

Selected Decisions and Documents of the Eighteenth Session





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(9 – 27 July 2012)

International Seabed Authority
14-20 Port Royal Street
Kingston, Jamaica
Tel: (876) 922 9105
Fax: (876) 967 7487
URL: www.isa.org.jm

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Report of the Secretary-General of the International Seabed Authority under article 166, paragraph 4, of the United Nations Convention on the Law of the Sea

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I. Introduction

1. The present report of the Secretary-General of the International Seabed Authority is submitted to the Assembly of the Authority under article 166, paragraph 4, of the 1982 United Nations Convention on the Law of the Sea (“the Convention”). The report presents an account of the main work carried out by the Authority since the seventeenth session in 2011. It also provides an overview of the work programme for the period 2012 to 2014, including identification of the main tasks that will need to be accomplished during this period.

2. The Authority is the organization through which States parties to the Convention, in accordance with Part XI of the Convention and the provisions of the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982 (“the 1994 Agreement”) adopted by the General Assembly of the United Nations under the terms of its resolution 48/263 of 28 July 1994, organize and control activities in the Area, particularly with a view to administering the resources of the Area. It does this strictly in accordance with the provisions of the Convention and the 1994 Agreement through a contract-based licensing system, which involves issuing contracts of limited duration to those entities wishing to explore for minerals in the seabed beyond national jurisdiction.

3. The Authority has a number of additional specific responsibilities under other provisions of the Convention, such as the responsibility to distribute to States parties to the Convention payments or contributions in kind derived from exploitation of the resources of the continental shelf beyond 200 nautical miles pursuant to article 82, paragraph 4, of the Convention, and the responsibility under articles 145 and 209 of the Convention to establish international rules, regulations and procedures to prevent, reduce and control pollution of the marine environment from activities in the Area, and to protect and conserve the natural resources of the Area and prevent damage to the flora and fauna (that is, the biodiversity) of the marine environment.

II. Overview of the substantive work of the Authority

4. The substantive functions of the Authority derive exclusively from the Convention, particularly Part XI, and the 1994 Agreement. In accordance with the 1994 Agreement, an evolutionary approach has been taken to the establishment of the Authority. Thus, pending the approval of the first plan of work for exploitation, the Authority has concentrated on the areas of work listed in paragraph 5 of section 1 of the annex to the 1994 Agreement. These include the supervision of contracts for exploration and the progressive development of regulatory measures for future activities in the Area, especially those relating to protection of the marine environment. In view of the limited resources available to the Authority, the relative priority given to each of these areas of work has until now been entirely dependent on the pace of development of commercial interest in deep seabed mining.

5. In accordance with the evolutionary approach, the first 10 years of the Authority’s life were devoted primarily to organizational matters. The substantive work programme was primarily aimed at fulfilling the functions set out in the 1994 Agreement relating to the assessment and evaluation of the mineral resources of the

Area as well as beginning the process of establishing an environmental baseline for the areas of primary interest for mining. In the past two years, however, there has been a significant increase in the activities and workload of the Authority. The workload of the Authority now includes not only the supervision of 12 active exploration contracts, but also the development of urgently needed rules, regulations and procedures relating to the protection of the marine environment and future exploitation. Another five applications for plans of work for exploration have been filed in 2012. This is encouraging for the Authority as an institution and for member States, who will be the ultimate beneficiaries from seabed mining in the future. However, it also means that the Authority is under increased pressure to now develop fair and equitable policies and regulations for the exploitation of marine minerals, as well as to deliver an appropriate level of environmental protection for the Area.

6. In this regard, while the workload of the Authority has evolved, there has been no increase in the resources available to carry out that work. The present report identifies the resources that will be required to (a) effectively administer the expected number of exploration contracts, (b) continue the progressive development of rules, regulations and procedures for the conduct of activities in the Area, including regulations for exploitation of seabed minerals, and (c) continue the baseline environmental work necessary to carry out and evaluate environmental impact assessments of deep seabed mining. In the concluding part of the report, some suggestions are made for further streamlining the pattern of meetings of the Authority in order to ensure the maximum efficiency and cost-effectiveness in carrying out its work.

III. The Area

7. The Area is defined in the Convention as the seabed and subsoil thereof beyond the limits of national jurisdiction. It follows that it is not possible to establish the geographic limits of the Area with any certainty until the limits of national jurisdiction are established, which includes a precise delineation of all areas of continental shelf extending beyond 200 nautical miles from the baseline. In this regard, article 84, paragraph 2, of the Convention requires coastal States to give due publicity to charts or lists of geographical coordinates of the outer limit lines of the continental shelf and, in the case of those extending beyond 200 nautical miles, to deposit a copy of such charts or lists with the Secretary-General of the Authority. This requirement is in addition to the requirement under article 76, paragraph 9, of the Convention to deposit such charts or lists, as well as other relevant information, with the Secretary-General of the United Nations.

8. On 21 October 2009, Mexico became the first member of the Authority to formally notify the Secretary-General that it had deposited with the Secretary-General of the United Nations charts and other relevant information on the outer limit of its continental shelf with respect to the western polygon in the Gulf of Mexico. As a follow-up, the Secretary-General is pleased to inform the Assembly that, on 6 January 2012, Mexico submitted to the Secretary-General of the Authority a copy of the list of coordinates of Mexico's outer limits of the continental shelf in the western region of the Gulf of Mexico beyond 200 nautical miles, in accordance with article 84, paragraph 2, of the Convention. Recognizing that the delineation of all pending claims to areas of outer continental shelf is likely to be a lengthy

process, the Secretary-General nevertheless wishes to reiterate that article 84, paragraph 2, of the Convention is an important provision which is designed to facilitate the effective administration of the Area for the benefit of all States. The Secretary-General encourages all members of the Authority to observe the provisions of article 84, paragraph 2, as soon as possible after their outer limits of the continental shelf have been established in accordance with relevant provisions of the Convention.

IV. Membership of the Authority

9. In accordance with article 156, paragraph 2, of the Convention, all States parties to the Convention are ipso facto members of the Authority. As at 12 May 2012, there were 162 members of the Authority (161 States and the European Union). On the same date, there were 141 parties to the 1994 Agreement.

10. Since the last session of the Authority, no States have become parties to the Convention or the 1994 Agreement. There are still 21 members of the Authority that became parties to the Convention prior to the adoption of the 1994 Agreement but have not yet become parties to that Agreement: Antigua and Barbuda, Bahrain, Bosnia and Herzegovina, Comoros, Democratic Republic of the Congo, Djibouti, Dominica, Egypt, Gambia, Ghana, Guinea-Bissau, Iraq, Mali, Marshall Islands, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Sao Tome and Principe, Somalia, Sudan and Yemen.

11. As provided by resolution 48/263 and the 1994 Agreement itself, the provisions of the 1994 Agreement and Part XI of the Convention are to be interpreted and applied together as a single instrument. In the event of any inconsistency between the 1994 Agreement and Part XI, the provisions of the 1994 Agreement prevail. Although members of the Authority that are not parties to the 1994 Agreement necessarily participate in the work of the Authority under arrangements based on that Agreement, becoming a party to the 1994 Agreement would remove an incongruity that currently exists for those States. For this reason, each year since 1998, at the request of the Assembly, the Secretary-General has circulated a letter to all members in this position, urging them to consider becoming parties to the 1994 Agreement. In the last such letter, circulated in May 2012, attention was drawn to the relevant paragraphs of the report of the Secretary-General for 2011 (ISBA/17/A/2) and to paragraph 3 of General Assembly resolution 66/231, in which the Assembly called upon all States to become parties to both the Convention and the Agreement in order to achieve the goal of universal participation in the two instruments. The Secretary-General encourages all those members of the Authority that are not yet parties to the 1994 Agreement to become parties at the earliest possible opportunity.

V. Permanent missions to the Authority

12. As at 31 May 2012, the following 20 States and the European Union maintained permanent missions to the Authority: Argentina, Belgium, Brazil, Cameroon, Chile, China, Cuba, France, Gabon, Germany, Italy, Jamaica, Japan, Mexico, Nigeria, Republic of Korea, Saint Kitts and Nevis, South Africa, Spain and Trinidad and Tobago.

VI. Protocol on the Privileges and Immunities of the Authority

13. The Protocol on the Privileges and Immunities of the International Seabed Authority entered into force on 31 May 2003. Since the seventeenth session two further members of the Authority (France and Guyana) have become parties to the Protocol.

14. As at 14 June 2012, the number of parties to the Protocol was 35: Argentina, Austria, Brazil, Bulgaria, Cameroon, Chile, Croatia, Cuba, Czech Republic, Denmark, Egypt, Estonia, Finland, France, Germany, Guyana, India, Ireland, Italy, Jamaica, Mauritius, Mozambique, Netherlands, Nigeria, Norway, Oman, Poland, Portugal, Slovakia, Slovenia, Spain, Togo, Trinidad and Tobago, United Kingdom of Great Britain and Northern Ireland and Uruguay.

15. The Secretary-General wishes to draw the attention of members of the Authority to operative paragraph 46 of General Assembly resolution 66/231, in which the Assembly called upon States that had not done so to consider ratifying or acceding to the Protocol. The Secretary-General urges other members to become parties to the Protocol, which, *inter alia*, provides essential protection to representatives of members of the Authority who attend meetings of the Authority or who travel to and from those meetings. It also accords to experts on mission for the Authority such privileges and immunities as are necessary for the independent exercise of their functions during the period of their mission and the time spent on journeys in connection with their mission.

VII. Previous session of the Authority

16. The seventeenth session of the Authority was held in Kingston from 11 to 22 July 2011. Peter Thomson (Fiji) was elected President of the Assembly for the seventeenth session, and Andrzej Przybycin (Poland) was elected President of the Council.

17. The Council, acting on the recommendation of the Legal and Technical Commission, considered and approved four applications for approval of plans of work for exploration in the Area. The applications submitted by Nauru Ocean Resources Inc. (NORI), sponsored by Nauru, and by Tonga Offshore Mining Ltd. (TOML), sponsored by Tonga, related to exploration for polymetallic nodules. The applications submitted by the China Ocean Mineral Resources Research and Development Association (COMRA) and by the Government of the Russian Federation related to exploration for polymetallic sulphides.

18. At its 172nd meeting, on 21 July 2011, the Council, having decided, without prejudice to future elections and having due regard to economy and efficiency, to increase the number of members of the Commission, elected 25 members of the Legal and Technical Commission for the period 2012 to 2016. Members of the Council emphasized that it was imperative that members of the Commission make every effort to attend and participate in all meetings of the Commission in full.

19. The Council was not able to complete its work on the elaboration of regulations for prospecting and exploration for cobalt-rich ferromanganese crusts in the Area and it was agreed to take this matter up at the eighteenth session. This matter is discussed in section XVII of the present report.

20. The Council also considered a proposal for an environmental management plan for the Clarion-Clipperton Zone submitted to it by the Legal and Technical Commission (ISBA/17/LTC/7). As proposed by the Commission, the plan included the establishment of nine areas of particular environmental interest intended to protect the biodiversity and ecosystem structure and functioning of the Zone from the potential impacts of seabed mining. The Council took note of the recommendations of the Commission and adopted a decision relating to the environmental management plan for the Zone (ISBA/17/C/19). In its decision, the Council recognized that the recommendations of the Commission were designed to give effect to the precautionary approach, as called for in the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area (ISBA/6/A/18, annex). The Council also decided that, until the environmental management plan was adopted, any application for a plan of work for exploration or exploitation in one of the proposed areas of particular environmental interest would be given special scrutiny by the Commission against the background of the draft environmental management plan. The Council further called for marine scientific research to be conducted in the areas of particular environmental interest, in accordance with article 143 of the Convention, and for the full and effective dissemination of the results of such research through the Authority. In addition, the Council requested the Secretary-General of the Authority to take steps to develop programmes for marine scientific research in the Zone for the benefit of developing States and to communicate the decision to other relevant international organizations, including those having an interest in the high seas in the region of the Zone. Finally, the Council requested the Secretary-General to convene a further workshop to review again the data and assumptions used in the proposal and to address the availability of data that could be used to assess the plan, and asked the Commission to further examine its proposals in the light of the results of such workshop and the discussions in the Council.

21. Following the seventeenth session, the Secretary-General communicated the Council's decision to all relevant international organizations, including the Inter-American Tropical Tuna Commission, the Western and Central Pacific Fisheries Commission, the secretariat of the Convention on Biological Diversity and the United Nations Environment Programme (UNEP). The Secretary-General also convened a meeting of contractors with the Authority in order to address the question of the availability of data that could be used to assess the environmental management plan. Further details can be found in section XX of the present report.

VIII. Thirtieth anniversary of the United Nations Convention on the Law of the Sea

22. The Convention was adopted in New York on 30 May 1982 and was opened for signature at Montego Bay, Jamaica, on 10 December 1982. In its decision ISBA/17/A/8, of 25 July 2012, the Assembly decided to convene a special meeting during the eighteenth session to commemorate the thirtieth anniversary of the opening for signature of the Convention and requested the Secretary-General of the Authority to undertake activities in observance of the anniversary. The special session will take place on 24 July 2012, followed by a reception. The Government of Jamaica, in collaboration with the Authority, also proposes to erect a

commemorative plaque at the Wyndham Rose Hall Hotel, Montego Bay, Jamaica, which was the venue for the opening for signature of the Convention in 1982.

23. On 29 February 2012, the Minister of Foreign Affairs and Foreign Trade of Jamaica and the Secretary-General of the Authority jointly hosted an event to launch a commemorative programme in honour of the thirtieth anniversary. The event was accompanied by an exhibition of pictures, posters, maps, samples of marine minerals, model research vessels and submersibles, and publications provided by the Authority and the Centre for Marine Sciences of the University of the West Indies. The official launch was followed by a symposium to introduce the achievements of the Convention, the Authority and the Endowment Fund of the Authority, at which presentations were made by the Secretary-General, the Deputy to the Secretary-General and Legal Counsel and Coy Roache, a former member of the Finance Committee. About 100 diplomats, Jamaican Government officials and staff members of the secretariat participated in the official launch and the symposium.

24. The Authority was also represented at the twenty-second Meeting of States Parties to the Convention, held at New York from 4 to 11 June 2012, during which a special commemorative session was held to mark the thirtieth anniversary of the Convention. The Secretary-General of the Authority, together with the President of the International Tribunal for the Law of the Sea and the Chair of the Commission for the Limits of the Continental Shelf, were invited to make presentations at the commemorative session.

IX. Administrative matters

A. Staff Regulations and Rules

25. The Authority is an autonomous international organization but it applies to its staff the common system of salaries, allowances and other conditions of service of the United Nations system. The Authority is also a member of the United Nations Joint Staff Pension Fund and accepts the jurisdiction of the United Nations Appeals Tribunal in relation to applications from staff members of the Authority alleging non-observance of their terms of appointment, including all pertinent regulations and rules. The Authority is also a party, since 2001, to the Inter-Organization Agreement concerning Transfer, Secondment or Loan of Staff among the Organizations Applying the United Nations Common System of Salaries and Allowances. As earlier noted (ISBA/17/A/2, para. 17), the Staff Rules of the Authority were reviewed and updated in January 2011 in order to take into account changes in the procedures and practices applicable in the United Nations as well as the changes to the Staff Regulations of the Authority adopted by the Assembly in 2010. Following the promulgation of the revised Staff Rules, the Office of Legal Affairs undertook a comprehensive review of all current administrative instructions and information circulars in order to ensure that they remained consistent with the Staff Regulations and Rules.

B. Secretariat

26. There were no changes to the secretariat during the reporting period and the number of established posts remained at 35 (19 Professional and 16 General Service). The structure of the secretariat has remained largely unchanged since 1998. It is

organized into four functional units: the Office of the Secretary-General, the Office of Legal Affairs, the Office of Administration and Management and the Office of Resources and Environmental Monitoring. Given the limited number of staff members, temporary support is procured to service the annual sessions of the Authority. Translation of official documents is outsourced to the Department for General Assembly and Conference Management of the United Nations in New York, which also provides interpreters and conference-servicing staff for the annual session.

C. Staff training

27. Staff training is required for the maintenance of the computer network and specialized software, which are continually being updated. Training in specialized areas, such as the Geographic Information System (GIS), is also necessary. In addition, since the Authority applies the United Nations common system, it is expected to make available mandatory staff training in core United Nations competencies. Unfortunately, since such training is not generally available in Jamaica, and the financial resources for training are not sufficient for external training, the reality is that limited training opportunities are available for staff members. Nevertheless, in order to promote language proficiency, French and Spanish classes were held for secretariat staff during 2011.

X. Headquarters of the Authority

28. The relationship between the Authority and the host Government, Jamaica, is dealt with in a headquarters agreement approved by the Assembly in 1999. The permanent headquarters of the Authority, which are the premises formerly occupied by the Kingston Office for the Law of the Sea, are located in Kingston, Jamaica. The terms and conditions under which the Authority occupies the part of the headquarters building allocated to it are set out in a supplementary agreement between the Authority and the Government of Jamaica concerning the use and occupation of the permanent headquarters. In accordance with article 6 of the supplementary agreement, it is the responsibility of the Government to maintain the headquarters building in good condition of repair and maintenance, including elevators, fire protection systems and air conditioning.

29. The Secretary-General had previously reported to the Assembly on long-standing problems relating to the age and poor condition of the air-conditioning units, elevators and windows of the headquarters building. These included frequent malfunctioning and water ingress, causing damage to the Authority's property as well as health problems. Between August 2011 and March 2012, the Government carried out renovation and repair work to the elevators and the air-conditioning system. Seals on all external windows have also been renewed. These measures have ameliorated, for the time being, some of the most serious defects in the headquarters building. However, the building itself is old, deteriorating and inefficient, especially in terms of energy efficiency.

30. While the Government of Jamaica is responsible for maintaining the fabric of the headquarters building, the Authority is required to take responsibility for minor internal repairs as well as the internal layout and state of decoration of the secretariat offices on the first and second floor of the headquarters building. The

secretariat offices were last refurbished in 1999 and are now in a very poor state of decoration and repair. It is therefore proposed to carry out an internal refurbishment of the secretariat offices, including sanitary facilities, during the forthcoming biennium.

31. Pursuant to the headquarters agreement, the Authority uses the Jamaica Conference Centre for the purposes of its annual sessions. The cost of rental of the Conference Centre is met from the administrative budget of the Authority.

XI. Relationship with the United Nations and other relevant international organizations

A. The United Nations

32. The Authority maintains a close and productive working relationship with the United Nations, in particular the Division for Ocean Affairs and the Law of the Sea of the Office of Legal Affairs and the Department for General Assembly and Conference Management, which provides meetings services for the annual session of the Authority. Since 2011, the Authority has also become a participating organization in the Nippon Foundation Fellowship Programme administered by the Division pursuant to the Technical Cooperation Trust Fund Agreement between the United Nations and the Nippon Foundation of Japan.

33. In this regard, it will be recalled that the General Assembly, by its resolution 51/6 of 24 October 1996, granted observer status to the Authority. The Authority maintains a permanent mission to the United Nations, which greatly facilitates an effective working relationship with Member States represented in New York. Furthermore, in 1997, the Authority entered into a formal relationship agreement with the United Nations under which the Authority agreed to apply, in the interests of uniform standards of international employment, and to the extent feasible, common personnel standards, methods and arrangements and to facilitate the interchange of personnel in order to obtain the maximum benefit from staff members' services. The agreement also covers the terms and conditions on which meeting services are provided to the Authority by the Department for General Assembly and Conference Management.

B. International Civil Service Commission

34. Although the Authority has consistently applied the common system of salaries, allowances and other conditions of service of the United Nations and is subject to the decisions of the International Civil Service Commission concerning matters such as the conditions of service for staff, including post adjustment and cost-of-living allowances, it has not yet subscribed to the statute of the Commission. This has had certain negative impacts on the Authority and its staff: the Authority is unable to contribute to the process of establishing some of the basic conditions of service for staff, such as post adjustment, and is also unable effectively to avail itself of the benefits of the Inter-Organization Agreement and related staff mobility and career enhancement mechanisms, as well as the services of the Joint Inspection Unit and security management services coordinated through the Department for Safety and Security of the United Nations.

35. Following discussion of this matter in the Finance Committee in 2011, the Committee requested the Secretary-General to provide it with a report detailing the costs and benefits of the Authority participating in the work of the Commission. The report was prepared and issued under the symbol ISBA/18/FC/2. It will be considered by the Finance Committee during the eighteenth session. In the report the Secretary-General recommends that the Authority subscribe to the statute of the Commission with effect from 2013 and that provision for the costs of participation in the work of the Commission be included in the budget for the financial period 2013-2014. Subscribing to the Commission's statute would ensure the Authority's full participation in the United Nations common system.

C. International Tribunal for the Law of the Sea

36. The Authority enjoys a harmonious working relationship with the International Tribunal for the Law of the Sea. In March 2012, at the invitation of the President of the Tribunal, the Secretary-General and the Deputy to the Secretary-General visited the premises of the Tribunal in Hamburg where they held informal discussions with the judges of the Tribunal and the members of the Seabed Disputes Chamber. An informal discussion also took place on general administrative and staffing matters between the Deputy to the Secretary-General and the Registrar of the Tribunal. As part of the collaboration between the Authority and the Tribunal, the Tribunal's librarian visited the Authority in February 2012 to explore possible areas of collaboration in the provision of library and information services. This matter is discussed in section XIII of the present report.

XII. Financial matters

A. Budget

37. The approved budget for the financial period from 2011 to 2012 was US\$ 13,014,700. That represented an increase of 3.9 per cent over the budget for the previous financial period. The proposed budget for the financial period from 2013 to 2014 (ISBA/18/A/3-ISBA/18/C/7) will be presented to the Finance Committee for consideration at the eighteenth session. The proposed budget takes into account the evolution in the work of the Authority and the need for increased resources to carry out this work. The proposed budget also reflects the increased costs associated with processing applications for plans of work for exploration and reviewing the annual reports of contractors.

38. The secretariat continued to use its best efforts to constrain unnecessary increases in its administrative expenses through the implementation of cost-saving and efficiency measures where possible. These included replacement and upgrading of the existing telephone switchboard to achieve savings of 12 per cent per annum in recurrent costs and an estimated 20 per cent savings in the cost of international call charges; energy efficiency measures to achieve a 10 per cent savings in electricity consumption; reduction in expenditures on overtime by approximately 40 per cent through improved management; consolidation of printers and information technology assets to reduce maintenance and consumable costs; and stricter enforcement of travel policies. In addition, the secretariat was able to recover a total of

2,622,061.24 Jamaican dollars (US\$ 30,138) in the form of outstanding refunds of general consumption tax, unpaid royalties from sales publications and delayed contributions from other agencies towards the cost of language training.

B. Status of contributions

39. In accordance with the Convention and the 1994 Agreement, the administrative expenses of the Authority shall be met by assessed contributions of its members until the Authority has sufficient funds from other sources to meet those expenses. The scale of assessments shall be based on the scale used for the regular budget of the United Nations, adjusted for differences in membership. As at 30 April 2012, 57 per cent of the value of contributions to the 2012 budget due from member States and the European Community had been received from 40 per cent of the Authority's membership.

40. Contributions outstanding from member States for prior periods (1998-2011) amount to US\$ 308,267. Notices are regularly sent to member States reminding them of the arrears. In accordance with article 184 of the Convention and rule 80 of the rules of procedure of the Assembly, a member of the Authority that is in arrears in the payment of its financial contribution shall have no vote if the amount of its arrears equals or exceeds the amount of the financial contribution it owes for the preceding two years. As at 30 April 2012, 42 members of the Authority were in arrears for a period of two years or more: Angola, Belarus, Belize, Benin, Botswana, Burkina Faso, Cape Verde, Comoros, Congo, Dominica, Dominican Republic, Equatorial Guinea, Gabon, Gambia, Grenada, Guinea, Guinea-Bissau, Honduras, Lesotho, Liberia, Maldives, Mauritania, Micronesia (Federated States of), Morocco, Mozambique, Palau, Panama, Paraguay, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Sao Tome and Principe, Seychelles, Sierra Leone, Solomon Islands, Somalia, Togo, Uganda, Vanuatu, Viet Nam, Zambia and Zimbabwe.

41. Also as at 30 April 2012, the balance of the Working Capital Fund stood at US\$ 491,708. In this regard, it will be recalled that, at the sixteenth session in 2010, the Finance Committee recommended an increase in the level of the Working Capital Fund, to be implemented over the next two financial periods, to a level of US\$ 560,000.

C. Voluntary trust fund

42. The voluntary trust fund for the participation of members of the Finance Committee and the Legal and Technical Commission from developing countries was established in 2002. Provisional terms and conditions for the use of the fund were adopted by the Assembly in 2003 and amended in 2004 (see ISBA/9/A/9, para. 14, and ISBA/9/A/5-ISBA/9/C/5). The voluntary trust fund is made up of voluntary contributions from members of the Authority and others. To date, contributions totalling US\$ 188,318 have been received. The last contribution, of US\$ 10,000, was made in June 2011 by Nigeria. In addition, to supplement the voluntary contributions, the sum of US\$ 195,000 has been advanced to the voluntary trust fund from the Endowment Fund for Marine Scientific Research (see sect. D below), even though the Endowment Fund is expressly established for the separate purpose of supporting the participation of developing country scientists in marine scientific

research and not for the purpose of supporting the participation of members of the Legal and Technical Commission and Finance Committee in the meetings of those bodies.

43. The total amount paid out of the voluntary trust fund to date is US\$ 367,192. Average annual expenditure is US\$ 45,834. The estimated annual requirement, if all members of the Legal and Technical Commission and Finance Committee from developing countries were to use the fund, would be approximately US\$ 60,000. However, as at 30 April 2012, the balance of the fund stood at US\$ 22,794, which will not be sufficient to meet the estimated requirement in 2012. As will be seen in paragraph 47 below, it will also not be possible to continue to supplement the voluntary trust fund by borrowing from the Endowment Fund.

44. In these circumstances, the Secretary-General appeals to members of the Authority to make contributions to the voluntary trust fund in order to facilitate full participation in the Finance Committee and the Legal and Technical Commission by members from developing countries.

D. Endowment Fund for Marine Scientific Research in the Area

45. The Endowment Fund for Marine Scientific Research in the Area was established by the Assembly in 2006 (ISBA/12/A/11). Detailed rules and procedures for the administration and utilization of the Fund were adopted in 2007 (ISBA/13/A/6). The Endowment Fund aims to promote and encourage the conduct of marine scientific research in the Area for the benefit of mankind as a whole, in particular by supporting the participation of qualified scientists and technical personnel from developing countries in marine scientific research programmes, including through training, technical assistance and scientific cooperation programmes. The Fund is administered by the secretariat of the Authority.

46. The initial capital of the Endowment Fund, amounting to US\$ 2,631,803, was derived from application fees paid under resolution II of the Third United Nations Conference on the Law of the Sea by seven former registered pioneer investors that have since entered into contracts with the Authority. Additional contributions to the Fund may be made by the Authority, members of the Authority, other States, relevant international organizations, academic, scientific and technical institutions, philanthropic organizations and private persons. Since the establishment of the Fund, additional contributions of US\$ 732,286 have been received, the most recent contributions being US\$ 100,000 by Japan in September 2011 and US\$ 20,000 by the United Kingdom in March 2012. The Secretary-General is grateful to Japan and the United Kingdom for their generous contributions to the Fund.

47. As at the end of 30 April 2012, the capital of the Fund stood at US\$ 3,387,038. The Fund has accumulated interest in the amount of US\$ 370,340, of which US\$ 350,644 has been disbursed after US\$ 22,949 had been returned to capital over the years in accordance with the financial rules of the Fund. This means that, as at 30 April 2012, only US\$ 19,696 remained available for disbursement. As noted above, the sum of US\$ 195,000 has been advanced from the accumulated interest of the Endowment Fund to support the voluntary trust fund, and it appears unlikely that this amount can be recovered in the foreseeable future. Prevailing low rates of bank interest mean that comparatively little income can be expected in 2012 unless the Fund is actively managed to produce a better return on investment. The question of

investment of the Fund will be considered by the Finance Committee during the eighteenth session. Information on the substantive activities of the Endowment Fund is contained in paragraphs 105 to 110 of the present report.

XIII. Library facilities and publications

A. Satya N. Nandan Library

48. The Satya N. Nandan Library is the main information resource for the secretariat and for member States and other individuals and institutions looking for specialist information on seabed resources and legal and political issues relating to the deep sea. The Library manages the Authority's specialized collection of reference and research materials focusing on matters relating to the law of the sea, ocean affairs and deep seabed mining. It serves the needs of members of the Authority, permanent missions and researchers interested in information on the law of the sea and ocean affairs, as well as providing essential reference and research assistance to support the work of the staff of the secretariat. In addition, the Library is responsible for the archiving and distribution of the official documents and publications of the Authority. The Library is an active member of the International Association of Aquatic and Marine Science Libraries and Information Centres, which meets annually in one of the member countries, and the Library and Information Association of Jamaica.

49. The facilities available at the Satya N. Nandan Library include a reading room with access to the collection for reference purposes, computer terminals for e-mail and Internet usage and access to the Library's database, literature searches, handling of telephone, e-mail or in-person queries, photocopying, interlibrary lending and the distribution of the official documents and publications of the Authority. The Library's capacity to support specialized research continues to be developed through an acquisitions programme aimed at building upon and strengthening its comprehensive collection of reference materials. The Library is improving the accessibility of information by (a) collecting, cataloguing and preserving relevant documents in print and electronic formats and (b) using new products and services to disseminate information. With the abundance of new technologies and resources transforming the information scene, alternative tools for managing information delivery are being evaluated to ensure that information needs are addressed and that the most appropriate and cost-effective systems possible are acquired for the improvement of library services. As part of this exercise, the librarian from the International Tribunal for the Law of the Sea visited the Authority to explore possible areas of collaboration in the provision of information services. The two organizations, which share many similarities and challenges, identified a number of areas, such as resource sharing and joint collections development, for possible collaboration.

50. During the reporting period, 110 books and over 460 journal issues were acquired. A number of donations were received from institutions, libraries and individuals, including from the Division for Ocean Affairs and the Law of the Sea of the United Nations Secretariat, the International Tribunal for the Law of the Sea, the United Nations Educational and Scientific Organization (UNESCO), UNEP, the Food and Agriculture Organization of the United Nations, the United Nations Development Programme, the Intergovernmental Oceanographic Commission of UNESCO, the

World Bank, the Tokyo Institute of Technology, the Embassy of the Republic of Korea in Jamaica, the Center for Oceans Law and Policy of the University of Virginia, United States of America, the Mines and Geology Division of the Ministry of Energy and Mining of Jamaica, the China Institute for Marine Affairs of the State Oceanic Administration of China and the United States Institute of Peace. An individual donation was also received from Edwin Egede of Cardiff University, United Kingdom. The Secretary-General is grateful to all who supported the Library during this period.

51. The Library continues to receive requests for copies of the publications and documents of the Authority. The Library also continues to respond to requests for information from institutions, non-governmental organizations, academics, government departments and the general public and to offer guidance on sources of information on subject areas related to the activities of the Authority, the international law of the sea and deep seabed mining. The commemoration of the thirtieth anniversary of the Convention has revitalized public interest in the history of the Convention and the activities of the Authority, and resulted in many requests for information being directed to the Library. The Advisory Opinion of the Seabed Disputes Chamber on the responsibilities and obligations of States has also generated immense interest among researchers. The Library has also received requests, many in electronic form, for information concerning the law of the sea conferences; the Endowment Fund; continental shelf legislation and exclusive economic zone claims; current developments in marine mineral resources research and exploration; highly migratory species (annex I of the Convention); basic conditions of prospecting, exploration and exploitation (annex III of the Convention); national legislation on offshore mining and deep sea exploration licences; the participation of Jamaica and the Caribbean in the negotiations at the Third Conference; current issues and developments on law of the sea in China; the application of the Convention to the Caribbean States, especially regarding boundary issues in the region; the geological structure of the Mexico-Pacific Area; and protection of the seabed environment.

52. Requests were also received from, and library services utilized by, individual researchers, a number of embassies and permanent missions based in Jamaica and academic and research institutions in other countries, including Xiamen University, China; the Nigerian Institute for Oceanography and Marine Research; the University of Auckland Library, New Zealand; Fenner's Chambers, Cambridge, United Kingdom; the Instituto de Ciencias del Mar y Limnología of the National Autonomous University of Mexico; the Caribbean Court of Justice; the UNEP office in Jamaica; the National Environment and Planning Agency, the Maritime Authority and the Ministry of Foreign Affairs and Foreign Trade of Jamaica; students from the University of Technology, the University of the West Indies and the Norman Manley Law School, Jamaica; the Caribbean Maritime Institute; Allan Kirton; and the permanent missions of China and Brazil in Jamaica.

B. Publications

53. The publications of the Authority are available in both print and electronic formats. The regular publications include an annual compendium of selected decisions and documents of the Authority (published in English, French and Spanish) and a handbook containing details, inter alia, of the membership of the Assembly and the Council, the names and addresses of permanent representatives and the names of the

members of the Legal and Technical Commission and the Finance Committee. The Authority also publishes a range of specialized legal and technical reports.

54. In keeping with trends within the global publishing industry, the Authority is moving towards making more publications available in electronic format. All of the Authority's technical studies and workshop proceedings have been converted to e-book format and may be downloaded free of charge from the Authority's website (www.isa.org.jm). The secretariat is also analysing the options for electronic distribution of publications in order to reduce the costs of printing and distribution and to take advantage of the widespread use of new technology such as tablet computers and e-book readers.

XIV. Website and public information

A. Website

55. The Authority's website (www.isa.org.jm) contains essential information on the activities of the Authority, primarily in English, French and Spanish. The texts of all the official documents and decisions of the organs of the Authority are available in the six official languages of the Authority. All official publications of the Authority are also available on the website in both e-book and digital document format. The website's central data repository hosts specialized databases as well as an interactive GIS production of maps. The website was redesigned in 2007 using Drupal, a sophisticated programming interface and open software that is used to drive many websites today. Nevertheless, it requires further reorganization and redesign with a view to making it much more user-friendly. Efforts will also be made to integrate the website with the central data repository.

B. Public information

56. As the work of the Authority is highly technical and specialized, it is frequently misunderstood and misrepresented. The secretariat does not at present have a communications unit, but undertakes a number of initiatives to ensure that the functions and purposes of the Authority are publicized and can be understood. In addition to making information available on the website of the Authority, this includes issuing information brochures, newsletters and briefing notes on technical subjects.

57. Since 2007, the Authority has convened six sensitization seminars in different parts of the world. The purpose of the seminars is to inform government officials, marine policymakers and scientists at national and regional institutions of the work of the Authority and to promote the participation of scientists from institutions in developing countries in marine scientific research being undertaken in the Area by international research organizations. Typically, the seminars include presentations by experts on the type of minerals to be found in the Area, resource evaluation, the protection and preservation of the marine environment from activities in the Area and the process and status of the legal regimes established for recovery of seabed minerals, as well as presentations on regional issues with respect to the law of the sea. Regional seminars have been held in Manado, Indonesia (March 2007), Rio de Janeiro, Brazil (November 2008), Abuja (March 2009), Madrid (February 2010) and

Kingston (March 2011). It is proposed to convene two further seminars during the forthcoming biennium. The first will be hosted by Sri Lanka and will cater to some of the bordering States, including India, Thailand and Malaysia, while the second will be hosted by Ghana on behalf of the African Union.

58. On 16 February 2012, following comments and suggestions made by States parties to the Convention during the twenty-first Meeting of States Parties in 2011, the sixth sensitization seminar was held at United Nations Headquarters in New York. The objective of the seminar was to inform representatives of members of the Authority based at the permanent missions to the United Nations in New York about current issues relating to deep seabed mining and the work of the Authority. Issues addressed included the prospects for extraction of rare earth elements from seabed mineral deposits, the resource assessment carried out by the Authority, opportunities for training offered by the Endowment Fund, the structure of the Authority and the work of the Council and the Legal and Technical Commission.

59. On 23 and 24 April 2012, a group of 13 young diplomats from the Ministry of Foreign Affairs of Saudi Arabia paid a field visit to the headquarters of the Authority. The visit was part of a training programme in public international law organized by the Ministry and offered by the London-based public international law firm Messrs Volterra Fietta. Staff members of the secretariat gave lectures and presentations on the work of the Authority and the resources of the Area.

XV. Overview of the programme of work of the Authority for the period 2012-2014

60. The work programme for the period 2012-2014 continues to focus primarily on the scientific, technical, legal and policy work necessary to carry out the functions of the Authority under the Convention and the 1994 Agreement. Although many items are interrelated, for ease of reference the work programme is organized thematically around the following major substantive work streams, reflecting the provisions of paragraph 5 of section 1 of the annex to the 1994 Agreement:

- (a) Ongoing supervision of contracts for exploration and award of new contracts as necessary;
- (b) Progressive development of the regulatory regime for activities in the Area;
- (c) Monitoring of trends and developments relating to deep seabed mining activities, including world metal market conditions and metal prices, trends and prospects and cost-effective and environmentally friendly technological developments with regard to seabed mining activities;
- (d) Collection and assessment of data from prospecting and exploration and analysis of the results;
- (e) Promotion and encouragement of marine scientific research in the Area, with particular emphasis on research related to the environmental impact of activities in the Area;
- (f) Development of specialized databases relevant to the work of the Authority.

XVI. Ongoing supervision of contracts for exploration and award of new contracts as necessary

61. The contractual nature of the relationship between the Authority and those wishing to conduct activities in the Area is fundamental to the legal regime established by Part XI of the Convention and the 1994 Agreement. Annex III to the Convention, which sets out the basic conditions of prospecting, exploration and exploitation, also forms an integral part of this legal regime, which is to be further elaborated in the rules, regulations and procedures adopted by the Authority. Consequently, the administration and supervision of contracts between the Authority and qualified entities wishing to explore for or exploit deep-sea mineral resources lies at the core of the Authority's functions. Over the past three years, this aspect of the Authority's work programme has assumed greater prominence as the number of contracts issued by the Authority has increased significantly.

A. Status of contracts for exploration

62. Between 2001 and 2010, the Authority issued eight contracts for exploration for polymetallic nodules to the following qualified entities (the sponsoring States are shown in parentheses): Yuzhmorgeologiya (Russian Federation); the Interoceanmetal Joint Organization (IOM) (Bulgaria, Cuba, Czech Republic, Poland, Russian Federation and Slovakia); the Government of the Republic of Korea; the China Ocean Mineral Resources Research and Development Association (COMRA) (China); Deep Ocean Resources Development Ltd. (DORD) (Japan); the French Research Institute for Exploration of the Sea (IFREMER) (France); the Government of India; and the Federal Institute for Geosciences and Natural Resources of Germany (BGR) (Germany).

63. In 2011, the Council approved plans of work for exploration for polymetallic nodules by Nauru Ocean Resources Inc. (NORI) (Nauru) and Tonga Offshore Mining Ltd. (TOML) (Tonga). The Council also approved the first plans of work for exploration for polymetallic sulphides following applications by COMRA and the Government of the Russian Federation. Following their approval, the plans of work were prepared in the form of contracts, which were signed as follows: NORI on 22 July 2011 at Kingston, COMRA on 18 November 2011 at Beijing and TOML on 11 January 2012 at Kingston. The contract with the Russian Federation has been prepared, but has not yet been signed owing to difficulties in scheduling. It is expected that the contract will be signed imminently.

64. The rules, regulations and procedures of the Authority contain prescriptive requirements relating to the relationship between the Authority (represented by the Secretary-General) and contractors. These include, inter alia, time-sensitive reporting requirements. Under the terms of their contracts, contractors are required to submit an annual activity report. The objective of the reporting requirement is to establish a mechanism whereby the Secretary-General and the Legal and Technical Commission are properly informed of the contractors' activities so as to be able to exercise their functions under the Convention, in particular those relating to the protection of the marine environment from the harmful effects of activities in the Area.

65. Annual reports are due on 31 March of each year. As of 23 May 2012, annual reports on exploration activities during 2011 had been submitted by nine contractors,

namely Yuzhmoregeologiya, IOM, the Government of the Republic of Korea, COMRA, DORD, IFREMER, the Government of India, BGR and NORI. Since the most recent contracts, for COMRA and TOML, were signed only in November 2011 and January 2012 respectively, and since no exploration activity under those contracts was to be carried out prior to March 2012, the first annual reports under these contracts will not fall due until 2013. The secretariat carries out a technical review of the annual reports, which is then submitted to the Legal and Technical Commission to facilitate its work at each session. As new contracts are signed, the workload of the secretariat and the Commission will increase. If five new contracts are approved in 2012, the Authority will have to deal with up to 17 annual reports each year.

B. Periodic review of the implementation of the plan of work

66. Each application for approval of a plan of work for exploration must contain a general description and a schedule of the proposed exploration programme, including the programme of activities for the immediate five-year period, such as studies to be undertaken in respect of the environmental, technical, economic and other appropriate factors that must be taken into account in exploration, and a schedule of anticipated yearly expenditures in respect of the programme of activities for the immediate five-year period. Upon approval of the application, the five-year programme of activities is incorporated in each contract for exploration as a schedule to the contract and, in accordance with standard clause 4 of the contract (section 4 of annex 4 to the regulations), the contractor is contractually bound to commence exploration in accordance with the time schedule stipulated in the programme of activities to adhere to such time periods or any modification thereto as provided for by the contract.

67. The programme of activities may be adjusted at any time by mutual agreement between the contractor and the Authority in accordance with good mining industry practice and taking into account market conditions. However, the regulations provide a specific mechanism whereby contractors may adjust their programmes of activities at five-year intervals through a periodic review process undertaken jointly between the Secretary-General and each contractor. In this regard, standard clause 4.4 provides that, not later than 90 days prior to the expiration of each five-year period from the date on which the contract enters into force, the contractor and the Secretary-General shall jointly undertake a review of the implementation of the plan of work for exploration. In the light of the review, the contractor shall indicate its programme of activities for the following five-year period, including a revised schedule of anticipated yearly expenditures, making such adjustments to its previous programme of activities as are necessary. The revised programme of activities is then incorporated into the contract through an instrument in writing (in the form of an exchange of letters) signed by the Secretary-General and the authorized representative of the contractor. The Secretary-General is required to report on the review to the Legal and Technical Commission and to the Council.

68. For six of the current contractors (Yuzhmoregeologiya, IOM, the Government of the Republic of Korea, COMRA, DORD and IFREMER), whose contracts were issued in 2001, the second five-year period came to an end in 2011. In the case of BGR, whose contract was issued in 2006, the first five-year programme of activities expired in 2011. Accordingly, the Secretary-General commenced the periodic review process in October 2010 by inviting all contractors to submit, in addition to their

annual reports, a comprehensive report on the exploration work carried out to date and data and results obtained, including those data not yet supplied to the Authority. Contractors were also invited to provide a comprehensive breakdown of expenditures incurred during the five-year period under review, in the format recommended by the Legal and Technical Commission in its 2009 Recommendations for the guidance of contractors for the reporting of actual and direct exploration expenditures (ISBA/15/LTC/7). The contractors were further invited to submit their proposed programme of activities and associated statements of minimum expenditure for the subsequent five-year period.

69. The reports received from contractors were placed before the Legal and Technical Commission during the seventeenth session in 2011. The Commission considered the information provided in the context of its review of the annual reports of each contractor. With respect to the implementation by the contractors of their plans of work, the Commission expressed its concern over the lack of raw data associated with resource assessment and environment baseline studies. It noted that the lack of such data was an impediment to the assessment of activities in the Area by the Authority, such as the creation of a regional environmental management plan. The Commission made a number of recommendations in that respect, which were subsequently taken up by the Council and reflected in its decision of 21 July 2011 (ISBA/17/C/20). With respect to financial expenditure, the Commission noted significant variations in reported financial expenditure between the contractors. It also reiterated the difficulty in making any evaluation of actual and direct exploration expenditure when the contractors had not followed the relevant recommendations for guidance. The Commission recommended that the programme of activities for the next five years for the six contractors entering upon the last five-year contract period should include an economic pre-feasibility study providing an indication of the level of returns that could be generated for any investment in the exploitation of nodules. Finally, the Commission suggested that the secretariat organize a meeting with contractors in which specific provision would be made on the agenda to include financial appraisal as a component of future reporting.

70. Between November 2011 and May 2012, the Secretary-General or his representative made efforts to meet bilaterally with each contractor in order to discuss the implementation of the plan of work in more detail, as envisaged by the regulations. Meetings with COMRA, DORD and the Republic of Korea were held during official visits to those contractors, while meetings with BGR and IOM took place in Kingston. An informal meeting with representatives of France, the sponsoring State of IFREMER, took place in New York in May 2012. It was not possible to convene a bilateral meeting with Yuzhmorgeologiya. The meetings were useful in helping to develop a better understanding of the exploration programmes, strategic objectives and achievements of each contractor. They also provided an opportunity for the Secretary-General to convey to the contractors in more detail the concerns of the Legal and Technical Commission and the Council, in particular with respect to issues such as the provision of environmental baseline data and the future pace of activities in the Area, and for the contractors to respond to those concerns. The Secretary-General was also able to receive briefings from the contractors on the status of development of mining and processing technology. Following these reviews, the necessary steps have been taken to incorporate the revised programmes of activities in each of the contracts. A more detailed report on the status of the periodic reviews has been issued under the symbol ISBA/18/C/9.

XVII. Progressive development of the regulatory regime for activities in the Area

71. The Authority has a fundamental role to play in ensuring that an appropriate regulatory regime is established, in accordance with the Convention and the 1994 Agreement, that provides adequate security of tenure for future exploration for and exploitation of the mineral resources of the Area, while ensuring effective protection for the marine environment. The regulatory regime would ultimately be encapsulated in a Mining Code, which would comprise the whole of the comprehensive set of rules, regulations and procedures issued by the Authority to regulate prospecting, exploration and exploitation of marine minerals in the Area.

72. The regulations also set out terms and conditions for prospecting in the Area, including procedures through which the Authority is notified of the intention of prospecting by a proposed prospector and the Secretary-General of the Authority considers and records the notification. Annex 1 to each set of regulations provides a standard form for notification. On 6 September 2011, BDR submitted to the Secretary-General notification of its intention to engage in prospecting for polymetallic sulphides in the Southern Central Indian Ridge and the Northern Southeast Indian Ridge. On 4 October 2011, having reviewed the notification and found it in conformity with the Convention and with the Regulations on Prospecting and Exploration for Polymetallic Sulphides in the Area (ISBA/16/A/12/Rev.1, annex), the Secretary-General informed the President of BGR that the notification had been fully recorded, pursuant to regulation 4, paragraph 2, of the Regulations.

A. Prospecting and exploration

73. The Mining Code so far comprises the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area (the Nodules Regulations), dated 13 July 2000 (ISBA/6/A/18, annex) and the Regulations on Prospecting and Exploration for Polymetallic Sulphides in the Area (the Sulphides Regulations), dated 15 November 2010 (ISBA/16/A/12/Rev.1, annex). In addition to specifying the process through which contracts may be applied for and granted, the regulations set out the standard terms and conditions, applicable to all entities, of contracts with the Authority. The Council is presently in the process of elaborating rules, regulations and procedures governing prospecting and exploration for cobalt-rich ferromanganese crusts in the Area.

74. Draft regulations on prospecting and exploration for cobalt-rich ferromanganese crusts in the Area were proposed by the Legal and Technical Commission in 2009 and considered during the sixteenth session in 2010 and the seventeenth session in 2011. After a detailed reading of the entire text of the draft regulations, agreement was reached on all provisions with the exception of regulations 11, 12, 21 and 27. It was agreed to continue discussion of the outstanding issues at the eighteenth session in 2012 and to give priority to work on the regulations in the work of the Council. It was also noted that it would be necessary in due course to adopt a decision of the Council to deal with the possibility of overlapping claims, as had been done in the case of polymetallic sulphides.

