

# Reeling in a deal to save the ocean



By Helen Clark, Arancha González, Susana Malcorra, And James Michel Auckland/Madrid/Victoria/Anse Royale

The ocean covers more than 70% of our planet's surface, produces half of the oxygen we breathe, feeds billions of people, and provides hundreds of millions of jobs. It also plays a major role in mitigating climate change: over 80% of the global carbon cycle passes through the ocean. But this precious natural resource is not invincible. Despite all the benefits it affords us, the ocean today faces unprecedented man-made crises that threaten its health and its ability to sustain life on Earth.

The greatest threat to marine biodiversity is overfishing. More than one-third of global fish stocks are overfished and a further 60% are fully fished. Each year, governments around the world encourage overfishing by providing \$22bn in harmful fisheries subsidies. Although these subsidies are designed to help support coastal communities, they instead prop up unsustainable and unprofitable fishing activity, depleting the very resource on which local populations' livelihoods depend. This problem is not new. In fact, the World Trade Organisation's members have been trying to negotiate a deal to curb these damaging payments since 2001. World leaders reiterated their commitment to tackling the issue when they agreed in 2015 to the Sustainable Development Goals (SDGs). Under SDG 14, which aims to put a healthy ocean at the heart of the global sustainable-development agenda, leaders promised by 2020 to reach an agreement at the WTO that would reduce fisheries subsidies. But they missed the deadline, as negotiations slowed during the worst of the Covid-19 pandemic. Research shows that if WTO members were to eliminate all

harmful fisheries subsidies – the most ambitious scenario – global fish biomass could increase by 12.5% by 2050. That's an additional 35mn metric tonnes of fish, or more than four times North America's annual fish consumption in 2017. And this is a conservative estimate. Removing destructive subsidies really will mean more fish in the sea.

The aim is not to remove support from fishing communities, but rather to redirect it in a more meaningful and less damaging way. Even if a deal does not eliminate all harmful subsidies, it would create a global framework of accountability and transparency for subsidy programmes. That, in turn, would spur dialogue between governments, fishing communities, and other stakeholders to spur the development of redesigned policies that better support fisherfolk while protecting our global commons.

Moreover, an agreement is within reach – if the political will is there to deliver it. The most recent lapse of the negotiations resulted from differences over how to structure flexibility in subsidy regimes for developing countries, as well as how to define and enforce rules on illegal fishing and sustainable stocks. But after numerous proposals and discussions, the comprehensive draft now on the table combines measures to curb harmful subsidies with specific exceptions for developing countries.

With the start of the WTO's 12th Ministerial Conference in Geneva just days away, now is the moment for a deal. Failure to conclude one would not only harm the ocean and the livelihoods of those who depend upon it, but also would diminish the global rules-based system and damage the pursuit of the 2030 Agenda for Sustainable Development. In contrast, ending harmful fisheries subsidies would reduce the cumulative pressures on the ocean and increase its resilience in the face of climate change.

In the wake of the UN Climate Change Conference (COP26) in Glasgow, governments must demonstrate their willingness to use every tool at their disposal to tackle the climate crisis. The stakes at the upcoming WTO Ministerial Conference have perhaps

never been higher. The future of multilateral trade co-operation is at risk; but, above all, jobs, food security, and the health of our global commons are on the line.

That is why 33 former government leaders and ministers from around the world have joined forces with nearly 400 scientists in urging WTO members to “harness their political mandate to protect the health of the ocean and the well-being of society.”

Governments have given their word that they will curb destructive fisheries subsidies. Next week’s meeting in Geneva will test the credibility of that pledge.

This commentary is also signed by: Axel Addy – Minister of Commerce and Industry of Liberia (2013-18); Mercedes Araoz – Prime Minister of Peru (2017-18) and Vice-President of Peru (2016-2020); Hakim Ben Hammouda – Minister of Economy and Finance of Tunisia (2014-15); Herminio Blanco – Minister for Trade and Industry of Mexico (1994-2000); Maria Damanaki – European Commissioner for Maritime Affairs and Fisheries (2010-14); Eduardo Frei Ruiz-Tagle – President of Chile (1994-2000); Michael Froman – US Trade Representative (2013-17); Tim Groser – Minister of Trade of New Zealand (2008-2015); Enrique V Iglesias – President of the Inter-American Development Bank (1988-2005); Hilda Heine – President of the Marshall Islands (2016-2020); Ban Ki-moon – UN Secretary-General (2007-2016); Ricardo Lagos – President of Chile (2000-06); Pascal Lamy – Director-General of the WTO (2005-2013); Roberto Lavagna – Minister of Economy of Argentina (2002-05); Cecilia Malmstrom – European Commissioner for Trade (2014-19); Peter Mandelson – European Commissioner for Trade (2004-08); Sergio Marchi – Minister of International Trade of Canada (1997); Herald Muñoz – Minister of Foreign Affairs of Chile (2014-18); Pierre Pettigrew – Minister for International Trade of Canada (1999-2003), Minister of Foreign Affairs of Canada (2004-06), Tommy Remengesau, Jr. – President of the Republic of Palau (2001-09, 2013-2021); Jose Luis Rodríguez Zapatero – Prime Minister of Spain (2004-2011); José Manuel Salazar – Minister of Foreign Trade of Costa Rica

