline in gasoline demand, according to the American Petroleum Institute.

Inventories increased for a fifth consecutive month to 367.6 million barrels, a record for May in data going back to 1980, the industry-funded group said today in a report. Supplies were up 0.7 percent from April and 2.6 percent from a year earlier. Refineries processed 4.8 percent less crude than during the same month last year, at 14.7 million barrels a day.

"Consumers of gasoline may have been adjusting to higher prices by increasing use of public transportation, more telecommuting, more purchases of fuel efficient vehicles and cutting down on discretionary travel," John Felmy, chief economist with the Washington-based API, said in a statement.

US Gas Rig Count Falls By 9 This Week, To 870 - Baker Hughes

NEW YORK -(Dow Jones)- The number of drilling rigs seeking natural gas in the U.S. fell for a second consecutive week, oil-field service company Baker Hughes Inc. said Friday.

There were 870 rigs targeting natural gas this week, down by nine from the previous week.

What Peak Oil? — US oil and gas reserves grew in 2010

According to Ernst & Young's 4th annual US exploration and production benchmark study, oil reserves grew by 11% to 17.8 billion barrels in 2010 and natural gas by 12% to 174.3 trillion cu. ft., the strongest oil and gas reserve growth in the last five years.

The World of Oil According to BP - 2010 In Review

As I have stated in other postings, I feel that the reserve-to-production (R/P) number

or reserve life index is the key to the future of oil production and consumption. As shown in the graph above, this number has remained static since the late 1980s despite ultra deepwater drilling, drilling in increasingly hostile environments, the growing exploitation of oil sourced from tar sands and the massive upgrade to the volume of recoverable oil in Venezuela.

In my estimation, the reserve life index number is telling us that peak oil is on our doorstep....or behind us. Only time will tell.

Iran warns China over South Pars gas deal-report

TEHRAN (Reuters) - China should fulfill its duties in developing a phase of Iran's South Pars gas field or the contract would be cancelled, the semi-official Mehr news agency on Friday quoted the country's top oil company as saying.

TEPCO panel sizes up its task / Talks to cover compensation, breaking monopolies, pension cuts

An independent committee tasked with examining the financial situation of beleaguered Tokyo Electric Power Co. will discuss the option of cutting TEPCO employees' corporate pensions, according to a provisional agenda disclosed by the panel.

During its inaugural meeting Thursday, the government-appointed panel also signaled it might discuss changes to the current framework for the electric power industry, under which regional utilities are responsible for both power generation and transmission.

Neb. nuclear plants prepared for flood, say feds

(CBS/AP) OMAHA, Neb. — Federal regulators say the utilities running both of Nebraska's nuclear power plants have taken the steps needed to protect them from flooding from the Missouri River.

Obama Hydrogen Fuel Failure Conceded by Chu Paring Budget: Cars

Energy Secretary Steven Chu, whose mandate includes getting more fuel-efficient cars on U.S. roads, is disregarding advisers in his own department and seeking to cut almost half the federal funding for hydrogen-powered autos.

<u>Canary in a phosphate mine</u>

Not long ago, Nauru was one of the wealthiest nations on Earth: The phosphate mines, before they dried up, gave the nation the second-highest per-capita GDP in the world. But today, 90% of its residents are unemployed and the nation's economy sags under enormous debt. The phosphate mineral money that brought Ferraris to the island in the

1970s and '80s has dried up, leaving all those sports cars to rust. Today, most Nauruans live on about 90 to 100 Australian dollars a week.

Australia: Fertile plains under frack attack

Durum wheat is going head-to-head with coal seam gas in a battle over the state's top agricultural region.

Climate change 'will end economic growth'

ALI MOORE, PRESENTER: Well as we've seen today in Canberra, getting agreement on how to respond to climate change is proving to be hard work.

Two men who share a deep interest in the economic impact of climate change are Paul Gilding and Thomas Friedman.

Sustainability consultant Paul Gilding is a former CEO of Greenpeace International and he's also the author of The Great Disruption: why the climate crisis will bring on the end of shopping and the birth of a new world.

