

Mining the Seabed

By Maks Westerman

President Reagan is soon to decide whether to continue United States participation in the Law of the Sea Conference. He may be inclined to pull the delegation out of the eight-year-old negotiations or demand fundamental changes in the nearly completed treaty, whose centerpiece deals with seabed mining. Either decision would hurt the American economy and exacerbate the country's already strained relations with the third world and Europe.

Originally, the United Nations conference would have ended this year, with adoption of a treaty covering virtually all uses of the sea. But the Administration, which had just taken office, considered provisions of the treaty at odds with free enterprise, and obtained a delay in order to review its options.

The other participating countries have vowed that 1982 will be the last year of the conference. After three more weeks of negotiating — enough for cosmetic changes only — they plan to go to Caracas in the fall and sign the treaty, with or without the United States.

Administration criticism of the treaty centers on the section concerning mining the seabed. Since the early 1970's, six mining consortiums consisting of companies from the United States, Europe, and Japan have invested hundreds of millions of dollars in exploring ocean bottoms. They have found immense quantities of potato-shaped nodules containing important minerals. At the current rate of consumption of these minerals, the nodules could supply the world with nickel, cobalt, and manganese for thousands of years.

At the start of the conference, the developing countries insisted that the nodules were the "common heritage of mankind" and should be mined by a collective organization, with the profits flowing to all countries. The United States, however, wanted free enterprise to do the job. After negotiations in which Henry A. Kissinger, then Secretary of State, played a role, a compromise was achieved. Under it, both the private consortiums and a collective international organization called Enterprise would divide mining of the seabed.

Administration contends that Enterprise would compete unfairly with the consortiums. Theoretically, this is true. Enterprise would receive funds from member states to set up operations, it would have the right of first choice of mining sites, and its revenues would be tax-exempt. But in practice, things would work out differently. Enterprise would be a bureaucratic monster lacking the consortiums' flexibility. It would

have no mining expertise and depend entirely on the consortiums for technological know-how. By the time Enterprise would be ready to start operating, the consortiums would have a lead of almost two decades in doing research for seabed mining. It is no wonder that even many third-world delegates are apprehensive about Enterprise's chances of ever becoming an effective match for its private competitors.

Unlike the Administration, most consortiums seem to realize that the treaty is not as anti-capitalist as it appears. They are pressing for a speedy conclusion of the negotiations, and point out that much of the impetus for pioneering has already been lost because of the long time it has taken to complete the treaty — originally, the conference had envisioned adoption of the treaty in 1977.

American mining companies need the safeguards of international seabed law. Without them, the firms will be unable to get insurance protection. So if the United States in effect rejects the treaty, the Americans cannot risk mining seabeds. The United States would then lose its leading position in the seabed-mining industry to other countries, and would also lose a potentially important job market.

The third world regards the treaty as a first step toward implementing its long-standing demands for a new economic order. Enterprise, set up mostly with money from the industrialized world, would generate a flow, however small, of financial resources from the developed to the developing worlds. Rejection of the treaty would therefore reinforce the third world's impression that President Reagan has no intention of narrowing the gap between rich and poor countries.

The growing perception in Europe that, in many respects, America wants to go it alone rather than cooperate would be enhanced by abandonment of the conference. America's allies do not consider the treaty perfect, but they realize that any treaty that tries to balance the interests of more than 150 countries is bound to have disadvantages for each of them.

Next year, the rest of the world will seek to determine the future of two-thirds of the earth's surface. With so much at stake, the United States should not allow itself to be absent.

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