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*[There sure is a lot of noise lately. Anything to keep people from thinking about Peak - which is looking more and more certain to arrive this fall and winter. There is also desperation in the bogus stories we're seeing because even the slightest attempt at verification leads to instant discredit (e.g., Bush-Cheney secretly indicted; Iran's nuclear program must be stopped now, while at the same time DoD intelligence discloses that Iran is 10 (not five) years away from the bomb; more fog out of London than the analytical eye can penetrate... et cetera).*

*Keep your eye on the ball.*

*The fact that Norwegian production is plummeting is extremely important. Norway has been the third largest oil exporter after Saudi Arabia and Russia for many years. Global decline is not just apparent, it's starting to scream. The fact that the US government is doing nothing to prepare its people for these shocks is despicable. The author here says it best, "I'd like to be able to tell you that the U.S. government is doing everything it can to prepare for the coming energy emergency...but I can't. In fact, when I think about how little prepared this country is for the changes that are about to hit us, my hands automatically clench into fists."*

*Mine too. - MCR]*

## Oil Shock

Whiskey & Gunpowder  
August 2nd, 2005 by Sean Brodrick  
South Florida, U.S.A.

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The disconnect between what oil experts are saying and what oil is actually doing is widening to Grand Canyon proportions.

Recently, the Organization of Petroleum Exporting Countries cut its forecast for growth in demand in the third and fourth quarters of 2005 by 600,000 barrels per day...the International Energy Agency lowered its fourth-quarter demand for OPEC oil by 700,000 barrels per day...and Morgan Stanley economists have flat out called oil a "bubble."

Sounds bearish for oil prices, right? Not so fast. What we can observe happening in the oil markets is actually very bullish for oil prices.

For example, bookings of supertankers for oil exports from the Middle East soared to the highest monthly level this year in July -- and shipping costs doubled along the way, according to Bloomberg. Oil production in Norway -- usually the No. 3 global exporter, behind Saudi Arabia and Russia -- has hit an 11-year-low...and China's oil-thirsty economy is humming along at 9.5% growth, shrugging off any and all efforts to slow it down.

These don't sound like the ingredients for lower demand or too much supply for me.

What's more, speaking of OPEC, the Saudis also recently told the world's leading industrial powers that OPEC will not be able to meet Western oil demand in 10-15 years. This was the first time -- ever -- that OPEC has made such an announcement.

Now consider this: What if OPEC is lowering its forecast in preparation for cutting its production quotas at its next meetings. Why would OPEC do that? Well, either it wants higher prices, or it sees difficulty in meeting current production levels starting as early as the third quarter. Either way, that's

bullish for oil.

And if you think we'll be able to take care of our own energy needs ourselves without some drastic changes...think again. U.S. strategic oil reserves are equal to just 70 days of supply.

In fact, despite ratcheting back demand growth, the IEA still expects oil demand to rise to 85.9 million barrels a day by the fourth quarter of this year. That's higher than global refining capacity of about 84.5 million barrels per day. But the IEA has a history of being too optimistic -- the squeeze could come a lot sooner than Wall Street is willing to believe.

It's as if we're finally heading toward the end of the oil era. And the transition -- as we've seen at the pump recently -- may be a brutal one. The oil gauge is slowly moving toward empty...and the world's largest suppliers say they won't be able to fill us up again.

This is a core economic shift that will be an underlying trend in the financial markets -- and your daily life -- for decades. It is crucial that you understand the implications, the dangers, this shift represents.

We've seen oil crises before -- the last one most people remember is the 1973 oil embargo. But history is dotted with energy emergencies that make the oil shock of the

'70s look tame. Heck, Britain was hit hard by an "energy crisis" some 400 years ago. At the time, wood provided basic energy plus the charcoal needed to smelt iron. But the forests were quickly disappearing. Shortages got so bad that laws were passed restricting woodcutting.

Luckily, Britain made the switch to coal. Coal had been in limited use since Roman times, but when the wood shortage hit, coal was adopted to provide heat. Still, it took another century to learn how to make coke to smelt iron. The result helped spark the Industrial Revolution. In short, an energy crisis forced a seismic shift in the economy and society.

Today, we're facing another kind of energy crisis...

