



Drumbeat: February 10, 2012

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[The new geography of trade](#)

It is an article of faith that global trade will be an ever-growing presence in the world. Yet this belief rests on shaky foundations. Global trade depends on cheap, long-distance freight transportation. Freight costs will rise with climate change, the end of cheap oil and policies to mitigate these two challenges.

At first, the increase in freight costs will be bad news for developed and developing nations alike but, as adjustments in the patterns of trade occur, the result is likely to be decreased outsourcing with more manufacturing and food production jobs in North America and the European Union. The pattern of trade will change as increasing transportation costs outweigh traditional sources of comparative advantage, such as lower wages.

[IEA Cuts 2012 Oil Demand Forecast on 'Darkening' Growth](#)

(Bloomberg) -- The International Energy Agency cut its 2012 global oil demand forecast for a sixth month as a "darkening" economic outlook reduced prospects for growth amid supply concern following sanctions on Iranian crude.

Worldwide crude consumption will increase by 800,000 barrels a day to 89.9 million barrels, from 89.1 million last year, the IEA predicted in its monthly oil market report today. That's 300,000 less than its previous estimate. The agency cut its forecast after a "sharp deterioration" of economic growth projections by the International Monetary Fund last month to 3.3 percent from a September forecast of 4 percent.

[Iran oil output, sales slipping as sanctions bite](#)

(Reuters) - Sanctions on Iran over its nuclear plans are already hitting oil production in the Islamic Republic and a fall in the country's output and exports looks set to speed up, industry analysts and a forecaster say.

Global oil flows are realigning even though a European Union ban on imports from Iran does not come into effect until July, the International Energy Agency (IEA) said in its monthly Oil Market Report on Friday.

[South Sudan oil output at risk in 2012 - IEA](#)

LONDON (Reuters) - South Sudanese oil output could remain absent from world markets in the near future, the International Energy Agency (IEA) said on Friday, as the country struggles to reach a revenue-sharing agreement with its northern neighbour.

[Rising Jet Fuel Prices May Curb Demand for EU Carbon, ICF Says](#)

Rising jet fuel prices may trim airlines' demand for European Union carbon permits, according to ICF International Inc. (ICFI)

Carriers may cut routes that are marginally profitable when jet fuel prices rise, said Samuel Engel, vice president at ICF SH&E, an airline advisory company.

[Oil Falls From Three-Week High as Economic Concern Counters U.S. Outlook](#)

Oil fell from the highest level in three weeks, paring a weekly advance, as concern that Europe's debt crisis will worsen and global commodity demand is weakening countered signs of recovery in the U.S. economy.

West Texas Intermediate futures declined as much as 1.3 percent, snapping the longest run of gains since December. Greece won't get financial aid until it implements an austerity plan, Luxembourg Prime Minister Jean-Claude Juncker said yesterday. The International Energy Agency reduced its 2012 global oil demand forecast for a sixth month, citing a "darkening" economic outlook, and China's exports fell for the first time in more than two years. Initial U.S. jobless claims slid by 15,000 last week, the Labor Department said yesterday.

[Europe Coal Loses to South Africa on Renewables](#)

Germany's biggest program of solar- and wind-power production has driven European coal prices below South Africa's for the first time in 10 months.

[Italy sees gas shortfall from Russia on Friday-Snam data](#)

Reuters) - Italy, a major consumer of Russian gas in Europe, expects to inject 93.8 million cubic metres (mcm) of gas from Russia into the national network on Friday compared to the 107.1 mcm requested, data from gas transport network Snam showed.

The 12.4 percent shortfall in Russian gas flows is the same as seen on Thursday.

[German Gas Supply Still Disrupted By Continued Cold In Europe](#)

FRANKFURT – A prolonged cold spell across much of Europe continues to disrupt the supply of natural gas within Germany, but increasingly milder weather, increased supplies from Russia and robust storage levels have stabilized the situation somewhat, said utilities and energy network operators Friday.

However, the disruptions have created bottlenecks in shipping natural gas to customers in southern Germany, with some gas-fired power plants temporarily receiving either less fuel than usual or none at all in the past few days, a gas transmission network operator said.

