

# Rival powers scramble for seabed mineral rights in South Pacific

Patrick O'Connor  
29 June 2011

Newly developed technologies and booming commodities prices are driving the emergence of deep seabed mining projects internationally, with the South Pacific at the forefront. Lucrative reserves of gold, silver, copper, zinc and rare earths are up for grabs, fuelling rivalries with established powers, such as the US and Australia, in a region where China has recently extended its influence.

Deep seabed mining targets massive seafloor sulphide deposits that accumulate around underwater hydrothermal vents. The volcanic fluid that emerges from these vents is often rich with minerals, which crystallise into long chimney-shaped structures. While scientists have known about the phenomenon since the 1960s, mining companies have only recently determined that it is profitable to harvest the sulphide deposits. Robotic instruments, partly developed through deep sea oil drilling operations, break down the sulphide structures. The material is then vacuumed up to a ship where the mineral deposits are isolated and the remaining waste pumped back to the seafloor.

The south-west part of the Pacific Ocean has one of the largest concentrations of seafloor sulphide deposits, as it straddles the seismically active “Ring of Fire.” The island nations in the region have large ocean territories under their assigned exclusive economic zones, which extend up to 200 nautical miles (370 kilometres) from coastal peripheries. Due to its colonial possessions in the Pacific—New Caledonia and French Polynesia—France has the second largest exclusive economic zone of any country, slightly behind the US but ahead of Australia.

and Nautilus Minerals signed the world’s first commercial deep seabed mining lease. The Solwara 1 project will involve mining gold and copper sulphide deposits located in the Bismarck Sea, about 1,600 metres underwater and 30 kilometres offshore. Preparatory work is underway, with full operations expected to commence in 2013.

Nautilus Minerals is an Australian-initiated company, though listed on the Canadian stock exchange. Larger mining conglomerates have purchased significant stakes, with Canada’s *Financial Post* reporting that major Russian iron ore producer Gazmetall owns 21 percent, mining giant Anglo American 11 percent, and Canada’s Teck Resources 6.8 percent.

For now, smaller companies remain the most active in deep seabed mining, as the larger conglomerates appear to be limiting their involvement through part-ownership arrangements. The main rival of Nautilus Minerals in the South Pacific, Neptune, is also Australian-dominated, but listed on the London markets.

The public announcement of the Solwara 1 project saw Nautilus’s stock jump by 20 percent. Exploration data found very high concentrations of minerals, with a grade of 6.8 percent copper compared to a typical grade for land-based mines of 1 percent. Operations have been approved for 20 years. The site covers 59 square kilometres and the estimated capital cost is \$385 million. The Papua New Guinean government has a 30 percent stake via the state-owned Petromin oil and mining company.

Earlier this year, the Papua New Guinean government

Nautilus Minerals, Neptune and Bluewater Metals, a

privately owned US-Australian company, have been issued exploration licences by the governments of Tonga, Fiji, Solomon Islands, Vanuatu and the Cook Islands. Every country in the region is seeking to promote the industry. Representatives from 15 Pacific nations, as well as Australia and New Zealand, attended a meeting in Fiji on June 6-8 that was sponsored by the European Union to discuss the legislative, logistical and other issues involved in commercial deep sea mining.

These developments have fuelled tensions between Fiji and Tonga. A maritime border dispute had formerly been of little consequence, but now the ownership of the Minerva Reefs is fiercely contested. The reefs are on top of some of the densest known concentrations of seabed sulphide deposits. Since 1971 the Tongan government has claimed sovereignty, but this has never been recognised by Fiji, nor New Zealand, whose continental shelf extends to the area. New Zealand has the world's fourth-largest exclusive economic zone, and local companies have already begun seabed mining operations off its shoreline.

In recent weeks, Tongan and Fijian naval patrol vessels have clashed in the area and Fijian forces have reportedly dismantled a lighthouse constructed by Tonga on the reef.

Asian powers are also entering the race for the lucrative seabed minerals. Fiji and Tonga have both issued licences for South Korea's Ocean Research and Development Institute to explore their territories.

Chinese companies are reportedly keen to begin exploration in the region. China last year filed the first application to the International Seabed Authority (ISA) for a deep sea mining project in international waters, in the Indian Ocean. The Chinese government recently boosted funding for deep sea technologies, including robotics and special submersibles, in part to bolster its position in the contested waters of the South China Sea.

Minmetals, China's largest metals trader, announced in April that it was accelerating its research into deep seabed mining. Minmetals President Zhou Zhongshu told the *China Daily*: "China relies heavily on costly

raw-material imports, and this will push the country to go for deep-sea mining to explore metals, including copper, nickel, silver and gold."

Japan is promoting its industry, with the state Natural Resources and Energy Agency directing mining companies to hydrothermal deposits off the Okinawa Islands and the Iza-Ogasawara Island chain south of Tokyo, areas reportedly containing rich deposits of gold, silver and rare earth minerals.

China currently produces 95 percent of the world's rare earth minerals, which are used in many high-tech devices, such as fibre optics, computer disk drives and memory chips, and high-temperature superconductors. When Beijing announced an embargo on rare earth exports last year, prices spiked. US Secretary of State Hillary Clinton declared the incident a "wake-up call" on the urgent need to find new sources.

The potential for huge profits from deep seabed mining adds further fuel to the growing rivalry for economic and political influence in the South Pacific between US imperialism and its Australian and New Zealand allies, on the one hand, and the rising power, China, on the other.



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