<u>A world of 10 billion</u>

In some places, the challenges are so vast as to steal one's breath. Within two decades, the population of the Democratic Republic of the Congo is expected to balloon to 148.5 million, up from 66 million today. Congo and other poverty-stricken African countries, where fertility rates remain high, will produce much of the world's future population growth: Germany and Ethiopia now have comparable populations (82 and 83 million people respectively), a UN report notes, but by 2050, Germany's population is expected to decline to 75 million people, while Ethiopia's will hit 145 million. It makes the problems of one child in Visoko, Bosnia, look eminently solvable—though even there our best intentions don't add up to much. Despite brave promises of lifelong financial support at the time of his birth, Adnan's family now survives on about 250 euros per month. "Had I known back then what I know today, I would never have allowed the UN to declare him the six-billionth person," Fatima Nevic recently told Maclean's. "Basically, everyone forgot about us."

Yet speak to experts whose careers revolve around the population equation, and you'll also hear notes of surprising optimism—in part because population growth is moderating toward a more manageable pace. With fertility levels slipping in many parts of the world, it will take an estimated 14 years, from 2011 to 2025, for the world to add its eight-billionth person, and another 18 years to add its ninth. Adding number 10 billion won't happen until 2083, a full 40 years after the nine billionth is born. These forecasts are based on the UN Population Division's "medium-variant" scenarios, which are considered the most likely to come to pass. The bureau's highest possible projection puts the world population at an appalling 15.8 billion in 2100, but its lowest would have us at 6.2 billion. That latter figure bears repeating: the human race might actually shrink.

Oil Producer Deadlock Leaves Saudis Calling Shots on \$100 Crude

More than a week after Saudi Arabia failed to persuade its fellow OPEC members to increase oil output, analysts and investors are still trying to sort out the meaning of the fracas. One of the consequences may be the death of OPEC, or at least its irrelevance for the foreseeable future.

China is World's Largest Energy Consumer

San Antonio, Texas – World consumption of energy has increased 5.6 percent in 2010, according to BP's Statistical Review of World Energy. This is the largest increase since 1973, which happened to be a memorable year in energy history. At the time, the U.S. was by far the largest consumer of energy, devouring 1,812 million tons of oil equivalent (mtoe)—more than 30 percent of the world's total—as the country faced an energy crisis, oil embargo and record high oil prices.

In 2010, another pivotal moment occurred in energy history: The country consuming most of the world's energy was no longer the U.S., but China.

Kurt Cobb - Shale Gas: Not a 'Game Changer' After All

Newly accessible natural gas from deep shale deposits around the world has been touted as a solution to everything from oil dependence to climate change. But our actual experience with shale gas extraction is telling another story.

Ohio Senate Passes Bill Allowing O&G Drilling in State-Owned Lands

A bill allowing drilling for oil and natural gas in parks, forests, and other state-owned lands passed the Ohio Senate Wednesday after the chamber again rejected an attempt to place Lake Erie off limits.

Obama's opening up Alaska's National Petroleum Reserve. Does anyone care?

The Obama administration says it will expedite lease sales in the National Petroleum Reserve-Alaska, holding one sale this December and then sales every year after that.

The news, coming during a congressional hearing Thursday morning on a bill that would require annual lease sales in NPR-A, among other things, makes good on a promise President Obama offered in May, when Americans were first beginning to grapple with high gasoline prices. The president used a nationally-broadcasted speech on the energy crisis and rising pump prices to vow to do more to bring domestic oil to market, including in Alaska.

But now, the real question is: Do oil companies really care about NPR-A anymore?

Analysis: Latin America Rig Activity Grows

Latin America oil and gas activity is booming, with year-on-year rig activity increases from April 2010 to April 2011 in Argentina, Brazil, Colombia, Ecuador and Venezuela, according to a recent report by London-based Evaluate Energy.

Fuel crisis attributed to cash transactions

Malawi Government has attributed the current fuel shortage to the expiry of Letters of Credit which forced suppliers to demand cash payments for fuel destined for Malawi.

