



SPC  
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of the Pacific  
Community

# SPC-EU EDF10 Deep Sea Minerals Project Proceedings of the Timor-Leste National Deep Sea Minerals Stakeholder Consultation Workshop, New Training Building, Ministry of Finance, Dili, Timor-Leste 23 October 2012



December 2012

## SOPAC WORKSHOP REPORT (PR149)

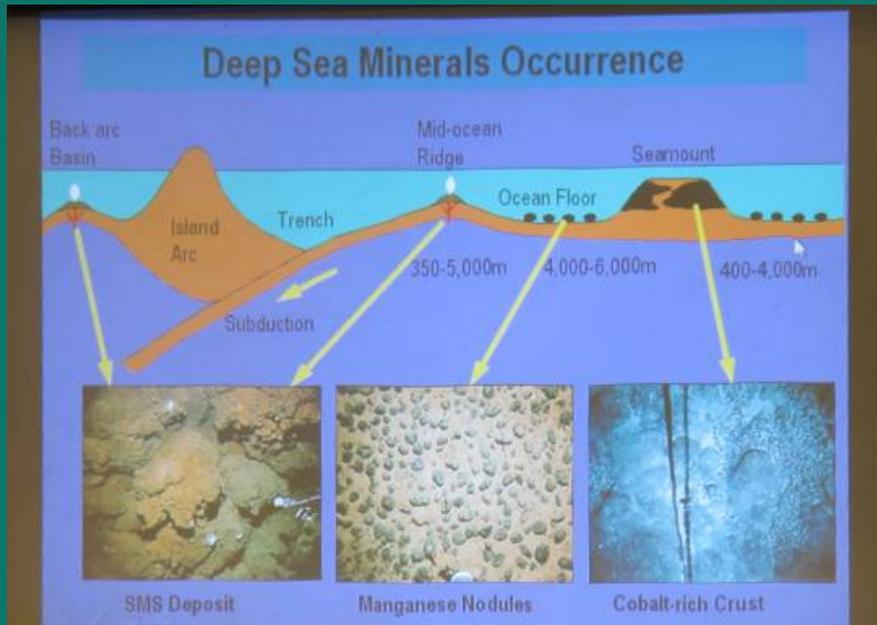
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A slide from Mr Tawake's presentation about the Pacific's deep sea minerals potential

This report may also be referred to as SPC SOPAC Division Published Report 149

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## EXECUTIVE SUMMARY

The Timor-Leste National Stakeholder Consultation Workshop on Deep Sea Minerals (DSM) was hosted by the SPC-EU European Development Fund (EDF) 10 Deep Sea Minerals Project (DSM Project) and the National Authorising Office (NAO) at the Ministry of Finance on the 23<sup>rd</sup> of October 2012. In attendance were representatives from various government departments, academia, international agencies, the media and diplomats.

The workshop was organized to present the DSM Project to in-country stakeholders and collectively to discuss national priorities in relation to DSM issues. It provided an opportunity to discuss next steps for Timor-Leste to be fully prepared for any future engagement with DSM operations within its waters.

The workshop aligned with the DSM Project's aim to encourage a stakeholder participatory approach: to keep in-country stakeholders informed, to disseminate sound technical and policy advice, and to provide a forum at which all voices can be heard. The Project provided copies to workshop attendees of its six information brochures, developed to inform Pacific Island countries about minerals and mining issues, and DSM specifically. The workshop discussed the regional DSM legislative and regulatory framework, and technical capacity-building.



**The six information brochures produced by the DSM Project**

Following an official welcome from Mrs Brigida da Silva, the Deputy NAO and Director of Customs, the workshop was opened by His Excellency Mr Alfredo Pires, the Minister of Petroleum and Minerals. Remarks followed from Ms Ana Pessoa, the Attorney-General, and Mr Peter Maher, the Head of Development Cooperation at the EU Delegation in Timor-Leste. SPC responding remarks were delivered by Mr Akuila Tawake, the DSM Project Team Leader. Presentations were then delivered to the workshop by Mr Tawake, Hannah Lily (the DSM Project Legal Advisor), and Ms Elda da Silva (the Timor-Leste Extractive Industries Transparency Initiative National Co-ordinator). Topics covered included an overview of the Project, DSM in the Pacific, international legal requirements, and the operation of the Extractive Industry Transparency Initiative in Timor-Leste.

In the afternoon, participants divided into two groups for the second half of the workshop: a technical working group, and a policy working group. Discussion sessions took place in each group, who then presented in plenary the outcomes of their discussions for consideration and further deliberations.

Four key action points were agreed by the workshop

- (1) Following a suggestion from H.E. Minister Alfredo Pires, the Director of Minerals from the Institute of Petroleum and Geology was recommended to be the Project focal point. This would be cleared with the Institute's President, and officially communicated to the DSM Project in due course. In the meantime communications would continue between the DSM Project, the Director of Natural Resources at MPNR, and the NAO.

- (2) Technical capacity-building was the key priority for Timor-Leste. Information about deep sea minerals, and the Project (including these Proceedings) would be circulated widely to all interested stakeholders by the Project focal point.
- (3) A request would be made to the DSM Project from the NAO for a technical training workshop on geological, biological, environmental, and technological aspects of DSM and their development, to be held in Timor-Leste early in 2013, and to which PNG colleagues may be invited.
- (4) Timor-Leste should consider acceding to the UN Convention on the Law of the Sea, and taking full membership of the Secretariat of the Pacific Community.

## **ACKNOWLEDGEMENTS**

The workshop was jointly funded by the EU through the SPC-EU EDF10 DSM Project and the Office of the NAO in Timor Leste. Much gratitude is extended to Francisco Incerpi Montbrun of the NAO, and his team for their assistance prior to and during the workshop, and to the Ministry of Finance for hosting the workshop.

The Project also wishes to acknowledge all the attendees for their active involvement throughout the workshop. The participation of the Minister of Petroleum and Minerals, the Attorney General, the EU Delegation, and the National Coordinator for EITI is especially gratefully acknowledged.

## **1. INTRODUCTION**

Previous marine scientific research and offshore mineral exploration conducted within the Exclusive Economic Zones (EEZ) of Pacific Island States have confirmed variable potential of seabed mineral occurrence. The high global demand for metals coupled with recent discovery of high grade Seafloor Massive Sulphide (SMS) deposits in Papua New Guinea have led to the recent upsurge in offshore minerals exploration within the jurisdiction of Pacific Island countries, and several other Pacific Islands have granted licences for exploration within their EEZ. In 2011 Tonga and Nauru also became the first 'developing states' to sponsor commercial entities to explore in the seabed beyond national jurisdiction ('the Area'), followed by Kiribati in 2012.

Due to the lack of specific policy, legislation and regulations for the governance of DSM resources in many Pacific-ACP states, the DSM Project, in consultation with the participating countries of the Project and a broad range of stakeholders, has developed a regional legislative and regulatory framework (RLRF), from which national offshore minerals policy, legislation and regulations can be developed.

### **1.1 Participants of the Workshop**

The DSM Project gives particular emphasis to in-country stakeholder participation in developing this new industry. The Timor-Leste National DSM workshop was held to bring together key stakeholders in Timor-Leste to discuss the challenges and the benefits of Timor-Leste potential engagement with the exploration or mining of DSM. This one-day workshop was held at the Ministry of Finance on Tuesday 23<sup>rd</sup> October 2012. A range of stakeholders were invited to the workshop. A group photo of participants is shown on the cover page. A full list of participants is attached to this Report (Attachment 2).

