



## **Webinar on the comparative analysis of seabed mining and land-based mining**

### Terms of Reference

**Organizers:** ISA Secretariat

**Date:** 28 October 2020, 10 am Kingston time

**Modality:** Online Virtual Workshop (MS Teams platform)

**Note:** This webinar will be structured around a series of presentations by the consultants and an interactive session.

The Secretariat of the International Seabed Authority (ISA) will organize a follow-up webinar to present the findings of the comparative analysis of the financial aspects of seabed mining and land-based mining as well as the developments on the Massachusetts Institute of Technology (MIT) financial model as requested by the Council during its last meetings in February 2020.

### **Background**

Three webinars were held in June 2020 to present the methodology to be followed in the preparation of the comparative analysis by two consultants, contracted for that purpose by the Secretariat, namely RMG Consulting and CRU International Ltd.

In its [request](#), the Council decided that the focus of the study will be on the financial aspects and include the identification of:

- (a) The royalty rates;
- (b) The taxable base in those jurisdictions representing the bulk of production for the same or similar minerals and/or ores, e.g., manganese, copper, cobalt and nickel;

(c) Any environmental levies; and

(d) Any administrative fees.

The study should also identify the average royalty rate(s) and methodology to determine a taxable base that would neither advantage nor disadvantage the ISA contractors in relation to land-based producers.

The study should also consider the corporate income tax regimes of major land-based producer jurisdictions and draw a comparison with those of sponsoring States and other States that would be involved in the entire value chain of ISA contractors.

In addition to the above study, at its last meetings in February 2020, the ISA Council invited submissions of comments to the Secretariat by 23 March 2020, for the purpose of further refining the assumptions of the system of payments and associated rates of payment. In response to this call, a number of comments have been received by the Secretariat and communicated to MIT, who will present the refined assumption of the financial model on the basis of those comments and with the benefit of the comparative analysis which has been carried out in order to refine further the two-stage fixed ad valorem royalty mechanism and the two-stage progressive ad valorem royalty mechanism (ISBA/26/C/13, para. 19).

### **Objectives of the webinar**

The webinar aims to:

1. enable the consultants to present participants with the outcomes of the comparative analysis as well as the further refinement to the MIT model following the comments received from stakeholders, with a view to familiarize participants on the findings of the different studies in anticipation of the fourth meeting of the Open-ended Working Group (OEWG), which will meet when circumstances allow in 2021; and
2. provide an opportunity for participants to address questions to the presenters with regards any conclusion of the comparative analysis and results on the refined financial model.

While interactive, the webinar is convened for information purposes and is not intended to be neither a meeting of the Council nor a forum for negotiations as the negotiating process is occurring within the OEWG and the Council. Nor is the webinar intended to constitute a stakeholder consultation.

### **Modalities of the follow-up webinar**

The webinar will be chaired by Professor Magnus Ericsson from RMG Consulting.

There will be a 20-minute presentation by:

- **Alex Laugharne**, Principal Consultant, CRU Consulting, on the nodule valuation methodology;
- **Professor Magnus Ericsson**, Consulting Professor Mineral Economics, Luleå University of Technology; founder Raw Materials Group and RMG Consulting, on the other aspects of the analysis including royalty rates, the administrative and environmental levies and the corporate income tax; and
- **Professor Richard Roth** and **Professor Randolph Kirchain** (MIT, Materials Systems Laboratory), on the refining assumptions of the MIT financial model.

The respective reports are available on ISA's website: <http://bit.ly/2SVhmTf>

### **Modalities of the follow-up webinar**

The webinar will take place for a maximum of two hours, on **28 October 2020** and will start at 10 am, Kingston time.

### **Expected participants**

- (i) ISA Members
- (ii) ISA Observers (for the list of observers to ISA see: <https://www.isa.org.jm/observers>)
- (iii) ISA Contractors

### **Registration**

Only registered participants will be allowed to access the webinar.

Interested participants are invited to register [here](#) no later than **23 October 2020**, 12 pm Kingston time.

Interested participants are requested to indicate their affiliation and the focal point within their delegation who will in charge of posting comments or submitting questions on behalf of the delegation during the interactive session.

### **Contact**

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