The largest declines in oil production last year occurred in the U.S., where output fell by 160,000 barrels a day, and in Britain, where output declined by 230,000 barrels a day. We're near the bottom of the barrel for many of America's oil fields. America imports 58% of its oil -- and we import more and more oil all the time. In fact, U.S. oil imports jumped 5.3% last year over 2003, versus a 5% rise for the world. So our dependency on oil from people who'd like to kill us is increasing, and increasing faster than the global average. The world's energy use is increasing rapidly. Global oil consumption grew by nearly 2.5 million barrels per day last year -- more than DOUBLE the 10-year average rate. Oil already pushed past the \$60 mark recently, and financial markets initially plunged on the news. How will they react when oil breaks \$70... \$80... or Goldman Sachs' recently predicted \$105 per barrel?

Most economists pull the 1970s oil crisis out as an example of how rising prices eventually crimp demand and send prices lower. But let me give you two reasons why it's different this time: China and India.

Over the last three years, China has accounted for over a third of the global increase in oil demand. As GDP increases, so does a country's oil use. And Chinese President Hu Jintao says China aims to quadruple its GDP, to \$4 trillion, by 2020.

Already, China's and India's economies are roaring, and their energy use is ramping up, as their citizens are making the switch from bicycles to scooters to cars. Last year, more than 1 million cars were sold in India. Car sales there are roaring along at a 20% growth, and sales are expected to surge for another 10 years. Meanwhile, China is seeing auto sales grow by 16% a year, with 2.79 million cars and light trucks sold in the first half of this year alone. Newly mobile consumers in both countries will need oil and gas -- and lots of it.

Both these countries have roaring economies that use more and more oil every month. They are competing with the United States for global energy resources. This wasn't the case back in the last oil crunch. It could make this one drastically different.

Today's energy crisis is transforming the world -- from geopolitics to the financial markets to the gas

pump to the price of 75% of everything you consume on a daily basis.

I'd like to be able to tell you that the U.S. government is doing everything it can to prepare for the coming energy emergency...but I can't. In fact, when I think about how little prepared this country is for the changes that are about to hit us, my hands automatically clench into fists.

Sincerely,  
Sean Brodrick  
Investment Director  
The Sovereign Society

Here are some supplemental information links from Sean:

Seems like just last month (hey, it was last month!) that the Saudis said they'd pump all the oil we could want and then some. [Now the Saudis are admitting there are limits.](#)

Oil isn't the only energy source. Natural gas, nuclear, coal -- we'll need them all to get through the tough times ahead. We'll also need to learn from history. [Here's a book that combines history and energy, Coal: A Human History.](#)

Norway's oil output falls to an 11-year low. [Norway's attitude: "What, me worry?"](#).

The IEA says oil demand is to fall in the fourth quarter, [and to rise in 2006.](#)

Morgan Stanley economist Andy Xie thinks oil prices may "collapse soon." He's basing it on slowing Asian demand. [Good luck with that one, Andy...](#)

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*[Was this a cliffhanger or not? China did not spend a penny on Unocal yet their move to acquire it placed some serious and frank discussion of Peak Oil issues on the record in the House Armed Services Committee. It forced major US oil companies (ChevTex and ExxonMobil) to explain why world oil companies are buying reserves instead of finding them). It publicly exposed a multitude of US economic and energy weaknesses. And it forced ChevronTexaco to outspend itself to acquire Unocal.*

*This was a win-win scenario for China from the start. The big question now is, "Where will the 800 pound gorilla go with all that US currency and what will it try to buy next? How much of the limited and dwindling US-held liquidity can it force American corporations to spend, and where? The major oil corporations are loaded with cash right now. But if China keeps forcing them to spend money by drilling in places where they know there is no oil, or to fend off Chinese acquisitions, then there might come a time - perhaps when real prices collapse - that China is the only kid on the block with a bankroll left to buy anything. - MCR]*

## CNOOC Withdraws \$18.5B Bid for Unocal

By Michael Liedtke  
Aug 2, 12:02 PM (ET)  
<http://apnews.myway.com/article/20050802/D8BNPI802.html>

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SAN FRANCISCO (AP) - China's government-controlled CNOOC Ltd. ([CEO](#)) withdrew its \$18.4 billion bid for Unocal Corp. ([UCL](#)) on Tuesday, ending a politically charged takeover battle that highlighted the United States' growing apprehension about the economic rise of the world's largest country.

CNOOC's retreat clears the way for Chevron Corp. ([CVX](#)), the second largest U.S. oil company, to complete its acquisition of Unocal next week, even though its cash-and-stock offer is currently worth nearly \$1 billion less.

