

## **Financial Model**

*Thank you Madam President.*

*Let me first take the opportunity to thank Norway for the leadership in coordinating the works of the Council in the last session and to congratulate you, Excellency, on taking up the Presidency of the present session. Italy looks forward to cooperating with you in achieving progress on many important issues in the course of this session. Let me also thank the Government of Jamaica and the Secretariat for their excellent hospitality.*

*Italy is impressed by the work done so far on the financial model and would like to thank the chairman and the participants in the open-ended working group for the progress achieved. We are supportive of organising a second meeting of the open-ended working group and of finding ways to ensure broader participation from Governments in order to address the concerns raised by the distinguished delegates of Algeria and of Brazil.*

*Italy is of the view that the crucial issue of actual profitability of deep-sea mining remains unsettled and we consider that any viable financial model to be adopted by the Authority should necessarily take into account the variability of prices in the global market on raw materials. Also, the still existing gaps in knowledge on the smelting process of metals potentially recovered from these operations should be considered in order to properly discount the expected financial flows. Last, but not least, we also believe that a very careful consideration of potential environmental damages and restoration costs should be considered when defining the model.*

*Thank you Madam President.*

## **Standards and guidelines**

Thank you Madam President

Thank you Mr Brown for the useful introduction to the two papers.

Our statement focusses on standards and guidelines.

*Italy fully agrees that process standards will need to draw on existing guidelines of other regional and international regulatory bodies, on standards formulated by other international organizations, as well as on existing recommendations by the Authority. They should also take inspiration from best available techniques and best practices formulated in other industry sectors, which are in a more mature state in respect to deep seabed mining.*

*In this respect, Italy suggests that a review of how similar industry sectors, such as the oil & gas, have established the process of building and reviewing their best practices may be useful.*

*We also consider crucial and agree with the Secretariat that, until a well-developed industry emerges, the Authority and sponsoring States, as well as all member States themselves, should cooperate to integrate all necessary efforts and avoid duplication or fragmentation in the process of formulation of standards and guidelines.*

*It is also important that the Commission keeps a heightened attention to identifying additional critical issues for which technical working groups could be formed in order to develop terms of reference for appropriate guidelines to be adopted.*

*Regarding the standards's margin of flexibility, considering that deep sea mining is not a well-established industrial sector, we can reasonably expect that emerging and improved technology and new practices will progressively reach better performances in terms of higher level of protection of the marine environment and labour safety. However, the assessment of these improvements will remain discretionary and could become another challenge for the Commission in evaluating the performance of the activities in the Area. Therefore, Italy is of the view that the Council should encourage the endorsement of a self-contained set of mandatory standards and references, not merely recommendatory, before the beginning of the exploitation phase in the Area. Such process should be conducted in parallel with the setting of an efficient inspection system to secure effective compliance.*

*In such a context, we look forward to the outcomes of the first workshop on the development of standards and guidelines that will be held in South Africa, next May.*

*More in particular, we agree on the list of standards or guidelines prioritised in the report, at the same time we would like to offer four further comments and suggestions.*

*First, guidelines for preparation of training plans and capacity-building may be efficiently developed from the guidelines for the exploration contracts, where these plans have been successfully implemented.*

*Second, as far as marine scientific research is concerned, it should be noted that it is already regulated under part XIII of the Convention, and we should therefore avoid further regulations that could hinder the freedom of marine scientific research, which is believed to flourish under conditions of minimal regulatory interference and*

*in the absence of jurisdictional barriers. Marine scientists have already implemented ethical codes, including the "Code of Conduct" for deep-sea research on hydrothermal vents promoted by InterRidge. The continued freedom of marine scientific research is essential to achieve the complete knowledge of the deep-sea habitat, which is a key element for proper environmental protection and management.*

*Third, Italy would see as a priority task to issue guidelines on the utilization of established and emerging remote sensing technology to monitor the performance of activities, especially in terms of environmental protection.*

*Fourth and last, appropriate guidelines should define as objectively as possible the criteria and methods for assessing the technical and economic capacity of the subjects requesting mining rights.*