

Commodity Trading and Politics

16.5.2011

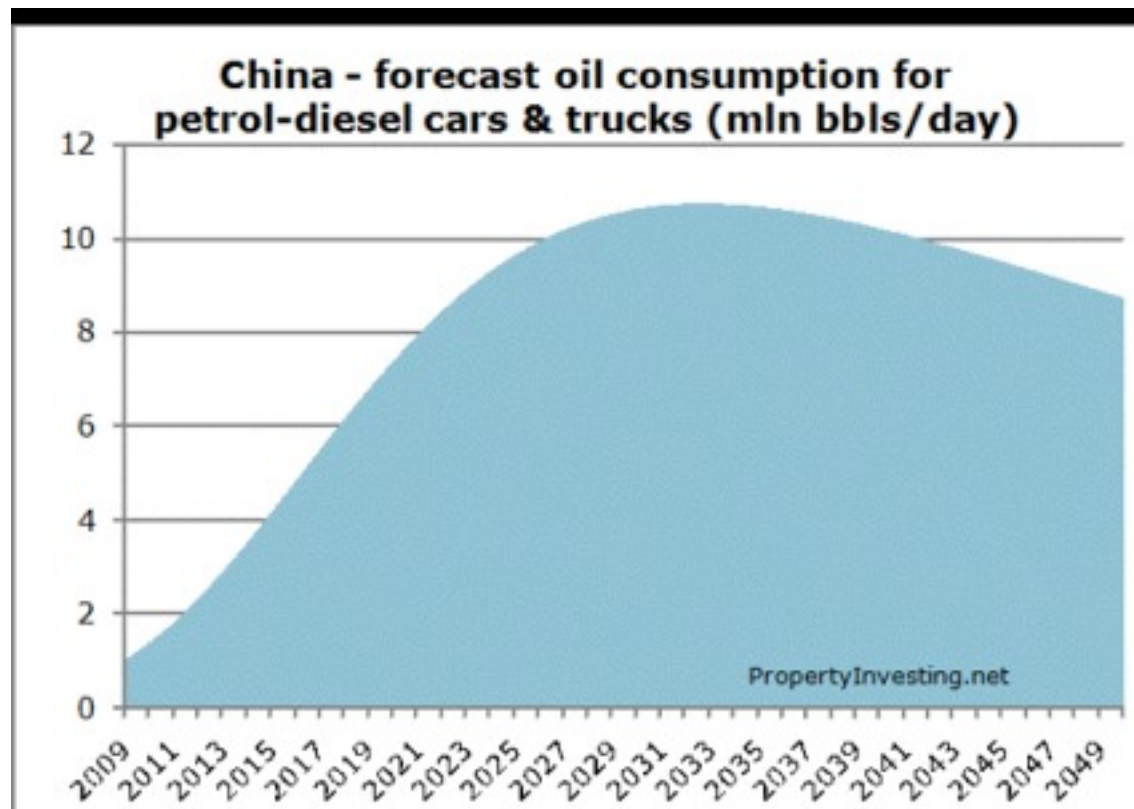
Content

- Significance
- How does Politics / Public Opinion see Commodity Trading
- Norway
- Endesa Case
- EUA's

Significance

- History
 - Vasco da Gama – Christoph Columbus
 - USA–Saudi Arabia
 - Opium War
 - Mexico/ Central Africa
- Numbers

Oil is Vital for Chinas Growth



Oil Producerscountry (bbl/day)

- 1 [Russia](#) 10,120,000 / 2010 est.
- 2 [Saudi Arabia](#) 9,764,000 / 2009 est.
- 3 [United States](#) 9,056,000 / 2009 est.
- 4 [Iran](#) 4,172,000 / 2009 est.
- 5 [China](#) 3,991,000 / 2009 est.
- 6 [Canada](#) 3,289,000 / 2009 est.
- 7 [Mexico](#) 3,001,000 / 2009 est.
- 8 [United Arab Emirates](#) 2,798,000 / 2009 est.
- 9 [Brazil](#) 2,572,000 / 2009
- 11 [Venezuela](#) 2,472,000 2009 est.
- 12 [Iraq](#) 2,399,000 2009 est.
- 13 [European Union](#) 2,365,000 2009 est.
- 14 [Norway](#) 2,350,000 2009 est.
- 15 [Nigeria](#) 2,211,000 2009 est.
- 16 [Algeria](#) 2,125,000 2009 est.
- 17 [Angola](#) 1,948,000 2009 est.
- 18 [Libya](#) 1,790,000 2009 est.
- 19 [Kazakhstan](#) 1,540,000