## 1.2 Objectives of the Workshop

The objectives of Timor-Leste national stakeholder consultation workshop were to:

- identify key in-country stakeholders and present the DSM Project;
- discuss various issues and concerns relating to DSM and mining;
- determine the needs and priorities of Timor-Leste in terms of policy and legislation development, capacity building and other DSM related issues;
- provide the necessary guidance for the implementation of the DSM Project in Timor-Leste;
- discuss collaboration with key stakeholders, and form a steering committee or other mechanism, to involve all interested parties in Project activities in Timor-Leste;
- identify an in-country technical focal point for the DSM Project;
- obtain from stakeholders information to assist the Project staff better understand the situation in Timor-Leste; and
- disseminate DSM Project information brochures to stakeholders.



The opening speakers: H.E. Ana Pessoa, H.E. Brigida da Silva, H.E. Alfredo Pires and Mr Peter Maher (l-r)

## **2. RECORD OF THE WORKSHOP PROCEEDINGS**

### **2.1 Official Welcome and Workshop Introduction by Mrs Brigida da Silva, Deputy NAO and Director of Customs**

Mrs Brigida da Silva, Deputy NAO and Director of Customs, commenced the day by welcoming participants to the Timor-Leste DSM Stakeholder Consultation Workshop:

“Minister, Mr Peter Maher, distinguished guests, ladies and gentleman. On behalf of the Minister of Finance and the NAO of the European Development Fund, thank you for making yourself available today. The Minister herself sends her regrets for not being able to attend the workshop, as she is otherwise occupied with 2013 budget discussions.

The DSM Project is funded by the European Union under the 10th EDF and is implemented by the Secretariat of the Pacific Community through its Applied Geoscience and Technology Division for a period of four years. The role of Project is to expand economic resource of Pacific-ACP States by strengthening national systems of governance and capacity in the management of DSM through the development and implementation of sound and regionally integrated legal frameworks, improved human and technical capacity and effective monitoring systems. The Project will work to four key result areas:

- (1) the publication of a regional legislative and regulatory framework (RLRF) for offshore minerals exploration and mining;
- (2) the development and implementation of national policy, legislation and regulations;
- (3) building national capacities – supporting active participation of Pacific-ACP nationals in the DSM industry; and
- (4) supporting the effective management and monitoring of DSM exploration and mining operations.

We have here two friends here from the Project: Ms Hannah Lily and Mr Akuila Tawake from the Secretariat of the Pacific Community, who will explain further about DSM and mining in the Pacific region, the anticipated outcomes of the Project, and the relevant international obligations and regulatory framework. I urge you to take the opportunity to listen and ask questions about how Timor-Leste can benefit from the Project. We also have an opportunity at the workshop to listen to Ms Elda da Silva from the Ministry of Petroleum, here to inform us about the Extractive Industries Transparency Initiative.

With these words I conclude this brief welcome by hoping that working together we can benefit from this Project.”

### **2.2 Workshop Opening by His Excellency the Honourable Mr Alfredo Pires, Minister of Petroleum and Minerals**

His Excellency the Minister welcomed the Attorney-General, the representative from the European Union, H.E. The Ambassador from Brazil, H.E. The Ambassador from Portugal, H.E. the Minister for Tourism, the representatives from the Secretariat of the Pacific Community, Applied Geoscience and Technology Division, and other Government officials and attendees, and made the following opening remarks:

“Timor-Leste has mineral wealth, but we are not exploring its mineral resources currently. We are now working hard on our petroleum resources. Until we have in place legislation for the licensing and

regulation of an onland mineral regime, we will not start developing our mineral resources. The good news is that a draft Minerals Bill has been prepared. We have been working on it for the past four years, with much consultation. It is due to be presented to the Council of Ministers, following one more round of consultations. The Bill is comprehensive, and covers many areas, with a particular focus on environmental impact. Environmental management is a new area for this country. Our EIA legislation was passed just two years ago, and has not been fully implemented yet. We have used it recently for the country's South Coast supply base project – the EIA for which has been completed (by a very reputable company) at a cost of USD1.3 m. This is now with the Environmental Department, to give the necessary approval, if all is correct.

So when I first heard about DSM mining, my initial reaction was one of concern about the potential impacts that could be caused by taking these resources out of the sea. But I say: let's take a look at the facts and study this very carefully. We need to examine the technical aspects, to understand how it will work. Hearing the examples of other Pacific Islands, it seems this is an area where we have an opportunity to let others do it first. If it works well, we can follow. That is our attitude currently to such innovative technology and new frontiers.

Timor-Leste Government has recently created the Institute of Research and Geology, and DSM will be another interesting area for the Institute to study. So there is no harm in Timor-Leste engaging in this new area - and not only from a technical point of view, but from a legislative point of view also. We can watch what other countries are doing in this area, with their law and policy – and we can undertake comparative study. We don't want to be in a situation where, if the DSM industry works well, we are lagging behind. This is an opportunity now to be proactive. We are aware of dangers of environmental impacts, but we understand this is not an impediment to us moving forward to work on these areas. I thank SPC and the NAO, and congratulate everyone on their efforts to meet together today at this workshop. But there is a lot of discussion yet to be held. On that note, I would like officially to declare this gathering open. I hope it will be a fruitful one for all of us."

### **2.3 Remarks by Ms Ana Pessoa, Procuradora Geral da Republica (Attorney-General):**

Ms Pessoa echoed the Honourable Minister's statement. Emphasis must be placed on the management of natural resources – and talking about DSM projects is very important. Timor-Leste needs to look into all possibilities as a new nation, to make sure that all viable development options are pursued. Such endeavours must be accompanied by sound policy to make sure that – in aiming for development – Government does not end up damaging the country, through not paying necessary attention to the rules of sound integrated mineral management. Research and studies are ongoing and can inform this work. Timor-Leste will need to come to a policy to underline the future regulation in this area. Regulation must be based upon prior well-thought-out policy. Ms Pessoa welcomed the possibility of working together with Pacific Islands and with the support of, regional partners represented by the SPC and the EU. She emphasised that Timor-Leste believes in multilateralism, and that all countries should come together, share concerns, and find common interests: for developing this planet that we all share. Timor-Leste is eager to listen and to change. The country is yet in a very early stage. It is ready to proceed, but keen to do so as safely and sustainably as possible.

### **2.4 Remarks by Mr Peter Maher, Head of Development Co-operation of the Timor-Leste Delegation, on behalf of the EU:**

Mr Maher thanked Mrs da Silva, His Excellency Mr Pires and Ms Pessoa for these very perceptive remarks. He identified that this is a very futuristic project, in the sense that no DSM mining has taken place anywhere in the world, to date. But this does not mean it will not happen in the not too distance future.

Mr Maher added a few words of welcome and encouragement. He explained that the EU was happy to be funding the DSM Project in order to assist Pacific-ACP States to establish equitable systems for exploitation of State-owned natural resources. He emphasised the importance, while developing this important economic resource, of also prioritising environmental responsibility, and the protection of local communities and their livelihoods.

He hoped that the DSM Project may even indirectly serve the interest of EU States, in the event that companies from Europe may one day wish to work in the Pacific to develop DSM resources, and the DSM Project's work in the region should assist develop a level playing field for that investment. He expressed particular support of the Project's information-sharing objectives. Transparency and accountability are important for equitable exploitation of DSM. He welcomed the presence of an EITI representative at the workshop. He highlighted that the gathering of data and conduct of surveys in the deep sea environment is very expensive. Making use of private sector joint ventures, and the data we have – and sharing it with Governments, civil society and academia as much as possible is to be recommended. He wished the DSM Project, and Timor-Leste, well in its DSM endeavours.

