

Marin Katusa: Mohamed bin Salman is reshaping Saudi Arabia

December 7, 2017

Erik: Joining me next is Marin Katusa, founder of Katusa Research and a very well-known natural resource investor.

Marin, I want to start with not just the oil market but particularly Saudi Arabia.

I absolutely do not profess to be an expert on Saudi Arabia and their culture and politics and so forth. But what little I thought I knew about that country is I thought they were a very conservative culture that tended to place a lot of value on things like age and experience, you know, older age, wisdom.

You would think in a culture like that that if there was going to be a procession of power according to bloodlines it would probably go to the king's eldest son.

And the other impression I've had of Saudi Arabia is they try to keep their business in house, you know, almost like what happens in the royal family stays in the royal family.

And all of a sudden, holy cow, we have Mohammad bin Salman, who's the youngest son of the king. Not only has he been named the heir apparent to the throne, but he is basically really showing his teeth and has arrested a number of other very senior ranking princes – including Al-Waleed bin Talal who is estimated to be worth about 15 billion dollars.

Some people have called him the Warren Buffett of the Middle East. This guy is no schmuck, he's a really serious guy. And there's actually reports that Bin Salman has tied these guys up and literally humiliated them with beatings and all sorts of things. I don't know if any of those reports are actually true – some of them are from dubious sources – but, holy cow.

What's going on in Saudi Arabia? And what's brought this about? And where's it headed?

Marin: What is going on – I call him MBS. He's the real deal. I wrote an article (which is on my website) two years ago where I stated that – In my book I talked about the history of the Soviet Union, and Ronald Reagan made the joke about how he's having a hard time with the Soviets because they keep dying on him. In the chapter I had about the "Shaky House of Saud", I really broke it down. That's exactly the trend that they were moving forward with. But if they were going to modernize themselves and adapt to the times, MBS is situated perfectly for this setup.

So, interestingly enough, the article I wrote two years ago didn't get much attention in the West, but, boy, did it get a lot of attention from my colleagues in Saudi Arabia, in Dubai, in

Kuwait, in Qatar.

And what's going on today is not just within the royal family. The West is not really reporting much about how the Qataris had to pick up and walk away from their businesses, not just in Saudi Arabia but also in Dubai. There's a lot going on that people are not talking about, and this is a very serious issue.

Now, on Donald Trump's first trip to the Middle East, who did he meet with? Did he meet with the king? Or did he meet with the Deputy Crown Prince, MBS? He met with MBS. That was a telltale signal.

So I followed up with another article, going this is the real deal, the Americans have already aligned themselves with MBS. And if you're on the other side of this trade, be very careful. And this isn't just a purge for power.

Right now everyone's excited about the repatriation of US companies' dollars coming back into the US market. Well think about the tens of billions of dollars that the Saudi government is going to be able to seize or re-control from all of the princes' offshore accounts, their trading accounts, their holdings.

And this is a great way to fund, maybe, shortfalls. Rather than needing \$70 oil to balance the budget, now they can get another \$100 billion within – if one individual has 15, what do 30 relatives within the royal family own?

So these are very wealthy people that have essentially lost all their power, and do not think this is a grab for power. MBS is the real deal, and he's thought this through, and he has charted Saudi on a new course.

And it's going to – look what's going on in Yemen, Iran, Qatar – there's going to be some really, really interesting changes moving forward in the Middle East. Look at the housing prices in Dubai. There's a lot of uncertainty in the region right now.

Erik: Speaking of uncertainty, you take people who are billionaires and strip them of all of their wealth and lock them up – and in some cases they were given ultimatums. It sounded like extortion. It was basically, turn over your wealth to the state or else we're not going to let you go. We're going to keep you locked up indefinitely. And some of them have done that.

So, as you say, it's very clear that Mohammad bin Salman – MBS – is making it very clear that he's the top dog in town. I can't believe he's making a lot of friends in the royal family doing this.