[Gazprom ramps up gas storages in Europe](#)

(Reuters) - Russia's top gas producer Gazprom said on Friday is aiming to double gas storage capacity in Europe to around 5 billion cubic metres by 2015 to ensure security of the fuel exports.

[Repsol Says Argentine Shale-Oil Formation Requires \\$250 Billion Investment](#)

Repsol YPF SA's (REP) Argentine unit said \$25 billion a year will be needed over a decade to develop shale oil resources at the Vaca Muerta formation in the south of the country, which probably holds about 23 billion barrels.

[Pipelines enter post-Nabucco era](#)

For more than a decade, Nabucco was the only pipeline project (and lately, the frontrunner project) for transporting Caspian gas to the European Union. Nabucco relied exclusively on Azerbaijani gas for the pipeline's first stage (the hopes to add gas volumes from northern Iraq proved unrealistic in any usable time-frame).

[Canadian PM says country wants to sell China oil but won't shy from raising human rights](#)

GUANGZHOU, China — Canada wants to sell more oil to China but won't shy away from raising the issue of human rights as economic ties between the two strengthen, the Canadian prime minister said on Friday.

Stephen Harper said Canada has “abundant supplies of virtually every form of energy” and will sell to whoever wants to buy.

[Refinery Closing Threatens Virgin Islands' Debt, Employment](#)

The U.S. Virgin Islands will confront the threat of a debt downgrade when one of the region's largest oil refineries shuts down this month, doubling joblessness on St. Croix, the archipelago's poorest island.

[BG slashes shale drilling in weak gas price world](#)

LONDON (Reuters) - Gas producer BG Group is to cut back shale gas drilling activity by almost 80 percent because weak gas prices are making its relatively low-grade reserves uneconomic.

The move, announced along with a 40 percent rise in fourth quarter profits on strong oil prices and a lower tax rate, will mean its 2015 output will be some 110,000 barrels of oil equivalent per day lower than earlier indicated.

[Petrobras Drops Most in 4 Months as Profit Misses](#)

Petroleo Brasileiro SA (PETR4), Brazil's state-controlled oil producer, plunged the most in more than four months after quarterly profit missed estimates.

[Iraq targets 200,000 bpd oil export rise for March](#)

BAGHDAD (Reuters) - Iraq aims to boost oil exports by 200,000 barrels per day next month after it opens up a new Gulf outlet, a senior Iraqi oil official said, freeing Baghdad to export all the extra barrels foreign oil companies are extracting from its giant fields.

[Libya extends Zueitina oil concession for 25 years](#)

(Reuters) - Libya has extended Zueitina Oil Company's concession to operate its oilfields for another 25 years, a document signed by Prime Minister Abdurrahim El-Keib showed.

The company, a subsidiary of Libya's National Oil Corporation (NOC), was established in 1986 to operate Libyan oil assets that Occidental Petroleum had to abandon following U.S. sanctions against late leader Muammar Gaddafi's regime.

[Maersk Stops All New Oil Shipping From Iran After EU Sanctions-Executive](#)

LONDON – Danish shipping giant AP Moller Maersk AS (amkbf) said Friday it stopped taking new orders to transport Iranian crude as a European oil embargo is already complicating Tehran's oil sailings even before it comes into force.

The news comes after the International Energy Agency said the new sanctions were set to impede Iran's ability to export its oil by hitting marine insurance and shipowners.

[Opposition rallies to challenge Chavez](#)

For the first time in Chávez's tenure, a historically disjointed opposition has begun to unite, and Sunday, it will pick its candidate to face Chávez in October's presidential election.

[Venezuela clinging to PDVSA](#)

CARACAS, Venezuela (UPI) -- Any suggestion that Venezuela would privatize the country's oil sector by selling parts of the state-run oil company is unpatriotic, a minister said.

Venezuelan Petroleum Minister Rafael Ramirez said opposition forces in the country were taking actions against the state by proposing a selling of shares in state-run oil company Petroleos de Venezuela, known by its initials PDVSA.