## **2.5 Responding remarks by Mr Akuila Tawake, DSM Project Team Leader, SPC**

Mr Tawake also warmly welcomed all participants to the workshop jointly organised by the SPC-EU DSM Project and the office of the NAO within the Ministry of Finance. He thanked the Minister for his words of welcome and wisdom in opening the Timor-Leste National Deep Sea Minerals Stakeholder Consultation Workshop. He thanked Mr Francisco Incerpi Montbrun of the NAO's office for his wonderful assistance in organising this workshop. He thanked the EU for the financial assistance that enables SPC to implement the DSM Project in 15 Pacific-ACP States.

Mr Tawake highlighted the circumstances surrounding the conception of SPC's DSM Project. Some 40 years ago, interest in seabed minerals in the Pacific Ocean (and investigation of associated biological communities) began; and what is now the Applied Geoscience and Technology Division (SOPAC) of the SPC, at its inception in 1972 was instrumental in seabed mineral exploration (in collaboration with developed countries) which identified potential DSM deposits in the region. At the time it was not considered feasible by industry to extract these seabed minerals. There has however been a recent rejuvenation of interest – in the EEZs of Pacific-ACP States and in 'the Area' (the seabed beyond national jurisdiction). This has been triggered by rises in metal prices and global increase in demand for metals. New discoveries of high grade precious and base metals in Papua New Guinea (PNG) and Tonga, coupled with the grant of a mining licence to Nautilus Minerals by PNG last year – and Nautilus' statement that they will commercially mine DSM by the end of 2013: a world first – has re-ignited global interest and put Pacific in the forefront of this emerging industry.

To the Project's knowledge no information is held on the DSM potential in Timor-Leste's EEZ. In the last year the DSM Project has contacted DSM experts in the US and Australia in our quest to obtain information on Timor-Leste's DSM potential. Disappointingly they do not have any information. This does not necessarily mean that Timor-Leste does not have potential in its EEZ but, rather that there is just a lack of information.



**Mr Tawake addresses the workshop**

This data can be sought in the future. It may be that Indonesia or Australia hold information about the DSM in the seabed of their neighbouring EEZs, which could give indicative potential for Timor-Leste's EEZ where there are similar geological characteristics. An increase in world prices may trigger private sector interest to explore further within Timor-Leste's EEZ, including for gas hydrates. Mr Tawake strongly suggested that Timor-Leste encourage more marine scientific research and exploration of DSM within its EEZ in the future.

With limited knowledge of deep sea environments and biology, prudent decisions are necessary to ensure that environmental impacts are minimized. Mr Tawake emphasised that DSM is a very new area, and there are many unknowns. As there is very limited scientific information currently about the potential impact of DSM activities, the precautionary approach must be adopted. In order to build our knowledge-base in the deep sea environment, and given the very high costs of gathering the relevant data, the role of exploration and mining companies will be key.

Collecting relevant data is technologically challenging and the costs are high. So this work must be carried out in partnership with those who can afford and manage the financial risk.

The DSM Project was initiated by Pacific-ACP countries, recognizing that a regional and multi-stakeholder, participatory approach is an effective one for developing technical expertise, law and policy for DSM. The SPC through the SOPAC Division (where the DSM Project is situated) is mandated to assist Pacific-ACP States in dealing with issues relating to mineral exploration and mining. This regional approach is consistent with the 'Sustainable Development' and 'Governance' pillars of the Pacific Plan, which intend to strengthen regional cooperation and integration in the development of the minerals sector.

The DSM Project has been actively sharing information with Pacific-ACP States through media releases, workshops and brochures. We support a participatory approach, and encourage Timor-Leste to involve a range of stakeholders in its discussions on DSM.

Mr Tawake concluded by quoting the recent outcomes of the Rio+20 on mining, as agreed by World Leaders in Rio de Janeiro in June of this year:

"We acknowledge that minerals and metals make a major contribution to the world economy and modern societies. We note that mining industries are important to all countries with mineral resources, in particular developing countries. We also note that mining offers the opportunity to catalyse broad-based economic development, reduce poverty and assist countries in meeting internationally agreed development goals, including the Millennium Development Goals, when managed effectively and properly. We acknowledge that countries have the sovereign right to develop their mineral resources according to their national priorities and responsibility regarding the exploitation of resources described in the Rio Principles. We further acknowledge that mining activities should maximize social and economic benefits, as well as effectively address negative environmental and social impacts. In this regard, we recognize that Governments need strong capacities to develop, manage and regulate their mining industries, in the interest of sustainable development.

We recognize the importance of strong and effective legal and regulatory frameworks, policies and practices for the mining sector that deliver economic and social benefits and include effective safeguards that reduce social and environmental impacts, as well as conserve biodiversity and ecosystems, including during post-mining closure. We call on governments and businesses to promote the continuous improvement of accountability and transparency, as well as the effectiveness of the relevant existing mechanisms to prevent the illicit financial flows from mining activities."

SPC through the DSM Project sincerely hopes to work with in-country stakeholders on the achievement of the DSM Project objectives within Timor-Leste. Mr. Tawake looked forward to the outcome of deliberations during the workshop - and hoped that through interactive discussions we will be able collectively to identify an inclusive and precautionary approach in addressing DSM issues.

## 2.6 Presentations and Discussions

All presentations that were delivered during the workshop are available on CD from the NAO (contact: Mr Francisco Incerpi Montbrun at [fimontbrun@mof.gov.tl](mailto:fimontbrun@mof.gov.tl) or call +670-77299511).

### 2.6.1 Presentation 1: Overview of the Deep Sea Minerals (DSM) Project

*Presenter: Akuila Tawake (DSM Project Team Leader)*

Mr Tawake explained in his presentation that a regional approach to DSM had been called for by Pacific-ACP countries, following the recent upsurge in DSM exploration in the region, and in view of the lack of specific national policy and legislation in place to regulate DSM activities. He explained that, following the submission of a concept note by the SOPAC Division of SPC to the EU, 4.7m Euros funding had been granted to support the implementation of the Project in 15 Pacific-ACP Countries over 4 years (2011-2014).

The DSM Project's overall objective is: to expand the economic resource base of Pacific-ACP States by facilitating the development of a viable and sustainable marine minerals industry. The DSM Project aims to do this by strengthening the system of governance and capacity of Pacific-ACP in the management of DSM through the development and implementation of sound and regionally integrated legal frameworks, improved human and technical capacity and effective monitoring systems.

The project has four Key Result Areas:

- (1) The Regional Legislative and Regulatory Framework (RLRF) for DSM exploration and mining;
- (2) National policy, legislation and regulations;
- (3) Building national capacities – supporting active participation of Pacific-ACP nationals in the DSM mining industry; and
- (4) Effective management and monitoring of DSM exploration and mining operations.

The DSM Project's primary beneficiaries, as agreed with the EU, are (1) national governments, and (2) local communities. Other beneficiaries will include the private sector, non-state actors, regional and international agencies, and implementing partners.