B. Exploitation

75. One of the main problems for potential investors in deep seabed mining is that as yet there are no detailed regulations for the exploitation of the resources of the Area. This makes commercial exploitation very difficult to contemplate. Pursuant to section 1, paragraph 15, of the annex to the 1994 Agreement, as read in conjunction with articles 153 and 162 (2) (o) (ii) of the Convention, the Council may undertake the elaboration of such rules, regulations and procedures as may be necessary to facilitate the approval of plans of work for exploration or exploitation for seabed minerals any time it deems that such rules are required for the conduct of activities in the Area, or whenever it determines that commercial exploitation is imminent, or at the request of a State whose national intends to apply for approval of a plan of work for exploitation.

76. At the seventeenth session, in 2011, the delegation of Fiji made a statement (ISBA/17/C/22), supported by other delegations, requesting the Council to take up the formulation of the regulations governing exploitation. The delegation noted that the Authority had by 2011 approved 12 contracts for exploration in the Area, many of which would terminate in 2016, by which time it was anticipated that contractors would be ready to move to the exploitation phase. They would not be able to do so, however, unless clearly defined parameters for exploitation were in place that would permit contractors to assess the financial risks of proceeding to commercial exploitation. Following the statement by Fiji, the Council requested the secretariat to prepare a strategic workplan for the development of exploitation regulations for consideration at the eighteenth session.

77. In accordance with the Council's request, the Secretary-General issued a report (ISBA/18/C/4) discussing the issues involved in the elaboration of an exploitation code and outlining a workplan to produce such a code by 2014. The Council will be invited to discuss the report during the eighteenth session with a view to providing appropriate policy advice and requesting the Legal and Technical Commission to commence work on an exploitation code in 2013, as a matter of priority, and to report to the Council on its work at the nineteenth session. Resources to support such work have been identified and requested in the proposed budget for the 2013-2014 financial period.

C. User's guide

78. In response to suggestions made by members of the Authority during previous sessions, the secretariat has commenced work, with the assistance of a consultant, on a user's guide to the regulatory regime for deep seabed mining. The guide will be written, as far as possible, in non-technical language so that it is accessible to general users, including prospective applicants for licences, representatives of member States, delegates to the Authority's meetings and staff. The guide will clearly explain the basic features, including the fundamental principles and sources of law on which the system is based, of the system for prospecting, exploration and exploitation with reference to the Convention, the Part XI Agreement and the regulations and explain in a step-by-step fashion the process for applying for an exploration licence, including the differences between the three types of resources for which regulations have been or will be adopted. The guide will also explain the terms and conditions of exploration licences, including provisions relating to

environmental protections, and the steps contractors are required to take to comply with such terms and conditions. As of June 2012, the draft user's guide has been circulated for peer review. It is expected that it will be published in the last quarter of 2012.

D. National laws and regulations relating to deep seabed mining

79. Article 153, paragraph 4, of the Convention states that the obligation of sponsoring States in accordance with article 139 entails taking all necessary measures to ensure compliance by the sponsored contractor. Annex III, article 4, paragraph 4 makes it clear that sponsoring States' responsibility to ensure compliance applies "within their legal systems", and therefore requires a sponsoring State to adopt laws and regulations and to take administrative measures which are, within the framework of its legal system, "reasonably appropriate for securing compliance by persons under its jurisdiction". In this regard also, article 208 of the Convention requires coastal States to adopt laws and regulations to prevent, reduce and control pollution of the marine environment arising from seabed activities within their jurisdiction. Such laws and regulations shall be no less effective than international rules, standards and recommended practices and procedures, including those adopted by the Authority. Article 209 goes on to require States to adopt laws and regulations to prevent, reduce and control pollution of the marine environment from activities in the Area undertaken by vessels, installations, structures and other devices flying their flag or of their registry or operating under their authority. Again, such laws and regulations shall be no less effective than international rules, standards and recommended practices and procedures established in accordance with Part XI of the Convention.

80. In its advisory opinion on the responsibilities and obligations of States sponsoring persons and entities with respect to activities in the Area,¹ the Seabed Disputes Chamber affirmed that the Convention requires the sponsoring State to adopt, within its legal system, laws and regulations and to take administrative measures that have two distinct functions, namely, to ensure compliance by the contractor with its obligations and to exempt the sponsoring State from liability. While the scope and extent of these laws and regulations and administrative measures depends on the legal system of the sponsoring State, they may include the establishment of enforcement mechanisms for active supervision of the activities of the sponsored contractor and for coordination between the activities of the sponsoring State and those of the Authority. Laws and regulations and administrative measures should be in force at all times that a contract with the Authority is in force. While the existence of such laws and regulations and administrative measures is not a condition for concluding a contract with the Authority, it is, however, a necessary requirement for carrying out the obligation of due diligence of the sponsoring State and for seeking exemption from liability. Particularly as regards the protection of the marine environment, the laws and regulations and administrative measures of the sponsoring State cannot be less stringent than those adopted by the Authority, or less effective than international rules, regulations and procedures.

¹ Seabed Disputes Chamber of the International Tribunal for the Law of the Sea, Advisory Opinion, 1 February 2011, available at www.itlos.org/fileadmin/itlos/documents/cases/case_no_17/adv_op_010211.pdf.

81. While the Chamber's opinion clarifies the provisions of the Convention and the 1994 Agreement, it also implies that sponsoring States and potential sponsoring States, including developing States that may wish to participate in deep seabed mining by sponsoring plans of work within reserved areas, will need to give consideration to the adoption of appropriate laws and regulations for this purpose. During the seventeenth session of the Authority in 2011, the Legal and Technical Commission suggested that the Authority should be charged with preparing model legislation to assist sponsoring States in fulfilling the aforementioned obligations (ISBA/17/C/13, para. 31 (b)). In response to this suggestion, the Council decided to request the Secretary-General to prepare a report on the status of the laws, regulations and administrative measures adopted by sponsoring States and other members of the Authority with respect to the activities in the Area. The Council further decided to request the Secretary-General to invite sponsoring States and other members of the Authority, as appropriate, to provide information on, or texts of, relevant national laws, regulations and administrative measures to the secretariat of the Authority (ISBA/17/C/20, para. 3).

82. Subsequently, the secretariat invited sponsoring States of the existing contractors, as well as all other members of the Authority, to provide it with information on, or texts of, their relevant national laws, regulations and administrative measures. As of 7 May 2012, the following members of the Authority had provided the secretariat with such information: China, Cook Islands, Czech Republic, Germany, Guyana, Mexico, United Kingdom and Zambia.

83. On the basis of the information received, the Secretary-General has issued a report (ISBA/18/C/8 and Add.1) for consideration by the Council and the Legal and Technical Commission during the eighteenth session. The report contains a brief summary of the information provided by member States as well as information on relevant regional efforts and the activities of observer States.

E. Implementation of article 82, paragraph 4, of the Convention

84. As noted in paragraph 3 of the present report, one of the specific responsibilities of the Authority under article 82, paragraphs 1 and 4, of the Convention is the responsibility to distribute to States parties to the Convention the payments or contributions in kind derived from exploitation of the non-living resources of the continental shelf extending beyond 200 nautical miles from the baselines of the territorial sea (the "outer continental shelf").

85. Under article 82 of the Convention, States or individual operators who exploit the non-living resources of the outer continental shelf are required to contribute a proportion of the revenues they generate from such exploitation for the benefit of the international community as a whole. This proportion is defined as 1 per cent of the value or volume of production at the site, rising by 1 per cent annually until it reaches 7 per cent, at which level it remains. Article 82, paragraph 4, gives the Authority responsibility for distributing these revenues "on the basis of equitable sharing criteria, taking into account the interests and needs of developing States, particularly the least developed and the land-locked among them". It is reasonable to expect that the Authority, as the international institution competent to administer article 82 payments and contributions, should anticipate and take steps towards the implementation of this provision.

86. In 2009 and 2010, the Authority published two technical studies dealing with the legal and policy issues associated with the implementation of article 82 and the technical and resource issues associated with the outer continental shelf, respectively. In the light of these technical studies, it is intended to convene an expert group meeting involving representatives of members of the Authority, members of the Legal and Technical Commission and other relevant experts, to consider and help to prepare draft recommendations to the Council and the Assembly on the implementation by the Authority of article 82, paragraph 4, of the Convention. The Secretary-General is pleased to note that the expert group meeting will be held in Beijing in November 2012 in collaboration with the China Institute for Marine Affairs of the State Oceanic Administration of China.

XVIII. Monitoring of trends and developments relating to deep seabed mining activities, including world metal market conditions and metal prices, trends and prospects and cost-effective and environmentally friendly technological developments with regard to seabed mining activities

A. Monitoring of world metal market conditions and prices, trends and prospects

87. In order to better monitor trends and developments in world metal markets, the secretariat is establishing a database of recent and historic price, consumption, production cost and trade statistics. These data may be used by the Authority to generate metal-specific reports and specialized economic studies with respect to polymetallic nodules, cobalt-rich crusts and polymetallic sulphides. The database will also include relevant information on land-based mines. The secretariat has also been collecting data and information on various components of a cost model for polymetallic nodule mining, including equipment, transportation and ore processing costs.

B. Assessment of the economic potential of rare earth elements contained in seafloor mineral deposits

88. Despite their name, rare earth elements are relatively abundant in the earth's crust. However, because of their geochemical properties rare earth elements are typically dispersed and not often found in concentrated and economically exploitable forms. China currently produces over 95 per cent of the world's supply of rare earth elements. Globally, demand is expected to outstrip supply. Rare earth elements are present in a number of the mineral deposits to be found in the Area, including polymetallic nodules and cobalt-rich ferromanganese deposits. It is believed that if economical processing routes can be established, they would enhance the profitability of nodule mining. The secretariat is currently undertaking a technical study to evaluate whether seafloor deposits have the potential to become an alternative source of rare earth elements as a by-product of seabed mining.

89. The uses of rare earth elements in modern societies are extensive and include hybrid and electric cars, wind turbines, motors and magnets for many applications

and a wide array for electronic devices. The industrial applications of rare earth elements in emerging high and green technologies give these minerals an immediate critical and strategic importance. A number of them are particularly critical and predicted to be in deficit on the global market by 2014, for example neodymium, europium, terbium and dysprosium.

90. To date, the secretariat has compiled available data and information on the geochemical properties and geographic variation of rare earth elements in polymetallic nodules and cobalt-rich crusts occurrences in some detail. A global geochemical database of element grades has been compiled from various sources, covering the major geographic areas of interest for cobalt-rich crusts and polymetallic nodules, including the Central Pacific Ocean, the Central Indian Ocean and the South Atlantic Ocean. It is expected that this work will be completed during 2013. While the results of the geochemical analyses carried out so far appear promising, the work to date does not take into account the required metallurgical factors, ore processing costs and recovery efficiencies of rare earth elements as by-products of mining polymetallic nodules or cobalt-rich ferromanganese crust deposits.

XIX. Collection and assessment of data from prospecting and exploration and analysis of the results

91. The secretariat has been collaborating with the Government of Brazil in an effort to develop a digital atlas of the mineral prospects and geology of the understudied South Atlantic Ocean. The overall objectives of the project are to:

- (a) Accumulate relevant geospatial data to enhance knowledge of the geology of the South Atlantic;
- (b) Augment the Authority's prospecting data;
- (c) Compile a freely available data and visualization product to support exploration and sustainable use of mineral resources in the Area and in neighbouring areas within national jurisdiction, including the continental shelf of member States bordering the South Atlantic;
- (d) Promote the development of capacity relating to GIS methods and resource assessment and sampling techniques for marine mineral resources, particularly by transferring the knowledge and technologies used by the Geological Service of Brazil through mechanisms of South-South cooperation. Since 2011, a variety of datasets have been acquired on the resource potential of this geographic area and incorporated in a database. These include seismic, gravimetric, magnetic and bathymetric data and information, as well as metal content data for particular areas in the South Atlantic. These data cover areas within the Angola basin, the Rio Grande Seamounts and the Mid-Atlantic ridge. Within the context of the project, a new physiographic map of the seabed of the South Atlantic Ocean has been developed. Present efforts focus on identifying national and intergovernmental organizations with relevant datasets and establishing processes for data exchange.

XX. Promotion and encouragement of marine scientific research in the Area, with particular emphasis on research related to the environmental impact of activities in the Area

92. Under article 143 of the Convention, the Authority has a general responsibility to promote and encourage the conduct of marine scientific research in the Area and to coordinate and disseminate the results of such research when available. It also has a duty under articles 145 and 209 to ensure effective protection of the marine environment from harmful effects that may arise from activities in the Area. The most immediate and practical way in which the Authority has begun to implement its responsibilities under the Convention and to fulfil its various mandates under paragraph 5 of section 1 of the annex to the 1994 Agreement, particularly under subparagraphs (f) to (j), has been the establishment of a series of expert workshops, seminars and meetings. The Endowment Fund also contributes to the development of capacity to carry out marine scientific research in the Area.

93. A key factor for the Authority is that, although a significant amount of basic and applied research has been done in the past or is still in progress, it is broadly accepted that the current level of knowledge and understanding of deep-sea ecology is not yet sufficient to allow conclusive risk assessment of the effects of large-scale commercial seabed mining, as opposed to exploration. In order to be able in future to manage the impact of mineral development in the Area in such a way as to prevent harmful effects to the marine environment, it will be essential for the Authority to have better knowledge of the state and vulnerability of the marine environment in mineral-bearing provinces. This includes, *inter alia*, knowledge of baseline conditions in these areas, the natural variability of these baseline conditions and their relationship with impacts related to mining. It is also important that such data be standardized, including taxonomic information.

A. Technical workshops

94. The Authority held its thirteenth international workshop in November 2011 in Fiji. The workshop was held in collaboration with the Government of Fiji and the Applied Geoscience and Technology Division of the Secretariat of the Pacific Community and was focused on identification of the environmental management needs for exploration and exploitation of deep-sea minerals. The choice of subject matter reflected the increasing interest in and associated concerns about the potential environmental impacts of deep-sea mineral exploration and mining and how competent authorities at the national and international level will regulate this emerging economic development opportunity in a sustainable manner in areas within and beyond national jurisdiction. Another objective of the meeting was to assess the measures taken by the Authority with respect to the protection of the marine environment from the harmful effects of deep seabed mining and the applicability of such measures to the development of marine minerals in areas within national jurisdiction. The outputs from the workshop included a draft template for an environmental impact assessment for seabed mining, an outline of the legislative and regulatory provisions that should form the basis of environmental management of deep seabed mining, and the identification of capacity-building needs and methods by which these needs could be addressed.

95. The workshop was attended by 79 participants from 18 countries and involved a series of presentations, available on the Authority's website, followed by discussions in three working groups addressing specific topics. More details on the background to the workshop and the outcomes of the discussions within the working groups may be found in the report of the workshop, which has been published as International Seabed Authority Technical Study No. 10 (2012).²

96. During the forthcoming biennium, it is proposed to convene four further workshops. Three of the workshops will focus on standardization of the taxonomy of fauna associated with polymetallic nodules in the Area. The fourth workshop will focus on the standardization of the morphology of polymetallic nodules.

B. Informal consultations with exploration contractors on the biological component of environmental baseline data in exploration areas

97. During the seventeenth session, the Legal and Technical Commission noted the urgent need for the Authority to update its data management requirements with regard to acceptable formats for the submission of scientific and technical data collected by contractors. In its decision of 21 July 2011 (ISBA/17/C/20), the Council called upon contractors to provide raw data in digital format for inclusion in the database of the Authority, in accordance with regulation 31, paragraphs 4 and 5, of the Nodules Regulations and with regulation 34 of the Sulphides Regulations. In addition, in its consideration of a proposed environmental management plan for the Clarion-Clipperton Zone (ISBA/17/LTC/7), the Council requested the Secretary-General to hold a meeting prior to the eighteenth session to address, inter alia, the availability of data that could be used to assess the plan.

98. In response to the requests of the Council, the Secretary-General convened an informal meeting of contractors from 9 to 11 January 2012. The meeting began with presentations on the current status of environmental data that have been provided to the Authority and the status of relevant publicly available data and the need for standardization. These were followed by presentations from each contractor outlining the current status of data that had been collected and identification of future activities. In light of the request by the Council, some contractors provided additional data prior to the meeting and all contractors committed themselves to assessing their inventories for raw data and providing them, along with all data collected in the future, to the Authority in a standardized electronic format.

99. The secretariat is reviewing and assimilating the new data provided and will report on them and their potential use in due course. The meeting also noted the need for taxonomic standardization and recommended addressing it through a series of workshops. The aim of the workshops would be to bring together those performing taxonomic identifications for contractors with the leading experts in the relevant fields in order to create standardized keys to enabling all contractors to use the same nomenclature and allowing the amalgamation of datasets from the various

² "Environmental Management Needs for Exploration and Exploitation of Deep Sea Minerals: Report of a workshop held by the International Seabed Authority in collaboration with the Government of Fiji and the SOPAC Division of the Secretariat of the Pacific Community (SPC) in Nadi, Fiji, from 29 November to 2 December 2011".

contractors. This standardization is required in order to, inter alia, evaluate regional biodiversity and species ranges and provide information that could be used to evaluate the environmental management plan for the Zone. Based on the recommendations of the contractors, it is proposed to convene three expert workshops to standardize the taxonomy of megafauna, macrofauna and meiofauna associated with polymetallic nodule deposits in the Zone.

C. Strengthening and coordination of international cooperation in marine scientific research

100. The secretariat continues to participate in scientific meetings and conferences in order to remain up to date with respect to relevant scientific issues and promote the work of the Authority. These forums allow the establishment of new collaborations and the identification of experts to assist the Authority in its work.

101. One such collaboration is with the International Network for Scientific Investigations of Deep-Sea Ecosystems, which was created to maintain and further develop the international collaborations initiated during the Census of Marine Life. The Network brings together committed scientists with a wide variety of skills, including a substantial proportion of younger scientists. It is working to address key gaps in knowledge relating to deep-sea ecosystems and provide a framework to bridge the gap between scientists and policymakers. The Authority has been represented in the steering group meetings of the Network and has been approached to become involved in some of its activities. The Network, for its part, is a potential collaborator in the taxonomy workshops identified above. Such collaborations will substantially increase the profile of the Authority within the scientific community.

102. The Authority also cooperates closely with the secretariat of the Convention on Biological Diversity, in particular with respect to the identification of ecologically or biologically significant areas in areas beyond national jurisdiction. Ecologically or biologically significant areas are marine areas in potential need of protection that are identified using seven scientific criteria adopted by the ninth meeting of the Conference of the Parties to the Convention on Biological Diversity in 2008 (decision IX/20, annex I). While the identification of these areas is not associated with any legally binding protection regime, the information available may be of use to the Authority when considering the issuance of new exploration contracts. The Authority has been actively following the discussions under the Convention, especially those at regional workshops in areas that may be of interest for mineral exploration. In November 2011, the Authority participated in the Western South Pacific regional workshop to facilitate the description of ecologically or biologically significant marine areas, which identified 26 areas meeting ecologically or biologically significant areas criteria.

103. The secretariat will continue to follow the progress of the establishment of ecologically or biologically significant areas in order to better understand how this concept can feed into the work of the Authority. Of particular relevance are the upcoming workshops to examine the southern Indian Ocean (Mauritius, 30 July-3 August 2012) and the eastern tropical and temperate Pacific (Galapagos, Ecuador, 27-31 August 2012). In addition, in due course, the Convention on Biological Diversity will also be holding a regional workshop for the Northern Pacific, an area highlighted as being of the greatest interest for the mining of cobalt-rich crusts.

104. The Global Ocean Biodiversity Initiative is an international partnership advancing the scientific basis for conserving biological diversity in the deep seas and open oceans. It aims to help countries, as well as regional and global organizations, to use and develop data, tools and methodologies to identify ecologically significant areas in the oceans, with an initial focus on areas beyond national jurisdiction. The Initiative is facilitated by the International Union for Conservation of Nature with core support from the German Federal Agency for Nature Conservation. Along with other relevant international organizations, the Authority is a member of the advisory board of the Initiative and since the seventeenth session has participated in the annual and advisory board meetings of the Initiative. Much of the work of the Initiative has been concerned with ecologically or biologically significant areas; however, it also provides a forum to exchange ideas with others on knowledge gaps related to deep-sea biodiversity and how to fill these gaps.

D. Endowment Fund for Marine Scientific Research

105. The Endowment Fund aims to promote and encourage the conduct of marine scientific research in the Area for the benefit of mankind as a whole, in particular by supporting the participation of qualified scientists and technical personnel from developing countries in marine scientific research programmes, including through training, technical assistance and scientific cooperation programmes. Applications for assistance from the Fund may be made by any developing country or by any other country if the purpose of the grant is to benefit scientists from developing countries. An advisory panel, appointed by the Secretary-General, evaluates applications for assistance from the Fund and makes recommendations to the Secretary-General. The panel members, who are appointed with due regard to equitable geographic representation, include permanent representatives to the Authority, representatives of educational institutions or international organizations and individuals closely associated with the work of the Authority. The Secretary-General appointed new members of the Panel in 2011; their names are set out in the annex to the present report.

106. In administering the Fund, the secretariat of the Authority is required to endeavour to make arrangements with universities, scientific institutions, contractors and other entities for opportunities for scientists from developing countries to participate in marine scientific research activities. Such arrangements may include the reduction or waiver of fees for training. The secretariat has carried out a number of activities designed to draw the attention of the international donor community to the opportunities offered by the Fund and to encourage additional contributions. These activities include issuing press releases and promotional materials, maintaining a specially designed page on the Authority's website (www.isa.org.jm/en/efund) and establishing a network of cooperating institutions that may be interested in offering places on courses or research opportunities. Members of the network to date include the National Oceanography Centre (United Kingdom); the National Institute of Ocean Technology and the National Institute of Oceanography (India); IFREMER (France); BGR (Germany); the Natural History Museum (United Kingdom); Duke University, North Carolina (United States of America); and the International Cooperation in Ridge-crest Studies (InterRidge), an

international, non-profit organization promoting interdisciplinary studies of oceanic spreading centres.

107. To date a total of 30 scientists from developing countries have been recipients of financial support from the Endowment Fund. The recipients are from Argentina, Bangladesh, Brazil, Cameroon, China, Costa Rica, Egypt, Guyana, India, Indonesia, Jamaica, Madagascar, Maldives, Mauritania, Nigeria, Palau, Papua New Guinea, the Philippines, Sierra Leone, South Africa, Sri Lanka, Suriname, Thailand, Trinidad and Tobago and Viet Nam. Each of the recipients has been able to participate in international training programmes or in research projects, which would not have been possible without the assistance of the Fund. Details of the projects that had been supported by the Endowment Fund prior to 2011 are listed in the reports of the Secretary-General for 2010 (ISBA/16/A/2) and 2011 (ISBA/17/A/2). Since the seventeenth session, two awards have been made from the Fund.

108. An award of US\$ 45,000 was made to InterRidge to contribute to the funding of three marine science fellowships each year for the period from 2012 to 2014. InterRidge is an organization that promotes interdisciplinary, international studies of oceanic spreading centres by creating a global research community, planning and coordinating new science programmes that no single nation can achieve alone, exchanging scientific information and sharing new technologies and facilities. It will be recalled that this is the second award granted to InterRidge. The first award, in 2008, supported six fellowships between 2009 and 2011. The current award is an extension of the previous collaboration. Recipients can apply their fellowships to any field of ridge-crest science but in particular are encouraged to use them for international cruise participation or international laboratory use, or to add an international dimension to their research work. Further information, including details on how to apply, can be found on the Authority's website.

109. An award of US\$ 30,000 was made to the Rhodes Academy of Oceans Law and Policy to help fund a number of fellowships for students from developing countries and to expand the Academy's training programme to cover issues relating to deep seabed marine science. The Rhodes Academy was founded in 1995 and offers an intensive three-week course of study with lectures by leading jurists, practitioners and international law faculty from around the world. It is a cooperative undertaking sponsored jointly by the Center for Oceans Law and Policy of the University of Virginia (Charlottesville, United States of America), the Aegean Institute of the Law of the Sea and Maritime Law (Rhodes, Greece), the Law of the Sea Institute of Iceland (Reykjavik), the Max Planck Institute for Comparative Public Law and International Law (Heidelberg, Germany) and the Netherlands Institute for the Law of the Sea (Utrecht, the Netherlands). More than 400 students from 96 different countries have graduated from the Academy since its establishment. A total of 27 participants have benefited from the support of the Endowment Fund. Another six students or more will be supported in 2012 as a result of the most recent award.

110. The secretariat of the Authority will continue to take steps to generate interest in the Endowment Fund on the part of potential donors and institutional partners. In this regard, it is noted that in paragraph 11 of its resolution 64/71, the General Assembly of the United Nations called upon "States and international financial institutions, including through bilateral, regional and global cooperation programmes and technical partnerships, to continue to strengthen capacity-building

activities, in particular in developing countries, in the field of marine scientific research by, inter alia, training personnel to develop and enhance relevant expertise, providing the necessary equipment, facilities and vessels and transferring environmentally sound technologies". The Endowment Fund is one of the key mechanisms for enabling capacity-building in the field of marine scientific research in the deep ocean. The Secretary-General wishes to encourage members of the Authority, other States, relevant international organizations, academic, scientific and technical institutions, philanthropic organizations, corporations and private persons to contribute to the Fund.

XXI. Development of specialized databases relevant to the work of the Authority

111. The secretariat maintains a central data repository where all members of the Authority can have access to non-proprietary data provided to the Authority. The repository also serves as an important source of information from which to create a baseline for the purposes of environmental impact assessment. It is currently composed of the following core data sets: a sea floor massive sulphides database; a cobalt-rich ferromanganese crusts database; a polymetallic nodules database; a web-based GIS; the library catalogue; a bibliographic database; and a seabed patents database.

112. The repository was designed in 2002 using an Oracle database platform, which is now obsolete. In addition to the Oracle database, which holds the data on major mineral resources, the secretariat maintains GIS databases for resource data and any geographical information related to the international seabed area. There is an urgent need to review the repository's system architecture and software design in order to improve its capabilities and compatibility with similar databases and modern GIS software, and to improve the web interface.

113. The Authority's information technology infrastructure comprises its day-to-day operating system, its website, the central data repository, its seabed patents database, an environmental database, a bibliographic database, the GIS database and a library database. Since the initial setup of the system in 1998, each component has been developed separately and added on to the existing infrastructure. With the efforts under way to input data and information for the purposes of regional assessments and resource evaluation based on standardized data, the entire system, including the organization of the Information Technology Unit, will be reviewed during the biennium.

XXII. Elections to the Council in 2012

114. In accordance with the Convention and the decisions of the Assembly, the terms of office of 20 of the members of the Council will end on 31 December 2012. The members of the Council whose terms of office will expire are as follows:

- (a) Group A: China and Japan;
- (b) Group B: India;
- (c) Group C: Canada and South Africa;

(d) Group D: Bangladesh, Brazil and the Sudan;

(e) Group E: Angola, Argentina, the Czech Republic, Guyana, Kenya, Namibia, Netherlands, Poland, Senegal, Spain, Trinidad and Tobago and the United Kingdom of Great Britain and Northern Ireland.

115. In order to facilitate the process of electing new members to the Council, it is the practice of the secretariat to issue informal indicative lists showing the States members of the Authority that would be eligible for election to each group in the Council.

XXIII. Future pattern of meetings of the Authority

116. A persistent concern since the Authority was established has been the poor attendance at its meetings held in Kingston. In response to suggestions made by several delegations at the sensitization seminar held in New York on 16 February 2012, and with a view to identifying the reasons for the persistent failure to achieve a quorum in the Assembly, the secretariat has conducted an analysis of the pattern of meetings of the Assembly and Council over the past 12 years.

117. Between 2000 and 2011, the Assembly had a quorum on only two occasions, in 2004 and in 2008. With the exception of those years, however, attendance has been relatively constant at between 57 and 66 members (roughly 40 to 45 per cent of the membership). The lowest attendance was in 2007, when only 57 (36 per cent) of the members attended. This is clearly undesirable, as it means that decisions taken, although valid, lack legitimacy and do not necessarily reflect the views of all members of the Authority.

118. In response to suggestions made by members, the secretariat has experimented with holding the annual session at different times of year, subject to the availability of conference servicing. There is, however, no evidence from the statistics that the timing of the annual session, which has been held on various dates between March and August, has made any discernible difference to the overall level of attendance, although it may affect the decision of individual members to attend.

119. Far more significant factors affecting the decision of member States to attend or not to attend sessions of the Authority appear to be the amount of business that the Assembly needs to conduct and the organization of meetings of the various organs of the Authority within the session itself. Over the period from 2000 to 2012 the Assembly has held an average of 5.4 meetings (3 days) per year, spread over the two weeks of the session. The Council, in contrast, has held an average of 12 meetings (6 days) per year over the same period. There is a consistent pattern of full attendance at meetings of the Council.

120. The customary pattern of meetings for the Authority has been to open the Assembly on the first or second day of the session, and then to hold meetings of the Council and Assembly at various times over the two-week period of the session, concluding with meetings of the Assembly at the end of the session to adopt any necessary recommendations of the Council. Meetings of the Legal and Technical Commission and the Finance Committee take place in parallel with meetings of the Council during the session. In recent years, owing to its increasing workload, the Legal and Technical Commission has commenced its meetings one week in advance

of the main session of the Authority. In practice, the Commission meets for a total of approximately 10 days each year.

121. Although this pattern of meetings was necessary and appropriate in the early years of the Authority, owing to the need to pass recommendations and proposals between the various organs of the Authority, it can be seen that it is an inefficient way of organizing the work of the Authority. Members of the Authority who are not members of the Council are required to spend up to 10 days in Kingston to participate in only three days of meetings. It is not surprising that this is very difficult to justify for many member States. Furthermore, in light of the increasing complexity of the workload of the subsidiary organs of the Authority, it is becoming increasingly difficult and inefficient for the existing secretariat to service parallel meetings of the Council, the Legal and Technical Commission and the Finance Committee.

122. It is suggested that a more efficient way of organizing the meetings of the Authority would be to minimize the overlap between the meetings of the different organs and to hold meetings sequentially. In this scenario, meetings of the Legal and Technical Commission and the Finance Committee would take place in parallel during the first week of a session. The Council would then meet during the second week of the session, which would also allow time for the proposals and recommendations of the subsidiary organs to be translated for the consideration of the Council. The annual session of the Assembly would then be focused over a three-day period immediately following the conclusion of the meetings of the Council. This would provide members of the Assembly who are not members of the Council with an incentive to attend and participate in a more efficient manner in the work of the Assembly, while still allowing those who wish to attend the Council as observers to do so. In the event that the Assembly needed to return a matter to the Council for further consideration, members of the Council would still be present in Kingston and a meeting could be convened for this purpose.

123. It should be noted that this scenario is more in keeping with the pattern of meetings envisaged under the Convention than is the current system. The Convention envisages that the Legal and Technical Commission would meet as often as may be required, while the Council would meet four times per year, with the Assembly meeting in annual session. The current system of holding all meetings of all organs in parallel simultaneously was adopted in 1997 on the basis of cost-effectiveness, to encourage universal participation, and following the evolutionary approach called for in the 1994 Agreement. Fifteen years later, it is evident that the system is no longer cost-effective, has failed for several years to promote universal participation and that the Authority has evolved to the point where an alternative system of meetings needs to be considered.

124. While the actual number of meetings in any given year would continue to be determined by the Secretary-General in accordance with the anticipated workload of each organ of the Authority, it is recommended that a future pattern of meetings may cover a three-week period as follows. During the first week, the Legal and Technical Commission and the Finance Committee would meet in parallel for as many days as required (usually the Finance Committee holds 6 to 8 meetings and the Legal and Technical Commission holds 10 to 16 meetings). Since these organs deal with different matters, the secretariat would be in a position to service parallel meetings where required. During the second week of the session, the Council would meet for

five days. The Assembly would then convene during the third week of the session for three days.

125. A further aspect to this proposal is that it has been recommended that the Legal and Technical Commission meet twice per year in 2013 and 2014. This is considered necessary in light of the increasing workload of the Commission and to enable it to make progress on the elaboration of an exploitation code. Under this scenario it is envisaged that the Commission would hold an additional preparatory meeting several months prior to the main session of the Authority. This would allow the members of the Commission sufficient time to work on confidential documents, such as contractors' reports, and to carry out other collaborative work in preparation for the main session. It would also avoid the need for overlap between the meetings of the Commission and the Council. Such a meeting could be convened, in the first instance, without full conference services since much of the work of the Commission in this respect takes place in a workshop setting, without interpreters. This would also mean that the Commission could more efficiently focus on decision-making during the main session, which would be held with full conference services.

Annex

Members of the advisory panel for the International Seabed Authority Endowment Fund for Marine Scientific Research in the Area

Georgy Cherkashov
Institute for Geology and Mineral Resources of the Ocean, Russian Federation

Yves Fouquet
Institut français de recherche pour l'exploitation de la mer (IFREMER), France

Lim Kimo
Permanent Representative to the International Seabed Authority and Chargé d'affaires of the Embassy of the Republic of Korea in Jamaica

Celsa Nuño
Permanent Representative to the International Seabed Authority and Ambassador Extraordinary and Plenipotentiary of Spain in Jamaica

Iva Camille Gloudon
Permanent Representative to the International Seabed Authority and High Commissioner of Trinidad and Tobago in Jamaica

Gordon Paterson
Department of Zoology, Natural History Museum, United Kingdom

Mathu Joyini
Permanent Representative to the International Seabed Authority and Ambassador Extraordinary and Plenipotentiary of South Africa in Jamaica



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Report of the Finance Committee

1. During the eighteenth session of the International Seabed Authority, the Finance Committee held six meetings, between 16 and 19 July 2012. The Committee elected Olav Myklebust as Chair and Duncan Laki as Vice-Chair.

I. Agenda

2. The Committee discussed and adopted its agenda, contained in document ISBA/18/FC/L.1.

II. Cost saving and efficiency measures

3. The Committee took note of the report on cost saving measures implemented by the Secretary-General (ISBA/18/FC/4), and commended him for the steps taken to promote greater efficiency and accountability and to constrain, as far as possible, increases in its administrative expenses. The Committee requested the Secretary-General to continue such efforts to limit expenses and to produce a similar report next year.

III Audit report on the finances of the International Seabed Authority for 2011

4. The Committee considered the report of PricewaterhouseCoopers on the audit of the accounts of the Authority for the year 2011. The Committee took note of the report and the opinion of the auditors that the financial statements of the Authority presented fairly, in all material aspects, the financial position of the Authority, as at 31 December 2011, and its financial performance and the cash flows for that year in accordance with the United Nations system accounting standards.

5. The Committee requested the Secretary-General to inquire of those auditors who might wish to audit the accounts of the Authority in subsequent years how they propose to perform an audit of the internal controls currently in place.



IV. Status of the International Seabed Authority Endowment Fund and Voluntary Trust Fund

6. The Committee took note of the balance of the Endowment Fund in the amount of \$3,387,038 as at 12 July 2012, including accrued interest of \$2,357 intended to be utilized to support the participation of scientists from developing countries in approved programmes.

7. The Committee expressed its gratitude to the Government of Mexico for the contribution of \$2,500 made on 7 September 2011, to the Government of Japan for the contribution of \$100,000 made on 15 September 2011 and to the Government of the United Kingdom of Great Britain and Northern Ireland for the contribution of \$20,000 made on 17 January 2012 to the Endowment Fund.

8. The Committee took note of the balance of the Voluntary Trust Fund in the amount of \$16,833, as at 16 July 2012.

9. The Committee expressed its gratitude to the Government of the United Kingdom for the contribution of \$20,000 made on 7 July 2012, to the Government of China for the contribution of \$20,000 made on 12 July 2012 and to Duncan Laki for the contribution of \$622 made on 17 July 2012 to the Voluntary Trust Fund.

V. Investment of the capital of the Endowment Fund

10. The Committee took note with satisfaction that, in view of the higher interest rates offered by Bank of Nova Scotia Jamaica Limited, the Secretary-General would invest the capital of the Endowment Fund in that bank in short-term time deposits in United States dollars.

11. The Committee requested that the Secretary-General prepare a report, for its meeting in 2013, on the banks in which the funds of the Authority are maintained.

VI. Working Capital Fund

12. The Committee took note of the status of the Working Capital Fund as at 11 July 2012, with advances of \$498,533 out of a ceiling of \$560,000.

VII. Status of fees paid for processing of applications for approval of plans of work for exploration and related matters

13. The Committee took note of the report of the Secretary-General (ISBA/18/FC/5) on the status of fees for the processing of applications for approval of plans of work for exploration and related matters paid by applicants for contracts in 2011. It also noted that the current level of fees for polymetallic nodules does not cover the actual cost incurred in processing such applications. Furthermore, the Committee recalled that at the present time, the costs of the administration and supervision of contracts between the Authority and the contractor are borne entirely by the general administrative fund.

14. The Committee noted that, in accordance with financial regulation 7.1, the balance of the fees paid by applicants for approval of plans of work in 2011, together with accrued interest thereon, shall be classed as miscellaneous income. It also took note of article 13 of annex III to the United Nations Convention on the Law of the Sea of 10 December 1982, read with section 8, paragraph 3, of the Agreement relating to the implementation of part XI of the United Nations

Convention on the Law of the Sea (see General Assembly resolution 48/263, annex), under which the fees for processing applications are to be reviewed from time to time by the Council.

15. The Committee requested the Secretary-General to report, at its next meeting in 2013, on possible measures to ensure that the cost of administration and supervision of contracts between the Authority and the contractors was not borne by member States.

16. The Committee started a study to better describe and account for, in the budgetary document, the use of fees for processing of applications for approval of plans of work for exploration. The Committee will continue with this study during its next meeting in order to reach a more transparent presentation of the use of the fees.

17. The Finance Committee recommends that the Council and the Assembly of the Authority:

(a) Authorize the Secretary-General to apply such miscellaneous income to the extent necessary to meet expenditures incurred in the financial period 2011-2012, as a result of processing plans of work for exploration;

(b) Revise the current level of fees paid for processing of applications for approval of plans of work for exploration for polymetallic nodules (regulation 19 (2) of the regulations on prospecting and exploration for polymetallic nodules in the Area) to \$500,000 to ensure that the fees reflect the actual costs incurred in processing such applications.

VIII. Budget performance

18. The Committee expressed its appreciation to the Secretary-General for the report on the implementation of the budget presented to the Committee and took note of the overspending level that is attributable to the processing of the approvals of plans of work for exploration in 2011.

IX. Adoption of International Public Sector Accounting Standards

19. The Committee took note of the report of the Secretary-General on the adoption of the International Public Sector Accounting Standards (ISBA/18/FC/3).

20. For budgetary reasons, the Committee agreed that the adoption of the International Public Sector Accounting Standards (IPSAS) would be considered during the next budget process.

X. United Nations common system

21. The Committee took note of the report of the Secretary-General on the position of the Authority with respect to its participation in the United Nations common system (ISBA/18/FC/2/Rev.1).

22. The Finance Committee recommends that the Council and the Assembly of the Authority request the Secretary-General to take the necessary steps on behalf of the Authority to subscribe to the statute of the International Civil Service Commission with effect from 2013.

XI. Budget for the financial period 2013-2014

23. The Committee examined the proposed budget of the International Seabed Authority for the financial period 2013-2014 (ISBA/18/A/3-ISBA/18/C/7) in the amount of \$16,502,100, an increase of 26.8 per cent over the amount for the previous biennium. In examining the budget, the Committee considered the increase in the work of the Authority and current global economic conditions, the overall increase in the proposed budget for 2013-2014 in relation to the budget for 2011-2012 and prevailing inflation rates. It also considered proposed increases in costs related to staffing, consultants, ad hoc workshops, central data repository, official travel, communications, external printing, acquisition of furniture and equipment, miscellaneous services, information technology, building management and conference services. It also considered the addition of two new budget items, United Nations common system and IPSAS implementation.

24. Following discussions in the Committee, the Secretary-General revised the proposed budget. The Committee decided to recommend for approval the revised budget for the financial period 2013-2014 in the amount of \$14,312,948, as contained in the annex to the present report. The revised budget reflects an increase of 9.97 per cent over the amount for the previous biennium.

25. The Committee also decided to recommend that for the financial period 2013-2014, the Secretary-General be authorized to transfer between appropriation sections up to 20 per cent of the amount in each section. The details of the approved budget are set out in annex I to the present report.

26. The Committee requested the Secretary-General to report to its meeting in 2013 on the possibility of the Joint Inspection Unit or the International Civil Service Commission (ICSC) producing a report on the staffing level in the Authority, the weighting and structure of the current established posts, and the balance between the use of consultants and recruitment to established posts.

XII. Scale of assessments for 2013-2014

27. The Finance Committee recommends that, in line with article 160 (2) (e) of the United Nations Convention on the Law of the Sea, the scale of assessments relating to the administrative budget of the International Seabed Authority for 2013 and 2014 be based on the scale of assessments used for the regular budget of the United Nations for 2011 and 2012 respectively, taking into account the ceiling assessment rate of 22 per cent and the floor assessment rate of 0.01 per cent. The indicative assessed contributions for 2013 are set out in annex II.

XIII. Other matters

28. The Committee expressed its concern about the outstanding contributions from members for prior periods (1998-2012) in the amount of \$246,972 and requested the Secretary-General, at his discretion, to continue his efforts to recover those amounts.

XIV. Recommendations of the Finance Committee

29. In the light of the foregoing, the Finance Committee recommends that the Council and the Assembly of the Authority:

(a) *Approve* the budget for the financial period 2013-2014, in the amount of \$14,312,948, as proposed by the Secretary-General;

(b) *Authorize* the Secretary-General to establish the scale of assessments for the biennium 2013 and 2014 on the basis of the scale used for the regular budget of the expenses of the United Nations for 2011 and 2012 respectively, taking into account that the ceiling assessment rate will be 22 per cent and the floor rate 0.01 per cent;

(c) *Authorize* the Secretary-General for each year, 2013 and 2014, to transfer between appropriation sections up to 20 per cent of the amount in each section;

(d) *Urge* the members of the Authority to pay their assessed contributions to the budget on time and in full;

(e) *Appeal* to the members of the Authority to pay outstanding contributions to the budget of the Authority from previous years as soon as possible and to request the Secretary-General, at his discretion, to continue his efforts to recover those amounts;

(f) *Strongly encourage* members to make voluntary contributions to the Endowment Fund and the Voluntary Trust Fund of the Authority;

(g) *Request* the Secretary-General to take the necessary steps on behalf of the Authority to subscribe to the statute of the International Civil Service Commission with effect from 2013;

(h) *Authorize* the Secretary-General to apply the miscellaneous income referred to in paragraph 14 of the report of the Finance Committee to the extent necessary to meet expenditures incurred in the financial period 2011-2012 as a result of processing plans of work for exploration;

(i) *Revise* the current level of fees paid for processing of applications for approval of plans of work for exploration for polymetallic nodules (regulation 19 (2) of the regulations on prospecting and exploration for polymetallic nodules in the Area) to \$500,000 to ensure that the fees reflect the actual costs incurred in processing such applications.

Annex I

Budgetary requirements, income and expenses, 2013-2014

Summary of budgetary requirements

(Thousands of United States dollars)

	<i>Approved for</i>			<i>Total 2013-2014</i>
	<i>2011-2012</i>	<i>2013</i>	<i>2014</i>	
Part 1. Administrative expenses of the secretariat				
Section 1 Established posts	5 683.2	3 011.8	3 011.8	6 023.6
General temporary assistance	30.0	14.8	15.2	30.0
Overtime	45.3	15.8	15.8	31.6
Consultants	150.0	92.5	97.5	190.0
Promotion and encouragement of the conduct of marine scientific research	100.0	50.0	50.0	100.0
Ad hoc expert groups	320.0	206.9	244.0	450.9
Central data repository	70.0	70.0	60.0	130.0
Geological model	150.0	0.0	0.0	0.0
Common staff costs	2 551.9	1 343.4	1 362.9	2 706.3
Subtotal	9 100.4	4 805.2	4 857.2	9 662.4
Section 2 Official travel	295.6	160.2	164.9	325.1
Subtotal	295.6	160.2	164.9	325.1
Section 3 Communications	145.6	78.8	81.3	160.1
External printing	100.0	49.9	50.1	100.0
Training	52.1	26.1	26.1	52.1
Library books	100.0	49.2	50.8	100.0
Official hospitality	22.0	11.0	11.0	22.0
Acquisition of furniture and equipment	56.7	30.6	30.3	60.9
Rental and maintenance of furniture and equipment	23.0	11.3	11.7	23.0
Supplies and materials	80.3	39.5	40.8	80.3
Miscellaneous services	84.2	54.0	55.6	109.6
Information technology	80.9	48.7	72.2	120.9
Audit fees	34.6	17.3	17.3	34.6
United Nations common system	0.0	83.0	83.0	166.0
Subtotal	779.4	499.4	530.2	1 029.6

	<i>Approved for</i>			<i>Total 2013-2014</i>
	<i>2011-2012</i>	<i>2013</i>	<i>2014</i>	
Section 4 Building management	749.3	382.7	394.2	776.9
Subtotal	749.3	382.7	394.2	776.9
Subtotal, part 1	10 924.7	5 847.5	5 946.5	11 794.0
Part 2. Conference-servicing costs of the Authority	2 090.0	1 242.8	1 276.1	2 518.9
Subtotal, part 2	2 090.0	1 242.8	1 276.1	2 518.9
Total administrative budget	13 014.7	7 090.3	7 222.6	14 312.9

Income

(United States dollars)

Contributions from Member States	14 312 948
Miscellaneous income ^a	
Total	14 312 948

Expenses

(United States dollars)

Budgetary requirements	14 312 948
Total	14 312 948

^a Fees paid by applicants for approval of plans of work, together with accrued interest thereon, shall, in accordance with financial regulation 7.1, be classed as miscellaneous income for credit to the general administrative fund and shall be used to cover costs incurred in the processing of such applications, such as conference services and staff costs. Overspending of single line items will thus be balanced by additional funds on the income side.