In a statement released on Thursday to explain the current crisis, the Ministry of Natural Resources, Energy and Environment, however, assured Malawians that the situation will stabilise soon as it is expected that new Letters of Credit would be put in place and foreign exchange being provided by commercial banks.

Pakistan: Many areas still facing fuel shortage

LAHORE: Many areas in Punjab and Malakand are still facing fuel shortage however the supply resumed in many cities including Faisalabad and Sargodha, Geo News reported.

Majority of the fuel stations in Chechawatni are short of fuel and therefore the locals are facing difficulty in carrying out day-to-day activities.

Madagascar Calls for Calm Amid Gas-Station Queues, Express Says

Madagascar's mines and hydrocarbons minister, Mamy Rakotoarivelo, called for calm as queues formed at gas stations across the country for a third day amid speculation of a fuel shortage, l'Express reported.

<u>UAE: No end to fuel shortage after three weeks</u>

Petrol shortage in Sharjah and northern emirates entered third week with no signs of ending soon, even as officials remain silent over the reason behind the crisis.

A public statement by the ENOC group, the parent company of Eppco and Enoc stations, is still forthcoming despite Sharjah Executive Council's plea and the sustained silence is only fueling speculations, UAE's oldest English daily Khaleej Times reported.

BEIRUT — Syrian security forces killed at least eight people Friday, activists said, as thousands of people poured into the streets across the country calling for the downfall of President Bashar Assad's autocratic regime.

The protests came hours after Syrian troops backed by tanks and helicopter gunships seized control early Friday of another northwestern town in the latest military operation to quell the dissent.

Since the protests erupted in mid-March, Assad has unleashed the military to crush street demonstrations. Human rights activists say more than 1,400 Syrians have been killed and 10,000 detained.

Utility Starts Filtering Water at Stricken Japanese Nuclear Plant

TOKYO — Tokyo Electric Power, the utility trying to contain the nuclear crisis at the Fukushima Daiichi power plant, took a significant step forward on Friday when it began operating a huge filtration system that it hopes will ease the amount of contaminated water produced at its damaged reactors.

Japanese ordered to take siestas to save power

Faced with an energy crisis as the summer arrives in Japan, one prefecture is adopting a habit that was previously anathema to hard-working Japanese - the midday siesta.

Oklahoma tribe unveils solar energy project

An Anadarko-based American Indian tribe unveiled a solar energy project on Wednesday that tribal officials said would save it thousands of dollars and could lead to new jobs coming to southwestern Oklahoma.

DOE Loves Solar, Offers \$150M Loan Guarantee to 1366 Technologies

Solar has emerged to be the government's favorite source of renewable energy. The U.S. Department of Energy announced loan guarantees for four solar projects earlier this week and on Friday named 1366 Technologies as the fifth winner.

<u>Review: Reinventing Collapse – Revised and Updated by Dmitry Orlov</u>

Reinventing Collapse is intended to give readers a concrete sense of how they can change their lives to better face the reality ahead. Everyone's starting point, argues Orlov, should be eliminating his or her need for money. He's certain that America will choose to inflate away its debt à la the Soviet Union, making the dollar effectively worthless. Those who divest themselves of exposure to dollar depreciation will be poised

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not just to survive but to flourish in these trying times. For example, someone with the foresight to stockpile basic supplies like razor blades, medications and soap will be well-positioned to barter for other things.

How Do Doomsayers Cope When the World Doesn't End?

Perhaps the best-known example of a failed scientific prophecy came from Stanford biology professor Paul Ehrlich and his wife Anne, who in their 1968 book *The Population Bomb* predicted massive global starvation due to overpopulation in the 1970s and '80s. Was there starvation in those decades? Yes. Was it massive and global? No. Were the Ehrlichs chastened? Not so much. While they concede their scariest doomsday scenarios were "way off," on the larger question of looming disaster they say they were "too optimistic."

These cases give us insight into the doomsayer's mentality. Are they flung into an abyss of existential despair when their predictions don't come true? I won't say it never happens. The leader of the Japanese sect Ichigen no Miya ("The Shrine of the Fundamental Truth") predicted an earthquake would destroy his country on June 18, 1974, at 8 a.m. Distraught when proven wrong, he attempted suicide. But he's an exception. More commonly the reaction is: eh, so I messed up on the scheduling details. From a meta point of view I was right.

