

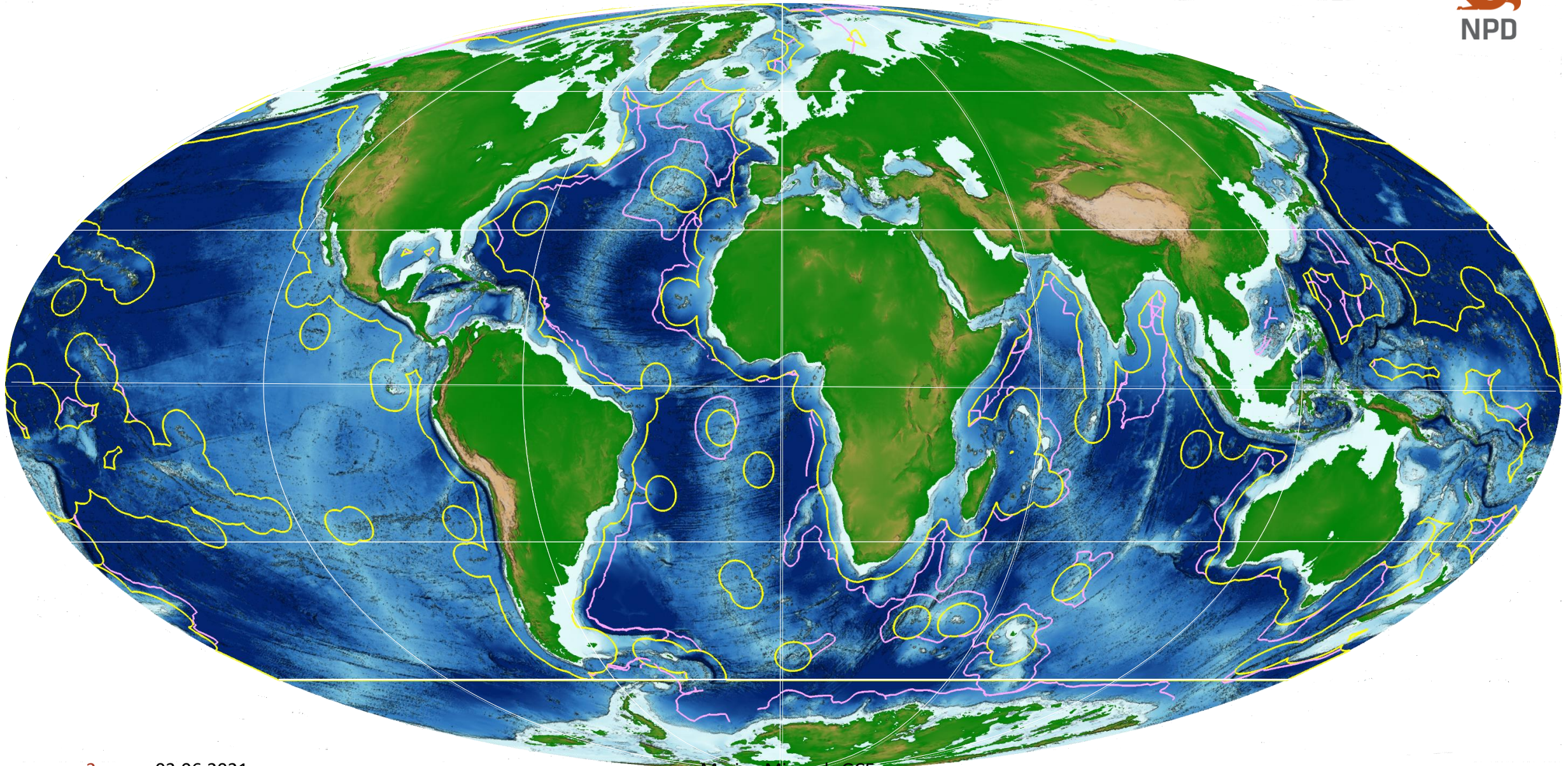
International Legislation - Status and Timeline

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Chair of the Legal and Technical Commission International Seabed Authority (ISA)