Annex II

Indicative assessed contributions for 2013^a

	<i>United Nations assessment (percentage)</i>	<i>International Seabed Authority assessment (percentage)</i>	<i>Amount (United States dollars)</i>
Albania	0.010	0.010	706
Algeria	0.128	0.169	11 922
Angola	0.010	0.010	706
Antigua and Barbuda	0.002	0.010	706
Argentina	0.287	0.379	26 732
Armenia	0.005	0.010	706
Australia	1.933	2.551	180 045
Austria	0.851	1.123	79 265
Bahamas	0.018	0.024	1 677
Bahrain	0.039	0.051	3 633
Bangladesh	0.010	0.010	706
Barbados	0.008	0.010	706
Belarus	0.042	0.055	3 912
Belgium	1.075	1.419	100 129
Belize	0.001	0.010	706
Benin	0.003	0.010	706
Bolivia	0.007	0.010	706
Bosnia and Herzegovina	0.014	0.018	304
Botswana	0.018	0.024	1 677
Brazil	1.611	2.126	150 053
Brunei Darussalam	0.028	0.037	2 608
Bulgaria	0.038	0.050	3 539
Burkina Faso	0.003	0.010	706
Cameroon	0.011	0.015	1 025
Canada	3.207	4.233	298 709
Cape Verde	0.001	0.010	706
Chad	0.002	0.010	706
Chile	0.236	0.312	21 982
China	3.189	4.209	297 033
Comoros	0.001	0.010	706
Congo	0.003	0.010	706
Costa Rica	0.034	0.045	3 167
Côte d'Ivoire	0.010	0.010	706
Croatia	0.097	0.128	9 035
Cuba	0.071	0.094	6 613
Cyprus	0.046	0.061	4 285

	<i>United Nations assessment (percentage)</i>	<i>International Seabed Authority assessment (percentage)</i>	<i>Amount (United States dollars)</i>
Czech Republic	0.349	0.461	32 507
Democratic Republic of the Congo	0.003	0.010	706
Denmark	0.736	0.971	68 553
Djibouti	0.001	0.010	706
Dominica	0.001	0.010	706
Dominican Republic	0.042	0.055	3 912
Egypt	0.094	0.124	8 755
Equatorial Guinea	0.008	0.010	706
Estonia	0.040	0.053	3 726
Fiji	0.004	0.010	706
Finland	0.566	0.747	52 719
France	6.123	8.082	570 314
Gabon	0.014	0.018	1 304
Gambia	0.001	0.010	706
Georgia	0.006	0.010	706
Germany	8.018	10.583	746 820
Ghana	0.006	0.010	706
Greece	0.691	0.912	64 362
Grenada	0.001	0.010	706
Guatemala	0.028	0.037	2 608
Guinea	0.002	0.010	706
Guinea-Bissau	0.001	0.010	706
Guyana	0.001	0.010	706
Haiti	0.003	0.010	706
Honduras	0.008	0.010	706
Hungary	0.291	0.384	27 105
Iceland	0.042	0.055	3 912
India	0.534	0.705	49 738
Indonesia	0.238	0.314	22 168
Iraq	0.020	0.026	1 863
Ireland	0.498	0.657	46 385
Italy	4.999	6.598	465 621
Jamaica	0.014	0.018	1 304
Japan	12.530	16.539	1 167 081
Jordan	0.014	0.018	1 304
Kenya	0.012	0.016	1 118
Kiribati	0.001	0.010	706
Kuwait	0.263	0.347	24 497
Lao People's Democratic Republic	0.001	0.010	706

	<i>United Nations assessment (percentage)</i>	<i>International Seabed Authority assessment (percentage)</i>	<i>Amount (United States dollars)</i>
Latvia	0.038	0.050	3 539
Lebanon	0.033	0.044	3 074
Lesotho	0.001	0.010	706
Liberia	0.001	0.010	706
Lithuania	0.065	0.086	6 054
Luxembourg	0.090	0.119	8 383
Madagascar	0.003	0.010	706
Malawi	0.001	0.010	706
Malaysia	0.253	0.334	23 565
Maldives	0.001	0.010	706
Mali	0.003	0.010	706
Malta	0.017	0.022	1 583
Marshall Islands	0.001	0.010	706
Mauritania	0.001	0.010	706
Mauritius	0.011	0.015	1 025
Mexico	2.356	3.110	219 445
Micronesia (Federated States of)	0.001	0.010	706
Monaco	0.003	0.010	706
Mongolia	0.002	0.010	706
Montenegro	0.004	0.010	706
Morocco	0.058	0.077	5 402
Mozambique	0.003	0.010	706
Myanmar	0.006	0.010	706
Namibia	0.008	0.010	706
Nauru	0.001	0.010	706
Nepal	0.006	0.010	706
Netherlands	1.855	2.449	172 780
New Zealand	0.273	0.360	25 428
Nicaragua	0.003	0.010	706
Nigeria	0.078	0.103	7 265
Norway	0.871	1.150	81 127
Oman	0.086	0.114	8 010
Pakistan	0.082	0.108	7 638
Palau	0.001	0.010	706
Panama	0.022	0.029	2 049
Papua New Guinea	0.002	0.010	706
Paraguay	0.007	0.010	706
Philippines	0.090	0.119	8 383
Poland	0.828	1.093	77 122

	<i>United Nations assessment (percentage)</i>	<i>International Seabed Authority assessment (percentage)</i>	<i>Amount (United States dollars)</i>
Portugal	0.511	0.675	47 596
Qatar	0.135	0.178	12 574
Republic of Korea	2.260	2.983	210 503
Republic of Moldova	0.002	0.010	706
Romania	0.177	0.234	16 486
Russian Federation	1.602	2.115	149 215
Saint Kitts and Nevis	0.001	0.010	706
Saint Lucia	0.001	0.010	706
Saint Vincent and the Grenadines	0.001	0.010	706
Samoa	0.001	0.010	706
Sao Tome and Principe	0.001	0.010	706
Saudi Arabia	0.830	1.096	77 309
Senegal	0.006	0.010	706
Serbia	0.037	0.049	3 446
Seychelles	0.002	0.010	706
Sierra Leone	0.001	0.010	706
Singapore	0.335	0.442	31 203
Slovakia	0.142	0.187	13 226
Slovenia	0.103	0.136	9 594
Solomon Islands	0.001	0.010	706
Somalia	0.001	0.010	706
South Africa	0.385	0.508	35 860
Spain	3.177	4.194	295 915
Sri Lanka	0.019	0.025	1 770
Sudan	0.010	0.010	706
Suriname	0.003	0.010	706
Sweden	1.064	1.404	99 104
Switzerland	1.130	1.492	105 251
Thailand	0.209	0.276	19 467
The former Yugoslav Republic of Macedonia	0.007	0.010	706
Togo	0.001	0.010	706
Tonga	0.001	0.010	706
Trinidad and Tobago	0.044	0.058	4 098
Tunisia	0.030	0.040	2 794
Tuvalu	0.001	0.010	706
Uganda	0.006	0.010	706
Ukraine	0.087	0.115	8 103

	<i>United Nations assessment (percentage)</i>	<i>International Seabed Authority assessment (percentage)</i>	<i>Amount (United States dollars)</i>
United Kingdom of Great Britain and Northern Ireland	6.604	8.717	615 116
United Republic of Tanzania	0.008	0.010	706
Uruguay	0.027	0.036	2 515
Vanuatu	0.001	0.010	706
Viet Nam	0.033	0.044	3 074
Yemen	0.010	0.010	706
Zambia	0.004	0.010	706
Zimbabwe	0.003	0.010	706
Cook Islands	0.000	0.010	706
Niue	0.000	0.010	706
Subtotal	75.43	100.00	7 056 474
European Union ^b			100 000
Total			7 156 474

^a Based on the scale of assessments for the apportionment of the expenses of the United Nations for 2011.

^b To be reviewed and determined from time to time by the Authority, taking into consideration the total amount of the budget.

Annex III

Staffing table of the secretariat of the International Seabed Authority

<i>Functional title</i>	<i>Professional</i>	<i>General Service</i>
Office of the Secretary-General		
Secretary-General	1 (USG)	
Associate Protocol Officer	1 (P-2)	
Executive Assistant		1
Protocol/Administrative Assistant		1
Administrative Assistant (New York office)		1
Office of Legal Affairs		
Legal Adviser/Deputy to the Secretary-General	1 (D-2)	
Senior Legal Officer	1 (P-5)	
Legal Officer	1 (P-4)	
Legal Officer ^a	1 (P-4)	
Librarian	1 (P-3)	
Administrative Assistant		1
Administrative Assistant ^b		1
Office of Resources and Environmental Monitoring		
Head of the Office	1 (D-1)	
Senior Scientific Officer	1 (P-5)	
Scientific Officer (Marine Geologist)	1 (P-5)	
Scientific Officer (Marine Biologist)	1 (P-4)	
Scientific Officer (Mineral Economist) ^c	1 (P-4)	
Scientific Officer (Geographic Information System)	1 (P-3)	
Marine Science Assistant		1
Information and Communications Technology Officer	1 (P-4)	
Webmaster/Publications Officer	1 (P-3)	
Information Technology Assistant		1
Office of Administration and Management		
Executive Officer	1 (P-5)	
Administrative Assistant		1
Budget/Internal Oversight Officer	1 (P-4)	
Finance Officer	1 (P-4)	
Human Resources Officer	1 (P-3)	
Human Resources Assistant		1
Procurement Assistant		1
Budget and Treasury Assistant		1
Finance Assistant		1
Senior Security Officer	1 (P-2)	

<i>Functional title</i>	<i>Professional</i>	<i>General Service</i>
Security Officer		2
Driver		3
Total	20	17

^a Recommended new position.

^b Restoration of one out of two frozen General Service staff posts.

^c Against a Scientific Officer (Geostatistician) (P-4) position.



Assembly

Distr.: General
27 July 2012

Original: English

Eighteenth session
Kingston, Jamaica
16-27 July 2012

Decision of the Assembly of the International Seabed Authority concerning the appointment of the Secretary-General of the International Seabed Authority

The Assembly of the International Seabed Authority,

*Acting in accordance with article 160, paragraph 2 (b), of the United Nations
Convention on the Law of the Sea of 10 December 1982,¹*

*Elects, by acclamation, Mr. Nii Allotey Odunton (Ghana) as Secretary-General
of the International Seabed Authority for a four-year term from 1 January 2013 to
31 December 2016.*

*138th meeting
27 July 2012*

* Reissued for technical reasons on 31 July 2012.

¹ United Nations, *Treaty Series*, vol. 1833, No. 31363.





Assembly

Distr.: General
27 July 2012

Original: English

Eighteenth session
Kingston, Jamaica
16-27 July 2012

Decision of the Assembly of the International Seabed Authority relating to the budget of the Authority for the financial period 2013-2014

The Assembly of the International Seabed Authority,

Taking into account the recommendations of the Council,

1. *Adopts* the budget for the International Seabed Authority for the financial period 2013-2014 in the amount of \$14,312,948;¹
2. *Authorizes* the Secretary-General to establish the scale of assessments for the financial period 2013-2014 based on the scale used for the regular budget of the United Nations for 2011-2012, taking into account that the ceiling assessment rate will be 22 per cent and the floor rate 0.01 per cent;
3. *Also authorizes* the Secretary-General, for the financial period 2013 and 2014, to transfer between appropriation sections of the budget of the Authority up to 20 per cent of the amount in each section;
4. *Urges* the members of the Authority to pay their assessed contributions to the budget on time and in full;
5. *Appeals* to the members of the Authority to pay outstanding contributions to the budget of the Authority from previous years as soon as possible and requests the Secretary-General, at his discretion, to continue his efforts to recover those amounts;
6. *Strongly encourages* members of the Authority to make voluntary contributions to the Endowment and Voluntary Trust Funds of the Authority;
7. *Requests* the Secretary-General to take the necessary steps on behalf of the Authority to subscribe to the statute of the International Civil Service Commission with effect from 2013;
8. *Authorizes* the Secretary-General to apply the miscellaneous income referred to in paragraph 14 of the report of the Finance Committee¹ to the extent

¹ See ISBA/18/A/4-ISBA/18/C/12.



necessary to meet expenditures incurred in the financial period 2011-2012, as a result of processing plans of work for exploration;

9. *Decides* to revise the current level of the fees paid for processing of applications for approval of plans of work for exploration for polymetallic nodules (regulation 19, paragraph 2, of the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area)² to US\$ 500,000, in order to ensure that the fees reflect the actual costs incurred in processing such applications.

*139th meeting
27 July 2012*

² See ISBA/6/A/18, annex.



Assembly

Distr.: General
27 July 2012

Original: English

Eighteenth session
Kingston, Jamaica
16-27 July 2012

Decision of the Assembly of the International Seabed Authority relating to the election to fill the vacancies on the Council of the Authority in accordance with article 161, paragraph 3, of the United Nations Convention on the Law of the Sea

The Assembly of the International Seabed Authority,

Recalling that, in accordance with article 161, paragraph 3, of the United Nations Convention on the Law of the Sea,

“Elections shall take place at regular sessions of the Assembly. Each member of the Council shall be elected for four years”,

Elects the following to fill the vacancies in the Council of the International Seabed Authority for a four-year period as from 1 January 2013, subject to the understandings reached in the regional and interest groups:¹

Group A

China
Japan

Group B

India

Group C

Canada
South Africa

¹ The agreed allocation of seats on the Council is 10 seats to the African Group, 9 seats to the Asian Group, 8 seats to the Western European and Others Group, 7 seats to the Latin American and Caribbean Group and 3 seats to the Eastern European Group. Since the total number of seats allocated according to that formula is 37, it is understood that, in accordance with the understanding reached in 1996 (ISBA/A/L.8), each regional group other than the Eastern European Group will relinquish a seat in rotation. The regional group which relinquishes a seat will have the right to designate a member of that group to participate in the deliberations of the Council without the right to vote during the period the regional group relinquishes the seat.



Group D

Bangladesh
Brazil
Uganda

Group E

Argentina
Czech Republic
Guyana
Kenya
Mozambique
Namibia
Netherlands²
Poland
Senegal
Spain³
Trinidad and Tobago
United Kingdom of Great Britain and Northern Ireland⁴

*139th meeting
27 July 2012*

² The Netherlands is elected for a four-year term as a member of group E with the understanding that it will relinquish its seat after three years to Norway for the remainder of the four-year term (2016).

³ Spain is elected for a four-year term as a member of group E with the understanding that it will relinquish its seat after one year to Norway for the year 2014.

⁴ The United Kingdom of Great Britain and Northern Ireland is elected for a four-year term as a member of group E with the understanding that it will relinquish its seat after two years to Norway for the year 2015.



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Decision of the Assembly of the International Seabed Authority relating to the Regulations on Prospecting and Exploration for Cobalt-rich Ferromanganese Crusts in the Area

The Assembly of the International Seabed Authority,

Having considered the Regulations on Prospecting and Exploration for Cobalt-rich Ferromanganese Crusts in the Area, as provisionally adopted by the Council at its 181st meeting, on 26 July 2012,

Approves the Regulations on Prospecting and Exploration for Cobalt-rich Ferromanganese Crusts in the Area as contained in the annex to the present decision.

138th meeting
27 July 2012



Annex

Regulations on Prospecting and Exploration for Cobalt-rich Ferromanganese Crusts in the Area

Preamble

In accordance with the United Nations Convention on the Law of the Sea of 10 December 1982 (“the Convention”), the seabed and ocean floor and the subsoil thereof beyond the limits of national jurisdiction, as well as its resources, are the common heritage of mankind, the exploration and exploitation of which shall be carried out for the benefit of mankind as a whole, on whose behalf the International Seabed Authority acts. The objective of this set of Regulations is to provide for prospecting and exploration for cobalt-rich ferromanganese crusts.

Part I Introduction

Regulation 1

Use of terms and scope

1. Terms used in the Convention shall have the same meaning in these Regulations.

2. In accordance with the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982 (“the Agreement”), the provisions of the Agreement and Part XI of the Convention shall be interpreted and applied together as a single instrument. These Regulations and references in these Regulations to the Convention are to be interpreted and applied accordingly.

3. For the purposes of these Regulations:

(a) “Cobalt crusts” means cobalt-rich iron/manganese (ferromanganese) hydroxide/oxide deposits formed from direct precipitation of minerals from seawater onto hard substrates containing minor but significant concentrations of cobalt, titanium, nickel, platinum, molybdenum, tellurium, cerium, other metallic and rare earth elements;

(b) “Exploitation” means the recovery for commercial purposes of cobalt crusts in the Area and the extraction of minerals therefrom, including the construction and operation of mining, processing and transportation systems, for the production and marketing of metals;

(c) “Exploration” means the searching for deposits of cobalt crusts in the Area with exclusive rights, the analysis of such deposits, the use and testing of recovery systems and equipment, processing facilities and transportation systems and the carrying out of studies of the environmental, technical, economic, commercial and other appropriate factors that must be taken into account in exploitation;

(d) “Marine environment” includes the physical, chemical, geological and biological components, conditions and factors which interact and determine the

productivity, state, condition and quality of the marine ecosystem, the waters of the seas and oceans and the airspace above those waters, as well as the seabed and ocean floor and subsoil thereof;

(e) “Prospecting” means the search for deposits of cobalt crusts in the Area, including estimation of the composition, sizes and distributions of deposits of cobalt crusts and their economic values, without any exclusive rights;

(f) “Serious harm to the marine environment” means any effect from activities in the Area on the marine environment which represents a significant adverse change in the marine environment determined according to the rules, regulations and procedures adopted by the Authority on the basis of internationally recognized standards and practices.

4. These Regulations shall not in any way affect the freedom of scientific research, pursuant to article 87 of the Convention, or the right to conduct marine scientific research in the Area pursuant to articles 143 and 256 of the Convention. Nothing in these Regulations shall be construed in such a way as to restrict the exercise by States of the freedom of the high seas as reflected in article 87 of the Convention.

5. These Regulations may be supplemented by further rules, regulations and procedures, in particular on the protection and preservation of the marine environment. These Regulations shall be subject to the provisions of the Convention and the Agreement and other rules of international law not incompatible with the Convention.

Part II

Prospecting

Regulation 2

Prospecting

1. Prospecting shall be conducted in accordance with the Convention and these Regulations and may commence only after the prospector has been informed by the Secretary-General that its notification has been recorded pursuant to regulation 4 (2).

2. Prospectors and the Authority shall apply a precautionary approach, as reflected in principle 15 of the Rio Declaration on Environment and Development.¹

3. Prospecting shall not be undertaken if substantial evidence indicates the risk of serious harm to the marine environment.

4. Prospecting shall not be undertaken in an area covered by an approval plan of work for exploration for cobalt crusts or in a reserved area; nor may there be prospecting in an area which the International Seabed Authority Council has disapproved for exploitation because of the risk of serious harm to the marine environment.

¹ *Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992* (United Nations publication, Sales No. E.93.I.8 and corrigendum), vol. I, *Resolutions adopted by the Conference*, resolution 1, annex I.

5. Prospecting shall not confer on the prospector any rights with respect to resources. A prospector may, however, recover a reasonable quantity of minerals, being the quantity necessary for testing and not for commercial use.

6. There shall be no time limit on prospecting except that prospecting in a particular area shall cease upon written notification to the prospector by the Secretary-General that a plan of work for exploration has been approved with regard to that area.

7. Prospecting may be conducted simultaneously by more than one prospector in the same area or areas.

Regulation 3

Notification of prospecting

1. A proposed prospector shall notify the Authority of its intention to engage in prospecting.

2. Each notification of prospecting shall be in the form prescribed in annex I to these Regulations, shall be addressed to the Secretary-General and shall conform to the requirements of these Regulations.

3. Each notification shall be submitted:

- (a) In the case of a State, by the authority designated for that purpose by it;
- (b) In the case of an entity, by its designated representative;
- (c) In the case of the Enterprise, by its competent authority.

4. Each notification shall be in one of the languages of the Authority and shall contain:

(a) The name, nationality and address of the proposed prospector and its designated representative;

(b) The coordinates of the broad area or areas within which prospecting is to be conducted, in accordance with the most recent generally accepted international standard used by the Authority;

(c) A general description of the prospecting programme, including the proposed date of commencement and its approximate duration;

(d) A satisfactory written undertaking that the proposed prospector will:

(i) Comply with the Convention and the relevant rules, regulations and procedures of the Authority concerning:

a. Cooperation in the training programmes in connection with marine scientific research and transfer of technology referred to in articles 143 and 144 of the Convention; and

b. Protection and preservation of the marine environment;

(ii) Accept verification by the Authority of compliance therewith; and

(iii) Make available to the Authority, as far as practicable, such data as may be relevant to the protection and preservation of the marine environment.

Regulation 4
Consideration of notifications

1. The Secretary-General shall acknowledge in writing receipt of each notification submitted under regulation 3, specifying the date of receipt.
2. The Secretary-General shall review and act on the notification within 45 days of its receipt. If the notification conforms with the requirements of the Convention and these Regulations, the Secretary-General shall record the particulars of the notification in a register maintained for that purpose and shall inform the prospector in writing that the notification has been so recorded.
3. The Secretary-General shall, within 45 days of receipt of the notification, inform the proposed prospector in writing if the notification includes any part of an area included in an approved plan of work for exploration or exploitation of any category of resources, or any part of a reserved area, or any part of an area which has been disapproved by the Council for exploitation because of the risk of serious harm to the marine environment, or if the written undertaking is not satisfactory, and shall provide the proposed prospector with a written statement of reasons. In such cases, the proposed prospector may, within 90 days, submit an amended notification. The Secretary-General shall, within 45 days, review and act upon such amended notification.
4. A prospector shall inform the Secretary-General in writing of any change in the information contained in the notification.
5. The Secretary-General shall not release any particulars contained in the notification except with the written consent of the prospector. The Secretary-General shall, however, from time to time inform all members of the Authority of the identity of prospectors and the general areas in which prospecting is being conducted.

Regulation 5
Protection and preservation of the marine environment during prospecting

1. Each prospector shall take necessary measures to prevent, reduce and control pollution and other hazards to the marine environment arising from prospecting as far as reasonably possible, applying a precautionary approach and best environmental practices. In particular, each prospector shall minimize or eliminate:
 - (a) Adverse environmental impacts from prospecting; and
 - (b) Actual or potential conflicts or interference with existing or planned marine scientific research activities, in accordance with the relevant future guidelines in this regard.
2. Prospectors shall cooperate with the Authority in the establishment and implementation of programmes for monitoring and evaluating the potential impacts of the exploration for and exploitation of cobalt crusts on the marine environment.
3. A prospector shall immediately notify the Secretary-General in writing, using the most effective means, of any incident arising from prospecting which has caused, is causing or poses a threat of serious harm to the marine environment. Upon receipt of such notification the Secretary-General shall act in a manner consistent with regulation 35.

Regulation 6
Annual report

1. A prospector shall, within 90 days of the end of each calendar year, submit a report to the Authority on the status of prospecting. Such reports shall be submitted by the Secretary-General to the Legal and Technical Commission. Each such report shall contain:

(a) A general description of the status of prospecting and of the results obtained;

(b) Information on compliance with the undertakings referred to in regulation 3 (4) (d); and

(c) Information on adherence to the relevant guidelines in this regard.

2. If the prospector intends to claim expenditures for prospecting as part of the development costs incurred prior to the commencement of commercial production, the prospector shall submit an annual statement, in conformity with internationally accepted accounting principles and certified by a duly qualified firm of public accountants, of the actual and direct expenditures incurred by the prospector in carrying out prospecting.

Regulation 7
Confidentiality of data and information from prospecting contained in the annual report

1. The Secretary-General shall ensure the confidentiality of all data and information contained in the reports submitted under regulation 6 applying mutatis mutandis the provisions of regulations 38 and 39, provided that data and information relating to the protection and preservation of the marine environment, in particular those from environmental monitoring programmes, shall not be considered confidential. The prospector may request that such data not be disclosed for up to three years following the date of their submission.

2. The Secretary-General may, at any time, with the consent of the prospector concerned, release data and information relating to prospecting in an area in respect of which a notification has been submitted. If, after having made reasonable efforts for at least two years, the Secretary-General determines that the prospector no longer exists or cannot be located, the Secretary-General may release such data and information.

Regulation 8
Objects of an archaeological or historical nature

A prospector shall immediately notify the Secretary-General in writing of any finding in the Area of an object of actual or potential archaeological or historical nature and its location. The Secretary-General shall transmit such information to the Director-General of the United Nations Educational, Scientific and Cultural Organization.

Part III

Applications for approval of plans of work for exploration in the form of contracts

Section 1

General provisions

Regulation 9

General

Subject to the provisions of the Convention, the following may apply to the Authority for approval of plans of work for exploration:

- (a) The Enterprise, on its own behalf or in a joint arrangement;
- (b) States parties, State enterprises or natural or juridical persons which possess the nationality of States or are effectively controlled by them or their nationals, when sponsored by such States, or any group of the foregoing which meets the requirements of these Regulations.

Section 2

Content of applications

Regulation 10

Form of applications

1. Each application for approval of a plan of work for exploration shall be in the form prescribed in annex II to these Regulations, shall be addressed to the Secretary-General and shall conform to the requirements of these Regulations.
2. Each application shall be submitted:
 - (a) In the case of a State, by the authority designated for that purpose by it;
 - (b) In the case of an entity, by its designated representative or the authority designated for that purpose by the sponsoring State or States; and
 - (c) In the case of the Enterprise, by its competent authority.
3. Each application by a State enterprise or one of the entities referred to in regulation 9 (b) shall also contain:
 - (a) Sufficient information to determine the nationality of the applicant or the identity of the State or States by which, or by whose nationals, the applicant is effectively controlled; and
 - (b) The principal place of business or domicile and, if applicable, place of registration of the applicant.
4. Each application submitted by a partnership or consortium of entities shall contain the required information in respect of each member of the partnership or consortium.

Regulation 11
Certificate of sponsorship

1. Each application by a State enterprise or one of the entities referred to in regulation 9 (b) shall be accompanied by a certificate of sponsorship issued by the State of which it is a national or by which or by whose nationals it is effectively controlled. If the applicant has more than one nationality, as in the case of a partnership or consortium of entities from more than one State, each State involved shall issue a certificate of sponsorship.

2. Where the applicant has the nationality of one State but is effectively controlled by another State or its nationals, each State involved shall issue a certificate of sponsorship.

3. Each certificate of sponsorship shall be duly signed on behalf of the State by which it is submitted, and shall contain:

(a) The name of the applicant;

(b) The name of the sponsoring State;

(c) A statement that the applicant is:

(i) A national of the sponsoring State; or

(ii) Subject to the effective control of the sponsoring State or its nationals;

(d) A statement by the sponsoring State that it sponsors the applicant;

(e) The date of deposit by the sponsoring State of its instrument of ratification of, or accession or succession to, the Convention;

(f) A declaration that the sponsoring State assumes responsibility in accordance with articles 139 and 153 (4) of the Convention and article 4 (4) of annex III to the Convention.

4. States or entities in a joint arrangement with the Enterprise shall also comply with this regulation.

Regulation 12
Total area covered by the application

1. For the purposes of these Regulations, a “cobalt crust block” is one or more cells of a grid as provided by the Authority, which may be square or rectangular in shape and no greater than 20 square kilometres in size.

2. The area covered by each application for approval of a plan of work for exploration for cobalt crusts shall be comprised of not more than 150 cobalt crust blocks, which shall be arranged by the applicant in clusters, as set out in paragraph 3 below.

3. Five contiguous cobalt crust blocks form a cluster of cobalt crust blocks. Two such blocks that touch at any point shall be considered to be contiguous. Clusters of cobalt crust blocks need not be contiguous but shall be proximate and located entirely within a geographical area measuring not more than 550 kilometres by 550 kilometres.

4. Notwithstanding the provisions in paragraph 2 above, where an applicant has elected to contribute a reserved area to carry out activities pursuant to article 9 of

annex III to the Convention, in accordance with regulation 17, the total area covered by an application shall not exceed 300 cobalt crust blocks. Such blocks shall be arranged in two groups of equal estimated commercial value and each such group of cobalt crust blocks shall be arranged by the applicant in clusters, as set out in paragraph 3 above.

Regulation 13
Financial and technical capabilities

1. Each application for approval of a plan of work for exploration shall contain specific and sufficient information to enable the Council to determine whether the applicant is financially and technically capable of carrying out the proposed plan of work for exploration and of fulfilling its financial obligations to the Authority.
2. An application for approval of a plan of work for exploration by the Enterprise shall include a statement by its competent authority certifying that the Enterprise has the necessary financial resources to meet the estimated costs of the proposed plan of work for exploration.
3. An application for approval of a plan of work for exploration by a State or a State enterprise shall include a statement by the State or the sponsoring State certifying that the applicant has the necessary financial resources to meet the estimated costs of the proposed plan of work for exploration.
4. An application for approval of a plan of work for exploration by an entity shall include copies of its audited financial statements, including balance sheets and profit-and-loss statements, for the most recent three years, in conformity with internationally accepted accounting principles and certified by a duly qualified firm of public accountants.
5. If the applicant is a newly organized entity and a certified balance sheet is not available, the application shall include a pro forma balance sheet certified by an appropriate official of the applicant.
6. If the applicant is a subsidiary of another entity, the application shall include copies of such financial statements of that entity and a statement from that entity, in conformity with internationally accepted accounting principles and certified by a duly qualified firm of public accountants, that the applicant will have the financial resources to carry out the plan of work for exploration.
7. If the applicant is controlled by a State or a State enterprise, the application shall include a statement from the State or State enterprise certifying that the applicant will have the financial resources to carry out the plan of work for exploration.
8. Where an applicant seeking approval of a plan of work for exploration intends to finance the proposed plan of work for exploration by borrowings, its application shall include the amount of such borrowings, the repayment period and the interest rate.
9. Each application shall include:
 - (a) A general description of the applicant's previous experience, knowledge, skills, technical qualifications and expertise relevant to the proposed plan of work for exploration;

(b) A general description of the equipment and methods expected to be used in carrying out the proposed plan of work for exploration and other relevant non-proprietary information about the characteristics of such technology;

(c) A general description of the applicant's financial and technical capability to respond to any incident or activity which causes serious harm to the marine environment.

10. Where the applicant is a partnership or consortium of entities in a joint arrangement, each member of the partnership or consortium shall provide the information required by this regulation.

Regulation 14

Previous contracts with the Authority

Where the applicant or, in the case of an application by a partnership or consortium of entities in a joint arrangement, any member of the partnership or consortium, has previously been awarded any contract with the Authority, the application shall include:

(a) The date of the previous contract or contracts;

(b) The dates, reference numbers and titles of each report submitted to the Authority in connection with the contract or contracts; and

(c) The date of termination of the contract or contracts, if applicable.

Regulation 15

Undertakings

Each applicant, including the Enterprise, shall, as part of its application for approval of a plan of work for exploration, provide a written undertaking to the Authority that it will:

(a) Accept as enforceable and comply with the applicable obligations created by the provisions of the Convention and the rules, regulations and procedures of the Authority, the decisions of the organs of the Authority and the terms of its contracts with the Authority;

(b) Accept control by the Authority of activities in the Area, as authorized by the Convention; and

(c) Provide the Authority with a written assurance that its obligations under the contract will be fulfilled in good faith.

Regulation 16

Applicant's election of a reserved area contribution or equity interest in a joint venture arrangement

Each applicant shall, in the application, elect either to:

(a) Contribute a reserved area to carry out activities pursuant to article 9 of annex III to the Convention, in accordance with regulation 17; or

(b) Offer an equity interest in a joint venture arrangement in accordance with regulation 19.

Regulation 17**Data and information to be submitted before the designation of a reserved area**

1. Where the applicant elects to contribute a reserved area to carry out activities pursuant to article 9 of annex III to the Convention, the area covered by the application shall be sufficiently large and of sufficient estimated commercial value to allow two mining operations and shall be configured by the applicant in accordance with regulation 12 (4).
2. Each such application shall contain sufficient data and information, as prescribed in section II of annex II to these Regulations, with respect to the area under application to enable the Council, on the recommendation of the Legal and Technical Commission, to designate a reserved area based on the estimated commercial value of each part. Such data and information shall consist of data available to the applicant with respect to both parts of the area under application, including the data used to determine their commercial value.
3. The Council, on the basis of the data and information submitted by the applicant pursuant to section II of annex II to these Regulations, if found satisfactory and taking into account the recommendation of the Legal and Technical Commission, shall designate the part of the area under application which is to be a reserved area. The area so designated shall become a reserved area as soon as the plan of work for exploration for the non-reserved area is approved and the contract is signed. If the Council determines that additional information, consistent with these Regulations and annex II, is needed to designate the reserved area, it shall refer the matter back to the Commission for further consideration, specifying the additional information required.
4. Once the plan of work for exploration is approved and a contract has been issued, the data and information transferred to the Authority by the applicant in respect of the reserved area may be disclosed by the Authority in accordance with article 14 (3) of annex III to the Convention.

Regulation 18**Applications for approval of plans of work with respect to a reserved area**

1. Any State which is a developing State or any natural or juridical person sponsored by it and effectively controlled by it or by any other developing State, or any group of the foregoing, may notify the Authority that it wishes to submit a plan of work for exploration with respect to a reserved area. The Secretary-General shall forward such notification to the Enterprise, which shall inform the Secretary-General in writing within six months whether or not it intends to carry out activities in that area. If the Enterprise intends to carry out activities in that area, it shall, pursuant to paragraph 4, also inform in writing the contractor whose application for approval of a plan of work for exploration originally included that area.
2. An application for approval of a plan of work for exploration in respect of a reserved area may be submitted at any time after such an area becomes available following a decision by the Enterprise that it does not intend to carry out activities in that area or where the Enterprise has not, within six months of the notification by the Secretary-General, either taken a decision on whether it intends to carry out activities in that area or notified the Secretary-General in writing that it is engaged in discussions regarding a potential joint venture. In the latter instance, the

Enterprise shall have one year from the date of such notification in which to decide whether to conduct activities in that area.

3. If the Enterprise or a developing State or one of the entities referred to in paragraph 1 does not submit an application for approval of a plan of work for exploration for activities in a reserved area within 15 years of the commencement by the Enterprise of its functions independent of the Secretariat of the Authority or within 15 years of the date on which that area is reserved for the Authority, whichever is the later, the contractor whose application for approval of a plan of work for exploration originally included that area shall be entitled to apply for a plan of work for exploration for that area provided it offers in good faith to include the Enterprise as a joint-venture partner.

4. A contractor has the right of first refusal to enter into a joint venture arrangement with the Enterprise for exploration of the area which was included in its application for approval of a plan of work for exploration and which was designated by the Council as a reserved area.

Regulation 19
Equity interest in a joint venture arrangement

1. Where the applicant elects to offer an equity interest in a joint venture arrangement, it shall submit data and information in accordance with regulation 20. The area to be allocated to the applicant shall be subject to the provisions of regulation 27.

2. The joint venture arrangement, which shall take effect at the time the applicant enters into a contract for exploitation, shall include the following:

(a) The Enterprise shall obtain a minimum of 20 per cent of the equity participation in the joint venture arrangement on the following basis:

(i) Half of such equity participation shall be obtained without payment, directly or indirectly, to the applicant and shall be treated *pari passu* for all purposes with the equity participation of the applicant;

(ii) The remainder of such equity participation shall be treated *pari passu* for all purposes with the equity participation of the applicant except that the Enterprise shall not receive any profit distribution with respect to such participation until the applicant has recovered its total equity participation in the joint venture arrangement;

(b) Notwithstanding subparagraph (a), the applicant shall nevertheless offer the Enterprise the opportunity to purchase a further 30 per cent of the equity participation in the joint venture arrangement, or such lesser percentage as the Enterprise may elect to purchase, on the basis of *pari passu* treatment with the applicant for all purposes;²

(c) Except as specifically provided in the agreement between the applicant and the Enterprise, the Enterprise shall not by reason of its equity participation be otherwise obligated to provide funds or credits or issue guarantees or otherwise accept any financial liability whatsoever for or on behalf of the joint venture

² The terms and conditions upon which such equity participation may be obtained would need to be further elaborated.

arrangement, nor shall the Enterprise be required to subscribe for additional equity participation so as to maintain its proportionate participation in the joint venture arrangement.

Regulation 20

Data and information to be submitted for approval of the plan of work for exploration

1. Each applicant shall submit, with a view to receiving approval of the plan of work for exploration in the form of a contract, the following information:

(a) A general description and a schedule of the proposed exploration programme, including the programme of activities for the immediate five-year period, such as studies to be undertaken in respect of the environmental, technical, economic and other appropriate factors that must be taken into account in exploration;

(b) A description of the programme for oceanographic and environmental baseline studies in accordance with these Regulations and any environmental rules, regulations and procedures established by the Authority that would enable an assessment of the potential environmental impact, including, but not restricted to, the impact on biodiversity, of the proposed exploration activities, taking into account any recommendations issued by the Legal and Technical Commission;

(c) A preliminary assessment of the possible impact of the proposed exploration activities on the marine environment;

(d) A description of proposed measures for the prevention, reduction and control of pollution and other hazards, as well as possible impacts, to the marine environment;

(e) Data necessary for the Council to make the determination it is required to make in accordance with regulation 13 (1); and

(f) A schedule of anticipated yearly expenditures in respect of the programme of activities for the immediate five-year period.

2. Where the applicant elects to contribute a reserved area, the data and information relating to such area shall be transferred by the applicant to the Authority after the Council has designated the reserved area in accordance with regulation 17 (3).

3. Where the applicant elects to offer an equity interest in a joint venture arrangement, the data and information relating to such area shall be transferred by the applicant to the Authority at the time of the election.

Section 3

Fees

Regulation 21

Fee for applications

1. The fee for processing an application for approval of a plan for exploration of cobalt crusts shall be a fixed amount of 500,000 United States dollars or its

equivalent in a freely convertible currency, to be paid in full at the time of the submission of an application.

2. If the administrative costs incurred by the Authority in processing an application are less than the fixed amount indicated in paragraph 1 above, the Authority shall refund the difference to the applicant. If the administrative costs incurred by the Authority in processing an application are more than the fixed amount indicated in paragraph 1 above, the applicant shall pay the difference to the Authority, provided that any additional amount to be paid by applicant shall not exceed 10 per cent of the fixed fee referred to in paragraph 1.

3. Taking into account any criteria established for this purpose by the Finance Committee, the Secretary-General shall determine the amount of such differences as indicated in paragraph 2 above, and notify the applicant of its amount. The notification shall include a statement of the expenditure incurred by the Authority. The amount due shall be paid by the applicant or reimbursed by the Authority within three months of the signing of the Contract referred to in Regulation 25 below.

4. The fixed amount referred to in paragraph 1 above shall be reviewed on a regular basis by the Council in order to ensure that it covers the expected administrative costs of processing applications and to avoid the need for applicants to pay additional amounts in accordance with paragraph 2 above.

Section 4

Processing of applications

Regulation 22

Receipt, acknowledgement and safe custody of applications

The Secretary-General shall:

(a) Acknowledge in writing within 30 days receipt of every application for approval of a plan of work for exploration submitted under this Part, specifying the date of receipt;

(b) Place the application together with the attachments and annexes thereto in safe custody and ensure the confidentiality of all confidential data and information contained in the application; and

(c) Notify the members of the Authority of receipt of such application and circulate to them information of a general nature which is not confidential regarding the application.

Regulation 23

Consideration by the Legal and Technical Commission

1. Upon receipt of an application for approval of a plan of work for exploration, the Secretary-General shall notify the members of the Legal and Technical Commission and place consideration of the application as an item on the agenda for the next meeting of the Commission. The Commission shall only consider applications in respect of which notification and information has been circulated by the Secretary-General in accordance with regulation 22 (c) at least 30 days prior to the commencement of the meeting of the Commission at which they are to be considered.

2. The Commission shall examine applications in the order in which they are received.
3. The Commission shall determine if the applicant:
 - (a) Has complied with the provisions of these Regulations;
 - (b) Has given the undertakings and assurances specified in regulation 15;
 - (c) Possesses the financial and technical capability to carry out the proposed plan of work for exploration and has provided details as to its ability to comply promptly with emergency orders; and
 - (d) Has satisfactorily discharged its obligations in relation to any previous contract with the Authority.
4. The Commission shall, in accordance with the requirements set forth in these Regulations and its procedures, determine whether the proposed plan of work for exploration will:
 - (a) Provide for effective protection of human health and safety;
 - (b) Provide for effective protection and preservation of the marine environment, including, but not restricted to, the impact on biodiversity;
 - (c) Ensure that installations are not established where interference may be caused to the use of recognized sea lanes essential to international navigation or in areas of intense fishing activity.
5. If the Commission makes the determinations specified in paragraph 3 and determines that the proposed plan of work for exploration meets the requirements of paragraph 4, the Commission shall recommend approval of the plan of work for exploration to the Council.
6. The Commission shall not recommend approval of the plan of work for exploration if part or all of the area covered by the proposed plan of work for exploration is included in:
 - (a) A plan of work for exploration approved by the Council for cobalt crusts; or
 - (b) A plan of work approved by the Council for exploration for or exploitation of other resources if the proposed plan of work for exploration for cobalt crusts might cause undue interference with activities under such approved plan of work for other resources; or
 - (c) An area disapproved for exploitation by the Council in cases where substantial evidence indicates the risk of serious harm to the marine environment.
7. The Commission may recommend the approval of a plan of work if it determines that such approval would not permit a State party or entities sponsored by it to monopolize the conduct of activities in the Area with regard to cobalt crusts or to preclude other States parties from activities in the Area with regard to cobalt crusts.
8. Except in the case of applications by the Enterprise, on its own behalf or in a joint venture, and applications under regulation 18, the Commission shall not recommend approval of the plan of work for exploration if part or all of the area

covered by the proposed plan of work for exploration is included in a reserved area or an area designated by the Council to be a reserved area.

9. If the Commission finds that an application does not comply with these Regulations, it shall notify the applicant in writing, through the Secretary-General, indicating the reasons. The applicant may, within 45 days of such notification, amend its application. If the Commission after further consideration is of the view that it should not recommend approval of the plan of work for exploration, it shall so inform the applicant and provide the applicant with a further opportunity to make representations within 30 days of such information. The Commission shall consider any such representations made by the applicant in preparing its report and recommendation to the Council.

10. In considering a proposed plan of work for exploration, the Commission shall have regard to the principles, policies and objectives relating to activities in the Area as provided for in part XI and annex III of the Convention and the Agreement.

11. The Commission shall consider applications expeditiously and shall submit its report and recommendations to the Council on the designation of the areas and on the plan of work for exploration at the first possible opportunity, taking into account the schedule of meetings of the Authority.

12. In discharging its duties, the Commission shall apply these Regulations and the rules, regulations and procedures of the Authority in a uniform and non discriminatory manner.

Regulation 24

Consideration and approval of plans of work for exploration by the Council

The Council shall consider the reports and recommendations of the Legal and Technical Commission relating to approval of plans of work for exploration in accordance with paragraphs 11 and 12 of section 3 of the annex to the Agreement.

Part IV

Contracts for exploration

Regulation 25

The contract

1. After a plan of work for exploration has been approved by the Council, it shall be prepared in the form of a contract between the Authority and the applicant as prescribed in annex III to these Regulations. Each contract shall incorporate the standard clauses set out in annex IV in effect at the date of entry into force of the contract.

2. The contract shall be signed by the Secretary-General on behalf of the Authority and by the applicant. The Secretary-General shall notify all members of the Authority in writing of the conclusion of each contract.

Regulation 26**Rights of the contractor**

1. The contractor shall have the exclusive right to explore an area covered by a plan of work for exploration in respect of cobalt crusts. The Authority shall ensure that no other entity operates in the same area for other resources in a manner that might interfere with the operations of the contractor.
2. A contractor who has an approved plan of work for exploration only shall have a preference and a priority among applicants submitting plans of work for exploitation of the same area and resources. Such preference or priority may be withdrawn by the Council if the contractor has failed to comply with the requirements of its approved plan of work for exploration within the time period specified in a written notice or notices from the Council to the contractor indicating which requirements have not been complied with by the contractor. The time period specified in any such notice shall not be unreasonable. The contractor shall be accorded a reasonable opportunity to be heard before the withdrawal of such preference or priority becomes final. The Council shall provide the reasons for its proposed withdrawal of preference or priority and shall consider any contractor's response. The decision of the Council shall take account of that response and shall be based on substantial evidence.
3. A withdrawal of preference or priority shall not become effective until the contractor has been accorded a reasonable opportunity to exhaust the judicial remedies available to it pursuant to part XI, section 5, of the Convention.

Regulation 27**Size of area and relinquishment**

1. The contractor shall relinquish the area allocated to it in accordance with paragraph 1 of this regulation. Areas to be relinquished need not be contiguous and shall be defined by the contractor in the form of sub-blocks comprising one or more cells of a grid as provided by the Authority. By the end of the eighth year from the date of the contract, the contractor shall have relinquished at least one third of the original area allocated to it; by the end of the tenth year from the date of the contract, the contractor shall have relinquished at least two thirds of the original area allocated to it; or, at the end of the fifteenth year from the date of the contract, or when the contractor applies for exploitation rights, whichever is the earlier, the contractor shall nominate an area from the remaining area allocated to it to be retained for exploitation.
2. Notwithstanding the provisions in paragraph 1, a contractor shall not be required to relinquish any additional part of such area when the remaining area allocated to it after relinquishment does not exceed 1,000 square kilometres.
3. The contractor may at any time relinquish parts of the area allocated to it in advance of the schedule set out in paragraph 1.
4. Relinquished areas shall revert to the Area.
5. The Council may, at the request of the contractor, and on the recommendation of the Commission, in exceptional circumstances, defer the schedule of relinquishment. Such exceptional circumstances shall be determined by the Council and shall include, inter alia, consideration of prevailing economic circumstances or

other unforeseen exceptional circumstances arising in connection with the operational activities of the contractor.

Regulation 28

Duration of contracts

1. A plan of work for exploration shall be approved for a period of 15 years. Upon expiration of a plan of work for exploration, the contractor shall apply for a plan of work for exploitation unless the contractor has already done so, has obtained an extension for the plan of work for exploration or decides to renounce its rights in the area covered by the plan of work for exploration.

2. Not later than six months before the expiration of a plan of work for exploration, a contractor may apply for extensions for the plan of work for exploration for periods of not more than five years each. Such extensions shall be approved by the Council, on the recommendation of the Commission, if the contractor has made efforts in good faith to comply with the requirements of the plan of work but for reasons beyond the contractor's control has been unable to complete the necessary preparatory work for proceeding to the exploitation stage or if the prevailing economic circumstances do not justify proceeding to the exploitation stage.

Regulation 29

Training

Pursuant to article 15 of annex III to the Convention, each contract shall include as a schedule a practical programme for the training of personnel of the Authority and developing States and drawn up by the contractor in cooperation with the Authority and the sponsoring State or States. Training programmes shall focus on training in the conduct of exploration, and shall provide for full participation by such personnel in all activities covered by the contract. Such training programmes may be revised and developed from time to time as necessary by mutual agreement.

Regulation 30

Periodic review of the implementation of the plan of work for exploration

1. The contractor and the Secretary-General shall jointly undertake a periodic review of the implementation of the plan of work for exploration at intervals of five years. The Secretary-General may request the contractor to submit such additional data and information as may be necessary for the purposes of the review.

2. In the light of the review, the contractor shall indicate its programme of activities for the following five-year period, making such adjustments to its previous programme of activities as are necessary.

3. The Secretary-General shall report on the review to the Commission and to the Council. The Secretary-General shall indicate in the report whether any observations transmitted to him by States parties to the Convention concerning the manner in which the contractor has discharged its obligations under these Regulations relating to the protection and preservation of the marine environment were taken into account in the review.

Regulation 31
Termination of sponsorship

1. Each contractor shall have the required sponsorship throughout the period of the contract.
2. If a State terminates its sponsorship it shall promptly notify the Secretary-General in writing. The sponsoring State should also inform the Secretary-General of the reasons for terminating its sponsorship. Termination of sponsorship shall take effect six months after the date of receipt of the notification by the Secretary-General, unless the notification specifies a later date.
3. In the event of termination of sponsorship the contractor shall, within the period referred to in paragraph 2, obtain another sponsor. Such sponsor shall submit a certificate of sponsorship in accordance with regulation 11. Failure to obtain a sponsor within the required period shall result in the termination of the contract.
4. A sponsoring State shall not be discharged by reason of the termination of its sponsorship from any obligations accrued while it was a sponsoring State, nor shall such termination affect any legal rights and obligations created during such sponsorship.
5. The Secretary-General shall notify the members of the Authority of the termination or change of sponsorship.

Regulation 32
Responsibility and liability

Responsibility and liability of the contractor and of the Authority shall be in accordance with the Convention. The contractor shall continue to have responsibility for any damage arising out of wrongful acts in the conduct of its operations, in particular damage to the marine environment, after the completion of the exploration phase.