[A year after Mubarak's ouster, many Egyptians still angry](#)

Egypt's economy has suffered since Mubarak's ouster: Foreign investment has dried up and tourists are staying away. The Brotherhood's Freedom and Justice Party says it plans to improve things by ending corruption, but little has changed.

The streets have yet to calm since Mubarak's ouster. In October, 26 Christians were killed when they were run down by military vehicles during a protest against anti-Christian attacks. Protests denouncing Egypt's security forces for failing to prevent the deaths of more than 70 people in a soccer brawl last week have resulted in more deaths through ongoing street battles.

[Syrians take to the streets amid reports of more explosions](#)

(CNN) -- Tens of thousands of Syrians took to the streets Friday to protest Russia and its recent veto of a United Nations resolution that would have condemned a brutal crackdown by President Bashar al-Assad.

The "Russia Is Killing Our Children" protest, organized by anti-government opposition groups, follows reports that troops in tanks stormed a suburb of the besieged city of Homs. Syria's third-largest city has become a flashpoint in the nearly yearlong uprising.

[China's UN Veto on Syria May Not Hurt Ties With Gulf Oil Nations](#)

(Bloomberg) -- China's decision to join Russia in blocking United Nations action on Syria

may carry little risk of economic reprisals from Persian Gulf states, the major oil suppliers that pushed to condemn the Assad regime.

[As Syria's Assad pummels Homs, West reluctantly weighs military option](#)

After diplomatic efforts at the UN failed Saturday, there is a growing consensus that supporting the rebel Free Syrian Army may be the only way to break the stalemate between Assad and his opponents.

[Watchdog Clears State Department of Impropriety in Review of Pipeline Project](#)

WASHINGTON — The State Department's inspector general has found no conflict of interest or improper political influence in the agency's review of the disputed Keystone XL pipeline project.

But in a report released on Thursday, the official said the department had not adequately weighed concerns about the route of the 1,700-mile pipeline and should strengthen its oversight of contractors performing environmental impact statements for major projects.

[BP Said to Seek U.S. Settlement of Spill Pollution Claims](#)

BP Plc is negotiating with U.S. officials to settle pollution claims over the 2010 Gulf of Mexico oil spill that may leave the company liable for as much as \$17.6 billion in fines, a person familiar with the talks said.

[Taylor Oil Spill: 7 Years, 1.1 Million Gallons, Still Going](#)

Today SkyTruth released our Site 23051 Cumulative Spill Report showing our estimation of the total cumulative amount of crude oil spilled into the Gulf of Mexico at the site of Taylor Energy's ongoing oil spill that began in 2004. In this report, we conclude:

1. Crude oil has been leaking **continuously** from this site for more than 7 years
- 2 . Estimated **cumulative** volume of crude oil spilled is between **251,677** and **1,174,492 gallons**

[Lawmakers try again on fracking ban in N.J.](#)

TRENTON — The New Jersey Legislature took another step Thursday in its continuing efforts to enact a permanent ban on fracking for natural gas within the state.

The Senate Environment and Energy Committee, in a unanimous vote, cleared a bill identical to a previous ban attempt that was modified by Gov. Chris Christie, who set a one-year drilling moratorium through his conditional veto.

[With deep concerns over fracking, a Va. county says no to more gas drilling](#)

Virginia has 7,700 natural gas wells in operation, but none extracts gas from the rich Marcellus — a prehistoric shale formation that runs from Ohio to lower Virginia and entombs one of the most bountiful gas reserves in the world, according to the Energy Information Administration. No other company has approached Virginia since Carrizo abandoned its permit application.

Maryland has also slammed the brakes on gas exploration. Last March, the O'Malley administration put off decisions on two permit applications to search for gas in the Marcellus under Garrett County until the completion of an exhaustive study next year. The state wants to know if a hydraulic fracturing process known as fracking, which uses high pressure blasts of water mixed with a chemical cocktail to break the rock and unlock the gas, is safe.

[Area official questions use of brine on roads](#)

COOPERSTOWN -- In the summer of 2010, residents of the Otsego County town of Pittsfield said they noticed a tanker truck equipped with nozzles spreading what they later learned was natural gas well brine on town roads.