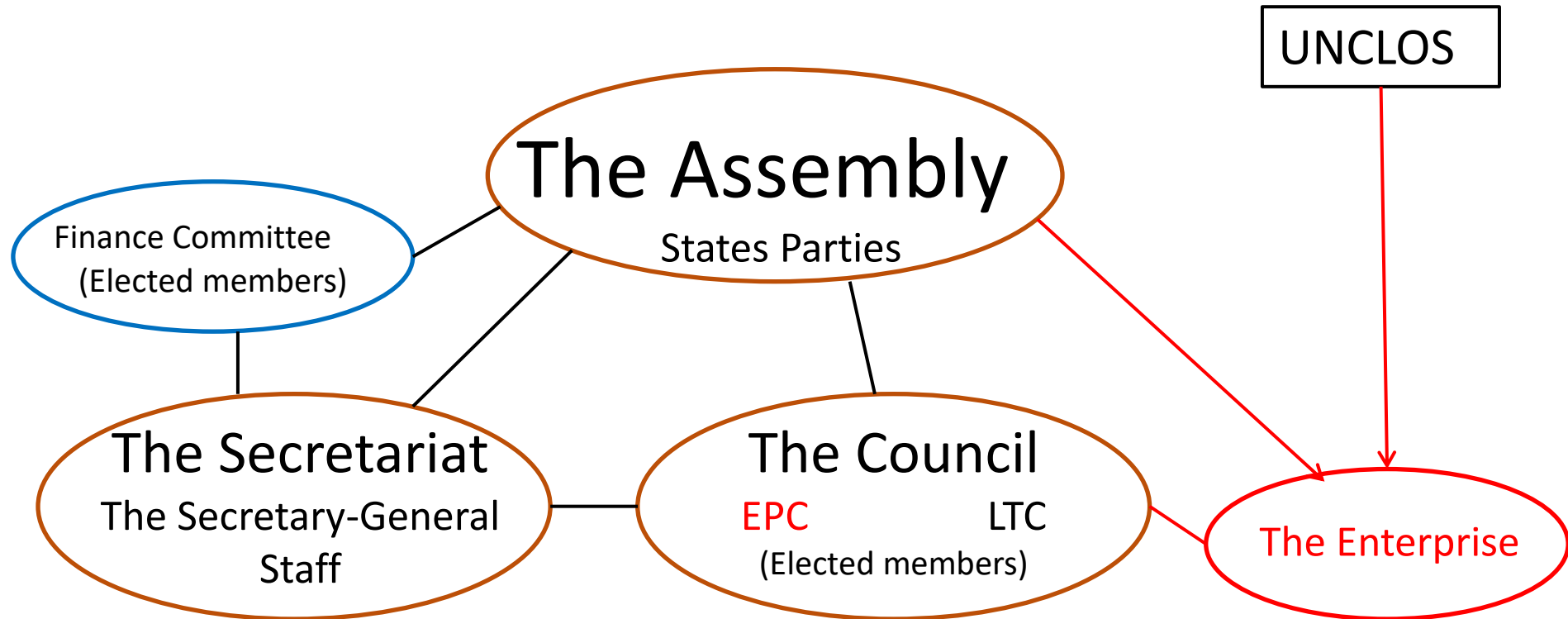
EEZ and Continental Shelf limits (as submitted)



Principles of the Convention

- The rights in the Resources of the Area are vested in mankind as a whole, on whose behalf the Authority shall act (article 137)
- As regards activities in the Area:
 - shall be carried out with a view to ensure the development, and orderly, safe and rational management of the resources (ref. article 150)
 - necessary measures shall be taken to ensure effective protection for the marine environment from harmful effects (ref. article 145)