Part V
Protection and preservation of the marine environment**Regulation 33**
Protection and preservation of the marine environment

1. The Authority shall, in accordance with the Convention and the Agreement, establish and keep under periodic review environmental rules, regulations and procedures to ensure effective protection for the marine environment from harmful effects which may arise from activities in the Area.
2. In order to ensure effective protection for the marine environment from harmful effects which may arise from activities in the Area, the Authority and sponsoring States shall apply a precautionary approach, as reflected in principle 15 of the Rio Declaration, and best environmental practices.
3. The Legal and Technical Commission shall make recommendations to the Council on the implementation of paragraphs 1 and 2 above.
4. The Commission shall develop and implement procedures for determining, on the basis of the best available scientific and technical information, including

information provided pursuant to regulation 20, whether proposed exploration activities in the Area would have serious harmful effects on vulnerable marine ecosystems, in particular those associated with seamounts and cold water corals, and ensure that, if it is determined that certain proposed exploration activities would have serious harmful effects on vulnerable marine ecosystems, those activities are managed to prevent such effects or not authorized to proceed.

5. Pursuant to article 145 of the Convention and paragraph 2 of this regulation, each contractor shall take necessary measures to prevent, reduce and control pollution and other hazards to the marine environment arising from its activities in the Area as far as reasonably possible, applying a precautionary approach and best environmental practices.

6. Contractors, sponsoring States and other interested States or entities shall cooperate with the Authority in the establishment and implementation of programmes for monitoring and evaluating the impacts of deep seabed mining on the marine environment. When required by the Council, such programmes shall include proposals for areas to be set aside and used exclusively as impact reference zones and preservation reference zones. "Impact reference zones" means areas to be used for assessing the effect of activities in the Area on the marine environment and which are representative of the environmental characteristics of the Area. "Preservation reference zones" means areas in which no mining shall occur to ensure representative and stable biota of the seabed in order to assess any changes in the biodiversity of the marine environment.

Regulation 34

Environmental baselines and monitoring

1. Each contract shall require the contractor to gather environmental baseline data and to establish environmental baselines, taking into account any recommendations issued by the Legal and Technical Commission pursuant to regulation 41, against which to assess the likely effects of its programme of activities under the plan of work for exploration on the marine environment and a programme to monitor and report on such effects. The recommendations issued by the Commission may, inter alia, list those exploration activities which may be considered to have no potential for causing harmful effects on the marine environment. The contractor shall cooperate with the Authority and the sponsoring State or States in the establishment and implementation of such monitoring programme.

2. The contractor shall report annually in writing to the Secretary-General on the implementation and results of the monitoring programme referred to in paragraph 1 and shall submit data and information, taking into account any recommendations issued by the Commission pursuant to regulation 41. The Secretary-General shall transmit such reports to the Commission for its consideration pursuant to article 165 of the Convention.

Regulation 35

Emergency orders

1. A contractor shall promptly report to the Secretary-General in writing, using the most effective means, any incident arising from activities which have caused, are causing or pose a threat of serious harm to the marine environment.

2. When the Secretary-General has been notified by a contractor or otherwise becomes aware of an incident resulting from or caused by a contractor's activities in the Area that has caused, is causing or poses a threat of serious harm to the marine environment, the Secretary-General shall cause a general notification of the incident to be issued, shall notify in writing the contractor and the sponsoring State or States, and shall report immediately to the Legal and Technical Commission, to the Council and to all other members of the Authority. A copy of the report shall be circulated to competent international organizations and to concerned subregional, regional and global organizations and bodies. The Secretary-General shall monitor developments with respect to all such incidents and shall report on them as appropriate to the Commission, the Council and all other members of the Authority.

3. Pending any action by the Council, the Secretary-General shall take such immediate measures of a temporary nature as are practical and reasonable in the circumstances to prevent, contain and minimize serious harm or the threat of serious harm to the marine environment. Such temporary measures shall remain in effect for no longer than 90 days, or until the Council decides at its next regular session or a special session, what measures, if any, to take pursuant to paragraph 6 of this regulation.

4. After having received the report of the Secretary-General, the Commission shall determine, based on the evidence provided to it and taking into account the measures already taken by the contractor, which measures are necessary to respond effectively to the incident in order to prevent, contain and minimize serious harm or the threat of serious harm to the marine environment, and shall make its recommendations to the Council.

5. The Council shall consider the recommendations of the Commission.

6. The Council, taking into account the recommendations of the Commission, the report of the Secretary-General, any information provided by the contractor and any other relevant information, may issue emergency orders, which may include orders for the suspension or adjustment of operations, as may be reasonably necessary to prevent, contain and minimize serious harm or the threat of serious harm to the marine environment arising out of activities in the Area.

7. If a contractor does not promptly comply with an emergency order to prevent, contain and minimize serious harm or the threat of serious harm to the marine environment arising out of its activities in the Area, the Council shall take by itself or through arrangements with others on its behalf, such practical measures as are necessary to prevent, contain and minimize any such serious harm or threat of serious harm to the marine environment.

8. In order to enable the Council, when necessary, to take immediately the practical measures to prevent, contain and minimize the serious harm or threat of serious harm to the marine environment referred to in paragraph 7, the contractor, prior to the commencement of testing of collecting systems and processing operations, will provide the Council with a guarantee of its financial and technical capability to comply promptly with emergency orders or to assure that the Council can take such emergency measures. If the contractor does not provide the Council with such a guarantee, the sponsoring State or States shall, in response to a request by the Secretary-General and pursuant to articles 139 and 235 of the Convention, take necessary measures to ensure that the contractor provides such a guarantee or

shall take measures to ensure that assistance is provided to the Authority in the discharge of its responsibilities under paragraph 7.

Regulation 36

Rights of coastal States

1. Nothing in these Regulations shall affect the rights of coastal States in accordance with article 142 and other relevant provisions of the Convention.
2. Any coastal State which has grounds for believing that any activity in the Area by a contractor is likely to cause serious harm or a threat of serious harm to the marine environment under its jurisdiction or sovereignty may notify the Secretary-General in writing of the grounds upon which such belief is based. The Secretary-General shall provide the Contractor and its sponsoring State or States with a reasonable opportunity to examine the evidence, if any, provided by the coastal State as the basis for its belief. The contractor and its sponsoring State or States may submit their observations thereon to the Secretary-General within a reasonable time.
3. If there are clear grounds for believing that serious harm to the marine environment is likely to occur, the Secretary-General shall act in accordance with regulation 35 and, if necessary, shall take immediate measures of a temporary nature as provided for in regulation 35 (3).
4. Contractors shall take all measures necessary to ensure that their activities are conducted so as not to cause serious harm to the marine environment, including, but not restricted to, pollution, under the jurisdiction or sovereignty of coastal States, and that such serious harm or pollution arising from incidents or activities in its exploration area does not spread beyond such area.

Regulation 37

Human remains and objects and sites of an archaeological or historical nature

The contractor shall immediately notify the Secretary-General in writing of any finding in the exploration area of any human remains of an archaeological or historical nature, or any object or site of a similar nature and its location, including the preservation and protection measures taken. The Secretary-General shall immediately transmit such information to the Director-General of the United Nations Educational, Scientific and Cultural Organization and any other competent international organization. Following the finding of any such human remains, object or site in the exploration area, and in order to avoid disturbing such human remains, object or site, no further prospecting or exploration shall take place, within a reasonable radius, until such time as the Council decides otherwise after taking account of the views of the Director-General of the United Nations Educational, Scientific and Cultural Organization or any other competent international organization.

Part VI

Confidentiality

Regulation 38

Confidentiality of data and information

1. Data and information submitted or transferred to the Authority or to any person participating in any activity or programme of the Authority pursuant to these Regulations or a contract issued under these Regulations, and designated by the contractor, in consultation with the Secretary-General, as being of a confidential nature, shall be considered confidential unless it is data and information which:

- (a) Is generally known or publicly available from other sources;
- (b) Has been previously made available by the owner to others without an obligation concerning its confidentiality; or
- (c) Is already in the possession of the Authority with no obligation concerning its confidentiality.

2. Data and information that is necessary for the formulation by the Authority of rules, regulations and procedures concerning protection and preservation of the marine environment and safety, other than proprietary equipment design data, shall not be deemed confidential.

3. Confidential data and information may only be used by the Secretary-General and staff of the Secretariat, as authorized by the Secretary-General, and by the members of the Legal and Technical Commission as necessary for and relevant to the effective exercise of their powers and functions. The Secretary-General shall authorize access to such data and information only for limited use in connection with the functions and duties of the staff of the Secretariat and the functions and duties of the Legal and Technical Commission.

4. Ten years after the date of submission of confidential data and information to the Authority or the expiration of the contract for exploration, whichever is the later, and every five years thereafter, the Secretary-General and the contractor shall review such data and information to determine whether they should remain confidential. Such data and information shall remain confidential if the contractor establishes that there would be a substantial risk of serious and unfair economic prejudice if the data and information were to be released. No such data and information shall be released until the contractor has been accorded a reasonable opportunity to exhaust the judicial remedies available to it pursuant to Part XI, section 5, of the Convention.

5. If, at any time following the expiration of the contract for exploration, the contractor enters into a contract for exploitation in respect of any part of the exploration area, confidential data and information relating to that part of the area shall remain confidential in accordance with the contract for exploitation.

6. The contractor may at any time waive confidentiality of data and information.

Regulation 39
Procedures to ensure confidentiality

1. The Secretary-General shall be responsible for maintaining the confidentiality of all confidential data and information and shall not, except with the prior written consent of the contractor, release such data and information to any person external to the Authority. To ensure the confidentiality of such data and information, the Secretary-General shall establish procedures, consistent with the provisions of the Convention, governing the handling of confidential information by members of the Secretariat, members of the Legal and Technical Commission and any other person participating in any activity or programme of the Authority. Such procedures shall include:

(a) Maintenance of confidential data and information in secure facilities and development of security procedures to prevent unauthorized access to or removal of such data and information;

(b) Development and maintenance of a classification, log and inventory system of all written data and information received, including its type and source and routing from the time of receipt until final disposition.

2. A person who is authorized pursuant to these Regulations to have access to confidential data and information shall not disclose such data and information except as permitted under the Convention and these Regulations. The Secretary-General shall require any person who is authorized to have access to confidential data and information to make a written declaration witnessed by the Secretary-General or his or her authorized representative to the effect that the person so authorized:

(a) Acknowledges his or her legal obligation under the Convention and these Regulations with respect to the non-disclosure of confidential data and information;

(b) Agrees to comply with the applicable regulations and procedures established to ensure the confidentiality of such data and information.

3. The Legal and Technical Commission shall protect the confidentiality of confidential data and information submitted to it pursuant to these Regulations or a contract issued under these Regulations. In accordance with the provisions of article 163 (8) of the Convention, members of the Commission shall not disclose, even after the termination of their functions, any industrial secret, proprietary data which are transferred to the Authority in accordance with article 14 of annex III to the Convention, or any other confidential information coming to their knowledge by reason of their duties for the Authority.

4. The Secretary-General and staff of the Authority shall not disclose, even after the termination of their functions with the Authority, any industrial secret, proprietary data which are transferred to the Authority in accordance with article 14 of annex III to the Convention, or any other confidential information coming to their knowledge by reason of their employment with the Authority.

5. Taking into account the responsibility and liability of the Authority pursuant to article 22 of annex III to the Convention, the Authority may take such action as may be appropriate against any person who, by reason of his or her duties for the Authority, has access to any confidential data and information and who is in breach

of the obligations relating to confidentiality contained in the Convention and these Regulations.

Part VII

General procedures

Regulation 40

Notice and general procedures

1. Any application, request, notice, report, consent, approval, waiver, direction or instruction hereunder shall be made by the Secretary-General or by the designated representative of the prospector, applicant or contractor, as the case may be, in writing. Service shall be by hand, or by telex, fax, registered airmail or e-mail containing an authorized electronic signature to the Secretary-General at the headquarters of the Authority or to the designated representative.
2. Delivery by hand shall be effective when made. Delivery by telex shall be deemed to be effective on the business day following the day when the “answer back” appears on the sender’s telex machine. Delivery by fax shall be effective when the “transmit confirmation report” confirming the transmission to the recipient’s published fax number is received by the transmitter. Delivery by registered airmail shall be deemed to be effective 21 days after posting. An e-mail is presumed to be received by the addressee when it enters an information system designated or used by the addressee for the purpose of receiving documents of the type sent and is capable of being retrieved and processed by the addressee.
3. Notice to the designated representative of the prospector, applicant or contractor shall constitute effective notice to the prospector, applicant or contractor for all purposes under these Regulations, and the designated representative shall be the agent of the prospector, applicant or contractor for the service of process or notification in any proceeding of any court or tribunal having jurisdiction.
4. Notice to the Secretary-General shall constitute effective notice to the Authority for all purposes under these Regulations, and the Secretary-General shall be the Authority’s agent for the service of process or notification in any proceeding of any court or tribunal having jurisdiction.

Regulation 41

Recommendations for the guidance of contractors

1. The Legal and Technical Commission may from time to time issue recommendations of a technical or administrative nature for the guidance of contractors to assist them in the implementation of the rules, regulations and procedures of the Authority.
2. The full text of such recommendations shall be reported to the Council. Should the Council find that a recommendation is inconsistent with the intent and purpose of these Regulations, it may request that the recommendation be modified or withdrawn.

Part VIII

Settlement of disputes

Regulation 42

Disputes

1. Disputes concerning the interpretation or application of these Regulations shall be settled in accordance with Part XI, section 5, of the Convention.
2. Any final decision rendered by a court or tribunal having jurisdiction under the Convention relating to the rights and obligations of the Authority and of the Contractor shall be enforceable in the territory of each State party to the Convention.

Part IX

Resources other than cobalt crusts

Regulation 43

Resources other than cobalt crusts

If a prospector or contractor finds resources in the Area other than cobalt crusts, the prospecting and exploration for and exploitation of such resources shall be subject to the rules, regulations and procedures of the Authority relating to such resources in accordance with the Convention and the Agreement. The prospector or contractor shall notify the Authority of its find.

Part X

Review

Regulation 44

Review

1. Five years following the approval of these Regulations by the Assembly, or at any time thereafter, the Council shall undertake a review of the manner in which the Regulations have operated in practice.
2. If, in the light of improved knowledge or technology, it becomes apparent that the Regulations are not adequate, any State party, the Legal and Technical Commission or any contractor through its sponsoring State may at any time request the Council to consider, at its next ordinary session, revisions to these Regulations.
3. In the light of the review, the Council may adopt and apply provisionally, pending approval by the Assembly, amendments to the provisions of these Regulations, taking into account the recommendations of the Legal and Technical Commission or other subordinate organs concerned. Any such amendments shall be without prejudice to the rights conferred on any contractor with the Authority under the provisions of a contract entered into pursuant to these Regulations in force at the time of any such amendment.
4. In the event that any provisions of these Regulations are amended, the contractor and the Authority may revise the contract in accordance with section 24 of annex IV.

Annex I

Notification of intention to engage in prospecting

1. Name of prospector:
2. Street address of prospector:
3. Postal address (if different from above):
4. Telephone number:
5. Fax number:
6. E-mail address:
7. Nationality of prospector:
8. If prospector is a juridical person:
 - (a) Identify prospector's place of registration;
 - (b) Identify prospector's principal place of business/domicile;
 - (c) Attach a copy of prospector's certificate of registration.
9. Name of prospector's designated representative:
10. Street address of prospector's designated representative (if different from above):
11. Postal address (if different from above):
12. Telephone number:
13. Fax number:
14. E-mail address:
15. Attach the coordinates of the broad area or areas in which prospecting is to be conducted (in accordance with the World Geodetic System WGS 84).
16. Attach a general description of the prospecting programme, including the date of commencement and the approximate duration of the programme.
17. Attach a written undertaking that the prospector will:
 - (a) Comply with the Convention and the relevant rules, regulations and procedures of the Authority concerning:
 - (i) Cooperation in the training programmes in connection with marine scientific research and transfer of technology referred to in articles 143 and 144 of the Convention; and
 - (ii) Protection and preservation of the marine environment; and
 - (b) Accept verification by the Authority of compliance therewith.

18. List hereunder all the attachments and annexes to this notification (all data and information should be submitted in hard copy and in a digital format specified by the Authority).

Date

Signature of prospector's designated representative

Attestation:

Signature of person attesting

Name of person attesting

Title of person attesting

Annex II

Application for approval of a plan of work for exploration to obtain a contract

Section I

Information concerning the applicant

1. Name of applicant:
2. Street address of applicant:
3. Postal address (if different from above):
4. Telephone number:
5. Fax number:
6. E-mail address:
7. Name of applicant's designated representative:
8. Street address of applicant's designated representative (if different from above):
9. Postal address (if different from above):
10. Telephone number:
11. Fax number:
12. E-mail address:
13. If the applicant is a juridical person:
 - (a) Identify applicant's place of registration;
 - (b) Identify applicant's principal place of business/domicile;
 - (c) Attach a copy of applicant's certificate of registration.
14. Identify the sponsoring State or States.
15. In respect of each sponsoring State, provide the date of deposit of its instrument of ratification of, or accession or succession to, the United Nations Convention on the Law of the Sea of 10 December 1982 and the date of its consent to be bound by the Agreement relating to the Implementation of Part XI of the Convention.
16. A certificate of sponsorship issued by the sponsoring State must be attached with this application. If the applicant has more than one nationality, as in the case of a partnership or consortium of entities from more than one State, certificates of sponsorship issued by each of the States involved must be attached.

Section II

Information relating to the area under application

17. Define the boundaries of the blocks under application by attaching a chart (on a scale and projection specified by the Authority) and a list of geographical coordinates (in accordance with the World Geodetic System WGS 84).

18. Indicate whether the applicant elects to contribute a reserved area in accordance with regulation 17 or offer an equity interest in a joint venture arrangement in accordance with regulation 19.

19. If the applicant elects to contribute a reserved area:

(a) Attach a list of the coordinates designating the two parts of the total area of equal estimated commercial value; and

(b) Include in an attachment sufficient information to enable the Council to designate a reserved area based on the estimated commercial value of each part of the area under application. Such attachment must include the data available to the applicant with respect to both parts of the area under application, including:

(i) Data on the location, survey and evaluation of the cobalt crusts in the areas, including:

a. A description of the technology related to the recovery and processing of cobalt crusts that is necessary for making the designation of a reserved area;

b. A map of the physical and geological characteristics, such as seabed topography, bathymetry and bottom currents and information on the reliability of such data;

c. A map showing the survey data used to determine the parameters of cobalt crusts (thickness etc.) necessary to determine its tonnage within the limits of each block, clusters of blocks of the exploration area and the reserved area;

d. Data showing the average tonnage (in metric tons) of each cluster of cobalt crust blocks that will comprise the mine site and an associated tonnage map showing the location of sampling sites;

e. Combined maps of tonnage and grade of cobalt crusts;

f. A calculation based on standard procedures, including statistical analysis, using the data submitted and assumptions made in the calculations that the two areas could be expected to contain cobalt crusts of equal estimated commercial value expressed as recoverable metals in mineable areas;

g. A description of the techniques used by the applicant;

(ii) Information concerning environmental parameters (seasonal and during test period) including, inter alia, wind speed and direction, water salinity, temperature and biological communities.

20. If the area under application includes any part of a reserved area, attach a list of coordinates of the area which forms part of the reserved area and indicate the applicant's qualifications in accordance with regulation 18 of the Regulations.

Section III Financial and technical information

21. Attach sufficient information to enable the Council to determine whether the applicant is financially capable of carrying out the proposed plan of work for exploration and of fulfilling its financial obligations to the Authority:

(a) If the application is made by the Enterprise, attach certification by its competent authority that the Enterprise has the necessary financial resources to meet the estimated costs of the proposed plan of work for exploration;

(b) If the application is made by a State or a State enterprise, attach a statement by the State or the sponsoring State certifying that the applicant has the necessary financial resources to meet the estimated costs of the proposed plan of work for exploration;

(c) If the application is made by an entity, attach copies of the applicant's audited financial statements, including balance sheets and profit-and-loss statements, for the most recent three years in conformity with internationally accepted accounting principles and certified by a duly qualified firm of public accountants; and

(i) If the applicant is a newly organized entity and a certified balance sheet is not available, a pro forma balance sheet certified by an appropriate official of the applicant;

(ii) If the applicant is a subsidiary of another entity, copies of such financial statements of that entity and a statement from that entity in conformity with internationally accepted accounting practices and certified by a duly qualified firm of public accountants that the applicant will have the financial resources to carry out the plan of work for exploration;

(iii) If the applicant is controlled by a State or a State enterprise, a statement from the State or State enterprise certifying that the applicant will have the financial resources to carry out the plan of work for exploration.

22. If it is intended to finance the proposed plan of work for exploration by borrowings, attach a statement of the amount of such borrowings, the repayment period and the interest rate.

23. Attach sufficient information to enable the Council to determine whether the applicant is technically capable of carrying out the proposed plan of work for exploration, including:

(a) A general description of the applicant's previous experience, knowledge, skills, technical qualifications and expertise relevant to the proposed plan of work for exploration;

(b) A general description of the equipment and methods expected to be used in carrying out the proposed plan of work for exploration and other relevant non-proprietary information about the characteristics of such technology;

(c) A general description of the applicant's financial and technical capability to respond to any incident or activity which causes serious harm to the marine environment.

Section IV

The plan of work for exploration

24. Attach the following information relating to the plan of work for exploration:

(a) A general description and a schedule of the proposed exploration programme, including the programme of activities for the immediate five-year

period, such as studies to be undertaken in respect of the environmental, technical, economic and other appropriate factors which must be taken into account in exploration;

(b) A description of a programme for oceanographic and environmental baseline studies in accordance with the Regulations and any environmental rules, regulations and procedures established by the Authority that would enable an assessment of the potential environmental impact including, but not restricted to, the impact on biodiversity, of the proposed exploration activities, taking into account any recommendations issued by the Legal and Technical Commission;

(c) A preliminary assessment of the possible impact of the proposed exploration activities on the marine environment;

(d) A description of proposed measures for the prevention, reduction and control of pollution of other hazards, as well as possible impacts, to the marine environment;

(e) A schedule of anticipated yearly expenditures in respect of the programme of activities for the immediate five-year period.

Section V Undertakings

25. Attach a written undertaking that the applicant will:

(a) Accept as enforceable and comply with the applicable obligations created by the provisions of the Convention and the rules, regulations and procedures of the Authority, the decisions of the relevant organs of the Authority and the terms of its contracts with the Authority;

(b) Accept control by the Authority of activities in the Area as authorized by the Convention;

(c) Provide the Authority with a written assurance that its obligations under the contract will be fulfilled in good faith.

Section VI Previous contracts

26. If the applicant or, in the case of an application by a partnership or consortium of entities in a joint arrangement, any member of the partnership or consortium has previously been awarded any contract with the Authority, the application must include:

(a) The date of the previous contract or contracts;

(b) The dates, reference numbers and titles of each report submitted to the Authority in connection with the contract or contracts; and

(c) The date of termination of the contract or contracts, if applicable.

Section VII
Attachments

27. List all the attachments and annexes to this application (all data and information should be submitted in hard copy and in a digital format specified by the Authority).

Date

Signature of applicant's designated representative

Attestation:

Signature of person attesting

Name of person attesting

Title of person attesting

Annex III

Contract for exploration

THIS CONTRACT made the ... day of ... between the **INTERNATIONAL SEABED AUTHORITY** represented by its **SECRETARY-GENERAL** (hereinafter referred to as “the Authority”) and ... represented by ... (hereinafter referred to as “the Contractor”) **WITNESSETH** as follows:

Incorporation of clauses

1. The standard clauses set out in annex IV to the Regulations on Prospecting and Exploration for Cobalt-rich Ferromanganese Crusts in the Area shall be incorporated herein and shall have effect as if herein set out at length.

Exploration area

2. For the purposes of this contract, the “exploration area” means that part of the Area allocated to the Contractor for exploration, defined by the coordinates listed in schedule 1 hereto, as reduced from time to time in accordance with the standard clauses and the Regulations.

Grant of rights

3. In consideration of (a) their mutual interest in the conduct of exploration activities in the exploration area pursuant to the United Nations Convention on the Law of the Sea of 10 December 1982 and the Agreement relating to the Implementation of Part XI of the Convention, (b) the responsibility of the Authority to organize and control activities in the Area, particularly with a view to administering the resources of the Area, in accordance with the legal regime established in Part XI of the Convention and the Agreement and Part XII of the Convention, respectively, and (c) the interest and financial commitment of the Contractor in conducting activities in the exploration area and the mutual covenants made herein, the Authority hereby grants to the Contractor the exclusive right to explore for cobalt crusts in the exploration area in accordance with the terms and conditions of this contract.

Entry into force and contract term

4. This contract shall enter into force on signature by both parties and, subject to the standard clauses, shall remain in force for a period of fifteen years thereafter unless:

(a) The Contractor obtains a contract for exploitation in the exploration area which enters into force before the expiration of such period of fifteen years; or

(b) The contract is sooner terminated provided that the term of the contract may be extended in accordance with standard clauses 3.2 and 17.2.

Schedules

5. The schedules referred to in the standard clauses, namely section 4 and section 8, are for the purposes of this contract schedules 2 and 3 respectively.

Entire agreement

6. This contract expresses the entire agreement between the parties, and no oral understanding or prior writing shall modify the terms hereof.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto by the respective parties, have signed this contract at ..., this ... day of

Schedule 1

[Coordinates and illustrative chart of the exploration area]

Schedule 2

[The current five-year programme of activities as revised from time to time]

Schedule 3

[The training programme shall become a schedule to the contract when approved by the Authority in accordance with section 8 of the standard clauses.]

Annex IV

Standard clauses for exploration contract

Section 1 Definitions

1.1 In the following clauses:

(a) “Exploration area” means that part of the Area allocated to the Contractor for exploration, described in schedule 1 hereto, as the same may be reduced from time to time in accordance with this contract and the Regulations;

(b) “Programme of activities” means the programme of activities which is set out in schedule 2 hereto as the same may be adjusted from time to time in accordance with sections 4.3 and 4.4 hereof;

(c) “Regulations” means the Regulations on Prospecting and Exploration for Cobalt-rich Ferromanganese Crusts in the Area, adopted by the Authority.

1.2 Terms and phrases defined in the Regulations shall have the same meaning in these standard clauses.

1.3 In accordance with the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982, its provisions and Part XI of the Convention are to be interpreted and applied together as a single instrument; this contract and references in this contract to the Convention are to be interpreted and applied accordingly.

1.4 This contract includes the schedules to this contract, which shall be an integral part hereof.

Section 2 Security of tenure

2.1 The Contractor shall have security of tenure and this contract shall not be suspended, terminated or revised except in accordance with sections 20, 21 and 24 hereof.

2.2 The Contractor shall have the exclusive right to explore for cobalt crusts in the exploration area in accordance with the terms and conditions of this contract. The Authority shall ensure that no other entity operates in the exploration area for a different category of resources in a manner that might unreasonably interfere with the operations of the Contractor.

2.3 The Contractor, by notice to the Authority, shall have the right at any time to renounce without penalty the whole or part of its rights in the exploration area, provided that the Contractor shall remain liable for all obligations accrued prior to the date of such renunciation in respect of the area renounced.

2.4 Nothing in this contract shall be deemed to confer any right on the Contractor other than those rights expressly granted herein. The Authority reserves the right to enter into contracts with respect to resources other than cobalt crusts with third parties in the area covered by this contract.

Section 3

Contract term

3.1 This contract shall enter into force on signature by both parties and shall remain in force for a period of fifteen years thereafter unless:

(a) The Contractor obtains a contract for exploitation in the exploration area which enters into force before the expiration of such period of fifteen years; or

(b) The contract is sooner terminated, provided that the term of the contract may be extended in accordance with sections 3.2 and 17.2 hereof.

3.2 Upon application by the Contractor, not later than six months before the expiration of this contract, this contract may be extended for periods of not more than five years each on such terms and conditions as the Authority and the Contractor may then agree in accordance with the Regulations. Such extensions shall be approved if the Contractor has made efforts in good faith to comply with the requirements of this contract but for reasons beyond the Contractor's control has been unable to complete the necessary preparatory work for proceeding to the exploitation stage or if the prevailing economic circumstances do not justify proceeding to the exploitation stage.

3.3 Notwithstanding the expiration of this contract in accordance with section 3.1 hereof, if the Contractor has, at least 90 days prior to the date of expiration, applied for a contract for exploitation, the Contractor's rights and obligations under this contract shall continue until such time as the application has been considered and a contract for exploitation has been issued or refused.

Section 4

Exploration

4.1 The Contractor shall commence exploration in accordance with the time schedule stipulated in the programme of activities set out in schedule 2 hereto and shall adhere to such time periods or any modification thereto as provided for by this contract.

4.2 The Contractor shall carry out the programme of activities set out in schedule 2 hereto. In carrying out such activities the Contractor shall spend in each contract year not less than the amount specified in such programme, or any agreed review thereof, in actual and direct exploration expenditures.

4.3 The Contractor, with the consent of the Authority, which consent shall not be unreasonably withheld, may from time to time make such changes in the programme of activities and the expenditures specified therein as may be necessary and prudent in accordance with good mining industry practice, and taking into account the market conditions for the metals contained in cobalt crusts and other relevant global economic conditions.

4.4 Not later than 90 days prior to the expiration of each five-year period from the date on which this contract enters into force in accordance with section 3 hereof, the Contractor and the Secretary-General shall jointly undertake a review of the implementation of the plan of work for exploration under this contract. The Secretary-General may require the Contractor to submit such additional data and information as may be necessary for the purposes of the review. In the light of the review, the Contractor shall make such adjustments to its plan of work as are

necessary and shall indicate its programme of activities for the following five-year period, including a revised schedule of anticipated yearly expenditures. Schedule 2 hereto shall be adjusted accordingly.

Section 5

Environmental monitoring

5.1 The Contractor shall take necessary measures to prevent, reduce and control pollution and other hazards to the marine environment arising from its activities in the Area as far as reasonably possible applying a precautionary approach and best environmental practices.

5.2 Prior to the commencement of exploration activities, the Contractor shall submit to the Authority:

- (a) An impact assessment of the potential effects on the marine environment of the proposed activities;
- (b) A proposal for a monitoring programme to determine the potential effect on the marine environment of the proposed activities; and
- (c) Data that could be used to establish an environmental baseline against which to assess the effect of the proposed activities.

5.3 The Contractor shall, in accordance with the Regulations, gather environmental baseline data as exploration activities progress and develop and shall establish environmental baselines against which to assess the likely effects of the Contractor's activities on the marine environment.

5.4 The Contractor shall, in accordance with the Regulations, establish and carry out a programme to monitor and report on such effects on the marine environment. The Contractor shall cooperate with the Authority in the implementation of such monitoring.

5.5 The Contractor shall, within 90 days of the end of each calendar year, report to the Secretary-General on the implementation and results of the monitoring programme referred to in section 5.4 hereof and shall submit data and information in accordance with the Regulations.

Section 6

Contingency plans and emergencies

6.1 The Contractor shall, prior to the commencement of its programme of activities under this contract, submit to the Secretary-General a contingency plan to respond effectively to incidents that are likely to cause serious harm or a threat of serious harm to the marine environment arising from the Contractor's activities at sea in the exploration area. Such contingency plan shall establish special procedures and provide for adequate and appropriate equipment to deal with such incidents and, in particular, shall include arrangements for:

- (a) The immediate raising of a general alarm in the area of the exploration activities;
- (b) Immediate notification to the Secretary-General;

- (c) The warning of ships which might be about to enter the immediate vicinity;
- (d) A continuing flow of full information to the Secretary-General relating to particulars of the contingency measures already taken and further actions required;
- (e) The removal, as appropriate, of polluting substances;
- (f) The reduction and, so far as reasonably possible, prevention of serious harm to the marine environment, as well as mitigation of such effects;
- (g) As appropriate, cooperation with other contractors with the Authority to respond to an emergency; and
- (h) Periodic emergency response exercises.

6.2 The Contractor shall promptly report to the Secretary-General any incident arising from its activities that has caused, is causing or poses a threat of serious harm to the marine environment. Each such report shall contain the details of such incident, including, inter alia:

- (a) The coordinates of the area affected or which can reasonably be anticipated to be affected;
- (b) The description of the action being taken by the Contractor to prevent, contain, minimize and repair the serious harm or threat of serious harm to the marine environment;
- (c) A description of the action being taken by the Contractor to monitor the effects of the incident on the marine environment; and
- (d) Such supplementary information as may reasonably be required by the Secretary-General.

6.3 The Contractor shall comply with emergency orders issued by the Council and immediate measures of a temporary nature issued by the Secretary-General in accordance with the Regulations, to prevent, contain, minimize or repair serious harm or the threat of serious harm to the marine environment, which may include orders to the Contractor to immediately suspend or adjust any activities in the exploration area.

6.4 If the Contractor does not promptly comply with such emergency orders or immediate measures of a temporary nature, the Council may take such reasonable measures as are necessary to prevent, contain, minimize or repair any such serious harm or the threat of serious harm to the marine environment at the Contractor's expense. The Contractor shall promptly reimburse the Authority the amount of such expenses. Such expenses shall be in addition to any monetary penalties which may be imposed on the Contractor pursuant to the terms of this contract or the Regulations.

Section 7

Human remains and objects and sites of an archaeological or historical nature

The Contractor shall immediately notify the Secretary-General in writing of any finding in the exploration area of any human remains of an archaeological or historical nature, or any object or site of a similar nature and its location, including the preservation and protection measures taken. The Secretary-General shall

transmit such information to the Director-General of the United Nations Educational, Scientific and Cultural Organization and any other competent international organization. Following the finding of any such human remains, object or site in the exploration area, and in order to avoid disturbing such human remains, object or site, no further prospecting or exploration shall take place, within a reasonable radius, until such time as the Council decides otherwise after taking account of the views of the Director-General of the United Nations Educational, Scientific and Cultural Organization or any other competent international organization.

Section 8 Training

8.1 In accordance with the Regulations, the Contractor shall, prior to the commencement of exploration under this contract, submit to the Authority for approval proposed training programmes for the training of personnel of the Authority and developing States, including the participation of such personnel in all of the Contractor's activities under this contract.

8.2 The scope and financing of the training programme shall be subject to negotiation between the Contractor, the Authority and the sponsoring State or States.

8.3 The Contractor shall conduct training programmes in accordance with the specific programme for the training of personnel referred to in section 8.1 hereof approved by the Authority in accordance with the Regulations, which programme, as revised and developed from time to time, shall become a part of this contract as schedule 3.

Section 9 Books and records

The Contractor shall keep a complete and proper set of books, accounts and financial records, consistent with internationally accepted accounting principles. Such books, accounts and financial records shall include information which will fully disclose the actual and direct expenditures for exploration and such other information as will facilitate an effective audit of such expenditures.

Section 10 Annual reports

10.1 The Contractor shall, within 90 days of the end of each calendar year, submit a report to the Secretary-General in such format as may be recommended from time to time by the Legal and Technical Commission covering its programme of activities in the exploration area and containing, as applicable, information in sufficient detail on:

(a) The exploration work carried out during the calendar year, including maps, charts and graphs illustrating the work that has been done and the results obtained;

(b) The equipment used to carry out the exploration work, including the results of tests conducted of proposed mining technologies, but not equipment design data; and

(c) The implementation of training programmes, including any proposed revisions to or developments of such programmes.

10.2 Such reports shall also contain:

(a) The results obtained from environmental monitoring programmes, including observations, measurements, evaluations and analyses of environmental parameters;

(b) A statement of the quantity of cobalt crusts recovered as samples or for the purpose of testing;

(c) A statement, in conformity with internationally accepted accounting principles and certified by a duly qualified firm of public accountants, or, where the Contractor is a State or a state enterprise, by the sponsoring State, of the actual and direct exploration expenditures of the Contractor in carrying out the programme of activities during the Contractor's accounting year. Such expenditures may be claimed by the contractor as part of the contractor's development costs incurred prior to the commencement of commercial production; and

(d) Details of any proposed adjustments to the programme of activities and the reasons for such adjustments.

10.3 The Contractor shall also submit such additional information to supplement the reports referred to in sections 10.1 and 10.2 hereof as the Secretary-General may from time to time reasonably require in order to carry out the Authority's functions under the Convention, the Regulations and this contract.

10.4 The Contractor shall keep, in good condition, a representative portion of samples and cores of the cobalt crusts obtained in the course of exploration until the expiration of this contract. The Authority may request the Contractor in writing to deliver to it for analysis a portion of any such sample and cores obtained during the course of exploration.

Section 11

Data and information to be submitted on expiration of the contract

11.1 The Contractor shall transfer to the Authority all data and information that are both necessary for and relevant to the effective exercise of the powers and functions of the Authority in respect of the exploration area in accordance with the provisions of this section.

11.2 Upon expiration or termination of this contract the Contractor, if it has not already done so, shall submit the following data and information to the Secretary-General:

(a) Copies of geological, environmental, geochemical and geophysical data acquired by the Contractor in the course of carrying out the programme of activities that are necessary for and relevant to the effective exercise of the powers and functions of the Authority in respect of the exploration area;

(b) The estimation of mineable deposits, when such deposits have been identified, which shall include details of the grade and quantity of the proven, probable and possible cobalt crust reserves and the anticipated mining conditions;

(c) Copies of geological, technical, financial and economic reports made by or for the Contractor that are necessary for and relevant to the effective exercise of the powers and functions of the Authority in respect of the exploration area;

(d) Information in sufficient detail on the equipment used to carry out the exploration work, including the results of tests conducted of proposed mining technologies, but not equipment design data;

(e) A statement of the quantity of cobalt crusts recovered as samples or for the purpose of testing; and

(f) A statement on how and where samples of cores are archived and their availability to the Authority.

11.3 The data and information referred to in section 11.2 hereof shall also be submitted to the Secretary-General if, prior to the expiration of this contract, the Contractor applies for approval of a plan of work for exploitation or if the Contractor renounces its rights in the exploration area to the extent that such data and information relates to the renounced area.

Section 12 Confidentiality

Data and information transferred to the Authority in accordance with this contract shall be treated as confidential in accordance with the provisions of the Regulations.

Section 13 Undertakings

13.1 The Contractor shall carry out exploration in accordance with the terms and conditions of this contract, the Regulations, Part XI of the Convention, the Agreement and other rules of international law not incompatible with the Convention.

13.2 The Contractor undertakes:

(a) To accept as enforceable and comply with the terms of this contract;

(b) To comply with the applicable obligations created by the provisions of the Convention, the rules, regulations and procedures of the Authority and the decisions of the relevant organs of the Authority;

(c) To accept control by the Authority of activities in the Area as authorized by the Convention;

(d) To fulfil its obligations under this contract in good faith; and

(e) To observe, as far as reasonably practicable, any recommendations which may be issued from time to time by the Legal and Technical Commission.

13.3 The Contractor shall actively carry out the programme of activities:

(a) With due diligence, efficiency and economy;

(b) With due regard to the impact of its activities on the marine environment;
and

- (c) With reasonable regard for other activities in the marine environment.

13.4 The Authority undertakes to fulfil in good faith its powers and functions under the Convention and the Agreement in accordance with article 157 of the Convention.

Section 14 Inspection

14.1 The Contractor shall permit the Authority to send its inspectors on board vessels and installations used by the Contractor to carry out activities in the exploration area to:

- (a) Monitor the Contractor's compliance with the terms and conditions of this contract and the Regulations; and
- (b) Monitor the effects of such activities on the marine environment.

14.2 The Secretary-General shall give reasonable notice to the Contractor of the projected time and duration of inspections, the name of the inspectors and any activities the inspectors are to perform that are likely to require the availability of special equipment or special assistance from personnel of the Contractor.

14.3 Such inspectors shall have the authority to inspect any vessel or installation, including its log, equipment, records, facilities, all other recorded data and any relevant documents which are necessary to monitor the Contractor's compliance.

14.4 The Contractor, its agents and employees shall assist the inspectors in the performance of their duties and shall:

- (a) Accept and facilitate prompt and safe boarding of vessels and installations by inspectors;
- (b) Cooperate with and assist in the inspection of any vessel or installation conducted pursuant to these procedures;
- (c) Provide access to all relevant equipment, facilities and personnel on vessels and installations at all reasonable times;
- (d) Not obstruct, intimidate or interfere with inspectors in the performance of their duties;
- (e) Provide reasonable facilities, including, where appropriate, food and accommodation, to inspectors; and
- (f) Facilitate safe disembarkation by inspectors.

14.5 Inspectors shall avoid interference with the safe and normal operations on board vessels and installations used by the Contractor to carry out activities in the area visited and shall act in accordance with the Regulations and the measures adopted to protect confidentiality of data and information.

14.6 The Secretary-General and any duly authorized representatives of the Secretary-General, shall have access, for purposes of audit and examination, to any books, documents, papers and records of the Contractor which are necessary and directly pertinent to verify the expenditures referred to in section 10.2 (c).

14.7 The Secretary-General shall provide relevant information contained in the reports of inspectors to the Contractor and its sponsoring State or States where action is necessary.

14.8 If for any reason the Contractor does not pursue exploration and does not request a contract for exploitation, it shall, before withdrawing from the exploration area, notify the Secretary-General in writing in order to permit the Authority, if it so decides, to carry out an inspection pursuant to this section.

Section 15

Safety, labour and health standards

15.1 The Contractor shall comply with the generally accepted international rules and standards established by competent international organizations or general diplomatic conferences concerning the safety of life at sea, and the prevention of collisions and such rules, regulations and procedures as may be adopted by the Authority relating to safety at sea. Each vessel used for carrying out activities in the Area shall possess current valid certificates required by and issued pursuant to such international rules and standards.

15.2 The Contractor shall, in carrying out exploration under this contract, observe and comply with such rules, regulations and procedures as may be adopted by the Authority relating to protection against discrimination in employment, occupational safety and health, labour relations, social security, employment security and living conditions at the work site. Such rules, regulations and procedures shall take into account conventions and recommendations of the International Labour Organization and other competent international organizations.

Section 16

Responsibility and liability

16.1 The Contractor shall be liable for the actual amount of any damage, including damage to the marine environment, arising out of its wrongful acts or omissions, and those of its employees, subcontractors, agents and all persons engaged in working or acting for them in the conduct of its operations under this contract, including the costs of reasonable measures to prevent or limit damage to the marine environment, account being taken of any contributory acts or omissions by the Authority.

16.2 The Contractor shall indemnify the Authority, its employees, subcontractors and agents against all claims and liabilities of any third party arising out of any wrongful acts or omissions of the Contractor and its employees, agents and subcontractors, and all persons engaged in working or acting for them in the conduct of its operations under this contract.

16.3 The Authority shall be liable for the actual amount of any damage to the Contractor arising out of its wrongful acts in the exercise of its powers and functions, including violations under article 168 (2) of the Convention, account being taken of contributory acts or omissions by the Contractor, its employees, agents and subcontractors, and all persons engaged in working or acting for them in the conduct of its operations under this contract.

16.4 The Authority shall indemnify the Contractor, its employees, subcontractors, agents and all persons engaged in working or acting for them in the conduct of its

operations under this contract, against all claims and liabilities of any third party arising out of any wrongful acts or omissions in the exercise of its powers and functions hereunder, including violations under article 168 (2) of the Convention.

16.5 The Contractor shall maintain appropriate insurance policies with internationally recognized carriers, in accordance with generally accepted international maritime practice.

Section 17

Force majeure

17.1 The Contractor shall not be liable for an unavoidable delay or failure to perform any of its obligations under this contract due to force majeure. For the purposes of this contract, force majeure shall mean an event or condition that the Contractor could not reasonably be expected to prevent or control; provided that the event or condition was not caused by negligence or by a failure to observe good mining industry practice.

17.2 The Contractor shall, upon request, be granted a time extension equal to the period by which performance was delayed hereunder by force majeure and the term of this contract shall be extended accordingly.

17.3 In the event of force majeure, the Contractor shall take all reasonable measures to remove its inability to perform and comply with the terms and conditions of this contract with a minimum of delay.

17.4 The Contractor shall give notice to the Authority of the occurrence of an event of force majeure as soon as reasonably possible, and similarly give notice to the Authority of the restoration of normal conditions.

Section 18

Disclaimer

Neither the Contractor nor any affiliated company or subcontractor shall in any manner claim or suggest, whether expressly or by implication, that the Authority or any official thereof has, or has expressed, any opinion with respect to cobalt crusts in the exploration area and a statement to that effect shall not be included in or endorsed on any prospectus, notice, circular, advertisement, press release or similar document issued by the Contractor, any affiliated company or any subcontractor that refers directly or indirectly to this contract. For the purposes of this section, an "affiliated company" means any person, firm or company or State-owned entity controlling, controlled by, or under common control with, the Contractor.

Section 19

Renunciation of rights

The Contractor, by notice to the Authority, shall have the right to renounce its rights and terminate this contract without penalty, provided that the Contractor shall remain liable for all obligations accrued prior to the date of such renunciation and those obligations required to be fulfilled after termination in accordance with the Regulations.

Section 20
Termination of sponsorship

20.1 If the nationality or control of the Contractor changes or the Contractor's sponsoring State, as defined in the Regulations, terminates its sponsorship, the Contractor shall promptly notify the Authority forthwith.

20.2 In either such event, if the Contractor does not obtain another sponsor meeting the requirements prescribed in the Regulations which submits to the Authority a certificate of sponsorship for the Contractor in the prescribed form within the time specified in the Regulations, this contract shall terminate forthwith.

Section 21
Suspension and termination of contract and penalties

21.1 The Council may suspend or terminate this contract, without prejudice to any other rights that the Authority may have, if any of the following events should occur:

(a) If, in spite of written warnings by the Authority, the Contractor has conducted its activities in such a way as to result in serious persistent and wilful violations of the fundamental terms of this contract, Part XI of the Convention, the Agreement and the rules, regulations and procedures of the Authority; or

(b) If the Contractor has failed to comply with a final binding decision of the dispute settlement body applicable to it; or

(c) If the Contractor becomes insolvent or commits an act of bankruptcy or enters into any agreement for composition with its creditors or goes into liquidation or receivership, whether compulsory or voluntary, or petitions or applies to any tribunal for the appointment of a receiver or a trustee or receiver for itself or commences any proceedings relating to itself under any bankruptcy, insolvency or readjustment of debt law, whether now or hereafter in effect, other than for the purpose of reconstruction.

21.2 The Council may, without prejudice to section 17, after consultation with the Contractor, suspend or terminate this contract, without prejudice to any other rights that the Authority may have, if the Contractor is prevented from performing its obligations under this contract by reason of an event or condition of force majeure, as described in section 17.1, which has persisted for a continuous period exceeding two years, despite the Contractor having taken all reasonable measures to overcome its inability to perform and comply with the terms and conditions of this contract with minimum delay.

21.3 Any suspension or termination shall be by notice, through the Secretary-General, which shall include a statement of the reasons for taking such action. The suspension or termination shall be effective 60 days after such notice, unless the Contractor within such period disputes the Authority's right to suspend or terminate this contract in accordance with Part XI, section 5, of the Convention.

21.4 If the Contractor takes such action, this contract shall only be suspended or terminated in accordance with a final binding decision in accordance with Part XI, section 5, of the Convention.

21.5 If the Council has suspended this contract, the Council may by notice require the Contractor to resume its operations and comply with the terms and conditions of this contract, not later than 60 days after such notice.

21.6 In the case of any violation of this contract not covered by section 21.1 (a) hereof, or in lieu of suspension or termination under section 21.1 hereof, the Council may impose upon the Contractor monetary penalties proportionate to the seriousness of the violation.

21.7 The Council may not execute a decision involving monetary penalties until the Contractor has been accorded a reasonable opportunity to exhaust the judicial remedies available to it pursuant to Part XI, section 5, of the Convention.

