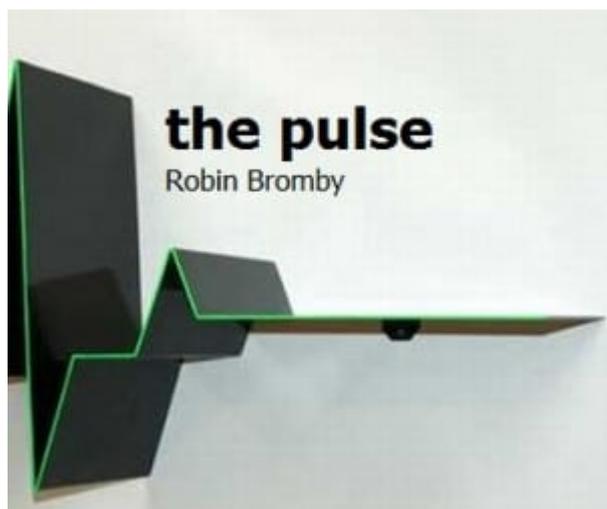


The Pulse: New threat to potash, phosphate; Mitsubishi into wind power; Flake graphite in Madagascar



It appears that Jordan has fallen into line on potash prices – that line being \$400/tonne. But that is not the real worry.

No, potash (and phosphate) supplies could be disrupted as the so-called Arab Spring spreads into the Hashemite Kingdom of Jordan. There is already concern on the phosphate front about what will happen in Syria, which has the 11th largest reserves of that fertilizer feedstock.

Jordan's Arab Potash announced last week it had forged a new potash agreement with China's Sinofert, this new deal being "in line with the terms agreed with other suppliers". So we take it that means \$400/tonne, the price announced both the North American group and Israel Chemicals.

There have two reports out in the past few days that should give anyone following the potash and phosphate sectors reason to pause. One, in London's *The Sunday Telegraph*, reports that "many Arabs think Jordan's monarchical government could be the next regime to fall in an Arab Spring-style uprising, and in the run-up to Wednesday's parliamentary vote there have been

weeks of street protests, worsening economic chaos and growing calls for the vote to be boycotted because it is a sham“.

Tellingly, the Muslim Brotherhood has been a driving force but other opposition parties have joined the call for King Abdullah II to give up power.

If that happened, the only monarch remaining in the phosphate-potash strip running around the Mediterranean Sea from Syria to Morocco would be in the latter, in the form of Morocco's Mohammed VI. Other countries to have dropped their monarchs in the postwar era were Egypt (King Farouk), Tunisia (Muhammad VIII al-Amin) and Libya (King Idris). Morocco escaped the first wave of the “Arab Spring” but it is vital to phosphate supplies, being the world's largest exporter.

The second newspaper report regarding Jordan is even more concerning. The Abu Dhabi newspaper, *The National*, reports that the rumbling of discontent has been heard mainly in Jordan's south, and much of it aimed at the country's largest phosphate producer. Last month 200 unemployed men in the southern city of Ma'an marched into one of the city's main intersections chanting “Martyrdom is better than a bitter living”. They wrapped themselves in burial shrouds and prevented company trucks loaded with phosphate from reaching the port of Aqaba. Police dispersed them with tear gas.

Ma'an is the second poorest city in Jordan, with a quarter of the population living below the poverty line.

But, for our purposes, what is really significant is the protesters had one main target in their sights: the Jordan Phosphate Company.

This is what *The National* reported: “What heightens the sense of grievance here is that Jordan's deposits of potash and phosphate are located in the south, yet jobs, especially at the Jordan Phosphate Company, remain scarce and the local economy continues to worsen.”

CLEAN ENERGY. The Nikkei news service reports that Mitsubishi Corp. is entering the offshore wind energy business, taking a 50% stake in a 130 megawatt project being built in the North Sea by Dutch power company Eneco. More than 40 turbines will be located 20km off the coast, each with a 3MW capacity. This is part of the European Union's plan to add 640,000MW of renewable capacity (mostly wind and solar) by 2020. The planned offshore wind target is 45,000MW.

GRAPHITE: Add another project to your growing list. Perth-based Aziana Ltd (ASX:ASK) has begun exploration of its licence areas in Madagascar. The permit area of 31.25 square kilometres is 180km by road from the capital, Antananarivo. Government geological reports from 1912 to 1974 described four historic graphite mines within the licence area. The graphite is described as containing a high proportion of large flake material.