

Moreover, there is a danger in re-opening debate on provisions that have already been agreed upon, said the Canadian delegate. "Everyone will start pushing for better terms for their countries," the delegate predicted. Ambassador Beesley has called the present draft convention "a series of brilliant political compromises." At a recent press conference, External Affairs Minister Mark MacGuigan warned: "If the Americans were to force reconsideration of some part of the compromise at the present time, then I think the whole structure would unravel and we would be in serious danger of losing more than 10 years work."

International Seabed Authority

If the draft convention is ratified by 60 countries it will become an international treaty. A treaty would set up an International Seabed Authority (ISA) to authorize and control seabed exploration, to issue licences to seabed miners, and to regulate the exploitation of the metalliferous nodules imbedded in the ocean floor.

The countries which would become signatories to the treaty would pay for the ISA by contributing a percentage of their Gross National Product, based on their ability to pay. The ISA would also be financed by obligatory payments from seabed miners. After paying for its operational expenses, the ISA would distribute its earnings among needy nations lacking the capital and technology to exploit the seabed and therefore the ability to benefit from the world's heritage by themselves.

The largest bone of contention in the UNCLOS committee on resources of the international area (established in 1973) is the rate at which the ISA should allow seabed mining companies to extract the nodules. Mining companies from the U.S., Canada, Japan, the Netherlands, West Germany and Belgium have formed five consortia: Kennecott Joint Ventures, Ocean Minerals Company, Ocean Management Inc., Ocean Mining Associates and Afernod have been preparing to mine the deep seabed. The earliest conceivable date they could be ready to set up operations is 1988.

As the world's leading nickel-producing country, Canada is one of many nations concerned about its land-based mineral industries and has expressed concern over losing its markets to seabed miners. Burt Munroe, an advisor to the Canadian delegation to UNCLOS and a member of the United Steelworkers Association wondered "if countries who are now consumers of nickel become producers, whom will we sell to?"

To ensure that seabed nickel would not flood the world market, the Canadian and U.S. delegations introduced jointly in 1978 a formula that puts a ceiling on the nickel extraction from the deep seabed. It allows seabed miners to produce 60 percent of the increase in the world demand for nickel for the first 20 years of commercial operations, after which time the restrictions would be removed. The Canadians were satisfied

with this formula because it meant seabed nickel would be gradually phased into the market. In 1979 however, a floor formula was incorporated into the draft convention to serve as one U.S. delegate called "an insurance policy for seabed miners." The floor formula entitles ocean miners to produce 60 percent of a three percent increase in world nickel consumption, even if actual world demand falls below the three percent mark.

Colin Keys of the Canadian Mining Association said "the floor formula is ineffective because it could encourage overproduction when market demand is low." This worries land-based nickel producers. As one Canadian delegate explained, "It's very expensive to exploit the seabed so governments will probably subsidize operations. This means that in periods of low growth, cuts would have to be made in land production as that operates on a profit basis only."

"We would like to delete the production floor entirely, but we are fighting all the big guys like the U.S., the Soviets, and the European Community on this", said the Canadian delegate. "So we have reduced our objective to lowering the floor to 2.5 percent."

The Canadian position is supported by many poor developing countries whose economies depend on the export of minerals. Recently the U.S. delegation succeeded in weakening the solidarity among the land-based producer countries by promising development funds, as a compensation for lost markets, to some African countries. Moreover, a provision in the draft convention calls for measures to compensate for the losses to developing countries that would result from deep-sea mining.

"The form that compensation would take is not precise but this has affected the motivation of many Third World land-based producers," said a Canadian delegate. "They feel they are secure because they'll get something anyhow. And the Americans have worked with the Africans on a bilateral basis promising them big aid dollars. We are trying to convince the Africans that compensation measures are not substitutes for good industry but we have been accused, by the U.S. in particular and other countries, of trying to manipulate and influence developing countries."

According to a U.S. delegate to UNCLOS, Canadian fears are unfounded because there is little danger of the world increase in nickel output falling below three percent. He said U.S. calculations place the growth of nickel at 3.9 percent. Nevertheless, Mr. Keys of the Canadian Mining Association stressed that it is difficult to predict future trends. He estimated the demand for nickel could increase anywhere from 2.2 percent to five percent and believes the world growth in mineral demand is slowing down. In February 1981, Canada's Minister for Mines, Judy Erola, told the Sudbury local of the United Steelworkers Association that the "annual rate of increase in the consumption of nickel in Western countries has declined significantly,