But Chevron had several factors working in its favor - regulatory clearance, the support of Unocal's board and the backing of U.S. lawmakers, who questioned whether economic and national security interests would be threatened if a company backed by China's Communist government were to buy a major U.S. oil company.

Those misgivings virtually ensured CNOOC's bid would have to undergo a rigorous - and possibly tempestuous - review that would have prevented Unocal from being sold for at least another six to nine months, with no guarantee that the deal would ever be completed.

In a strongly worded statement, Hong Kong-based CNOOC said it might have raised its bid even higher, if not for the political backlash.

"The unprecedented political opposition...was regrettable and unjustified," CNOOC said. "This political environment has made it very difficult for us to accurately assess our chance of success, creating a level of uncertainty that presents an unacceptable risk to our ability to secure this transaction."

Chevron spokesman Don Campbell declined to comment on CNOOC's remarks, saying the company is focused on assuring a smooth transition after its Unocal acquisition is complete.

The marriage is expected to be consummated Aug. 10 when Unocal shareholders are scheduled to formally vote on the offer. CNOOC's withdrawal from the bidding is expected to turn the vote into a mere formality.

Unocal spokesman Barry Lane said the company's board remains convinced that it accepted the superior offer.

Unocal's shares fell 24 cents to \$64.13 during morning trading on the New York Stock Exchange, where Chevron's shares gained 68 cents to \$59.11 and CNOOC's shares surged \$4.58 to \$73.92.

San Ramon-based Chevron initially agreed to buy El Segundo-based Unocal in early April for \$62 per share. Unocal, prized for its oil and natural gas supplies in Asia and the Gulf of Mexico, also had been negotiating with CNOOC and another unidentified bidder believed to be Italy-based Eni SpA.

After Chevron had already received all the required regulatory approvals to buy Unocal, CNOOC tried to break up the marriage six weeks ago with an all-cash offer of \$67 per share.

That almost immediately triggered a political furor that reflected the United States' concerns about the China's increasing financial muscle and its bustling economy's growing thirst for oil.

CNOOC's ownership structure also raised hackles in Congress. The company is part of the China National Offshore Oil Corp., which is 70 percent owned by China's government - an arrangement that helped arrange favorable financing terms unavailable to Chevron.

Despite the prickly politics, Unocal's board appeared poised to accept CNOOC's offer until Chevron agreed to sweeten its offer two weeks ago. The Chevron bid is currently worth \$64.13 per share, or \$17.6 billion, based on the company's stock price Tuesday.

CNOOC had been authorized by its board to raise its bid to \$69 per share, but the company's chairman, Fu Chengyu, declined to up the ante unless Unocal agreed to pay the \$500 million fee that would have been owed to Chevron if its bid lost out.



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## Washington Politics Shock Chinese

Paul Maidment, 08.02.05, 1:00 PM ET

[http://www.forbes.com/2005/08/02/china-takeover-cnooc-cx\\_pm\\_0802chinaoil.html](http://www.forbes.com/2005/08/02/china-takeover-cnooc-cx_pm_0802chinaoil.html)

interest in receiving the included information for research and educational purposes.

**Chengyu Fu**, chief executive of the **China National Offshore Oil Corp.** (CNOOC), is shocked-shocked to find there is politics going on in Washington, and that it can derail takeover bids. The oil company, which is 70% owned by the Chinese government, has said it is dropping its \$18.5 billion bid for California-based **Unocal** because of "the political environment in the U.S."

Critics of the bid contend the acquisition might imperil U.S. energy security, and a raft of legislation intended to derail it has been batted around both houses of the U.S. Congress.

CNOOC's (nyse: [CEO](#) - [news](#) - [people](#) ) withdrawal clears the way for **Chevron** (nyse: [CVX](#) - [news](#) - [people](#) ) to buy Unocal (nyse: [UCL](#) - [news](#) - [people](#) ) with a bid it raised last week to \$17.4 billion from its original \$16.7 billion. Free of a potentially six-to-nine month long and bruising regulatory review, that bid has been backed by the Unocal board ahead of a shareholder vote due Aug. 10.

But if to the winners go the spoils, then to the losers come a lot of questions. And China's attempts to expand its global corporate footprint through a series of high-profile, cross-border mergers and acquisitions has seen more losers in recent months than Beijing will have liked.