So is there a potential backlash where there could be a coup to oust him?

And what are the chances that maybe the instability just goes off the charts if there is a revolt

by all these people that were previously extremely powerful, extremely wealthy, that have been stripped of that wealth?

Marin: I spent a lot of time in the Middle East. And when you spend time with the locals you'll notice that it's a similar situation to what the West's perception of Putin is. The media in the West will magnify the anti-Putin crowd in Russia. But if you really spend enough time in Russia, the average Russian is quite proud of Putin because he's made them proud to be Russians again.

And I know I'm going to get a lot of backlash for that, but I don't care. That's just the facts.

Now there's always a percentage that don't like him, but if you go and spend the time in Russia – and I'm not talking just about uneducated, what we would call redneck equivalents in Russia, drinking vodka – I'm talking about engineers, professionals. It's across the board.

And the same can be said in the Middle East. There is a big resentment from the working people to the royal family. When I was in Kuwait just before the Arab Spring, it didn't dawn on me how frustrated the cab drivers and the workers were because of the extravagance of the royal family. And from the local population, MBS is extremely popular for all of these moves. The citizens of Saudi are applauding him for this. He's popular for this.

So that's from the population standpoint. He's got them behind him. Especially grabbing this untold wealth and redistributing a percentage to the people. He's being seen as like a Robin Hood.

Secondly, within the royal family there is always the potential of a coup. Especially if the Americans change their support behind him. But right now the American foreign policy is supporting MBS. And until then I think he's making all the right moves for his own strategy.

Erik: Where do you think his strategy is headed? From what I understand, his Vision 2030 plan actually talks about diversifying away from a focus on oil as the national export and getting into tourism and various other things.

It seems to me like Saudi Arabia's natural resource wealth is all in oil. Am I missing something? Why is he thinking about these things?

Marin: That's not quite true. For example, first of all, in the report I wrote about two years ago I stated how there is incredible wealth outside of oil in Saudi Arabia. You look at their copper deposits, their gold deposits, there's a lot of natural resource wealth in Saudi. And there's no doubt, they're known for iron ore and their oil.

Secondly, major transactions in green energy have been signed and completed and financed in the region. We're talking about major companies, green energy companies, bidding on projects and getting them. And we're not talking about small 100 megawatts here and there. We're

talking about thousands of megawatts. And that's billions of dollars of infrastructure coming in.

So MBS has a longer-term vision. He's playing the long game here. And I'm saying, this is going to happen, it's going to be real. And there's no doubt he's going to diversify.

In the article two years ago I suggested what I would do if I was his advisor, and it's really about developing – not just the crude oil, depending on it. But you're going to see them build up their own refinery complex. Because the way the oil market works, they could develop more non-gasoline products from their crude. In the petrochemical sector there's a lot of low-hanging fruit that Saudi Aramco can optimize.

And that's where you're going to see the Chinese finance that aspect. Because the Russians, in the success of the fracking, are eating into their margins. So as the rest of OPEC cheat and fight for the scraps, you will see MBS develop his petrochemical sector. And that's going to be alongside with the green energy sector and further future industries. Those will be the big ones.

Tourism and those types of things – there's a lot of better places to go for tourism with your family than Saudi Arabia. Those are good catchphrases, media phrases. But where it's going to be is the petrochemical complex and the green energy sector, and also the development of other resources.

Erik: Help me reconcile what seems to me like a dichotomy. On the one hand you've described what MBS is doing as really needing to continue to have the United States back him up in terms of potentially overcoming threats from the rest of the royal family that's being ousted and so forth. He needs to keep that relationship going.

I see a picture you have on your website of MBS shaking hands with President Trump taken earlier this year.

But at the same time, I hear so much about this new yuan-denominated oil contract and how there may be a trend toward Saudi really doing a lot of things that could spell the death of the petrodollar system. That can't be a good thing for the United States.

So is he walking on a thin line here? Does he risk alienating the United States by continuing to pursue this agenda with China and Russia?

