

Exploiting Natural Resources

Member countries are keen to exploit natural resources, such as minerals, petroleum and marine life, in order to increase their income from natural wealth. Governments therefore seek private capital, usually through foreign investment, for the commercialisation of these resources. Responding to their requests, the Secretariat advises on appropriate legal, economic and fiscal terms for such exploitation. It also assists with the delimitation of maritime boundaries, thereby establishing a jurisdictional framework for the exploitation of offshore resources.

The Secretariat also provides CFTC-funded experts on a short- or long-term basis to a number of countries to assist with various other aspects of the development of their natural resources.

Minerals and Petroleum

The exploration, development and production of mineral and petroleum resources is both costly and risky, yet their commercialisation can yield significant, sometimes enormous, economic benefits for the country concerned.

While the actual mining and petroleum operations are best handled by experienced and risk-taking private, often multinational, companies and mining houses, the challenge for governments is to establish an enabling framework that is sufficiently attractive to induce inward investment while at the same time adequately robust to safeguard the national interest. This task has been made more difficult in recent years as countries vie with each other to attract such foreign investment.

The Secretariat's in-house economic and legal advisers assist member governments in attracting new private risk capital for the exploitation of such resources by developing the relevant legal and fiscal frameworks. They also participate, as part of government negotiating teams, in actual talks with foreign oil and mining companies. These negotiations have resulted in several long-term investments.

In the past two years, they have assisted 17 Commonwealth countries, 11 of which are small states, in matters relating mainly to such resources as gas, gold, diamonds, platinum, cobalt, copper, lead, zinc and manganese. Small states are particularly disadvantaged when dealing with large oil and mining multinationals possessing specialised knowledge, technology, financing and operational experience which they usually lack.

Since mid-1995, the Secretariat's in-house advisers have helped the governments of Botswana, Maldives, Sierra Leone, Uganda and Zimbabwe to review, establish or modify policies and strategies for attracting new risk investment to their mineral and petroleum sectors. They have helped prepare model mining agreements for Botswana, Namibia and Pakistan, model petroleum agreements for India and Seychelles, and new legislation in other countries. Advice on investor

proposals, contracts and international promotion strategies, and assistance at meetings with potential foreign investors has also been given.

In addition, advisers have assisted the Government of Trinidad and Tobago in framing a development licence covering liquefied natural gas operations, and the Namibian Government in its negotiations with companies over the Kudu gas field. In Tanzania, they helped to review the complex arrangements negotiated with foreign investors for a major gas-to-electricity project. In Cook Islands, they are assisting the Government with the development of a framework for legal and fiscal measures for the deep-sea mining of mineral nodules.

Policy-oriented workshops on mining matters have been conducted for senior government officials from Botswana, Namibia and Solomon Islands, and on petroleum for Namibia and Seychelles officials.

The Secretariat, through the CFTC, has sent out a consultancy firm to study environmental and operational safety in oil extraction in Barbados, a senior geologist to Guyana's Geology and Mines Commission for geological mapping and mineral resource assessment, and experts to the South Pacific Applied Geoscience Commission to help the regional organisation develop sustainable mining strategies and environmentally sound water and sanitation management. A petroleum engineering adviser undertook a feasibility study for oil exploration in Malta.

Drilling for oil offshore, Namibia





Tanzania's Songo Songo gas field flaring from the discovery well

Maritime Boundary Delimitation

During the period under review, the Secretariat assisted many countries in the field of maritime boundary delimitation, including in the various stages of preparatory work and the negotiations. Notable among this assistance was the Organisation of Eastern Caribbean States (OECS) boundary delimitation programme under which the Secretariat offered assistance to the entire group of independent OECS members in their preparations for boundary negotiations. An adviser has also been provided on a long-term arrangement to assist the OECS.

Secretariat advisers also assisted in negotiations between Jamaica and Britain (with respect to the Cayman Islands) and between Jamaica and Nicaragua. They helped prepare Grenada for negotiations with Venezuela, and Samoa for negotiations with neighbouring states.

The Secretariat participated in workshops on the Law of the Sea and maritime boundary issues in Maldives, Seychelles and the Eastern Caribbean with a view to facilitating capacity-building in aspects of the Convention of the Law of the Sea and maritime boundary delimitation in those countries.

Fisheries

The Secretariat has assisted member countries in drafting fisheries legislation and negotiating fisheries access agreements. It has also organised country-specific workshops in enforcement and the management of Exclusive Economic Zones (EEZs). Following an earlier package of services to Brunei Darussalam on all aspects of its fishing industry, a fisheries boarding and prosecution exercise was conducted in that country, with the help of the navy, police, customs and magistrates, to train some 17 officers from the various departments concerned.

An expert on fisheries law has been assigned to the South Pacific Forum Fisheries Agency to assist in the operation and management of the agency's vessel monitoring system.