The big question they raise goes way beyond politics, even though there is no doubt that China is a sensitive nerve among the American public and politicians alike these days. That question is this: Just how good are Chinese companies at the global M&A game and especially when they run up, as they invariably must, against competing foreign bidders for whom this isn't the first time in the rodeo?

Consider the recent record:

- Last month, **Haier Group**, China's leading white-goods manufacturer, dropped out of the bidding for **Maytag** (nyse: [MYG](#) - [news](#) - [people](#) ), the U.S. appliance maker, in the face of stronger offers from **Whirlpool** (nyse: [WHR](#) - [news](#) - [people](#) ) and **Ripplewood Holdings**, an investor-led group.

- The same month, Beijing-based **CITIC Resources** dropped a bid for a controlling interest in **Thai Petrochemical Industry**, the country's largest corporate defaulter.

- In June, a consortium including state-owned **China National Petroleum Corp.** lost out to Japan's **Mitsui** in the bidding for the Thai oil and gas assets of **Pogo Producing** (nyse: [PPP](#) - [news](#) - [people](#) ), a U.S. energy firm, that sold for \$820 million.

- In March, state-owned **China National Metals and Minerals Corp.** (China Minmetals) dropped a multibillion-dollar plan to take over leading Canadian copper and zinc miner **Noranda** (nyse: [NRD](#) - [news](#) - [people](#) ), which outmaneuvered it with a proposed shuffling of corporate assets with Falconbridge.

- In January, China's state-owned **Sinochem** failed in its \$669 million bid to buy South Korea's oil refiner **Inchon**.

- Last year, **PetroChina** (nyse: [PTR](#) - [news](#) - [people](#) ) was among losing bidders for a stake in **Medco**, Indonesia's largest listed oil and gas producer.

On the success side, there is computer maker **Lenovo's** \$1.75 billion purchase of **IBM's** (nyse: [IBM](#) - [news](#) - [people](#) ) personal computer business last December and **Nanjing Automobile's** successful, if much smaller, bid last month for the rump of bankrupt U.K. carmaker **MG Rover Group**.

What were the key differences between success and failure? Most of the losses came in knock-down takeover battles that attracted bigger and more experienced foreign rivals to make counterbids. Chevron, for example, is not just the world's second-largest oil company after **Exxon Mobil** (nyse: [XOM](#) - [news](#) - [people](#) ), it is also about 20 times larger than CNOOC, which is only the third-largest oil company in China.

While Nanjing Automobile did beat out a rival, that was **Shanghai Automotive Industries Corp.** The biggest successful deal, Lenovo's, was not a takeover battle at all, but a private negotiation.

China's companies will learn the rules of the game they are now staring to play-and Western

investment banks are lining up to relieve them of hefty fees in return for teaching them. The companies' government-often their senior shareholder as well-wants them to acquire foreign assets, notably the natural resources and consumer brands and expertise that they cannot grow rapidly at home.

China's national interest is its imperative, and cross-border M&A is the way to fulfill it. China's largest companies-the ones most likely to be doing the big deals-may be mostly state-funded and have managers largely hand-picked in Beijing. But they will have to learn how to win at this most capitalist of games, M&A. The way to do that is not, as CNOOC did, by launching big, high-profile bids in politically sensitive industries, but to do a bunch of smaller deals that can actually get done. Small wins lead to larger victories.



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*[Soon FTW will be carrying a profound new book in our store. It is called "Climate Collapse" and it contains a wealth of easy-to-read science that flatly contradicts CNN's reassuring and misleading spin that "climate change is gradual." On the contrary, there is an indisputable record that climate change, especially throughout the last 110,000 years, can be abrupt and brutal. One clear record showed Europe's fall into an Ice Age in less than one year. - MCR]*

## Scientists puzzle over oddities along Pacific coast

### Dead birds, fewer fish, drop in plankton cause concern

CNN.COM (AP)

<http://www.cnn.com/2005/TECH/science/08/02/ocean.crisis.ap/index.html>

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SAN FRANCISCO, California (AP) -- Marine biologists are seeing mysterious and disturbing things along the Pacific Coast this year: higher water temperatures, plummeting catches of fish, lots of dead birds on the beaches, and perhaps most worrisome, very little plankton -- the tiny organisms that are a vital link in the ocean food chain.

