UNITED NATIONS

THIRD CONFERENCE
ON THE LAW OF THE SEA

PROVISIONAL

For participants only

A/CONF.62/C.1/SR.13
12 August 1974

ORIGINAL: ENGLISH

Second Session

FIRST COMMITTEE

PROVISIONAL SUMMARY RECORD OF THE THIRTEENTH MEETING

Held at the Parque Central, Caracas,
on Thursday, 8 August 1974, at 10.15 a.m.

Chairman:	Mr. ENGO	United Republic of Cameroon
Rapporteur:	Mr. MOTT	Australia

CONTENTS

Corrections to this record should be submitted in one of the four working languages (English, French, Russian or Spanish), preferably in the same language as the text to which they refer. Corrections should be sent in quadruplicate within five working days to the Chief, Documents Control, Room 9, Nivel Lecuna, Edificio Anauco, and also incorporated in one copy of the record.

AS THIS RECORD WAS DISTRIBUTED ON 12 AUGUST 1974, THE TIME-LIMIT FOR CORRECTIONS WILL BE 19 AUGUST 1974.

The co-operation of participants in strictly observing this time-limit would be greatly appreciated.

ECONOMIC IMPLICATIONS OF SEA-BED EXPLOITATION: REPORT OF THE SECRETARY-GENERAL (A/CONF.62/25) (continued)

Mr. OGISO (Japan) said that the question of economic implications was important not simply because the powers and functions of the international authority would be determined in the light of the conclusions drawn by the Conference but because the future economic welfare of the international community depended on it. The international community must make its decisions on the basis of an understanding of the consequences those decisions might entail. In his delegation's view the question had not received the attention it merited in the Sea-Bed Committee, and he thought that the recent seminar had marked a major step forward.

It had emerged in the seminar that there was clear recognition that the possible economic effects described in the report of the Secretary-General (A/CONF.62/25) and those of UNCTAD were merely forecasts based on uncertain assumptions. His delegation shared the view that forecasting the economic effects of sea-bed production was particularly difficult because the nodule industry was not yet an ongoing industry and because vital information in its possession had not been made generally available. Experts had pointed out that a nodule mining operation might not be as profitable as claimed by the representatives of industry, who had other motives for presenting sea-bed mining as a profitable proposition from the outset. His delegation agreed with that view and believed that a re-appraisal should be made of the schedule for new nodule operations.

Particular attention had been paid to preventive and compensatory measures and, to a lesser degree, commodity arrangements, as means of preventing the adverse effects of sea-bed production. His delegation agreed with the view that such measures involved practical difficulties of application and would have a tendency to increase the prices of the principal metals found in manganese nodules, to the detriment of all consumer countries.

The most important feature of the seminar had been the growing awareness of the importance of sea-bed production for the consumer countries as a whole; the question of economic implications was now being seen not only from the viewpoint of land-based producer countries but also from that of consumer countries, especially the developing countries which did not even have land-based resources to be affected by sea-bed production. That significant development might be the crux of the whole question.

(Mr. Ogiso, Japan)

There had recently been a disruption of the world commodities situation; the effects of the ensuing confusion had spread through the world to the detriment of all countries. His delegation did not agree that only the developed States would be affected either favourably or adversely by a change in the resources situation. The developing country consumers which lacked resources would be the main victims. Accordingly, the maintenance of stability in the commodity markets benefited all countries but in particular the developing country consumers. As one of the largest consumers of metals and importers of ores, his country was very sensitive with regard to the supply and demand of minerals. It was concerned about the capacity of land-based mines to meet the increasing demands for such metals as nickel and copper so as to keep their prices stable. Its pessimism was based in particular on the recent behaviour of various commodity markets which were feeling the impact of the expanding world economy and rapidly growing population. Commodity markets were increasingly governed by non-economic factors such as producer cartels. Some experts believed that the prices of some metals would rise even with increased sea-bed production. Sea-bed production could help to remedy the situation by providing alternative sources of supply of minerals at present concentrated in the hands of a small number of countries. Accordingly, the régime for sea-bed exploitation should provide for the protection and promotion of such production in order to ensure investments from private sources.