The International Seabed Authority



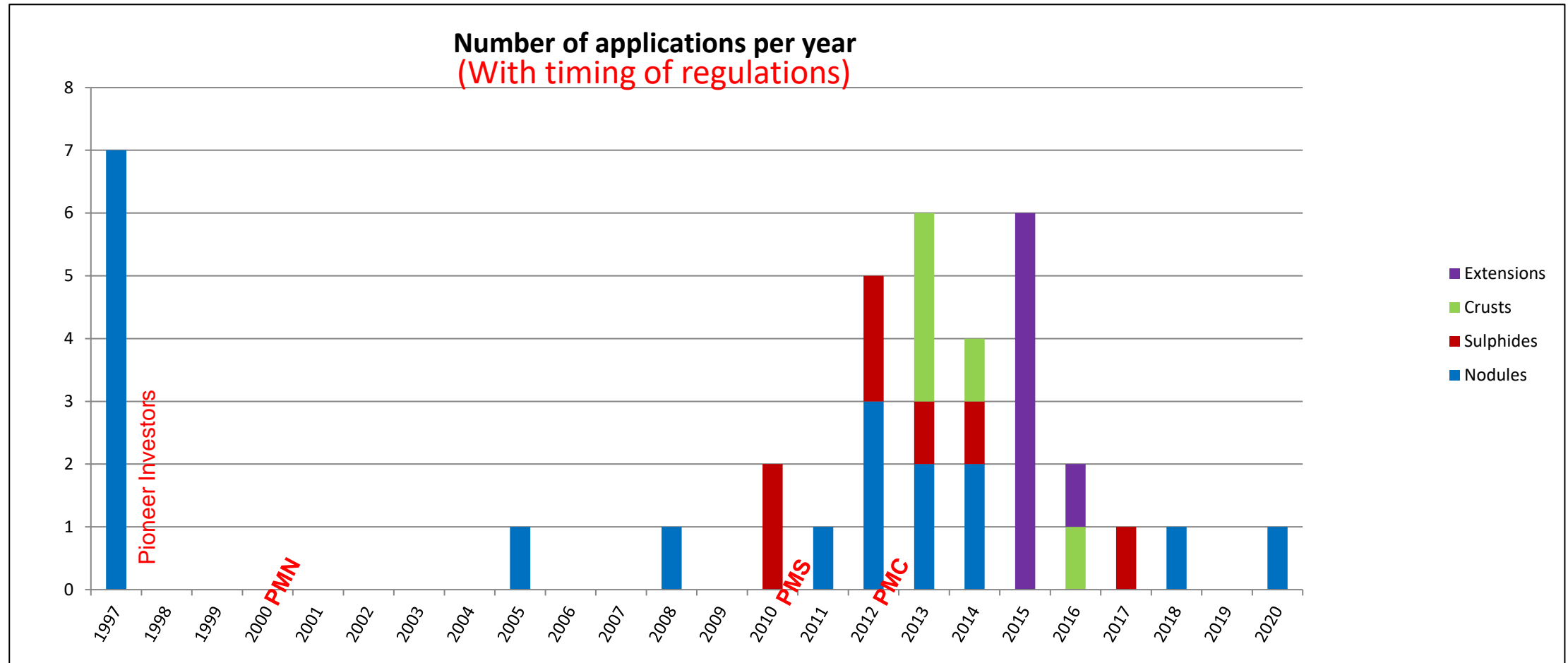
EPC - The Economic Planning Commission
LTC - The Legal and Technical Commission