Is this just one freak year? Or is this global warming?

Few scientists are willing to blame global warming, the theory that carbon dioxide and other manmade emissions are trapping heat in the Earth's atmosphere and causing a worldwide rise in temperatures. Yet few are willing to rule it out.

"There are strange things happening, but we don't really understand how all the pieces fit together," said Jane Lubchenco, a zoologist and climate change expert at Oregon State University. "It's hard to say whether any single event is just an anomaly or a real indication of something serious happening."

Scientists say things could very well swing back to normal next year. But if the phenomenon proves to be long-lasting, the consequences could be serious for birds, fish and other wildlife.

This much is known: From California to British Columbia, unusual weather patterns have disrupted the marine ecosystem.

Normally, in the spring and summer, winds blow south along the Pacific Coast and push warmer surface waters away from shore. That allows colder, nutrient-rich water to well up from the bottom of the sea and feed microscopic plants called phytoplankton.

Phytoplankton are then eaten by zooplankton, tiny marine animals that include shrimp-like crustaceans called krill. Zooplankton, in turn, are eaten by seabirds and by fish and marine mammals ranging from sardines to whales.

But this year, the winds have been unusually weak, failing to generate much upwelling and reducing the amount of phytoplankton.

Off Oregon, for example, the waters near the shore are 5 to 7 degrees warmer than normal and have yielded about one-fourth the usual amount of phytoplankton, said Bill Peterson, an oceanographer with the National Oceanic and Atmospheric Administration in Newport, Oregon.

"The bottom has fallen out of the coastal food chain, and there's just not enough food out there," said Julia Parrish, a seabird ecologist at the University of Washington in Seattle.

Seabirds are clearly distressed. On the Farallon Islands west of San Francisco, researchers this spring noted a steep decrease in nesting cormorants and a 90 percent drop in Cassin's auklets -- the worst in more than 35 years of monitoring.

On Washington state's Tatoosh Island, common murrelets -- a species so sensitive to disruptions that scientists consider it a harbinger of ecological change -- started breeding nearly a month late. It was the longest delay in 15 years of monitoring.

Researchers have also reported a sharp increase in dead birds washing up in California, Oregon and Washington.

Along Monterey Bay in Central California, there are four times the usual number of dead seabirds, said Hannah Nevins, a scientist at Moss Landing Marine Laboratories.

"Basically, they're not finding enough food, and they use up the energy that's stored in their muscles, liver and body fat," Nevins said.

Fish appear to be feeling the effects, too. NOAA found a 20 percent to 30 percent drop in juvenile salmon off the coasts of Oregon, Washington and British Columbia in June and July, compared with the average over the previous six years.

And researchers counted the lowest number of juvenile rockfish in more than 20 years of monitoring in Central and Northern California. Fewer than 100 were caught between San Luis Obispo and Fort Bragg this year, compared with several thousand last year.

Scientists have seen some of these strange happenings before during El Nino years, when higher water surface temperatures in the equatorial Pacific alter weather patterns worldwide. But the West Coast has not had El Nino conditions this year.

As for the possibility that this is being caused by global warming, scientists are not so sure, since climate change is believed to be a gradual process, and what is happening this year is relatively sudden.

But "if we did see this next year, the notion that global warming plays a role in this carries more weight," said Nathan Mantua, a climate expert at the University of Washington in Seattle.



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## Climate change may be fueling storms

**Global warming is a probable cause of a dramatic upswing in the power of hurricanes, according to a new study.**

By Martin Merzer

[mmerzer@herald.com](mailto:mmerzer@herald.com)

<http://www.miami.com/mld/miamiherald/news/12272807.htm>

The accumulated power of Atlantic hurricanes has more than doubled in the past 30 years, with a particularly dramatic spike since 1995, and global warming likely is a major cause, according to a study to be published this week.

Though a connection between global warming and hurricane ferocity might seem logical, the report by a reputable climatologist at the Massachusetts Institute of Technology is the first to draw a statistical relationship between the two.

"The large upswing in the last decade is unprecedented and probably reflects the effect of global warming," scientist Kerry Emanuel wrote in a study that will appear in the Thursday edition of the journal *Nature*. Copies of the article were made available Sunday.

Importantly, his study did not shed any light on the effect, if any, of global warming on the number of storms.

But that is only of modest consolation.

