

**IUCN Statement**  
**ISA 29<sup>th</sup> Session of the Council – First Part**  
March 2024  
ISA HQ, Kingston, Jamaica

*Delivered on 20<sup>th</sup> March 2024 – Agenda Item 10: Tenth Meeting of the Open-ended Working Group of the Council on the financial terms of a contract under article 13, para. 1 of Annex III to the UNCLOS and under section 8 of the Annex to the Agreement relating to the implementation of Part XI of the UNCLOS 1982. Topic for discussion: Environmental externalities*

Thank you, Mr. Facilitator, for giving us the floor.

Thank you Dr Brander for the insightful presentation this morning. We also record our appreciation for the discussions yesterday evening at the reception hosted by Germany.

IUCN welcomes this important work on the environmental externalities of exploitation in the Area which is an attempt to better align with the polluter pays principle: Clearly, the existing models that were under consideration fail to account for environmental externalities when calculating the payment rates that contractors would have to make to the ISA for exploitation.

From the findings in the study, IUCN strongly underlines the current limitations which prevents any robust estimate, or even indicative, global values for the Area. As the authors unequivocally put it themselves: “The measurement of economic values for ecosystem services provided by ecosystems in the Area is pervaded with knowledge gaps and uncertainties.”

Turning to the pending substantive issues that the Briefing paper puts forward, it is imperative for IUCN that the economic externalities in general, and environmental externalities in particular, SHOULD be taken into consideration in devising a royalty system and in determining royalty rates and that no decision be taken without fully incorporating these aspects.

In terms of methodology, it is clear that there currently is no agreed robust methodology to guide the economic valuation of environmental externalities relating to the Area. IUCN also calls for the said methodology to also include other impacted ecosystems, in particular those of the water column.

Crucially, the study states that the intention is that “the methodology can be applied by applicants for exploitation contracts, tailored to their technical capacity and resources, and the results delivered as part of their plan of work.” IUCN believes the application of the methodology should not be left to applicants, but rather would benefit from a degree of independency.

In view of the above, IUCN recalls its Resolution 122 for the establishment of a moratorium unless and until certain conditions are met. The latter includes the respect of the polluter pay principle, which will require time, resources and coordination to be able to independently and fully address the already identified, and future, gaps and uncertainties above, as well as the design of robust and comprehensive accounting principles.

Finally, the Council has discussed at length about environmental costs of mining activities in the Area, and whilst this is important, this alone is not enough to embody the Common Heritage of Humankind Principle. IUCN consequently calls for the commissioning of further studies to better understand other externalities, such as the cultural, intergenerational and societal costs of mining activities in the Area, so that the Council can consider how these aspects can also be internalized.