Project activities to date for each of the Key Result Areas have included the following:

(1) An inaugural regional consultation workshop held in June 2011 in Nadi. Monica Rangel (Ministry of Finance) and Vicente Pinto (Ministry of Petroleum) attended on behalf of Timor-Leste. The DSM Project is now undertaking national consultations across the fifteen participating P-ACP States – and Timor-Leste is the fourteenth.

In consultation with key stakeholders, the draft RLRF was developed and reviewed, and has now been published (hard copies have been given to the Ministry of Petroleum and Natural Resources, and it is available online here: [www.sopac.org/dsm](http://www.sopac.org/dsm)). It will be used by States in developing their national laws and policies.

(2) Fourteen national stakeholder workshops have now been convened, and multi-stakeholder National Offshore Minerals Committees are being established in each country, to spearhead the DSM Project activities in-country. Timor-Leste is encouraged to do the same. Mr Tawake advised that, if

Timor-Leste already has an established committee that could take on this role, then that is a decision the stakeholders may wish to make at this workshop.

The DSM Project can provide policy / legislative drafting support, and assistance in submitting such instruments or other papers to Cabinet and Parliament will be provided as requested. For example the DSM Project has provided for Project countries to date draft: primary legislation, licensing regulations, environmental regulations, model licences for exploration and exploitation, Cabinet / Council of Minister papers, and ad hoc advice (e.g. on negotiations with DSM companies).

(3) Work on a publication to provide an assessment of DSM knowledge is underway, with contributions from a group of leading experts world-wide. This will be published later this year. The DSM Project has established a group of world-leading experts, to which Project countries can have access. For example, if an EIA is to be required of a proponent for DSM activities under a countries' environmental management legislation, then the Project can assist provide expert independent review of that EIA report. The Project is also currently gathering data to establish a regional marine minerals database, building on the SOPAC Division's current data derived from a twenty-one year 1985-2005 Japanese survey throughout the Pacific.

The DSM Project is identifying national candidates for capacity-building opportunities – short-term training, attending of training workshops, and the provision of support to candidates from Pacific-ACP States to participate in DSM exploration. For example we have sponsored a candidate from Kiribati Government to undertake the relevant marine safety and awareness training courses in Australia, before he embarks on a survey later this year with a DSM exploration company – and we will also fund him to participate in the post-survey process and report-writing.

The Project also runs a legal internship programme, where we identify a candidate (with Government approval) to work (in Suva) with the DSM Project Legal Advisor on DSM law for a 2-month placement - returning to the country at the end with excellent knowledge of this new area of law.

In August 2012 a regional technical training workshop was held in Fiji, with lectures on environmental, biological, geological and technical aspects of DSM, delivered by two world-leading experts. It was unfortunate that Timor-Leste did not attend this.

There will be three DSM Project regional training sessions for representatives from all Project countries later this year and in 2013, focusing on social, legal, and fiscal matters, in Vanuatu, Tonga and the Cook Islands respectively. Timor-Leste representatives will be invited and funded by the DSM Project to attend.

(4) The DSM Project will be developing a regional environmental management and monitoring framework and guideline. A chapter on environment management is included in the SPC-UNEP/GRID-Arendal partnership report on the state of knowledge of Pacific marine minerals that will be published by the end of the year, based on the surveys already carried out in the previous 40 years.

When the opportunities arise, the DSM Project will collaborate with marine scientific research groups on monitoring the environmental impacts of DSM mining over the next 2 years - identifying suitable candidates for on-the-job training in this area. Impact of DSM activities on fisheries is a key concern in the region, and we will be working with experts to further our understanding of this particular issue also.

Mr Tawake clarified that there hasn't been any DSM mining to date. When we talk about 'DSM activities' we mean exploration only, at the moment. PNG has issued a mining licence, for Solwara 1 Project and this is likely to be the first project to conduct DSM mining in late 2013, or in 2014.

The DSM Project has supported dissemination of information to key in-country stakeholders, including 6-monthly updates, information brochures, and media work. Web-pages dedicated to DSM are now launched within the SOPAC Division's website ([www.sopac.org/dsm](http://www.sopac.org/dsm)). The DSM Project will support National Offshore Minerals Committees (NOMCs) to, among other things, conduct DSM public awareness programmes. The involvement of local communities, particularly in environmental management issues when projects become advanced, will be important.

### **2.6.2 Presentation 2: Deep Sea Minerals in the Pacific Island Countries and the outcomes of the June 2011 Project Inaugural Regional Workshop**

*Presenter: Akuila Tawake (SOPAC Division, SPC)*

Mr Tawake introduced the different types of mining in the Pacific, highlighting the fact that while marine mining is not new – as there has been much aggregate mining in the region - DSM mining is a new frontier in mineral development. He explained why mining is important, demonstrating the many uses of metals that make them essential for our everyday life.

He explained that marine mineral exploration had occurred from the 1960s to the 1990s, and that these surveys had shown the potential of three types of deep seabed deposits: manganese nodules, sea-floor massive sulphides, and cobalt-rich crusts in the region. He highlighted the dates of the first discovery of manganese nodules in the 1970s, and then cobalt rich crusts in 1981, and then hydrothermal vents and the seafloor massive sulphide deposits associated with them in the 1980s and 1990s. From 1985 to 2005, a 21-year period of joint Japan-SOPAC surveys were conducted within the waters of PNG, Fiji, Vanuatu, Tonga, Samoa, Niue, Solomon Islands, Cook Islands, Kiribati, Tuvalu, Federated States of Micronesia and the Marshall Islands. Unfortunately the survey did not include the seabed of Timor-Leste.

Commercial entities currently involved in DSM exploration in the region currently include Korea Ocean Research and Development Institute (who are exploring in Tonga and Fiji); Nautilus Minerals (a Canadian / Australian company exploring in Papua New Guinea, Solomon Islands, and Tonga – with recent licences also granted to explore in Fiji, and Vanuatu); and Bluewater Metals (exploring in Solomon Islands, PNG, Vanuatu and Tonga). Nautilus Minerals is currently developing the necessary technology to mine SMS deposits in PNG's EEZ. Mr Tawake showed a map of the location of tenements granted in the Bismarck Sea for the Solwara 1 Project, and the exploration licence areas granted or under application in Tonga and Fiji currently. It demonstrates that a huge amount of ocean space has been taken up by exploration companies: a total area of more than 1 million km<sup>2</sup> – almost double the total land area of all Pacific-ACP countries.

Mr Tawake described how, where and at what depth DSM occur and the mineral content inside manganese nodules, cobalt-rich crusts, and SMS. Mr Tawake highlighted the potential that DSM may contain rare earth elements, and the economic and strategic significance that this would bring, as rare earth elements are essential components in most modern and 'green' technology, and given that China has a virtual monopoly of rare earth elements currently. Pictures of each of the three deposit types – manganese nodules in the Cook Islands (and trial-mining of nodules in the past); cobalt rich crusts in the Marshall Islands, and SMS in the Caribbean, Fiji and Papua New Guinea, were presented.

Mr Tawake showed which deposits were found in which Pacific-ACP States' EEZs, during the SOPAC-Japan survey. Using Papua New Guinea's Solwara 1 Project example, he explained the different methods and processes of exploration and resource definition, and presented a resource estimates comparison between SMS offshore resources, and onland volcanogenic massive sulphides and porphyry mines. This demonstrated that although the total resource amounts in one location are much smaller offshore than onshore, the grade is significantly higher. The copper grades are more than 8 times those found onland,

and the SMS are rich also in zinc, silver and gold. This is why the mining companies are looking offshore. The typical value of a tonne of land based ore is US\$50-180, whereas for SMS it may be US\$800-1500. One full SMS mining operation could produce export revenues of US\$500m per annum, at a conservative estimate (and at, for example, 10% royalties, the country would receive US\$50m per annum).