One reason: Scientists at the National Oceanic and Atmospheric Administration's hurricane research division on Virginia Key have concluded that, due to long-term natural cycles, we are in the middle of a decades-long period of more frequent hurricane formation.

The current season, with a record seven named storms by July 23, provides unpleasant support for that conclusion.

Another source of concern: Most experts expect global warming to persist.

## **DESTRUCTIVE POWER**

So, if both camps of scientists are correct, we could be facing stronger storms and more of them -- a potentially catastrophic collision of phenomena.

"My results suggest that future warming may lead to an upward trend in tropical cyclone destructive potential and -- taking into account an increasing coastal population -- a substantial increase in hurricane-related losses in the 21st century," Emanuel wrote.

He said his analysis of wind-speed reports by the National Hurricane Center and other sources show that the accumulated power of hurricanes in the Atlantic basin, which includes the Caribbean Sea and the Gulf of Mexico, has more than doubled since 1970.

A particularly steep increase began in 1995, according to the study.

"This large increase in power dissipation over the past 30 years or so may be because storms have become more intense, on the average, and/or have survived at high intensity for longer periods of time," he wrote.

Emanuel said the trend is closely linked to an increase of about one degree in the average ocean surface temperature, which might not seem significant but can be crucial.

"It sounds like a small amount, but we know that as waters get even a little bit warmer, the potential exists for hurricanes to get dramatically stronger," said Chris Landsea, an NOAA scientist on Virginia Key and one of the nation's leading hurricane researchers.

## **NOT CONVINCED**

Still, he is not fully convinced by Emanuel's study.

Landsea said the 1995-04 spike in accumulated hurricane power correlated precisely with the beginning of the period of increased hurricane formation.

"It's very difficult to separate out what's caused by this natural cycle of activity versus man-made warming," Landsea said.

He also raised concerns about some statistical procedures employed by Emanuel, whom he described as "a very respected researcher."

"This is a serious study and it needs to be taken seriously," Landsea said. "But when you take a close look at it, there's a lot of caveats. So, at this point, I'm not convinced he's found the smoking gun between global warming and hurricanes."

In October 2004, Tom Knutson, a hurricane researcher at the government's Geophysical Fluid Dynamics Laboratory in Princeton, N.J., told *The Herald* he had noticed persistently high water temperatures in the main hurricane production zone of the Atlantic.

"The latest 10-year average is warmer than anything else in the record" dating to 1870, he said. "More research is needed to try to figure out how much of this is attributed to natural fluctuations and whether any of it is related to a broad-scale, global warming factor."

Knutson, who did not participate in Emanuel's study, coauthored a report that was published in September 2004 and sparked new interest in the topic.

## FUTURE OUTLOOK

It found that by the 2080s, global warming could cause the typical hurricane to produce 6 percent stronger winds and 18 percent more rain.

In some cases, those winds could raise the average storm a half-step on the five-category Saffir-Simpson scale of hurricane intensity.

"There's some uncertainty, but we're saying that environmental conditions will support stronger hurricanes," Knutson told *The Herald*.



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# Hurricane outlook worsens

August 2, 2005

CNN.COM (Reuters)

<http://www.cnn.com/2005/WEATHER/08/02/hurricanes.reut/index.html>

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**WASHINGTON (Reuters) -- This year's Atlantic hurricane season will be worse than previously expected with as many as 21 tropical storms and 11 hurricanes, U.S. government weather forecasters predicted Tuesday.**

"Although we have already seen a record-setting seven tropical storms during June and July, much of the season's activity is still to come," Gerry Bell, a National Oceanic and Atmospheric Administration (NOAA) meteorologist, told reporters.

In May, NOAA predicted the 2005 Atlantic hurricane season would be above normal, with up to 15 tropical storms and nine hurricanes. ([Full story](#))

The Atlantic hurricane season typically peaks in August and ends on November 30.

The new forecast, based on atmospheric conditions and warm ocean temperatures, would mean a record number of named, tropical storms. The previous record was 19 tropical storms in 1995, according to NOAA.

The increased activity is due to cyclical conditions, not global warming, NOAA officials said. Hurricane activity was low in the 1980s and early 1990s and a more active cycle of hurricanes is now under

way, Bell said.

"It's certainly reasonable to expect above-normal hurricane seasons for the next decade or perhaps even longer," Bell said. "It's not a matter of if more hurricanes are going to hit the coast, it's simply a matter of when."