Marin: Great question, and I've written about this, stating specifically this question. Why I find it so fascinating is, the best way to keep the American foreign policy paying attention is to make sure they know there is an equal competitor in China biting at the bit. And that's what's going to keep America honest and dedicated, is knowing that there is an alternative to their support.

Think about it in a way where Tito in the former Yugoslavia – he was playing the West versus the Soviets so well. And I think that's the strategy MBS is going to be moving for the next couple of decades. That's what I would do if I was him.

Erik: And how do you see that playing out for the petrodollar? If this yuan-denominated oil contract were to get traction and compete with the Brent contract in a meaningful way – and I think that’s a really, really big if.

But if that were to happen, then, potentially, the US’s ability to – the whole regime of deficits doesn’t matter because the US has the exorbitant privilege of being able to issue so many dollars to meet the international demand – that starts to go away and it starts to undermine the ability of the US to finance its government operations. Though certainly not overnight.

Do you think we’re headed in that direction? Is that a new trend that we’re going to get to as a result of all this?

Marin: There’s no doubt that eventually, because of the success of fracking – look how 20 years ago no one ever thought America would become a major exporter of LNG, right? Everyone assumed America would become the world’s largest importer of LNG.

The same could be said for the success of the oil. No one 20 years ago pictured where America would be today. So, with that fact, the dependence on foreign oil in America is decreasing significantly and there’s many more options for the Americans than just the Saudis.

So from an oil perspective the Middle East has become much less important to the West, especially America, moving forward. For the Chinese, they get to play between the Russians and the Saudis as the largest exporter of oil to China, and their refineries are set up to accept those types of crude.

So moving forward you’ll see a slow transition. And remember, MBS is very smart and he’s being advised by very smart individuals, and it’s not going to happen where – there will not be a situation where they close the petrodollar window the way Nixon closed the gold standard. I don’t see that happening. It’s going to be a gradual transition and everything’s going to be very calculated. And, in a way, I’m sure the American foreign policy will be consulted along the way.

Erik: The big news from last week of course was the OPEC cut extension for nine months through the end of 2018. And that was all the jump for joy, it’s we’ve got complete agreement, Russia and Saudi Arabia are totally on the same page.

It’s now three or four days later (business days) as we’re speaking on Wednesday morning. And already, energy secretary Novak from Russia is making public comments about how long it would take to pull out of that agreement if Russia wanted to.

Did something change? What the heck is going on there?

Marin: That’s a very important fact. Let’s go back to early 2009, which was a similar state of chaos within OPEC, where the Russians were brought in as observers – remember the Russians

will never join OPEC because it's not in their interests to do so – they are an invited observer. Now, remember, any agreement, they are not committed to. *That* people have to understand, regardless of what the media's reporting.

So, on that note, in early 2009 when the Saudis did cut back a lot of oil, the Russians kind of played coy and they increased their market share and increased their production. So the Russians will do what's best for the Russians.

I enjoy observing the Russians because I think they're so much more sophisticated right now than the American foreign policy. They've outplayed them on many, many, many platforms.

But the reality here is, even within OPEC you look at the amount of cheating, the way the reporting is done – I think it's a well-known and accepted fact that even these commitments within OPEC really don't matter that much.

And it really comes down to the Saudis leading the way and being the swing producer. And MBS knows that, hence why he's using this to his advantage to advance his agenda.

Erik: Now, some commentators are saying that this whole nine-month extension, what it's really about is just holding up oil prices long enough for the Saudis to IPO Saudi Aramco, which was scheduled to occur in 2018.

Then there was some talk about potentially – maybe for the sake of not having to report all their financials publically – looking for a private placement with sovereign wealth funds. And it seems like they talked about that for long enough to send the message that they were interested in having those conversations. And I would guess that some of those conversations are occurring behind closed doors.