It was explained that the viability of DSM mining will hinge upon world demand, commodity prices, technological development and sound environmental management. Any DSM mining operation would have to compete with terrestrial mining. Given these factors, mining of manganese nodules and cobalt rich crusts may not be viable currently, but recently studies of SMS deposits have indicated excellent potential for mining.

Mr Tawake presented the recent technology developments seen in the Nautilus' Solwara 1 Project in Papua New Guinea. He provided a useful comparison of terrestrial and DSM mining, highlighting the challenges of dealing with water depth, and the limited knowledge of the environment for DSM – but also showing that DSM does not have the same significant overburden, waste disposal, or complex landowner issues that on-land mining encounters.

Mr Tawake highlighted other Pacific Islands' engagement with DSM to date, covering also interest from various Pacific Island States in the Clarion-Clipperton Fracture Zone – i.e. the international seabed beyond national jurisdiction ('the Area') in addition to exploration work currently underway within national jurisdictions.

Finally, Mr Tawake informed Workshop participants of the regional workshop held in Fiji in June 2011 to launch the Project (attended by two Timor-Leste representatives), which set a mandate for the DSM Project for further work with regard to DSM in the following 18 areas: a regional approach, capacity building, technology development and transfer, maritime boundaries, benefit-sharing, data collation, marine scientific research, community concerns and stakeholder consultation, environmental protection guidelines, environmental conservation and monitoring, information sharing and outreach, fisheries, resource assessment, technical information, legal framework, fiscal regime, sustainable economics, and governance and transparency.

### **Discussions on Presentation 2:**

Q: Is there potential for other types of offshore minerals in the region?

A: The three highlighted DSM deposit types are those of current interest but not the only seabed mineral types. Phosphorites may also be added to the list. There is a current phosphate project in the Chatham Rise in New Zealand, and some commentators consider this will be the first offshore mining operation.

Q: Where will the processing of DSM take place, and how labour-intensive will that be?

A: Nautilus Minerals' initial proposal for Solwara 1 was to extract the ore, ship it to PNG and process it there at an onshore processing facility. A few years later, they amended the proposal to ship the ore overseas directly from the DSM mining site. The benefit to that is that there will not be environmental impacts and waste-handling issues, but the negative side is that downstream benefits will be lost to the country – the employment and the investment that comes with processing. DSM mining companies to date do not appear to consider it viable to have a processing plant in the region. But this may change in the future. The labour required for processing will depend on the size of the plant – but could be perhaps 45 persons (three shifts of 15 persons, working 24 hours). But there will not be employment opportunities from this in-country if the processing is undertaken overseas.

Q: What benefits can the DSM Project give to Timor-Leste in relation to capacity-building?

A: Timor-Leste is invited to all the DSM Project regional workshops. Unfortunately Timor-Leste did not attend the previous workshop in Nadi in August 2012 on geological, biological, technical and environmental aspects of DSM and mining (although the DSM Project was offering to fund two participants to attend). Timor-Leste is encouraged to attend those events in the future, and also to take up opportunities for us to fund short-term training and on-vessel activities.

Q: Why do mining companies want to pursue ‘minor’ minerals and not major minerals like manganese or iron?

A: It is a question of supply and demand. Companies will look for the minerals that are in highest-demand and shortest-supply – like copper and nickel. Manganese has been too common in the past to be of commercial interest in DSM deposits. However this may change as demand for manganese increases.

### 2.6.3 Presentation 3: International Law Obligations

*Presenter: Hannah Lily (DSM Project Legal Advisor)*

Ms Lily introduced her talk with a description of the deep sea environment, and the importance to protect it. She highlighted that the main source of law relating to seabed minerals is the 1982 UN Convention on the Law of the Sea – to which Timor-Leste is not a signatory. Although Timor-Leste is likely to be bound by many of its provisions by operation of customary international law, it may be of benefit to Timor-Leste formally to accede to UNCLOS, to ensure enjoyment of the rights given to coastal and developing States, by UNCLOS – including access to ‘the Area’: the seabed beyond national jurisdiction. Delimiting maritime boundaries will also be important, before DSM tenements can be issued.

Ms Lily explained that international law requires States to take all appropriate steps to ensure that DSM exploration and exploitation activities within their jurisdiction are under their control and adhere to the standards set by international law. Adoption of national laws, regulations and administrative measures will be necessary before any DSM mining activities commence, to protect Timor-Leste from any potential damages claims that may arise as a result of accidents or pollution from DSM activities.

Direct obligations under international law in respect of DSM include (i) applying the precautionary approach, (ii) employing best environmental practice and (iii) prior EIA. This will be a challenge to small countries, with little spare capacity, but many of the costs and burdens can be placed on the commercial entity conducting the DSM operations.



**Ms Lily on DSM law**

Ms Lily introduced the DSM Project’s Regional Legislative and Regulatory Framework (RLRF), launched and endorsed by the Pacific Island Leaders at the 2012 Forum meeting in the Cook Islands in July 2012. The RLRF provides detailed guidance for Pacific-ACP Governments on DSM law and policy requirements.

Ms Lily, in looking forward for Timor-Leste in any future engagement in DSM, noted that the country’s experience with petroleum provides an excellent framework and capacity-base on which to build for DSM. She noted that Timor-Leste already has experience and structures in place for:

- negotiations with extractive industry,
- national participation in extractive projects,

- collecting a fair share of revenue from projects,
- managing revenue from a non-renewable resource,
- an independent regulatory body,
  - due diligence and decision-making processes for major projects,
  - licensing, monitoring and enforcing capabilities,
- strong civil society,
- a world-leading transparency model
- an institute of research in geology and work on capacity-building Timorese personnel in relevant science, engineering and technology,
- petroleum legislation,
- a draft Minerals Bill, and
- EIA processes.

These may need strengthening or adapting for DSM, but it is an excellent starting position.

Ms Lily emphasised that the DSM Project exists to provide expert technical advice to P-ACP States, including her capacity as a full-time lawyer to the Project – which could involve legislative review, drafting of national law, policy or contracts, legal training, or any legal advice that would assist Timor-Leste at their request.

### **Discussions on Presentation 3:**

Q: Who administers ‘the Area’, and how do developing States access it?

A: UNCLOS declares that the DSM outside of national jurisdiction are the ‘common heritage of mankind’, and established the International Seabed Authority (the ISA): an independent international agency established with its headquarters in Jamaica, to manage these resources for the benefit of all worldwide, now and in the future. UNCLOS also recognised that developing countries would be disadvantaged if access to the Area was the same for all member States – as developed countries would have the finances and technology to mine before the developing countries. UNCLOS therefore established a regime of ‘reserved areas’. When a developed country applies for an exploration licence, it has to submit to the ISA two areas of seabed that it has prospected and decided to be of equal interest to that country for further development. The ISA will give a licence to the country over one of those areas, and will reserve the other. This reserved area can only be accessed by a developing country (or a company sponsored by a developing country). This is advantageous because the developing country can access the prospecting data and work previously undertaken by the developed country, in selecting that area. Furthermore, the developing country knows that this area of the seabed has already been chosen as being of commercial interest. It is through this regime that Tonga, Nauru, and Kiribati-sponsored companies have obtained licences to explore reserved areas in the Area.