Richard Heinberg: The Shrinking Pie: Post-Growth Geopolitics

As nations compete for currency advantages, they are also eyeing the world's diminishing resources—fossil fuels, minerals, agricultural land, and water. Resource wars have been fought since the dawn of history, but today the competition is entering a new phase.

Nations need increasing amounts of energy and materials to produce economic growth, but—as we have seen—the costs of supplying new increments of energy and materials are increasing. In many cases all that remains are lower-quality resources that have high extraction costs. In some instances, securing access to these resources requires military expenditures as well. Meanwhile the struggle for the control of resources is realigning political power balances throughout the world.

China evacuates 500,000 as flooding breaks worst drought in 50 years

China has evacuated more than 500,000 people from deadly floods that are devastating areas in the south of the country following the worst drought in 50 years.

...The dramatic shift is in line with weather trends identified by the Beijing Climate Centre, which says rain is coming in shorter, fiercer bursts, interspersed by protracted periods of drought.

Dog-walking collective strolls thin line between anarchist principles, profits

Moving from would-be anarchist to successful business owner brings a few quandaries. If you oppose the idea of a state, should you pay taxes? Is it ethically sound to care for the animals of professionals while they are at work at institutions such as the International Monetary Fund? And if you don't believe in corporations, should you buy health insurance from one?

From the start, Brighter Days has taken a path in the middle, keeping as close to its anarchist ideals as possible while running a legitimate business.

Rare Earth Prices Double on China Controls

Prices of the rare earths used in lasers and plasma televisions more than doubled in the past two weeks as China tightens control of mining, production and exports, according to market researcher Industrial Minerals.

The cost of dysprosium oxide, used in magnets, lasers and nuclear reactors, has risen to about \$1,470 a kilogram from \$700 to \$740 at the start of the month, Industrial Minerals said in an e-mailed statement. Europium oxide, used in plasma TVs and energy-saving light bulbs, has more than doubled.

<u>Oil Heads for Biggest Weekly Decline in Six on Concern Over European Debt</u>

Oil dropped to its lowest price in four months in New York on concern the Greek debt crisis will threaten Europe's economic recovery, curbing fuel demand.

Futures fell as much as 3 percent after Luxembourg's Jean- Claude Juncker, who leads the group of euro-area finance ministers, was cited in a newspaper as saying Greece faces "an extremely difficult process." Crude is down 4.8 percent this week as data showed U.S. manufacturers turned pessimistic in June and demand for diesel declined. Prices will slide further next week, according to a Bloomberg survey of analysts.

Natural Gas Declines to Three-Week Low in N.Y. After Inventory Increases

Natural gas futures dropped the most in six weeks on speculation that U.S. supplies are adequate to meet summer demand from power plants.

Gas fell for a fourth day after the Energy Department said stockpiles rose 69 billion cubic feet in the week ended June 10 to 2.256 trillion, matching estimates made by analysts before the report was released. Gas reached a 10-month high on June 9 on forecasts for hotter-than-normal weather.

Could We See A Summer Oil Shortage? This Economist Says Yes.

Oil prices might be high, but there's no shortages around the world, right? Think again, says Anas Alhajji, chief economist at NGP Energy Capital Management in Dallas. The U.S. might be getting all the oil it demands, but the story is different in places like China and Iraq, where because of electric power shortages governments and private citizens are turning to diesel. China has banned exports of diesel in efforts to secure enough to combat outages and has reduced production of chemicals to conserve fuel. Iraq in March bought 50 diesel generators to ease outages, with the nation's electricity minister promising 16 hours of power a day by 2012.

Venezuela to begin rationing electricity

CARACAS, Venezuela - Venezuela will soon begin rationing electricity in several regions because of recurring power outages, the country's energy minister said Wednesday.

