ISA and Sponsoring States Components

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AIM

• To identify further possible components of the Financial Model
PAYMENT ALLOCATION

Royalty and contributions
- Authority Administration Costs

= Payments to States Parties + Economic Assistance Fund

1994 Agreement, Section 7
ISA COMPONENTS
FEES

- Exploration Licence Application Fee (Overhead)  
  Relevant item?
- Annual Exploration Fee (Overhead)  
  relevant item?
- Exploitation Licence Application Fee (Overhead)
- Exploitation Annual Fee (Overhead)  
  28
- Acreage Fee  
  Not yet included in regulations
- Inspectorate Fee  
  To be covered by Annual Fee?
FUNDS and BONDS

• Environmental Liability Trust Fund 32
• Seabed Sustainability Fund 33
• Environmental Bond 31
• Economic Assistance Fund Covered by Royalty
STATE COMPONENTS
Not dependent on ISA regulations

- Corporate Tax Rate
- Insurance?
- Environment bonds or funds?

- (Sponsoring State liability according to Annex III, articles 4.3 and 4.4: ”....not be liable for damage caused by any failure of a contractor ........if that State has adopted laws and regulations........ reasonably appropriate for securing compliance by persons under its jurisdiction” )
Dependent on ISA regulations

• Costs may incur to the degree that the ISA regulations trigger the Sponsoring State, e.g. by:

  • Adopting laws to ensure compliance with ISA Item No 22 (UNCLOS, Part XII, Article 209)

  • Imposing monitoring and inspections (lack of ISA capacity)
CHM COMPONENTS
## Taking care of CHM

Qualitative Assessment of Resource Potential for Rare and Valuable Metals for High-tech Applications Found in Marine Ferromanganese Deposits

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G = Good potential; L = Longer-term potential; - = not applicable

A. Koschinsky et al. 2010
Royalty/Payment = Full Compensation of CHM?

• Royalty/Payment covers:
  • ISA Administrative Costs
  • Annual Exploitation Fee?
  • Payment to States Parties
  • Economic Assistance Fund

• Royalty/Payment reflects:
  • Commercial/market value
  • Basket value
  • Natural Resource Compensation?
    Related to economic rent/resource rent?
    Basket value?
    Item No 34