### **2.5.4 Presentation 4: Extractive Industry Transparency Initiative (EITI) in Timor-Leste**

*Presenter: Ms Elda da Silva (EITI Representative, Ministry of Finance)*

EITI is an international standard and tool, working to improve transparency and accountability for revenue generated by oil, gas and mining, and to avoid the resource curse. In Timor-Leste EITI has focussed on oil and gas, but may move to minerals in the future. It aims to reduce poverty and generate economic growth, and to involve Government, civil society and companies together.

Ms da Silva tracked the progress of Timor-Leste’s involvement with EITI since its commitment to implement EITI in June 2003, through its admission as a candidate country in February 2008 and its adoption of a TL-EITI template report in May 2009 (which disaggregates the data to be disclosed), to its

designation as a compliant country in July 2010. Timor-Leste's EITI status will be re-validated by June 2015, and regularly at 5-year intervals thereafter.

Timor-Leste's EITI Report 2009-2010 showed no discrepancies between the payments disclosed by the companies and the receipts disclosed by the country. The 2010-2011 EITI Report is currently being finalised.

In terms of information-sharing, Timor-Leste-EITI targets the Timor-Leste communities in rural and poor areas, recognising that many cannot access the internet. EITI should ensure the provision of better information about the amounts that extractive companies are paying and the amounts that Governments are receiving. Without this, civil society groups may assume the worst, and this can lead to unrest. EITI will also manage expectations – by understanding the numbers, people will know that oil in Timor-Leste doesn't mean instant wealth for all. This helps the people of Timor-Leste to become involved in realistic debate on how the money should be spent. As well as information-sharing at a local level, dissemination also takes place at a national level and civil society are encouraged to come together and engage with the Government in dialogue on the revenue raised from oil, and how this is to be spent.

But Timor-Leste has not stopped at its membership of EITI. It has undertaken additional measures to aim for a world-leading transparency model, through the following additional four pillars:

- (1) The Transparency Portal, which publishes on a website information about: the national budget, aid received, procurement, and Government results from expenditure.
- (2) The Petroleum Fund, which currently stands at close to US\$10.6 billion. The Fund ensures the wise management of these funds for the best interests of current and future generations.
- (3) Parliamentary debate, which is annually broadcast for 13 days during the annual budget discussions (and subsequently published on the Government website).
- (4) Council of Ministers decision-making, which is all published on the Timor-Leste Government website promptly after discussions have taken place.



**Ms Elda da Silva on EITI**

The aim of this is to promote greater transparency and to mitigate potential negative impact (such as that caused by corruption). It will be beneficial for Timor-Leste economically. It will increase participation of communities in State decision-making, and it enables Timor-Leste to engage with neighbouring countries and the wider region, to share positive experiences and learning. It will reduce political instability and send a good signal to investors and improve the country's reputation internationally: ANZ bank has decreased the interest rate, compared to their interest rates for credit charged from 2002 to 2007, the Government has more borrowing options, and Timor GAP – the national oil company, which is also signed up to EITI – is more attractive to investors. Through EITI politicians have improved credibility.

There are however challenges to implementing EITI in Timor-Leste. There are diverse groups within Timor-Leste and international agencies, with differing perspectives. EITI is voluntary. There is no regulatory investment in place currently, and there is a need to develop an EITI database.

#### **Discussions on Presentation 4:**

Q: Does Timor-Leste submit annual reports to the EITI Secretariat?

A: Yes, there are three types of report: an EITI report (about revenue collection), a validation report (to validate the data produced), and a progress report. All must be submitted to the EITI Secretariat annually before the year-end. These will already have been scrutinised by an international auditor appointed by Timor-Leste.

Q: Is there an intention to include the mining industry in Timor-Leste's EITI?

A: Yes, this is possible. At the moment EITI focuses only on petroleum. There is no onland mining currently, and so EITI has not extended to that yet. But there is already discussion about whether to extend EITI to all natural resources – not just mining, but even forestry and fisheries. Now that Timor-Leste has been endorsed as EITI-compliant, and Timor-Leste has moved 'beyond EITI' with the five pillars, this may be a logical next step.

### **2.5.5 Presentation 5: DSM Project Implementation in Timor-Leste**

*Presenter: Hannah Lily (DSM Project Legal Advisor)*

Ms Lily explained that is the SPC-EU DSM Project's recommendation to have (i) a national technical focal point, and (ii) a National Offshore Mining Committee (NOMC) to implement the Project in Timor-Leste. There is financial support from the DSM Project available for this and for in-country activities to be conducted by the focal point and the NOMC. It is open to Timor-Leste to inform the Project who takes these roles and how it is to be arranged – and this was one matter to be discussed in this afternoon's working groups.

## **3. WORKING GROUPS**

Workshop participants were divided into two groups: (i) a technical and (ii) a law and policy working group, for the discussion session. The technical working group was tasked to discuss technical DSM issues in relation to the needs and priorities of Timor-Leste, whilst the policy working group was mandated to discuss the state of national DSM legal instruments and the necessary requirements to put in place relevant to national policy, legislation and regulation. Each group then presented back in plenary on the outcomes of their discussions for consideration and further deliberations.

It was announced that the Minister had suggested that the Director of Minerals from the Institute of Petroleum and Geology should be the Project focal point. This would be cleared with the Institute's President, and officially communicated to the DSM Project in due course.

### **3.1 Outcomes of Working Group 1: Technical Issues**

#### ***(1) Technical and technological challenges and recommendations for DSM***

The Working Group identified that technical knowledge for DSM issues in Timor-Leste was very low, and assistance was sought from the Project in developing this. The Working Group considered that this should be prioritised before any further steps.

#### ***(2) Current institutional capacity and priority areas for capacity building***

The Working Group reiterated that capacity-building should be a priority for Timor-Leste. Focussing on providing training and information to: the Minerals Department, the Institute of Petroleum and Geology, and the Ministries of: Environment, Fisheries, Foreign Affairs (Maritime Boundaries), Finance, Defence,

Tourism and Justice. The Working Group suggested that all these institutions need to improve their skills and knowledge about how to take part in developing DSM in the future.

The Working Group considered that Timor-Leste representatives need to know more general information about the DSM Project and how to implement DSM activities within Timor-Leste. This workshop is the first time many attendees had learned about this subject, and the DSM Project. The Working Group felt that it would be helpful to have more information about it.

### ***(3) Environmental monitoring and management for DSM exploration and mining***

Again, the Working Group emphasised that Timor-Leste should start with capacity-building and filling in its lack of knowledge. In the view of Working Group 1, this should precede any steps for legislation and regulation development.

### ***(4) Stakeholder partnership***

It was agreed that it is important to involve all relevant Government ministries and departments, the private sector, NGOs and local communities.

### ***(5) General Issues***

#### *(i) Benefits and adverse impacts of offshore exploration and mining*

Benefits identified were: economic growth, reduction of poverty and increase in the quality of Timor-Leste's environmental management. The Working Group did not feel able to identify potential adverse impacts on their current knowledge.

#### *(ii) Other*

The allocation of the Project focal point within Timor-Leste Government and the formation of a national offshore minerals committee, remain matters to be decided.

## **3.2 Outcomes of Working Group 2: Law and Policy**

### ***(1) Development of Offshore Minerals Policy and Legislation and Regulation***

The second Working Group emphasised the gap in current knowledge about whether or not Timor-Leste has deep sea minerals within its jurisdiction. This needs to be established first, so a priority for Timor-Leste should be arranging for surveys to be conducted within its EEZ.

