



## The Bullroarer - Sunday 11 November 2007

Posted by [Big Gav](#) on November 11, 2007 - 5:50pm in [The Oil Drum: Australia/New Zealand](#)

Topic: [Miscellaneous](#)

The Age - [Mining boom could bust us: The Paradox Of Plenty](#)

The long-term challenge facing Australia is variously called the "resource curse", the "paradox of plenty" or the "Dutch disease". This is when an influx of income from resource wealth drives up the exchange rate and inflates the domestic economy, making the country less internationally competitive and thereby crippling its long-term prosperity.

The opening of the fiscal floodgates by the Howard Government in recent years, and by both major parties in this election, follows the resource curse script to the letter. This has led to higher inflation and interest rates, in turn driving up the exchange rate and making the country less competitive. And the fiscal stimulus rolled out in this campaign can be expected to do more of the same.

The resource curse is usually found in developing countries, but as former US Federal Reserve Board chairman Alan Greenspan explained in his recent book, *The Age of Turbulence*, the phenomenon was first identified in Holland, when revenue from North Sea oil flooded into the country.

"How is it possible that a super-abundance of natural resources — oil, gas, copper, iron ore — would not significantly add to a nation's production and wealth? Paradoxically, most analysts conclude that, particularly in developing countries, natural resource bonanzas tend to reduce rather than enhance living standards," he writes. "[It] takes the form of an economic affliction nicknamed the 'Dutch disease'. Dutch disease strikes when foreign demand for an export drives up the exchange value of the exporting country's currency."

WorldChanging - [Costa Rica and New Zealand on Path to Carbon Neutrality](#)

In May 2007, Costa Rica's government announced it was drawing up plans to reduce net GHG emissions to zero before 2030. The country aims to reduce emissions from transport, farming, and industry, and to clean up its fossil fuel power plants, which account for 4 percent of the country's electricity (of the rest, 78 percent comes from hydropower and 18 percent from wind and geothermal power). ... Costa Rica aims to be the first country to become carbon neutral.

But Costa Rica could be in a race with New Zealand, which last month set the target of becoming "the first truly sustainable nation on earth." Prime Minister Helen Clark announced in a speech on September 20 that her country will adopt an economy-wide

program to reduce all GHG emissions, with different economic sectors being gradually introduced into a national emissions trading program that should be in effect fully by 2013. Other commitments include an increase in renewable electricity to 90 percent by 2025 (up from 70 percent today), a major net increase in forest area, widespread introduction of electric vehicles, and a 50 percent reduction in transport-related emissions by 2040.

These two nations represent only a small share of the world's emissions. But as New Zealand's Clark said last month, "We are neither an economic giant nor a global superpower.... If we want to influence other countries and the responses they take in coming years and decades, then we must take action ourselves. Taking action is not only the right thing to do, it is the smart thing to do."

The Age - [Aussie car industry denies warning govt](#)

STCWA - [November 2007 Newsletter](#)

Christian Science Monitor - [From Burma to Beijing: Asia's sensitive petrol politics](#)

SMH - [Fuel prices may ground United fleet](#). Airlines are the canary in the peak oil coalmine.

SMH - [Canada's oil: black gold with a black heart](#)

NZ Herald - [High prices at petrol pumps to continue](#)

Stuff.co.nz - [Japan, NZ sign treaty relating to oil reserves](#)

Stuff.co.nz - [NZ dollar buffer against oil](#)

Southland Times (NZ) - [Discoverer begins search for southern basin oil](#)

The National (PNG) - [Getting serious over LNG](#)

Something that many people, even those fairly well versed with the subject, have not recognised is that during most of the era that the gas pipeline to Australia was planned, it simply was not feasible to use gas from Southern Highlands for LNG. The economics just did not work out. What has changed in dramatic fashion is the cost of crude oil, which has a close linkage with LNG prices.

At that stage, the gas pipeline to Australia was the only commercial proposition for PNG's "stranded gas". LNG has become viable in the intervening period only because LNG prices have since risen four-fold to around US\$8-9 a gigajoule. Why would a gas consortium sell natural gas to commercial and residential users in Australia for US\$3 a gigajoule, in a highly competitive domestic market, when newer LNG customers are willing to pay three times as much?

It was also during the period that the pipeline was planned that major new coal bed methane reserves were proved up in Queensland, where it could soon also be used to produce LNG for export. ...

Meanwhile, Rift Oil's chief executive Jenni Lean is progressing a US\$50 million exploration programme aimed at establishing reserves of 800 billion cubic feet at

Douglas and other nearby prospects. Success with this programme would support construction of a 900km gas pipeline to the coast and on to the huge alumina refineries at Gove in the Northern Territory owned by Alcan Australia. Alcan is willing to sign a 20-year gas contract if these reserves could be proved up.