And I'm very, very curious, particularly – I think about the opportunity for China to make a strategic deal and a strategic investment in Saudi Aramco. If they did that quietly, and it was not in a public placement, then all of a sudden it opens a lot of doors for China and Saudi Aramco to make a quiet deal, let's say to sell oil to China that gets stored in Saudi Arabia. Which means all the tanker tracker guys don't have the ability to figure out what's going on from the movements, because some of these sales could be stored, potentially, domestically.

And that's just one scenario.

So what do you think is going on with the Aramco IPO, or PPO as the case may be? The extension and other policy matters, are they intended to facilitate the Aramco offering?

And what happens after that deal – if it happens – has closed? Does that change the outlook for oil prices?

Marin: First thing, I've got a bunch of buddies that are heavily involved in tracking not just

containers but the flows of oil globally. And they're very, very sophisticated, using real time satellite information. So even if they used unmarked containers there's ways to watch the flow from the ports. It'll be difficult, but the smart guys will know how to track the flow of oil and estimate the range.

I think your assessment is correct. It's going to be an SEO from China. But I don't think you're going to see any IPO where Saudis are going to open their books, nor are they going to sell a percentage of their soil, their riches. Historically, that's something they did once and then with Saudi Aramco kicking out Chevron that was something that they recognize control within.

Where I do believe they'll do it is within the downstream aspect of the business, whether it's port facilities, refineries – that is the area I believe that would be the low-hanging fruit for the Saudis to be able to finance with outside money. That would be the first place you'll see the Chinese finance.

So I don't think you'll see it as Saudi Aramco as one investment vehicle. You're going to see multiple, perhaps limited partnerships within different aspects of the energy complex.

Erik: And does that mean that the Aramco IPO still goes forward as an IPO, or does that fade away in favor of these other smaller deals?

Marin: Well they're going to be very large deals, but you won't see an IPO of a trillion dollar company. I think it'll be set up as IPOs spinoffs of, say, a refinery sector in the east, the shipping facilities, the pipeline structures. That's what I see happening rather than one giant, one massive trillion dollar IPO and everything under one umbrella.

It's not in the best interests of the Saudis to do that.

Erik: If I can summarize, it sounds like you really see Mohammad bin Salman as being kind of the linchpin who really sees this big picture and knows how to play China against the United States. He can get investment from China that creates a little bit of threat to the petrodollar system, gives the United States a motive to continue to deal with him.

You think he's playing everybody and being very successful at it. Is that a fair assessment of how you see this going down?

Marin: Completely fair, and I think you have to follow and appreciate that, just because this is a young guy – that is all true – but he's one ambitious, brilliant young man.

Erik: Okay. Wow.

Let's move on to another story that's related that always just kind of gets my attention. So many people all around the world are talking about, okay, look, electric cars are the future. It's where it's at, baby. Zero emissions.

And they never seem to register that the electricity has to be generated someplace. And if that's coming from coal-fired electric plants, driving your Tesla actually produces more carbon emissions from the power plant than driving a high-efficiency diesel car does.

At the same time we don't have – if you talk about a few people buying Teslas, that's fine. If you talk about the massive widescale adoption of electric vehicle technology that so many people are talking about as if it's a done deal, that would require a complete redesign. Or a rebuild of our electrical generation and distribution grid capabilities, because we don't have the electric grid that could begin to support everybody having an electric vehicle.

I know you are very bullish on electric vehicles. How does this play out? Not just in terms of the development of the battery technology for the cars, which is what everybody seems to focus on. But does it mean that nuclear energy is going to make a comeback?

How do we get more electricity to run all these things? And how do we get the electrical grid distribution capacity that doesn't exist today in order to facilitate that?

Marin: So let's break down the regions. The West, the developed world – America (let's focus on that) has about, I don't know, I think it's around somewhere between 750 to 800 cars per every thousand people on the road.

Let's step away from talking about the West right now and let's go to China, where they have less than 100 cars per every thousand. And let's now go to somewhere like India – I spent a lot of time with the energy minister in India and we spent a lot of time talking about this – they have less than 20 cars per thousand on the roads.