In early July, Hurricane Dennis pounded the U.S. Gulf Coast with sustained winds of 120 miles per hour, causing losses estimated as high as \$5 billion. Later in the month, Hurricane Emily made landfall in the Gulf Coast about 75 miles south of the U.S.-Mexico border with winds of 125 mph.

So far this year, tropical storms and hurricanes have halted more than 6.14 million barrels of U.S. crude oil production from the offshore Gulf of Mexico. Damage from last year's Hurricane Ivan cut about 45 million barrels of crude output over six months after that storm toppled platforms and damaged undersea pipelines, making it the most damaging hurricane to the energy industry on record.

### **Billions of losses in 2004**

The 2004 hurricane season was one of the most devastating ever recorded. The Atlantic Ocean churned out 15 tropical storms, nine of which turned into hurricanes, and caused billions of dollars in damage to the Caribbean and the United States.

David Johnson, director of NOAA's National Weather Service, said that while coastal communities are at highest risk, Americans living inland also need to be prepared for damaging storms. About half of all hurricane deaths and injuries occur from inland fresh water flooding, he said.

Tropical disturbances and storms typically form off the west coast of Africa, then move west toward the Caribbean and the United States as they strengthen.

NOAA officials said they could not predict how of the 2005 storms would hit the U.S. coast, or where.

However, Joe Bastardi, a meteorologist with private forecasting company AccuWeather, predicted most of the remaining storms this year will take a more easterly path than the June and July storms that entered the Gulf of Mexico.

"The most action will be from August 15 to October 15 along the Eastern Seaboard. I'm targeting the Carolinas for the worst," Bastardi said. "Also, there will be (landfalls) in New England and the Florida coast."

A study published this week in the science journal Nature said hurricanes have become more destructive during the last 30 years and their growing intensity could be caused by global warming. The report by Kerry Emanuel of the Massachusetts Institute of Technology (MIT) said the duration and wind speed of hurricanes increased by 50 percent. ([Full story](#))

NOAA said its detailed hurricane records only date back to 1945, which means it lacks enough data to determine if there is any link to global warming.

"We're not convinced that global warming is playing an important role yet, or if at all, in this era of increased activity," Bell said.



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## **Prince Turki, former head of Saudi intelligence, becomes Saudi ambassador to US**

By Larry Chin  
ONLINE JOURNAL

[http://www.onlinejournal.com/Special\\_Reports/072305Chin/072305chin.html](http://www.onlinejournal.com/Special_Reports/072305Chin/072305chin.html)

Prince Bandar bin Sultan, the 22-year Saudi Ambassador, the glad-handing "dean of the Washington diplomatic corps", and confidant and partner to successive US presidential administrations, has [resigned](#). He has been replaced by Prince Turki al-Faisal, the former head of Saudi Arabian intelligence (and the current ambassador to Britain).

Turki al-Faisal's own ties to Washington and Langley, and throughout the intelligence world are legendary. Prince Turki has been intimately involved with the CIA, the ISI (a virtual branch of the CIA), and the creation and guiding of Islamic "terrorism" (Bin Laden politics, Taliban), and all aspects of the geostrategy leading up to, and out of, September 11, and pipeline politics ([Bridas-Unocal](#), trans-Afghan pipeline competition). The Saudi energy company Ningarcho is connected to Prince Turki.

The deep connections between the Saudi royal family, the Bush family, the highest echelons of the Washington-Wall Street elite, [Osama Bin Laden](#), terrorism, intelligence agencies, oil narcotrafficking, arms trafficking, criminal finance (BCCI), etc. are amply documented history. Prince Turki has long been part of this milieu.

In *Drugs, Oil and War*, Peter Dale Scott wrote:

"BCCI's inside connection to the CIA appears to have been strengthened in 1976, when under CIA Director George Bush "the CIA strengthened its relationships with so-called friendly Arab intelligence agencies. One of the most important of these was Saudi Arabia's intelligence service [the *Istakhbarat*], run by Kamal Adham, Prince Turki [al-Faisal], Abdul-Raouf Khalil, all of whom were BCCI insiders."

Prince Turki was Osama Bin Laden's friend and liason for more than two decades. The rise of the Taliban in Afghanistan was directed by Saudi Arabia, Pakistan's ISI, the CIA and oil interests (Unocal), and its fall (and 9/11) was directed by the same, and only after the Taliban regime refused to cooperate with larger interests.

