

# Commodity Trading and Politics

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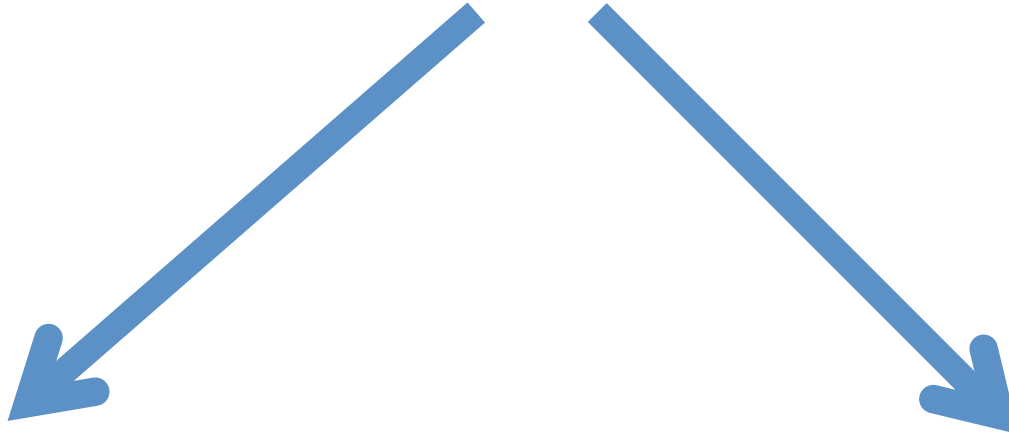
# Content

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

# Significance

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

# Politics



## Commodity

Who owns the  
ressources?

## Trading

„unethical“  
usual suspects

# 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

# 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



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# Fight for Endesa

- [http://www.fundacionfaes.org/record\\_file/filename/858/00076-00\\_-\\_papeles\\_44\\_ingles.pdf](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?