(1997-98); Susan Schwab – US Trade Representative (2006-09); Juan Somavia – Director-General of International Labour Organisation (1999-2012); Alberto Trejos – Minister of Foreign Trade of Costa Rica (2002-04); Allan Wagner – Minister of Foreign Affairs of Peru (1985-88, 2002-03, 2021); Andres Velasco – Minister of Finance of Chile (2002-06); Ernesto Zedillo Ponce de León – President of Mexico (1994-2000); and Robert Zoellick – US Trade Representative (2001-05). – Project Syndicate

• *Helen Clark is a former prime minister of New Zealand (1999-2008). Arancha González is a former foreign minister of Spain (2020-21). Susana Malcorra is a former foreign minister of Argentina (2015-17). James Michel is a former president of the Republic of Seychelles (2004-2016).*

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## بارودي: قرار بايدن لخفض أسعار النفط العالمية... ودول أخرى ستلجأ إلى احتياطيها



**المركزية-** لفت الخبير الاقتصادي في شؤون الطاقة رودي بارودي إلى أن "القرار الذي اتخذه الرئيس الأميركي جو بايدن باستخدام جزء من احتياطي النفط الأميركي، "يهدف إلى خفض التضخم والمحافظة على الاسعار العالمية بشكل اقتصادي أكثر استدامة".

وأكد بارودي في مقابلة مع "الجزيرة" - إنكليزي، "استخدام ما يعدل 7% فقط من أصل مجموع الاحتياطي الأميركي الذي يعادل ٧١٤ مليون برميل". وكشف أن "واشنطن اتخذت هذا القرار للحد من تحكم دول "أوبك بلس" وروسيا بسعر النفط العالمي".

كذلك أكد أن "الصين، الهند، كوريا الجنوبية وبريطانيا سيبدأون

باستخدام احتياطي النفط المتوفر لديهم، وذلك لدعم استقرار سوق النفط"، مشدداً على أن "الرئيس الأميركي لديه أسلحة وطرق اقتصادية أخرى ومنها الطلب من منتجي الغاز الصخري في الولايات المتحدة زيادة الإنتاج، والذي من الممكن أن يؤثر بشكل كبير على الأسعار العالمية".

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## Where is the money? Climate finance shortfall threatens global warming goals

Rich nations under pressure to deliver unmet \$100-billion pledge

- \* More ambitious climate plans hinge on international funding
- \* Eyes on U.S. to boost finance at U.N. gathering next week

KUALA LUMPUR/BARCELONA, Sept 16 (Thomson Reuters Foundation) – For a storm-prone developing country like the Philippines, receiving international funding to protect its people from wild weather and adopt clean energy is not only an issue of global justice – the money is essential to deliver on its climate plan.

Without promised support, many vulnerable poorer nations – battered by the economic impacts of COVID-19 and surging climate disasters – say they simply cannot take more aggressive action to cut planet-heating emissions or adapt to a warmer world.

The Philippines, for example, has pledged to reduce its emissions 75% below business-as-usual levels by 2030.

But only about 3 percentage points of that commitment can be delivered with its own resources, its national climate plan says. The rest will require international finance to make sectors like farming, industry, transport and energy greener.

“Environmental groups say our (target) is unambitious because it’s highly conditional. What they don’t see, however, is what we submitted is what is doable for the Philippines,” said Paola Alvarez, a spokesperson at the Department of Finance.

“Our economy is not doing well because of the pandemic and we have back-to-back typhoons every now and then,” which means national resources need to be prioritised for social programmes, she told the Thomson Reuters Foundation.

As leaders prepare to attend the United Nations General Assembly in New York next week, wealthy nations are coming under ever-greater pressure to deliver on an unmet pledge, made in 2009, to channel \$100 billion a year to poor countries to tackle climate change.

With budgets worldwide squeezed by the COVID-19 crisis and U.N. climate talks postponed for a year, the original 2020 deadline to meet the goal was likely missed, analysts have said.

But as November’s COP26 climate summit approaches fast, time is running out to convince developing countries – both big and small emitters – that any efforts at home to raise their climate game will be met with solid financial backing, analysts say.

Alden Meyer, a senior associate in Washington for think-tank E3G, focused on accelerating a low-carbon transition, said the \$100-billion promise is well below what is actually needed by emerging economies to mount an adequate response.

But delivering on it is key to spurring them on, he added.

Right now, they can say, “the developed countries aren’t doing what they said they would do in terms of support, so why should we ramp up ambition (to cut emissions)?” Meyer said.

Government officials in India – the world’s fourth-biggest emitter of planet-heating gases – have said, for example, that any further commitment to reduce its carbon footprint will depend on funding from rich countries.

National pledges to cut emissions so far are inadequate to keep global temperature rise to “well below” 2 degrees Celsius above preindustrial times, and ideally to 1.5C, as about 195 countries committed to under the 2015 Paris Agreement.