21.8 In the event of termination or expiration of this contract, the Contractor shall comply with the Regulations and shall remove all installations, plant, equipment and materials in the exploration area and shall make the area safe so as not to constitute a danger to persons, shipping or to the marine environment.

Section 22

Transfer of rights and obligations

22.1 The rights and obligations of the Contractor under this contract may be transferred in whole or in part only with the consent of the Authority and in accordance with the Regulations.

22.2 The Authority shall not unreasonably withhold consent to the transfer if the proposed transferee is in all respects a qualified applicant in accordance with the Regulations and assumes all of the obligations of the Contractor.

22.3 The terms, undertakings and conditions of this contract shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

Section 23

No waiver

No waiver by either party of any rights pursuant to a breach of the terms and conditions of this contract to be performed by the other party shall be construed as a waiver by the party of any succeeding breach of the same or any other term or condition to be performed by the other party.

Section 24

Revision

24.1 When circumstances have arisen or are likely to arise which, in the opinion of the Authority or the Contractor, would render this contract inequitable or make it impracticable or impossible to achieve the objectives set out in this contract or in Part XI of the Convention or the Agreement, the parties shall enter into negotiations to revise it accordingly.

24.2 This contract may also be revised by agreement between the Contractor and the Authority to facilitate the application of any rules, regulations and procedures adopted by the Authority subsequent to the entry into force of this contract.

24.3 This contract may be revised, amended or otherwise modified only with the consent of the Contractor and the Authority by an appropriate instrument signed by the authorized representatives of the parties.

Section 25

Disputes

25.1 Any dispute between the parties concerning the interpretation or application of this contract shall be settled in accordance with Part XI, section 5, of the Convention.

25.2 In accordance with article 21 (2) of annex III to the Convention, any final decision rendered by a court or tribunal having jurisdiction under the Convention relating to the rights and obligations of the Authority and of the Contractor shall be enforceable in the territory of any State party to the Convention affected thereby.

Section 26

Notice

26.1 Any application, request, notice, report, consent, approval, waiver, direction or instruction hereunder shall be made by the Secretary-General or by the designated representative of the Contractor, as the case may be, in writing. Service shall be by hand, or by telex, fax, registered airmail or e-mail containing an authorized signature to the Secretary-General at the headquarters of the Authority or to the designated representative. The requirement to provide any information in writing under these Regulations is satisfied by the provision of the information in an electronic document containing a digital signature.

26.2 Either party shall be entitled to change any such address to any other address by not less than ten days' notice to the other party.

26.3 Delivery by hand shall be effective when made. Delivery by telex shall be deemed to be effective on the business day following the day when the "answer back" appears on the sender's telex machine. Delivery by fax shall be effective when the "transmit confirmation report" confirming the transmission to the recipient's published fax number is received by the transmitter. Delivery by registered airmail shall be deemed to be effective 21 days after posting. An e-mail is presumed to have been received by the addressee when it enters an information system designated or used by the addressee for the purpose of receiving documents of the type sent and it is capable of being retrieved and processed by the addressee.

26.4 Notice to the designated representative of the Contractor shall constitute effective notice to the Contractor for all purposes under this contract, and the designated representative shall be the Contractor's agent for the service of process or notification in any proceeding of any court or tribunal having jurisdiction.

26.5 Notice to the Secretary-General shall constitute effective notice to the Authority for all purposes under this contract, and the Secretary-General shall be the Authority's agent for the service of process or notification in any proceeding of any court or tribunal having jurisdiction.

Section 27
Applicable law

27.1 This contract shall be governed by the terms of this contract, the rules, regulations and procedures of the Authority, Part XI of the Convention, the Agreement and other rules of international law not incompatible with the Convention.

27.2 The Contractor, its employees, subcontractors, agents and all persons engaged in working or acting for them in the conduct of its operations under this contract shall observe the applicable law referred to in section 27.1 hereof and shall not engage in any transaction, directly or indirectly, prohibited by the applicable law.

27.3 Nothing contained in this contract shall be deemed an exemption from the necessity of applying for and obtaining any permit or authority that may be required for any activities under this contract.

Section 28
Interpretation

The division of this contract into sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

Section 29
Additional documents

Each party hereto agrees to execute and deliver all such further instruments, and to do and perform all such further acts and things as may be necessary or expedient to give effect to the provisions of this contract.



Assembly

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Statement by the President on the work of the Assembly of the International Seabed Authority at its eighteenth session

1. The eighteenth session of the Assembly of the International Seabed Authority was held at Kingston, from 16 to 27 July 2012. The Assembly held its 135th to 138th meetings.

I. Adoption of the agenda

2. At its 135th meeting, on 17 July 2012, the Assembly adopted its agenda for the eighteenth session (ISBA/18/A/1).

II. Election of the President and Vice-Presidents of the Assembly

3. At the same meeting, Milan J. N. Meetarbhan (Mauritius) was elected President of the Assembly for the eighteenth session. Following consultations in the regional groups, the representatives of Japan (Asia-Pacific States), Brazil (Latin American and Caribbean States), the Czech Republic (Eastern European States) and New Zealand (Western European and Other States) were elected Vice-Presidents.

III. Election to fill a vacancy on the Finance Committee

4. Also at the same meeting, the Assembly elected Han Thein Kyaw (Myanmar) as member of the Finance Committee for the remainder of the term of Zaw Minn Aung (Myanmar), who had resigned.



IV. Request by InterRidge and Conservation International for observer status in the Assembly

5. At the same meeting, the Assembly considered requests for observer status by InterRidge and Conservation International, two non-governmental organizations, and decided to invite both organizations to participate as observers in its meetings, pursuant to rule 82 (1) (e) of the rules of procedure of the Assembly.

V. Special meeting in commemoration of the thirtieth anniversary of the signing of the United Nations Convention on the Law of the Sea

6. In accordance with the decision of the Assembly at its seventeenth session (ISBA/17/A/8), the Assembly held a one-day special meeting on 24 July 2012 to commemorate the thirtieth anniversary of the opening for signature of the United Nations Convention on the Law of the Sea on 10 December 1982 in Montego Bay, Jamaica.

7. The President of the Assembly opened the special meeting and addressed the Assembly. He said that the landmark Convention had allowed the world to celebrate a treaty addressing the concept of the common heritage of mankind, and the establishment of its appurtenant legal regime and implementing agency. He described article 136 of the Convention, which provided that the Area and its resources were the common heritage of mankind, as one of the landmarks of legal drafting of international instruments by virtue of its simple yet unambiguous affirmation of a commitment to international cooperation and equity. He said that, in one simple, short sentence, unequivocal yet profoundly meaningful, the international community had changed forever the governance of the oceans. Following the address by the President of the Assembly, the Secretary-General addressed the Assembly to reflect on the Convention's significant achievements in the three decades since its adoption, and in particular in the past 18 years since its entry into force, as embodied in the work of the International Seabed Authority. On behalf of the Authority he extended, through the Most Honourable Portia Simpson-Miller, Prime Minister of Jamaica, sincere and warmest congratulations to the people of Jamaica on the fiftieth anniversary of Jamaica's independence. The Prime Minister told the Assembly that the thirtieth anniversary commemoration held special significance for her Government and people, who were celebrating 50 years of nationhood in 2012. She said that the Jamaican people were humbled by the fact that just over a decade after gaining independence, the country was able to play an active role in helping craft the landmark Convention. She also highlighted some contributions of the Convention to global political and economic development and marine environmental protection. Serguei Tarassenko, Director of the United Nations Division for Ocean Affairs and the Law of the Sea of the Office of Legal Affairs, delivered a message on behalf of the Secretary-General of the United Nations. Presentations were made during the special meeting by the following specially invited guest speakers: Satya Nandan, former Secretary-General of the Authority; José Luis Jesús, former Chair of the Preparatory Commission for the International Seabed Authority and for the International Tribunal for the Law of the Sea (1987-1994); Chris Pinto, former Chair of the Working Group on principles of

the seabed regime and conditions for exploration and exploitation in the Area at the Third United Nations Conference on the Law of the Sea; and Jean-Pierre Lévy, former Secretary of the First Committee of the Third United Nations Conference on the Law of the Sea and former Director of the Division. The presentations were followed by statements by the Chairs of the five regional groups of the Assembly and a statement by Caitlyn Antrim, Executive Director, Rule of Law Committee for the Oceans and former Deputy Representative of the United States to the Third United Nations Conference on the Law of the Sea. The special meeting concluded with remarks by Raymond Wolfe, Permanent Representative of Jamaica to the Authority, on behalf of the host country, and was followed by a screening of the film *Volcanoes of the Deep Sea* presented by Peter Rona, Professor of Marine Geology and Geophysics at Rutgers University, United States of America.

VI. Annual report of the Secretary-General

8. The Assembly considered the annual report of the Secretary-General (ISBA/18/A/2) at its 136th and 137th meetings, on 25 July 2012. At the 136th meeting, the Secretary-General introduced his report to the Assembly, as required under article 166, paragraph 4, of the United Nations Convention on the Law of the Sea. The Secretary-General reviewed the Authority's work since the seventeenth session and outlined the progress that had been made in the implementation of its work programme for the period 2012-2014.

9. The Secretary-General's report provided an account of the Authority's work over the previous 12 months, including the status of the regulatory regime for activities in the deep oceans. It also provided an overview of scientific research related to the marine environment, current world metal market trends, conditions and prices, and trends with regard to seabed mining activities. The Secretary-General informed the Assembly that, as the number of contracts for exploration increased, the Authority would come under increased pressure to develop regulations for the commercial exploitation of marine minerals and to deliver an appropriate level of environmental protection for the Area. He also told the Assembly that demand for rare earth elements, which were used in hybrid and electric cars, wind turbines, motors and magnets for many applications and for electronic devices, was expected to outstrip supply by 2014. The report also covered administrative matters, the Authority's budget as well as special funds held by it such as the Voluntary Trust Fund and the Endowment Fund for Marine Scientific Research.

10. Following the introduction by the Secretary-General, the Minister of State, Ministry of Foreign Affairs and Foreign Trade of Jamaica, Arnaldo Brown, made a statement on behalf of the Government of Jamaica, the host country of the Authority. He said that in the light of the consideration being given to the use of renewable energies to power mining operations, the Authority was being positioned to contribute to the drive towards renewable energy in view of the direct link between the development of renewable energy and the availability of rare earth elements. He said that small island developing States in particular were well positioned to benefit from, and take advantage of, the growth in marine renewable energy technologies. He informed the Assembly that, as the Authority's host country, Jamaica would launch a campaign in schools to raise awareness about the Convention and the contribution of the world's oceans to global development; that

was being done in observance of the thirtieth anniversary of the opening for signature of the Convention and to coincide with the current year's theme for World Oceans Day.

11. Statements were also made under this item by the delegations of Argentina, Bangladesh, Belgium, Brazil, Cameroon, Chile, China, Cuba, Fiji, France, Ghana, Italy, Japan, Kenya, Mexico, New Zealand (on behalf of Canada, Australia and New Zealand), Nigeria, Norway, the Russian Federation, Senegal, South Africa, Suriname, Trinidad and Tobago, Uganda and the United Kingdom of Great Britain and Northern Ireland. A statement was also made by the observer delegation of the Division for Ocean Affairs and the Law of the Sea of the United Nations Secretariat. Members expressed their general satisfaction with the detailed report and indicated their support for the work that had been undertaken during the reporting period by the Authority as part of its programme of work for the period 2011-2013.

12. Several delegations stressed the important role of the Voluntary Trust Fund in supporting the participation of developing countries in international seabed affairs. The delegation of Norway announced its Government's intention to contribute \$150,000 in 2012, and the delegation of China said that its Government hoped to make a further contribution of \$20,000 to the Fund in the near future, following its most recent contribution of \$20,000 to the Fund in July 2012. The delegation of Japan announced that Japan had made a contribution in September 2011 of \$100,000 to the Endowment Fund to support marine scientific research.

13. With regard to the issue of the lack of resources in the Authority's budget to keep up with the heavy workload associated with the increasing number of contractors, the delegation of Cameroon, with support from the delegations of Chile and Mexico, said that an urgent solution was needed in order to avoid compromising the smooth functioning of the Authority, and that the administrative costs for the review of contracts should be borne by the contractors themselves.

14. Some 10 delegations supported the need for regulations to govern commercial exploitation of resources in the Area. One delegation said that the Authority also needed to move forward and adopt the draft regulations on prospecting and exploration for cobalt-rich ferromanganese crusts. One delegation expressed concern about the training issues cited by the Secretary-General with regard to Secretariat staff.

15. The delegation of New Zealand (on behalf of Canada, Australia and New Zealand) urged the adoption of the Clarion-Clipperton Zone environmental management plan at the present session. It stressed that the plan needed to be put in place before further activities were approved in that area, to ensure effective protection of the environment. The delegations of Kenya and Norway also expressed the view that that would count as a major achievement for the session. The delegation of Mexico noted that the United Nations General Assembly (through its Ad Hoc Open-ended Informal Working Group to study issues relating to the conservation and sustainable use of marine biodiversity beyond areas of national jurisdiction) had a central role to play in the conservation of biodiversity in those areas. The delegation expressed the view that the Authority, given the significant pool of scientific and technical information it had gathered on marine biodiversity, should assume a leadership role in the work of the working group, particularly in the light of the possible formulation of an instrument complementary to the Convention. That view was endorsed by the delegations of Argentina, Bangladesh and Brazil.

16. The delegation of India commended the steps made by the Authority to convene an expert group to address issues relating to the implementation of article 82, paragraph 4, of the Convention. The delegation of Trinidad and Tobago echoed that sentiment, noting that the resources of the outer limits of the continental shelf beyond 200 nautical miles was assuming greater importance given the work being done by the Commission on the Limits of the Continental Shelf which had already made recommendations to some coastal States allowing them to establish the outer limits of their continental shelf. That would put those States in a position to explore and exploit the mineral resources and sedentary species of that maritime zone.

17. The proposed new pattern of meetings, which would see the Legal and Technical Commission meeting twice annually, met with support from several delegations. The delegation of the United Kingdom also deemed that to be the best way forward, but warned that the new arrangements should be undertaken in the most cost-effective manner possible.

18. The Secretary-General responded to certain comments made by delegations. Regarding one delegation's appeal for information on the Authority's website to be translated into languages other than English, Spanish and French, the Secretary-General said that there were no resources to expand the website at the present time. In response to a comment from another delegation concerning training of staff, the Secretary-General differentiated between the training opportunities funded by the Endowment Fund and skills training for members of the Secretariat staff, for which there was inadequate funding. He assured the Assembly, however, that funds were in place for the taxonomy workshops planned to take place over the next biennium.

VII. Adoption of the budget and scale of assessments

19. At its 138th meeting, on 27 July 2012, the Assembly considered the report of the Finance Committee contained in document ISBA/18/A/4-ISBA/18/C/12, the proposed budget contained in document ISBA/18/A/3-ISBA/18/C/7 and the scale of assessments for the financial period 2013-2014. On the basis of the recommendations of the Council of the International Seabed Authority contained in document ISBA/18/C/13, the Assembly adopted the decisions contained in document ISBA/18/A/7.

VIII. Approval of the Regulations on Prospecting and Exploration for Cobalt-rich Ferromanganese Crusts

20. At the same meeting, the Assembly considered and approved the Regulations on Prospecting and Exploration for Cobalt-rich Ferromanganese Crusts in the Area, as provisionally adopted by the Council at its 181st meeting, on 26 July 2012, and contained in the annex to document ISBA/18/C/23. The decision of the Assembly is contained in document ISBA/18/A/11.

IX. Appointment and report of the Credentials Committee

21. At its 136th meeting, on 25 July 2012, the Assembly appointed its Credentials Committee in accordance with rule 24 of its rules of procedure. The following were

elected members of the Credentials Committee: Argentina, Germany, Ghana, Guyana, Japan, Myanmar, Russian Federation, Senegal and United Kingdom. Subsequently, Andrey Todorov (Russian Federation) was elected by the Committee as its Chair.

22. The Committee held one meeting, on 25 July 2012, during which it examined the credentials of representatives participating in the eighteenth session of the Assembly. The Committee had before it a memorandum by the secretariat dated 25 July 2012 on the status of those credentials. The report of the Committee is contained in document ISBA/18/A/8.

23. At its 138th meeting, on 27 July 2012, the Assembly adopted the report of the Committee. The decision of the Assembly relating to credentials is contained in document ISBA/18/A/9.

X. Election of the Secretary-General

24. At the same meeting, the Assembly, in accordance with article 160, paragraph 2 (b), of the United Nations Convention on the Law of the Sea, elected Nii Allotey Odunton (Ghana) as Secretary-General of the International Seabed Authority for a four-year term, from 1 January 2013 to 31 December 2016.

XI. Election of the Council

25. At its 138th meeting, on 27 July 2012, the Assembly elected the following members of the Council for a four-year period beginning on 1 January 2013, subject to the understandings reached in the regional and interest groups:

Group A

China
Japan

Group B

India

Group C

Canada
South Africa

Group D

Bangladesh
Brazil
Uganda

Group E

Argentina
Czech Republic
Guyana
Kenya
Mozambique
Namibia
Netherlands¹
Poland
Senegal
Spain²
Trinidad and Tobago
United Kingdom of Great Britain and Northern Ireland³

26. The decision of the Assembly is contained in document ISBA/18/A/10.

XII. Dates of the next session of the Assembly

27. The next session of the Assembly will be held from 15 to 26 July 2013. It will be the turn of the Group of Eastern European States to nominate a candidate for the presidency of the Assembly in 2013.

¹ The Netherlands is elected for a four-year term as a member of group E with the understanding that it will relinquish its seat after three years to Norway for the remainder of the four-year term ending in 2016.

² Spain is elected for a four-year term as a member of group E with the understanding that it will relinquish its seat after one year to Norway for the year 2014.

³ The United Kingdom of Great Britain and Northern Ireland is elected for a four-year term as a member of group E with the understanding that it will relinquish its seat after two years to Norway for the year 2015.

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ISBA/18/C/23	Decision of the Council relating to the Regulations on Prospecting and Exploration for Cobalt-rich Ferromanganese Crusts in the Area
ISBA/18/C/24	Decision of the Council relating to an application for approval of a plan of work for exploration for polymetallic sulphides by the Government of the Republic of Korea
ISBA/18/C/25	Decision of the Council relating to a request for approval of a plan of work for exploration for polymetallic nodules submitted by Marawa Research and Exploration Ltd.
ISBA/18/C/26	Decision of the Council relating to an application for approval of a plan of work for exploration for polymetallic sulphides by the Institut français de recherche pour l'exploitation de la mer
ISBA/18/C/27	Decision of the Council relating to a request for approval of a plan of work for exploration for polymetallic nodules submitted by UK Seabed Resources Ltd.
ISBA/18/C/28	Decision of the Council of the International Seabed Authority relating to a request for approval of a plan of work for exploration for polymetallic nodules submitted by G-TEC Sea Mineral Resources NV
ISBA/18/C/29	Decision of the Council of the International Seabed Authority relating to the status of fees paid for processing of applications for approval of plans of work for exploration and related matters
ISBA/18/C/30	Statement of the President of the Council of the International Seabed Authority on the work of the Council during the eighteenth session



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Status of fees paid for processing of applications for approval of plans of work for exploration and related matters

Report of the Secretary-General

1. In 2011 four applications for approval of plans of work for exploration were considered by the International Seabed Authority. These applications were made by Nauru Ocean Resources Inc. (NORI), Tonga Offshore Minerals Ltd. (TOML), China Ocean Research and Development Association (COMRA) and the Russian Federation. Following consideration by the Legal and Technical Commission and the Council, each of the applications was approved. Subsequently, as required by the relevant regulations of the Authority, the plans of work were prepared in the form of contracts.

2. In accordance with the relevant regulations, each of the applicants paid a fee for the processing of the application for approval of the plan of work. In the case of NORI and TOML, a fixed fee of US\$ 250,000 was paid pursuant to regulation 19 of the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area. In the case of the Russian Federation, a fixed fee of \$500,000 was paid pursuant to regulation 21 (1) (a) of the Regulations on Prospecting and Exploration for Polymetallic Sulphides in the Area. Pursuant to regulation 21 (1) (b) of the Sulphides Regulations, COMRA elected to pay a fixed fee of \$50,000, followed by an annual fee calculated on the basis set out in regulation 21 (2).¹

3. Regulation 19 (3) of the Nodules Regulations, which has a parallel in regulation 21 (5) of the Sulphides Regulations, provides that if the administrative costs incurred by the Authority in processing an application are less than the fixed amount, the Authority shall refund the difference to the applicant. Accordingly, the Secretary-General conducted an analysis of the costs incurred in processing each of the applications submitted in 2011. The analysis shows that, overall, the four

¹ Regulation 21 (2) provides for a variable fee depending upon the number of blocks retained for exploration. Advance relinquishment would diminish the number of blocks, and thus the fee payable. Assuming, however, that a contractor makes no advance relinquishment, the total amount paid over the life of a 15-year contract would be \$800,000.



applicants for approval of plans of work in 2011 paid a total of \$1.05 million in application fees, while the total expenditure attributable to processing of these applications is provisionally estimated at \$1,477,882. The breakdown of expenditure is as shown in table 1 below. It should be noted that, because of the need to account separately to each contractor for the use of fees paid, the actual shortfall to the Authority is estimated at \$546,561.

Table 1
Breakdown of expenditure against fees paid by contractors in 2011

(United States dollars)

<i>Contractor</i>	<i>Fee paid</i>	<i>Processing costs</i>	<i>Excess (shortfall)</i>	<i>Refund due</i>
NORI	250 000	447 690	(197 690)	—
TOML	250 000	425 710	(175 710)	—
COMRA	50 000	223 161	(173 161)	—
Russian Federation ^a	500 000	381 321	118 679	118 679
Total	1 050 000	1 477 882	(546 561)	

^a The amounts for the Russian Federation are provisional figures, as the contract had not been concluded at the time the present report was prepared.

4. Until such time as they have been fully accounted for, the fees paid by applicants for approval of plans of work are held in a separate account with the Authority's bankers. With regard to the fees paid in respect of the applications considered in 2011, the amount of \$1.05 million, less the eventual amount of any refund due to the Russian Federation, may be regarded as miscellaneous income under the Financial Regulations of the Authority. The treatment of this amount, as regards the budget of the Authority, will be considered by the Finance Committee and does not require separate action by the Council until such time as a recommendation is made by the Finance Committee.

I. Fees under the Nodules Regulations

5. The Nodules Regulations (regulation 19) provide that the fixed fee shall be \$250,000. It should be noted that this figure derives from the modifications to part XI of the United Nations Convention on the Law of the Sea and to annex III thereto resulting from the 1994 Agreement relating to the implementation of part XI of the Convention (annex, sect. 8, para. 3) which, in order to ensure parity with the registered pioneer investors under resolution II, provides that with regard to the implementation of annex III, article 13, paragraph 2, of the Convention, the fee for processing applications for approval of a plan of work limited to one phase (either exploration or exploitation) shall be \$250,000. Essentially therefore the fee has remained unchanged since resolution II was adopted by the third United Nations Conference on the Law of the Sea in 1982.

6. Article 13, paragraph 2, of annex III to the Convention goes on to provide, however, that the amount of the fee shall be reviewed from time to time by the Council in order to ensure that it covers the administrative costs incurred by the Authority in processing the application. This provision is repeated in the Regulations

(regulation 19 (3)). The Regulations also provide that if the administrative costs are less than the fixed amount, the Authority shall refund the difference to the applicant.

7. Fees of \$250,000 each were paid by NORI and TOML. Because these applications were considered over several years, the attributable expenditures amounted to \$447,690 and \$425,710, respectively. No refund is due and the contractors have been duly informed. There is nothing in the Regulations that would provide a basis for a supplementary fee to be levied on the contractors, but there is a general power for the Council to review the amount of the fee from time to time to ensure that it covers the administrative costs incurred by the Authority. Since the available evidence suggests that the current fee is not sufficient to cover the Authority's costs, it is suggested that the Council may wish to consider this matter in the context of the review of the Nodules Regulations that is already on the agenda of the Council for 2012.

II. Fees under the Sulphides Regulations

8. The Sulphides Regulations (regulation 21) provide for a fixed fee of \$500,000 or a variable annual fee payable over 15 years, with an initial fixed fee of \$50,000. In the event that the Secretary-General notifies the Council that the fee has been insufficient to cover the administrative costs incurred by the Authority, the Council shall review the amount of the fee. However, this stipulation applies only to the fixed fee of \$500,000, as specified in regulation 21 (1) (a), not to the variable fee, as stipulated in regulations 21 (1) (b) and 22. As in the case of the Nodules Regulations, if the administrative costs are less than the fixed amount of fees, the Authority shall refund the difference to the applicant.

9. In 2011 the Russian Federation paid \$500,000 and COMRA paid \$50,000. Expenditure was \$381,321 and \$223,161, respectively. The amount in respect of the Russian Federation remains a provisional estimate, as the contract had not been concluded at the time the present report was prepared. In principle, however, once the contract has been signed, the Secretary-General will inform the contractor of any balance to be refunded.

10. While the fixed fee of \$500,000 appears to be sufficient to meet the costs of processing applications for approval of plans of work for sulphides, it is apparent that there is a difficulty with respect to the application of the variable fee. The initial fixed fee of \$50,000 under this formula is clearly not adequate to meet the administrative costs of processing an application. Furthermore, the Regulations, perhaps inadvertently, do not appear to provide for a mechanism to review this amount. It is suggested that the Council may wish to review this matter with a view to ensuring that the initial fee under the variable fee option is set at a level which is sufficient to meet the administrative costs of processing the application for approval of a plan of work, while at the same time remaining an attractive option for potential applicants.

III. Ongoing costs of contract administration

11. Neither the Nodules Regulations nor the Sulphides Regulations provide adequately for the ongoing costs of contract administration and management. There

are currently 10 active exploration contracts. A substantial amount of the workload of the secretariat and the Legal and Technical Commission is directly attributable to the contracts. This includes reviewing the annual reports of contractors, translating them where necessary, preparing summaries for the Legal and Technical Commission, and providing meeting services for the Commission. The secretariat also analyses raw data submitted by the contractors, in particular environmental data, and reports thereon to the Commission. The review of annual reports of contractors has in fact become the most time-consuming part of the Commission's agenda because of the constraints upon individual members of the Commission in reviewing confidential data only in Kingston. In addition, the secretariat is required under the Regulations to develop internal systems to ensure confidentiality of data submitted by contractors. The Authority, represented by the Secretary-General and the secretariat, also has a general responsibility, as regulator, to monitor the implementation of contracts for exploration and to hold such regular meetings and consultations with contractors as may be necessary for this purpose, for example, in connection with the periodic review of the implementation of plans of work as provided for in the Regulations. The Convention also envisages, in due course, the appointment of a staff of inspectors to observe and monitor, for example, the environmental implications of contractors' activities at sea.

12. All these activities have an impact upon the budget of the Authority. For the time being, the budget is funded entirely by assessed contributions of member States as a transitional measure "until the Authority shall have sufficient income from other sources to meet its administrative expenses".² In fact, apart from the fees payable under the Nodules and Sulphides Regulations, the Authority has no other sources of income at present. It may be noted in this context that as a result of the 1994 Agreement, the requirement for contractors to pay an annual fixed fee of \$1 million pursuant to annex III, article 13, paragraph 3, of the Convention "shall not apply". There is thus no current mechanism for the Authority to recover the increasing costs of contract administration and management, including the development of essential environmental rules, regulations and procedures, without increasing the assessed contributions of all members of the Authority.

13. For these reasons, the Council may wish to consider whether it is appropriate to begin to develop a system of cost recovery, on a "user pays" basis, to support the work of the Authority which is directly attributable to the management and administration of contracts for exploration and, in due course, exploitation. If such a system were to be developed, it would have to be one that is equitable for all contractors, does not impose a disproportionate burden on contractors and that is implemented with full regard to the terms of the existing contracts for exploration.

IV. Conclusions and recommendations

14. The following conclusions may be drawn. The Council is invited to consider the matters set out below and to make recommendations accordingly:

(a) The fixed fee of \$250,000 specified in the Nodules Regulations is insufficient to cover the administrative costs incurred by the Authority in processing

² United Nations Convention on the Law of the Sea, United Nations, *Treaty Series*, vol. 1833, No. 31363, art. 160, para. 2 (e).

applications. It is recommended that the Council review the amount to make it consistent, at the least, with the amount of \$500,000 specified in the Sulphides Regulations;

(b) The fixed fee of \$500,000 specified in the Sulphides Regulations is sufficient for the time being to cover the administrative costs incurred by the Authority in processing applications. However, where applicants elect to pay the fixed fee of \$50,000 followed by an annual fee calculated as stipulated in regulation 21 (2), the fixed amount of \$50,000 is inadequate to cover the Authority's costs and the Council is invited to review this matter with a view to ensuring that the initial fee under the variable fee option is set at a level which is sufficient to meet the administrative costs of processing the application for approval of a plan of work, while at the same time remaining an attractive option for potential applicants;

(c) In neither case is the fixed fee for processing of applications sufficient to meet the ongoing costs to the Authority of administering contracts for exploration. These costs may be estimated at approximately 15 per cent to 20 per cent of the administrative budget of the Authority. The Council is invited to consider whether it considers it appropriate to develop a system of cost recovery, on a "user pays" basis, to support the work of the Authority which is directly attributable to the management and administration of contracts for exploration and, in due course, exploitation.



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Workplan for the formulation of regulations for the exploitation of polymetallic nodules in the Area

Report of the Secretary-General

I. Introduction

1. At its meeting in July 2011, the Council requested the secretariat to prepare a strategic workplan for the formulation of the regulations for mining deep-sea minerals (polymetallic nodules) in the Area. In response to that request, the present report contains a review of the status of the existing regulatory regime and the issues involved in the elaboration of an exploitation code, and an outline of a workplan to produce such a code by 2014.

II. Status of the existing regulatory regime

2. The mandate of the Authority, established between the entry into force of the Convention on the Law of the Sea and the approval of the first workplan for exploitation in the Area, derives primarily from the provisions of section 1 of the annex to the 1994 Agreement relating to the implementation of Part XI of the Convention. This provides, inter alia, that the Authority shall concentrate (a) on the adoption of rules, regulations and procedures necessary for the conduct of activities in the Area as they progress and that, notwithstanding the provisions of annex III, article 17, paragraph 2 (b) and (c), of the Convention, such rules, regulations and procedures shall take into account the terms of the Agreement, the prolonged delay in commercial deep seabed mining and the likely pace of activities in the Area; and (b) on the timely elaboration of rules, regulations and procedures for exploitation, including those relating to the protection and preservation of the marine environment.

3. In accordance with that mandate, the Authority has so far elaborated two sets of regulations governing prospecting and exploration for polymetallic nodules (adopted in 2000) and polymetallic sulphides (adopted in 2010). Work is well advanced on regulations governing prospecting and exploration for cobalt-rich



ferromanganese crusts and it is anticipated that those regulations will be adopted in 2012. The adoption of the regulations will effectively complete the Authority's regulatory code for deep seabed minerals with respect to the prospecting and exploration phases.

4. At its 2012 session, the delegation of Fiji made a statement (ISBA/17/C/22) supported by other delegations, requesting the Council to take up the formulation of the regulations governing the exploitation of deep sea minerals in the Area. In presenting that request, it was noted that the Authority had, by 2011, approved 12 contracts for exploration in the Area, many of which would terminate in 2016, by which time it was anticipated that contractors would be ready to move to the exploitation phase. They would not be able to do that, however, unless clearly defined parameters for exploitation were in place that would permit contractors to assess the financial risks of proceeding to commercial exploitation. Following that request, the Council requested the secretariat to prepare a strategic workplan for the development of exploitation regulations for consideration at its eighteenth session.

III. Issues to be considered

5. Exploitation is defined in the current regulations as “the recovery for commercial purposes of polymetallic nodules (or sulphides) in the Area and the extraction of minerals therefrom, including the construction and operation of mining, processing and transportation systems, for the production and marketing of minerals”. Whether mineral exploitation takes place onshore or in deep seabed areas, there are basic similarities. Regardless of location, the basic activities of any mineral exploitation framework are (a) prospecting; (b) exploration; (c) evaluation; (d) development; (e) mining; and (f) mine closure. Among the most important elements of such a framework would be measures for the protection of the marine environment from the harmful effects of mining, and financial terms, including the payment system selected for the Authority. The payment system takes into account the commercial viability of the operation and its discounted rate of return; it determines what has to be accounted for during specified financial periods; the way costs incurred during the life of the project will be distributed over time; and whether such costs are to be expensed or capitalized, including expenses to be deducted from revenues prior to payments of royalties. It establishes the framework to be administered by the Authority to ensure that it receives the agreed upon payments as well as compliance with its rules, regulations and procedures for exploitation.

6. A regulatory regime can only be developed within an applicable policy framework. In this regard, the 1982 Convention set out detailed and prescriptive policies for the conduct of commercial mining, including provisions relating to production authorizations and the financial terms of contracts. As a result of the 1994 Agreement, however, those provisions of the Convention no longer apply. Instead, the Agreement sets out the principles intended to guide the Authority in the development of rules and regulations for commercial mining. These are contained in sections 6, 7 and 8 of the annex to the Agreement. Together, they provide broad guidance on the policy framework within which detailed regulations are to be developed. Section 6, on production policy, emphasizes that the development of the resources of the Area shall take place in accordance with “sound commercial principles” and that there shall be no subsidization of activities in the Area except as

may be permitted under the provisions of the General Agreement on Tariffs and Trade, its relevant codes and successor or superseding agreements, nor shall there be any discrimination between minerals derived from the Area and from other sources. Section 8, paragraph 1, on financial terms of contracts, provides, inter alia, that:

(a) The system of payments to the Authority shall be fair to both the contractor and to the Authority and shall provide adequate means of determining compliance by the contractor within such system;

(b) The rates of payment under the system shall be within the range prevailing in respect of land-based mining of the same or similar minerals in order to avoid giving deep seabed miners an artificial competitive advantage or imposing on them a competitive disadvantage;

(c) The system should not be complicated and should not impose major administrative costs on the Authority or on a contractor. Consideration should be given to the adoption of a royalty system or a combination of a royalty and profit-sharing system. If alternative systems are decided upon, the contractor has the right to choose the system applicable to its contract. Any subsequent change in choice between alternative systems, however, shall be made by agreement between the Authority and the contractor.

7. While these broad policy guidelines will help to inform and provide a basis for the work of the Legal and Technical Commission and the Council, they will clearly require substantial further elaboration and technical input to discern what they mean in practice. It will be necessary, for example, to understand the prevailing rates of payment for comparable land-based mining and to undertake an economic assessment of the advantages and disadvantages of alternative fiscal regimes to potential seabed miners. Further elaboration of the payment system may be provided through studies on, inter alia, the use of royalty or profit-sharing systems in (a) countries where copper and nickel mine production only started in the past decade; (b) countries where copper and nickel mine production is expected to start this decade and/or where exploration is growing; and (c) countries that have had limited copper and nickel mine production but are expected to become substantial copper and nickel mine suppliers by the end of the decade.

IV. Commercial polymetallic nodule mining

8. One of the most pressing problems with the exploitation code for polymetallic nodule exploitation is the risk associated with the mining and processing systems. Although the testing of collecting systems and equipment, processing facilities and transportation systems is considered a permissible activity during the exploitation phase, to date no exploration contractor has informed the Authority of a decision to proceed with this phase of activities. It is anticipated that such testing, which will be based on one-fifth to half-scale commercial equipment, will call for significant investments, on which some light must be shed regarding the payment system under the exploitation code. Moreover, the amount of time required to construct such systems is not insignificant. So far, none of the exploration contractors for polymetallic nodules have indicated when they propose to undertake the tests. While no formal decision has been announced by any of the contractors on a product mix, an annual production rate, duration of mining operations or a prototype mining system, six contractors participated in a workshop convened by the Authority in

2010 and assisted it in developing the most recent cost model of a polymetallic nodule mining venture in the Clarion-Clipperton Zone.

9. The two areas of major technological uncertainty in a polymetallic nodule mining operation in the Area are the mining system and the processing system. The functioning of the metallurgical plant is totally dependent on the success and viability of the mining stage of the venture and on the existence of raw material, that is, nodules are required to be available on a continuous basis and in specified quantities. Efforts have been made to design metallurgical plants that can also process nickel laterite ores. Similar to a plant that only accepts nodules, such a plant would also have to be tested.

10. During the 1970s, three collecting systems to recover nodules from the seabed were proposed and two were tested. The three systems were the hydraulic mining system, the continuous line bucket system and the modular mining system. Four international consortiums, Ocean Mining Associates (OMA), Ocean Management Incorporated (OMI), Ocean Minerals Company (OMCO) and the Kennecott Group, worked on the hydraulic system and the Continuous Line Bucket Group (CLB Group) worked on the continuous line bucket system.¹

11. In 1972, the CLB Group financed a test in the Clarion-Clipperton Zone at water depths of 4,900 metres. The tests were conducted over 10 days and a total of 8 tons of nodules were collected. The experiment consisted of one mining vessel that had to be long enough to separate the descending ropes from the rising ones, with the ship moving sideward. Problems of rope entanglement occurred three times during the test. The hydraulic mining system was tested by the international consortiums OMA, OMCO and OMI in the late 1970s. In the OMA tests, a mining ship *R/V Deepsea Miner II* was converted from a 20,000 ton deadweight ore carrier. The testing programme consisted of three shallow water tests at 1,000 metres, one trial at 4,000 metres and four deep water tests at 5,000 metres, which were conducted in the Clarion-Clipperton Zone. In all four deep water tests, operations had to be interrupted because of technical problems or bad weather conditions since the ship was not designed to operate during hurricanes. Continuous successful nodule pumping over 22 hours occurred only during the last test, when 500 tons of nodules were dredged.

12. In 1978 and 1979, a hydraulic air-lift mining system with a self-propelled collector and about one-tenth commercial scale was tested by OMCO at water depths of 5,000 metres also in the Clarion-Clipperton Zone. Tests were considered successful in that they provided large amounts of essential engineering and operational data.

¹ Ocean Management Incorporated comprised INCO Ltd. of Canada, AMR (Arbeitsgemeinschaft Meerestechnisch gewinnbare Rohstoffe) owned by Metallgesellschaft AG, Preussag AG and Salzgitter AG respectively, SEDCO, Inc. of the United States of America and Deep Ocean Mining Company Ltd. (DOMCO) of Japan; Ocean Mining Associates comprised Essex Steel Company owned by United States Steel Corporation, Union Seas, Inc. owned by Union Minière S.A. of Belgium, Sun Ocean Ventures owned by Sun Company, Inc. of the United States, and Samin Ocean, Inc. owned by Ente Nazionale Idrocarburi of Italy; Ocean Minerals Company comprised Amoco Minerals Company owned by Standard Oil of Indiana, Lockheed Systems Company Ltd. owned by Lockheed Missiles and Space Company Inc. of the United States and Ocean Minerals Inc. owned by Billiton B. V. of the Netherlands.

13. OMI conducted its tests using a converted drill ship, the *SEDCO 445*. The system tested involved a towed collector head with either a hydraulic lift or an air pumping system. Dredging operations were considered successful and approximately 800 tons of nodules were mined.

14. All of the above-mentioned tests have proved that the proposed mining systems of the 1970s can work. At a workshop convened by the Authority in 2008, successful parts of the proposed technologies were discussed. It is unclear whether the development work has been conducted that was required to correct the problems revealed by the tests and to improve upon the concepts so that the final system can be designed. It is also unclear if alternate systems are being designed. Until additional tests are conducted, the reliability and efficiency of the mining and processing systems remain unknown.

V. Cost models of a polymetallic nodule mining venture in the Clarion-Clipperton Zone

15. A preliminary cost model for a deep seabed polymetallic nodule mining and processing venture, with a 20-year life and producing 1.5 million tons per year, was developed at the Authority's eleventh workshop on polymetallic nodule mining technology and the current status and challenges ahead, held in cooperation with the Ministry of Earth Sciences of the Government of India at its National Institute of Ocean Technology in Chennai, India, from 18 to 22 February 2008.

16. Inputs to the model came from 16 technical and legal presentations made by some of the 48 participants at the workshop, including representatives of six of the eight exploration contractors for polymetallic nodule development in the Area at the time. In their papers, the participants, inter alia, described the status of their efforts to develop a cost-effective technology configuration to facilitate the exploration for and mining of polymetallic nodules and their processing into copper, nickel, cobalt and manganese. Contractors were also requested to provide estimates of capital and operating costs based on their selected configurations and production scales and to identify those areas of activity where collaboration could enhance the viability of their ventures. There were also nine other presenters, whose papers focused on an analysis of mining technologies developed in the 1970s and 1980s and model mining units envisaged in the 1970s and 1980s; project economics and cost models that had been developed in the past for deep seabed mining; the economic and technical considerations underpinning the pioneer regime and the Authority's regulations; possible use of space applications for deep seabed mining; the status of lift systems for polymetallic nodule mining; advances in nickel laterite processing and possible applications to polymetallic nodule processing; technology development for polymetallic sulphides and possible applications to nodule mining; and advances in riser technology for oil and gas and possible applications to nodule mining.

17. Presentations were made on, inter alia, technologies that had been tested at water depths of 5,200 metres in the Clarion-Clipperton Zone and had successfully mined 800 tons of polymetallic nodules; the availability of riser technology, subsea power systems and pumps of the magnitude required for polymetallic nodule mining that are currently available on the market; a pilot processing plant with a capacity of 500 kg per day that over a five-year period was used to test various

hydrometallurgical processing routes; and supply and demand for nickel, cobalt, copper, manganese, silicomanganese and ferromanganese. The majority of the inputs, however, were developed in three working groups that were established at the workshop to deal with mining technology, processing technology and the current economics of a polymetallic nodule mining venture to establish a new cost model, as appropriate, or to update an earlier cost model for such a venture, including the scenarios of a non-integrated venture comprising a nodule-mining venture in its own right and a nodule/laterite-processing venture to receive nodules from a deep seabed nodule miner.

18. The first working group provided information on capital expenditure and operating expenditure for polymetallic nodule mining ventures that would recover 1.5 million and 1.2 million wet tons of nodules a year from a site approximately 6,000 nautical miles from a land-based processing facility.² The group estimated that capital expenditure for a passive collector system (mining ship and mining system) would be approximately \$552 million, for a tracked collector system approximately \$562 million, for a system designed around the Chinese collector system approximately \$372.6 million and for a system utilizing the Indian flexible riser approximately \$416 million. With regard to operating expenditure, the group estimated \$94.5 million for the passive hydraulic collector system, \$95.7 million for the tracked collector system, \$69.5 million for the Chinese collector system and \$89.9 million for the Indian flexible riser system.

19. The costs for the transportation system were estimated at \$76.7 million per year for three vessels leased each year or \$495 million if purchased. The estimate provided by the Government of India was \$600 million if the vessels were purchased. The annual operating expenditure for the transportation system was estimated as \$93.2 million by the working group, compared with \$132.7 million by the Government of India.

20. The second working group provided capital expenditure and operating expenditure information for a probable polymetallic nodule processing plant with an annual capacity of 1.5 million tons, producing nickel, copper, cobalt and manganese. To facilitate comparison with nickel laterite processing plants, both capital expenditure and operating expenditure were reported on a nickel equivalent basis.³ The working group estimated the capital cost per kg of nickel equivalent at \$10 to \$14. For a 1.5 million-ton capacity polymetallic nodule processing plant, the group estimated capital cost at \$750 million (capital expenditure) and the cost of processing at 3.9 dollars per kg of nickel equivalent, resulting in operating expenditure of \$250 million.

21. The third working group reviewed models of first-generation polymetallic nodule mining systems presented by Texas A & M University, the United States Bureau of Mines, the Australian Bureau of Mines and the Massachusetts Institute of Technology and selected the 1984 Massachusetts Institute of Technology report

² An operational expenditure is an ongoing cost for running a product, business or system. Its counterpart, a capital expenditure, is the cost of developing or providing non-consumable parts for the product or system.

³ To obtain the nickel equivalent of the nodule ore, the recovered tonnages of nickel, cobalt, copper (for a three-metal recovery process) and manganese (for a four-metal recovery process) are multiplied by the price ratio of the recovered metal and nickel to obtain the nickel equivalents.

entitled “A pioneer deep ocean mining venture” as the basis upon which to assess the systems proposed by participants in the first and second working groups. The third working group evaluated trends in metal prices, taking into account increasing demand for nickel and the other metals in nodules by China, India and the Russian Federation, and decided to use a range of prices rather than attempt a single projection.⁴ The range of cost estimates from the first and second working groups and the Massachusetts Institute of Technology model were incorporated into the International Seabed Authority model along with metal prices representing the lower and upper values in recent years. The range of mining operations, from 1.2 to 3 million short tons per year for a 20-year mine life was also incorporated into the model. Internal rates of return for 12 alternative scenarios produced outcomes ranging from a low of 14.9 per cent to a high of 37.8 per cent.

22. The cost model will need to be reviewed in the light of new developments and fine-tuned for the purpose of the future exploitation code.

23. The exploitation code will require environmental monitoring programmes to be established. It is anticipated that the data and information provided by the exploration contractors will feed into the subsequent environmental monitoring programme and regulations for the protection of the marine environment during exploitation. The regulations will have to be developed following testing of technology. The requirements of the regulations for exploitation will be formulated by workshops and expert groups and made available to the Legal and Technical Commission for its consideration.

24. Exploration contractors are required to, inter alia, conduct environmental impact assessments and institute environmental monitoring programmes during and after (a) dredging to collect nodules for on-land studies for mining and/or processing; (b) the use of special equipment to study the reaction of the sediment to disturbances made by collecting devices or running gears; and (c) the testing of collection systems and equipment. Depending on the specific activity to be carried out, contractors are required to provide information on:

(a) Nodule collection techniques (for example, passive or active mechanical dredge, hydraulic suction or water jets);

(b) Depth of penetration into the seabed;

(c) Running gear that contacts the seabed (for example, skis, wheels, caterpillars, Archimedes screws, bearing plates or water cushion);

(d) Methods for separation on the seafloor of the nodules and the sediment, including, for example, washing of the nodules, volume of the discharge of sediment mixed with water, concentration of particles in the discharged mixture and height of discharge above the seafloor;

(e) Nodule crushing methods;

(f) Methods for transporting the nodules to the surface;

(g) Separation of the nodules from the fines and the sediment on the surface vessel;

⁴ The lower limit of the range was determined by indexing the metal prices from the Massachusetts Institute of Technology report using the consumer price index, and the upper limit by using 2007 metal prices, which are regarded as the peak price.

- (h) Methods for dealing with the abraded nodule fines and sediment;
- (i) Volume and depth of overflow discharge, concentration of particles in the discharged water and chemical and physical characteristics of the discharge;
- (j) Location of the mining test and boundaries of the test area;
- (k) Probable duration of the test;
- (l) Test plans (for example, collecting pattern and area to be perturbed).

VI. Timing for exploitation code

25. As mentioned above, the first contracts for exploration for polymetallic nodules expire in 2016. At that stage, pursuant to the scheme set out in the Convention and the 1994 Agreement, it is expected that contractors will proceed to exploitation. The Council may consider that it is important, therefore, for a regulatory framework for exploitation to be established prior to 2016. This allows for a time frame of approximately four years for the development of regulations, assuming work begins before the end of 2012. Given that it took the Council almost 10 years to adopt regulations for the exploration for polymetallic sulphides, this may be considered optimistic.