His delegation understood the concern of developing producer countries at the prospect of losing earnings as a result of price reductions due to sea-bed production, but it thought that such reductions would not occur in the foreseeable future. It supported any reasonable measures designed to alleviate the difficulties of developing country exporters. However, in determining the policy for the exploitation of sea-bed minerals, the Conference was required to take into consideration many, sometimes conflicting, objectives. The important thing was to harmonize those objectives so that the exploitation of sea-bed resources could be translated into real benefits for the international community. To achieve that aim his delegation was prepared to support comprehensive long-term production planning designed to stabilize the prices of important minerals found in manganese nodules.

Mr. RATINER (United States of America) recalled that the head of his delegation had already stated that means should be sought for accommodating the concerns of land-based producers in the developing countries if it became clear that the sea-bed production would harm them, but that consumers must also be protected from artificial price increases.

It had emerged from the Committee's discussions that it was impossible to verify that sea-bed production would in fact reduce the output or income of the producers of nickel, copper, cobalt and manganese in the developing countries from their present levels.

The working paper submitted by his delegation to the Committee's informal seminar contained an estimate of the effects of sea-bed production on land-based producers slightly different from the one in the most recent report of the Secretary-General on that subject (A/CONF.62/25), which in its turn differed somewhat from the conclusions in the studies prepared by the UNCTAD secretariat (A/CONF.62/26). Several delegations had expressed the view that analysis of statistical variations in those reports was better left to economists and technicians. However, the uncertainty surrounding economic estimates had to be taken into account in developing treaty texts to solve the questions of how to protect both producers and consumers in the developing countries.

His delegation seriously doubted whether sea-bed production would result in any decline from present levels of production or in the total revenues of land-based producers within the forecast period of the Secretary-General's report. Other delegations thought that the possibility of such a decline was greater, and had presented suggestions for the solution of the problem as they saw it. Implementation of any of those schemes would require comprehensive data concerning market factors, whose accuracy could never be verified with absolute precision. The authority would need to predict the behaviour of four global markets whose present combined value totalled thousands of millions of dollars. It would need to contend with production variables in numerous producer countries and demand factors in over 150 nations. The margin of error in such data would obviously be substantial, to say nothing of the problem of extrapolating economic trends into the future. For example, one of the most commonly discussed means of regulating sea-bed production would be to limit the sea-bed area open for exploitation in any given year. At the time such a decision

(Mr. Ratiner, United States)

was made, the authority would be basing its recommendation on projections concerning future markets three to 10 years in advance, since approximately that period was needed to bring a deep-sea mining unit into full-scale operation. It would have to project production not only from present producers but from potential new land-based producers. Given the difficulties regarding market projections, his delegation questioned whether even the most capable of experts could guarantee a satisfactory data base for decisions of that nature.

Implementation of those schemes would also require the ability to take measures influencing global markets. Most of the proposals had been limited to controls over sea-bed production, but that production would account for only a small segment of the world's total for most of the metals in the foreseeable future. Thus, as the United States working paper explained, limiting the level of mineral recovery from the sea-bed might not appreciably affect global markets. Moreover, production restrictions on sea-bed output would not provide the authority with an effective tool for selectively protecting individual metal markets because of the joint product nature of sea-bed operations.

Finally, even if it were possible to implement some of those proposals, there would still be no acceptable means of protecting only producers in the developing countries. Producers from the developed countries accounted for a large share of total world output for the metals in question. Moreover, implementation of any of the schemes could result in economic costs to consumers of all countries, both developed and developing, far in excess of the benefits to land-based producers.

A solution to the problem of developing country producers must be found, but it must maintain a considered balance among all economic interests, particularly those of the consuming countries in order to maximize the benefits of sea-bed exploitation for all mankind. Given the inadequacy of the information available, it was clearly impossible to take a decision on what should be the exact nature of that balance. His delegation was convinced that no other delegation would wish to agree to treaty articles purporting to determine in advance a solution to a problem whose parameters were speculative. The Committee must seek for an accommodation providing a mechanism for reviewing on a continental basis whether the problem did in fact exist, what its true dimensions were, and what measures could most appropriately be taken to solve it in the light of prevailing circumstances.