System of permissions regarding activities in the Area

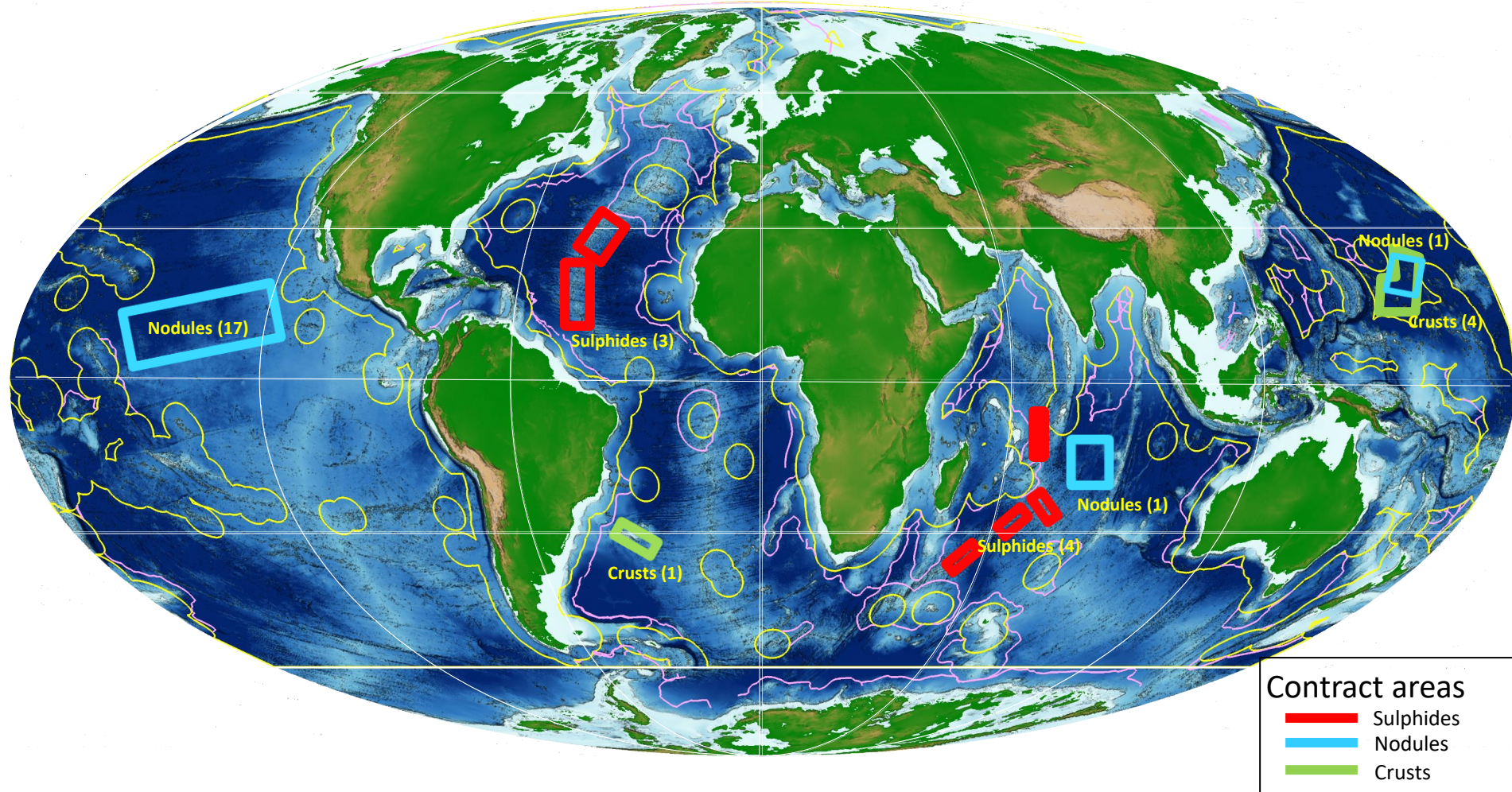
- Marine scientific research (UNCLOS Part XIII)
 - All States and competent international organizations
- Prospecting in the Area (ISA Regulations)
 - By notification to the S-G, recorded by S-G, annual reporting, non-exclusive
- Exploration (ISA Regulations)
 - By application, on 15 years Contract with ISA, exclusive rights of exploration
- Exploitation (ISA draft regulations)
 - By application, not automatic right through prior exploration contract
 - On 30 years contract with ISA, exclusive rights of exploitation

Exploration

Applications for international exploration contracts



Areas of exploration contracts under ISA



States sponsoring exploration

- Cook Isls
- Jamaica
- Kiribati
- Nauru
- Singapore
- Tonga
- Brazil
- China
- India
- Japan
- South-Korea
- Belgium
- France
- Germany
- Poland
- Russia
- UK

Exploitation

ISA mining regulations

- Exploitation regulations:
 - Studies for developing exploitation regulations initiated 2013
 - Council requests LTC to work out zero draft regulations 2015
 - Working zero draft published for consultations 2016
 - Revised draft published for consultation 2017
 - First draft considered by Council February 2018
 - Revised draft considered by Council July 2018 and published for consultation
 - Final, revised draft submitted for consideration by Council 2019

Draft regulations for exploitation (ISBA/24/LTC/WP.1/Rev.1)



- Part I – Introduction
- Part II – Applications for approval of Plans of Work in the form of contracts
- Part III – Rights and obligations of Contractors
- Part IV – Protection and preservation of the Marine Environment
- Part V – Review and modification of a Plan of Work
- Part VI – Closure plans

[isba_25_c_wp1-e_0.pdf \(isa.org.jm\)](https://isa.org.jm/isba_25_c_wp1-e_0.pdf)

Draft regulations for exploitation

- Part VII – Financial terms of an exploitation contract
- Part VIII – Annual, administrative and other applicable fees
- Part IX – Information-gathering and handling
- Part X – General procedures, Standards and Guidelines
- Part XI – Inspection, compliance and enforcement
- Part XII – Settlement of disputes
- Part XIII – Review of these Regulations

