

Draft Decision of the Council of the International Seabed Authority related to the commissioning by the Secretariat of a study on the internalization of environmental costs of exploitation activities the Area in the production costs of minerals from the Area

The Council of the International Seabed Authority

- *noting that the open-ended working group of the Council, created in July 2018 to discuss a financial model and payment mechanism in its Fourth Session suggested that a study be carried out on environmental costs of exploitation activities, including how to internalise the costs associated with environmental externalities, including the valuation of ecosystem services and natural capital;*

- *emphasising that neither this decision nor the outcome of the requested studies does in any way prejudice the decision of the Council, to be taken at a later stage, whether the exploitation regulations shall include a mechanism for the internalisation of environmental costs*

1. Requests the Secretary-General to commission an independent study, to assess the value of ecosystem services and natural capital of the Area, as well as of the potential environmental costs of potential activities in the Area, including incorporating estimates of monetary values of effects on ecological functions and ecosystem services. The study should include a current valuation of the deep sea and related ecosystem services and natural capital, and cover direct and indirect environmental impacts that will occur on the seafloor, the sub-soil thereof, and the water column. The determination of future losses shall account for the concern of current and future generations. The study should include as an appendix a proposed methodology for an economic valuation of the environmental costs of an individual mining concession, so that such a methodology can be applied by applicants for exploitation contracts and the results delivered as part of their Plan of Work.

2. The study shall be commissioned by open worldwide tender with one month notice to be published at the latest on 31 December, 2022. Information on the offers received, the selection process, and the rationale for the option chosen shall be published on the Authority's website.

3. The study shall be awarded to one or more independent and credible institutions, preferably Universities or academic institutes, with expertise in environmental economics, finance, and accounting, which have no financial interest in any activity relating to Exploration and Exploitation in the Area.

4. The study shall be completed and published on the Authority's website before the end of May 2023.