They said they had a number of questions, including: Who permitted it and why? Where was the brine from? Did the liquid being spread pose a potential health hazard?

[FirstEnergy to close 3 aging power plants in W.Va.](#)

CHARLESTON, W.Va. (AP) — FirstEnergy Corp. announced Wednesday that it will shut down three aging coal-fired power plants in West Virginia later this year.

The company's Monongahela Power subsidiary will retire the Albright, Willow Island and Rivesville power stations by Sept. 1, affecting a total of 105 workers.

[Honda Civic mileage verdict has industry sweating](#)

Honda is bracing for a possible flood of legal challenges if the California courts uphold a recent verdict awarding nearly \$10,000 to a woman who claimed her 2006 Civic Hybrid delivered significantly lower fuel economy than the maker had promised.

[Are electric or hybrid cars a green marketing myth, or a real solution?](#)

The solutions we seek depend on the problem being solved, electric cars seem to largely be meant to solve environmental problems, but there are many other transportation problems to solve.

[Website post overstates railroad support](#)

The post about the Adirondack On Track Partnership included about 35 entities - groups, government bodies, businesses, politicians and institutions - but a number of those people have spoken up, saying they never heard of such a partnership or don't support it.

...The controversial part of that partnership in the Tri-Lakes area is the Remsen-to-Lake Placid corridor. The Adirondack Recreational Trail Advocates are organizing to rip up the tracks and create a multi-use trail there, while Next Stop Tupper Lake and the Adirondack Rail Preservation Society have joined forces to raise money to rehabilitate the tracks between Tupper Lake and Saranac Lake.

[Japan to slash use of a heavy rare earth as China tightens grip](#)

TOKYO (Reuters) - Japan aims to cut domestic consumption of a heavy rare earth used widely in hybrid cars and electronics by 30 percent over the next two years as China keeps a tight grip on exports of the material, known as dysprosium.

[An Introduction To Solar Power](#)

It's no secret that the energy equation is changing. Demand in all forms is growing and will continue to rise for the foreseeable future. Electricity usage is increasing at twice the rate of overall energy use, and analysts expect it to go up 76% by 2030. China's booming economy and the threat of peak oil have driven up prices and increased volatility in the oil market. And with convenient fossil fuel supplies dwindling and threats of climate change building, renewable energy has attracted more attention and funding as a solution to these problems.

As a clean abundant resource, solar power has become a key piece in the renewable energy portfolio, but does that mean it's good business? With that question in mind, I set out to learn a few things about the solar energy industry: how the technology works, who the major players are and what the market forces tell us about its future.

[U.K. Sets Rolling Solar-Subsidy Cuts, Sees 22-Gigawatt Capacity](#)

The U.K. government proposed a system of regular cuts for solar energy subsidies as the price of photovoltaic panels declines, a plan it says will deliver a boom in installations

by the end of the decade.

Energy Minister Greg Barker said he's targeting solar capacity of 22 gigawatts in the U.K. by 2020, more than 20 times the current level. The government will reduce the feed-in tariff guaranteeing above-market rates every six months, with added cuts if a certain level of installations is passed. It more than doubled the budget for subsidies.

[Regulator Approves Southern's Reactors as Chairman Dissents](#)

The split vote mars the start of a new atomic era as Southern builds the first U.S. nuclear reactor from a standardized design that promises to speed construction and reduce risks of runaway costs that plagued nuclear development during the 1970s and 1980s.

"I cannot support these licenses as if Fukushima never happened," Chairman Gregory Jaczko said after the 4-1 vote today at NRC headquarters in Rockville, Maryland.

[Belgian battery can power 1,400 homes](#)

Chemicals giant Solvay hailed Monday the successful entry into service in Flanders of what it said was the largest fuel cell of its type in the world.

A super-battery that produces enough electricity to power nearly 1,400 homes, the Proton Exchange Membrane (PEM) fuel cell has been producing clean electricity at a "steady rate" for weeks at a SolVin plant part-owned by Germany's BASF in Antwerp, northern Dutch-speaking Belgium.