26. A further consideration needs to be taken into account, however. Pursuant to paragraph 15 (a) and (b) of section 1 of the annex to the 1994 Agreement, which relates to article 162 (2) (o) (ii) of the Convention, the Council must adopt such regulations within two years of a formal request being made by any State whose national intends to apply for approval of a plan of work for exploitation. While no such request has yet been made, the Council should take note that the effect of any such request would be to put additional pressure on the Legal and Technical Commission and the Council and on the resources of the secretariat.

27. In the light of these factors, it is suggested that the Council may decide that it is timely to begin to elaborate rules, regulations and procedures for exploitation. While such regulations would be targeted specifically at the commercial exploitation of polymetallic nodules, it is assumed that much of the regulatory framework would be common to other resources, and could be transposed to polymetallic sulphides and cobalt-rich crusts in due course.

VII. Proposed workplan

28. The process for the elaboration by the Authority of rules, regulations and procedures for the conduct of activities in the Area is set out in the Convention and the Agreement. Regulations are formulated by the Legal and Technical Commission then submitted to the Council for adoption. Upon adoption by the Council, regulations come into effect on a provisional basis, pending their approval by the Assembly.

29. The issues involved in the development of exploitation regulations are likely to be highly complex and it will be necessary to provide the Legal and Technical Commission with relevant technical advice and information prior to its consideration of detailed draft regulations. Such advice and information would

include information on fiscal regimes for comparable land-based mining; economic assessments of mineral production, including capitalization, operating costs, depreciation and amortization of mines; anticipated tonnages, grades and recovery efficiencies; and other financial and technical issues. Further work will also need to be carried out on the assessment of the potential environmental impacts of future mining.

30. While the secretariat provides technical advice to the Commission on matters within its competence, it should be noted that only limited resources are available within the existing work programme and budget to advance work on exploitation regulations. In particular, the secretariat currently has no staff positions for minerals economists, commercial lawyers or mining lawyers and it will therefore be necessary to have recourse to consultants and advisory meetings of experts to provide the necessary skills and knowledge for this purpose.

31. In 2012, to advance this work, the secretariat used its available financial resources to hire a consultant to begin work on an initial study to (a) provide advice on the scope of the proposed regulatory framework; (b) review the existing and proposed regulatory regimes for land-based and marine mining for commercial norms and precedents that may be considered; and (c) define and assess the impact of economic issues related to applications. It is further proposed to convene a small expert group before the end of 2012 to peer review and refine the initial study.

32. Based on the outcomes of the study and additional technical work that may be identified by the group of experts, it is proposed to introduce an initial outline of draft regulations to the Legal and Technical Commission in 2013. Based on past experience, it is anticipated that the Commission will require at least two sessions to finalize a set of draft regulations. In particular, owing to the complexity of the issues involved, it is anticipated that the Commission may request further technical, economic and financial information and advice. Funds for this purpose have been requested in the context of the proposed budget for the financial period 2013-2014. Should no or insufficient funds be available, it may be necessary to seek extrabudgetary support for this purpose. It may also be noted that a recommendation has been made for the Commission to be able to meet twice in 2013 and 2014 respectively in the light of its increasing workload and to enable it to make more rapid progress on the regulations.

33. Assuming that the Commission is able to advance its consideration of draft regulations in 2013, the earliest it is anticipated that the Commission would be in a position to finalize a recommendation to the Council would be at the twentieth session, in 2014. The position of the Council at that time would be informed by the content of the Commission's recommendation and the continued pace of development of activities in the Area.

VIII. Recommendation

34. The Council is invited to take note of the considerations set out in the present report and the proposed workplan for the development of an exploitation code. The Council is particularly invited to:

(a) Decide that it is timely to begin to elaborate the rules, regulations and procedures for exploitation in the Area, with an initial focus on the exploitation of polymetallic nodules;

(b) Prioritize the development of such regulations within the work programme of the Authority and provide such policy advice on the development of the regulations as may be necessary, taking into account the provisions of section 8 of the annex to the 1994 Agreement;

(c) Invite the Legal and Technical Commission to commence work on an exploitation code in 2013 as a matter of priority and to report to the Council on its work at the nineteenth session.



Council

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Laws, regulations and administrative measures adopted by sponsoring States and other members of the International Seabed Authority with respect to the activities in the Area

Report of the Secretary-General

1. Article 153, paragraph 4, of the 1982 United Nations Convention on the Law of the Sea states that the obligation of the sponsoring States in accordance with article 139 of the Convention entails “taking all measures necessary to ensure” compliance by the sponsored contractor. Annex III, article 4, paragraph 4, of the Convention makes it clear that such sponsoring States’ “responsibility to ensure” applies “within their legal systems”, and therefore requires the sponsoring States to adopt “laws and regulations” and to take “administrative measures which are, within the framework of its legal system, reasonably appropriate for securing compliance by persons under its jurisdiction”.

2. During the seventeenth session of the Authority in 2011, the Legal and Technical Commission proposed that the International Seabed Authority should be charged with preparing model legislation to assist sponsoring States in fulfilling the aforementioned obligations (ISBA/17/C/13, para. 31 (b)). In response to this proposal of the Commission, the Council of the Authority decided, at its 172nd meeting, to request the Secretary-General to prepare a report on the laws, regulations and administrative measures adopted by sponsoring States and other members of the Authority with respect to the activities in the Area. The Council further invited sponsoring States and other members of the Authority, as appropriate, to provide information on, or texts of, relevant national laws, regulations and administrative measures to the secretariat of the Authority (ISBA/17/C/20, para. 3).

3. Accordingly, on 6 October 2011, the secretariat sent out a note verbale (No. 297/11) to all members of the Authority, inviting sponsoring States of the existing contractors with the Authority and other members of the Authority to provide the secretariat with information on, or texts of, their relevant national laws, regulations and administrative measures, by 31 December 2011.



4. As of 4 May 2012, the following members of the Authority had provided the secretariat with information on, or texts of, their respective legislation: China, Cook Islands, the Czech Republic, Germany, Guyana, Nauru, Tonga, the United Kingdom of Great Britain and Northern Ireland and Zambia. Relevant information was also provided by the secretariat of the Pacific Community Applied Geoscience and Technology Division (SOPAC).

I. Information provided by States

A. China

5. In its note verbale No. (11) 024 dated 29 December 2011, the Permanent Mission of the People's Republic of China informed the Authority that in 1991 the China Ocean Mineral Resources Research and Development Association (COMRA) had been established by the Government of China as the management organization to manage and supervise China's activities on exploration and development of resources in the international seabed area. Since that time, COMRA has managed and supervised in a strict manner China's activities in the international seabed area with respect to cruise design, activity programme, survey equipment, collection and use of samples through stipulating and implementing relevant regulations and rules, with a view to ensuring COMRA compliance with the 1982 United Nations Convention on the Law of the Sea and other relevant legal instruments in its activities conducted in the international seabed area. In order to strengthen its supervision over and management of the activities conducted in the international seabed area, China is in the process of preparing for specific legislation on exploration for and development of resources in the international seabed area. Research on relevant legislation has been undertaken since 2011. Upon completion of the research, China will proceed with the legislative procedure.

6. The secretariat was also advised that, currently, China has stipulated laws, rules and regulations on activities of exploration for, and development of, oceanic mineral resources within marine areas under its national jurisdiction, which include, inter alia, the Mineral Resources Law of the People's Republic of China, the Rules for Implementation of the Mineral Resources Law of the People's Republic of China, the Marine Environmental Protection Law of the People's Republic of China, and the Administrative Regulation on the Prevention and Treatment of the Pollution and Damage to the Marine Environment by Marine Engineering Construction Projects. Under those laws and regulations a series of legal measures have been established, which include, inter alia, the processing mechanism to apply for exploration for, and development of, marine mineral resources, the system for evaluation of environmental impact and the system for compensation and penalty for pollution and damage. A wealth of experience was accumulated through the legislative process of those laws and regulations in terms of regulating exploration and development of marine mineral resources and marine environmental protection. According to the Permanent Mission of the People's Republic of China to the United Nations, they provide a foundation for China's future legislation on exploration for, and development of, resources in the international seabed area.

B. Cook Islands

7. The Seabed Minerals Task Force of the Government of the Cook Islands provided the secretariat with a package of documents including, inter alia, the Seabed Minerals Act 2009 in draft Bill format, and a Cook Islands Model Seabed Minerals Agreement of April 2011. Those documents had been prepared by the Economic and Legal Section of the Commonwealth Secretariat in London, as part of its programme of support for the development of the Cook Islands' national regulatory framework. The Seabed Minerals Act 2009 was passed by the Parliament in 2009 and is yet to come into force. The key objective of the Act is to establish a legal framework for the efficient management of the seabed minerals of the Cook Islands Exclusive Economic Zone. Proper regulations will be drafted to support the Act and the appended Model Agreement prior to the Act's coming into force and deep seabed mining applications being considered. The Cook Islands Seabed Minerals Policy states, in Part 2.2 and Part 4 of the Act, that the underlying principles in environmental matters for deep seabed mining shall be to ensure that the conservation, protection and management of the marine and coastal environment of the Cook Islands is not compromised by seabed mineral activity and is guaranteed by the formulation, enactment and application of environmental laws and regulations reflective of the needs of the Cook Islands' ocean space and of internationally accepted principles and standards of environmental protection, including the precautionary principle.¹

C. Czech Republic

8. The Permanent Mission of the Czech Republic to the United Nations advised the Authority through a note verbale (No. 2608/2011) that the Act of the Czech Republic No. 158/2000 of 18 May 2000 on Prospecting, Exploration for and Exploitation of Mineral Resources from the Seabed beyond Limits of National Jurisdiction and Amendments to Related Acts have remained in force without substantial amendments since 2003. The Act governs the rights and obligations of natural persons domiciled in the territory of the Czech Republic and of legal entities with their seats in the territory of the Czech Republic, engaged in prospecting, exploration for and exploitation of mineral resources from the seabed and ocean floor and subsoil thereof, beyond the limits of national jurisdiction as well as the associated State administration activities. The purpose of the Act concerns implementation of principles and rules of international law, according to which the seabed, the subsoil thereof and the mineral resources specified in section 1 of the Act are considered the common heritage of mankind.

9. Under the Act, prospecting and activities in the Area may be carried out by the natural persons and legal entities defined above under the terms and conditions specified in the Act under "Authorized Persons". Work connected with prospecting

¹ According to a personal communication from Paul Lynch, Advisor to the Minister of Minerals and Natural Resources of the Cook Islands, this high standard of care in environmental matters stated in the Policy aligns fully with the due diligence obligations which will apply in the Area, as stated by the Seabed Disputes Chamber in its advisory opinion of 1 February 2011. He also advised that the Cook Islands are proceeding on the basis that the standards for the environmental regime for deep seabed mining in the Cook Islands need to be based on the best international environmental practice.

and activities in the Area shall be managed by, and responsibility for them shall be entrusted to, a natural person to whom the Ministry of Industry and Trade has granted a certificate of expertise. Expertise is defined under the Act as: (a) completed university education, specialization in geology or mining, and three years of experience in geological surveying or mining mineral materials; (b) demonstrable knowledge of either the English or the French language at the level of State language examination; (c) demonstrable knowledge of the provisions of the Act, Parts I, XI, XII and XV of the Convention, annexes III to VI to the Convention, the Agreement relating to the Implementation of Part XI of the Convention and its annex, the mandatory principles, rules, regulations and procedures issued by the Authority; and (d) experience in prospecting or in activities in the Area of at least one year's duration, at least one month of which should be in maritime activities (section 6 of the Act). A natural person who intends to engage in prospecting or activities in the Area as such or as an authorized representative of other persons ("Statutory Representative") shall file with the Ministry an application requesting the issuance of a certificate of expertise (section 7 of the Act). Details required to be contained in the application are specified in the relevant sections of the Act.

10. An Authorized Person may commence prospecting in the Area only after a document evidencing registration of the notification by the Authority has been submitted to the Ministry for its files. The Authorized Person may carry out activities in the Area only pursuant to a written contract concluded between the Authorized Person and the Authority, and under the terms and conditions laid down in the Act; and negotiations with the Authority concerning activities in the Area may start only after the Ministry has issued its prior consent in the form of the "certificate of sponsorship" (sections 8 and 9 of the Act). Detailed information required to be submitted by the Authorized Person in his or her application for a certificate of sponsorship is specified under the Act (section 10), and it is provided thereunder that the Ministry shall decide on granting the certificate of sponsorship after consultation with the Ministry of Foreign Affairs.

11. It is stipulated under the Act that disputes connected with prospecting or activities in the Area shall be resolved pursuant to the provisions of articles 186 to 190 of the Convention. If the Authorized Person is subject simultaneously to the proceedings undertaken by the Authority for violation of the mandatory principles, rules, regulations and procedures issued by the Authority in connection with prospecting or activities in the Area and by the Ministry for violation of the provisions of the Act, the Ministry shall suspend the proceedings until it receives a valid decision of the Authority. Should the Authority decide on recourse, the Ministry shall discontinue the proceedings; otherwise the proceedings instituted by the Ministry shall continue (sections 13 and 14 of the Act).

12. The scope of mandates of the Ministry of Industry and Trade is stipulated under the Act (section 15) as follows: (a) keep records of notifications registered by the Authority; (b) appoint and recall members of the expert examination board established to test the expertise and issue rules of procedure of the board; (c) decide on issuance and revoke certificates of expertise, and keep the corresponding records; (d) decide on issuance and revoke certificates of sponsorship granted and keep the corresponding records; inform the Authority about the issuance or expiration of certificates of sponsorship and the reasons therefore; (e) give consent to assignment of rights, obligations and duties and keep the corresponding records; (f) carry out

the inspection activities; and (g) levy fines. For a violation of the obligations stipulated in the Act, the Ministry shall levy a fine of up to: (a) CZK 100 million (US\$ 5,300,220) on a person engaged in activities in the Area without a contract concluded with the Authority; (b) CZK 10 million (US\$ 530,220) on a person engaged in prospecting without an appointed Statutory Representative unless the person himself is authorized to prospect; (c) CZK 10 million (US\$ 530,220) on a person that has failed to adapt its legal status to the provisions hereof within the prescribed period; and (d) CZK 1 million (US\$ 53,022) on a person that has violated any of its other obligations under the Act (section 18 of the Act). Such a fine may be levied within three years from the date on which the Ministry becomes aware of the violation, but never later than 10 years after the date on which the violation took place; the seriousness, impact and duration of the illegal activity, the scope of the ensuing damage, as well as the timely and effective cooperation extended by the offender in alleviating the damage, shall be taken into account in determining the amount of the fine.

D. Germany

13. As a former participant in the reciprocating States regime,² Germany adopted its Act on the Interim Regulation of the Deep Seabed Mining in 1980 to regulate provisionally the exploration for and recovery of mineral resources from the deep seabed until the entry into force of the United Nations Convention on the Law of the Sea.³ Germany acceded to the Convention and ratified the 1994 Agreement on 14 October 1994. In response to the request by the Secretary-General, Germany submitted a copy of its Seabed Mining Act of 6 June 1995 (the Act).⁴ The purpose of the Act is to ensure compliance with the obligations of Germany deriving from part XI of the Convention, its annex III, the 1994 Implementation Agreement, and the rules and regulations issued by the Authority, to ensure the safety of workers in seabed mining and of the operational facilities for seabed mining and the protection of the marine environment, to take precautions against hazards deriving from

² By 1985 unilateral legislation on seabed mining had been enacted by the following seven States: France (1981), Germany (1980), Italy (1985), Japan (1982), the United Kingdom of Great Britain and Northern Ireland (1981), the United States of America (1980), and the former Union of Soviet Socialist Republics (1982). Except in the case of the former Soviet Union, the aim of this legislation was to establish an interim programme to regulate the exploration for and commercial recovery of hard mineral resources of the deep seabed by the Governments of these so-called “reciprocating States”, pending their ratification of the United Nations Convention on the Law of the Sea. All those States indicated that their legislation was interim in nature, that it did not involve any claim to sovereignty or sovereign rights over the deep seabed or its mineral resources; that they remained committed to the entry into force of the Convention embodying the principle of common heritage of mankind (if an acceptable text could be agreed upon); that they were not bound by the General Assembly resolution on the subject; and that deep-sea mining conducted with due regard to the interests of other States in the freedom of the high seas was under the current law a legitimate exercise of a high seas freedom. Most of the legislation made provision for its repeal upon entry into force of the Convention for the States concerned. (See E. D. Brown, *The International Law of the Sea*, vol. I, Dartmouth Publishing Company, 1994, pp. 456-458.)

³ Federal Republic of Germany, Act on the Interim Regulation of Deep Seabed Mining 1980, sect. 1.

⁴ Most recently amended by article 74 of the Act of 8 December 2010 (*Federal Law Gazette*, I, p. 1,864).

prospecting and activities in the Area for life, health or the assets of third parties, and to regulate supervision of the prospecting and activities in the Area (section 1 of the Act). For prospectors and contractors, the provisions of the Act and ordinances issued on the basis of section 7 (Authorization to enact ordinances) shall also apply, in addition to the provisions of the Convention and the 1994 Agreement, to the rules and regulations and instructions of the Authority and the stipulations contained in the contracts concluded by them with the Authority.

14. The Act requires that any person wishing to prospect in the Area must first be registered by the Secretary-General of the Authority. The prospector must report the registration to the State Office for Mining, Energy and Geology prior to the commencement of prospecting. Any person wishing to engage in activity in the Area requires the approval of that Office and a contract with the Authority. The application for approval shall be presented to the same Office together with an application for the conclusion of a contract with the Authority, with the draft plan of work and with all other necessary documents. The State Office for Mining, Energy and Geology shall examine whether the preconditions for approval of the applicant are met. It shall obtain comments on the draft plan of work from the Federal Maritime and Hydrographic Agency with respect both to matters of shipping and matters of environmental protection and shall take account of them in its decision. In matters of environmental protection, the Federal Maritime and Hydrographic Agency shall submit its comments in consensus with the Federal Environment Agency. An applicant shall be approved if, first, the applicant and the plan of work meet the preconditions of the Convention, the 1994 Agreement, and the rules and regulations issued by the Authority for the conclusion of a contract, and in particular the obligations pursuant to article 4, paragraph 6 (a) to (c), of annex III to the Convention; and second, the applicant (a) is sufficiently reliable and can guarantee that the activities in the Area will be implemented in an orderly manner which upholds the needs of operational safety, of health and safety at work and of environmental protection, (b) can provide the funding needed for an orderly execution of the activities in the Area, and (c) can show plausibly that the activities planned in the Area can be carried out on a commercial basis (section 4 of the Act).

15. Pursuant to the Act, prospectors and contractors shall be responsible for (a) fulfilling the obligations for them derived from the Convention, the 1994 Agreement, the rules and regulations and instructions of the Authority, the contract, the Act, the ordinances enacted on the basis of section 7 and the administrative decisions taken by the State Office for Mining, Energy and Geology; (b) the safety of the operating facilities which serve the prospecting or activities in the Area, including their orderly construction, maintenance and removal; and (c) protection of the marine environment in the case of prospecting or activity in the Area (section 5 of the Act).

16. Under section 7 of the Act, the Federal Government of Germany is authorized to bring into force by means of ordinances the rules and regulations on prospecting, exploration and exploitation of resources in the Area which are adopted by the Authority pursuant to article 160, paragraph 2 (f) (ii), and article 162, paragraph 2 (o) (ii), of the Convention and article 17 of its annex III and paragraph 15 of section 1 of the annex to the 1994 Agreement. It is further provided under the same section that the Federal Ministry of Economics and Technology is authorized to enact ordinances containing provisions on the implementation of the aforementioned rules and regulations. The ordinances shall be enacted in consensus with the Federal

Ministry of Labour and Social Affairs to the extent that they refer to questions of health and safety at work, and in consensus with the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety to the extent that they refer to questions of environmental protection. This shall be without prejudice to the authorizations pursuant to the Federal Maritime Responsibility Act.

17. The Act also deals with administrative offences and provides for fines up to 50,000 euros levied for these offences committed by anyone who deliberately or negligently fails to register or engages in activities in the Area without a contract with the Authority or breaches a contract with the Authority (section 11 of the Act). Anyone who deliberately commits an act described in the Act and thereby endangers the life or health of stocks of living resources and marine life, or third party assets of significant value, shall be liable to imprisonment of up to five years or to a fine. The Act further provides that anyone who causes danger by negligence or acts recklessly and causes the danger by negligence shall be liable to imprisonment of up to two years or a fine. However, these penalties shall not apply “if the offence is liable to an equal or heavier punishment pursuant to” relevant sections of the Criminal Code of Germany (section 12 of the Act).

E. Guyana

18. On 31 January 2012, the Ministry of Foreign Affairs of the Republic of Guyana submitted to the secretariat a note verbale (No. 101/2012), advising that Guyana does not have any national laws or regulations and has not adopted any administrative measures in relation to the Area. The Ministry further advised that although a Maritime Zones Act was adopted by Guyana in 2010, the provisions therein are focused primarily on Guyana’s territorial waters without dealing with the Area. Guyana, however, recognizes the importance of having such legislation and would like to participate in the process of preparing the model legislation as well as access any assistance to be offered by the Authority in the drafting of its own legislation.

F. Nauru

19. In the certificate of sponsorship issued by the Republic of Nauru to Nauru Ocean Resources Inc. (NORI) for the NORI application for approval of a plan of work for exploration for polymetallic nodules, it was declared that the Republic of Nauru assumed responsibility in accordance with article 139, article 153, paragraph 4, and annex III, article 4, paragraph 4, of the Convention. Further, in a letter to the Secretary-General of the Authority dated 11 April 2011, Nauru also reaffirmed its commitment to fulfilling its responsibilities under the Convention and taking all necessary and appropriate measures to secure the effective compliance of NORI with the Convention and related instruments (ISBA/17/C/9, para. 21).

20. In the application the Authority was informed that the Government of Nauru referred to the advisory opinion delivered on 1 February 2011 by the Seabed Disputes Chamber of the International Tribunal for the Law of the Sea (the Tribunal) and stated that it had commenced the process of implementing a comprehensive legal framework to regulate the activities of NORI in the Area. A collaborative work had commenced with the Applied Geoscience and Technology

Division (SOPAC) of the secretariat of the Pacific Community (SPC) on its deep-sea minerals project funded by the European Union (see paras. 25 and 26 below for more information about the project). This project is aimed at strengthening the system of governance and capacity of countries in the management of deep-sea minerals through the development and implementation of sound and regionally integrated legal frameworks, including legislative and regulatory frameworks for offshore minerals exploration and mining, as well as improved human and technical capacity and effective management and monitoring of offshore exploration and mining operations (*ibid.*, para. 22). In March 2012 the project provided Nauru's Parliamentary Counsel with drafting instructions for a Bill for Nauru to regulate deep-sea mining activities under its control.

G. Tonga

21. In its application for approval of a plan of work for exploration for polymetallic nodules in the Area, Tonga Offshore Mining Limited (TOML) informed the Authority that it was sponsored by the Kingdom of Tonga, and in the certificate of sponsorship issued by the Government of Tonga, the Government declared further that it assumed responsibility in accordance with article 139, article 153, paragraph 4, and annex III, article 4, paragraph 4, of the Convention. During the examination of the application by the Legal and Technical Commission, the representatives of Tonga also stated the intention to adopt laws and regulations and to take administrative measures, within the framework of its legal system, for securing compliance by the applicant under its jurisdiction. The SPC-SOPAC European Union (EU)-Funded Deep Sea Minerals Project in January 2012 provided Tonga's Crown Law Office with drafting instructions for a Bill for Tonga to regulate deep-sea mining activities within its jurisdiction or under its effective control. It has subsequently been agreed that the Project's Legal Advisor will work with Tonga's Solicitor General to produce draft legislation by June 2012.⁵

H. United Kingdom of Great Britain and Northern Ireland

22. On 24 February 2012, the Foreign and Commonwealth Office of the United Kingdom provided the secretariat with links to the United Kingdom principal legislation including the Deep Sea Mining (Temporary Provisions) Act 1981 (the Act), the Deep Sea Mining (Exploration Licences) (Applications) Regulations 1982, and the Deep Sea Mining (Exploration Licences) Regulations 1984. As a former participant in the reciprocating States regime,⁶ the United Kingdom enacted its Deep Sea Mining (Temporary Provisions) Act in 1981. While the United Kingdom acceded to the Convention and ratified the Implementation Agreement on 25 July 1997, the above legislation remains in force. The Act provides: (a) that, in determining whether to grant an exploration or exploitation licence, the Secretary of State shall have regard to the need to protect (so far as reasonably practicable) marine creatures, plants and other organisms and their habitat from any harmful effects which might result from any activities to be authorized by the licence, and

⁵ Hannah Lily, Legal Advisor, SPC-SOPAC EU-Funded Deep Sea Minerals Project (personal communication).

⁶ See footnote 2 above.

the Secretary of State shall consider any representations made to him concerning such effects; and (b) terms and conditions of an exploration or an exploitation licence — any exploration or exploitation licence granted by the Secretary of State shall contain such terms and conditions as he considers necessary or expedient to avoid or minimize any such harmful effects (section 1 of the Act). The Act further provides that the Secretary of State may vary or revoke any exploration or exploitation licence to protect any marine creatures, plants or other organisms or their habitat (section 6 (1) of the Act). The Deep Sea Mining (Exploration Licences) (Applications) Regulations 1982 provide for the form and content of applications for exploration licences. The Deep Sea Mining (Exploration Licences) Regulations 1984 prescribe a set of model clauses to be incorporated in such licences, unless the Secretary of State thinks fit to modify or exclude them in any particular case. The model clauses govern, in particular, the scope and duration of the exploration licence (for an initial period of 10 years and may be extended for successive periods of 5 years each), and the responsibilities of the licensee, including requirements for the protection of the environment. They also make provision for surveillance of the licensee's operations by inspectors appointed by the Secretary of State. There also exists the Deep Sea Mining (Temporary Provisions) Act 1981 (Isle of Man) Order 2000, which applies section 1 of the Deep Sea Mining (Temporary Provisions) Act 1981 to bodies incorporated under the laws of the Isle of Man of the United Kingdom, and extends to the Isle of Man other relevant sections under the same Act with modifications specified in the Order.

I. Zambia

23. In its note verbale No. 130/2012 dated 27 April 2012 and an enclosed report, the Permanent Mission of Zambia to the United Nations provided the secretariat with information on Zambia's relevant laws, regulations and administrative measures relating to the Convention. It was stated in the report that "Zambia, being a landlocked and developing country, does not have navy or commercial fishing fleets — whether State or privately owned. Thus with a lack of these, there is little or no incentive in developing laws that regulate such matters. The practicality of the country enacting legislation to carry out obligations under the Convention with a cost implication when the country does not or hardly utilizes the resources in the seas is low. However, as the country's population grows and available resources are likely to become more scarce, it is important that the country explore and utilize other resources available to it". While 13 domestic laws of Zambia were identified in the report as being relevant to the implementation of the Convention, and the current status thereof was briefly introduced, the report recognized that many of the laws would need to be reviewed and their scope needed to be expanded so as to deal with activities on the high seas. Currently no national legislation exists in Zambia on the use of the Exclusive Economic Zone (EEZ), shipping, fishing or other economic activities on the high seas, nor are there legislative or administrative measures with regard to the Area. The existing Environmental Protection and Pollution Control Act, which prohibits pollution of air and water, for instance, does not deal with conservation and management of resources in the high seas, and the report pointed out that "there is need for legislation that deals with these matters comprehensively and to include provisions for States to cooperate in the management of such resources".

24. Based on the above exercise of examining the legislative status of Zambia, the report of Zambia concluded that “it is clear that there is very little domestication or compliance with” the Convention. “The laws that were found to be related to the provisions of the Convention are scattered with provisions that need to be enhanced in order to bring them properly in line with the Convention. Thus comprehensive legislation will need to be developed to ensure that the contents of the Convention are domesticated. In addition, there would be need for policies and laws that will facilitate or encourage the development of enterprises that will utilize resources in the seas, as currently the cost of investing in such enterprises may be beyond most Zambians.”

II. Regional efforts

25. In response to the growing interest in deep-sea minerals exploration and mining in recent years within the Pacific Islands region, the secretariat of the Pacific Community Applied Geoscience and Technology Division (SOPAC), with the support of member countries and the financial assistance of the European Union, has established a four-year project (2011-2014) called “SPC-SOPAC EU-Funded Project: Deep Sea Minerals (DSM) in the Pacific Islands Region: A Legal and Fiscal Framework for Sustainable Resource Management” (the Project), to provide relevant assistance, support and advice to the Project’s participating countries. These countries include Cook Islands, Federal States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu and Vanuatu. Except Timor-Leste, all the other 14 are members of the Authority. The Project was first introduced to participating Pacific-African, Caribbean and Pacific (ACP) countries and other interested parties at the Project’s Inaugural Workshop in June 2011 in Nadi, Fiji.⁷ The Project is tasked to (a) develop a regional legislative and regulatory framework for the above Pacific Island countries; and (b) assist them in the development of national policy and legislation on deep-sea mineral exploration and exploitation activities within States’ own jurisdiction and in the Area.⁸

26. The first draft of a regional legislative and regulatory framework was completed by the Project Legal Advisor at the end of 2011 and has been circulated for comments to the 15 participating Pacific-ACP countries and to 300 other stakeholders, experts and interested parties. A final version, to be agreed by the 15 Project countries, and taking into account the comments received, is due for publication by 30 June 2012.

⁷ The Deputy to the Secretary-General of the Authority, at the invitation of the secretariat of the Pacific Community, serves as a member of the steering committee for the implementation of the project. The committee comprises globally recognized experts in seabed mining, international law and mineral policy and science.

⁸ Terms of Reference for Development of a Regional Legislative and Regulatory Framework, 12 December 2011.

III. Status of national legislation of observer states and former reciprocating States

27. As one of the former reciprocating States⁹ and currently an observer to the Authority, the United States of America enacted in 1980 the Deep Seabed Hard Mineral Resources Act (the Act). Pursuant to the Act, each licence and permit issued under the Act shall contain such terms, conditions and restrictions, established by the Administrator of the National Oceanic and Atmospheric Administration (NOAA), which prescribe the actions the licensee or permittee shall take in the conduct of exploration and commercial recovery activities to assure protection of the environment. The Administrator shall require in all activities under new permits, and wherever practicable in activities under existing permits, the use of the best available technologies for the protection of safety, health and the environment wherever such activities would have a significant effect on safety, health or the environment, except where the Administrator determines that the incremental benefits are clearly insufficient to justify the incremental costs of using such technologies. Any offence described in the Act is punishable by a fine of not more than \$75,000 for each day during which the violation continues or imprisonment for not more than six months, or both. The implementing regulations to this Act include, inter alia, Deep Seabed Mining Regulations Affecting Pre-Enactment Explorers 1980, Deep Seabed Mining Regulations for Exploration Licenses 1980, Deep Seabed Mining Regulations for Commercial Recovery Permits, Public Law 103-426, An Act to authorize the Secretary of the Interior to negotiate agreements for the use of Outer Continental Shelf sand, gravel and shell resources, enacted on 31 October 1994, and Guidelines for Obtaining Minerals other than Oil, Gas and Sulphur on the Outer Continental Shelf, issued by United States Department of the Interior, Minerals Management Service, in December 1999.

28. Other members of the Authority which were former reciprocating States, including France, Italy, Japan and the Russian Federation (formerly the Union of Soviet Socialist Republics), did not respond to note verbale No. 297/11 sent by the secretariat on 6 October 2011, and the status of their respective national legislation remains unknown to the Secretary-General of the Authority at this time.

⁹ See footnote 2 above.

Annex

List of the legislation

I. General

United Nations Convention on the Law of the Sea, Montego Bay, 10 December 1982. In force 16 November 1994, United Nations *Treaty Series*, vol. 1833, No. 1-31363, p. 397; 21 *International Legal Materials* 1261 (1982).

Agreement relating to the implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982. In force 28 July 1994. General Assembly resolution 48/263; 33 *International Legal Materials* 1309 (1994); United Nations *Treaty Series*, vol. 1836, No. 1-31364, p. 42.

Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area. Adopted 13 July 2000 (ISBA/6/A/18 dated 4 October 2000). Also reproduced in *Selected Decisions* 6, pp. 31-68.

Regulations on prospecting and exploration for polymetallic sulphides in the Area. Adopted 7 May 2010 (ISBA/16/A/12/Rev.1 dated 15 November 2010). Also reproduced in *Selected Decisions* 16, pp. 35-75.

Draft regulations on prospecting and exploration for cobalt-rich ferromanganese crusts in the Area (ISBA/16/C/WP.2 dated 29 November 2009). Also reproduced in *Selected Decisions* 16, pp. 116-155.

II. National legislation

China

Mineral Resources Law of the People's Republic of China (Adopted at the 15th meeting of the Standing Committee of the Sixth National People's Congress on 19 March 1986, and revised in accordance with the Decision of the Standing Committee of the National People's Congress on Revising the Mineral Resources Law of the People's Republic of China, adopted at the 21st meeting of the Standing Committee of the Eighth National People's Congress on 29 August 1996).

Rules for Implementation of the Mineral Resources Law of the People's Republic of China (Promulgated by Decree No. 152 of the State Council of the People's Republic of China on 26 March 1994, and effective as of the date of promulgation).

Marine Environmental Protection Law of the People's Republic of China (Adopted at the twenty-fourth session of the Standing Committee of the Fifth National People's Congress on 23 August 1982; effective as of 1 March 1983, and revised at the thirteenth session of the Standing Committee of the Ninth National People's Congress on 25 December 1999).

Administrative Regulation on the Prevention and Treatment of the Pollution and Damage to the Marine Environment by Marine Engineering Construction Projects (Adopted at the 148th executive meeting of the State Council on 30 August 2006; in force as of 1 November 2006).

Cook Islands

Cook Islands. Seabed Minerals Act 2009.

Cook Islands. Model Seabed Minerals Agreement of April 2011.

Czech Republic

Czech Republic. Prospecting, Exploration for and Exploitation of Mineral Resources from the Seabed beyond Limits of National Jurisdiction. Act No. 158/2000 of 18 May 2000.

Germany

Germany. Act on Interim Regulation of Deep Seabed Mining 1980, dated 16 August 1980 (English translation) (1981) *International Legal Materials*, XX, p. 393.

Germany. Seabed Mining Act of 6 June 1995 (the Act). Amended by article 74 of the Act of 8 December 2010 (*Federal Law Gazette* I, p. 1864).

Federal Maritime Responsibilities Act of 26 July 2002 (*Federal Law Gazette* I, p. 2876). Amended by article 4 of the Act of 2 June 2008 (*Federal Law Gazette* 2008 II, p. 520).

Guyana

Guyana. Maritime Zones Act 2010 — Act No. 18 of 2010. In force as of 18 September 2010.

Kingdom of Tonga

See Regional efforts in the Pacific Islands region.

Pacific Islands Region

P-ACP States Regional Legislative and Regulatory Framework for Deep Sea Minerals Exploration and Exploitation. SPC-SOPAC EU Deep Sea Minerals Project, 18 April 2012.

Republic of Nauru

See Regional efforts in the Pacific Islands region.

United Kingdom of Great Britain and Northern Ireland

United Kingdom. Deep Sea Mining (Temporary Provisions) Act 1981. 1981, chapter 53, 28 July 1981.

United Kingdom. Deep Sea Mining (Exploration Licences) (Applications) Regulations 1982, No. 58. Effective 25 January 1982.

United Kingdom. Deep Sea Mining (Exploration Licences) Regulations 1984, No. 1230. In operation on 3 September 1984.

United Kingdom. Deep Sea Mining (Temporary Provisions) Act 1981 (Isle of Man) Order 2000, No. 1112. In operation on 1 May 2000.

Zambia

Environmental Protection and Pollution Control Act (No. 12 of 1990); and (Amendment) Act 1999 (No. 12 of 1999) — Cap 204 of the Law of Zambia.

III. Reciprocating States legislation

France. Law on the Exploration and Exploitation of Mineral Resources on the Deep Sea-bed 1981, Law No. 81-1135 of 23 December 1981.

Germany. Act on Interim Regulation of Deep Seabed Mining 1980, dated 16 August 1980 (English translation) (1981) *International Legal Materials*, XX, p. 393.

Italy. Regulations on the Exploration and Exploitation of the Mineral Resources of the Deep Seabed, Law No. 41 of 20 February 1985.

Japan. Law on Interim Measures for Deep Sea-bed Mining, 1982. *International Legal Materials*, 22 (1) (1983), pp. 102-122.

Union of Soviet Socialist Republics. [Edict on] Provisional measures to regulate the activity of Soviet Enterprises relating to the Exploration and Exploitation of Mineral Resources of Sea-bed Areas beyond the Limits of the Continental Shelf, 17 April 1982.

United Kingdom. Deep Sea Mining (Temporary Provisions) Act, 1981. 1981, chapter 53, 28 July 1981.

United States. Deep Seabed Hard Mineral Resources Act, 1980. Public Law 96-283, 28 June 1980, 94 Stat. 553 (30 U.S.C. 1401 et seq.), as amended to 1 July 2000.

IV. National legislation of an observer State

United States of America

United States. Deep Seabed Hard Mineral Resources Act, 1980. Public Law 96-283, 28 June 1980, 94 Stat. 553 (30 U.S.C. 1401 et seq.), as amended to 1 July 2000.

United States. Deep Seabed Mining Regulations Affecting Pre-Enactment Explorers. 45 Fed. Reg. 226 (20 November 1980), pp. 76661-76663.

United States. Deep Seabed Mining Regulations for Exploration Licenses 1980. 46 Fed. Reg. 45896 (15 September 1981); 15 Code of Federal Regulations, Part 970.

United States. Deep Seabed Mining Regulations for Commercial Recovery Permits, 54 Fed. Reg. 525 (6 January 1989); 15 Code of Federal Regulations, Part 971.

United States Department of the Interior, Minerals Management Service (MMS).
Guidelines for Obtaining Minerals other than Oil, Gas and Sulphur on the Outer
Continental Shelf (Public Law 103-426, enacted 31 October 1994; 108 Stat. 4371).
OCS Report. MMS 99-0070 (December 1999).



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Laws, regulations and administrative measures adopted by sponsoring States and other members of the International Seabed Authority with respect to the activities in the Area

Report of the Secretary-General

Addendum

Mexico

1. On 21 December 2011, by its note verbal No. 2462, the Embassy of Mexico in Jamaica submitted to the secretariat of the International Seabed Authority a report on the laws, regulations and administrative measures of Mexico on underwater mining, and two publications from the Ministry of the Environment and Natural Resources of Mexico, including (a) a guide for the presentation of environmental impact statements for the mining sector (available from http://tramites.semarnat.gob.mx/Doctos/DGIRA/Guia/MIAParticular/g_minera.pdf); and (b) an analysis of gaps and omissions in the conservation of marine biodiversity in Mexican oceans, coasts and islands (available from www.biodiversidad.gob.mx/pais/pdf/LibroGapMarino.pdf).

2. In order to contribute to the Authority's compilation of relevant national judicial frameworks and the creation of "model laws" on underwater mining, the report was prepared to inform the Authority of the laws, norms and administrative methods on environmental matters relating to the mining areas within Mexico's national jurisdiction. According to the report, to date, no laws, norms or specific administrative methods have been developed relating to activities in the Area, and no mining activities have been reported in the maritime areas under Mexico's jurisdiction. However, since the 2005 modification of Mexico's Mining Law, the deep seabed has been considered a possible concession space for the exploration and exploitation of minerals. Mexico's Federal Oceans Act provides that the works and exploitation carried out in the islands, deep seabed and subsoil of the exclusive economic zone, as well as in natural protected areas and national territorial waters of Mexico, can only be conducted with the authorization, permission or concession of the relevant authorities for each of these marine areas, pursuant to the rules,



norms and policies of the Federal Oceans Act and its Regulations, and to the environmental laws in effect in Mexico.

3. Environmental legislation and administrative measures relating to mining activities in maritime areas under Mexico's national jurisdiction cover four main areas, i.e., (a) environmental impact assessments; (b) monitoring; (c) the establishment of natural protected areas; and (d) the identification of vulnerable deep sea ecosystems. These four areas are elaborated in the report and summarized below by the secretariat of the Authority.

4. The environmental impact assessment procedure is regulated mainly by Mexico's General Law on Ecological Balance and the Protection of the Environment, and its Regulations on Environmental Impact Assessment. The Federal authority responsible for that function is the Ministry of the Environment and Natural Resources, which is responsible for environmental impact assessments and authorizing mineral exploration and exploitation activities. The Ministry published the guide for the presentation of environmental impact statements for the mining sector (see para. 1 above), a reference document that aims to help those undertaking mining activities or projects to provide an ordered, clear and complete presentation of the results of their assessments of environmental impacts on ecosystems. In Mexico, an environmental impact assessment is considered part of the planning tasks and therefore a precondition when submitting an activity or project for approval. It is considered useful to create flow charts of the environmental impact assessment as a strategy to facilitate the fulfilment of the standard framework in this area. The report also details the environmental impact assessment procedure in Mexico.

5. The monitoring of mining activities in the maritime area under Mexico's national jurisdiction is compulsory and regulated by the General Law on Ecological Balance and the Protection of the Environment and the Regulations on Environmental Impact Assessment. In accordance with the General Law, the Ministry of the Environment and Natural Resources is authorized to carry out, on its own or as mandated by the Secretary of the Navy, actions to inspect and monitor compliance in Mexican maritime areas. Sanctions are imposed, where appropriate, for non-compliance. The Regulations on Environmental Impact Assessment also provide that the Ministry of the Environment and Natural Resources, through the Public Prosecutor for the Environment, shall inspect and monitor compliance with the arrangements in the Regulations and impose all security measures and sanctions deemed applicable to a particular case.

6. The establishment of natural protected areas and identification of vulnerable deep sea ecosystems are considered additional tools for the protection and preservation of the marine environment. The report indicates that, although the Mexican juridical system did not anticipate arrangements specifically applicable to the identification of vulnerable deep seabed ecosystems, those ecosystems could be protected by the establishment of natural protected areas. The categories and procedures for their establishment and other judicial measures relative to the natural protected areas under federal authority are regulated in section I of the second part of the General Law on Ecological Balance and the Protection of the Environment, and in the rules of the General Law concerning matters of natural protected areas. Article 51 of the General Law provides that, in order to preserve and protect the marine ecosystems and regulate the sustainable enjoyment of aquatic flora and fauna

in Mexican marine areas, natural protected areas could be established in the form of biosphere reserves, national parks, natural monuments, protected flora and fauna areas and sanctuaries. Article 51 also sets out the coordination between the Ministry of the Environment and Natural Resources and the Maritime Ministry for the establishment, management and monitoring of such natural protected areas. The rules concerning natural protected areas also regulate the use of permitted employment, prohibitions, and the procedures for obtaining the authorization of the Ministry of the Environment and Natural Resources through the National Commission for Natural Protected Areas, in order to facilitate mining exploration and exploitation work conducted in natural protected areas.

7. With regard to identifying vulnerable deep seabed ecosystems, a national environment policy was recently formulated in Mexico through the document entitled “National environmental policy for the sustainable development of Mexico’s oceans and coasts: Strategies for their conservation and sustainable use” (see A/61/372, annex). One of the developments regarding the strategy of that policy was the process of determining the preparatory sites for marine biodiversity conservation. Valuable deep seabed ecosystems were also identified. Those efforts constitute a reference framework for decision-making and identifying priorities related to the marine ecosystems, to improve the knowledge, conservation and sustainable management of natural resources.

Annex

List of national legislation

Mexico

1. General Law on Ecological Balance and the Protection of the Environment (Ley General del Equilibrio Ecológico y la Protección al Ambiente), Diario Oficial de la Federación, 28 January 1988. Reform and update of 4 June 2012.
 2. Regulation of the General Law on Ecological Balance and the Protection of the Environment on Environmental Impact Assessment (Reglamento de la Ley General del Equilibrio Ecológico y la Protección al Ambiente en Materia de Evaluación del Impacto Ambiental), Diario Oficial de la Federación, 30 May 2000. Reform and update of 26 April 2012.
 3. United Mexican States. Mining Law, Diario Oficial de la Federación, 26 June 1992. Amended 28 April 2005.
 4. National environmental policy for the sustainable development of Mexico's oceans and coasts: Strategies for their conservation and sustainable use. (See A/61/372, annex.)
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Periodic review of the implementation of the plans of work for exploration for polymetallic nodules in the Area

Report of the Secretary-General

1. The present report is intended to provide the Council with information on the status and outcome of the periodic reviews of the current contracts for exploration for polymetallic nodules, in accordance with regulation 28 of the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area.

I. Introduction

2. In accordance with the Regulations, each application for approval of a plan of work for exploration must contain a general description and a schedule of the proposed exploration programme, including the programme of activities for the immediate five-year period, such as studies to be undertaken in respect of the environmental, technical, economic and other appropriate factors that must be taken into account in exploration, and a schedule of anticipated yearly expenditures in respect of the programme of activities for the immediate five-year period (regulation 18, paras. (a) and (f)). Upon approval of the application, the five-year programme of activities is incorporated into each contract for exploration as a schedule to the contract and, in accordance with standard clause 4 of the contract (section 4 of annex 4 to the Regulations), the contractor is contractually bound to commence exploration in accordance with the time schedule stipulated in the programme of activities and shall adhere to such time periods or any modification thereto. Standard clause 4.2 further provides that:

The Contractor shall carry out the programme of activities set out in schedule 2 hereto. In carrying out such activities the Contractor shall spend in each contract year not less than the amount specified in such programme, or any agreed review thereof, in actual and direct exploration expenditures.

3. The programme of activities may be adjusted at any time by mutual agreement between the contractor and the Authority in accordance with good mining industry



practice and taking into account market conditions. Regulation 28, however, provides a specific mechanism whereby contractors may adjust their programmes of activities at five-year intervals through a periodic review process undertaken jointly between the Secretary-General and each contractor. In this regard, standard clause 4.4 provides that, not later than 90 days prior to the expiration of each five-year period from the date on which the contract enters into force, the contractor and the Secretary-General shall jointly undertake a review of the implementation of the plan of work for exploration. In the light of the review, the contractor shall indicate its programme of activities for the following five-year period, including a revised schedule of anticipated yearly expenditures, making such adjustments to its previous programme of activities as are necessary. The revised programme of activities is then incorporated into the contract. In accordance with standard clause 24.3, this is done through an instrument in writing (in the form of an exchange of letters) signed by the Secretary-General and the authorized representative of the contractor. Pursuant to regulation 28, the Secretary-General is required to report on the review to the Legal and Technical Commission and to the Council.

4. For six of the current contractors (Yuzhmorgeologiya, the Interoceanmetal Joint Organization, the Government of the Republic of Korea, the China Ocean Mineral Resources Research and Development Association, the Deep Ocean Resources Development Co. Ltd. and the Institut français de recherche pour l'exploitation de la mer), whose contracts were issued in 2001, the second five-year period ended in 2011. In the case of the Federal Institute for Geosciences and Natural Resources of Germany, whose contract was issued in 2006, the first five-year programme of activities expired in 2011. For the Government of India, in respect of which the contract was issued in 2002, the second five-year period ends in 2012. The contractor has submitted information and the periodic review will be carried out during or shortly after the eighteenth session of the Authority.

II. Periodic review process

5. The Secretary-General began the periodic review process in October 2010 by inviting all the contractors to submit, in addition to their annual reports, a comprehensive report of the exploration work carried out to date and data and results obtained, including those data not yet supplied to the Authority. The contractors were also invited to provide a comprehensive breakdown of expenditure incurred during the five-year period under review, in the format recommended by the Legal and Technical Commission in its 2009 recommendations for the guidance of contractors for the reporting of actual and direct exploration expenditures as required by annex 4, section 10, of the Regulations (see ISBA/15/LTC/7). The contractors were further invited to submit their proposed programmes of activities and associated statements of minimum expenditure for the subsequent five-year period. The contractors submitted the relevant information on the dates set out in the annex to the present report and, in all cases, by June 2011.