The U.N. climate science panel warned in a report in August that global warming is dangerously close to spiralling out of control and will bring climate disruption globally for decades to come, in wealthy countries as well as poor ones.

#### ‘BARE MINIMUM’

Some big greenhouse gas emitters, including China, Russia and India, have yet to submit more ambitious plans to the United Nations, as they committed to do by 2020 under the Paris pact.

But of the roughly 110 plans delivered by other countries ahead of an adjusted U.N. deadline in July, nearly all hinge on one key condition: money.

According to the World Resources Institute (WRI), a U.S.-based think-tank that tracks national climate pledges, “well over half” of those updated emissions goals include actions that can only happen with the support of international finance.

“This underscores why it’s so critical for developed countries to deliver on their \$100-billion pledge. It’s the bare minimum,” said Taryn Fransen, a climate policy expert at WRI.

In the latest submissions, a growing number of developing nations have stepped up with emissions goals they can

implement on their own, she added, including Argentina, Chile and Colombia, which have dropped requests for support entirely.

But honouring the \$100-billion annual commitment – which covers the five years until 2025, when a new yet-to-be-negotiated goal is set to kick in – is key to fostering trust within the global climate talks and facilitating a faster green transition, she stressed.

The latest available figures from the Organisation for Economic Co-operation and Development show that in 2018, a little under \$80 billion was delivered to vulnerable countries.

An analysis by aid charity Oxfam last year put the real figure – when counting only grants and not loans that have to be paid back – much lower, at \$19 billion-\$22.5 billion.

Meanwhile, the 46 least-developed countries between 2014 and 2018 received just \$5.9 billion in total for adaptation, a level that would cover less than 3% of the funds they need this decade, found a July study from the International Institute for Environment and Development.

## **U.S. FALLS SHORT**

Climate and development experts argue industrialised countries built their prosperity by burning fossil fuels, making them responsible for a large part of the losses happening in countries on the frontlines of worsening floods, droughts, storms and rising seas, many of them in the southern hemisphere.

A 2020 study in The Lancet Planetary Health journal estimated that, as of 2015, nations in the Global North were responsible for 92% of carbon emissions beyond safe levels for the planet, while the Global South accounted for just 8%.



Diann Black-Layne from the Caribbean nation of Antigua and Barbuda, which is battling sea level rise and more frequent hurricanes, said climate action for developing countries “has to be conditional, because we can’t get the money”.

Black-Layne, lead climate negotiator for the 39-member Alliance of Small Island States, questioned why wealthy governments continued to fund the fossil fuel industry while failing to meet their \$100-billion-a-year pledge.

“That money is available,” she said. “There is no shortage of money to get us to the 1.5C (temperature goal).”

Ahead of the COP26 summit, which starts on Oct. 31, host nation Britain has tasked Germany and Canada with coming up with a delivery plan for the elusive \$100 billion a year, but observers believe that is unlikely to land until next month.

A major question is whether U.S. President Joe Biden will unveil a bigger U.S. finance commitment at the U.N. General Assembly next week, as concerns grow that the world’s biggest economy is failing to cough up its fair share.

At an April summit he hosted, Biden said the United States would double its climate finance to about \$5.7 billion a year by 2024 – but that level is still seen by many climate finance experts as far below what it owes to developing countries.

A recent analysis from the Overseas Development Institute said the United States should be stumping up more than \$43 billion a year based on cumulative carbon emissions, gross national income and population size.

It called the United States the biggest offender among 23 donor states in terms of falling short of its responsibilities.

On Wednesday, the European Union pledged to boost the \$25 billion per year it provides in climate funding to poorer

countries by 4 billion euros (\$4.7 billion) through 2027, and called on the United States to step up too.

Laurence Tubiana, CEO of the European Climate Foundation and a key broker of the Paris Agreement, said this week that “serious pledges” were now needed from Washington given that some European nations had already raised their commitments.

“The U.S. must step up solidarity,” she said, adding she understood Washington was working hard to do so. (\$1 = 0.8462 euros) (Reporting by Beh Lih Yi @behlihyi and Megan Rowling; Editing by Laurie Goering. Please credit the Thomson Reuters Foundation, the charitable arm of Thomson Reuters, that covers the lives of people around the world who struggle to live freely or fairly. Visit [news.trust.org](https://news.trust.org))

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## How global institutions die



In the aftermath of World War II, the victors established a set of institutions that have underpinned the world order ever since. While those institutions have often been contested, they have proved to be highly resilient. But this does not mean they are invulnerable. On the contrary, their effectiveness may be gradually eroded – especially when they are used as geopolitical pawns.

Academic research offers abundant analysis of the factors that boost institutional hardiness, and those that tend to hasten institutional failure. One key message – which my own experience at the World Bank and in the European Union confirms – is that institutions thrive when there is trust. Small wonder, then, that the international order’s institutional arrangements are at risk.

Former US president Donald Trump's administration threw the institutional-trust deficit into sharp relief. In just four years, Trump either defunded or disengaged from several United Nations agencies and multilateral agreements, paralysed the World Trade Organisation, and withdrew the United States from the World Health Organisation.