Oilfields Estimated Production / source Costs (\$ 2008)

- Mideast/N.Africa oilfields 6 – 28
- Other conventional oilfields 6 – 39
- CO2 enhanced oil recovery 30 – 80
- Deep/ultra-deep-water oilfields 32 – 65
- Enhanced oil recovery 32 – 82
- Arctic oilfields 32 – 100
- Heavy oil/bitumen 32 – 68
- Oil shales 52 – 113
- Gas to liquids 38 – 113
- Coal to liquids 60 – 113

Value of Production by

- Gulf, e.g. Kuwait \$90b p.a. (only 20% costs)
 - Norway \$80b p.a. (35–65% cost)
 - Compare with \$60b Market Value of Glencore
 - ➔ Value Creation in Production rather than Trading!!!
 - ➔ Commodities are crucial for the national finance in a lot of countries. (Arabe, Norway, Mexico, Nigeria...)
- In Mexico any land where oil is found will be

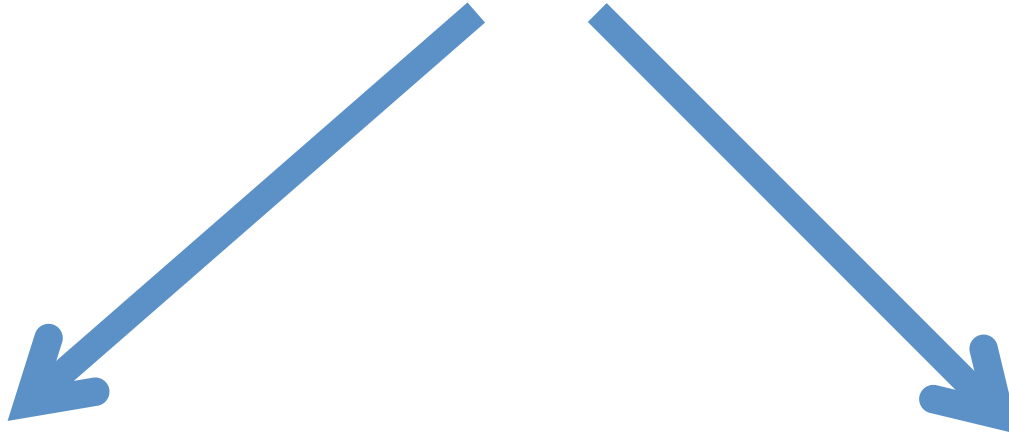
Norway

- Population of 4m / Oil exploration 2.3m bbl p.d. → Comparable with Kuwait

Add Natural Gas Exploration

- Democracy – Social Democrats
- Until 2008 no gas fired power plant!
- Still among highest tax countries – 2nd largest government fund

Politics



Commodity

Who owns the
ressources?

Trading

„unethical“
usual suspects

Traders are the usual suspect: „Speculation“

- Hunt Bros. 1980 in Silver
- In 2008 congressional investigation on oil speculation simultaneous to national publication on „oil peak“
- Not only Traders, but also Exchange are subjects of accusation



WENZEL

Fight for Endesa

- http://www.fundacionfaes.org/record_file/filename/858/00076-00_-_papeles_44_ingles.pdf
- Endesa: Spanish Utility (0% State held in 2004)
- Gas Natural: Spanish Gas Utility
- CNE: Spanish Energy Regulator
- CNMV: Spanish Finance Regulator
- E.on: German Utility
- Acciona: Spanish Construction Company
- ENEL: Italian Utility (31% state-hold)

Fight for Endesa



Fight for Endesa



Fight for Endesa



EUA Cap and Trade

- Commodity created by politics
 - To give a value to emissions
 - To cap emissions and allocate them the economic way
- Key for value is the allocation (supply)
- Are EUAs really commodities?