

# International Seabed Authority

**Press Release**



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7 - 18 August 2006

**Council (PM)**

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## **SEABED COUNCIL BEGINS GENERAL DISCUSSIONS ON DRAFT REGULATIONS ON SULPHIDES AND CRUSTS**

Production-sharing and joint venture participation, and the differences in the nature of the two mineral deposits for which a set of regulations is being considered, were the main issues of concern as the Council of the International Seabed Authority began its deliberations on the draft regulations in Kingston this afternoon.

The acting president invited general exchange from members of the Council in the absence of a consensus on how to proceed with further consideration of the draft regulations on prospecting and exploration for polymetallic sulphides and cobalt-rich ferromanganese crusts.

At its previous meeting delegates had debated whether to approach the draft text regulation by regulation with emphasis on the areas highlighted in the revised draft, or deal first with technical and economic considerations for mining the new minerals. Those issues were raised in a workshop held in Kingston a week before the current session of the Authority, and placed before Council on August 8 in two expert presentations. Today, Mexico repeated its proposal for a systematic review of the draft.

Opening the discussion Brazil called for two separate sets of regulations to be drawn up for the minerals under examination. Brazil also advocated the inclusion of an anti-monopoly clause relating to boundaries likely to be exploited by each state. Regarding Regulation 19, which deals with equity interest, joint venture or production sharing participation, Brazil suggested that it would be more appropriate to use the term "profit-sharing" instead of "production sharing." The delegate also suggested the inclusion of a review clause in the regulations and promised to circulate a proposal on the issues raised.

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India endorsed the need for two separate sets of regulations and anti-monopoly provisions. The delegate also expressed concern about the preservation of baseline data once prospecting began.

Kenya proposed that the words “other hazards” in Regulation 5, be substituted with the term “environmental damage”.

China agreed that polymetallic sulphides and ferromanganese crusts were two different types of resources in terms of format, distribution, pattern and composition of elements, economic value and the environment in which they existed. The delegate warned of negative impacts should one set of regulations be used to cover both minerals. The size of the area for exploration, ways to prevent monopoly, incentives for investors, and production sharing were the other issues on which China sought clarification.

The Secretary General agreed with Brazil, China and India that it might be appropriate to formulate separate draft regulations for the two types of minerals under examination even though the two codes may have extensive areas of overlap.

In response to China’s point that the issue of production sharing was a matter to be referred to the Finance Committee, the Secretary General noted that the issue of equity interest would not arise at the initial stages of prospecting and exploration but at the exploitation phase. While the financial terms of contracts should be subject to the recommendations of the Committee, at this stage the task was to set up the structures whereby the basic philosophy of the seabed’s resources being the common heritage of mankind would be upheld. The Secretary General pointed out that regulation 19, paragraph 4 of the draft regulations (ISBA/10/C/WP.1/Rev.1) relating to production sharing had been omitted from the later draft as it was felt that it was subject to negotiation. He suggested that Annex III of the secretariat’s analysis of the draft regulations (ISBA/10/C/2(Part III)) might clear up any uncertainty on this matter.

Responding to a request from South Africa, the Secretary General confirmed that the report of the workshop on technical and economic aspects of mining for polymetallic sulphides and cobalt-rich ferromanganese crusts, which took place immediately preceding this year’s session, would be made available by tomorrow.

The Council meets tomorrow morning, August 11, when they will hear the report of the Chairman of the Legal and Technical Commission.

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