6. The reports received from the contractors were placed before the Legal and Technical Commission during the Authority's seventeenth session, in 2011. The Commission considered the information provided in the context of its review of the annual reports on the activities of each contractor. With regard to the implementation by the contractors of their plans of work, the Commission expressed its concern over the lack of raw data associated with resource assessment and

environment baseline studies. It noted that the lack of such data was an impediment to the assessment of activities in the Area by the Authority, such as the creation of a regional environmental management plan. The Commission made a number of recommendations in this respect, which were subsequently taken up by the Council and are reflected in document ISBA/17/C/20. With regard to financial expenditure, the Commission noted significant variations in reported financial expenditure between the contractors. It also reiterated the difficulty in making any evaluation of actual and direct exploration expenditure when the contractors had not followed the relevant recommendations for guidance. It also recommended that the programme of activities for the next five years for the six contractors entering the final five-year contract period should include an economic pre-feasibility study providing an indication of the level of returns that could be generated for any investment in the exploitation of nodules. Lastly, it suggested that the Secretariat should organize a meeting with contractors in which a specific provision would be included in the agenda to include financial appraisal as a component of future reporting.

7. Between November 2011 and May 2012, the Secretary-General, or his representative, sought to meet each contractor bilaterally to discuss the implementation of the plan of work in more detail, as envisaged in the Regulations. Meetings with the China Ocean Mineral Resources Research and Development Association, the Deep Ocean Resources Development Co. Ltd. and the Government of the Republic of Korea were held during official visits to those contractors, and meetings with the Federal Institute for Geosciences and Natural Resources of Germany and the Interoceanmetal Joint Organization took place in Kingston. An informal meeting with representatives of France, the sponsoring State of the Institut français de recherche pour l'exploitation de la mer, took place in New York. It was not possible to convene a bilateral meeting with Yuzhmorgeologiya. These meetings were useful in developing a better understanding of each contractor's exploration programmes, strategic objectives and achievements. They also provided an opportunity for the Secretary-General to convey to the contractors in more detail the concerns of the Legal and Technical Commission and the Council, in particular with regard to issues such as the provision of environmental baseline data and the future pace of activities in the Area, and for the contractors to respond to those concerns. The Secretary-General also received briefings from the contractors on the status of development of mining and processing technology.

8. It may be noted that, in January 2012, in response to the recommendation by the Legal and Technical Commission and the decision of the Council contained in document ISBA/17/C/20, the Secretary-General convened a meeting with the contractors to facilitate an exchange of views on data protocols and standardization. A separate report on the outcomes of that meeting is before the Legal and Technical Commission (see ISBA/18/LTC/3).

9. Following the bilateral meetings outlined above, the periodic reviews were concluded through exchanges of letters, as shown in the annex to the present report.

III. Considerations for the future work of the contractors

10. Some general comments may be made with regard to the implementation of plans of work for exploration by the contractors. As noted by the Legal and Technical Commission, the quality of information provided by the contractors in

annual reports to the Authority has improved considerably over recent years, with most contractors now following the standardized format and structure for annual reports recommended by the Commission in 2002. In general terms, the contractors have also improved their financial reporting so that it is more transparent and complies with the recommendations for guidance issued by the Commission in 2009. Furthermore, as a result of the meeting with the contractors held in January 2012, the Secretariat has received more raw environmental data from them and measures are being taken (subject to the availability of budgetary resources) to ensure that these data can be analysed, evaluated and standardized so as to facilitate the development of environmental baselines for the next phase of seabed mining.

11. It must be noted, however, that six of the current contractors are now embarking on the final phase of their initial exploration programmes. Contracts for exploration are issued for a period of 15 years, which is considered sufficient to explore an area, identify a first-generation mine site, develop an environmental baseline, test and evaluate mining technology and prepare an assessment of the environmental impact of such technology with a view to proceeding to exploitation. Although some contractors have made some progress with the development of mining and processing technology, there is little evidence of any sense of urgency or commercial development. Most programmes continue to be prolonged scientific research campaigns, without any commercial viability. For example, one contractor plans only a single cruise during the period, which will consist mainly of evaluating environmental data. Only three contractors propose to conduct an economic pre-feasibility study that is useful in preparing for the exploitation phase. No contractor has to date informed the Authority that it has decided to proceed to conduct test mining to evaluate the commercial and environmental risks associated with the mining and processing systems.

12. For the most part, as organizations sponsored and funded directly or indirectly by Governments through public funding, the current contractors have been engaged in providing scientific and technical support for marine mineral development in the same way as national geological surveys operate in undertaking baseline investigations of the terrestrial environment. The objective of these surveys is to lay the foundation for commercial exploitation of mineral resources by reducing the technical risk inherent in the evolution of a mineral project from prospecting into production. In this regard, it is notable that some of the contractors have also undertaken extensive pilot plant testing of marine minerals to determine optimum hydrometallurgical and pyrometallurgical extraction of the key metals, notably copper and nickel. The next step would logically be to encourage private-sector investment in the exploitation of marine mineral deposits and to undertake a preliminary economic evaluation of the feasibility of proceeding to exploitation, in addition to increasing the pace of activity related to the testing of collector systems.

IV. Recommendation

13. The Council is invited to take note of the status of exploration work being carried out by the contractors identified herein and to note the periodic reviews of seven plans of work for exploration.

Annex

Status of reviews as at 7 June 2012

<i>Contractor</i>	<i>Date of entry into force of contract</i>	<i>Date of expiry of five-year programme of activities</i>	<i>Date of submission of proposed programme of activities</i>	<i>Date of contract revision</i>
Interoceanmetal Joint Organization	29 March 2001	29 March 2011	4 April 2011	25 May 2012
Yuzhmorgeologiya	29 March 2001	29 March 2011	5 April 2011	28 March 2012
Government of the Republic of Korea	27 April 2001	27 April 2011	6 April 2011	5 April 2012
China Ocean Mineral Resources Research and Development Association	22 May 2001	22 May 2011	28 March 2011	7 June 2012
Deep Ocean Resources Development Co. Ltd.	20 June 2001	20 June 2011	29 April 2011	24 February 2012
Institut français de recherche pour l'exploitation de la mer	20 June 2001	20 June 2011	6 June 2011	Pending
Federal Institute for Geosciences and Natural Resources of Germany	19 July 2006	19 July 2011	6 April 2011	Pending



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Report and recommendations of the Legal and Technical Commission to the Council of the International Seabed Authority relating to an application for the approval of a plan of work for exploration for polymetallic sulphides by the Government of the Republic of Korea

I. Introduction

1. On 21 May 2012, the Secretary-General of the International Seabed Authority received an application for the approval of a plan of work for exploration for polymetallic sulphides in the Area. The application was submitted, pursuant to the Regulations on prospecting and exploration for polymetallic sulphides in the Area (ISBA/16/A/12/Rev.1, annex), by the Government of the Republic of Korea.

2. On 25 May 2012, in accordance with regulation 22 (c) of the Regulations, the Secretary-General issued a note verbale to notify the members of the Authority of the receipt of the application and circulated information of a general nature concerning the application. The Secretary-General also placed consideration of the application as an item on the agenda of the Legal and Technical Commission at its meeting held from 9 to 19 July 2012.

II. Methodology and consideration of the application by the Legal and Technical Commission

A. General methodology applied by the Commission in consideration of the application

3. In its consideration of the application, the Commission noted that, in keeping with the scheme established in article 6 of annex III to the United Nations Convention on the Law of the Sea, it was first required to make an objective determination as to whether the applicant had fulfilled the requirements contained in the Regulations, particularly with respect to the form of applications; whether the applicant had provided the necessary undertakings and assurances specified in



regulation 15 of the Regulations; and whether it had the necessary financial and technical capability to carry out the proposed plan of work for exploration and, as appropriate, had satisfactorily discharged its obligations under any previous contract with the Authority. The Commission is then required to determine, in accordance with regulation 23 (4) of the Regulations and its procedures, whether the proposed plan of work will provide for effective protection of human health and safety, effective protection and preservation of the marine environment, and ensure that installations are not established where interference may be caused to the use of recognized sea lanes essential to international navigation or in areas of intense fishing activity. Regulation 23 (5) of the Regulations goes on to provide that “If the Commission makes the determinations specified in paragraph 3 and determines that the proposed plan of work for exploration meets the requirements of paragraph 4, the Commission shall recommend approval of the plan of work for exploration to the Council”.

4. In considering the proposed plan of work for exploration for polymetallic sulphides, the Commission took into account the principles, policies and objectives relating to activities in the Area as provided for in Part XI and annex III of the Convention and in the Agreement relating to the implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982.

B. Consideration of the application

5. The Commission considered the application in closed meetings on 9, 11, 12, 16 and 17 July 2012.

6. Prior to commencing a detailed examination of the application, the Commission invited a delegation to make a presentation of the application. The delegation included the Permanent Representative of the Republic of Korea to the Authority, Kimo Lim; the Director of the Marine Development for New Growth Division of the Ministry of Land, Transport and Maritime Affairs, Lim Hyun Taek; and Hyung Myung Woo of the Ministry of Land, Transport and Maritime Affairs. Joining them, from the Korea Ocean Research and Development Institute, were Moon Jai-Woon, the Director of the Deep Sea and Marine Georesources Research Department; Park Seong Wook, the Director of Ocean Policy Research Department; Son Seung Kyu and Ju Se Jong, principal research scientists of the Deep Sea and Marine Georesources Research Department; and Kim Jonguk, Pak Sang Joon and Yang Hee Cheol, senior research scientists of the Deep Sea and Marine Georesources Research Department. Members of the Commission then asked questions to clarify certain aspects of the application before convening in closed session to examine the application in detail.

III. Summary of basic information regarding the application

A. Identification of the applicant

7. The name and address of the applicant are as follows:

(a) Name: Government of the Republic of Korea, represented by the Ministry of Land, Transport and Maritime Affairs;

- (b) Street address: 47 Gwanmun-ro, Gwacheon-city, Gyunggi-do, 427-712, Republic of Korea;
- (c) Postal address: same as above;
- (d) Telephone number: 82 2 2110 8452;
- (e) Fax Number: 82 2 502 0341;
- (f) E-mail address: pado21@korea.kr.
8. The applicant's designated representative is:
- (a) Name: Do-youp Kwon, Minister for Land, Transport and Maritime Affairs;
- (b) Street address: same as above;
- (c) Postal address: same as above;
- (d) Telephone number: same as above;
- (e) Fax number: same as above;
- (f) E-mail address: same as above.
9. The applicant's place of registration and principal place of business/domicile is: 47 Gwanmun-ro, Gwacheon-city, Gyunggi-do, 427-712, Republic of Korea.
10. The applicant is a State party to the Convention.
11. The date of deposit of the instrument of ratification of the United Nations Convention on the Law of the Sea by the Republic of Korea is 29 January 1996; the date of ratification of the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982 is 29 January 1996.

B. Area of application

12. The area under application is located in the Central Indian Ocean between latitudes 8.01257 and 15.6549 South and between longitudes 65.9108 and 68.10195 East (decimal degrees, geodetic datum WGS84). It consists of 100 blocks measuring approximately 10 km by 10 km each, which are grouped into eight clusters, each containing from 5 to 34 blocks. The application area covers a total of 10,000 km². The application area is confined within a rectangular area not exceeding 300,000 km² in size and where the longest size does not exceed 1,000 km in length. The coordinates and general location of the area under application are shown in the annexes to the present document. The application area is in the international seabed area.

C. Other information

13. The application was received on 21 May 2012.
14. The previous contracts with the Authority are as follows:
- (a) The Government of the Republic of Korea and the Authority signed a contract for exploration for polymetallic nodules in the Area on 27 April 2001 in Seoul;

(b) The reports submitted to the Authority in connection with the contract for exploration for polymetallic nodules are listed in the application;

(c) The date of expiration of the contract is 26 April 2016.

15. The applicant attached a written undertaking signed by the applicant's designated representative, in compliance with regulation 15 of the Regulations.

16. The applicant elects to offer an equity interest in a joint venture arrangement in accordance with regulation 19 of the Regulations.

17. The applicant has paid a fee of \$500,000 in accordance with regulation 21 (1) (a) of the Regulations.

IV. Examination of information and technical data submitted by the applicant

18. The following technical documents and information were submitted in the application:

(a) Information relating to the area under application:

(i) Charts of the location of the blocks;

(ii) A list of the coordinates of the corners of blocks under application;

(b) A certificate of sponsorship;

(c) Information to enable the Council to determine whether the applicant is financially capable of carrying out the proposed plan of work for exploration;

(d) Information to enable the Council to determine whether the applicant is technically capable of carrying out the proposed plan of work for exploration;

(e) Plan of work for exploration;

(f) Training programme;

(g) Written undertakings by the applicant.

V. Consideration of financial and technical qualifications of the applicant

A. Financial capacity

19. The applicant declared its financial capacity to carry out the proposed plan of work for exploration and fulfil its financial obligations to the Authority.

20. In evaluating the financial capacity of the applicant, the Commission noted that, in accordance with regulation 13 (3) of the Regulations, it had been provided with a statement signed by the applicant's designated representative certifying that the applicant would have the necessary funds to meet the estimated minimum expenditure under the proposed plan of work for exploration and would fulfil its financial obligations to the Authority.

B. Technical capacity

21. In evaluating the technical capacity of the applicant, the Commission noted that the applicant provided information in relation to relevant activities, including marine scientific research in the Central Indian Ocean for the past three years in the vicinity of the application area and exploration for polymetallic sulphide deposits within the exclusive economic zone of Tonga and Fiji. The applicant indicated that two Korean research institutes (Korea Ocean Research and Development Institute and Korea Institute of Geoscience and Mineral Resources) had been actively engaged in marine scientific studies on polymetallic sulphides for more than 10 years. The applicant also stated that it was a contractor for manganese nodules in the Area and had been fulfilling its contract with the Authority obligations satisfactorily.

22. The applicant provided information related to the prevention, reduction and control of hazards and possible impacts to the marine environment. This included the description of a plan for a programme for oceanographic and environmental baseline studies to ensure that the exploration activities cause minimal impact on the marine environment. The applicant listed the main equipment that would be used for the proposed activities. The applicant stated that the proposed environmental study programme was in accordance with the regulations of the Authority and was designed mainly on the basis of the recommendations made by the Authority's workshop on environmental baselines and monitoring programmes for exploration for polymetallic sulphides and cobalt crusts. The applicant further stated that all proposed activities were classified as activities not requiring an environmental impact assessment by the Commission. The drilling of prospective mine sites would be carried out during the last five years of the contract and, at that point, appropriate environmental monitoring would be performed prior, during and after the execution of those activities, as required by the environmental guidelines. The applicant also stated that it would apply the precautionary approach and employ the most appropriate equipment available for the survey to ensure effective protection for the marine environment, especially active hydrothermal vent areas. The applicant indicated that it would conduct any mining tests away from active vents, but would carry out scientific studies within the actively venting fields in order to provide a scientific basis for protecting the active hydrothermal vent ecosystems.

VI. Consideration of data and information submitted for approval of the plan of work for exploration

23. In accordance with regulation 20 of the Regulations, the applicant submitted the following information for approval of the plan of work for exploration:

(a) A general description and a schedule of the proposed exploration programme, including the programme of activities for the immediate five-year period;

(b) A description of the programme for oceanographic and environmental baseline studies in accordance with the Regulations and any environmental rules, regulations and procedures established by the Authority that would enable an assessment of the potential environmental impact, including, but not restricted to,

the impact on biodiversity of the proposed exploration activities, taking into account any recommendations issued by the Legal and Technical Commission;

(c) A preliminary assessment of the possible impact of the proposed exploration activities on the marine environment;

(d) A description of proposed measures for the prevention, reduction and control of pollution and other hazards, as well as possible impacts, to the marine environment;

(e) Data necessary for the Council to make the determination as required by regulation 13, paragraph 1;

(f) A schedule of anticipated yearly expenditures in respect of the programme of activities for the immediate five-year period.

VII. Training programme

24. The Commission noted that in a letter dated 9 May 2012 from the Minister of Land, Transport and Maritime Affairs to the Secretary-General, the applicant stated that, in accordance with regulation 29 and section 8 of annex 4 to the Regulations, the contractor would draw up a training programme in cooperation with the Authority.

VIII. Conclusion and recommendations

25. Having examined the particulars submitted by the applicant, summarized in sections III to VII above, the Commission is satisfied that the application has been duly submitted in accordance with the Regulations and that the applicant is a qualified applicant within the meaning of annex III, article 4, of the Convention. The Commission is further satisfied that the applicant:

(a) Has complied with the provisions of the Regulations;

(b) Has given the undertakings and assurances specified in regulation 15 of the Regulations;

(c) Possesses the financial and technical capability to carry out the proposed plan of work for exploration.

26. The Commission states that none of the conditions in regulation 23 (6) of the Regulations apply.

27. With respect to the proposed plan of work for exploration, the Commission is satisfied that the proposed plan of work for exploration will:

(a) Provide for effective protection of human health and safety;

(b) Provide for effective protection and preservation of the marine environment;

(c) Ensure that installations are not established where interference may be caused to the use of recognized sea lanes essential to international navigation or in areas of intense fishing activity.

28. Accordingly, pursuant to regulation 23 (5), the Commission recommends to the Council approval of the plan of work for exploration for polymetallic sulphides submitted by the Government of the Republic of Korea.

Annex I

<i>Block No.</i>			<i>Long. (UTM)</i>	<i>Lat. (UTM)</i>	<i>Long. (DD) (WGS84), (E)</i>	<i>Lat. (DD) (WGS84), (S)</i>
Cluster 1	Cluster 1-1	1	391016.618	9114181.402	68.011	-8.013
			391040.798	9104188.285	68.011	-8.103
			401056.689	9104211.535	68.102	-8.103
			401034.732	9114204.399	68.102	-8.013
	Cluster 1-2	2	401034.732	9114204.399	68.102	-8.013
			401056.689	9104211.535	68.102	-8.103
			411072.339	9104232.544	68.193	-8.103
			411052.606	9114225.180	68.193	-8.013
	Cluster 1-3	3	386032.755	9104175.820	67.966	-8.103
			386058.328	9094182.525	67.966	-8.193
			396072.100	9094207.160	68.057	-8.193
			396048.775	9104200.191	68.057	-8.103
	Cluster 1-4	4	396048.775	9104200.191	68.057	-8.103
			396072.100	9094207.160	68.057	-8.193
			406085.620	9094229.530	68.147	-8.193
			406064.543	9104222.320	68.147	-8.103
	Cluster 1-5	5	406064.543	9104222.320	68.147	-8.103
			406085.620	9094229.530	68.147	-8.193
			416098.911	9094249.634	68.238	-8.193
			416080.081	9104242.209	68.238	-8.103
	Cluster 1-6	6	396072.100	9094207.160	68.057	-8.193
			396095.683	9084214.087	68.057	-8.284
			406106.929	9084236.696	68.147	-8.284
			406085.620	9094229.530	68.147	-8.193
	Cluster 1-7	7	406085.620	9094229.530	68.147	-8.193
			406106.929	9084236.696	68.147	-8.284
			416117.948	9084257.016	68.238	-8.284
			416098.911	9094249.634	68.238	-8.193
Cluster 2	Cluster 2-1	8	246858.180	8928601.241	66.693	-9.685
			246926.267	8918600.976	66.693	-9.775
			256902.650	8918667.867	66.784	-9.775
			256837.252	8928667.538	66.784	-9.685
	Cluster 2-2	9	241937.851	8918566.519	66.648	-9.775
			242007.922	8908565.904	66.648	-9.865
			251981.889	8908634.749	66.738	-9.865
			251914.533	8918634.759	66.738	-9.775

<i>Block No.</i>			<i>Long. (UTM)</i>	<i>Lat. (UTM)</i>	<i>Long. (DD)</i> <i>(WGS84), (E)</i>	<i>Lat. (DD)</i> <i>(WGS84), (S)</i>
Cluster 2-3	10	251914.533	8918634.759	66.738	-9.775	
		251981.889	8908634.749	66.738	-9.865	
		261955.264	8908700.875	66.829	-9.865	
		261890.621	8918700.303	66.829	-9.775	
	Cluster 2-4	11	242007.922	8908565.904	66.648	-9.865
			242078.633	8898565.244	66.648	-9.956
			252049.860	8898634.695	66.738	-9.956
			251981.889	8908634.749	66.738	-9.865
	Cluster 2-5	12	251981.889	8908634.749	66.738	-9.865
			252049.860	8898634.695	66.738	-9.956
			262020.497	8898701.402	66.829	-9.956
			261955.264	8908700.875	66.829	-9.865
Cluster 3	Cluster 3-1	13	227663.288	8828443.387	66.511	-10.588
			227743.884	8818394.934	66.511	-10.679
			237716.199	8818473.785	66.602	-10.679
			237638.561	8828521.599	66.602	-10.588
	Cluster 3-2	14	217770.924	8818313.134	66.420	-10.679
			217855.185	8808263.971	66.420	-10.770
			227825.161	8808346.434	66.511	-10.770
			227743.884	8818394.934	66.511	-10.679
	Cluster 3-3	15	227743.884	8818394.934	66.511	-10.679
			227825.161	8808346.434	66.511	-10.770
			237794.491	8808425.924	66.602	-10.770
			237716.199	8818473.785	66.602	-10.679
	Cluster 3-4	16	237716.199	8818473.785	66.602	-10.679
			237794.491	8808425.924	66.602	-10.770
			247763.200	8808502.441	66.693	-10.770
			247687.891	8818549.688	66.693	-10.679
	Cluster 3-5	17	217855.185	8808263.971	66.420	-10.770
			217940.153	8798214.761	66.420	-10.861
			227907.118	8798297.886	66.511	-10.861
			227825.161	8808346.434	66.511	-10.770
	Cluster 3-6	18	227825.161	8808346.434	66.511	-10.770
			227907.118	8798297.886	66.511	-10.861
			237873.440	8798378.014	66.602	-10.861
			237794.491	8808425.924	66.602	-10.770
Cluster 3-7	19	237794.491	8808425.924	66.602	-10.770	
		237873.440	8798378.014	66.602	-10.861	
		247839.141	8798455.145	66.693	-10.861	
		247763.200	8808502.441	66.693	-10.770	

<i>Block No.</i>		<i>Long. (UTM)</i>	<i>Lat. (UTM)</i>	<i>Long. (DD)</i> <i>(WGS84), (E)</i>	<i>Lat. (DD)</i> <i>(WGS84), (S)</i>
Cluster 3-8	20	217940.153	8798214.761	66.420	-10.861
		218025.825	8788165.504	66.420	-10.952
		227989.755	8788249.290	66.511	-10.952
		227907.118	8798297.886	66.511	-10.861
Cluster 3-9	21	227907.118	8798297.886	66.511	-10.861
		227989.755	8788249.290	66.511	-10.952
		237953.043	8788330.055	66.602	-10.952
		237873.440	8798378.014	66.602	-10.861
Cluster 3-10	22	237873.440	8798378.014	66.602	-10.861
		237953.043	8788330.055	66.602	-10.952
		247915.711	8788407.800	66.693	-10.952
		247839.141	8798455.145	66.693	-10.861
Cluster 3-11	23	208107.164	8788079.103	66.329	-10.952
		208196.588	8778029.118	66.329	-11.042
		218135.162	8778116.398	66.420	-11.042
		218048.791	8788165.701	66.420	-10.952
Cluster 3-12	24	218025.825	8788165.504	66.420	-10.952
		218112.202	8778116.200	66.420	-11.042
		228073.073	8778200.646	66.511	-11.042
		227989.755	8788249.290	66.511	-10.952
Cluster 3-13	25	227989.755	8788249.290	66.511	-10.952
		228073.073	8778200.646	66.511	-11.042
		238033.301	8778282.047	66.602	-11.042
		237953.043	8788330.055	66.602	-10.952
Cluster 3-14	26	237953.043	8788330.055	66.602	-10.952
		238033.301	8778282.047	66.602	-11.042
		247992.912	8778360.404	66.693	-11.042
		247915.711	8788407.800	66.693	-10.952
Cluster 3-15	27	208196.588	8778029.118	66.329	-11.042
		208286.741	8767979.086	66.329	-11.133
		218222.236	8768067.047	66.420	-11.133
		218135.162	8778116.398	66.420	-11.042
Cluster 3-16	28	218112.202	8778116.200	66.420	-11.042
		218199.284	8768066.847	66.420	-11.133
		228157.070	8768151.953	66.511	-11.133
		228073.073	8778200.646	66.511	-11.042
Cluster 3-17	29	228073.073	8778200.646	66.511	-11.042
		228157.070	8768151.953	66.511	-11.133
		238114.215	8768233.990	66.602	-11.133
		238033.301	8778282.047	66.602	-11.042

<i>Block No.</i>		<i>Long. (UTM)</i>	<i>Lat. (UTM)</i>	<i>Long. (DD)</i> <i>(WGS84), (E)</i>	<i>Lat. (DD)</i> <i>(WGS84), (S)</i>
Cluster 3-18	30	238033.301	8778282.047	66.602	-11.042
		238114.215	8768233.990	66.602	-11.133
		248070.742	8768312.959	66.693	-11.133
		247992.912	8778360.404	66.693	-11.042
Cluster 3-19	31	203318.738	8767933.959	66.284	-11.133
		203411.174	8757883.530	66.284	-11.224
		213343.904	8757973.712	66.375	-11.224
		213254.573	8768023.448	66.375	-11.133
Cluster 3-20	32	213254.573	8768023.448	66.375	-11.133
		213343.904	8757973.712	66.375	-11.224
		223275.962	8758060.814	66.466	-11.224
		223189.734	8768109.882	66.466	-11.133
Cluster 3-21	33	223189.734	8768109.882	66.466	-11.133
		223275.962	8758060.814	66.466	-11.224
		233207.371	8758144.838	66.557	-11.224
		233124.246	8768193.260	66.557	-11.133
Cluster 3-22	34	233124.246	8768193.260	66.557	-11.133
		233207.371	8758144.838	66.557	-11.224
		243138.155	8758225.783	66.648	-11.224
		243058.131	8768273.584	66.648	-11.133
Cluster 3-23	35	243058.131	8768273.584	66.648	-11.133
		243138.155	8758225.783	66.648	-11.224
		253068.337	8758303.652	66.738	-11.224
		252991.413	8768350.856	66.738	-11.133
Cluster 3-24	36	208377.624	8757929.006	66.329	-11.224
		208469.236	8747878.879	66.329	-11.315
		218398.499	8747968.200	66.420	-11.315
		218310.016	8758017.648	66.420	-11.224
Cluster 3-25	37	218287.070	8758017.447	66.420	-11.224
		218375.561	8747967.997	66.420	-11.315
		228327.102	8748054.419	66.511	-11.315
		228241.746	8758103.211	66.511	-11.224
Cluster 3-26	38	228241.746	8758103.211	66.511	-11.224
		228327.102	8748054.419	66.511	-11.315
		238278.005	8748137.724	66.602	-11.315
		238195.783	8758185.882	66.602	-11.224
Cluster 3-27	39	238195.783	8758185.882	66.602	-11.224
		238278.005	8748137.724	66.602	-11.315
		248228.292	8748217.915	66.693	-11.315
		248149.202	8758265.462	66.693	-11.224

<i>Block No.</i>		<i>Long. (UTM)</i>	<i>Lat. (UTM)</i>	<i>Long. (DD)</i> <i>(WGS84), (E)</i>	<i>Lat. (DD)</i> <i>(WGS84), (S)</i>	
Cluster 3-28	40	248103.320	8758265.102	66.693	-11.224	
		248182.424	8748217.552	66.693	-11.315	
		258109.189	8748294.468	66.784	-11.315	
		258033.210	8758341.434	66.784	-11.224	
Cluster 3-29	41	208469.236	8747878.879	66.329	-11.315	
		208561.577	8737828.703	66.329	-11.406	
		218487.687	8737918.703	66.420	-11.406	
		218398.499	8747968.200	66.420	-11.315	
Cluster 3-30	42	218375.561	8747967.997	66.420	-11.315	
		218464.756	8737918.499	66.420	-11.406	
		228413.138	8738005.577	66.511	-11.406	
		228327.102	8748054.419	66.511	-11.315	
Cluster 3-31	43	228327.102	8748054.419	66.511	-11.315	
		228413.138	8738005.577	66.511	-11.406	
		238360.881	8738089.516	66.602	-11.406	
		238278.005	8748137.724	66.602	-11.315	
Cluster 3-32	44	208561.577	8737828.703	66.329	-11.406	
		208654.647	8727778.479	66.329	-11.496	
		218577.578	8727869.157	66.420	-11.496	
		218487.687	8737918.703	66.420	-11.406	
Cluster 3-33	45	218464.756	8737918.499	66.420	-11.406	
		218554.654	8727868.951	66.420	-11.496	
		228499.852	8727956.685	66.511	-11.496	
		228413.138	8738005.577	66.511	-11.406	
Cluster 3-34	46	228413.138	8738005.577	66.511	-11.406	
		228499.852	8727956.685	66.511	-11.496	
		238444.412	8728041.256	66.602	-11.496	
		238360.881	8738089.516	66.602	-11.406	
Cluster 4	Cluster 4-1	47	169614.097	8618196.279	65.961	-12.483
			169730.399	8608098.222	65.961	-12.574
			179649.194	8608211.145	66.052	-12.574
			179536.398	8618308.436	66.052	-12.483
	Cluster 4-2	48	179536.398	8618308.436	66.052	-12.483
			179649.194	8608211.145	66.052	-12.574
			189567.249	8608320.613	66.143	-12.574
			189457.956	8618417.161	66.143	-12.483
	Cluster 4-3	49	189457.956	8618417.161	66.143	-12.483
			189567.249	8608320.613	66.143	-12.574
			199484.586	8608426.628	66.234	-12.574
			199378.795	8618522.457	66.234	-12.483

<i>Block No.</i>		<i>Long. (UTM)</i>	<i>Lat. (UTM)</i>	<i>Long. (DD) (WGS84), (E)</i>	<i>Lat. (DD) (WGS84), (S)</i>
Cluster 4-4	50	169730.399	8608098.222	65.961	-12.574
		169847.534	8598000.115	65.961	-12.665
		179762.799	8598113.803	66.052	-12.665
		179649.194	8608211.145	66.052	-12.574
Cluster 4-5	51	179649.194	8608211.145	66.052	-12.574
		179762.799	8598113.803	66.052	-12.665
		189677.325	8598224.014	66.143	-12.665
		189567.249	8608320.613	66.143	-12.574
Cluster 4-6	52	189567.249	8608320.613	66.143	-12.574
		189677.325	8598224.014	66.143	-12.665
		199591.135	8598330.747	66.234	-12.665
		199484.586	8608426.628	66.234	-12.574
Cluster 4-7	53	199484.586	8608426.628	66.234	-12.574
		199591.135	8598330.747	66.234	-12.665
		209504.251	8598434.006	66.326	-12.665
		209401.228	8608529.192	66.326	-12.574
Cluster 4-8	54	184720.153	8598169.343	66.098	-12.665
		184832.790	8588072.324	66.098	-12.756
		194743.402	8588181.525	66.189	-12.756
		194634.318	8598277.815	66.189	-12.665
Cluster 4-9	55	194634.318	8598277.815	66.189	-12.665
		194743.402	8588181.525	66.189	-12.756
		204653.310	8588287.227	66.280	-12.756
		204547.778	8598382.811	66.280	-12.665
Cluster 4-10	56	204547.778	8598382.811	66.280	-12.665
		204653.310	8588287.227	66.280	-12.756
		214562.537	8588389.431	66.371	-12.756
		214460.556	8598484.332	66.371	-12.665
Cluster 4-11	57	189788.185	8588127.362	66.143	-12.756
		189899.827	8578030.659	66.143	-12.847
		199806.507	8578138.826	66.234	-12.847
		199698.442	8588234.813	66.234	-12.756
Cluster 4-12	58	199698.442	8588234.813	66.234	-12.756
		199806.507	8578138.826	66.234	-12.847
		209712.496	8578243.472	66.326	-12.847
		209608.007	8588338.766	66.326	-12.756
Cluster 4-13	59	209608.007	8588338.766	66.326	-12.756
		209712.496	8578243.472	66.326	-12.847
		219617.817	8578344.597	66.417	-12.847
		219516.903	8588439.221	66.417	-12.756

<i>Block No.</i>			<i>Long. (UTM)</i>	<i>Lat. (UTM)</i>	<i>Long. (DD) (WGS84), (E)</i>	<i>Lat. (DD) (WGS84), (S)</i>	
Cluster 4-14	60		199806.507	8578138.826	66.234	-12.847	
			199915.329	8568042.785	66.234	-12.939	
			209817.717	8568148.123	66.326	-12.939	
			209712.496	8578243.472	66.326	-12.847	
Cluster 4-15	61		209712.496	8578243.472	66.326	-12.847	
			209817.717	8568148.123	66.326	-12.939	
			219719.438	8568249.916	66.417	-12.939	
			219617.817	8578344.597	66.417	-12.847	
Cluster 5	Cluster 5-1	62	244640.887	8548293.491	66.645	-13.121	
			244735.620	8538182.495	66.645	-13.212	
			254641.588	8538273.816	66.736	-13.212	
			254550.539	8548384.225	66.736	-13.121	
	Cluster 5-2	63		254505.247	8553439.407	66.736	-13.075
				254595.986	8543329.028	66.736	-13.167
				264503.236	8543416.446	66.827	-13.167
				264416.168	8553526.261	66.827	-13.075
	Cluster 5-3	64		264416.168	8553526.261	66.827	-13.075
				264503.236	8543416.446	66.827	-13.167
				274409.946	8543500.255	66.919	-13.167
				274326.546	8553609.530	66.919	-13.075
	Cluster 5-4	65		244735.620	8538182.495	66.645	-13.212
				244830.999	8528071.440	66.645	-13.304
				254733.259	8528163.346	66.736	-13.304
				254641.588	8538273.816	66.736	-13.212
	Cluster 5-5	66		254595.986	8543329.028	66.736	-13.167
				254687.346	8533218.588	66.736	-13.258
				264590.901	8533306.569	66.827	-13.258
				264503.236	8543416.446	66.827	-13.167
	Cluster 5-6	67		264503.236	8543416.446	66.827	-13.167
				264590.901	8533306.569	66.827	-13.258
				274493.916	8533390.918	66.919	-13.258
				274409.946	8543500.255	66.919	-13.167
	Cluster 5-7	68		254687.346	8533218.588	66.736	-13.258
				254779.327	8523108.088	66.736	-13.349
				264679.161	8523196.631	66.827	-13.349
				264590.901	8533306.569	66.827	-13.258
Cluster 6	Cluster 6-1	69	181140.088	8447667.595	66.048	-14.024	
			181266.894	8437551.660	66.048	-14.115	
			191165.201	8437674.198	66.140	-14.115	
			191042.346	8447789.404	66.140	-14.024	

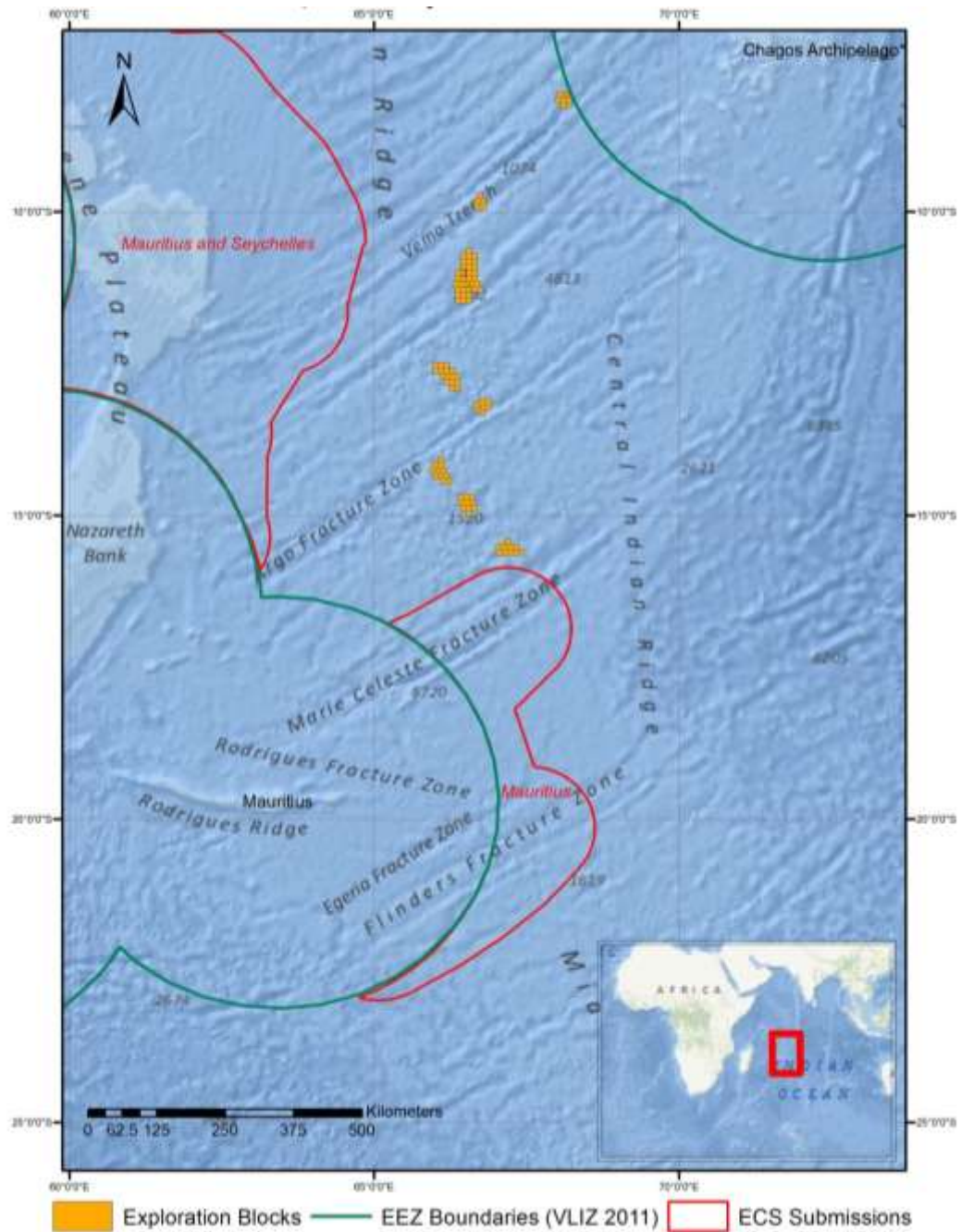
<i>Block No.</i>		<i>Long. (UTM)</i>	<i>Lat. (UTM)</i>	<i>Long. (DD)</i> <i>(WGS84), (E)</i>	<i>Lat. (DD)</i> <i>(WGS84), (S)</i>
Cluster 6-2	70	171367.863	8437425.243	65.957	-14.115
		171499.454	8427308.502	65.957	-14.206
		181394.507	8427435.669	66.048	-14.206
		181266.894	8437551.660	66.048	-14.115
Cluster 6-3	71	181266.894	8437551.660	66.048	-14.115
		181394.507	8427435.669	66.048	-14.206
		191288.838	8427558.934	66.140	-14.206
		191165.201	8437674.198	66.140	-14.115
Cluster 6-4	72	166551.649	8427243.455	65.911	-14.206
		166686.074	8417126.275	65.911	-14.298
		176577.493	8417256.154	66.002	-14.298
		176447.072	8427372.573	66.002	-14.206
Cluster 6-5	73	176447.072	8427372.573	66.002	-14.206
		176577.493	8417256.154	66.002	-14.298
		186468.181	8417382.108	66.094	-14.298
		186341.761	8427497.789	66.094	-14.206
Cluster 6-6	74	186341.761	8427497.789	66.094	-14.206
		186468.181	8417382.108	66.094	-14.298
		196358.159	8417504.137	66.186	-14.298
		196235.740	8427619.104	66.186	-14.206
Cluster 6-7	75	171631.876	8417191.706	65.957	-14.298
		171765.131	8407074.853	65.957	-14.389
		181652.154	8407203.517	66.048	-14.389
		181522.927	8417319.622	66.048	-14.298
Cluster 6-8	76	181522.927	8417319.622	66.048	-14.298
		181652.154	8407203.517	66.048	-14.389
		191538.458	8407328.233	66.140	-14.389
		191413.257	8417443.613	66.140	-14.298
Cluster 6-9	77	191413.257	8417443.613	66.140	-14.298
		191538.458	8407328.233	66.140	-14.389
		201424.066	8407449.003	66.231	-14.389
		201302.890	8417563.681	66.231	-14.298
Cluster 6-10	78	186595.394	8407266.368	66.094	-14.389
		186723.402	8397150.571	66.094	-14.480
		196605.305	8397274.026	66.186	-14.480
		196481.348	8407389.111	66.186	-14.389
Cluster 6-11	79	196481.348	8407389.111	66.186	-14.389
		196605.305	8397274.026	66.186	-14.480
		206486.524	8397393.513	66.277	-14.480
		206366.615	8407507.908	66.277	-14.389

<i>Block No.</i>			<i>Long. (UTM)</i>	<i>Lat. (UTM)</i>	<i>Long. (DD)</i> <i>(WGS84), (E)</i>	<i>Lat. (DD)</i> <i>(WGS84), (S)</i>
Cluster 7	Cluster 7-1	80	216926.600	8378941.519	66.372	-14.648
			217044.353	8368827.636	66.372	-14.740
			226934.183	8368941.111	66.464	-14.740
			226820.556	8379054.353	66.464	-14.648
	Cluster 7-2	81	226820.556	8379054.353	66.464	-14.648
			226934.183	8368941.111	66.464	-14.740
			236823.398	8369050.540	66.556	-14.740
			236713.896	8379163.164	66.556	-14.648
	Cluster 7-3	82	236713.896	8379163.164	66.556	-14.648
			236823.398	8369050.540	66.556	-14.740
			246712.021	8369155.923	66.647	-14.740
			246606.641	8379267.952	66.647	-14.648
	Cluster 7-4	83	217044.353	8368827.636	66.372	-14.740
			217162.823	8358713.690	66.372	-14.831
			227048.502	8358827.805	66.464	-14.831
			226934.183	8368941.111	66.464	-14.740
	Cluster 7-5	84	226934.183	8368941.111	66.464	-14.740
			227048.502	8358827.805	66.464	-14.831
			236933.567	8358937.850	66.556	-14.831
			236823.398	8369050.540	66.556	-14.740
	Cluster 7-6	85	236823.398	8369050.540	66.556	-14.740
			236933.567	8358937.850	66.556	-14.831
			246818.041	8359043.828	66.647	-14.831
			246712.021	8369155.923	66.647	-14.740
	Cluster 7-7	86	222105.741	8358771.256	66.418	-14.831
			222222.839	8348657.569	66.418	-14.922
			232104.032	8348770.276	66.510	-14.922
			231991.110	8358883.336	66.510	-14.831
	Cluster 7-8	87	231991.110	8358883.336	66.510	-14.831
			232104.032	8348770.276	66.510	-14.922
			241984.625	8348878.892	66.602	-14.922
			241875.877	8358991.348	66.602	-14.831
	Cluster 7-9	88	241875.877	8358991.348	66.602	-14.831
			241984.625	8348878.892	66.602	-14.922
			251864.639	8348983.418	66.693	-14.922
			251760.063	8359095.292	66.693	-14.831
	Cluster 7-10	89	232104.032	8348770.276	66.510	-14.922
			232217.633	8338657.151	66.510	-15.014
			242094.027	8338766.370	66.602	-15.014
			241984.625	8348878.892	66.602	-14.922

<i>Block No.</i>			<i>Long. (UTM)</i>	<i>Lat. (UTM)</i>	<i>Long. (DD)</i> <i>(WGS84), (E)</i>	<i>Lat. (DD)</i> <i>(WGS84), (S)</i>
Cluster 8	Cluster 8-1	90	300738.580	8298842.537	67.144	-15.380
			300826.162	8288684.058	67.144	-15.471
			310677.646	8288767.131	67.235	-15.471
			310594.403	8298925.166	67.235	-15.380
	Cluster 8-2	91	286048.099	8288551.537	67.006	-15.471
			286142.735	8278392.274	67.006	-15.563
			295990.527	8278482.154	67.098	-15.563
			295900.255	8288640.939	67.098	-15.471
	Cluster 8-3	92	295900.255	8288640.939	67.098	-15.471
			295990.527	8278482.154	67.098	-15.563
			305837.867	8278567.792	67.189	-15.563
			305751.958	8288726.122	67.189	-15.471
	Cluster 8-4	93	305751.958	8288726.122	67.189	-15.471
			305837.867	8278567.792	67.189	-15.563
			315684.777	8278649.189	67.281	-15.563
			315603.230	8288807.086	67.281	-15.471
	Cluster 8-5	94	315603.230	8288807.086	67.281	-15.471
			315684.777	8278649.189	67.281	-15.563
			325531.279	8278726.346	67.373	-15.563
			325454.093	8288883.833	67.373	-15.471
	Cluster 8-6	95	300738.580	8298842.537	67.144	-15.380
			300826.162	8288684.058	67.144	-15.471
			310677.646	8288767.131	67.235	-15.471
			310594.403	8298925.166	67.235	-15.380
	Cluster 8-7	96	286142.735	8278392.274	67.006	-15.563
			286237.917	8268232.937	67.006	-15.655
			296081.320	8268323.294	67.098	-15.655
			295990.527	8278482.154	67.098	-15.563
	Cluster 8-8	97	295990.527	8278482.154	67.098	-15.563
			296081.320	8268323.294	67.098	-15.655
			305924.272	8268409.386	67.189	-15.655
			305837.867	8278567.792	67.189	-15.563
	Cluster 8-9	98	305837.867	8278567.792	67.189	-15.563
			305924.272	8268409.386	67.189	-15.655
			315766.795	8268491.214	67.281	-15.655
			315684.777	8278649.189	67.281	-15.563
	Cluster 8-10	99	315684.777	8278649.189	67.281	-15.563
			315766.795	8268491.214	67.281	-15.655
			325608.911	8268568.781	67.373	-15.655
			325531.279	8278726.346	67.373	-15.563

<i>Block No.</i>		<i>Long. (UTM)</i>	<i>Lat. (UTM)</i>	<i>Long. (DD) (WGS84), (E)</i>	<i>Lat. (DD) (WGS84), (S)</i>
Cluster 8-11	100	325531.279	8278726.346	67.373	-15.563
		325608.911	8268568.781	67.373	-15.655
		335450.642	8268642.085	67.465	-15.655
		335377.396	8278799.264	67.465	-15.563

Annex II





Council

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Report and recommendations of the Legal and Technical Commission to the Council of the International Seabed Authority relating to an application for approval of a plan of work for exploration for polymetallic sulphides by the Institut français de recherche pour l'exploitation de la mer

I. Introduction

1. On 23 May 2012, the Secretary-General of the International Seabed Authority received an application for approval of a plan of work for exploration for polymetallic sulphides in the Area. The application was submitted pursuant to the Regulations on Prospecting and Exploration for Polymetallic Sulphides in the Area (ISBA/16/A/12/Rev.1, annex, "the Regulations") by the Institut français de recherche pour l'exploitation de la mer (IFREMER).

