Assembly - Report of the Finance Committee

Thank you for giving us the floor Mr. President and congratulations on your election,

We thank the finance committee for their hard work and acknowledge the importance of them being able to meet more often and have more resources to complete their crucial work.

We are intervening on the topics of the economic planning commission and benefit sharing, both of which are directly related to the work of the finance committee and are discussed in the report.

Despite a draft decision to operationalize the economic planning commission and the work of the finance committee to outline the budgetary and implementation considerations, the Council failed to adopt the decision and secure the establishment of the EPC. We want to stress to you - member states of the Assembly - how crucial the role of the EPC is and how important it is for the Assembly to understand the financial challenges of deep seabed mining.

The EPC is tasked with establishing a system to compensate developing land-based producer States whose export earnings or economies are seriously affected by seabed mining. Because the EPC remains theoretical, little work is being done to understand the impact deep sea mining could have on state economies, and on the broader financial realities of the industry.

In an effort to address this gap and contribute to the work of the Authority, an independent report commissioned by multiple ISA observers was published during Council that models the potential impact on economies, assesses which economies have the most to lose, and explores how much (if anything) would be left for benefit sharing. The author of this report presented at the Deep Sea Dialogues this past weekend.

This analysis, based on contractor projections and the IGF modelling, shows that in a peak production year of deep seabed mining, there could be terrestrial mining losses of 1.9 billion - which far exceeds potential ISA revenue for the same year. The analysis further shows that the losses are uneven across states - for example, South Africa, Indonesia, the Philippines, and the Democratic Republic of the Congo each risk losing hundreds of millions of dollars in terrestrial mining tax income per year. The implication is clear - the ISA could not fund compensation and still retain a surplus for benefit-sharing.

The Finance Committee is providing an alternative Benefit Sharing proposal - the Common Heritage Fund. Under this proposal, rather than distributing all mining revenues directly to States, the Common Heritage Fund would finance collective projects. But serious questions remain regarding the fairness of this fund. Does it replace direct financial transfers to States? Does it dilute or even negate the equity obligations under UNCLOS? Which projects receive funding and how is that decided? It is essential the Assembly consider the mechanisms for Benefit Sharing being presented, and thoroughly interrogate what constitutes benefits for humankind as a whole. Are the options in front of you good enough? Are they good enough for your children and grandchildren?

Whatever the Authority chooses, the benefit sharing mechanism requires a whole other set of regulations, in addition to the draft exploitation regulations the Council is currently developing. It must be clearly demonstrated that deep seabed mining would benefit humankind as a whole before any exploitation applications are even considered.

Deep seabed mining poses an enormous risk to biodiversity, ocean health, fisheries and other ocean economies, and to ocean-centred cultures and ways of life. Furthermore, economic modelling shows there will be more financial loss than gain.

We urge the Assembly to consider what it means to manage and protect the common heritage of humankind and to ensure the Authority is equipped to make informed decisions and not pressured by corporate interests to adopt rules that do not benefit humankind.

Thank you very much.