The multilateral system passed the stress tests of Trump's attacks – but just barely. Moreover, Trump's departure from the White House did not bring the reprieve, let alone revival, for which some hoped. Instead, according to the 2021 Edelman Trust Barometer, global trust in institutions has continued to decline.

The Covid-19 pandemic is largely to blame. Despite some successes, multilateral institutions failed to bring about the collaboration needed to address the crisis effectively. The highly uneven distribution of vaccine doses is a case in point.

Some have already written off the post-WWII institutions, arguing that they have outlived their usefulness. For these critics, talk of reforming bodies like the UN Security Council or the International Monetary Fund merely distracts from the more important task of "figuring out what a new order should look like." Should it, for example, rely more on ad hoc formations, like those that have proliferated in recent years? The answer to that question is plainly no. After all, those formations have so far failed to produce anything close to the kinds of multilateral cooperation the world needs.

To be sure, traditional governance frameworks have indeed fallen short. For example, as Mark Leonard of the European Council on Foreign Relations recently observed, UN Climate Change Conferences have "failed to produce a model of global governance that can tame power politics, let alone forge a sense of shared destiny among countries." The just-concluded COP26 in Glasgow lent further support to this conclusion.

But while post-WWII international institutions are far from perfect, their collective record suggests that they remain the world's best hope for coping with the complex challenges

ahead. As Harvard University's Joseph S Nye recently pointed out, established institutions entrench "valuable patterns of behaviour," as they underpin a "regime of rules, norms, networks, and expectations that create social roles, which entail moral obligations."

Of course, the mere existence of institutions is not enough to deliver solutions to the world's problems. As Nye put it, they must be used in ways that "bind others to support global public goods" that advance shared long-term interests.

That is not what the EU did last week, when the debate over the taxonomy of green investment devolved into an acerbic exchange between the bloc's renewable heavyweights and those who view gas and nuclear as integral to any green transition. This debate will surely dent the EU's painstakingly built reputation as a global standard-bearer on sustainability.

If such division exists within the EU, it is difficult to imagine how consensus can be reached within global organisations, especially at a time of intensifying great-power competition. In fact, nowadays, international institutions are becoming a theatre – and often collateral damage – of geopolitical confrontation.

In recent years, China has taken steps to expand its influence within multilateral institutions. It now heads four of the 15 UN agencies – a gain that has helped to protect it from international scrutiny.

China is also at the centre of the recent data-rigging scandal at the World Bank. An independent investigation carried out by the US law firm WilmerHale found irregularities in the data used to determine China's ranking in the 2018 and 2020 editions of the Doing Business index.

IMF Managing Director Kristalina Georgieva, who was serving as the World Bank's Chief Executive Officer in 2018, was accused of playing a central role in the effort to boost China's ranking. Within weeks, Doing Business was discontinued, and Georgieva's IMF job was on the line.

Ultimately, the IMF board stood behind Georgieva. Furthermore, the WilmerHale investigation has faced heavy criticism for its

lack of hard evidence and clear display of bias. Joseph E Stiglitz has aptly likened the entire episode to a “coup attempt,” aimed at neutralising Georgieva’s efforts to advance bold reforms. Georgieva has also been justly praised for her leadership during the pandemic, including the IMF’s unprecedented use of special drawing rights.

Nonetheless, the Doing Business scandal could do lasting damage to an already beleaguered international system. Beyond eroding trust in the World Bank and the IMF, the debacle has highlighted how bilateral tensions can shape – and distort – the activities of multilateral institutions.

While the Covid-19 pandemic has highlighted international institutions’ shortcomings, it has also made plain, yet again, that the biggest challenges today are global in nature. In this context, defending multilateral institutions is hardly a display of “nostalgia.” Rather, it is an act of realism. Few would benefit from the unravelling of the existing order. The question is whether public trust can be restored before it is too late. – Project Syndicate

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## Scoping out corporate carbon neutrality



By Geoffrey Heal/New York

In the run-up to this year’s United Nations Climate Change Conference in Glasgow (COP26), a growing number of companies hopped on the sustainability bandwagon, declaring commitments to achieve carbon neutrality – net-zero carbon-dioxide emissions – by mid-century. And among the many ambitious announcements to come out of COP26 is that almost 500

financial-services firms have “agreed to align \$130 trillion – some 40% of the world’s financial assets – with the climate goals set out in the Paris agreement, including limiting global warming to 1.5°C.”

But many commentators have been sceptical about such proclamations, suggesting that they amount to greenwashing. Critics point to corporations’ heavy reliance on “offsetting,” which has become an increasingly important – and controversial – issue in the broader climate debate. So great is the confusion about what is real and what is not that the Taskforce on Scaling Voluntary Carbon Markets, led by UN Special Envoy for Climate Action and Finance Mark Carney, has established a new governance committee to review corporate emissions pledges.

The sceptics are right to be concerned about the use of offsets. The world needs to get to net-zero by mid-century, and it cannot do that with offsets. Companies buy offsets precisely so that they can continue emitting greenhouse gases (GHGs) while claiming that their emissions are zero, net of the offsets. The very existence of an offset means that the purchaser’s emissions are not zero.

