

Welcome Everybody...

*QR, Ministers, Leader of the Opposition, Members Parliament, House of Ariki President, Koutu Nui, Invited delegates from overseas, Technical advisers and experts, Akuila Tawake and the DSM Project staff, our own Cook Islands Seabed Minerals Staff, local Government and private sector representatives.*

In 1870 in the Jules Verne classic *20,000 Leagues Under the Sea*, Captain Nemo announces that “in the depths of the ocean, there are mines of zinc, iron, silver and gold that would be quite easy to exploit”.

The science fiction of the late nineteenth century has moved away from the area of fiction to the area of scientific fact in the 20<sup>th</sup> century, as submarines wound their way around the Pacific Ocean and began their own modern day prospecting. Back in the seventies the economics around harvesting were simply not viable as a result of technology. But there was always an expectation that someday, we would be back.

And now we are back, sooner than what we perhaps thought we ever would be. 115 years after the publication of “20,000 Leagues under the sea” we as nations are now beginning to see that the combination of increased demand from developing nations for minerals, reduced availability of deposits and improvements in technology are now creating attention which is well beyond a curious interest on understanding to a serious understanding the economics and technology of being able to harvest these minerals for the good of mankind.

The future has arrived, we will soon see the first actual seabed mining project in Papua New Guinea. Management of these resources on behalf of the world and our communities is a key responsibility of our nations, and I strongly believe we must have the frameworks in place beforehand, to maximise the return to our people, to our communities, to our economies.

The countries of the Pacific are no strangers to the management of resources in our Ocean, the largest ocean on the globe.

After all the biggest stock of tuna in the world resides within our waters and has been fished for quite some time. But when it comes to the management of mineral resource we are novices and we need to learn from others on how to best manage this resource. Lessons on what works and more importantly, what doesn't work. Further, harvesting minerals from the sea is unknown. We are now moving into a new frontier.

In 2011, the EU-SPC DSM Project was launched as an initiative of the Pacific Islands Forum Leaders. The Cook Islands were a founding member of that new DSM Project which was launched in Fiji. I recognise that there are a number of important official delegates who have also been engaging as member nations and key stakeholders since 2011.

We in the Cook Islands are always pleased to welcome visitors, we are a small country with a big heart, and we are proud to be the national host of the fifth DSM regional training Workshop here in Rarotonga.

The key issue that we are all gathered here to work through are the financial issues which relate to the DSM sector.

The importance that new potential revenues from harvesting minerals in the ocean could play for our respective Pacific Islands economies is significant and should not be underestimated. If even a

small portion of the potential value which is under the sea is realised then we are in for a significant flow of revenue to our countries which will easily exceed what we get from our own tax base.

With this in mind, and the fact that at some stage revenues will start flowing we, as a region need to start preparing policies, laws and regulations to control the management of DSM revenues. In the Cook Islands we have finalised our tax regime and are now in the midst of developing a sovereign wealth fund to manage these eventual revenues.

Some countries have already issued DSM licences for Exploration. Our colleagues in PNG have already issued a DSM mining licence to the Canadian firm, Nautilus.

Some nations, like the Cook Islands, have not taken any licencing steps yet, but are in the active preparation phase of our DSM sectors.

The Cook Islands has a world class Manganese Nodule Resource in its EEZ, which was recently assessed at being 10 Billion tonnes. We are moving on the overall environment and framework of the industry and we expect that the process for issuing DSM Exploratory Licences for our national Manganese Nodules resource will commence in the next 12 months.

The Cook Islands has filed an Application at the International Seabed Authority for a DSM Contract area in the Clarion Clipperton Zone, north east of Hawaii. Our Sponsoring State Application will be determined at the ISA in two months time and we are hoping to join our Pacific neighbours, Tonga, Kiribati and Nauru, who have already been granted Exploration Areas in the ISA controlled Clarion Clipperton Zone.

The Cook Islands also has the world's first, specific national law for DSM activities called the Seabed Minerals Act 2009, the implementation of which commenced in March 2013 and as mentioned earlier we recently enacted world class tax and royalty regulations for future DSM activities in our country.

We have started work on preparing a Sovereign Wealth Fund which is designed to retain and manage all DSM revenues in a secure National Fund. This is extremely important, after all we have an asset on the national balance sheet, we want to be able to convert that asset into a financial one that is managed in a sustainable manner for public good. We don't want to be caught in the resource curse which has affected others and has seen the squandering of the gains from natural resources.

I understand that there are a number of good examples such as Norway and Timor Leste.

I would like to challenge all the official Delegates and Speakers gathered here this week, to work diligently and creatively to see that the best possible Outcomes will result. And that these positive, useful Outcomes may then be "taken home" as a road map for the new DSM sectors in our respective nations.

These Outcomes will also assist to guide the further developmental assistance available under the EU-SPC DSM Project.

Lastly, a big meitaki maata (thank you) to the European Union for funding the DSM Project, to the SPC for facilitating this very useful, and historic DSM Project.

To the DSM Project manager, Akuila Tawake and your staff of the SOPAC Division of the SPC and our own SBM Authority, well done on the difficult and challenging preparations for the staging of this fifth DSM Project workshop here in Rarotonga.

I am sure it will be a success for all concerned.

It now gives me great pleasure to declare this fifth Workshop of the DSM Project OPEN and I wish you well in your interesting deliberations and discussions this week.

Kia manuia...