

**TEMPLATE FOR SUBMISSION OF TEXTUAL PROPOSALS DURING THE 29TH SESSION:
COUNCIL - PART II**

Please fill out one form for each textual proposal which your delegation(s) wish(es) to amend, add or delete and send to council@isa.org.jm.

1. Name of the Working Group

Financial Terms of an Exploitation Contract

2. Name(s) of Delegation(s) making the proposal:

Brazil

3. Please indicate the relevant provision to which the textual proposal refers.

DR62

4. Kindly provide the proposed amendments to the regulation or standard or guideline in the text box below, using the “track changes” function in Microsoft Word. Please only reproduce the parts of the text that are being amended or deleted.

Modifying DR62 title from “Equality of treatment” to “Objectives of the financial terms of contracts”

5. Please indicate the rationale for the proposal. [150-word limit]

Article 13 of the Annex III to UNCLOS (“Financial terms of contracts”) establishes innumerable objectives for the financial terms of contracts, expressed in subparagraphs (a), (b), (c), (d), (e), and (f). “Equality of treatment” is only one among many other objectives.

It is inconsistent with UNCLOS to indicate only one objective on DR 62. All objectives envisaged by Art 13 must be equally observed by ISA in establishing the financial terms of exploitation contracts.

Article 13 of the Annex III to UNCLOS - Financial terms of contracts

1. In adopting rules, regulations and procedures concerning the financial terms of a contract between the Authority and the entities referred to in article 153, paragraph 2(b), and in negotiating those financial terms in accordance with Part XI and those rules, regulations and procedures, the Authority shall be guided by the following objectives:

- (a) to ensure optimum revenues for the Authority from the proceeds of commercial production;
- (b) to attract investments and technology to the exploration and exploitation of the Area;
- (c) to ensure equality of financial treatment and comparable financial obligations for contractors;

(d) to provide incentives on a uniform and non-discriminatory basis for contractors to undertake joint arrangements with the Enterprise and developing States or their nationals, to stimulate the transfer of technology thereto, and to train the personnel of the Authority and of developing States;

(e) to enable the Enterprise to engage in seabed mining effectively at the same time as the entities referred to in article 153, paragraph 2(b); and

(f) to ensure that, as a result of the financial incentives provided to contractors under paragraph 14, under the terms of contracts reviewed in accordance with article 19 of this Annex or under the provisions of article 11 of this Annex with respect to joint ventures, contractors are not subsidized so as to be given an artificial competitive advantage with respect to land-based miners.