But not all offsets are alike. The critics focus on offsets in which one company or country pays another to reduce emissions and then claims the reduction as its own. This is the kind of offset that cannot be allowed if the world as a whole is to get to zero emissions. There is a place, however, for offsets generated by removing GHGs from the atmosphere, for example by direct air capture or forest growth. If a company emits 100 tons of CO<sub>2</sub> and then removes the same amount, its net emissions really are zero. If all companies do this, the world as a whole will achieve net-zero emissions.

True, the recourse to forestry requires a cautionary note. Growing trees raises issues of both additionality and permanence – additionality because it is hard to be sure that the forest growth would not have occurred anyway, and permanence because there is a risk that the forest will burn, a problem that has grown more visible and severe in recent

years.

Still, offsets can play a positive role. The costs of reducing GHG emissions, and the willingness and ability to pay for such reductions, vary greatly from country to country, depending on the sources of its emissions and its stage of development. Some countries may not be willing or able to pay for an expensive reduction in emissions at home but could still pay for less costly reductions abroad. When this happens, an offset market can facilitate a reduction in emissions that would not otherwise have occurred, or that would not occur without a policy that penalises CO<sub>2</sub> emissions.

In this case, offsets may be useful at least in moving the world closer to net-zero emissions. But to reach the finish line, they will have to be phased out at some point. There ultimately is no place for offsets in a zero-emissions world.

In the meantime, policymakers and business leaders would do well to attend to a related issue that has been neglected: the failure to distinguish between so-called scope-one, scope-two, and scope-three emissions. Scope one refers to emissions that arise from a company's own operations, whereas scope two applies to those associated with the production of electric power purchased by the company, and scope three to those arising from other parts of the supply chain, particularly from the consumption of the product.

Clearly, there is potential for massive double counting here if one adds up all the emissions across companies. If my company purchases electricity from a local utility, the associated emissions are scope two for me and scope one for the utility. If Exxon sells jet fuel to American Airlines for use in Boeing aircraft, the emissions are scope three for Exxon and Boeing, and scope one for American Airlines. These emissions are counted three times, which is anathema to any competent accounting system. Every scope-two or -three emission is someone else's scope-one emission.

Fortunately, such confusion is avoidable. If every company has reduced its scope-one emissions to zero, aggregate corporate emissions will be zero. It therefore makes sense for every

company to focus only on this factor. If scope-one emissions are brought to zero, scope-two and scope-three emissions will take care of themselves.

This should help to simplify the general policy guidance and instructions given to companies: Focus on reducing your scope-one emissions. Plan on phasing out offsets over the long run. And continue to look for opportunities to remove GHGs from the atmosphere, as these reductions can still be counted against your own scope-one emissions. – Project Syndicate

? Geoffrey Heal is Professor of Social Enterprise at Columbia Business School.

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# **Electrification and urbanisation will drive growth in copper**



## **The long-term growth drivers of copper**

The green transformation will electrify the global economy as cars go electric and more homes in colder areas will switch from natural gas as heating source to that of air to water heat pumps. In warmer parts of the world we will continue to see an acceleration in air conditioners to cool homes. The main usage of refined copper is for electrical applications, but it is also used in housing (pipes and fittings), cars, telecommunication and industrial machines. Copper has the second highest thermal conductivity at room temperature among pure metals and is thus the preferred metal used in electrical applications. As the world electrifies in the name of the green transformation and rapid urbanization continues in Asia,



Africa, and South America, copper will continue to enjoy strong annual growth rates.

### **How to get exposure to copper?**

Copper has been rebranded as a *green metal* because of its importance for the green transformation and investors are increasingly asking us how to invest in copper. The most direct way is of course to invest in high grade copper futures on COMEX (part of CME Group) with the current active contract being the Mar 2022 contract (Saxo ticker: HGH2), but the contract has a contract value of around \$106,537 at current level making it inaccessible to most retail investors. One could also invest through CFD on futures (Saxo ticker on the Mar 2022 is COPPERUSMAR22) where the investor could buy 100 pounds of copper instead of 25,000 pounds in the futures reducing the contract size to \$425. However, getting exposure through CFDs and futures the investor must regularly roll the contract to the next active contract, and the investor could also incur financing cost increasing the drag on performance. The chart below shows the continuous futures contract on high grade copper since 2002.

### **Few miners offer pure exposure to copper**

Another way to get exposure to copper that removes the difficulties of rolling futures or CFD contracts is to invest in mining companies that extract or refine copper. The table below shows 16 mining companies with exposure to copper with Codelco, the largest copper producer in the world, absent from the list as the Chilean miner is only listed in Chile and thus not investable for our clients. The copper mining industry has delivered a median total return in USD of 132.6% over the past five years beating the global equity up 105% in the same period. The rising copper prices the past year driven by investors positioning themselves in *green metals* (defined as metals that will play a key role in the green transformation) which in turn has pushed up revenue in the industry by almost

40%. Sell-side analysts are generally bullish on copper miners with a median upside of 16% from current levels. In our view investors should select one or two copper miners to get exposure and avoid the ETFs on the industry as they are too broad-based and lack the pure exposure profile needed to play the copper market.