/...

Mr. KALONDJI TSHIKALA (Zaire), speaking on behalf of the African group, said that the countries of Africa were not opposed to the development of technology or to new ways of increasing the resources available to mankind. Their concern was to see that the general wealth was shared fairly among all nations; they would support the search for new riches only if they were fairly distributed.

The African continent, where most of the least developed countries were situated would feel the harmful effects of sea-bed exploitation most severely. Africa was the world's largest producer of raw materials, and its attempts to industrialize depended on their exploitation. If the technology of the extraction of minerals from the sea-bed brought about low production costs, the economies of the African countries would immediately be adversely affected. The reports of the Secretary-General and of UNCTAD demonstrated not only that it would soon be possible to exploit the resources of the sea-bed but that the producers of land-based minerals would suffer. He did not wish to go into the question of when the exploitation of nodules would begin; the point was that the effects of such exploitation were potentially harmful for the developing countries - a point brought out clearly at the seminar.

The African countries could not accept the argument that only a few developing countries would be affected while the majority benefited: that was a biased view put forward as a palliative for the developing countries. It must be remembered that all developing countries were potential producers of raw materials; they must not be stripped of the hope of industrializing and raising their standard of living.

The developed countries were willing to make large investments in the extraction of minerals from the sea-bed because they would clearly benefit therefrom. The reports had shown that the oceans were a huge reservoir of resources and that the conditions for profitable exploitation already existed. Such exploitation would obviously compete with the more costly land-based production, with harmful effects on the latter's profitability. Corrective measures must be found to mitigate such effects and prevent any widening of the gap between developed and developing countries. Of the two principal methods proposed, the African countries preferred preventive measures; compensatory measures were impractical, provided insufficient guarantees and would be subject to bureaucratic delays. There would never be proper compensation for the developing countries affected. Compensation should therefore

(Mr. Kalondji Tshikala, Zaire)

be used only as a supplementary measure. Strict control of production and positive action by the international authority with regard to prices could alone ensure that the exploitation of maritime resources did not prove fatal for developing country producers. The system of base prices must be treated with caution because it might prove unjust. There should be a specific clause in the convention empowering the international authority to control all economic activities, especially the production of minerals, and to impose proper price controls, taking into account the interests of developing country producers and the current state of the development of technology. The principle of complementarity of the exploitation of land-based and sea-bed resources must also be clearly established. There was no need to rush to exploit the sea-bed while land-based resources were still sufficient. Uncontrolled exploitation would lead to over-consumption and the exhaustion of the resources, to the detriment of future generations.

The analysis he had given was based on a simple principle: the resources of the sea-bed were the common heritage of mankind and should be managed for the benefit of mankind as a whole, special account being taken of the interests of the developing countries. The exploitation of the resources must be wisely managed: anarchy would not benefit consumers, but rational exploitation would benefit all mankind. The international community must defend the right of every country to survival. The African countries advocated an instrument covering the whole international zone, which should not establish the right of the strongest or of the first comers but ensure that the general interest prevailed.

Sir Roger JACKLING (United Kingdom) noted that economic implications formed the backdrop for the debates at Caracas, as they had done for the six years of discussion in the Sea-Bed Committee. During the second of the seminars arranged by the Chairmen during the previous week many delegations had expressed the fear that there would be adverse economic implications from sea-bed exploitation not only for developing country producers but for developing countries as a whole. His delegation did not believe that that argument had been proved; on the contrary, it believed that despite the uncertainties of forecasting, the economic implications would be favourable for as far into the future as predictions could usefully be made. Only in the most exceptional circumstances would it be possible for even

(Sir Roger Jackling, United Kingdom)

Zaire, which dominated the supply of cobalt, to be affected adversely. However, his Government was prepared to consider action to safeguard countries against any possible adverse effects, however remote. For example, commodity agreements might be considered, provided that they were not restricted to the resources of the sea-bed alone. His delegation did not agree with the spokesman for the African countries that it would be appropriate for the international authority to assume responsibility for such arrangements. They would be much better handled in a forum with less restricted functional and geographical limits. An attempt to create suitable arrangements within the limited context of marine resources would face immense practical difficulties.