Mexico says \$250 million in oil stolen in 4 months

Mexican officials say increasingly sophisticated gangs stole about 20,000 barrels per day of oil products from government facilities in the first four months of 2011. The stolen oil was worth about \$250 million.

Venezuela's businesses wary of energy rationing

CARACAS, Venezuela - Business leaders on Thursday warned that the government's plans to ration electricity because of recurring power outages could curb production and thereby slow Venezuela's economic recovery.

Russia must reduce reliance on oil prices- Medvedev

(Reuters) - Russia must reduce its reliance on high oil prices and must press on with modernisation of its economy in the next few years, regardless of who is in charge, President Dmitry Medvedev said on Friday.

Russia May Sell Rosneft as Medvedev Urges More Privatization

(Bloomberg) -- Russia said it may surrender state control of its largest oil producer as President Dmitry Medvedev urged a bigger privatization program to lure investors and speed up the lowest rate of growth among major emerging economies.

Russia, China postpone major gas deal

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The presidents of Russia and China have postponed the signing of a major deal to supply Siberian natural gas to energy-hungry coastal China.

How China gained the upper hand in Russian gas talks

China is eager to import Russian gas to help meet its surging energy needs and reduce dependence on environmentally damaging coal.

However, during the five years that the Russian gas deal has been under negotiation, China has moved to secure alternative supplies, signing contracts with gas producers in the Middle East, Australia, Burma and central Asia. China has also discovered large reserves of shale gas that could eventually provide a large source of indigenous energy, easing the pressure to import gas.

BP committed to Russian venture: Dudley

(Reuters) - British oil major BP remains committed to its Russian joint venture TNK-BP, CEO Bob Dudley said on Friday.

Dudley also told Reuters that BP was looking at cooperation with state-controlled oil major Rosneft outside Russia, after the co-owners of TNK-BP blocked a deal to search for oil in the Russian Arctic and do a \$16 billion share swap.

Four foreign firms ready for Arctic development says Rosneft

State-run oil giant Rosneft has chosen three or four foreign companies for cooperation in the development of Russia's energy-rich Arctic shelf, CEO Eduard Khudainatov said on Friday without naming them.

"The number of companies that have enough potential for this partnership in the world is small. They are three or four companies. We are working with all of them," Khudainatov told RIA Novosti.

Pemex Plans Refinancing After Yields Reach Seven-Month Low: Mexico Credit

America Movil SAB and Petroleos Mexicanos, the biggest Mexican issuers of debt in international markets last year, are considering selling bonds to refinance debt after their benchmark yields fell to a seven-month low.

Billionaire Cisneros to Team With Chinese Banks in Latin America Oil, Gold

Cisneros, who first traveled to China about 30 years ago with billionaire philanthropist

David Rockefeller, is expanding into deals with the Chinese after shedding beverage and consumer-goods companies and America Online Latin America since the early 1990s to focus on his Venevision television network. Banks in China, the third-largest source of foreign direct investment in Latin America, lent Brazil's state-run Petroleo Brasileiro SA \$10 billion in 2009 in exchange for oil supplies, among credit provided to secure resources from the region.

Kuwait ruler warns against unrest, security threats

KUWAIT (Reuters) – Kuwait's emir said Wednesday the Gulf state would show "zero tolerance" to anyone threatening the OPEC oil exporter's security, after the opposition held weekly rallies demanding that the prime minister step down.

Thanks to a generous welfare system, Kuwait has avoided the mass protests that have forced out the rulers of Egypt and Tunisia.

Philippines to China: Don't intrude into our water

MANILA, Philippines—Philippine President Benigno Aquino III insisted Friday that his country won't be bullied by China in a territorial spat over the Spratly Islands, but also announced an end to oil exploration in the disputed waters that had angered Beijing.

China to boost coastal forces amid sea tensions

China will boost offshore surveillance by adding ships and 6,000 personnel by 2020 in a move likely to raise tensions with South China Sea neighbours staking rival claims to waters thought to hold vast reserves of oil and gas.

Gas Terminal Shut Down Due To Flooding

OMAHA, Neb. -- A terminal that supplies a large amount of gasoline has been shut down due to flooding. The Magellan Midstream Partners Terminal near Abbott Drive closed Sunday.