As the table also show, there is no such thing as pure exposure to copper except for futures, options and CFDs on the underlying copper. The miner with the highest revenue exposure to copper is Antofagasta with 84.8% revenue share from copper extraction and refining. Most copper miners also extract gold and silver as part of their copper operations. Out of the 16 copper miners in our list, only 6 of these miners have more than 50% of revenue coming from copper extraction and refining.

## **Outlook and risks**

High grade copper futures have been range trading for more than half a year as slowing demand out of China due to a slowdown in housing construction has weighed on the demand side. On the positive side inventories have been tight in copper which has helped support the copper price and the global pipeline of new copper mines, but also potential tax charges in Chile and Peru (roughly around 40% of global supply) could negative impact supply and keep copper prices high. The annualized growth rate in global refined copper demand has been around 3% in the period 2009-2020.

China has for many years been the key driver of demand growth for copper, but going forward electrification (electric vehicles and air-to-water heat pumps and urbanization in India will begin to play a bigger marginal role on demand creating a more steady and diversified demand picture. In 2022, demand outside China will be driven by construction, grid infrastructure, and transport. Another risk to copper demand is significantly higher interest rates next year as that would

curtail growth in construction which is interest rate sensitive.

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## **QatarEnergy, Pavilion Energy, Chevron launch GHG reporting methodology for delivered LNG cargoes**



Doha: QatarEnergy, Pavilion Energy Trading & Supply Pte. Ltd.<sup>1</sup> (Pavilion Energy), and Chevron U.S.A. Inc (Singapore branch) (Chevron) yesterday announced they have jointly published a quantification and reporting methodology to produce a statement of greenhouse gas emissions (SGE) for delivered LNG cargoes.

This is the first such published methodology that will be applied to sales and purchase agreements (SPAs), specifically the executed SPAs by Pavilion Energy with QatarEnergy and Chevron. Intended for wide adoption, the methodology provides a calculation and reporting framework for greenhouse gas (GHG) emissions from wellhead-to-discharge terminal, based on industry standards.

The SGE Methodology was developed by a team of technical specialists representing Pavilion Energy, QatarEnergy and Chevron, supported by global sustainability consultancy Environmental Resources Management (ERM). It aims to create a common standard for the measurement, reporting and verification of GHG emissions associated with producing and delivering an LNG cargo to drive greater transparency and

enable stronger action on GHG reduction measures.

Independent academic experts, commercial institutions and verification bodies have reviewed the SGE methodology. It complements key industry efforts being developed in parallel, specifically the Monitoring, Reporting and Verification (MRV) and GHG Neutral Framework by the International Group of LNG Importers (GIIGNL).

“We share a common and decisive vision with QatarEnergy and Chevron to advocate for transparency and accuracy of GHG emissions associated with delivered LNG cargoes,” said Alan Heng, Interim Group CEO of Pavilion Energy, “The SGE Methodology sets a strong tone for increased accountability of emissions along the LNG value chain, paving the way for more decarbonisation strategies towards a lower carbon future.”

Ahmad Saeed Al-Amoodi, QatarEnergy’s Executive Vice President of Surface Development and Sustainability, said: “This joint effort to develop a greenhouse gas quantification and reporting methodology is part of a series of projects and initiatives that reflect QatarEnergy’s commitment to reduce GHG emissions and to de-carbonize the LNG value chain. We are proud to join hands with our partners Pavilion Energy and Chevron in this landmark project.”

“We jointly developed this LNG carbon-footprinting methodology for delivered cargoes to help advance a standard for GHG product-level accounting,” said Bruce Niemeyer, Chevron’s vice president of strategy and sustainability. “This methodology is expected to enhance transparency, improve accuracy and build stakeholder confidence in data reliability to help advance net zero ambitions.”

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# US mediator said to give Israel, Lebanon deadline to reach maritime agreement



A US mediator has reportedly informed Israel and Lebanon that if they cannot agree to a compromise over a disputed maritime region, he will end his involvement in the talks.

US envoy Amos Hochstein, who visited Israel this week, suggested to top Israeli officials that they need to get the deal done before the March 2022 parliamentary election in Lebanon, the Axios news site quoted Israeli officials as saying on Wednesday.

Hochstein was also in Beirut last month as he continues his efforts to restart the stalled talks.

Israel and Lebanon have no diplomatic relations and are technically in a state of war. They each claim about 860 square kilometers (330 square miles) of the Mediterranean Sea as being within their exclusive economic zones.

The Israel-born envoy to the US-mediated talks, a longtime close adviser to President Joe Biden, also told officials that he was not planning to resume the joint talks held at a UN base on the border. Instead, he would meet with each side independently and then offer a bridging proposal.

“Hochstein told us he is not going to present a proposal that both sides like, but the opposite – that both won’t like. But if three to four months from now he sees the parties are not willing to take the deal, he would drop the whole thing and won’t deal with this anymore,” a senior Israeli official told Axios.