Here are excerpts from Ahmed Rashid's *Taliban*, on Prince Turki:

"Bin Laden, Prince Turki and General [Hameed] Gul were to become firm friends and allies in a common cause."

"The ISI had long wanted Prince Turki Bin Faisal, the head of Istakhbarat, the Saudi Intelligence Service, to provide a Royal Prince to lead the Saudi contingent in order to show Muslims the commitment of the Royal Family to the jihad."

"...the Foreign Minister Prince Saud al Faisal, deferred Afghan policy to his younger brother, Prince Turki and Saudi intelligence."

"The Taliban's stubbornness in refusing to cut deals with other warlords frustrated the Pakistanis, but finally it appeared to pay off when the Taliban persuaded Pakistan and Saudi Arabia to back another major bid to capture Kabul before the winter. The Saudi intelligence chief Prince Turki al Faisal visited Islamabad and Kandahar in July 1996 to discuss with the ISI a new plan to take Kabul, and both countries stepped up supplies to the Taliban. Within two months of Turki's visit, the Taliban were on the move---not against Kabul, but the eastern city of Jalalabad. Pakistan and Saudi Arabia helped engineer the surrender and eventual flight of the head of the Jalalabad Shura, Abdul Qadeer. He was given a large bribe, reported by some Afghans to be US\$10 million in cash, as well as guarantees that his assets and bank accounts in Pakistan would not be frozen."

"Meanwhile, the Taliban had persuaded Pakistan and Saudi Arabia to back them in another offensive to take place in the north. The Saudi intelligence chief Prince Turki al Faisal visited Kandahar in mid-June, after which the Saudis provided the Taliban with 400 pick-up trucks and financial aid. Pakistan's ISI had prepared a budget of some 2 billion rupees (US\$5 million) for logistical support that was needed by the Taliban. ISI officers visited Kandahar frequently to help the Taliban prepare the attack, as thousands of new Afghan and Pakistani recruits from refugee camps and madrassas arrived to enlist with the Taliban."

"Saudi Arabia viewed the Taliban as an important asset to their dwindling influence in Afghanistan..."

Saudi intelligence chief Prince Turki then began visiting Kandahar regularly...After Turki visited Islamabad and Kandahar in July 1996, the Saudis provided funds, vehicles and fuel for the successful Taliban attack on Kabul. Two Saudi companies, Delta and Ningarcho, were now involved in the gas pipeline projects across Afghanistan, increasing local business pressure on Riyadh to help ensure a Taliban victory."

"In July 1998 Prince Turki had visited Kandahar and a few weeks later 400 new pick-up trucks arrived in Kandahar for the Taliban, still bearing their Dubai license plates. The Saudis also gave cash for the Taliban's cheque book conquest of the north in the autumn."

"After the 1998 Africa bombings, US pressure on the Saudis increased. Prince Turki visited Kandahar again, this time to persuade the Taliban to hand over Bin Laden. In their meeting, Mullah Omar refused to do so and then insulted Prince Turki by abusing the Saudi Royal Family. Bin Laden himself described what took place. 'He [Prince Turki] asked Mullah Omar to surrender us home or to expel us from Afghanistan...It is as if Turki came as an envoy for the American government.'"

"Riyadh's support for the Taliban made them extremely reluctant to exert any pressure on the Taliban to deport Osama bin Laden, even though the USA was urging them to do so. Only when Prince Turki was personally insulted by Mullah Omar in Kandahar did the Saudis curtail diplomatic links with the Taliban."

During Osama Bin Laden's stay in a Dubai hospital, he met with CIA agents as well as Prince Turki. The *Guardian* (11/1/01) reported that Bin Laden met with:

"...several members of his family and Saudi personalities, including Prince Turki al Faisal, then head of Saudi intelligence."

Prince Turki was fired as the chief of Saudi intelligence following 9/11, because of the "embarrassing" connection to Bin Laden (whoever or whatever "[Bin Laden](#)" is). Now he is back, as an even more significant influence heading into the [ominous new phase of the US-Saudi relations](#).

Prince Turki al-Faisal "knows where the bodies are hidden" (literally and figuratively). His ascension to an even more influential post is symptomatic of the global hardening of criminal power taking place across the New World Order, in which very outgoing figure (cabinet officer, Supreme Court justice, etc.) has been replaced by a more dangerous one.