The lack of legislation relating to deep sea minerals was highlighted. It was noted that a national Minerals Bill is currently being prepared, and it was proposed that this draft legislation should be revised to include deep sea minerals. It was recommended that Timor-Leste should also accede to the UN Convention on the Law of the Sea – particularly in order to become a member of the International Seabed Authority and to have access to the Area.

Further consultation and information-sharing should underpin these actions.



**Working Group 1 discuss technical issues**

### ***(2) Appropriate fiscal regime policies for deep sea mining***

It was suggested that the petroleum taxation system should be used as a benchmark for a deep sea minerals fiscal regime – but possibly with an additional profit tax added, to capture any ‘super-profits’ arising from DSM extraction.

### ***(3) Environmental management and monitoring frameworks/guidelines for deep sea exploration and mining***

It was recommended that, when establishing DSM tenements over Timor-Leste’s seabed, to maintain some ‘no-extraction’ zones. This will slow the rate of extraction, which means the stream of revenue will last longer - and there may be advantages to leaving some minerals available for later extraction, in case of a continued upward trend in international metal prices. Regular checks on water pollution should also be undertaken as projects progress. The Working Group also recommended that, when DSM Projects are operational, communities living near to the mining sites should be surveyed, to assess whether there has been any impact from DSM extraction on their lifestyle. Timor-Leste could also consider an environmental protection fund, drawn from tax revenues or an upfront bond from the DSM company, which could be used for clean-up or EIA work.

### ***(4) Offshore Mining Legal Instruments***

The importance for Timor-Leste to sign up to UNCLOS was repeated. It was also recommended that Timor-Leste should ensure that the legal regime adopts world best practices; and that Timor-Leste EITI is expanded to include all extractive industries.

### ***(5) Development of Marine Scientific Research (MSR) Policy***

Timor-Leste could consider creating a marine research and policy institute. This could be an inter-ministerial institution (for example involving the Agriculture, Environment, Energy, Tourism, and Minerals Ministries). As well as being an academic institution, it could include a maritime surveillance function.

## **(6) General Issues**

### *(i) Benefits and adverse impacts of offshore exploration and mining*

The benefits to Timor-Leste of DSM are likely to be: increased revenues and potential creation of employment (depending on where and how processing takes place). There may also be a trickle-down effect: introduction of new wealth creates wealth. There may be more investment in infrastructure, education, health, and agriculture, particularly if processing of the ore occurs on-shore. Lower interest rates may also result.

Adverse impacts of DSM: Timor-Leste would need to guard against the resource curse and corruption. The environmental impacts will also need to be carefully assessed. Currently it is not known how severe they will be, nor what the knock-on effects there may be. Timor-Leste must also guard against impacting negatively on tourism, as this is a key priority area for Timor-Leste's development plan.

### *(ii) Formation of the National Offshore Minerals Committee (NOMC)*

It was agreed by this Working Group that a NOMC should be formed, and it was recommended that this should comprise: not only Government (Ministries of: Petroleum and Minerals, Commerce, Industry and Environment, Agriculture and Fisheries, Tourism, and Finance), but also: Timor GAP, the national Petroleum regulator, the Multi-Stakeholder Group, civil society, and the Institute of Petroleum and Geology.

### *(iii) Other*

Timor-Leste Government needs to identify how and whether DSM engagement fits with the country's political vision and development strategy.

The visit from the DSM Project team highlighted the type of technical assistance that is available to SPC (the Secretariat of the Pacific Community) member countries. Timor-Leste currently has observer status at the SPC, but should consider becoming a full member of– to benefit from this sharing of know-how and access to technical assistance.



**Working Group 2 discuss legal and policy issues**

### 3.3 Discussion of Working Group Sessions

The most strongly identified need area was clearly to build technical knowledge about deep sea minerals in-country.

It was raised that the DSM Project had recently held a week-long regional technical workshop on the geological, technological, biological and environmental aspects of deep sea minerals – and had sponsored two attendees from each Project country to attend. This had been a fantastic opportunity to learn from two world-leading experts in the field – Professor Chuck Fisher and Dr. Jim Hein, both working in the US. So it was regrettable that Timor-Leste had not been able to take advantage of this due to

It was agreed that this need for technical capacity-building within Timor-Leste could be met by the DSM Project holding a technical training workshop like the regional one that Timor-Leste missed, in-country on a national basis. Papua New Guinea were also unable to participate in the regional August workshop, so if a new workshop were to be held in Dili, it could be a sub-regional initiative, with PNG also invited. The NAO and the Ministry of Petroleum and Minerals will discuss this further, and the DSM Project will make enquiries of the expert speakers, and check budget status. The NAO offered to co-fund the workshop.

There was some discussion in response to the first Working Group's complaint that until the Workshop, there had been little dissemination of information about the Project in-country. It was highlighted that since November 2010 Timor-Leste was involved in planning for the Project, and information about the Project has been circulated to certain personnel within Timor-Leste, including through Monica Rangel and Vicente Pinto having attended the June 2011 inaugural meeting. If participants feel there has been a lack of information within Government, it seems this is from a lack of circulation within Timor-Leste, not from SPC or the NAO. It was agreed that this is why it is important to highlight a national technical focal point. It would be that person's responsibility to disseminate relevant information as appropriate, and this issue should not arise again. The NAO offered to work with the national focal point to disseminate information upon request, for example through the NAO's newsletter.

It was agreed that circulating the Proceedings Report of this meeting across all Ministries will be important, to reach those Ministries who have not participated.

With regards Working Group 2's recommendation to form a NOMC, It was confirmed that the NAO can provide financial support for some of the operations of a NOMC, such as eventual workshops, and that the DSM Project also has funding specifically allocated for this.

It was highlighted that several of the recommended participants of the NOMC had not attended the workshop, so it will be important for the focal point going forward to ensure that each Ministry is involved and understands the issues and the importance to attend the forthcoming events.

However participant from Working Group 1 queried whether it is possible to have a NOMC while there is such a lack of technical knowledge in-country. The NAO representative responded that, if a technical workshop is held, then Timor-Leste will have in-country knowledge. Subsequent technical workshops on law and finance will follow. The Director of Natural Resources maintained that Government should wait until they have heard from the technical experts, and received this training, before a decision is taken whether this is a priority area of interest for Timor-Leste or not. Until this is known the NOMC and work on policy development etc. should wait.

### 3.4 Conclusion of Working Group Session: Workshop Outcomes

The following action outcomes were therefore agreed by the workshop:

- (1) The Director of Minerals from the Institute of Petroleum and Geology was recommended to be the Project focal point. This would be cleared with the Institute's President, and officially communicated to the DSM Project in due course. In the meantime communications would continue between the DSM Project, the Director of Natural Resources at MPNR, and the NAO.
- (2) Technical capacity-building was the key priority for Timor-Leste. Information about deep sea minerals, and the Project (including these Proceedings) would be circulated widely to all interested stakeholders by the Project focal point.
- (3) A request would be made to the DSM Project from the NAO for a technical training workshop on geological, biological, environmental, and technological aspects of deep sea minerals and their development, to be held in Timor-Leste early in 2013, and to which Papua New Guinea colleagues may be invited.
- (4) Timor-Leste should consider acceding to the UN Convention on the Law of the Sea, and taking full membership of the Secretariat of the Pacific Community.