Hochstein was looking to get both sides to make serious compromises, officials said, noting that both countries wanted to resolve the dispute despite tensions between them.

Lebanon has sunk deep into an economic and financial crisis that started in late 2019 – a culmination of decades of corruption and mismanagement by the political class. The small Mediterranean country is eager to resolve the border dispute with Israel, paving the way for potential lucrative oil and gas deals.

Hezbollah leader Hassan Nasrallah last month warned Israel against unilaterally searching for natural gas in the disputed maritime region before any agreement between Lebanon and Israel is reached.

In a wide-ranging speech broadcast from an undisclosed location during a ceremony marking Prophet Muhammad's birthday, Nasrallah said that while he would leave it up to the Lebanese government to negotiate an end to the dispute, his group would not tolerate Israeli searches in the disputed region.

Accusing Israel of casting a "greedy" eye over Lebanon's natural resources, the terror leader said Israel was "mistaken if it thought it could extract these resources from the disputed area before negotiations are completed."

"The resistance is capable of acting and will do so against any Israeli actions in the disputed zone," Nasrallah said, accusing Israel of giving a company the go-ahead to begin explorations.

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# Maritime borders deal between Greece, Italy comes into effect



## ANKARA

A deal drawing maritime borders between Greece and Italy came into effect on Monday, said Italian diplomatic sources.

The two countries exchanged the tools of ratification of the deal during an official visit by Greek Foreign Minister Nikos Dendias to Rome, said Italy's Foreign Ministry in a statement.

During the meeting with Italian Foreign Minister Luigi Di Maio, cooperation in the fields of energy and economy, and regional developments, particularly concerning Libya and the Eastern Mediterranean, were also addressed, the statement added.

According to Italian official news agency ANSA, Dendias accused Turkey of "violations in the Eastern Mediterranean" and threatening Greece.

Turkey, while seeking to defend its fair share of maritime territory in the Eastern Mediterranean, has decried recent provocative Greek moves such as the militarization of Aegean islands that are demilitarized by a treaty, navigational alerts (Navtex) that violate longstanding pacts, and illegal encroachment on Turkey's continental shelf.

Turkey, which has the longest continental coastline in the Eastern Mediterranean, has rejected the maritime boundary claims of Greece and the Greek Cypriot administration, stressing that these excessive claims violate the sovereign rights of both Turkey and the Turkish Cypriots.□□□□□□

Turkish leaders have repeatedly stressed that Ankara is in favor of resolving all outstanding problems in the region -- including maritime disputes -- through international law, good neighborly relations, dialogue, and negotiations.□□□□□□

Also, the implementation of the EU's National Recovery and Resilience Plan for handling the economic effects of the pandemic, cooperation against irregular migration, and EU's enlargement to the Western Balkans were discussed between the two ministers.

Dendias, on Tuesday, was received by the Vatican's Secretary of State Pietro Paroli.

In the meeting, bilateral and regional developments, ahead of Pope Francis' scheduled visit to Greece on Dec.4-6, were discussed, said the Greek Foreign Ministry.

Greece, a predominantly Orthodox country, has a minority of over 50,000 Catholics, excluding expatriates and migrants, who are mostly concentrated in islands in the Aegean and Ionian Sea.

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## **La Cop26 di Glasgow: le linee guida per i Paesi del Mediterraneo**



Roudi Baroudi: un appuntamento fondamentale per definire strategie politiche economiche efficaci a contrastare il cambiamento climatico.

Il noto esperto a livello internazionale in campo energetico



Roudi Baroudi, pone in evidenza una riflessione in concomitanza con l'imminente arrivo della conferenza sul cambiamento climatico delle Nazioni Unite (COP26) che si terrà quest'anno a Glasgow.

Baroudi definisce questo appuntamento memorabile e storico in particolare per i paesi del bacino del Mar Mediterraneo, Italia compresa. Fa osservare che l'aumento delle temperature e la crisi climatica globale è in atto e gli eventi dell'estate 2021 ne sono la testimonianza reale.

Il fenomeno degli incendi, per esempio, si manifesta con dimensioni e intensità insolite rispetto al passato ed anche nel caso di attività dolosa l'aridità circostante e le alte temperature hanno favorito la propagazione violenta nelle aree colpite generando numerose morti, danni alle proprietà e distruzioni dei terreni agricoli coltivati. In casi come quello della Turchia seguiti da forti inondazioni dovute a piogge torrenziali dopo pochi giorni.

Questi fenomeni non sono più eventi sporadici localizzati in determinate aree, ma costituiscono una vera e propria testimonianza della catastrofe climatica in atto.

Questo ci impone di moltiplicare gli sforzi e sperare di poter invertire la tendenza prima che raggiunga un punto di non ritorno. Se non andremo in questa direzione, continua Baroudi: "la nostra specie dovrà affrontare un futuro sempre più complesso con più incendi, innalzamento del livello del mare, accelerazione dell'acidificazione degli oceani, calo degli stock ittici, tempeste più violente, siccità più lunghe e intense, raccolti compromessi, milioni di rifugiati climatici e fame di massa".

