



Drumbeat: June 20, 2011

Posted by [Leanan](#) on June 20, 2011 - 10:30am

[Why the World Isn't Getting Smaller](#)

Tis the season to be selfish. Right after the global financial crisis exploded in 2008, many economists fretted that countries looking to hold on to their share of a shrinking pie would become more self-interested and protectionist, plunging the planet into an even sharper downturn, just as happened in the 1930s after the Great Depression. Thanks to panic-fueled crisis management by policymakers, it didn't happen. But after three years of pain and very little economic gain, it may be happening now.

[Saudi cargoes ease Mideast oil prices](#)

Singapore: A slide in Middle East crudes to the lowest in almost a year relative to benchmark prices is showing no sign of ending as Saudi Arabia offers extra cargoes to overseas refiners and cuts export costs.

[China's Mining Pit](#)

Favorably located on the northwestern coast of Australia, Port Hedland is the point through which the iron ore, copper and other resources dug up from the wastelands of the interior get shipped abroad — more and more to the voracious Chinese economy. Last year 70% of the exports from Port Hedland were bound for China, up from 45% in 2005. That surge has turned Port Hedland into an indispensable part of Australia's economy and a hot destination for mining executives. The port can barely keep pace with Chinese demand. Its capacity has tripled over the past eight years, and Lindsay Copeman, acting chief executive of the Port Hedland Port Authority, expects it to double again by 2016. "It's a very fast-evolving process," Copeman says. "Instead of being a gentle growth curve, it's an exponential curve, and we're almost at a vertical wall."

[Coal costs drive power producers into the red](#)

BEIJING - China's five biggest power companies have reported increasing losses in their thermal power business ventures as they continue to struggle with rising coal costs and capped electricity prices.

[Three-step solution for petrol shortage](#)

There is more silence than mystery about the persistent petrol shortage that is making life difficult in the Northern Emirates. And the short-term solution is clear. Now it is time for the Federal Government to get the pumps re-opened - then we can consider a more efficient market solution.

[Fuel shortages breed black markets in Yemen](#)

Plagued by the months-long sharp fuel shortages, black markets are thriving in unrest-hit Yemen as the cash-stripped government attempted to put security and economic situations back on track.

The security authorities seized 1 million liter of petrol and diesel over the past three days in several black markets in the capital of Sanaa, the ruling party's news website said on Sunday.

[Strike Forces Power Cuts in Greece](#)

ATHENS—Greece's state-owned electric utility, Public Power Corp. SA, Monday began limited power cuts to selected towns across Greece as a strike by workers forced nearly a third of the company's generating capacity offline.

"We have started to implement selective power cuts because of the shortage in our available output," a PPC official said. "Right now, however, I would say the power cuts are still of fairly limited extent."

[Will shale gas be a shake or a mere stir?](#)

In Texas, the shale gas industry has banded together to try to halt the terrible PR that threatens it in the United States and elsewhere globally -- last Friday, Gov. Rick Perry signed a law requiring industry disclosure of many of the chemicals used to extract the gas. "We have seen the light," Aubrey McClendon, CEO of Chesapeake Energy and probably the loudest critic of shale gas critics, said earlier this month. Coming in the birthplace and home of modern-day fracking, the move ought to quiet shale gas doubters. Right?

[UK urges Ireland to build windfarms on west coast](#)

Plans to link electricity grids offer the UK a chance to meet its clean energy targets – but threaten to blight Irish beauty spots.

[Deus ex Machina: Will economic collapse save us from climate catastrophe?](#)

A new paper by NASA's James Hansen suggests that immediate and drastic declines (ca. 6% annual) in industrial CO₂ emissions are required to avoid catastrophic climatic destabilization. As no realistic political solution exists for such immediate CO₂ reduction, prospects for a livable future have now become dependent on a single back-breaking option: rapid global economic collapse. And in 'Deus ex machina' style, we may get it just in time.

[Richard Heinberg - Global Youth Uprising: Dashed Hopes, Anger, and Realism](#)

At the core, though, all of these uprisings are about the simultaneous failure of modern economics *and* modern politics—even though systems differ somewhat from country to country. People in all of the nations mentioned have one thing in common: crushed expectations. Economists and politicians have promised jobs and growth, but instead citizens are seeing spreading unemployment, rising food and energy prices, and increasing economic inequality. Nowhere are there realistic prospects for a political remedy to worsening economic conditions. Thus, while unrest seems destined to spread and intensify in the months and years ahead, it has no clear long-term strategy or goal.