[Neville Bennett deconstructs a large, dense MED Report that forecasts our future energy requirements, and takes an economists look at what drives it](#)

Energy is a vital ingredient to civilisation: it is the source of food, warmth and light that makes life possible, it drives our machines and is the base of our transport, vital for distribution and the locations of our homes, work and recreation.

Despite this The Ministry of Economic Development's recent *Energy Outlook* - which forecasts energy supply, demand, prices and greenhouse gas emissions - has not excited much public discussion.

[South Africa: The country's windfall lies in the syn tax](#)

Every year the treasury increases so-called sin taxes on cigarettes and alcohol, both addictive substances whose use results in large health and social costs. So why not impose a similar tax on another substance that is a national addiction, deleterious to our

long-term health and depleting globally: oil?

Consumers already pay taxes and levies on petroleum fuels amounting to about one-third of their retail price, which is now near the all-time nominal high of more than R10 a litre. Further fuel price increases would hurt poor people, who generally spend a large proportion of their meagre incomes on transport. The treasury should rather impose a "syn" tax -- a windfall tax on the profits of synthetic fuel producers Sasol and PetroSA, which contribute about one-third of our fuel supplies. At the same time, consumers should begin a "rehab" programme to address their oil addiction.

[It's the end of the world as we know it, author says](#): *But post-carbon journalist Richard Heinberg feels fine*

Economists, resource experts and environmentalists are all finally coming around to the notion that economic growth is impossible to sustain in perpetuity, says American journalist and author Richard Heinberg.

"In fact economic growth may not be good for the environment and for human beings," said Heinberg, who has recently released the latest in nearly a dozen books, entitled *The End of Growth*.

[Peak oil educator Richard Heinberg challenges "binary thinking"](#)

When he scans the current geopolitical lay-of-the-land, California-based peak oil educator and author Richard Heinberg can only reach one conclusion.

"We're fighting over the crumbs," Heinberg told the *Straight* via cellphone from 100 Mile House, where he was giving a talk on February 8. "That's what's happening. The world is preparing to fight over the crumbs."

The crumbs Heinberg speaks and writes of are finite fossil fuels, specifically those deriving from oil, natural gas and coal. In particular, we see current examples with the proposed continental pipelines, the tar sands of Alberta, and the Prime Minister's boosterism of faster and faster exploitation of these resources.

[What's ahead in 50 years? Promise, some say](#)

In *Ready Player One*, which reached the best-seller list in August, Columbus is relatively stable while much of the rest of the world is energy-starved.

The hero of the book rolls into Columbus on an electric bus that traveled from Oklahoma City at 40 mph because the highways have decayed. Columbus is a magnet because it houses the companies that built an immersive Internet through which most people escape real life.

[Chris Martenson: Why Our Currency Will Fail](#)

This report lays out the case that the US is irretrievably down the rabbit hole of deficits and debt, and that, even if there were endless natural resources of increasing quality available at this point, servicing the debt loads and liabilities of the nation will require both austerity and a pretty serious fall in living standards for most people.

Of course, the age of cheap oil is over. And as Jim Puplava says, the oil price is the new Fed funds rate, meaning that it is now the price of oil that sets the pace of economic movement, not interest rates established by the Fed.

[The Oil Production Peak: Consequences and Costs](#)

The production of oil has not increased since 2005, despite an increase in the demand. This phenomenon, called "Peak Oil", and its consequences on the price of the oil and for our society, are discussed in a report published in Nature in January 2012.

[The fate of new truths: peak oil appears on "Nature"](#)

With the publication of a prominent article on "Nature" in January 2012, the concept of "Peak Oil" has made another step forward in the debate on resource depletion. This article has made me rethink of the past ten years of work that I did as a member of ASPO, the association for the study of peak oil. Were we right with our prediction of impending peak oil? In a sense, yes, but the crystal ball is always foggy and it cannot be otherwise. The ASPO predictions were basically right but, as all predictions, they were approximate.

[A new oil boom?](#)

A flurry of new mainstream media articles telling people not to worry about Peak Oil and hydrocarbon depletion have begun appearing on financial sites like Bloomberg, Forbes or The Wall Street Journal.

[Peak Oil Debate Continues](#)

"There is no Peak Oil," Newt Gingrich told a crowd in Colorado this week.