The main problem now facing mankind in the context of the item under discussion was to meet the increasing demand for minerals. That challenge had been met successfully by geologists, mining engineers and mineral technologists since man had first used minerals. What had once been regarded as hopelessly low-graded deposits of certain metals were now, thanks to new technology, an essential source of supplies. Far from having adverse economic implications for mankind as a whole, or even for the main producers, the results had been wholly beneficial to consumers and producers alike.

His country regarded the development of deep-sea resources as an analogous breakthrough which was likely to have similarly beneficial effects. To achieve equitable distribution of such benefits, the highly industrialized countries must contribute the technical and financial capabilities needed for the development of the resources. In exchange the enterprises concerned must receive an equitable return on their investment. His delegation was sure that if those principles were accepted, the Committee would be able to embody them in legal drafts. However, before negotiations could begin there must be an understanding of all the interrelated issues involved. It was impossible, for example, to negotiate about a régime without knowing what the applicable conditions might be. For that reason alone his delegation had misgivings about the kind of programme that had been outlined at the previous meeting. It hoped that the informal meetings now being held would be the occasion for a frank exchange of ideas on the conditions of exploration and exploitation.

Mr. BASABE (Argentina) said that there were two aspects to exploitation of the resources of the international zone. On the one hand, such exploitation involved the possibility of obtaining minerals from new sources located in the sea-bed beyond the limits of national jurisdiction. That could be analysed in objective economic terms, particularly with regard to whether its cost was competitive with that of land-based mineral products. On the other hand, one had to consider the effect which obtaining minerals from that new source could have on present world production, both from emerged territory and from continental shelves.

With regard to the first aspect, it was necessary to prospect and explore the international zone systematically in order to determine the extent of reserves and the quantity and quality of the minerals. It was also necessary to find the most appropriate systems for extraction, which would involve taking into account, inter alia, depth, meteorological and marine conditions and the position of the minerals. An optimum system of transportation had to be found. It should also be taken into account that the metallurgical process, if not yet worked out, would be worked out in the near future, since technological obstacles could be quickly overcome through the refining or combining of known methods or the use of new ones. However, environmental effects would also have to be taken into account so that operations could be developed with a view to preserving the environment and remaining resources. It was also necessary to exploit rationally, since the exact extent of reserves was not known; otherwise, the only criterion would be market conditions.

With regard to the effect of exploitation of the international zone on land-based production, it was safe to say that many countries had not yet completely explored most of their emerged territory and that there were good reasons for expecting new deposits to be discovered which could be exploited under existing technological and economic conditions. Moreover, in view of increasing demand, it was improbable that land-based production would cause a reduction in market prices. On the other hand, there was every indication, as the reports of UNCTAD and the Secretary-General showed, that metals obtained from sea-bed nodules would cost much less than those obtained on land.

The knowledge gained so far indicated that sea-bed resources would provide mankind with minerals for a long time to come and that any concern that they would be exhausted

(Mr. Basabe, Argentina)

or depleted was unwarranted, particularly if it was taken into account that, unlike land-based resources, sea-bed minerals were to a certain extent renewable.

The difference between the mining of new land deposits and the mining of marine deposits was that while in the case of the former production in large quantities and at a lower cost was an uncertain possibility, in the case of sea-bed mining such production was a strong probability and could be started in the near future.

Thus, sea-bed mining was truly viable and could be expected to develop and to influence the world market. Increased production of minerals, probably at lower cost, would be a positive development for mankind, since it would provide a greater supply. However, if it caused a lowering of prices or a decline in production in land mining, it could become a negative development for part of mankind, namely the developing countries which exported the same products as were found in the sea-bed.

It must be realized that those possible harmful consequences would not be limited to marketing aspects, such as a lowering in prices or difficulty in disposing of production, but also might involve such direct consequences as cessation of mining in areas which were or might later become marginal, with resulting unemployment and loss of essential income for those developing countries.

Argentina's domestic production of metalliferous minerals was grossly inadequate, and importation of those minerals, of metals and of chemical by-products had risen to an average of $US 400 million per year. To compensate for that situation, Argentina had planned a mining development project designed to achieve self-sufficiency and the establishment of processing industries. In other words, his country would not be adversely affected by increased production of minerals or by a possible lowering in prices. On the contrary, its economy could be benefited by a lowering or stabilization of the prices of raw materials for export.

