



**International Seabed Authority 25th Session
25 February-1 March 2019**

Monday 25 February 2019

**Agenda item: 11: Draft Regulations for exploitation of mineral resources in the area
Financial model**

DSCC intervention

Thank you Madam president and good morning delegates

Firstly, we wish to welcome you, Madame President. We are honoured to have you in the Chair.

The Deep Sea Conservation Coalition wishes to highlight 3 points that we raised in the Financial Working Group on environmental matters. We will be brief.

Firstly, we noted that there are at least two quite separate heads of environmental matters: the valuation of damage to the environment, which has been discussed in the context of a sustainability fund, which is not included in the draft regulations, and a liability fund, such as to restore unexpected or uncompensated damage, which is included.

Secondly, we raised that there has been no discussion or explanation on how the 1% figure was derived. We join Tonga and Australia in this respect. We noted that whether the payment mechanism is royalties or profit share, it should include a realistic valuation of the degradation of deep sea ecosystems and biological diversity. A similar point was also noted by the MIT presentation. While we currently have no idea of what they are, we know they are far from zero. Current discussions have no component for this: the only costs estimate are costs to contractors. There has to date been very little discussion of the value of ecosystem services or other environmental externalities. Nor has there been any effort to quantify damage which may have to be paid under the fund. We also support Pew's statement in opposition of capping the environmental payments.

Thirdly, Madam President, we noted that under the MIT proposal, there would be no liability up front payment. In other words, the liability fund would have zero funds in it while potentially damaging activities such as test mining or mining under the so-called rampup are taking place, and only gradually increasing funds, if and when commercial mining is taking place, whereas obviously significant damage may be caused in early stages.

Thank you