But let's look at their infrastructure as is. It is very poor infrastructure as is, and the government now is realizing that they can bypass the whole combustion engine the way a lot of India, Africa, and China has bypassed wired communications. So, for example, they didn't have to do the telephones the traditional way. They just adopted the cell phone, the rapid adoption of the cell phone.

So if you take a look at what is going on in China, they are investing hundreds of billions of dollars into exactly this. And, more importantly, they are mandating these changes.

So if you want to be an SEO or fund it and loan to take debt money from the government – if you're a car company you have to have so many focus. So now everyone – you're right, everyone's focusing on these batteries and how they're going to make them better. And whether it can be salts, lithium, cobalt – there'll be problems with that because there's just not enough cobalt to meet the demand. But who says that the winner of all this has to be a battery?

I've written about this. What if it's like a propane gas tank where you own the car but,

whichever, Tesla, or the future cars – if you go to India let's say it's Tata Motors, and China, any of the vehicles – and you pull up to the electric station and it's like, just replace the battery? And it's about as long as the time to fill up your gas, let's say less than three or four minutes, and you're off with a new battery that's charged.

Why do we need to figure out a grid that's going to be a very different grid than what everyone's applying to today? That type of scenario is going to be much easier to adopt in India, in China, in the developing parts of the world than it would be in, let's say, downtown New York, or downtown Toronto, or LA, where you already have an infrastructure complex.

Now let's go back to what will happen in the West. To take this massive adoption, it's going to be almost going back to the original battle between Tesla and Edison – alternating current versus direct current – and everyone knows that Tesla was proven right. But now it's almost going to go back to that “wait a second.”

For the success of the electric vehicles in many parts of the world, we're going to go back to Edison's strategy of the source of the power, where it gets charged up.

So power stations within the city where, for example, you're going to have driverless vehicles, things are going to be optimized so that when you park your car or get dropped off at your work, who says that it can't go and get the batteries at some station that's in the city?

So we don't know what the exact solution is going to be, and I don't try to pretend. I've written about all the different possible battery combinations that everyone's working on.

And I say it's kind of like we're still at the Palm Pilot. The Blackberry is just coming in. And the iPhone wasn't even invented yet. So we're like in 2004 in the phone revolution here.

Let's give it another 10 years, and it's going to be an adoption that's going to be much faster on a percentage adoption in the developing world, in India and – and remember it's going to be a different type of vehicle.

In India you're not going to have the SUV type of vehicle. When you go to New Delhi for example, all of the cars are mandated to be CNG, which is compressed natural gas. They don't burn gasoline in the cities and they still have huge pollution issues. And over 45% of the power is coal, as you mentioned. So the governments there have a lot more power to mandate change than they do in the West, because the infrastructure is completely government-dependent.

So, like at Mumbai, and all of the infrastructure that is required, it's going to be set up. India is putting over \$50 billion just into their airports. And it's a gong show. When I was down in Mumbai, there was a brand new airport, but it's still not big enough to handle all of the chaos in India. Everyone's tripping over one another.

You go to China, same thing. So this is a very real term evolution, but it's going to happen. And

that's where the cars are moving forward.

And, more importantly, if you're a Volkswagen in the West, say, you look at what are some of the biggest costs for these vehicles. A combustion engine vehicle has over 2,000 moving parts, where an electric vehicle has less than 200. That's a lot simpler to replace. And you look at an electric vehicle – if you compare a gas-powered engine to a diesel, a diesel is about twice as long lifespan. Electric vehicle is about three to four times what a diesel is.

So there's a lot more efficiencies for someone like Volkswagen, who's broken the law and they're going to be fined significantly, where they can now get rid of the unions, or reduce the dependence on the unions for labor and all these different aspects.

