

## **Intervention Deep Sea Conservation Coalition**

**17 July 2019 morning**

### **Item 11: Draft Regulations**

Good morning Madam President and good morning colleagues - This intervention is made by the Deep Sea Conservation Coalition

#### **On Draft Regulation 20, on the term of contracts:**

We support the opening statement of Costa Rica and their specific points on DR 20 . DSCC has long suggested that 30 years for a contract period is too long, given the many uncertainties inherent in deep sea mining.

Worse, the indefinite extensions are all but automatic, with no discretion to refuse them: in effect, mining contracts are indefinite. The only criterion relevant to the environmental protection is that “[t]he Contractor is in compliance with the terms of its exploitation contract and the Rules of the Authority...).

DR 20(7) provides that “Each renewal period shall be a maximum of 10 years”, clearly envisaging more than one renewal period, with no qualification or limitation of the number of periods. So as drafted, the contracts are in effect indefinite. We suggest that a re-examination of the contract, taking into account known and future environmental effects, with a discretion to deny the requested extension, is essential.

To this effect, we support the suggestions by Jamaica and Costa Rica to require Environmental Impact Assessment prior to renewal, as well as a residual discretion.

#### **Secondly, Madam President:**

DR18(5) has been amended so that a contract can only be revised, suspended or terminated ‘in accordance with the terms of the contract’. The standard contract terms permit amendment to the contract only in very limited circumstances. We suggest that this is too restrictive.

Thirdly, DR20(3) leaves it to the contractor to decide whether or not to submit a new plan of work when requesting its contract extension. As delegations will well know, the plan of work comprises the eight plans that set the parameters for a contractor’s individual mining project, to which the contractor is held contractually accountable. We find it hard to understand how the Council could approve a new period of mining without first reviewing and approving a new plan of work that expressly and specifically describes the parameters for that new period of mining.

#### **On Draft Regulation 24:**

We note the points made by China and Jamaica on this point. A “change in control” occurs where there is a change in 50 per cent or more of the ownership of the Contractor, or of the membership of the joint venture, consortium or partnership, as the case may be, or a change in 50 per cent or more of the ownership of the entity providing an Environmental Performance Guarantee.” But a change in control can occur with 1% or any other share far below 50% (e.g. if one party owns 49.9% and one owns 50.1%, a change of control could take place by 0.2%).

*Thank you Madam President*