[Norway relegated in oil rankings](#)

Norway saw the largest oil production drop of any country last year as it dropped out of the list of the world's top 10 producers, according to BP's annual statistical review.

The dramatic drop in the country's output, which fell 9.4% in 2010 compared with the previous year to about 2.1 million barrels per day, is likely to serve as an alarming confirmation for the Oslo government that it is failing to reverse the trend of declining production from mature fields.

[Statoil targets output boost](#)

Statoil aims to bring online three waves of new projects worldwide over the next decade as it looks to boost production by almost a third by 2020.

[Oil Drops to Four-Month Low, Heads for Bear Market, on Europe Debt Crisis](#)

Oil fell to the lowest in four months in New York, bringing its decline from this year's peak to 20 percent, on speculation a weakening global economy and Greece's debt crisis will lead to reduced fuel demand.

Futures slid as much as 2 percent today, erasing this year's gains, as European governments failed to agree on releasing a loan payout to spare Greece from default and Japan's exports dropped in May more than forecast. Crude traded for a second day below its 200-day moving average, a major technical- support level. Today's low marked a 20 percent decline from its 2011 settlement high in April, the sign of a bear market.

[Funds Trim Bullish Commodity Bets](#)

Funds reduced bullish bets on commodity prices for the first time in four weeks as Greece's debt crisis spurred speculation that global growth will decline, curbing demand for raw materials.

Speculators cut their net-long positions in 18 U.S. commodities by 0.9 percent to 1.3 million futures and options contracts in the week ended June 14, government data compiled by Bloomberg show. That's the first drop since May 17. Declines were led by a 63 percent plunge in bets on rising wheat prices. Natural gas holdings tumbled 41 percent.

[The Future of North Sea Oil and Gas](#)

Most businesses think this Government has done a reasonable job in cutting tax and red tape on business compared to its Labour predecessor.

But its failure to redraft the new levy on the North Sea has been one of its worst own goals.

[Big Oil's big man in Washington](#)

Lobbyist Jack Gerard wants to make the oil industry seem kinder and friendlier. His largest obstacle? Oil companies.

[Chinese patrol ship docks in Singapore](#)

SINGAPORE - One of China's largest maritime patrol ships docked in Singapore on Sunday (June 19) after it travelled through the disputed waters of the South China Sea, in a move likely to raise tensions with neighbours staking rival claims to waters thought to hold reserves of oil and gas.

[Gazprom set to become China's major natural gas supplier](#)

Gazprom has the potential to become the largest natural gas supplier to China, Gazprom Deputy CEO Alexander Medvedev said on Monday.

"We have all the possibilities to become the basic supplier. Even if China starts extracting shale gas, plenty of room will be left for natural gas," Medvedev said.

[Syria's Assad mixes threats and promises in speech to nation](#)

(CNN) -- Syrian President Bashar al-Assad offered vague promises of reform and clear threats against protesters Monday as he addressed his nation amid months of protests that have left more than 1,100 dead, according to human rights activists.

[State TV: Yemen's armed forces kill 17 al Qaeda terrorists](#)

(CNN) -- At least 17 al Qaeda militants have died in clashes with Yemeni armed forces in Abyan province, state-run Yemen TV reported Monday.

Over the weekend, at least a dozen Islamic militants and two Yemeni troops died in clashes, a senior security official in the southern province told CNN Sunday. It wasn't clear if Monday's figures included deaths from earlier reports.

[More than 43 million worldwide forced from their homes, UN says](#)

(CNN) -- The number of people forced from their homes worldwide has risen to 43.7 million, the highest level in 15 years, according to a United Nations refugee agency report released Monday.

[Gas project off Western Australia highlights rivalry for LNG crown](#)

Far across the Indian Ocean, Royal Dutch Shell has given the go-ahead to a gas project that could intensify the growing rivalry between Qatar and Australia for the title of the world's leading natural gas liquids exporter.

The crown that is now the Gulf emirate's could be snatched away within the next few years, predicts Colin Barnett, the premier of Western Australia.