So I really do believe that the electric vehicle revolution is real. The adoption rates are going to be much faster in the developing world because there's so much more low-hanging fruit. And they can develop their infrastructure in line with the adoption of the electric vehicle, whereas they didn't redesign it to the combustion engine.

I think that makes sense.

Erik: Now, you've been recognized by a lot of people as an authority on uranium investing and understanding nuclear energy very well.

It seems to me that, on the one hand, if we're going to have this electric vehicle revolution we really need more electric generation capability. And it brings this question: Will there be a revival or a renaissance of nuclear energy?

But at the same time, post-Fukushima, boy, the public sentiment against nuclear energy – I'm not sure it's ever been stronger.

How do you see this working out? Are we going to have a nuclear renaissance? Is it going to play a major role in energy generation in the future?

Marin: Well it's played a major energy role. Let's take the US. It's still 18–20% percent of base load power, post-Fukushima.

The Achilles' heel of the nuclear sector, of the uranium renaissance, is the fact that the current designs of these reactors are just too expensive. It's too big of an upfront cost for anyone to put on their balance sheet.

The price of uranium is irrelevant to the cost of nuclear electricity. It really is. By the time you permit these things – an \$8 billion reactor complex ends up becoming twice as long and somewhere between \$15–\$18 billion. Companies like Westinghouse have gone down because of these cost overruns. Toshiba had to get government help because of these cost overruns. These are big, big cost overruns.

So I guess the answer to your question is I also believe the future of nuclear will have to change where the upfront costs are smaller, whether it's pebble-bed reactors or smaller modules, I think, rather than 2,000–3,000 megawatt projects.

Will we ever see a scenario where it's a 250 megawatt nuclear reactor and the costs aren't just one tenth of that, they're one fiftieth of that? I think that's where it will go. That's where it will have to go.

In China, it's a bit of a different story than the cost overruns in the West. Because, again, it's the government backing it. So, you look at a place like India that has less than 2% of their base load power from nuclear, they want to get to where America is, at 20%. Same as China. They're less than 5% today. They want to get to 25% and they've planned and financed 70 reactors to come online.

So uranium and nuclear energy, it's not going to disappear. But, you know, you have a lot of stockpiles built up. There's about four or five years of above-ground stockpile. So for the price of uranium to get going you're probably going to have to see 20 to 25 – to get the price of uranium to double you'll have to see 25 reactors come online globally.

And the key question here is what will the Americans do with their nuclear warheads? What the USSR – in 1992 and the collapse of the Soviet Union, they downblended their nuclear warheads to make nuclear energy. That was an agreement signed here in Vancouver, Canada between the Americans and the Russians.

Now, there's not a chance Putin – in my book I said there's not a chance he's going to ever redo that type of contract because it made no sense for the Russians. At the time, under Boris Yeltsin, they were bankrupt and they needed what they could get.

But, I ask you, will the Americans downblend their nuclear warheads to create nuclear power? I say no.

Secondly, the infrastructure is not in place in America. It would take about \$20 billion of infrastructure to be able to create a complex to do so. But if the Americans did say, hey, let's downblend 10% of our nuclear warheads to create some HEU to LEU, they would have to send their nuclear reactors to Russia to get that done. I just don't see that scenario.

Erik: Yeah, I think the scenario of US nuclear warheads being sent to Russia to be disassembled and downblended is very, very unlikely.

I want to make sure we make a point, though, that you alluded to there. I read about it and was fascinated, on your website in one of your articles.

I think a lot of our listeners understand that uranium as it comes out of a uranium mine is not

particularly useful to anybody. You can't make nuclear power plants or nuclear weapons with it. It has to be enriched first. And it's really the enrichment process, or the capability to enrich yellowcake uranium, the stuff that comes out of the mine, and turn it into the stuff that you can make a nuclear reactor or a nuclear weapon from.

Most Americans, I think, would assume, obviously, that's a national security thing. We've got to have that locked up. The ability to do all of that enrichment must be primarily concentrated in the United States in national laboratories under lock and key, because it's such an important security issue.

