

STATEMENT BY

J. ALAN BEESLEY, Q.C.  
ASSISTANT UNDER-SECRETARY OF STATE FOR EXTERNAL AFFAIRS AND LEGAL ADVISER  
DEPUTY HEAD OF DELEGATION AND REPRESENTATIVE

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FIRST COMMITTEE: CHAIRMAN'S WORKING GROUP

MAY 25, 1977

Mr. Chairman,

Our deliberations seem to have produced some good news and some bad news. The good news is that you, Mr. Chairman, have been charged with coordinating our discussion on a number of key issues. Under your guidance we are bound to make some progress. The bad news is that we already find ourselves in a procedural dispute as to which key issue we should take up first, the provisions dealing with the system of exploitation (Articles 22 and 23) or those relating to the resource policy to govern seabed exploitation (Article 9).

A number of interventions have already been made on this question, and my statement can thus be brief. I would like to begin by associating myself with the immediately preceding speaker, the delegate of Papua New Guinea, who suggested that we avoid characterizing the position of any state or group of states as "special interests". We are all here to defend the "special interests" that, together, represent our respective national interests. We are also here, however, to work together in the collective interest, to achieve something new in the history of mankind, namely, a genuinely international management system, to govern the exploration and exploitation of an international resource, namely, the seabed beyond national jurisdiction. If we

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are successful, we will have created, in the process, new international institutions unlike anything ever before envisaged, including an international enterprise which would have the right and power to explore and exploit deep seabed resources for the benefit of all. Our task is to reconcile our respective national interests with the collective interest in such a way that we produce an agreed constitution of the oceans which can make a major contribution to international peace and order.

I would also agree with the preference expressed by the delegate of Peru, the coordinator of the Group of 77 task force, for beginning with Article 9, the resource policy provision, which, as he and many other speakers have pointed out, raises some of the most important issues on our agenda. Indeed, I would say that it lies at the heart of the range of problems confronting us. It has been implicit in our deliberations from the outset of the seabed committee negotiations that there can be no agreement on the deep ocean seabed regime which does not include an agreed provision on the central issue of resource policy. Yet, it is the one issue that has been the least discussed since the beginning of the Conference. There is good reason to believe that agreement on Article 9 could provide the key which would unlock the door to resolving other important interrelated issues. There are, therefore, cogent reasons for beginning our deliberations with an examination of this Article. Your own compromise proposal for Article 9, Mr. Chairman, shows the shortcomings of Article 9 as it appears in the RSNT. While I have not seen the Group of 77 version of Article 9, I have no doubt that it will make a positive contribution to our work on that question.

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FIRST COMMITTEE: CHAIRMAN'S WORKING GROUP  
MAY 26, 1977

Mr. Chairman,

The distinguished delegate of Sweden has raised rather an important point and one which may be of concern to a large number of delegations. We have listened to a series of brilliant statements concerning the philosophy which should be reflected in the resource policy article. I propose, however, to confine my comments to a simple question of fact raised by my colleague from Sweden, namely, the effect of the Group of 77 formulation upon seabed nickel production. Mr. Chairman, I hope that what I have to say will reassure the Swedish delegation.

According to our computer print-out, which we have only just received, the results of the application of the Group of 77 Article 9 formulation would be as follows:

Firstly, if we assume -

- (a) an annual growth rate of 4.5%;
- (b) a commencement date of 1985; and
- (c) a cost per mine site of somewhere between \$750 million and \$1 billion then this would result in a total of 9 mine sites by the year 1995 and a total of 15 mine sites by the year 2000.

Secondly, if we assume -

- (a) an annual growth rate of 6%;
- (b) the same commencement date of 1985; and
- (c) the same cost per mine site of between \$750 million and \$1 billion, then by the year 1995 there could be 14 mine sites in operation and by the year 2000 there could be 24 mine sites in operation.

Now, as we turn to the rather obscurely drafted provisions of Article 9 of the RSNT, we find a quite different and rather curious situation:

Firstly, assuming once again -

- (a) an annual growth rate of 4.5%;
- (b) a commencement date of 1985; and
- (c) the same cost per mine site previously quoted,

we find that as of the first year of production there would be a credit build-up under the RSNT formula which would permit an immediate start-up of 8.8 mine sites. I am referring to the very first year of production.

Ten years later, in 1995, there would be a total of 29.9 mine sites in operation. By the year 2000, there would be a total of 44.5 mine sites in operation.

It will be noted that I have used the figure 4.5% which we consider to be as accurate as possible a prediction of the probable growth rate in the world nickel demand. I should explain that the future growth figures may well be distorted if we project into the future the growth rate of the past 25-year period because

we have had two major wars during that time and wars use up a lot of nickel. Our projections are, therefore, based on the hope which we assume is shared by all delegations that we need not include in our calculations the possibility of further major wars. This point is of importance in understanding the reasons why nickel production has quadrupled over the past 25 years.

Now I should like to turn to the precise formulations of the RSNT including the actual figure of 6% included in Article 9 as the projected world growth rate of nickel demand. I am, therefore, assuming

- (a) an annual growth rate of 6% (which is a floor and not a ceiling under the RSNT formulation);
- (b) a commencement date of 1985; and
- (c) the same costs per mine site previously quoted.

In such event, we would begin with a credit of 13.2 mine sites for the first year. In other words, during the very first year of production it would be possible to begin operations on 13.2 mine sites.

Ten years later, by the year 1995, we would find 48.5 mine sites in operation. By the year 2000, we would find a total of 75.6 mine sites in operation. Mr. Chairman, that's a lot of nickel and a lot of dimes.

Now, Mr. Chairman, I would like to turn to the situation which would pertain if the actual world growth rate of nickel demand remains at 4.5% as we expect to be the case, and we adopt the RSNT formulation based on the assumption of a minimum of 6% per annum growth rate. The results are disturbing indeed. Because the accumulative effect of the 6% figure is geometric, the spread between

the actual growth rate of 4.5% and the fixed 6% rate for that "production control" formula, if it can be so termed, provided in the RSNT is such that there could be little or no room left in the world market for land-based production at all by the year 2000; that is to say, by the end of the period commonly cited as the transitional or interim period. Surely, Mr. Chairman, this is not the result that any of us would wish to produce by the treaty provisions on which we agree ultimately.

I don't propose to deal at this stage with your own proposal, Mr. Chairman, in any detail except to say it would at least ensure an allocation of 25% of the world nickel demand to land-based production. That alone makes it a distinct improvement over the RSNT.

I hope, Mr. Chairman, that I have been able to assure the Swedish delegate. I have noted the very sensible suggestion of the distinguished delegate of France that we make all our statistics available to one another and we are quite prepared to turn over to you, Mr. Chairman, for distribution to the committee, our computer print-out and we will be pleased as well to make it available to any delegate who may wish to request a copy from us. Thank you, Mr. Chairman.