

**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.

Red text is in “consolidated text”; blue text indicates Brazil’s textual proposals

The Council [shall, based on the recommendations of the Commission, apply the provisions of this Part in on a transparent, uniform and non-discriminatory basis manner, and] shall ensure equality of financial treatment [and comparable financial obligations for Contractors] [to counter any disparity arising out of any grossly incomparable concentration of given resources].

The Council shall [, based on the recommendations of the Commission], apply the provisions of this Part with the purpose of achieving all objectives of the financial terms of the contract envisaged by UNCLOS. Particular attention shall be given to the objectives of ensuring the transfer of technology, training and scientific knowledge to developing States; providing incentives for contractors to undertake joint arrangements with the Enterprise and developing States; and guaranteeing equality of financial treatment and comparable financial obligations for contractors.

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

Article 13 of Annex III to UNCLOS (“Financial terms of contracts”) contains a list of objectives to be pursued by ISA in relation to the financial terms of the contract. Ensuring equality of financial treatment is only one of them.

All objectives envisaged by Article 13 must be equally observed, along with the general principles of UNCLOS: (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.

Transfer of technology and training to developing States are both expressed objectives of the financial terms of contracts and fundamental principles of UNCLOS.