



ITEM 10: Tenth Meeting of the Open-ended Working Group of the Council on the financial terms of a contract “**Environmental externalities**”

Deep Sea Conservation Coalition

20 March 2024

On behalf of DSCC, Environmental Justice Foundation, Greenpeace, Oceans North, Sustainable Ocean Alliance, The Ocean Foundation

We thank you Mr. Facilitator as well as thank Dr. Luke Brander for his reports on environmental externalities. We concur with many of the findings, unknowns, biophysical uncertainties, and major research gaps he has highlighted. We also concur with many of the points made by Germany in its intervention (e.g. ‘if we don’t try to value the marine environment, we value it as zero’) as well as those made by Federated States of Micronesia, Costa Rica, France, Brazil, Ireland and others. We are encouraged by the many interventions recognizing the importance of this issue.

Dr Rashid Sumaila, at the event hosted by Germany last night, used the example of costing the value of diamonds vs fish and basically stated that the value of a sustainably managed fishery is much higher than offshore diamond mining because it can produce value indefinitely, whereas a diamond mining operation will eventually lose value as the non-renewable resource is exhausted.

The speakers at the event also spoke about opportunity costs as a component of the equation. We’ve heard repeated concerns expressed by scientists that deep-sea mining for nodules could cause species extinction. Could extinctions be viewed as an opportunity cost? For example, the potential benefit forever lost to present and future generations of marine genetic resources? Or the degradation or loss of an ecosystem to which the species contributed? If so, the opportunity cost would be incalculable or as Dr Sumaila put it, potentially “infinite”. What level of cost needs to be included in the royalty regime to provide fair compensation to future generations? We certainly do not know that now.

In this regard we have a question about Germany’s concept note, where it states that “It is based on considering at this stage only those environmental costs that can be practically assessed and accounted for.” We suggest that it is important also to consider environmental costs that cannot be assessed and accounted for: this is itself a basis for a moratorium.

In this context, the failure to implement the obligations in Article 145 to effectively protect the marine environment and to prevent damage to the flora and fauna of the marine environment may have significant economic implications for the ISA in addition to long-term or irreversible impacts and harm to the marine environment. In this respect we would argue that provisions of the 1994 Agreement (e.g. Section 1(b) of the Annex) should not prevent consideration of fully incorporating the cost of externalities in the royalty regime, whether or not some or most terrestrial mining industries do. We are discussing here the global commons and the common heritage of humankind.

These negotiations are not, and should not, be happening in a bubble but are part of a wider social, political and economic discussion and debate over resource use globally. According to the International Telecommunications Union and others, over 50 million tons of electronic waste are

generated each year, less than 20% of which is recycled. The fact that we're even talking about opening up a whole new frontier of the deep ocean to large-scale industrial extraction without fully understanding what the consequences may be, while at the same time throwing hundreds of thousands or millions of tons of the same metals likely to be mined in the deep sea into garbage dumps each year is arguably obscene. As a society we can and must aspire to do better.

We are not powerless against market forces. We as a society – whether as consumers, private companies and/or, in particular, governments debating global resource use and investing in renewable energy technologies, we can, should and already are using substitute materials and metals in the construction of electric batteries for vehicles and other energy storage technologies that do not require the large-scale destruction of either terrestrial or marine ecosystems. Moreover, better product design, recycling and reuse of metals already in circulation, urban mining, and other 'circular' economy initiatives can vastly reduce the need for new sources of metals. Reform of terrestrial mining practices is also a far better solution to damage caused by land-based mining rather than opening up a whole new frontier of large-scale industrial resource extraction in the deep-sea, an area of the planet largely untouched by direct human activity, but which is already under stress from climate change impacts, plastics and pollution and other anthropogenic stressors.

Finally in the context of a broader societal debate on deep-sea mining, it is worth quoting Craig Venter, who pioneered the technology to map the human genome. In an article that ran in the Atlantic Magazine in January 2020 he stated that "We should be very careful about mining in the ocean...These companies should be doing rigorous microbial surveys before they do anything else. It's a terrible idea to screw with [these microbes] before we know what they are and what they do." In the same article, Dr Jeff Drazen from the University of Hawaii was quoted as saying about the CCZ: "It's one of the most biodiverse areas that we've ever sampled on the abyssal plains". Most of those microbes live on the very same nodules that miners are planning to extract. "When you lift them off the seafloor, you're removing a habitat that took 10 million years to grow...We're about to make one of the biggest transformations that humans have ever made to the surface of the planet. We're going to strip-mine a massive habitat, and once it's gone, it isn't coming back."

(<https://www.theatlantic.com/magazine/archive/2020/01/20000-feet-under-the-sea/603040/>)

We say it often but again, these concerns and those related to costing the externalities and a comprehensively assessing what constitutes a benefit to humankind as a whole are additional reasons for hitting the pause button and, amongst other things, reviewing the financial and others assumptions of negotiators in the 1970s in light of current economics and what we know about the deep-sea, the state of the world's oceans, the impacts and limits of resource use, and the commitments made by states since the 1970s to sustainable development, preventing biodiversity loss, and protecting the marine environment.