Application for approval of a Plan of Work to Obtain an Exploitation Contract

Documents to prepared prior to application



Environmental Impact Assessment (EIA)

Documents to accompany application

The data and information to be provided pursuant to section 11.2

Mining Work Plan (Annex II)

Financing Plan (Annex III)

Environmental Impact Statement (EIS), (EIA and Annex IV)

Subject to 60 days
public consultation

Emergency Response and Contingency Plan (Annex V)

Health, Safety and Maritime Security Plan (Annex VI)

Training Plan

Environmental Management and Monitoring Plan (EMMP) (EIA and Annex VI)

Subject to 60 days
public consultation

Closure Plan (Annex VII)

Subject to 60 days
public consultation

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Mining Work Plan

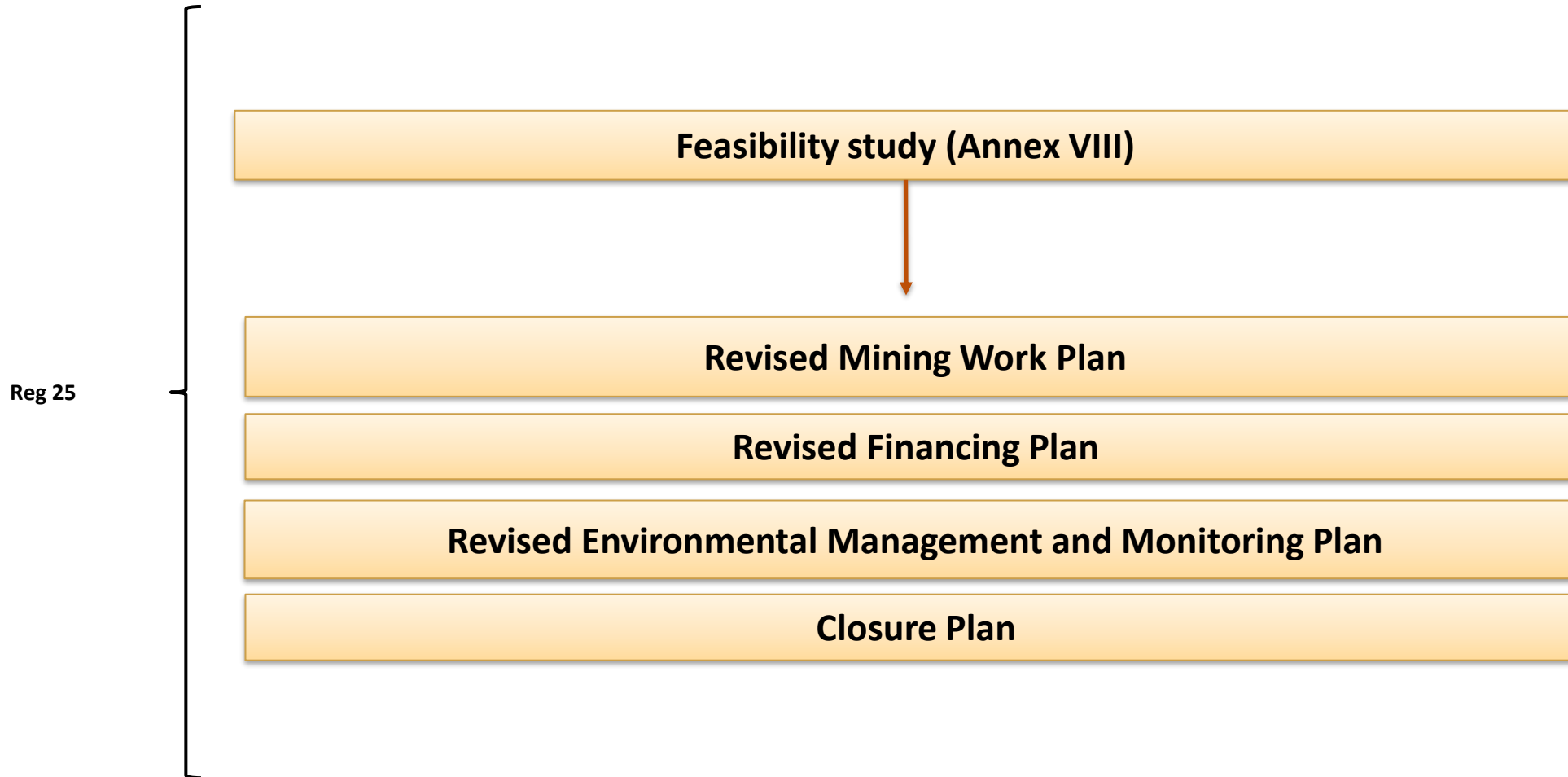
- The boundaries of the proposed Mining Area and a comprehensive statement of the Mineral Resource
- A proposed programme of mining operations and sequential mining plan
- Details of the equipment, methods and technology expected to be used
- A technically and economically justified estimate of the period required
- A detailed production plan
- A project economic evaluation and financial analysis
- The estimated date of commencement of Commercial Production