While there's adequate supply elsewhere, there's uncertainty about when this terminal will be able to reopen.

EON 'Acted Early' to Buy Back German Power After Nuclear Reactor Halts

EON AG, Germany's biggest utility, has bought back lost future electricity production it had already sold from two nuclear plants that were ordered to shut by Chancellor Angela Merkel in March.

NRC members refuse to answer Vt. Yankee questions

The five members of the federal Nuclear Regulatory Commission refused to say Thursday whether they had voted in secret a day earlier on whether to ask the U.S. Justice Department to intervene in the lawsuit brought by Entergy Corp. against the state of Vermont over the future of the Vermont Yankee nuclear plant.

Russia takes nuclear power seaward with 8 floating power plants

Russia is putting the finishing touches on the first of 8 new massive floating nuclear power plants. It plans to use the behemoth energy generators in the Arctic ocean to power the search for new oil and natural gas deposits. The reactors are built on giant platforms that resemble huge cargo ships, each one carrying a staggering \$336 million price tag.

With its new power plants, Russia hopes to secure as much of the unclaimed Arctic resources as possible, further cementing its position as a major player in world energy resources.

Nuclear Plant, Left for Dead, Shows a Pulse

The Tennessee Valley Authority says a half-built nuclear plant shelved 23 years ago may be its best bet for new energy.

The Tricky U.S. Reactor Tally

At the entrance to the unfinished Bellefonte nuclear plant in Hollywood, Ala., are morale-building posters for Tennessee Valley Authority employees. In bold type, they proclaim "106."

The number refers to how many nuclear reactors the United States would have if the Bellefonte 1 reactor were finished, but such prognostications are dicey.

International Energy Agency fears higher emissions if nuclear power is cut

The International Energy Agency has warned that the world faces higher energy costs, more carbon emissions and greater supply uncertainty if it turns its back on nuclear power.

U.S. solar power industry booms, gains globally

 Solar energy remains one of the fastest-growing sectors of the U.S. economy as its

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photovoltaics produced 66% more power in the first quarter of this year than during the same time last year, the industry reports Thursday.

Mapping Sun's Potential to Power New York

Two-thirds of New York City's rooftops are suitable for solar panels and could jointly generate enough energy to meet half the city's demand for electricity at peak periods, according to a new, highly detailed interactive map to be made public on Thursday.

<u>One million Bangladesh homes on solar power</u>

DHAKA (AFP) – The number of households in electricity-starved Bangladesh using solar panels has crossed the one million mark -- the fastest expansion of solar use in the world, officials said Wednesday.

In 2002, just 7,000 households were using solar panels but now more than a million households -- or some five million people -- gather solar energy, said Nazmul Haq of the Infrastructure Development Company (IDCOL).

<u>Plan for Hydroelectric Dam in Patagonia Outrages Chileans</u>

SANTIAGO, Chile — A white gas mask hanging from her neck, Paula Bañados strode side by side with 30,000 other marchers through this capital one recent Friday, a determined look on her face.

"Patagonia without dams!" Ms. Bañados, 19, shouted with the others, pumping a fist in the air.

John Michael Greer: Profligacies of Scale

Promoters of giant wind turbines, and for that matter of centralized power generation schemes of all kinds, tend to talk quite a bit about economies of scale. In an expanding economy with a stable or growing resource base, that sort of talk often makes sense, though the extent to which those economies of scale are a product of direct and indirect government subsidies to transportation, financing, and large businesses generally is not something economists like to talk about. Still, in a world facing economic contraction, resource depletion, and a loss of complexity potentially capable of rendering a great deal of today's infrastructure useless or worse, the balance swings the other way. In the face of a future where small, cheap, localized approaches that are sparing in their use of resources, relying on massive, expensive, centralized, resource-intensive power plants of any kind is not an economy but a profligacy of scale, and one that we very probably will not be able to afford for much longer. Were official warnings brushed aside by ministers or was the government knowingly misleading the public?

