Outgunned island states vow to fight deep-sea mining

About 20 research institutes or companies hold exploration contracts

LISBON: A handful of postage-stamp nations in the South Pacific launched an uphill battle this week against the deep-sea mining of unattached, fist-sized rocks rich in rare Earth metals. The stakes are potentially enormous. Companies keen to scrape the ocean floor five to six thousand meters below sea level stand to earn billions harvesting manganese, cobalt, copper and nickel currently used to build batteries for electric vehicles.

But the extraction process would disfigure what may be the most pristine ecosystem on the planet and could take millennia, if not longer, for nature to repair. The deep-sea jewels in question, called polymetallic nodules, grow with the help of microbes over millions of years around a kernel of organic matter, such as a shark's tooth or the ear-bone of a whale. "They are living rocks, not just dead stones," former US National Oceanic and Atmospheric Administration (NOAA) chief scientist Sylvia Earle said in Lisbon. "I look at them as miracles."

An incipient deep-sea mining industry also sees them as miraculous, though for different reasons. "High grades of four metals in a single rock means that four times less ore needs to be processed to obtain the same amount of metal," notes The Metals Company, which has formed exploratory partnerships with three South Pacific nations - Nauru, Kiribati and Tonga - in the mineral-rich Clarion-Clipperton fracture zone.

Nodules also have low levels of heavy elements, which means less toxic waste compared to land-based extraction, according to the company. Commercial mining has not started anywhere in the world, but about 20 research institutes or companies hold exploration contracts with the International Seabed Authority (ISA) in the Indian, Pacific and Atlantic oceans.

Surangel Whipps Jr, president of Palau, kicked off the anti-mining campaign at the just-concluded UN Ocean Conference in Lisbon, flanked by Fiji Prime Minister Frank Bainimarama. "Deep-sea mining compromises the integrity of our ocean habitat and should be discouraged to the greatest extent possible," Whipps said, calling for an open-ended moratorium.

Likeminded neighboring nation states Samoa, Tuvalu and the Solomon Islands have backed the call, along with more than 100 mostly green party legislators from three dozen nations across the world. A similar motion put to a vote last September before the International Union for the Conservation of Nature (IUCN) - an umbrella organization of 1,400 research institutes, environmental NGOs and indigenous groups - passed easily.

LISBON: Portugal's President Marcelo Rebelo de Sousa appears on giant screens as he gives a speech during the 2022 Ocean Conference closing session on July 1, 2022. — AFP

'Who's watching?'

"Mining, wherever it occurs, is well known to have environmental costs," said Earle, the scientist. "On the land at least we can monitor, see and fix problems, and minimize the damage. Six thousand meters beneath the surface, who's watching?" But in Lisbon, explicit support from other countries for a temporary ban on ocean-floor mining on the high seas, outside of national territorial waters known as exclusive economic zones (EEZs), was scarce. Chile stepped up, calling for a 15-year pause to allow for more research.

The United States, along with other developed nations, took a more ambiguous stance, calling for scientific evaluation of environmental impacts but not closing the door to future mining. "We haven't taken an official position on it," US climate envoy John Kerry told AFP in an interview. "But we have expressed deep concerns about adequately researching the impacts of any deep-sea mining, and we have not approved any."

To the surprise of many in Lisbon, France's President Emmanuel Macron appeared to endorse a halt to deep-sea mining on the seas, despite the fact that France holds mining exploration licenses from ISA, the intergovernmental body overseeing exploitation of the ocean floor. "I think we have, indeed, to create the legal framework to stop the high-sea mining and not to allow new activities putting in danger these ecosystems," Macron said at a side event. "We have to promote our scientists and explorers to better know and discover these high seas."

Deep-sea mining opponents were thrilled with the statement, but are waiting to see what follows. "Is the French government going to put in the diplomatic effort in order to make what he said they'll do actually happen? We'll see," said Matthew Gianni, co-founder of Deep Sea Conservation Coalition. The clock is ticking because last year Nauru, in cooperation with The Metals Company, triggered a rule requiring the ISA to finalize regulations for high-seas mining worldwide within two years.