Overview of Contractor Activities

	Under EXPLORATION Contract		Under EXPLOITATION Contract					
Contractor activities	Exploration phase: +- 15 years	Contract continues in force	Indicative timings:	+ 5 years?	+ 3 years?	+ 2 years?	+ - [20] years?	+ [x] years
			Feasibility		Construction	Production	Commercial Prodn.	Closure
Pre-feasibility stage /	Est. mineable areas / grade & quality of resource (inferred / indicated); testing of components	Application for Approval of a Plan of Work for Exploitation	Continued exploration activities					
Environmental baseline, risk assessment, monitoring and management	Est. baselines; monitoring programme + Prior EIA for specific activities (e.g. testing) + main EIA		Continued environmental assessment. Monitoring and management under Environmental Management and Monitoring Plan					
Feasibility stage / study (bankable) ²			FS required to raise investment capital (probable / proven reserve)	Revision of plans →				
Construction				Infrastructure (e.g. Mining vessel)				
Production: ramp up (commencement of mining activities)					[As per FS / mining plan]			
Commercial production						[As per FS / mining plan]		
Closure / Post closure monitoring								[As per Closure Plan]

Documents to be submitted prior to production



Remaining Elements

Timeline, remaining elements

- LTC initiated work on standards and guidelines 2019
- Council Working Group on financial payment system initiated in 2018
- Ongoing process on the operationalization of the Enterprise
- Adoption of regulations expected at earliest 2022

Developments of Standards & Guidelines

- Standards and guidelines are to be put in place in phases, as follows:
- Phase 1: Completion by the time of the adoption of the draft regulations;
- Phase 2: Completion prior to the receipt of the first application for a plan of work for exploitation
- Phase 3: Completion by the time of commencement of commercial mining activities

Phase 1 Standard and Guidelines – consultations concluded



1. *Guideline on the preparation and assessment of an application for the approval of a Plan of Work for exploitation.*
2. *Guidelines for the establishment of baseline environmental data*
3. *Standard and Guidelines for environmental impact assessments (EIA)*
4. *Guidelines on the preparation of an environmental impact statement (EIS)*
5. *Standard and guidelines on the development and application of environmental management systems (EMS)*
6. *Guidelines for the preparation of an environmental management and monitoring plans (EMMP)*
7. *Guidelines on tools and techniques for hazard identification and risk assessments*
8. *Standard and Guidelines for the preparation and implementation of emergency response and contingency plans*
9. *Standard and Guidelines for the safe management and operation of mining vessels*
10. *Standards and guidelines on the form and calculation of an environmental performance guarantee*

Financial Payment System – Open-Ended Working Group



- MIT consultancy study* recommendation:
- Payment System: Two Stage System with a Variable Ad Valorem Royalty
- Assumptions:
 - Royalty rate tied to running metal price
 - Royalties based only on activities at the collector
 - Two stages: low rate during initial stage, increased rate during main stage
- System considered to allow:
 - Captures good amount of upside benefits with limited downside risk
 - Can be designed to give overall higher overall revenues than one stage system

