

Deep Sea Conservation Coalition intervention
Agenda Item 11, Issue Note 2: The payment mechanism.
7 March 2018

We appreciate the statements from the African Group, Australia and others on the need to take into consideration the costs of protecting the marine environment and associated issues such as a sustainability fund, liability regime etc. We also appreciate the Netherlands' intervention regarding the provisions of the Convention regarding test mining.

If an agreement is reached to establish the Working Group on the royalty regime, we urge that it be open and transparent as Algeria on behalf of African group have called for and we would appreciate the opportunity for observers to participate and provide input to the group

We appreciated the response from professor Roth to questions posed yesterday by my colleague from the DSCC and have two questions for Professor Roth today; 1. Will you provide more detailed information on the methodology you and your colleagues at MIT have used to estimate and itemize the costs you've summarized in your presentation. We would be interested in seeing for example the calculation of the pre-exploitation costs of producing an EIA (which we did not see explicitly listed in the presentation on slide 6 under "upfront costs") and associated inputs, such as collecting and analyzing sufficient baseline information required to do an effective EIA?

Secondly, in your presentation you presented estimates of the capital costs, operating costs and potential annual revenue. Did you include an estimate of the annual cost of servicing the debt on loans for the upfront capital costs, and if so over what time frame (e.g. 10 years, 20 years) and discount rate? You mention investors would expect a rate of return of 15% or more on slide 19. What might that look like in terms of an annual cost of servicing a 3-4 billion dollar loan? Again, I didn't see this explicitly mentioned on slide 6 under operating costs but I apologize if I have missed this in your presentation.

Finally, several delegations have commented on the comparison between the potential costs and profits of seabed mining with that of the offshore oil and gas industry. This raises an important point. There are significant externalities associated with offshore oil and gas, not least of which is its contribution to global climate change. While not directly comparable, there are likely to be significant externalities from deep-sea mining related to environmental impacts, biodiversity loss and impacts on ecosystems services provided by deep-sea ecosystems such as those outlined in the UN's 1st World Ocean Assessment.

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