ENVIRONMENTAL CONSIDERATIONS

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ENVIRONMENTAL INCENTIVES

PR #1

Building a package to reflect environmental responsibilities of contractors and other actors:

Two principle objectives:

• Reduce likelihood / magnitude of damage in cost effective way

• Provide funds for compensation

[subject to further development / consideration as part of R&L discussions]
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PR #1

Policy approaches and instruments......

1. Regulation
2. Environmental fees
3. Responsibility & Liability
4. Insurance / bonds
5. Funds: Environmental liability trust fund [+Seabed sustainability fund]
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Tentative working draft environmental regulations

DR 12: Environmental Objectives: protection and conservation of the natural resources

2. In the development and implementation of a financial mechanism, the Authority shall consider incentive structures, including market-based instruments, that facilitate delivery of relevant Environmental Objectives, Environmental Targets, promotes satisfactory Environmental Performance and supports technology development and innovation.
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DR 44: Provision for a Financial Guarantee or Security

1. The Council, based on the recommendations of the Commission and Good Industry Practice, may require an Applicant to lodge with the Authority a Financial Guarantee or Security (the Environmental Performance Guarantee) in favour of the Authority, the repayment of which is conditional on a Contractor taking specified action within a prescribed period to achieve compliance under these regulations including implementation of the Closure Plan.

• Prudent, good industry practice but rationale etc under consideration
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Part XII – Compensatory measures

DRs 67-69: Environmental Liability Trust Fund

- Set-up of fund
- Purposes: e.g. implementation of remedial measures; promotion of research into mining methods / BATs; restoration......
- Funding

+ discussion box on the Seabed Sustainability Fund: possible overlap with above