However, his country still advocated an international policy based on justice and support for the developing countries. Argentina was convinced that effective methods should be applied which would minimize the adverse effects of exploitation and compensate for their consequences, and it was prepared to support such measures

(Mr. Basabe, Argentina)

as part of a package deal adopted by the Conference, taking into account the interests of both exporters and importers of metals. Some members of the international community could not be allowed to benefit at the expense of others, since that would mean the perpetuation of a system which must be done away with once and for all. Hence it was necessary to decide immediately to establish a strong and flexible organ empowered to regulate the entire process, so that any deviation from its balanced development could be prevented.

Mr. STEFANO PISSANI (Cuba) said that although some representatives would have one believe otherwise, the interests of the countries which produced commercially exploitable land-based resources of the same kind as those to be found in the sea-bed and subsoil, i.e. the developing countries, were, as always, opposed to the interests of the consumer countries which would benefit from exploitation of the sea-bed, i.e. the developed capitalist countries. Studies by international bodies confirmed that even if fees were paid by concessionaires to an international authority, it would be the developed countries which would benefit commercially from the extraction of such resources and that by 1980 the income of the developing countries would be $160 million lower than what it would be if the sea-bed were not exploited. Even that $160 million figure was modest compared with the detriment that developing countries would suffer in other ways if measures were not taken to avoid such harmful effects.

The imperialist countries were maintaining that exploitation of sea-bed resources would in the long run have adverse effects on only about a dozen developing countries. That strategy was designed to divide and rule, i.e. to divide the developing countries, or the Group of 77, which were united in their interests. Not a dozen but a hundred countries would be affected. The eloquent statement of the spokesman for the African countries had very effectively answered the imperialist countries' arguments.

Despite what the representative of Argentina had said, many countries were active in exploiting sea-bed resources. The benefits derived from those resources should be used for the benefit of mankind as a whole, especially of the developing countries, and that required the establishment of an appropriate international authority.

(Mr. Stefano Pissani, Cuba)

The representative of Ghana had correctly analysed on the previous day the position of those who argued that when mineral prices fell, so did the prices of finished products. In fact, as studies at both the national and international levels had shown, there was an increasing disproportion between prices of raw materials and finished products. The developed countries were to blame for the inflation which affected the developing countries, and that phenomenon, which had occurred with regard to land-based resources, could also occur with sea-bed resources if steps were not taken to prevent it.

While at an earlier stage the capitalist monopolies had merely taken advantage of the lowest prices they could find, today's multinational enterprises, representing the culmination of a lengthy centralization process, now set prices. They must not be allowed to use sea-bed resources to strengthen that price-setting position.

Sea-bed resources had to be viewed in the light of three factors: their consequences for international trade; the benefits they would bring to consumers, especially in the developed countries; and their adverse effects on producer countries, which were mainly developing countries.

It was significant that, at a meeting the previous week, there had been no adequate response to his delegation's questions concerning the tendency of some countries to produce substitutes for the products of developing countries. In particular, no explanation had been given as to the economic impact of that phenomenon on land-based resources, and perhaps later on sea-bed resources, or as to why the phenomenon occurred and how its consequences could be prevented.

Another phenomenon, to which the representative of Trinidad and Tobago had referred, was the disproportion between the talent available to developed and developing countries. That was the result not only of structures of dependency but also of the "brain drain", which was in fact the theft of brains. Experts, trained by the developing countries at considerable cost, were then stolen by other countries for their own benefit. In the case of the Latin American countries, the cost of training such experts was much greater than the aid those countries received from the Power which stole them.

A strategy had to be adopted to put an end to price-setting and to avoid the harmful consequences of the exploitation of sea-bed resources. Even such measures would not be enough, however, unless the principle of the common heritage of mankind was given its full meaning. The same Powers which had pillaged the land were now ready to pillage the sea-bed, and the Committee, while it should not confine itself merely to regulatory matters, should prevent damage which it would later be difficult to undo.

