

INSIGHTS

For the Mainstream Investor

WEEK ENDING JUNE 8, 2018 EDITION 248



NOTE FROM THE EDITOR

Today is World Ocean's Day. Where you see this symbol, we've focused on stories related to the day, which aims to "move the oceans from the sidelines to the center of the intergovernmental and NGO discussions and policy and to strengthen the voice of ocean and coastal constituencies world wide."

SUCKING CARBON

Falling costs

Extracting carbon from the atmosphere has been called everything from 'desperate' and 'a last ditch effort' to 'promising' and 'exciting'. Researchers from Carbon Engineering in Calgary (Canada) appear to be making progress according to an article in [Joule](#).

What is particularly interesting is the estimated costs of CO2 extraction are between \$92 and 232 ton of captured carbon dioxide if existing technologies were implemented on a commercial scale. The lower cost could already be profitable with existing policies in certain markets. Presently the plant is capturing one Mt CO2 annually.

DEEP SEA MINING

Biodiversity warnings

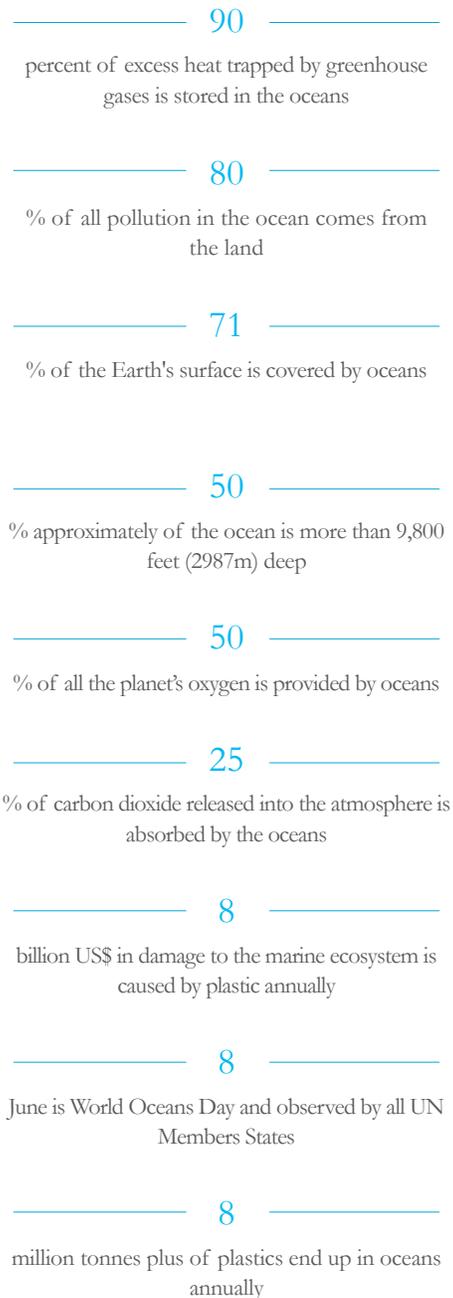
Maybe we should be careful what we wish for. Many scientists point out how little we know about the oceans. Deep sea mining may help change this. In 2017, [Japan](#) became the first country to undertake large-scale deep-sea mineral mining.

The International Seabed Authority (ISA) is tasked with regulating deep seabed mining and 'to give special emphasis to ensuring that the marine environment is protected'. It is responsible for the [areas](#) beyond 'the limits of national jurisdiction'. Presently it has 15-year [contracts](#) with 27 contractors for different resources. However, [warnings bells](#) are being rung about the environmental impact of such activities, arguing that 'biodiversity loss is unavoidable'.

TERM OF THE WEEK

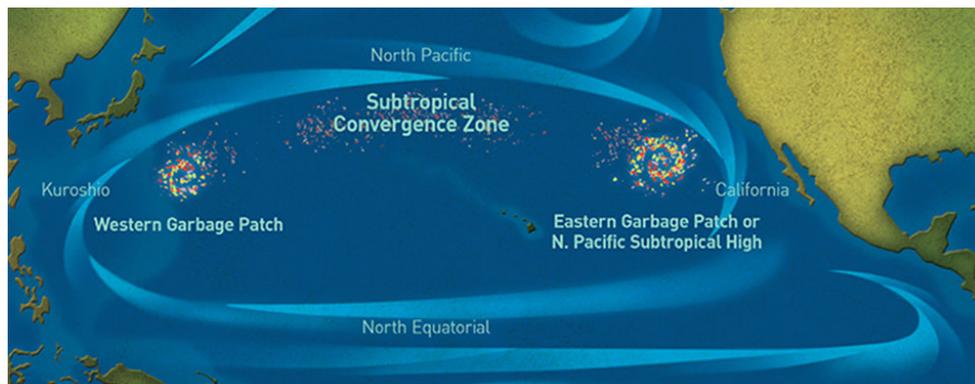
The Bloop - a mysterious underwater sound recorded in the 90s. Years later, NOAA scientists discovered that this sound emanated from an iceberg cracking and breaking away from an Antarctic glacier.