While much of the focus has been on oil and gas reserves in the Southern Highlands, new opportunities are opening up for discoveries that have been made in Western and Gulf province.

JCN Network - [Tokyo Gas Orders World's Largest LNG Tanker](#)

Xinhua - [China to import 10 mln tons of LNG annually by 2010](#)

Earlier this year, PetroChina, the country's largest oil producer, agreed import deals with Royal Dutch Shell and Australia's Woodside Petroleum to buy four million tons of LNG annually over the next 20 years.

"Both deals were reached at international prices," said Tang Yali, deputy general manager with the natural gas unit of the China National Petroleum Corp., suggesting that China was paying higher prices to import LNG. "The global LNG market has become a seller's market and LNG prices will continue to rise as international oil prices remain high," said Zhang Weiping, former deputy chief economist with the China National Offshore Oil Corp.

Yang also predicted that China was likely to face a great shortage of natural gas in the coming years even though the country would be capable of producing 90 billion cubic meters of gas and import another 20 billion cubic meters in 2010. "Demand will exceed supply by 50 billion to 100 billion cubic meters in 2020," he said, adding that China would have to buy foreign gas to meet the soaring domestic demand.

Business Standard (India) - [Gas finds spell doom for 2 LNG ports in India](#)

Grist - [Beware the allure of liquefied natural gas](#)

Our message here isn't that one power generating option is so much worse than another; they all have serious problems in the context of balancing supply, demand, price, and environmental impact. Rather, the message is that natural gas prices are exorbitant and expected to remain so as long as petroleum inches towards \$100/barrel. The message is that electricity rates will continue to go up and the only practical means of containing the impact will be to reduce consumption. The message is that one methane molecule is equal to approximately 20 carbon dioxide molecules, and that industry experts estimate that approximately 2-10 percent of the methane used for electricity is released into the atmosphere between the well and the power plant. Finally, the terror premium inherent in the price of natural gas and petroleum affects electricity prices. When LNG is used for power generation, electricity is held hostage to the same geopolitical vagaries that destabilize petroleum markets.

Here's our humble suggestion: Add that "terror premium" and the costs of defending global shipping lanes to the price of electricity generated with LNG. Defending our shipping lanes should be of increasing concern to us all. In just the past month, there have been several pirate (yes, pirate) attacks, one in which the United States Navy

intervened to help North Korean sailors. (See the BBC, Chosun, Wired, and the International Maritime Bureau.) Plus, the highest concentrations of pirate activity are around, you guessed it, some of those same countries listed above -- the ones with large natural gas supplies.

Adding the "terror premium" into the cost of importing LNG is one way that renewables, domestically sourced natural gas, nuclear plants, and even advanced coal plants (there are far better ways to use coal than those proposed by plants that are currently on the drawing board) can compete. If our electricity prices are going to be high, they might as well be high for good reasons -- support for domestic, renewable, and carbon-free sources of electricity.

WorldPress.org - [East Timor: 'We Don't Want Australian Troops'](#)

SMH - [Thousands in climate change walk](#)

WorldChanging - [From State-Based Sovereignty Towards Bright Green Governance](#)

I want to look at the idea of the state through the lens of a book titled *The Green State: Rethinking Democracy and Sovereignty*, by Australian academic Robyn Eckersley (2004).

From an environmental perspective the nation-state seems to create a number of problems, as environmental crises do not respect national boundaries. This might be as simple as a polluted river flowing from one country to another, or as complex as global climate change. Because we divide ourselves into nation-states, we end up competing for resources in a process that seems to actively encourage ecological destruction. When the consequences of this present themselves we cannot respond to them effectively because we cannot decide who is responsible.

From a social justice perspective the nation-state also seems to create a number of problems. In many parts of the world national boundaries are legacies of European expansion and conquest during the colonial period. The kind of territorial authority embodied by these borders underpins many of the ethnic conflicts in recent history. Regional and local assertions of independence and self-rule are often suppressed by central state governments, and cultural minorities dispersed within or between nations often struggle to get adequate representation at the national level.

While Eckersley acknowledges both these perspectives, she also pragmatically argues that the state is still the primary political institution we have to address our environmental and social problems. She describes nation-states as key players in maintaining global order.

The Green State explores how we might create a green democratic state as an alternative to the present liberal democratic state.

IHT - [Indonesia's blames western nations for deforestation, demands compensation](#)

Peak Energy - [The fuel of the future ? Say 'cheese'](#)

(Hat Tip Dave B)



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