That's not the story though, is it?

Marin: No. It's kind of interesting. What would be the media response in the West if 90% of the coal or oil or natural gas that America consumed came from Russia, or Russian-controlled sources? There would be chaos. There would be protests. There would be –

But for whatever reason, because people just don't like – I call it the Jane Fonda effect, from China Syndrome, the movie – there's just this negative vibe about nuclear energy.

And here's the facts. More people have died from coalmines, and more people have had disease from electricity generated from coal plants, than the whole nuclear industry globally.

If you look at it from a production standpoint, Americans have been incredibly innovative. Going from something called ISR (in situ recovery) to what I call WISR, warm ISR, in Texas. And yet today America imports about 95% of the uranium it – it consumes between 50 to 55 million pounds a year – and it produced less than two million pounds last year. And this year it'll be less than two million pounds also.

So where are they making up the difference? The DoE is doubling up their sales, and the rest is coming from the Kazakhs and the Russians. Even though America has all these sanctions on Russia, yes, we're still getting 25% of the imports from the Russians. It's one of the side notes to the sanctions.

Now when you go to Kazakhstan, what is the language that all of the government reports are done? It's Russian Cyrillic. Who controls the projects? Let's just face it, this was drilled all during the Russian times and the Russians are there. They control it.

Again, it's about the enrichment. The Russians control a little over half of the global enrichment capacity of uranium. And I eventually see an area where – you know how oil is priced in different? You've got your Saudi, you've got your Brent crude, you've got your WTI.

That's where we're going with uranium. And it is insane to me that the DoE is selling uranium on their stockpiles, first of all, at a much lower cost based on what they paid for it. Number two, at a price much lower than any US mine can make the same uranium at. So it's just a real

bastardized program.

And here's the real reason: In the early 1960s, America was the world's largest uranium producer and consumer. It produced over 35 million pounds. You go to 2015, it produced around 3.5 million pounds. And since then it's about half of that.

Why?

Because they were getting a lot of cheap uranium from the Russians. They got addicted to it. And, interestingly enough, the whole uranium sector in the US employs less than 1,000 people. So, from a lobbyist standpoint, it's irrelevant. But yet one in every five homes in America is powered by nuclear power.

So there's a lot of facts. One in every ten homes in America is powered by Soviet-powered uranium. This may not be an issue for most Americans, but you better believe it's an issue for Putin. And he's strategizing on this and he's playing the long game on it.

Erik: Okay, but we're still, in the United States, 20% of electrical generation is dependent on nuclear power. We don't have enough coal-fired plants to make up for that if those things get turned off somehow.

Now, if I understand what you're telling me, the ability to enrich uranium – we've got a pretty good stockpile of it, we could take our nuclear weapons apart and downblend them.

But the ability to enrich uranium from a uranium mine and turn it into fuel for a reactor – if there was a breakdown between the East and the West where Kazakhstan and Russia just stopped dealing with us and didn't want to sell us anything, they've got all of the enrichment capability and we've got almost none?

Is that right? And is that something that's simple, just write a check and build a few new enrichment facilities? Or is it harder to do than that?

Marin: Oh, it's very hard. In 2007 they were trying to finance and build it. But, again, the difference between the Russian and the Chinese infrastructures – it's government. The enrichment facilities that were built, that was during the Communist era. Whereas, in the US, it was a private enterprise trying to develop it.

So if you go ConverDyn in Illinois, it's got a little bit of capacity. But, again, at these prices they've pulled back. If a true breakdown happened between the East and the West, it wouldn't shut down overnight. But you would see the price of uranium triple or quadruple because they would drastically have to replace 50 million pounds of imports from friendlier sources.

The first place you would look is domestically. There is a lot of uranium in America. Texas has some of the lowest-cost in the world. With, I call it "wiser" [WISR], warm ISR. And there's

permitted, built infrastructure there.