THIS WEEK IN NUMBERS



INFOGRAPHIC OF THE WEEK

Great Pacific Garbage Patch



Source: NOAA

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CAPITAL MANAGEMENT

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GOVERNANCE

Focus on data privacy

Last month, the General Data Protection Regulation (GDPR) became regulation across the European Union. This has focused attention on the use of data by companies, whether they be ‘controllers’, which determine the purposes and means of processing data, or ‘processors’, which are responsible for processing personal data on behalf of a controller.

[Sustainalytics](#) has released a [report](#) assessing how the US tech giants deal with data privacy. It concluded that Apple is ‘comparatively well positioned’ while Facebook and Amazon ‘stand out as being particularly vulnerable’.

GOOD NEWS

[Reckitt Benckiser Group](#) has announced a 4R strategy to deal with plastic packaging. It aims to reduce, replace, reuse and recycle plastic packaging wherever possible and invest in alternative materials. By 2025, it aims to have 100% of plastic packaging to be recycled plastic. The company has already achieved zero waste to landfill from its factories.

DID YOU SEE?

A liquid air energy storage facility is being tested in the UK as a new way of [storing energy](#). By cooling the air to -196C, it is transformed into a liquid. When power is needed, the liquid air is pumped to high pressure and heated with the high pressure gas powering a turbine. The test plant has a capacity of 5 megawatts. If it proves to be commercial, a 50MW plant is anticipated.

QUOTE OF THE WEEK



How inappropriate to call this planet Earth when it is quite clearly Ocean.

– Arthur C. Clarke



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STRANDED FOSSIL FUEL COSTS

A macroeconomic view

An [article](#) in Nature Climate Change, examines the conflict between the ‘current low-carbon technology diffusion, energy efficiency and climate policy’ and the ‘observed investment in new fossil fuel ventures’. Will the latter become [stranded](#)? The researchers view the ongoing technological trajectory as inevitable, with the 2C Paris Agreement target amplifying the stranded cost potential.

On a macroeconomic basis, they calculate the discounted global wealth loss from stranded costs to be between US\$1-4 trillion. Winners are likely to be net importers of fossil fuels (e.g. China and the EU) and the losers the exporters (e.g. Canada, Russia and the US).

NOT ALL GOOD NEWS

In previous [Insights](#) we have referred to stories about the job creation associated with a low-carbon transition. But not everyone is a winner. Germany’s [Fraunhofer Institute of Industrial Engineering](#) estimates that the move to electric cars could result in 75,000 net job losses in Germany’s auto industry. Presently, Germany’s auto sector employs 840,00 people.

KEEPING AN EYE ON

Early [indications](#) from the 45th [Annual Extel Survey](#), in which the buy-side ranks the sell-side, shows that buy-side firms are reducing the number of brokers they use. The preference appears to be for the large firms as well as multi-local and regional brokers. The losers appear to be niche and single country banks. Also the preference is for sector-based and fundamental stock research rather than macro coverage.

LISTENING LIST

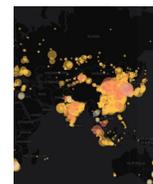


[How much is your rubbish worth?](#)
[World of Business](#)

[Apple throws out a lifeline to smartphone addicts](#)
[Financial Times](#)

[Counting rough sleepers](#)
[More or Less: Behind the Statistics](#)

READING LIST



[The World’s coal power plants](#)
[Carbon Brief](#)

[Renewable energy is getting cheaper and it’s going to change everything](#)
[World Economic Forum](#)

[CCS is essential to climate change mitigation](#)
[World Coal Association](#)

BELIEVE IT OR NOT

More people have stepped on the moon (12) than have been to the Mariana Trench (3), the deepest part of the ocean. [READ MORE](#)