Mr. HARAN (Israel) said that the present debate involved not only the implications of deep-sea mining but those of the establishment of an international régime for the sea-bed beyond national jurisdiction.

The availability of additional resources from sea-bed exploitation was a positive development which should be welcomed by all who were interested in the material progress of mankind. However, as the General Assembly had indicated, there had to be an equitable sharing by all States in the benefits to be derived from those resources. In that regard, there were two relevant criteria: the state of development of the recipient country, and the advantages it would obtain from the establishment of the new régime.

The sea-bed was not res nullius but res communis. That referred not only to the international area. Any extension of marine resources jurisdiction providing additional revenues should therefore lead to some form of sharing of those revenues with the international community. Any articles adopted by the Conference on operations of the international authority should contain provisions for receipt by that authority of such revenues.

It also had to be remembered that sea-bed exploitation might produce hardships to developing countries which produced the same minerals that would be mined in the international zone. Opinions were divided on the severity of those hardships, but whatever their extent, their negative effects must be avoided at all costs. The authority must therefore have special regard to the problem of the developing countries, and a draft article, along the lines of the Jamaican proposal, should certainly be included in the future Convention. Machinery should also be established to monitor economic development and to decide whether any countervailing action was called for. In particular, the authority would have to decide on the "mix" of actions to be taken.

In that regard, there were two types of actions, preventive and compensatory. Preventive action included price-fixing and restrictions on output. The latter meant that the sea-bed area would become a marginal producer of minerals, producing them if and when world market conditions permitted. His delegation could not agree to that approach, which was contrary to the "common heritage" approach that provided for a sharing of resources.

/...

(Mr. Haran, Israel)

Another type of preventive action was commodity agreements which, historically speaking, had sometimes worked and sometimes not. His delegation was prepared to leave that matter to the authority, allowing it the right to participate in such agreements at its discretion. It might also be appropriate to include in the Convention certain guiding principles as to how the authority should act; those principles should be in keeping with the standards developed by UNCTAD, such as the principle of stable, equitable and remunerative prices and that of maximization of benefits to developing countries as a whole.

Compensatory measures should not be excluded from the principles of action, since they were selective and therefore perhaps most effective. They should be financed from revenues derived from mining activities conducted both within and outside the international zone.

Mr. BENNOUNA (Morocco) said that the Secretary-General's report on the economic implications of sea-bed mineral development in the international area (A/CONF.62/25) mentioned that Morocco was one of the countries which would suffer from exploitation of the sea-bed mineral development in the international area, in particular with respect to cobalt and manganese.

The report made it clear that cobalt was an expensive metal with a relatively limited market. Between 1970 and 1972, 76 per cent of cobalt output, or 23,000 tons, came from the developing countries. Projected world demand for 1985 was 60,000 tons as against nodule production of 30,000 tons. Those figures showed that traditional producers would keep only half the world market, with probable adverse consequences on their income.

In quoting those facts he did not wish to draw any conservative conclusions, for the commodity needs of the international community would grow. His delegation would like to collaborate in working out a method that would reconcile the legitimate interests of the consuming and the producing countries, although the latter ought to have a certain priority in view of the terms of paragraph 6 of the Declaration of Principles (General Assembly resolution 2749 (XXV)). An imaginative

/...

(Mr. Bennouna, Morocco)

formula must be devised in order to avoid disastrous consequences to the producing countries. An answer had to be found to the question of what regulations were to be imposed on future exploitation in the area, and what the competences and powers of the future international authority were to be. The institutional and regulatory aspects were thus closely linked.

In the report of the UNCTAD secretariat, a number of methods were put forward. His delegation endorsed the view of the Zaire representative that a preventive method was needed. The future convention should provide for a committee in charge of planning and stabilizing prices, with the following powers: (1) to plan nodule exploitation in accordance with forecasts of land-based production; (2) to distribute quotas among the companies with which the international authority had service contracts; (3) to establish buffer stocks where necessary; (4) to modify unilaterally service contracts, with indemnification under the supervision of a tribunal.

Some delegations had proffered reassuring statements that world demand was such that the economic consequences on the earnings of the developing countries would be minimal. However, the lawyer's task was to take precautions for the future.