## 4 CLOSING OF WORKSHOP

Mr Tawake, on behalf of the Director-General of SPC and the Director of SOPAC Division, thanked all the workshop attendees for their active participation and for giving their time to the workshop. He looked forward to continuing this collaboration, as Timor-Leste moves toward the implementation of DSM Project activities nationally, in line with the action points agreed at the workshop. Particular thanks were offered by Mr Tawake to the NAO representative Francisco Incerpi Montbrun, and he was invited to make a closing address to the workshop

Mr Incerpi Montbrun thanked everyone present for dedicating their day to the DSM Project. He highlighted that this is just one Project funded by the EU Pacific EDF. He was able to report to the workshop that the large co-operation funding offered under the EDF will be extended to 2020. Discussions are currently underway on the priority areas for the next EDF envelope. It has already been agreed that natural resources are a key priority, and so it seems likely there may be a 'DSM Project #2' running beyond the current Project's life-time. So the group and discussions commenced today are just a starting point of work that may continue until 2020. Mr. Incerpi Montbrun highlighted that this workshop has itself been capacity-building. Participants leaving today can legitimately state that they have acquired a new area of knowledge. The Ministry of Finance conveyed the message in the workshop's opening: this is new territory for Timor-Leste. Indeed the deep seabed is the last frontier for humanity. We know more about the moon than the deep oceans, but we can expect future exploration – so the participants today, and those involved in the implementation of DSM project activities within Timor-Leste are making a valuable contribution to your country by working in this sector.

Ms Norberta Soares da Costa closed the workshop on behalf of his Excellency the Minister. Although he was unable to be present to close the workshop, he had expressly asked Ms Soares da Costa to thank the Minister of Finance and the NAO for hosting the workshop, and Ms Hannah Lily and Mr Akuila Tawake for sharing their knowledge about DSM; and all the participants today and their Ministries for sparing their time. His Excellency Alfredo Pires also asked Ms Soares da Costa to emphasise on his behalf that this workshop is an important first for Timor-Leste to learn about DSM and the DSM Project. As Timor-Leste is now already shifting our focus onto onshore minerals, it would look forward to exploring further this new area.

**ATTACHMENT 1:****Timor-Leste Deep Sea Minerals National Stakeholder Workshop Programme**Date: Tuesday October 23<sup>rd</sup> 2012

Venue: New Building of Ministry of Finance

| <b>Time</b>      | <b>Activity</b>  | <b>Presenter</b>                                      |
|------------------|--|---|
| 8:30 – 9:00      | Registration   |   |
| 9:00 – 10:00 am  | Official Welcome and Introduction  | Mrs Brigida da Silva (Deputy NAO)                     |
|                  | Official Opening   | Mr Alfredo Pires (Minister of Petroleum and Minerals) |
|                  | Remarks  | Ms Ana Pessoa (Procuradora Geral da Republica).       |
|                  |  | Mr Peter Maher (Head of Development Cooperation, EU)  |
|                  | SPC Responding Remarks   | Mr Akuila Tawake (DSM Project Team Leader, SPC)       |
|                  | [Group Photo for workshop Participants]  |   |
| 10:00 – 10:15 am | <b>Morning Tea</b>   |   |
| 10:15 – 12:30 pm | Overview of the SPC-EU EDF10 Deep Sea Minerals (DSM) Project   | Mr Akuila Tawake (SPC)                                |
|                  | Deep Sea Minerals and Mining in the Pacific Islands Region and Outcomes of the DSM Project Inaugural Workshop  | Mr Akuila Tawake (SPC)                                |
|                  | International law obligations and the Regional Legislative and Regulatory Framework.   | Ms Hannah Lily (DSM Project Legal Advisor, SPC)       |
|                  | Extractive Industry Transparency Initiative (EITI) in Timor Leste  | Elda da Silva<br>EITI Team representative.            |
| 12:30 – 1:30 pm  | <b>Lunch</b>   |   |
| 1:30 – 3:00 pm   | DSM Project Implementation in Timor Leste: Formation of National Offshore Minerals Committee (NOMC) and Appointment of National Focal Point for DSM.           | Ms Hannah Lily (SPC)                                  |
|                  | <b>Stakeholder Discussions</b>   |   |
|                  | Participants will be split into two working groups (policy and technical) and will be required to discuss the issues listed below and provide recommendations: |   |
|                  | <b>Working Group 1: Policy Issues</b>  |   |

|                |  |  |
|----------------|--|--|
|                | <ul style="list-style-type: none"> <li>• Development of Offshore Minerals Policy, Legislation, and Regulations</li> <li>• Appropriate Fiscal Regime policies for deep sea mining</li> <li>• Environmental Management and Monitoring Frameworks/guidelines for deep sea exploration and mining</li> <li>• Offshore Mining Legal Instruments in relation to existing National policies, and Regional and International Conventions (e.g. Noumea convention and UNCLOS)</li> <li>• Development of Marine Scientific Research Policy</li> </ul> <p><b>Working Group 2: Technical Issues</b></p> <ul style="list-style-type: none"> <li>• Technical and technological challenges of seabed mining and recommendations</li> <li>• Determine current institutional capacity and priority areas for capacity building</li> <li>• Ideas for capacity building initiatives (e.g. attachment in offshore exploration and mining, training workshops)</li> <li>• How to implement environmental monitoring and management for seabed exploration and mining</li> <li>• Stakeholder partnership (e.g. Government-Private Sector-SPC-NGO partnership)</li> </ul> <p><b>General Issues</b></p> <ul style="list-style-type: none"> <li>• Benefits and adverse impacts of seabed mining</li> <li>• Formation of a National Offshore Committee (NOMC) for delivery of the DSM Project activities in Timor Leste</li> <li>• Confirmation of the DSM Project technical focal points</li> <li>• Any additional seabed minerals and mining issues</li> </ul> | <p>All Participants<br/>[Facilitator: Akuila Tawake]</p>   |
| 3.00 – 3:15 pm | <b>Afternoon Tea</b>   |  |
| 3:15 – 4:30 pm | Working Groups Report Back   | Facilitator: Akuila Tawake   |
| 4.30pm         | Closure of Workshop  | Norberta da Soares da Costa, Director of Natural Resources, Ministry of Petroleum and Natural Resources. |

**ATTACHMENT 2:****Timor-Leste Deep Sea Minerals National Stakeholder Workshop Participants**

|     | <b>Name</b>                   | <b>Job title</b>  | <b>Organisation</b>                     | <b>Contact (email)</b>    |
|-----|-------------------------------|---|---|---------------------------|
| 1.  | Akuila Tawake                 | Project Team Leader,<br>Deep Sea Minerals Project                                       | SPC-SOPAC                               | akuila@sopac.org          |
| 2.  | Hannah Lily                   | Legal Advisor, Deep Sea<br>Minerals Project   | SPC-SOPAC                               | hannah@sopac.org          |
| 3.  | Francisco Incerpi<br>Montbrun | Team Leader, Institutional<br>Capacity Building of the<br>NAO system of Timor-<br>Leste | NAO / Ministry of<br>Finance            | fimontbrun@mof.gov.tl     |
| 4.  | Ana Pessoa                    | Procuradora Geral da<br>Republica   | Attorney General's<br>Office            |                           |
| 5.  | Alfredo Pires                 | Minister of Petroleum and<br>Natural Resources  | MPRM                                    |                           |
| 6.  | Peter Maher                   | Head of Development Co-<br>operators  | European Union                          |                           |
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