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COMMITTEE ON THE PEACEFUL USES OF THE SEA-BED AND THE OCEAN FLOOR BEYOND THE LIMITS OF NATIONAL JURISDICTION

Sub-Committee I

Statement by the Representative of the Secretary-General
of the United Nations Conference on Trade and Development
made at the 20th meeting of Sub-Committee I held on
13 August 1971

1. The UNCTAD secretariat has been following with keen interest the debate in this Committee on the implications of sea-bed mineral production for the world mineral economy and particularly for the mineral production and exports of developing countries. Our interest in this matter is not a new one. Indeed, it was referred to by the Secretary-General of UNCTAD at the Trade and Development Board in 1969 and again at the Economic and Social Council in 1970. Some discussion also took place at the recent sixth session of the Committee on Commodities of UNCTAD. Representatives of developing countries concerned emphasized there that, in their view, the co-operation between the Secretary-General of the United Nations and UNCTAD, as envisaged in resolution 2750 A, should be regarded as referring to UNCTAD at the intergovernmental as well as the secretariat level; that provision should be made for the Committee on Commodities to be informed of, and to discuss, developments in this field on a continuing basis; and that an opportunity should be provided for an examination of the matter at the third session of UNCTAD.

2. The exploitation of the mineral resources of the sea-bed and of the ocean floor beyond the limits of national jurisdiction could become of increasing importance as time goes on. As envisaged in resolution 2750 A, the exploitation of these resources should be "carried out for the benefit of mankind as a whole, taking into account the special interests and needs of the developing countries." The resolution also affirms that the development of these sea-bed resources should be undertaken "in such a manner as to foster the healthy development of the world economy and balanced growth of international trade, and to minimize any adverse economic effects caused by the fluctuation of prices of raw materials resulting from such activities."

3. As the resolution itself implies, it cannot be taken for granted that the production of minerals from the sea-bed beyond the limits of national jurisdiction will not result in any adverse economic effects. Each operation will have both global benefits and costs, related to the importance of sea-bed production in comparison with land-based output, the structure of the world market and the conditions of supply and demand for the mineral in question. As indicated in paragraph 186 of document A/AC.138/36, in certain circumstances, the additional sea-bed production would depress prices, and thus the costs of the operation would include economic losses for existing producers, including those in developing countries. It would seem important, therefore, to safeguard the position of existing mineral producers in developing countries by ensuring that they were not adversely affected by such developments, the likelihood of which may be enhanced by the accelerating pace of technological change.

4. How such safeguards could best be envisaged is a matter which would clearly require much further study. This is a subject in which UNCTAD has a clear interest, since it involves the principles of international commodity policy.

5. In addition to the need to avoid undue market disruption, it would seem important to ensure, from the outset, that particular sea-bed mining projects would result in an overall net gain to the international community, and especially to developing countries. This would imply that individual sea-bed mining projects should generate a surplus sufficient, not only to cover commercial profits, and to offset any economic and social costs incurred by mineral-producing developing countries, but also to provide a revenue to support the economic development process in the third world generally.

6. The other aspect referred to in resolution 2750 A relates to fluctuations in prices. The emergence of additional sea-bed production on the world market for a particular mineral may, in certain circumstances, increase short-term market fluctuations. There may therefore be a need for measures to regulate the flow of supplies from sea-bed mining projects so as to avoid any undue short-term destabilization of markets. Such measures would support the efforts of the international community to achieve more stable prices for primary commodities in general.

7. These possibilities of market disruption, and of accentuating market instability, may not apply to every sea-bed mining project. But they may be of substantial importance for certain minerals, and for certain developing countries. Explicit provision for such possibilities therefore needs to be made. Moreover, we

must also allow for the possibility of new major mineral discoveries on the sea-bed, as well as improvements in the techniques of sea-bed production, and thus for the risk - in the absence of some form of international control - of future market disruption, on a larger scale, and in a wider range of minerals, than can be foreseen at the present time.

8. A further issue of general importance is the possibility that the large-scale capital investments required for the exploration and mining of the sea-bed resources might adversely affect the flow of private investment into similar activities in developing countries. Consideration would therefore need to be given to this aspect in regard to individual sea-bed projects.

9. These various issues clearly raise a complex set of questions which will require much careful consideration by Governments. We, in the UNCTAD secretariat, are anxious to do all we can to assist this Committee, as may be required, through co-operation with its secretariat. The groundwork has already been laid for close and fruitful co-operation, so as to ensure that decisions arrived at in the Committee in relation to sea-bed minerals are fully consistent with the efforts being made in UNCTAD to assist the development of the developing countries.