Mr. FRANGOULIS (Greece) said that despite the documents produced by the United Nations and UNCTAD secretariats, and the illuminating discussions at the seminar, his delegation did not think it possible to judge with certainty what effects on the economy of the developing countries exploitation of the sea-bed area would have. Statistics could have no bearing on the long-term planning being envisaged. At the same time, he was gratified that no delegation had flatly rejected the suggestion that there might be adverse effects on the economy of the developing countries. He concluded that treaty articles should be drafted to meet any future contingency.

His delegation was in full sympathy with the suggestions put forward that the interests of both the consumers and the producers should be protected, but felt that it was a general problem which could probably be better treated in other fora.

/...

(Mr. Frangoulis, Greece)

The Committee must give expression to the idea that in exploiting the common heritage of mankind special attention should be paid to the interests of the developing countries. It was hardly possible to envisage how that principle could be given concrete form unless treaty articles were drafted to guard against the adverse effects of sea-bed exploitation on the economy of the developing countries.

In his delegation's view an appropriate mechanism should be devised to prevent and/or compensate for any negative effects on the economy of the developing countries. Many international instruments had been drawn up in recent years, some of which it had not found necessary to apply. His delegation hoped that the treaty articles under discussion might eventually fall into that category.

The CHAIRMAN recalled that at a previous meeting the representative of Chile had asked the Chairman to repeat his summing up of the seminar on the economic implications of sea-bed exploitation.

Mr. RATINER (United States of America) said that his delegation had some reservations about including that summing up in the summary record: it might give a misleading impression in view of developments in the Committee's discussions since the seminar. He would therefore prefer the Chairman to give an up-dated version of his summary.

After a discussion in which Mr. KEITA (Kenya), Mr. KALONDJI TSHIKALA (Zaire), Mr. KACHURENKO (Ukrainian Soviet Socialist Republic), Mr. RATINER (United States of America), Mr. BARNES (Liberia) and Mr. PRIETO (Chile) took part, the CHAIRMAN suggested that he should read out his summary at the present meeting, and at the next meeting of the Committee give his personal impressions of the Committee's discussions.

It was so decided.

The CHAIRMAN read out the following summary:

"As we conclude this two-day seminar on the important question of the impact of sea-bed mining, I think I ought briefly to summarize the proceedings.

"We set out to examine two major questions. The first relates to the adverse effects of exploitation of sea-bed resources on the developing countries, whether producers or not. The second is the steps which the international community, notably the present Conference on the Law of the Sea, should take to meet any such adverse effects.

/...

(The Chairman)

"There appears to be a consensus even among experts, that, in the nature of things, no available figures are in fact entirely reliable in reflecting the current realities, let alone future ones.

"With regard to the first question, therefore, it is not surprising that no direct answer was forthcoming. My impression is that the experts have been cautious not to make definite positive comments on the subject because they cannot endorse the fact by figures. They agree on the uncertainty about the type and volume of untapped sea-bed resources; the future course of technological developments; the nature of future global needs and demands, seen in terms of the rate of development.

"It is clear, that the allegation that there will be adverse effects, remains in principle unchallenged. If any challenge exists, it is with respect to the extent of it. This high uncertainty can only go to increase the concerns of a large section of the international community represented by the developing nations.

"This leads to the second question posed before us: what should the international community - i.e. this Conference on the Law of the Sea - do in the circumstances? It is common ground, I believe, that the state of affairs is untenable and that our programme for organizing the common heritage for the benefit of mankind must ensure that adequate safeguards exist in the institutions we seek to establish to cater for it.

"On the one hand, conditions must not be created to cripple completely the profitable exploitation of the wealth of the area and the benefits deriving therefrom. Mankind needs the type of resources and other benefits available in the area.

"On the other hand, we cannot permit situations where such exploitation is counter-productive - that is, that they produce adverse effects on producers of land-based resources of the same kind.

"A fundamental question is: can this Conference produce detailed solutions in terms of the models produced by experts? Can we agree on a formula to resolve the problems posed, especially while experts find it difficult to submit a reliable one? Are those participating in this Conference in a position to produce such solution in detail?