The ISA, criticized for lacking transparency and favoring corporate interests, meets later this month in Kingston, Jamaica. Sources say they are likely to try to push through draft regulations which, if adopted, could see mining operations licensed by this time next year. — AFP

RAI-OLEKSANDRIVKA, Ukraine: Farmer Serhii Liubarsky, 59, shows wheat grains in a wheat field next to this village on July 1, 2022 amid Russia's military invasion of Ukraine. — AFP

Ukraine wheat harvest hangs in the balance

RAI OLEKSANDRIVKA, Ukraine: Standing in one of his huge wheat fields in war-wracked southeastern Ukraine, farmer Sergiy Lyubarsky wonders how on earth he'll manage to harvest his crops. Between the lack of fuel to run his combine harvester and the risk of being bombed, the chances seem remote. "The harvest is due normally to begin around July 15 but diesel is expensive and anyway there isn't any," he says.

His old combine harvester sits idle in his farmyard in the village of Rai Oleksandrivka, not far from positions held by Russian forces on the other side of the hill, about 30 km west of the city of Lugansk. Lyubarsky farms 170 hectares of land, producing mostly wheat but also barley and sunflowers-grains whose prices have shot up on international markets especially since Russia's invasion of Ukraine, a key global producer of wheat. But he has been forced to leave 40 hectares fallow. "We couldn't buy maize seed because the war started," he says, with the imported seeds taking up to two months to arrive. Now the land that is not under cultivation is "used in part by the army to store military equipment", he adds. Pointing to the nearby hill, he says grimly: "Look, Russian soldiers are already over there, eight kilometers" as the crow flies.

For his wheat, time is pressing. "We can wait until August 10 at the latest, but after that, the grains are going to dry out and fall to the ground," he says. He presses an ear of wheat in his hand so that the grains drop, by way of demonstrating what happens if it is not harvested in time.

'A match will do'

For fellow farmer Anatoliy Moiseyenko from the same village, things are equally uncertain. Although he has enough diesel to harvest his wheat, he's worried about the encroaching combat. "The problem is the war. Is it going to be possible or are rockets again going to fall?" he asks, watching as Ukrainian soldiers pick up a rocket warhead that recently fell in his field. Harvesting "is a bit like playing poker", he says, smiling.

In the neighboring village of Riznikivka, Yaroslav Kokhan knows that his 40 hectares of wheat are already lost. Normally, he says, his son does the harvest because the retired 61-year-old doesn't use the tractor or combine harvester anymore. His son went to live in Krasnodar in southern Russia in 2014, the year Moscow annexed Crimean peninsula from Ukraine following a popular uprising in Kyiv. He used to come back by car several times a year, to sow the wheat, weed it and then harvest it, Kokhan says. This year though, "he was due to come back to Ukraine on February 25, his birthday, but the war broke out the day before", he adds.—AFP

Bankrupt Lanka's inflation jumps beyond 50%

COLOMBO: Sri Lanka's inflation hit a ninth consecutive record in June, official data showed Friday, rising to 54.6 percent a day after the IMF asked the bankrupt nation to rein in galloping prices and corruption. It was the first time the increase in the Colombo Consumer Price Index (CCPI) crossed the psychologically important 50 percent mark, according to the department of census and statistics.

The figures came hours after the International Monetary Fund urged Sri Lanka to contain spiraling inflation and address corruption as part of efforts to salvage the troubled economy, which has been ravaged by a foreign exchange crisis. The IMF ended 10 days of in-person discussions with Sri Lankan authorities in Colombo on Thursday following the country's request for a possible bailout.

The CCPI has been setting new monthly highs since October, when year-on-year inflation stood at just 7.6 percent. In May it reached 39.1 percent. The rupee has lost more than half its value against the US dollar this year. Private economists say consumer prices are rising even faster than shown in official statistics. According to an economist at Johns Hopkins university, Steve Hanke, who tracks price increases in the world's troublespots, Sri Lanka's current inflation is 128 percent, second only to Zimbabwe's 365 percent.