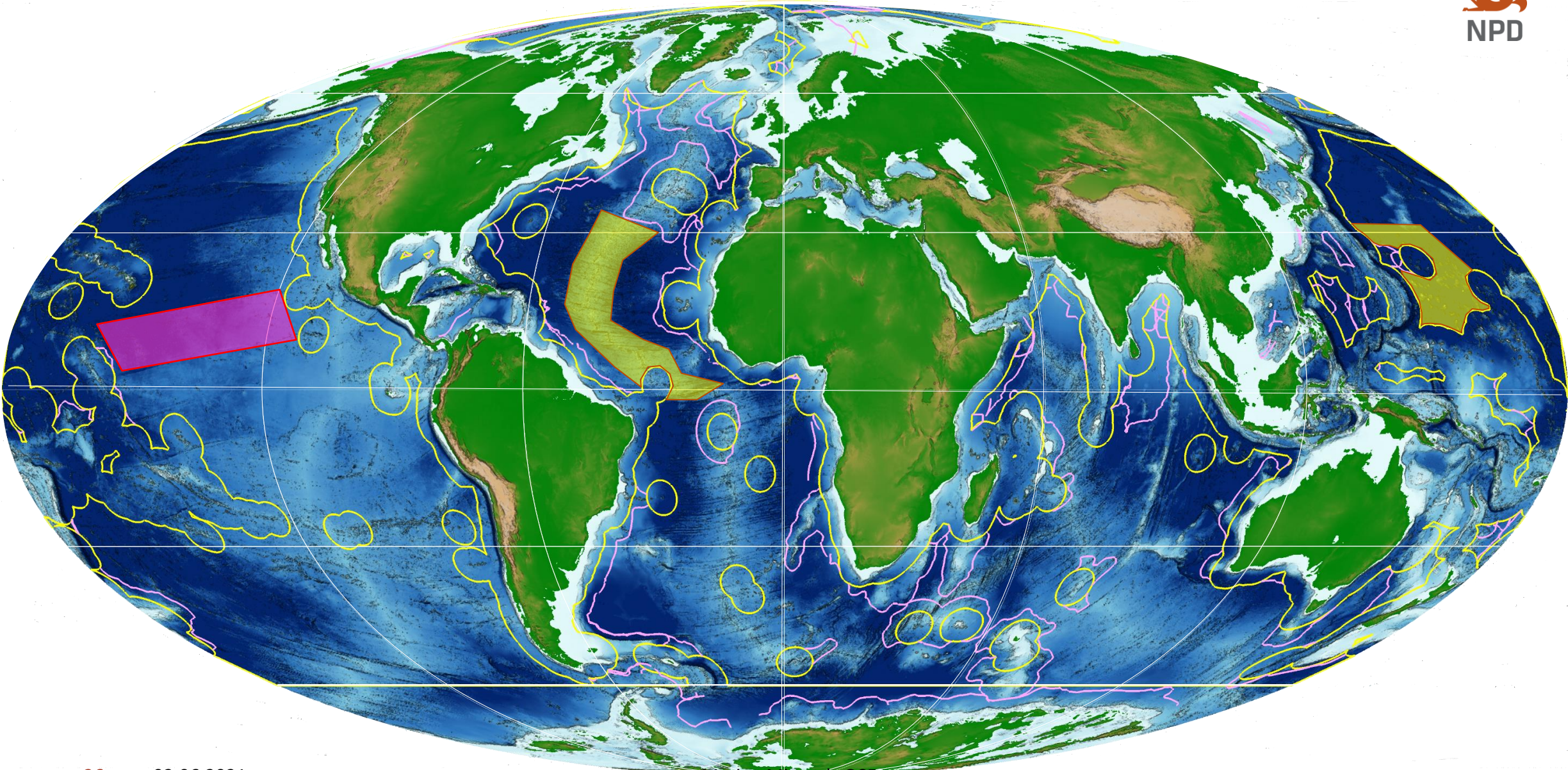
*Roth, Kirchain, & Peacock, MIT

Environment concern

Regional Environmental Management Plan (REMP)

- A REMP provides region-specific information that facilitates the decision-making process for exploitation activities in the relevant areas
- In place:
 - Environmental Management Plan for the Clarion-Clipperton Zone
- Under development:
 - REMP for the area of the Northern Mid-Atlantic Ridge
 - REMP for the area of the Northwest Pacific

REMPs



Summary

- ISA manages the seabed minerals of the Area on behalf of humankind
- Regulations for resource management is based on the Convention
- ISA regulations for exploration put in place during 2000 – 2012
- 31 exploration contract currently active in the Area
- Preparations for ISA's exploitation regulations initiated 2013
- LTC process of drafting regulations and regular public consultations 2015 – 2019
- Final draft regulations submitted for consideration by Council 2019
- LTC initiated preparations of standards and guidelines 2019
- Development of REMPs and payment system developed in parallel
- Adoption of regulations by Council expected at earliest 2022



End