Svariati paesi del Mediterraneo, specialmente appartenenti ad Asia ed Africa hanno già situazioni complesse dal punto di vista territoriale per via della posizione geografica (Sud Italia incluso), inoltre i paesi con meno disponibilità

economica fanno ancora molta fatica nella conversione ad impianti con minor impatto ambientale.

Nonostante questo scenario apocalittico, incalza Baroudi, non tutto è perduto. L'Unione europea ha compiuto progressi importanti rispetto alla maggior parte del resto del mondo e sta adottando delle politiche più stringenti sulle emissioni.

Anche gli Stati Uniti stanno intensificando i propri sforzi dopo quattro anni di cambio rotta sotto l'amministrazione Trump. In tutto il mondo, finalmente, si sta avendo maggiore consapevolezza del problema in maniera più trasversale dal pubblico al privato.

Alla COP26, i leader ed i referenti politici dei paesi partecipanti dovrebbero lavorare costruttivamente ed ascoltare scienziati ed attivisti che chiedono un'azione più rapida ed efficace, inclusa una maggiore assistenza finanziaria per aiutare i paesi meno fortunati a unirsi seriamente alla lotta per il cambiamento climatico.

I programmi che i paesi del Mediterraneo porteranno a Glasgow saranno cruciali perché, nonostante la situazione in atto, la maggior parte di questi stati ha un vantaggio territoriale: ampi spazi e condizioni quasi ideali per le turbine eoliche offshore. Uno studio recente, che utilizza una varietà di tecnologie per elaborare dati previsionali, stima il potenziale combinato di energia eolica di tutti i 23 paesi euro mediterranei (in modo alquanto prudente) a quasi 1,5 milioni di megawatt. Si consideri che l'intera industria nucleare mondiale ha una capacità di circa 400.000 MW, ovvero meno di un terzo di quella che il Mediterraneo potrebbe produrre solamente con impianti eolici. Senza calcolare l'impiego di altre tecnologie: l'idrocinetica sia fluviale che marina (onde e maree), geotermica (on e offshore) e solare (200.000-300.000 MW).

Questa strategia darebbe una propulsione allo sviluppo di

molti paesi che oggi hanno uno scarso accesso all'energia elettrica a prezzi accessibili, inoltre l'indotto relativo alle costruzioni degli impianti darebbe nuovi posti di lavoro oltre a molteplici benefici: la possibilità di sostituire i vecchi impianti di produzione più inquinanti, ridurre gradualmente l'importazione di carburanti fossili, rivendere nella rete l'eccesso di produzione energetica ed investire il ricavato in infrastrutture, politiche sociali o ulteriori impianti green.

Uno sviluppo omogeneo delle rinnovabili favorirebbe la transizione progressiva dai combustibili fossili, riducendo le emissioni di carbonio che causano il cambiamento climatico e quindi facendo gli interessi di tutti, ovunque.

Queste proiezioni positive non si avvereranno mai per osmosi. Molti paesi nel Mediterraneo hanno bisogno di assistenza finanziaria e tecnica per mettere in pratica i progetti di conversione. L'accordo di Parigi includeva impegni economici da parte degli stati più ricchi per finanziare i paesi più bisognosi, ma molti governi non hanno rispettato l'accordo. Questo è controproducente, proprio come la mancata distribuzione del vaccino contro il COVID ai paesi del Sud del mondo, un errore imperdonabile che non solo determina la morte di persone innocenti, ma crea anche terreno fertile per nuove varianti del virus. Se la transizione verso un'energia più pulita creasse difficoltà alle popolazioni già svantaggiate, potrebbe venire a mancare il sostegno popolare verso questo percorso, con conseguenze terribili per tutti noi. Se lasciato incontrollato, il cambiamento climatico potrebbe provocare morte e distruzione ovunque creando flussi migratori ingestibili.

Roudi Baroudi conclude esortando la COP26 a produrre nuovi programmi di finanziamento da parte dei paesi ricchi verso quelli più poveri senza creare situazioni di assistenzialismo. Ci sono moltissime risorse a disposizione e c'è poco tempo per agire, quindi gli stati finanziatori non possono permettersi

di sbagliare. I prestiti agevolati andranno messi a disposizione per i paesi più virtuosi che garantiranno la finalizzazione dei progetti. L'unico modo per farlo è articolare una strategia coerente per eseguire progetti rilevanti e fattibili con tempi e budget ben definiti. In particolare, i governi regionali devono dissipare i timori giustificati che, i fondi destinati ai progetti per le energie rinnovabili o ad altri strumenti di de carbonizzazione, andranno invece a riempire le tasche di funzionari locali corrotti.

Queste sono le linee guida che deve seguire quest'anno la conferenza di Glasgow. La lotta ai cambiamenti climatici è ampiamente considerata come la sfida più importante che la nostra specie abbia mai affrontato e la capacità della regione di proteggersi e di esercitare il proprio peso sarà in bilico alla COP26. I paesi che si presentano con piani ben sviluppati per progetti concreti avranno la strada spianata per varie forme di finanziamento. Coloro che non lo faranno saranno inevitabilmente tagliati fuori.