Faced with an acute energy shortage, Sri Lanka is observing a shutdown of non-essential state institutions for two weeks, along with the closure of schools to reduce commuting. The country's 22 million people have been enduring acute shortages of essentials - including food, fuel and medicines - for months. Protests are continuing outside President Gotabaya Rajapaksa's office demanding his resignation over the unprecedented economic turmoil and his mismanagement. Sri Lanka went to the IMF in April after the country defaulted on its $51 billion external debt. — AFP

GALLE, Sri Lanka: People queue to buy liquefied petroleum gas (LPG) cylinders near the Galle International Cricket Stadium on June 28, 2022. — AFP

Supply crunch, inflation deflate Japan confidence

TOKYO: Confidence among Japan's largest manufacturers sagged for a second quarter on rising costs and supply constraints, though the service sector was boosted by economic reopening, a key survey showed Friday. The Bank of Japan's closely watched Tankan survey showed confidence among large manufacturers at plus nine, below expectations of 12 and sharply lower than the 14 in the March survey.

A positive figure means more manufacturers see business conditions as favorable than those that consider them unfavorable. The survey reaches about 10,000 firms and is considered to be the broadest indicator of how Japan Inc. is faring. Corporate Japan has faced several problems as the Ukraine war pushes up oil prices amid general inflation that has boosted raw material prices. A global supply chain crunch as well as China's stringent anti-COVID measures have also hampered manufacturing activity.

The yen has depreciated quickly in recent months, meaning imported food and energy products are growing more expensive in addition to general price increases. Japan's large non-manufacturers, however, are more confident as pandemic-related restrictions are lifted, encouraging domestic travel and gradually opening its borders for foreign tourists. The survey found their confidence at a reading of 13, compared with the March survey's nine. The survey also showed that more businesses expect to raise their prices to reflect increasing costs, with large manufacturers seeing consumer prices rising 2.0 percent a year from now. A parts supply shortage, including semiconductors, drove down sentiment among large producers of cars and machinery, key drivers of the economy, Stefan Angrick, senior economist at Moody's Analytics, wrote in a note. "Current sentiment seems a tad better than expected, but the outlook is still fragile," he wrote.

"All things considered, overall business sentiment isn't looking too bad, but with forecasts pointing to renewed declines in the months ahead, a cautious view is warranted," he said. Separately, the internal affairs ministry said Japan's unemployment rate edged up to 2.6 percent in May from 2.5 percent in April. Japan's jobs market has been improving in recent months as the nation's economic activity picks up pace, NLI Research Institute said in a note. "With the end of (Japan's strict anti-COVID measures), individual consumption is picking up, particularly dining and travelling. The employment situation should continue to improve if these restrictions remain lifted," it said. — AFP

Automakers report lower US sales amid supply chain woes

NEW YORK: General Motors, Toyota and other automakers suffered a hit to US sales in the latest quarter as supply chain woes continued to crimp inventories, according to results released Friday. GM sold 582,401 autos in the three months ending June 30, a drop of 15 percent from the same period a year ago. The Detroit giant said it is holding 95,000 partially-built vehicles in need of components that it expects to deliver by the end of 2022.

Such maneuvers have become the norm over the last year as manufacturers try to make headway on as many high-margin vehicles as possible amid limited supply of semiconductors and other key items. On the positive side, GM said it scored strong sales for its pickup trucks, the Chevrolet Silverado and GMC Sierra, despite low inventories. And "pent-up demand" drove sales growth in other vehicles, including the Chevrolet Camaro and Chevrolet Colorado.

GM reaffirmed its full-year profit outlook, but its second-quarter net income range of between $1.6 billion and $1.9 billion lagged consensus estimates. Meanwhile, Toyota reported sales of 531,105 over the same period, a drop of 23 percent compared with the 2021 quarter, and the Japanese company also cited "ongoing inventory challenges" hindering its dealerships.

A bright spot has been a jump in sales of Toyota's electric vehicles, which have comprised more than 25 percent of Toyota's sales so far this year. Cox Automotive has forecast a 19.3 percent drop in US auto sales for the second quarter. "Even though economic conditions have worsened in the past months, the lack of supply is still the greatest headwind facing the auto industry today," said Charlie Chesbrough, senior economist at Cox. Hyundai Motor America reported a drop of 23 percent sales drop to 184,191 units. — AFP