

**Presentation by Mr. Siosua Utoikamanu**

**At the UN Ocean Conference Side-Event**

***Advancing SDG14 and the quest for a Blue Economy through the promotion of socio-economic benefits for developing countries, including SIDS, and increasing scientific knowledge and research capacity: perspectives on deep sea mining***

**Presentations highlighting the potential socio-economic and scientific benefits for SIDS to sponsor exploration activities in the Area: Case Study of the Cooperation between Tonga and the Tonga Offshore Mining Limited/ Nautilus Minerals Limited in the Area**

**New York, Conference Room 12, 1815HRS, Thursday, 08<sup>th</sup> June 2017**

## **I Introductory Remarks**

Thank you Co-Chairs for giving me the floor and good evening ladies and gentlemen.

My remarks this evening will briefly address the economic perspective on the potential socio-economic and scientific benefits for SIDS when sponsoring activities in the Area by drawing on the Tonga Government and the Tonga Offshore Mining Limited (TOML) experience.

## **II Background**

By way of background, Tonga ratified the United Nations Convention on the Law of the Sea (UNCLOS) and its Part XI implementing agreement in August 1995. In 2014, it passed the Seabed Minerals Act which had 6 objectives, one of which was **“securing the economic development of the Kingdom through the development of its Seabed Mineral sector”**.

## **III Cooperation between Tonga and Tonga Offshore Mining Limited (TOML)**

As a party to the Convention, Tonga utilized the benefit provided under Article 153 by sponsoring Tonga Offshore Mining Limited in its application for an exploration license for a reserved Area in the Clarion Clipperton Zone. The license was granted and it is operational from January 12<sup>th</sup> of 2012 to the 10th January 2027.

At the same time Tonga Offshore Mining Limited undertook exploration within Tonga and in November 2012 announced the discovery of high grade minerals in Tonga's territorial waters.

This cooperation was initiated in alignment with the government's Tonga Strategic Development Framework II, which is aligned with the SAMOA Pathway and the 2030 Agenda on Sustainable Development.

#### **IV Benefits**

The benefits accruing to Tonga from its cooperation with Tonga Offshore Mining Limited include the following:

Firstly, increased government revenue from sponsorship certificate fees, under the Seabed Minerals Act 2014, as well as potential royalties for minerals within national jurisdiction under the Income Tax Act.

Second, the investment conducted by Tonga Offshore Mining Limited is significant and it has provided employment and career development opportunities with the company including the promotion of Tongan nationals to leadership and management roles.

Thirdly, Tonga Offshore Mining Limited has undertaken extensive capacity development at different levels including government agencies, private sector businesses, schools and the wider community to better understand and become aware of seabed mining potentials, risks and related regulations. This has contributed to better informed discussions on matters relating to potential seabed mining activities within Tonga's national jurisdiction and beyond.

A further benefit is the ability for government agencies to expand their activities to participate in seabed mining activities in the Area, an opportunity which would have not been possible without the cooperation.

In addition, under the Paris Agreement, countries determine, plan and regularly report their contributions to mitigating global warming. This will most likely bring about major changes such as fossil fuel phase out. This further implies that demand for minerals will increase as automobiles, as an example, will start to use batteries as the main source of power increasing demand for nickel and cobalt. The Area provides possible

opportunities for sourcing such minerals to enable countries to meet their commitments under the Paris Agreement. The production of critical minerals from the seabed allows for the diversification of the sources of supply and this in turn provides some measure of protection from various sources of instability. The exploration by Tonga Offshore Mining Limited contributes to identifying new sources of minerals to support the ultimate objective of mitigating global warming.

A further benefit from the association between the government and Tonga Offshore Mining Limited has been the increased engagement between the government and the International Seabed Authority. The Authority is responsible, amongst other things, for implementing the environmental provisions specified in the Convention and for collecting and sharing of benefits of seabed mineral development with developing countries. The Authority has been deemed to have been effective in carrying out its mandate and this includes making available opportunities to Tonga for training and capacity building.

#### **IV Challenges and Opportunities**

The challenges that emerged in the cooperation between the government and Tonga Offshore Mining Limited were attributed to lack of information about the implications of seabed mining. The company paid close attention to these needs and worked diligently to ensure that the public was made aware and given adequate information about the proposed work that it was doing. It is apparent that this is an area which will require ongoing interventions.

Seabed mining is still relatively new, and there is a need to achieve a balance between having economic development and its benefits and mitigating environmental disturbance or impact at the national level.

Extensive work is also required in further strengthening and developing the Seabed Minerals Act 2014 and its implementation, to ensure good governance and an appropriate legal framework is in place to safeguard Tonga's interests. The development of the regulations also requires extensive work.

There is also the need for a clear coordination mechanism particularly in the role played by Tonga and the International Seabed Authority when it comes to regulating the activities of Tonga Offshore Mining Limited to avoid duplication of processes.

Another challenge is the lack of capacity at some government agencies. This often takes the form of lack of staff, as well as funding and lack of technical expertise to enable the agencies to engage effectively with Tonga Offshore Mining Limited. This is an area which will require careful monitoring. Lack of capacity also applies to some of the political and administrative institutions.

## **V Conclusion**

In conclusion. Tonga's experience suggests that building up political, administrative, legal and technical capacities at the national level are important prerequisites for garnering the socio-economic and scientific benefits for SIDS which seek to sponsor exploration activities in the Area. Where this is done effectively, the benefits can contribute not only to the achievement of national goals but also to international goals such as the SDG and the Paris Agreement.