[Japan to open airlock at crippled nuclear plant](#)

Tokyo (CNN) -- Workers at the crippled Fukushima Daiichi nuclear power plant have been cleared to open the No. 2 reactor building's airlock to ease sauna-like conditions inside, the plant's owner said Sunday.

[Moody's Cuts Tepco to Junk](#)

TOKYO—Moody's Investors Service sharply lowered Tokyo Electric Power Co.'s key credit rating by four notches to junk status, dealing another blow to the utility as its financial viability remains in doubt over the crisis at its Fukushima Daiichi nuclear plant.

[Europe needs to acknowledge peak oil scenario – and plan accordingly](#)

If the European Union does not sufficiently prepare for tomorrow's new energy challenges, then it will lose out in the long-term to more creative economies, a conference in Brussels has been told.

According to one MEP, the inability to acknowledge limits to conventional oil exploration will not only mean losing out to more innovative economies, but also contribute to energy insecurity as current resources become more precious.

[Food - America's Manifest Destiny](#)

Rarely taken into account is the prospect of a world fertilizer shortage that may make talk of the world's 'energy deficit' sound like 'the good ole days.' Basic to maximizing agricultural yield and in turn food production are such core mined minerals as phosphates, potash and nitrates. Though nitrates can be substituted with natural gas based ammonia and other nitrogen based fertilizers, there is no such substitute for phosphates and potash that have to be physically mined and processed. Their presence and availability is neither limitless nor readily accessible. In future years, fables of 'peak oil' may well pale by comparison to 'peak fertilizer.'

[Short Sellers Hammer 'Solarcoaster' as Glut of Chinese Panels Sinks Prices](#)

A surge in Chinese competition and solar subsidy cuts in the world's biggest markets of Germany and Italy have attracted short selling that has helped push down the 37-member Bloomberg Global Leaders Solar Index 22 percent this quarter. The index's price-earnings ratio has dropped to 15 from 19 since March 31.

[Wall Street's Irrational, Dangerous Hatred of Solar Stocks](#)

While solar companies are being beaten up, the fossil-fuels side of the energy supply is having a more fundamental, structural problem: Oil demand has run ahead of our apparent capacity for production. Total world oil reserves have declined significantly over the past two years (an exception being the U.S. strategic reserve, but that, too, may soon be tapped), which can only mean that the world is using oil faster than it's being pumped.

It's difficult to overstate how economically dangerous this is, since oil-price spikes have preceded all recessions since 1970. Environment aside, this is why we need to bring more renewables online, to lessen our ridiculous economic vulnerability to oil prices.

[Is an Oil Supply Crunch Ahead?](#)

How bad is it getting out there?

The world consumed about 86.7 million barrels of oil every day during 2010. Very soon, we'll be over 90 million barrels per day. The IEA even expects global demand to reach 95.3 million barrels per day within the next five years.

Things have gotten so tight in China that diesel exports leaving the country were suspended last month. They're trying to conserve as much as possible.

[Shutting Nuclear Plants Would Boost Coal And Carbon Emissions](#)

Shutting even one U.S. nuclear power plant could unleash massive carbon emissions if fossil-fuel plants were used to make up the lost power, according to a new study released this weekend by researchers at Carnegie Mellon University.

[Rich Nations Break \\$30 Billion Climate Promise, Poor World Says](#)

Richer countries have failed to supply the \$30 billion of climate financing they pledged at the Copenhagen summit in 2009, developing world officials and non-governmental organizations said.

[Amid Texas Drought, High-Stakes Battle Over Water](#)

The current drought, drier than any other October-through-May stretch in Texas history, has heightened the stakes in an already contentious long-term planning battle over water from these lakes, which feed the lower Colorado River as it runs southeast to the Gulf of Mexico. It has pitted fast-growing cities like Austin, which depend on the water for drinking and recreation, against rice farmers near the Gulf, who need vast amounts of water for irrigation.

Lakeside residents and business owners like Ms. Caylor, frustrated by dropping water levels, want to keep the lakes as full as possible.

Last week, the Lower Colorado River Authority, a powerful state organization that controls the water in the two lakes and much of the river, postponed a decision on whether to grant a contract to another major user. A coal plant planned near Bay City, downriver near the rice farmers, had sought to pay the L.C.R.A. \$55 million up front, plus additional fees, to build a reservoir and ensure a 40-year supply of water to cool the plant.



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