Newt is wrong.

But he's also a politician who has to pander to whatever crowd he's in front of. In this case, he was addressing the 2012 Colorado Election Energy Summit, hosted by the Colorado Oil & Gas Association.

[Being Right and Wrong About Buffalo](#)

But there's another critique forming of the world Wall Street gave us. In Europe, where low birthrates have been a reality for decades, and where there is a keen awareness of how dependent they are on imported energy (Mideast oil and Russian natural gas), there's a new, very non-American discourse that is bringing climate physics, the Peak Oil hypothesis, and environmental science in general to questions of economics. What they're talking about in Europe is not growth at all, but degrowth.

[Orion Kriegman on Backyard Chickens & Community Resilience](#)

When Orion Kriegman and his wife bought their house in Egleston Square, they had a vision for what they could do to make an urban neighborhood more sustainable. Kriegman and others went door-to-door and drummed up interest for turning a 30-year-old vacant lot into a community orchard. The Egleston Community Orchard is just one piece of what Kriegman and neighbors are doing to help prepare Jamaica Plain to live in the new economy.

[Black Swans and bottom-up environmental action](#)

The rising large-scale disasters and stumbling global economy increasingly indicate the symptoms of self-reinforcing or catabolic collapse. Instead of persisting in the wishful fantasies that somehow centralized government and competitive markets will miraculously reform and adapt to the circumstances of the modern age, environmental and ecological groups must take on the responsibility of preparing solutions for the post-industrial world.

[In a Border Town, Drawing a Line on Coal for Mexico](#)

Residents worry that the mining will harm the environment and that they will lose land due to property damage. They are also concerned about having a Mexican company that is held to lower standards operate in Texas. Adding salt to their wounds is the fact that the coal, considered to be of too low quality to be burned in the United States, will be shipped to Mexico.

[Auto Recyclers, Exempted From State Rules for Years, Begin to Feel the Heat](#)

The powerful automobile recycling industry in California has avoided toxic waste disposal regulations for decades, but there are signs the situation could be about to change.

[As 'Yuck Factor' Subsides, Treated Wastewater Flows From Taps](#)

SAN DIEGO — Almost hidden in the northern hills, the pilot water treatment plant here does not seem a harbinger of revolution. It cost \$13 million, uses long-established technologies and produces a million gallons a day.

But the plant's very existence is a triumph over one of the most stubborn problems facing the nation's water managers: if they make clean drinking water from wastewater, will the yuck factor keep people from accepting it?

[Sustainable humanity: Need of the hour](#)

Addis Ababa, Ethiopia - Sustainable development means achieving economic growth that is widely shared and that protects the earth's vital resources. Our current global economy, however, is not sustainable, with more than one billion people left behind by economic progress and the earth's environment suffering terrible damage from human activity. Sustainable development requires mobilising new technologies that are guided by shared social values.

[New study dirties coal seam gas image](#)

GREENHOUSE gases are leaking from some US gas drilling sites at up to double the expected amounts, raising questions over the use of gas as a low-emissions fuel, according to researchers from the US National Oceanic and Atmospheric Administration.

The report has implications for Australia's coal seam gas industry, which is marketing itself as a source of clean energy.

[The Himalayas and nearby peaks have lost no ice in past 10 years, study shows](#)

The world's greatest snow-capped peaks, which run in a chain from the Himalayas to Tian Shan on the border of China and Kyrgyzstan, have lost no ice over the last decade, new research shows.

The discovery has stunned scientists, who had believed that around 50bn tonnes of meltwater were being shed each year and not being replaced by new snowfall.

[Himalayas not losing much ice, but sea levels still rising](#)

What on Earth is going on with the world's glaciers? Reports today suggest that the Himalayan glaciers have not lost any mass in the last decade. But while that comes as a real surprise, the global pattern remains basically the same. Overall, the world's ice is melting away and causing sea levels to rise.

[A Carbon Allowance in Every Pot](#)

A researcher proposes that the distribution of personal carbon allowances and shorter working hours be embraced to reduce greenhouse gas emissions quickly and equitably.



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