

Thank you very much Mr Chairman for giving me the floor, good morning.
Distinguish Delegates, Members of the Council.

I would like to take the floor on behalf of the Interoceanmetal Joint Organization.

My organization would like to thank to this work of the members of the legal and technical commission and express our appreciation. The zero draft for the Exploitation Regulations is now before us giving information on its structure. Our organization as a contractor would like to support further work on this document and we would like now to propose some very preliminary comments.

We would like to refer to the Part II, Section 1 of this document where the qualified applicants for application for exploitation are listed. We can see that there is a possibility for a group of States to apply for exploitation but we would like to ask to check from the legal point of view if the present formulation of this section clearly gives the rights for application also to the international organizations and these are subsequently as well referred to next parts of this zero draft.

We welcome the regulation 54 on Inspectorate, this is very important to establish appropriate mechanism for the inspectors who can monitor and control the mining activities in the Area.

I would like to refer as well to the Section 3 on royalty issues in particular to the draft regulation 28 where we can read in the **para a. and b.** where information on quantity and value in dry metric tons of the resources is shipped from the Area. We see here some technical problems of the precise measuring of this value since now it is technically very difficult of measuring that exact value of large bulk cargoes at the open sea. Such operation can be well done in a port. The condition of mined material will vary for all contractors, it will be mixed with seawater and graded to certain degree, according to different mining technologies used. Presently, the technology allows the exact information on the value in dry metric tons can be provided when mineral is on land. So we see here either the Authority will have to deal with some inspector's work on land or a technical method has to be derived to determine that value.

Risk assessment and environmental regulations in the exploitation code in our view to be effective require at least some prior collector tests or pilot mining, carried out together with the monitoring of environmental indicators and conditions. We have to feed our regulations with the real-life data coming from real experiment and then set the criteria. Since that our organization would like to support to carry out some kind of collective tests of contractors under the umbrella of the Authority giving us that data.

We could read in the Report of the Chair of the Legal and Technical Legal and Technical Commission that all contractors seeking the extension declared that they will consider such collaborative test and only such tests allow us to create precisely the criteria needed for effective environmental regulations.

Mr. President, Thank you very much.