

Views of Ministry of Earth Sciences, Government of India on the Draft Regulations on Exploitation of Mineral Resources in the area. Document No. ISBA/25/WP.I dated. 22 March, 2019

The Draft Regulations pertains to the policy issues that may have significant influence on the equality of financial treatment and comparable financial obligations for contractors as they relate to potential differentiated competitive viability of a contract area.

Results of exploration for nodules in Indian Ocean and Pacific Ocean have brought out a significant finding that the nodule fields in the contract areas of the CCZ in Pacific are richer than the nodule fields in the Indian Ocean in general and Indian contract area in particular by an order of magnitude. Recent studies of Indian contract area have revealed that the best 10% of the entire contract area has a mean abundance value of 7.5 kg/ m². In contrast, as inferred from several studies, the best 10% of the contract areas in the Pacific may have abundance values in the range of 20-30 kg/ m² in addition to higher metal values. Thus while the best 10% area of Indian contract area may have a mean abundance of 7.5 kg/ m², the contractors in the Pacific may be using a value of abundance of 7.5 kg/ m² or more as the cut off value for resource estimation.

The above inference clearly brings out the scale of comparative advantage of one set of contract areas over the other.

The Draft Regulations therefore need to address such contrasting features to ensure level playing fields. It is therefore in order to develop a regulatory framework such that the nodule fields of Indian Ocean in general and of Indian contract area in particular do not remain unexploited over a long period of time given the scale of competitive disadvantage over competing nodule fields of other contract areas.

It is therefore proposed to make the following additions in the Draft Regulations:

1. Waiver of Royalty payments for Indian contract area in particular and future contract areas in Indian Ocean in general.

This will essentially meet the spirit of Regulation 62 covering " Equally of Treatment ".

2. Providing incentives, including financial incentives to support the activities in the Indian contract areas. The nature and the extent of incentives could be determined based on the financial viability gap analysis.

This is also in line with the Regulation 63 covering Incentives.

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