Finnish president: 'We've overestimated the Lisbon Treaty'

As co-chair of the UN High-Level Panel on Global Sustainability, do you think governments are taking the right action to tackle scarcity of raw materials, peak oil and rising populations? Or are we heading for a worst-case scenario?

The panel takes into account a number of factors. I call it a 'modern trinity' of economic, social and environmental priorities.

It means that we welcome economic growth. It's needed. But we also respect planetary boundaries and we want economic growth to also be inclusive and contain social justice. A few words on what I mean by this...

Energy efficiency can avert disaster

About 1,500 people from Canada and around the world will meet in Toronto beginning Sunday for a world conference on disaster management, sponsored by the Canadian Centre for Emergency Preparedness.

The conference will deal with planning for disasters of all shapes and sizes. And what intrigues me is the fact that conference officials chose to have Lester Brown as their opening speaker.

Made in USA: Overseas jobs come home

This trend of reshoring or insourcing is likely to grow in the coming years, as the cost gap between building overseas and building at home narrows. It's an encouraging sign in a job market where hiring has stalled in recent months.

Senate Rejects Effort to Cut Ethanol Subsidy

WASHINGTON—A Senate effort to take away ethanol subsidies came up short Tuesday but exposed weakened support for a \$6 billion tax break, suggesting that the incentive could be eliminated.

The Senate didn't reach the 60 votes needed to proceed to a vote, undermined by Democratic leaders frustrated at the procedural maneuver used to bring the measure to the floor. But in the process of reaching the 40-59 vote, a coalition of conservatives and environmentalists challenged the legitimacy of the subsidies as their peers became

entangled in a larger debate over tax breaks in an age of deficits.

Engineering a Cleaner Way to Fly

Biofuels, especially second-generation methods that don't cut into the food supply, are increasingly seen by the aviation industry as a way to offset the volatility of traditional fuel prices. The exploration in the industry has also been in response to increasing emission regulations and the potential for an aviation biofuel credit market in the European Union.

"As an industry, we have to find a way to eliminate the volatility," said Scott. "We won't predict when peak oil is going to happen, or whether it has already happened. But you need to get going on this."

Farm Jobs Lost? Blame Environmentalists! (Or Not.)

The Pacific Institute, one of the premier research organizations on water issues, has undermined the conventional wisdom in California's Central Valley with its latest report.

Farmers and most other residents in the state's breadbasket blame environmentalism run amok for forcing them to leave fields unplanted when the water they hoped for was diverted to benefit the endangered ecosystem of the Sacramento-San Joaquin delta. But the institute's report, based on an extensive analysis of federal and state data as well as the records of water districts, argues that environmental constraints played at best a minor role in water shortages and rural unemployment.

How Calif. Farmers Finessed Impacts of Long Drought but Could Stumble in the Next One

Christian-Smith cautioned that the methods used to adapt are not, in her view, sustainable for longer periods of dry weather predicted for later in the century, which could be harsher and prolonged by global warming.

"California was relatively resilient in this last drought," she said. "But we have very little in the way of long-term adaptation or mitigation strategies. This state is precariously situated."

Asia's Food Security Conundrum: More Apparent Than Real? - Analysis

There is enough food in the world to feed everyone, yet one billion people are hungry. Biotech approaches to food production will not enhance food security in Asia unless severe distortions in existing food production are first addressed. In effect, however, the authors skirt gingerly around the issue that drives price volatility and everything else about food production, and that is a population that is rising faster than the earth can adjust. The report notes that by the end of 2011 global population will rise to 7.7 billion. It is rising population that strains resources, is driving global warming, diverting water from rural to urban populations and increasing pollution of the world's rivers and oceans.

Japan says it won't extend carbon reduction pledge

BONN, Germany - Japan affirmed Thursday it will not extend its legal commitments under the Kyoto Protocol to cut greenhouse gases after they expire in 2012.

Arctic melts faster than IPCC's forecasts

As a fortnight of climate talks wrap up in Bonn, the latest scientific data on the rate of Arctic warming show dramatic levels of melting and sea level rise occurring far faster than previous estimates.

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