

United Nations Organization, especially in its responsibilities for international peacekeeping. This common heritage fund, very simply stated, is a major instrument for promoting economic and social justice, environmental sanity and peace.

Some members may ask, does not such a proposal as contained in this motion run counter to the establishment of the 200-mile economic zones in the process of being implemented by many of the coastal nations? The answer is no. The proposal which was put forward by the leader of the delegation of Nepal to the Conference on the Law of the Sea in May, 1978, would accept the establishment by treaty of a 200-mile economic zone in which coastal countries would be sovereign and would have ownership of all the resources. According to the proposal, however, mineral resources, including gas and oil, would be subject by treaty to a sliding scale tax to a maximum of 20 per cent. This tax would be contributed to a common heritage fund.

The minerals within the exclusive economic zone, the EEZ, would continue to be the exclusive property of the coastal state in exactly the same way as a home owner's home in his or her exclusive property. In the same way that a home owner is required to pay a tax on his exclusively owned property, the coastal state would be taxed on the revenues from mineral exploration and development in its exclusively owned economic zone.

We know that some coastal states are rich and some are poor. Therefore, there would have to be a scale of contributions which any coastal nations would make. This would vary inversely with the per capita gross national product. The richer coastal nations, Canada included, would contribute much more to the common heritage fund while the poorer nations would contribute less or perhaps in some cases nothing at all.

About 70 per cent of this fund would be directed to development in the Third World while the remaining 30 per cent would be administered by an international seabed authority for agreed upon purposes. Those purposes would have to be negotiated. In 1970 the United Nations general assembly endorsed the common heritage principle. Members will realize immediately that this is not a new idea or some harebrained scheme. Referring to the principle, they said the seabed and ocean floor beyond the limits of national jurisdiction are the common heritage of mankind. It is very interesting to note there was little dissent at the time, perhaps because the resolution of the general assembly did not define the limits of national jurisdiction.

Then as the United States, in particular, and Canada as well, increased the limits of their territories along with other coastal nations of the developed world to 200 miles from the traditional three-mile and 12-mile limits, it became increasingly clear that the common heritage on which everyone was agreed at one point in time was shrinking and shrinking fast. It was shrinking not because the 200-mile limit makes huge inroads on the world's seabed acreage, but rather because it came slowly to be understood that the real ocean wealth lay within 200 miles of shore. This is because as much as 93 per

### *Law of the Sea*

cent of recoverable hydrocarbon reserves of oil and gas lie within that margin of the coastal shelves of the world. On the other hand, what mineral wealth lies on the bottom of the sea beyond the coastal shelf is difficult or impossible to extract and will yield next to nothing in revenue by comparison to the estimated two billion barrels of proven oil reserves closer to shore. The effect, therefore, of excluding the developing world from any significant share of oil and gas revenues within 200 miles of shore would be to make the rich even richer, as, indeed, would 80 per cent or more of those revenues in any case, and at the same time to make the poor very much poorer by comparison.

#### ● (1710)

If we survey the coastal regions within 200 miles of the coastal nations of the world we find that there would be 25 million nautical square miles of exclusive economic zones, or EEZs, as they are called. Should all the profits accrue to the coastal nations by a law of the sea treaty, more than 50 per cent would accrue to only ten nations and more than 75 per cent to the first 22 nations on the list. To put it in another way, more revenues would accrue to 13 developed nations than to all 120 countries of the Third World combined.

Let us look at the growth situation and the capital requirements of the Third World in the second United Nations development decade and try to reach some conclusions. In order to achieve a 6 per cent growth rate annually in the Third World it is estimated that the yearly flow of capital to the Third World would be in the order of about \$50 billion. Current forecasts, however, show that based upon the average aid target of less than 1 per cent of gross national product per year which the developed world has committed to these countries, there will be an anticipated shortfall, or deficit, in the order of about \$18 billion a year.

What would the Nepal proposal do with respect to such a shortfall? For those of us who think that the immediate potential of the seabed is unlimited, it may be surprising to learn that the Nepal proposal would yield only about \$5 billion, or less, to the common heritage fund in the early years, though perhaps more later on. So the shortfall for the needs of the Third World even with the common heritage fund remains very significant indeed. However, at least some portion of the deficit would be covered in this way.

By comparison with these figures, we have available to us the payout figures under the present draft treaty. This draft treaty, by the way, will be coming before the Law of the Sea Conference when it next meets. If this document were to be enshrined in a treaty consequent action would generate about a quarter of a billion dollars in revenues; that is, \$250 million compared to the Nepal proposal yielding \$5 billion. And we are talking about a deficit in the Third World of \$18 billion. This quarter of a billion dollars would come principally from the nodules of nickel and other minerals on the sea floor. Very little of it would come from the profits of oil and gas. In other words, in 1985 the proposal put forward by Nepal would net 16 times more for the common heritage fund than the proposal now favoured by Canada.