But, again, you're looking at maybe five million pounds can come online within six months. To replace 50 million, you would have to go the Canadians and Cameco and really prop up the prices. They just shut down the world's largest uranium mine, called McArthur River – and that was one of the lowest-cost producers in the world – because it can't make money at \$23 uranium, so they just shut it down.

That's the equivalent of Russia or Saudi Arabia shutting down all of their oil production globally. Where one mine, McArthur River in the Athabasca Basin, produced about 12% of the global primary uranium production.

Interestingly enough, Cameco has signed off a lot of these agreements to the Indians. The Australians, with their uranium production, it's signed off with a lot of the Chinese companies needing it.

So America's kind of left it in a flux. It would really have to rely on the DoE to make up the back difference. And the DoE has never released how much uranium it has in stockpiles. And I've calculated it, and it can't be more than four or five years at this point because of how much they've sold under the Obama administration.

So there's going to be a predicament coming very soon.

Erik: Speaking of relations with Russia, I think that's a topic on a lot of people's minds.

You've been quite an expert on the subject of Vladimir Putin and what he's up to in Russia. You wrote a New York Times bestseller back in 2013 called *The Colder War*. And it was about Vladimir Putin's strategy and why you felt that there were a lot of risks to the United States in terms of energy policy with Russia controlling more and more things.

Now, that was written before the big 2014-2015 oil correction. Can you give us an update? Vladimir Putin (just this morning, I think) announced officially that he's running for reelection in Russia. No great surprise there.

Is he likely to remain in charge of Russia for the foreseeable future? And what do people need to understand about Vladimir Putin and about Russia as we move forward in this new era where it seems like Russia and China are getting more and more important in the world as time marches on?

Marin: You just nailed it on the head. You would not believe how much negative attention the book brought me in the West. Media outlets would ask me: but Vladimir Putin's just a thug and he's a buffoon.

I went there and nothing's further from the truth. This guy is a brilliant, experienced, calculating

– he’s a political chess master and he has shown time in and time out that the Russians are playing the long game here. They’ve lined themselves up with their allies, and really backed and supported their allies.

Can the same be said about the Americans? The American allies – go ask the Kurds in Kurdistan what they think of the American allies, how they’ve been dumped a couple of times in the Middle East.

So in Russia, though, for the average Russian, Putin will go down in history as a true leader, as someone that revitalized national spirit, and stood up to the West. That’s a big theme. Most in Russia do not see America as the land of the free. They see America as the dark side, the capitalist side. But within Russia, whether Putin runs or not, he has a firm grasp on power behind the scenes.

A good sign of the Russian mentality is a major oil deal is not a major oil deal unless Putin shows up for the signing to witness it. And it’s always televised. That’s how you know a deal is real in Russia. So do not count out the Russians.

And, more importantly, look at the legway they’ve made within China, the emerging markets, the One Silk Road.

And, unfortunately, the Americans are now being exposed under the Mueller investigation as very vulnerable in many ways. You know, there’s this misconception, in my opinion, that Trump and Putin were somehow conspiring together to win the election. I think the Russians are so ahead that they’ve got the dirt on both Democrats and the Republicans. And it would be irrelevant who’s in power. That the Russians are really manipulating the American situation and they’re in control. Not the Americans.

Erik: Wow. Sobering message. As we close, please tell our listeners what they can expect to find at katusaresearch.com, what business you’re in, what services you offer. And you’ve got a fantastic wealth of information on your website. So give us a quick rundown of what people can expect to find there.

Marin: I’ve been publishing my thoughts for over 15 years. And I publish – everything is on the website. Whether you want to learn how to successfully speculate in resources, or how to finance developments, whether it’s a mine or green energy project.

And it’s what I love to do. It’s treated me very well. Just go to katusaresearch.com, and there’s a wealth of information there at your fingertips for free.

Erik: Fantastic. I cannot thank you enough, Marin, for a fantastic interview. Patrick Ceresna and I will be back as MacroVoices continues, right here at macrovoices.com