2. In accordance with regulation 22 (c) of the Regulations, by a note verbale dated 25 May 2012, the Secretary-General notified the members of the Authority of the receipt of the application and circulated information of a general nature concerning it. The Secretary-General also placed consideration of the application as an item on the agenda of the Legal and Technical Commission at its meeting held from 9 to 19 July 2012.

II. Methodology and consideration of the application by the Legal and Technical Commission

A. General methodology applied by the Commission in consideration of the application

3. In its consideration of the application, the Commission noted that, in keeping with the scheme established in article 6 of annex III to the United Nations Convention on the Law of the Sea, it was first required to make an objective determination as to whether the applicant had fulfilled the requirements contained in the Regulations, particularly with respect to the form of applications; whether the



applicant had provided the necessary undertakings and assurances specified in regulation 15 of the Regulations; and whether it had the necessary financial and technical capability to carry out the proposed plan of work for exploration and, as appropriate, had discharged its obligations under any previous contract with the Authority. The Commission is then required to determine, in accordance with regulation 23 (4) of the Regulations and its procedures, whether the proposed plan of work will provide for effective protection of human health and safety, effective protection and preservation of the marine environment, and will ensure that installations are not established where interference may be caused with the use of recognized sea lanes essential to international navigation or in areas of intense fishing activity. Regulation 23 (5) of the Regulations goes on to provide that:

“If the Commission makes the determinations specified in paragraph 3 and determines that the proposed plan of work for exploration meets the requirements of paragraph 4, the Commission shall recommend approval of the plan of work for exploration to the Council.”

4. In considering the proposed plan of work for exploration for polymetallic sulphides, the Commission took into account the principles, policies and objectives relating to activities in the Area as provided for in part XI and annex III of the Convention and in the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea adopted in 1994.

B. Consideration of the application

5. The Commission considered the application in closed meetings on 9, 11, 12, 16 and 17 July 2012.

6. Prior to commencing a detailed examination of the application, the Commission invited Dr. Yves Fouquet (Head of the geochemistry and metallogeny laboratory, Marine Geosciences Department, IFREMER) to make a presentation of the application. Members of the Commission then asked questions to clarify certain aspects of the application before convening in closed session to examine the application in detail.

III. Summary of basic information regarding the application

A. Identification of the applicant

7. The name and address of the applicant are as follows:

- (a) Name: Institut français de recherche pour l'exploitation de la mer;
- (b) Street address: 155, rue Jean-Jacques Rousseau, 92138 Issy-Les-Moulineaux — Cedex, France;
- (c) Postal address: as above;
- (d) Telephone number: 33 (0)1 46 48 21 09;
- (e) Fax number: 33 (0)1 46 48 21 20;
- (f) E-mail address: mineral.resources@ifremer.fr.

8. The applicant's designated representative is:
- (a) Name: Jean-Yves Perrot;
 - (b) Street address of applicant's designated representative: same as above;
 - (c) Postal address: as above;
 - (d) Telephone number: 33 (0)1 46 48 22 87;
 - (e) Fax number: 33 (0)1 46 48 22 48;
 - (f) E-mail address: Jean.Yves.Perrot@ifremer.fr.
9. The applicant's place of registration is Nanterre Register of Companies; and the principal place of business/domicile: 155, rue Jean-Jacques Rousseau, 92138 Issy-Les-Moulineaux — Cedex, France. The applicant provided a copy of the extract from the Register of Companies as of 16 January 2012.

B. Sponsorship

10. The sponsoring State is France.
11. The date of deposit of instrument of ratification by France of the United Nations Convention on the Law of the Sea and date of the ratification of the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982 is 11 April 1996.
12. The date of the certificate of sponsorship is 3 May 2012; it was issued by Alain Juppé, Minister of State for Foreign and European Affairs of the Government of France. In the accompanying letter, the sponsoring State declared that it had decided that, as part of its national strategy on deep-sea mineral resources, an application for exploration for polymetallic sulphides would be submitted to the Authority and the operator would be IFREMER. The applicant provided the decree on the establishment, organization and operation of IFREMER and the decree on the appointment of the applicant's designated representative.
13. The certificate of sponsorship states that the Government of France assumes responsibilities for the activities of the applicant in accordance with article 139, article 153, paragraph 4, and annex III, article 4, paragraph 4, of the Convention. The sponsoring State declares that the applicant is a public institution which is placed under its effective control.

C. Area of application

14. The area under application is situated along the Mid-Atlantic Ridge between latitudes 20°57'46"N and 26°20'29"N, and between longitudes 46°37'42"W and 44°37'20"W. It consists of 100 blocks measuring approximately 10 km by 10 km each which are grouped into six clusters, each containing from 5 to 25 blocks. The clusters of blocks are not contiguous, but are proximate and confined within a rectangular area not exceeding 300,000 km² in size and where the longest size does not exceed 1,000 km in length. The coordinates and general location of the area under application are shown in annex I to the present document.

D. Other information

15. The date of receipt of application is 23 May 2012.
16. The applicant's previous contracts with the Authority are as follows:
 - (a) Date of the previous contract: IFREMER and the Authority signed a contract for exploration for polymetallic nodules in the Area on 20 June 2001;
 - (b) The reports submitted to the Authority in connection with the contract for exploration for polymetallic nodules are listed in the application;
 - (c) The date of expiration of the contract: 19 June 2016.
17. The applicant attached a written undertaking, which is dated 27 April 2012 and signed by the applicant's designated representative in compliance with regulation 15 of the Regulations.
18. The applicant elects to offer an equity interest in a joint venture arrangement in accordance with regulation 19 of the Regulations.
19. The applicant has paid a fee of US\$ 500,000 in accordance with regulation 21 (1) (a) of the Regulations.

IV. Examination of information and technical data submitted by the applicant

20. The following technical documents and information were submitted in the application:
 - (a) Information relating to the area under application:
 - (i) Charts of the location of the blocks;
 - (ii) A list of the coordinates of the corners of blocks under application;
 - (b) A certificate of sponsorship;
 - (c) Information to enable the Council to determine whether the applicant is financially capable of carrying out the proposed plan of work for exploration;
 - (d) Information to enable the Council to determine whether the applicant is technically capable of carrying out the proposed plan of work for exploration;
 - (e) Plan of work for exploration;
 - (f) Training programme;
 - (g) Written undertakings by the applicant.

V. Consideration of financial and technical qualifications of the applicant

A. Financial capacity

21. In evaluating the financial capacity of the applicant, the Commission noted that the applicant had provided a statement by the sponsoring State certifying that the applicant had the necessary financial resources to meet the estimated costs of the proposed plan of work for exploration in accordance with regulation 13 (3) of the Regulations. The applicant also submitted audited financial statements. The applicant stated that it had protection and indemnity liability insurance for damage caused by the operation of its research vessels and a specialist operation clause guarantee for damage, including environmental damage, caused by equipment deployed from its research vessels.

B. Technical capacity

22. In evaluating the technical capacity of the applicant, the Commission noted that the applicant had been involved in hydrothermal vents research from their discovery and had conducted extensive studies in the North Atlantic, and specifically in the area under the application. The applicant provided details about previous research cruises. The applicant also indicated that it was a contractor for exploration for nodules in the Area.

23. The applicant provided information related to the prevention, reduction and control of hazards and possible impacts to the marine environment. This included the description of a plan for a programme for oceanographic and environmental baseline studies to ensure that the exploration activities cause minimal impact on the marine environment. The applicant listed the main equipment that would be used for the proposed activities, including detailed specifications. The applicant provided an extensive list of scientific studies in relation to the application. The applicant stated that it would investigate both active and inactive hydrothermal vent areas. The applicant further stated that it would encourage ongoing scientific research in connection with hydrothermal vent areas, for example in the Trans-Atlantic Geotraverse (TAG), in accordance with article 143 of the Convention.

VI. Consideration of data and information submitted for approval of the plan of work for exploration

24. In accordance with regulation 20 of the Regulations, the applicant submitted the following information for approval of the plan of work for exploration:

(a) A general description and a schedule of the proposed exploration programme, including the programme of activities for the immediate five-year period;

(b) A description of the programme for oceanographic and environmental baseline studies in accordance with these Regulations and any environmental rules, regulations and procedures established by the Authority that would enable an assessment of the potential environmental impact including, but not restricted to, the

impact on biodiversity, of the proposed exploration activities, taking into account any recommendations issued by the Legal and Technical Commission;

(c) A preliminary assessment of the possible impact of the proposed exploration activities on the marine environment;

(d) A description of proposed measures for the prevention, reduction and control of pollution and other hazards, as well as possible impacts, to the marine environment;

(e) Data necessary for the Council to make the determination it is required to make in accordance with regulation 13, paragraph 1;

(f) A schedule of anticipated yearly expenditures in respect of the programme of activities for the immediate five-year period.

VII. Training programme

25. The Commission noted that the applicant had indicated that, in accordance with regulation 29 and section 8 of annex 4 to the Regulations, the contractor would draw up training programmes in cooperation with the Authority.

VIII. Conclusion and recommendations

26. Having examined the particulars submitted by the applicant, which are summarized in sections III to VII above, the Commission is satisfied that the application has been duly submitted in accordance with the Regulations and that the applicant is a qualified applicant within the meaning of annex III, article 4, of the Convention. The Commission is further satisfied that the applicant:

(a) Has complied with the provisions of the Regulations;

(b) Has given the undertakings and assurances specified in regulation 15 of the Regulations;

(c) Possesses the financial and technical capability to carry out the proposed plan of work for exploration.

27. The Commission states that none of the conditions in regulation 23 (6) of the Regulations apply.

28. With respect to the proposed plan of work for exploration, the Commission is satisfied that the proposed plan will:

(a) Provide for effective protection of human health and safety;

(b) Provide for effective protection and preservation of the marine environment;

(c) Ensure that installations are not established where interference may be caused to the use of recognized sea lanes essential to international navigation or in areas of intense fishing activity.

29. Accordingly, pursuant to regulation 23 (5), the Commission recommends that the Council approve the plan of work for exploration for polymetallic sulphides submitted by the Institut français de recherche pour l'exploitation de la mer.

Annex I

List of coordinates of the general location of the area under application

(In decimal degrees following the World Geodetic System 1984 geographical projection system.)

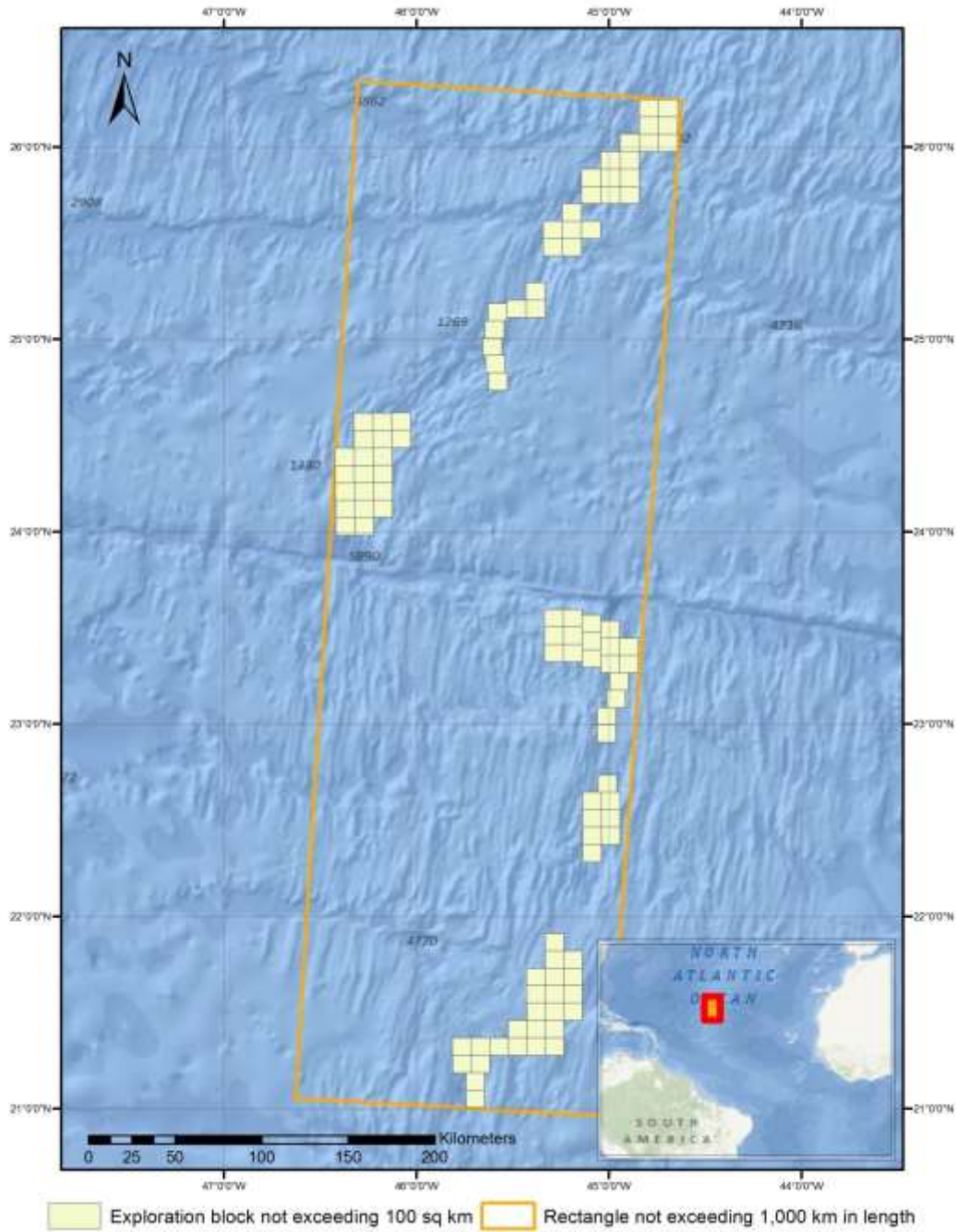
Cluster	Block No.	NW coordinates		NE coordinates		SE coordinates		SW coordinates		Area (km ²)
		Latitude	Longitude	Latitude	Longitude	Latitude	Longitude	Latitude	Longitude	
1	1	26.24728	-44.84244	26.24713	-44.74231	26.15684	-44.74251	26.15698	-44.84256	100
	2	26.24713	-44.74231	26.24692	-44.64218	26.15662	-44.64245	26.15684	-44.74251	100
	3	26.15698	-44.84256	26.15684	-44.74251	26.06654	-44.74271	26.06668	-44.84268	100
	4	26.15684	-44.74251	26.15662	-44.64245	26.06633	-44.64273	26.06654	-44.74271	100
	5	26.06676	-44.94266	26.06668	-44.84268	25.97639	-44.84280	25.97646	-44.94271	100
	6	26.06668	-44.84268	26.06654	-44.74271	25.97624	-44.74290	25.97639	-44.84280	100
	7	26.06654	-44.74271	26.06633	-44.64273	25.97603	-44.64300	25.97624	-44.74290	100
	8	25.97646	-45.04261	25.97646	-44.94271	25.88616	-44.94275	25.88617	-45.04258	100
	9	25.97646	-44.94271	25.97639	-44.84280	25.88609	-44.84292	25.88616	-44.94275	100
	10	25.88610	-45.14240	25.88617	-45.04258	25.79586	-45.04254	25.79580	-45.14229	100
	11	25.88617	-45.04258	25.88616	-44.94275	25.79586	-44.94279	25.79586	-45.04254	100
	12	25.88616	-44.94275	25.88609	-44.84292	25.79579	-44.84304	25.79586	-44.94279	100
	13	25.79580	-45.14229	25.79586	-45.04254	25.70556	-45.04251	25.70550	-45.14219	100
	14	25.79586	-45.04254	25.79586	-44.94279	25.70556	-44.94284	25.70556	-45.04251	100
	15	25.79586	-44.94279	25.79579	-44.84304	25.70549	-44.84316	25.70556	-44.94284	100
	16	25.70537	-45.24186	25.70550	-45.14219	25.61520	-45.14208	25.61507	-45.24168	100
	17	25.61487	-45.34128	25.61507	-45.24168	25.52476	-45.24150	25.52457	-45.34102	100
	18	25.61507	-45.24168	25.61520	-45.14208	25.52489	-45.14197	25.52476	-45.24150	100
	19	25.61520	-45.14208	25.61526	-45.04248	25.52496	-45.04245	25.52489	-45.14197	100
	20	25.52457	-45.34102	25.52476	-45.24150	25.43446	-45.24132	25.43426	-45.34077	100
	21	25.52476	-45.24150	25.52489	-45.14197	25.43459	-45.14187	25.43446	-45.24132	100
2	22	25.29473	-45.43062	25.29499	-45.33129	25.20468	-45.33104	25.20442	-45.43030	100
	23	25.20442	-45.43030	25.20468	-45.33104	25.11437	-45.33080	25.11412	-45.42999	100
	24	25.20410	-45.52956	25.20442	-45.43030	25.11412	-45.42999	25.11380	-45.52917	100
	25	25.18760	-45.62874	25.18799	-45.52949	25.09768	-45.52911	25.09730	-45.62828	100
	26	25.09723	-45.64441	25.09763	-45.54524	25.00732	-45.54484	25.00692	-45.64394	100
	27	25.00688	-45.65513	25.00728	-45.55603	24.91697	-45.55563	24.91657	-45.65465	100
	28	24.91663	-45.64010	24.91703	-45.54108	24.82672	-45.54068	24.82633	-45.63964	100
	29	24.82638	-45.62658	24.82676	-45.52763	24.73645	-45.52724	24.73607	-45.62613	100
3	30	24.61602	-46.32638	24.61685	-46.22761	24.52656	-46.22673	24.52572	-46.32542	100
	31	24.61685	-46.22761	24.61763	-46.12883	24.52733	-46.12802	24.52656	-46.22673	100
	32	24.61763	-46.12883	24.61834	-46.03005	24.52803	-46.02932	24.52733	-46.12802	100
	33	24.52572	-46.32542	24.52656	-46.22673	24.43626	-46.22585	24.43543	-46.32448	100
	34	24.52656	-46.22673	24.52733	-46.12802	24.43703	-46.12722	24.43626	-46.22585	100

Cluster	Block No.	NW coordinates		NE coordinates		SE coordinates		SW coordinates		Area (km ²)
		Latitude	Longitude	Latitude	Longitude	Latitude	Longitude	Latitude	Longitude	
	35	24.52733	-46.12802	24.52803	-46.02932	24.43773	-46.02858	24.43703	-46.12722	100
	36	24.43453	-46.42310	24.43543	-46.32448	24.34514	-46.32354	24.34424	-46.42209	100
	37	24.43543	-46.32448	24.43626	-46.22585	24.34596	-46.22498	24.34514	-46.32354	100
	38	24.43626	-46.22585	24.43703	-46.12722	24.34673	-46.12642	24.34596	-46.22498	100
	39	24.34424	-46.42209	24.34514	-46.32354	24.25484	-46.32260	24.25395	-46.42109	100
	40	24.34514	-46.32354	24.34596	-46.22498	24.25567	-46.22411	24.25484	-46.32260	100
	41	24.34596	-46.22498	24.34673	-46.12642	24.25643	-46.12562	24.25567	-46.22411	100
	42	24.25395	-46.42109	24.25484	-46.32260	24.16455	-46.32167	24.16366	-46.42008	100
	43	24.25484	-46.32260	24.25567	-46.22411	24.16537	-46.22325	24.16455	-46.32167	100
	44	24.25567	-46.22411	24.25643	-46.12562	24.16612	-46.12483	24.16537	-46.22325	100
	45	24.16366	-46.42008	24.16455	-46.32167	24.07425	-46.32074	24.07337	-46.41909	100
	46	24.16455	-46.32167	24.16537	-46.22325	24.07507	-46.22239	24.07425	-46.32074	100
	47	24.16537	-46.22325	24.16612	-46.12483	24.07582	-46.12404	24.07507	-46.22239	100
	48	24.07337	-46.41909	24.07425	-46.32074	23.98395	-46.31982	23.98307	-46.41810	100
	49	24.07425	-46.32074	24.07507	-46.22239	23.98476	-46.22154	23.98395	-46.31982	100
4	50	23.59491	-45.33584	23.59509	-45.23783	23.50476	-45.23767	23.50458	-45.33561	100
	51	23.59509	-45.23783	23.59521	-45.13982	23.50488	-45.13972	23.50476	-45.23767	100
	52	23.56711	-45.13979	23.56716	-45.04179	23.47684	-45.04177	23.47678	-45.13969	100
	53	23.53799	-45.04178	23.53799	-44.94381	23.44766	-44.94385	23.44767	-45.04176	100
	54	23.50458	-45.33561	23.50476	-45.23767	23.41443	-45.23751	23.41425	-45.33538	100
	55	23.50476	-45.23767	23.50488	-45.13972	23.41455	-45.13963	23.41443	-45.23751	100
	56	23.47678	-45.13969	23.47684	-45.04177	23.38651	-45.04174	23.38645	-45.13960	100
	57	23.44767	-45.04176	23.44766	-44.94385	23.35733	-44.94389	23.35734	-45.04173	100
	58	23.44766	-44.94385	23.44759	-44.84595	23.35727	-44.84605	23.35733	-44.94389	100
	59	23.41425	-45.33538	23.41443	-45.23751	23.32410	-45.23734	23.32392	-45.33516	100
	60	23.41443	-45.23751	23.41455	-45.13963	23.32422	-45.13953	23.32410	-45.23734	100
	61	23.38645	-45.13960	23.38651	-45.04174	23.29617	-45.04171	23.29612	-45.13950	100
	62	23.35734	-45.04173	23.35733	-44.94389	23.26700	-44.94393	23.26700	-45.04170	100
	63	23.35733	-44.94389	23.35727	-44.84605	23.26693	-44.84616	23.26700	-44.94393	100
	64	23.26701	-44.99608	23.26698	-44.89830	23.17665	-44.89837	23.17668	-44.99608	100
	65	23.17668	-45.01083	23.17665	-44.91312	23.08632	-44.91318	23.08634	-45.01082	100
	66	23.08633	-45.06038	23.08634	-44.96274	22.99601	-44.96276	22.99600	-45.06034	100
	67	22.99600	-45.06034	22.99601	-44.96276	22.90567	-44.96279	22.90566	-45.06030	100
5	68	22.73615	-45.05749	22.73616	-44.96010	22.64582	-44.96012	22.64581	-45.05745	100
	69	22.64576	-45.13750	22.64582	-45.04017	22.55548	-45.04015	22.55543	-45.13741	100
	70	22.64582	-45.04017	22.64581	-44.94285	22.55547	-44.94288	22.55548	-45.04015	100
	71	22.55543	-45.13741	22.55548	-45.04015	22.46514	-45.04012	22.46509	-45.13732	100
	72	22.55548	-45.04015	22.55547	-44.94288	22.46513	-44.94292	22.46514	-45.04012	100

Cluster	Block No.	NW coordinates		NE coordinates		SE coordinates		SW coordinates		Area (km ²)
		Latitude	Longitude	Latitude	Longitude	Latitude	Longitude	Latitude	Longitude	
	73	22.46509	-45.13732	22.46514	-45.04012	22.37480	-45.04010	22.37475	-45.13723	100
	74	22.46514	-45.04012	22.46513	-44.94292	22.37479	-44.94296	22.37480	-45.04010	100
	75	22.37475	-45.13723	22.37480	-45.04010	22.28446	-45.04007	22.28440	-45.13714	100
6	76	21.91159	-45.33175	21.91176	-45.23493	21.82141	-45.23479	21.82124	-45.33154	100
	77	21.82124	-45.33154	21.82141	-45.23479	21.73106	-45.23464	21.73090	-45.33134	100
	78	21.82141	-45.23479	21.82152	-45.13803	21.73117	-45.13794	21.73106	-45.23464	100
	79	21.73068	-45.42803	21.73090	-45.33134	21.64055	-45.33113	21.64033	-45.42776	100
	80	21.73090	-45.33134	21.73106	-45.23464	21.64071	-45.23449	21.64055	-45.33113	100
	81	21.73106	-45.23464	21.73117	-45.13794	21.64082	-45.13785	21.64071	-45.23449	100
	82	21.64033	-45.42776	21.64055	-45.33113	21.55020	-45.33092	21.54998	-45.42750	100
	83	21.64055	-45.33113	21.64071	-45.23449	21.55036	-45.23435	21.55020	-45.33092	100
	84	21.64071	-45.23449	21.64082	-45.13785	21.55047	-45.13777	21.55036	-45.23435	100
	85	21.54998	-45.42750	21.55020	-45.33092	21.45985	-45.33072	21.45963	-45.42724	100
	86	21.55020	-45.33092	21.55036	-45.23435	21.46001	-45.23420	21.45985	-45.33072	100
	87	21.55036	-45.23435	21.55047	-45.13777	21.46012	-45.13768	21.46001	-45.23420	100
	88	21.45936	-45.52375	21.45963	-45.42724	21.36928	-45.42697	21.36901	-45.52343	100
	89	21.45963	-45.42724	21.45985	-45.33072	21.36950	-45.33052	21.36928	-45.42697	100
	90	21.45985	-45.33072	21.46001	-45.23420	21.36966	-45.23406	21.36950	-45.33052	100
	91	21.36786	-45.81278	21.36830	-45.71633	21.27795	-45.71590	21.27751	-45.81229	100
	92	21.36830	-45.71633	21.36868	-45.61988	21.27833	-45.61950	21.27795	-45.71590	100
	93	21.36868	-45.61988	21.36901	-45.52343	21.27866	-45.52311	21.27833	-45.61950	100
	94	21.36901	-45.52343	21.36928	-45.42697	21.27893	-45.42671	21.27866	-45.52311	100
	95	21.36928	-45.42697	21.36950	-45.33052	21.27915	-45.33031	21.27893	-45.42671	100
	96	21.36950	-45.33052	21.36966	-45.23406	21.27931	-45.23391	21.27915	-45.33031	100
	97	21.27751	-45.81229	21.27795	-45.71590	21.18760	-45.71546	21.18717	-45.81179	100
	98	21.27795	-45.71590	21.27833	-45.61950	21.18798	-45.61913	21.18760	-45.71546	100
	99	21.18749	-45.74291	21.18788	-45.64658	21.09753	-45.64619	21.09714	-45.74246	100
	100	21.09714	-45.74246	21.09753	-45.64619	21.00718	-45.64580	21.00679	-45.74202	100

Annex II

Map of the general location of the area under application





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Report and recommendations of the Legal and Technical Commission to the Council of the International Seabed Authority relating to an application for the approval of a plan of work for exploration for polymetallic nodules by UK Seabed Resources Ltd.

I. Introduction

1. On 23 May 2012, the Secretary-General of the International Seabed Authority received an application for the approval of a plan of work for exploration for polymetallic nodules in the Area. The application was submitted pursuant to the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area (ISBA/6/A/18, annex) by UK Seabed Resources Ltd. The application covers a total surface area of approximately 116,000 km² located in the eastern part of the Clarion-Clipperton Zone in the Pacific Ocean.

2. In accordance with regulation 20, paragraph 1 (c) of the Regulations, by a note verbale dated 28 May 2012, the Secretary-General notified the members of the International Seabed Authority of the receipt of the application and circulated information of a general nature concerning the application. The Secretary-General also placed consideration of the application as an item on the agenda of the Legal and Technical Commission at its meeting held from 9 to 19 July 2012.

II. Methodology for consideration of the application by the Legal and Technical Commission

A. General methodology applied by the Commission in consideration of the application

3. In its consideration of the application, the Commission noted that, in keeping with the scheme established in article 6 of annex III to the United Nations Convention on the Law of the Sea, it was first required to make an objective determination as to whether the applicant had fulfilled the requirements contained in



the Regulations, particularly with respect to the form of applications; whether the applicant had provided the necessary undertakings and assurances specified in regulation 14; and whether it had the necessary financial and technical capability to carry out the proposed plan of work for exploration. The Commission is then required to determine, in accordance with regulation 21, paragraph 4 and its procedures, whether the proposed plan of work will provide for effective protection of human health and safety and effective protection and preservation of the marine environment and will ensure that installations are not established where interference may be caused to the use of recognized sea lanes essential to international navigation or in areas of intense fishing activity. Regulation 21, paragraph 5 provides that:

If the Commission makes the determinations specified in paragraph 3 and determines that the proposed plan of work for exploration meets the requirements of paragraph 4, the Commission shall recommend approval of the plan of work for exploration to the Council.

4. In considering the proposed plan of work for exploration for polymetallic nodules, the Commission took into account the principles, policies and objectives relating to activities in the Area as provided for in part XI and annex III of the Convention and in the Agreement relating to the implementation of Part XI of the United Nations Convention on the Law of the Sea.

B. Consideration of the application

5. The Commission considered the application in closed meetings on 9, 10, 13 and 17 July 2012.

6. Prior to commencing a detailed examination of the application, the Commission invited the applicant's designated representative, the Chairman and Chief Executive Officer, Stephen Ball, accompanied by the Director, Duncan Cunningham; the Deputy Legal Adviser, Foreign and Commonwealth Office of the United Kingdom of Great Britain and Northern Ireland, Christopher Whomersley; the Deputy Chief Scientific Adviser, Department for Business, Innovation and Skills, Rupert Lewis; Charles Morgan, environmental planner, Planning Solutions, Inc.; Ralph Spickermann, technical fellow; Vic Verma, Strategic Venture Development; Darren Hakeman, consultant, Technology and Economics; the Assistant General Counsel, John Stevens; and Jennifer Warren, Government and Regulatory Affairs, to make a presentation of the application. Members of the Commission then asked questions to clarify certain aspects of the application before convening in closed session to examine the application in detail. Following its initial consideration, the Commission also decided to request the Chair of the Commission to transmit a list of questions to the applicant in writing through the Secretary-General. The written responses provided by the applicant were taken into account by the Commission in its subsequent consideration of the application.

III. Summary of basic information regarding the application

A. Identification of the applicant

7. The name and address of the applicant are as follows:
 - (a) Name: UK Seabed Resources Ltd.;
 - (b) Street address: Cunard House, 15 Regent Street, London SW1Y 4LR, United Kingdom of Great Britain and Northern Ireland;
 - (c) Postal address: as above;
 - (d) Telephone number: +44(0) 20 7979 8020;
 - (e) Facsimile number: +44(0) 20 7979 8090;
 - (f) E-mail address: none.
8. The applicant's designated representative is:
 - (a) Name: Stephen Ball;
 - (b) Street address: as above;
 - (c) Telephone number: as above;
 - (d) Facsimile number: as above;
 - (e) E-mail address: Stephen.ball@ukseabedresources.co.uk;
 - (f) Applicant's place of registration and principal place of business/domicile: United Kingdom of Great Britain and Northern Ireland.
9. The applicant stated that it was a wholly-owned subsidiary of Lockheed Martin UK Holdings Ltd. (LMUK). Both UK Seabed Resources Ltd. and LMUK are companies formed under the laws of the United Kingdom and based in the United Kingdom.

B. Sponsorship

10. The sponsoring State is the United Kingdom of Great Britain and Northern Ireland.
11. Date of deposit of the instrument of accession of the United Kingdom to the United Nations Convention on the Law of the Sea and date of ratification of the Agreement relating to the implementation of Part XI of the Convention is 25 July 1997.
12. Date of the certificate of sponsorship is 11 May 2012, issued by Vincent Cable, Secretary of State for Business, Innovation and Skills of the Government of the United Kingdom of Great Britain and Northern Ireland. An updated certificate of sponsorship was provided on 11 July 2012.
13. The certificate of sponsorship states that the United Kingdom assumes responsibilities for the activities of the applicant in accordance with article 139, article 153, paragraph 4, and annex III, article 4, paragraph 4, of the Convention. The sponsoring State declares that the applicant is a duly incorporated and

registered company under the laws of the United Kingdom, with its registered office in the United Kingdom; as such it is a national of the United Kingdom. It further states that the Chairman and Chief Executive Officer is a national and resident of the United Kingdom and that the company will require a licence under the deep sea mining legislation of the United Kingdom. Accordingly, the sponsoring State declares that the company is subject to the effective control and supervision of the Government of the United Kingdom.

14. In a letter dated 18 May 2012, the applicant refers to domestic regulations as an important element of responsible sponsorship as clarified in the advisory opinion rendered on 1 February 2011 by the Seabed Disputes Chamber of the International Tribunal for the Law of the Sea. In this respect, the sponsoring State has enacted deep sea mining legislation and has associated regulations in place including the Deep Sea Mining (Temporary Provisions) Act, 1981, and the Deep Sea Mining (Exploration Licences) Act, 1984. In that letter, the applicant states that the sponsoring State has confirmed that UK Seabed Resources Ltd. meets all requirements of an exploration licence under its domestic legislation, including requirements of technical and financial capability, effective control and environmentally responsible exploration. Consequently, the sponsoring State has granted an exploration licence to the applicant for the area under application, which will become effective upon the applicant entering into contract with the Authority.

C. Area of application

15. The application area covers a total of approximately 116,000 km² in the eastern part of the Clarion-Clipperton Zone. The application area is contiguous and divided into two parts labelled part A (58,280 km²) and part B (58,620 km²), which are contiguous and nested together. The water depths within the area under application vary between about 2,600 to 4,400 m, with most of the seafloor close to 4,000 m. The only significant seabed features in the general area consist of several seamounts to the west of the application area, including the Dowd Guyot, which rise to about 500 m water depth. The small seamounts within the application area only rise to water depths of about 2,500 m. The coordinates and general location of the areas under application are shown in the annex to the present document.

D. Other information

16. Date of receipt of the application is 23 May 2012.

17. The applicant has not been previously awarded any contract with the Authority.

18. The application includes a written undertaking signed by the applicant's designated representative declaring that he will comply with regulation 14 of the Regulations.

19. The applicant has paid a fee of \$250,000 in accordance with regulation 19.

IV. Examination of information and technical data submitted by the applicant

20. The following technical documents and information were provided:

- (a) Information relating to the area under application:
 - (i) Boundaries of the area under application by a list of geographic coordinates in accordance with the World Geodetic System 1984;
 - (ii) Chart and list of the coordinates dividing the area into two parts of equal estimated commercial value;
 - (iii) Information to enable the Council to designate a reserved area based on the estimated commercial value of the two parts of the area under application, including data available to the applicant, including:
 - a. Data on the location, survey and evaluation of the polymetallic nodules in the area under application;
 - b. A description of the technology related to the recovery and processing of polymetallic nodules;
 - c. Maps of bathymetry and regional slope and information on the availability and reliability of data;
 - d. Data on the average density (abundance of polymetallic nodules with abundance map showing the location of sampling sites);
 - e. Data on the average elemental content of metals of economic interest (grade) based on chemical assays in (dry) weight per cent and associated grade maps;
 - f. Combined maps of abundance and grade of polymetallic nodules;
 - g. Calculation on the estimated commercial value of the division of the application area into two parts;
 - h. Description of the techniques used by the applicant.
- (b) Information on wind speed and direction, wave height, period and direction, current speed and direction, water salinity, temperature and biological communities;
- (c) A certificate of sponsorship issued by the sponsoring State;
- (d) Information to enable the Council to determine whether the applicant is financially capable of carrying out the proposed plan of work for exploration;
- (e) Information to enable the Council to determine whether the applicant is technically capable of carrying out the proposed plan of work for exploration;
- (f) Plan of work for exploration;
- (g) Training programmes.

V. Consideration of financial and technical qualifications of the applicant

A. Financial capacity

21. In evaluating the financial capacity of the applicant, the Commission was provided with a certified pro forma balance sheet in accordance with regulation 12, paragraph 5 (a) of the Regulations, given that the applicant is a newly formed entity. The pro forma sheet is certified by the applicant's designated representative. The applicant also submitted the audited consolidated financial statements of LMUK, the applicant's parent company, for 2009, 2010 and 2011, in accordance with regulation 12, paragraph 5 (b). In a letter describing the financial capabilities of the applicant, its designated representative states that should it be necessary, the applicant may seek to draw upon Lockheed Martin Corporation, of which LMUK is a component.

B. Technical capacity

22. The applicant stated that it held rights granting it access to certain data, resources and subject matter expertise of Lockheed Martin Corporation (LMC) related to polymetallic nodule resource surveying, analysis and recovery methods. The applicant stated that LMC was the prime contractor and the technology provider for the Ocean Minerals Company (OMCO) consortium, which was one of the leading participants in seabed minerals efforts in the 1970s and 1980s. In addition, LMC has more than 50 years of experience in large-scale ocean systems design and development, including multiple deep water efforts. Therefore, the applicant may seek to capitalize upon the extensive polymetallic nodule experience and technical capabilities developed through the historical work, recent analyses and ongoing efforts of LMC.

23. In evaluating the technical capacity of the applicant, the Commission noted that the applicant provided information related to its previous experience, knowledge, skills, technical qualifications and expertise relevant to the proposed plan of work, and related to the equipment, methods and technology needed in order to carry out the proposed plan of exploration. The applicant also provided information related to the prevention, reduction and control of hazards to and possible impact on the marine environment. The applicant further provided details of the activities to be performed in the first five years of the contract, including the identification of potential commercial recovery sites and the identification of a scientific team of ecologists and biologists with extensive benthic ecological experience in the abyssal Pacific Ocean, in particular in the Clarion-Clipperton Zone. The applicant submitted a preliminary impact assessment of the anticipated activities during the initial five-year period, which involve non-disruptive sensing and the taking of samples in very small quantities. The applicant also stated that during the first five years of the exploration programme it would compile selected environmental data (e.g., general benthic community characterization, baseline data collection and test monitoring), as well as other appropriate information for use in decisions regarding environmental safeguards and monitoring activities pertinent to subsequent exploration activities and commercial resource recovery. This would serve in particular to complete a comprehensive environmental impact assessment

for commercial resource recovery, including a programme for monitoring commercial recovery operations. When considering activities beyond the initial five-year period, the applicant indicated that these activities would not proceed without the relevant and necessary environmental studies and consultations. The applicant also stated that such activities would not occur without approvals by the sponsoring State and the Authority and without knowledge of the requirements of the future regulations on exploitation by the Authority.

VI. Consideration of data and information submitted for the designation of a reserved area and determination of equal estimated commercial value

24. The applicant indicated the coordinates dividing the area under application into two parts of equal estimated commercial value. The Council, on the recommendation of the Commission, shall designate one of these parts as the area reserved for the Authority. The other part will become the applicant's exploration area. The calculation of the estimated commercial value was done by the applicant in several steps.

A. Methodology used by the applicant in calculation of the estimated commercial value

25. The applicant provided both raw data and kriged block average abundance and grade for the area under application. The applicant also provided the basis for calculating the kriged values and the variogram analysis. Preliminary economic evaluation of conceptual mining and processing systems suggests that the key factors for the evaluation of a mine site are nodule abundance and nickel concentration, as well as maximum seafloor slope.

B. Evaluation

26. The data in the two areas (part A and part B) have been analysed by the Commission and the following observations are made with regard to the nodule abundance, metal content and seafloor morphology:

(a) The available bathymetric data indicate that the topography of the seafloor is less rough in part A than in part B, which contains several seamounts in its central and southern areas;

(b) Part A (58,280 km²) and part B (58,620 km²) have an aggregate area of 116,000 km². The difference in size between the areas is 340 km²;

(c) Part A has a total of 283 sampling stations while part B has 242 stations (stations located on the boundaries between the two parts are counted twice). The applicant also included 322 sampling stations adjacent to the application area for the purpose of avoiding boundary effects from the interpolation between stations. The spatial distribution of metal content and abundances formed the basis for the estimation of commercial values of the two parts;

(d) The average abundance (from non-interpolated data) in part A is slightly higher (13.72 kg/m²) than in part B (13.45 kg/m²) with comparable standard deviation;

(e) Taking into account that nickel concentration in the nodules is mostly between 1.2 wt% and 1.5 wt% throughout the application area, the abundance is used as a proxy for the commercial value of the two parts, A and B. The frequency diagrams with regard to nickel content show that part A has a slightly higher frequency of nickel concentration above 1.2 wt% than part B;

(f) The spatial distribution of the nodule abundance data shows that part A has a larger number of pockets of high abundance (3) than part B (1).

C. Summary and conclusions relating to the determination of equal estimated commercial value

27. Based on the data and analyses available, the Commission is of the view that both parts of the area offer similar potential in terms of finding competitive mine sites. However, based on the above considerations as to bathymetry, nodule abundance and nickel content, the Commission decided to recommend to the Council to designate part A as the area reserved for the Authority.

VII. Consideration of data and information submitted for approval of the plan of work for exploration

28. In accordance with regulation 18 of the Regulations, the application includes the following information for approval of the plan of work for exploration:

(a) A general description and a schedule of the proposed exploration programme, including the programme for the first five-year period, such as studies to be undertaken in respect of the environmental, technical, economic and other appropriate factors that must be taken into account in exploration;

(b) A description of the programme for oceanographic and environmental baseline studies in accordance with the Regulations and any environmental rules, regulations and procedures established by the Authority that would enable an assessment of the potential environmental impact of the proposed exploration activities, taking into account any recommendations issued by the Legal and Technical Commission;

(c) A preliminary assessment of the possible impact of the proposed exploration activities on the marine environment;

(d) A description of proposed measures for the prevention, reduction and control of pollution and other hazards, as well as any possible impact, to the marine environment;

(e) Data necessary for the Council to make the determination it is required to make in accordance with regulation 12, paragraph 1 of the Regulations;

(f) A schedule of anticipated yearly expenditures in respect of the programme of activities for the first five-year period.

VIII. Training programme

29. The Commission noted that, in accordance with regulation 27 and section 8 of annex 4 to the Regulations, the contractor would draw up a training programme in cooperation with the Authority. The Commission further noted that the applicant had provided details about the proposed training programme. Over the proposed plan of work, the applicant will provide at least 10 trainees with valuable opportunities to participate in one of the following three training programmes: an at-sea exploration training programme (oceanographic, environmental, geological or geophysical activities); a bursary and fellowship programme (approximately 24 months each); and an engineering training programme (approximately 3 months). In addition, the applicant stated that, depending on the timing of the exploration programme and the qualifications of the candidate, other training opportunities might be available on land in the areas of metallurgy, marine engineering, marine biology, business, finance and other relevant related fields.

IX. Conclusion and recommendations

30. Having examined the particulars submitted by the applicant, which are summarized in parts III to VIII above, the Commission is satisfied that the application has been duly submitted in accordance with the Regulations and that the applicant:

- (a) Has complied with the provisions of the Regulations;
- (b) Has given the undertakings and assurances specified in regulation 14;
- (c) Possesses the financial and technical capability to carry out the proposed plan of work for exploration.

31. The Commission states that none of the conditions in regulation 21, paragraph 6, of the Regulations apply.

32. With respect to the proposed plan of work for exploration, the Commission is satisfied that the proposed plan of work for exploration will:

- (a) Provide for effective protection of human health and safety;
- (b) Provide for effective protection and preservation of the marine environment;
- (c) Ensure that installations are not established where interference may be caused to the use of recognized sea lanes essential to international navigation or in areas of intense fishing activity.

33. Accordingly, pursuant to regulation 21, paragraph 5 of the Regulations, the Commission recommends to the Council approval of the plan of work for exploration submitted by UK Seabed Resources Ltd.

34. The Commission also recommends to the Council to designate part A within the application for approval of the plan of work for exploration as the area reserved for the Authority and to allocate part B to the applicant as its exploration area.

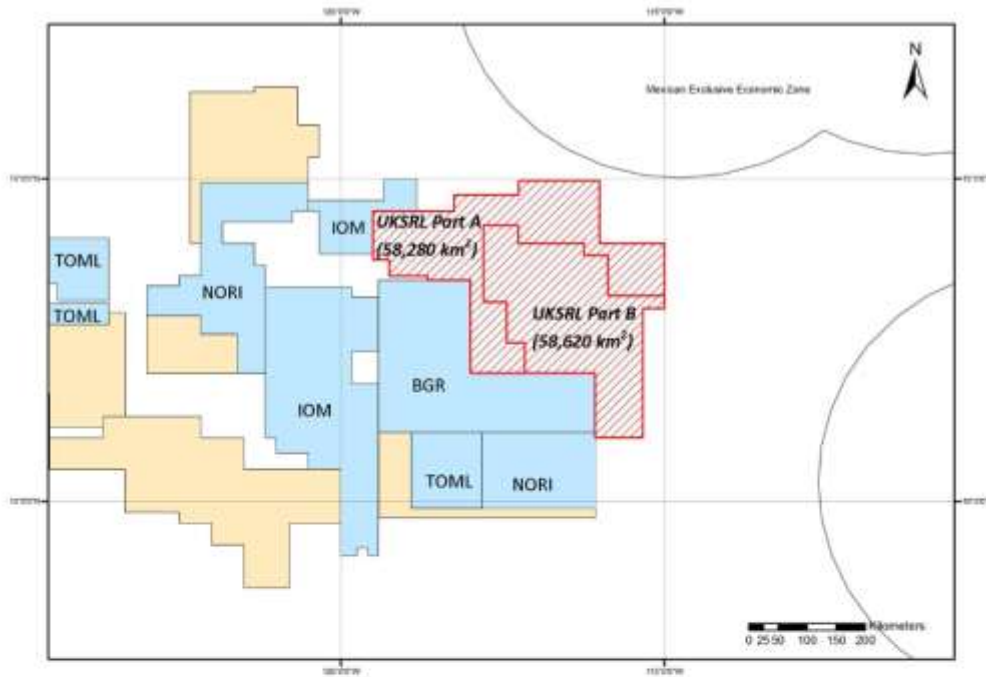
Annex

Coordinates and map of general location of the proposed reserved area (part A) and exploration area (part B)

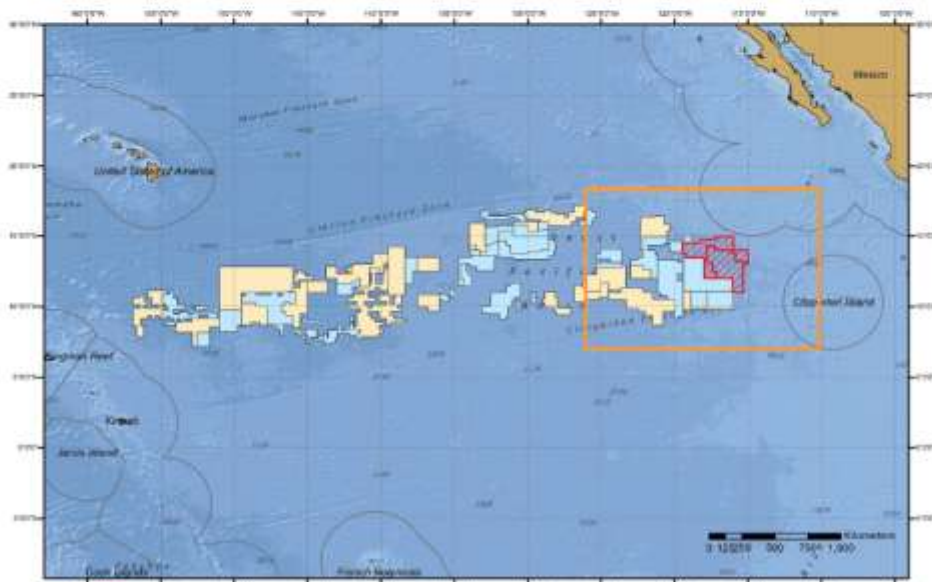
	<i>Turning point</i>	<i>Latitude (decimal degrees)</i>	<i>Longitude (decimal degrees)</i>
Part A	1	12.00000	-117.16000
	2	12.00000	-118.00000
	3	13.43333	-118.00000
	4	13.43333	-118.66667
	5	13.50000	-118.66667
	6	13.50000	-119.25000
	7	13.75000	-119.25000
	8	13.75000	-119.50000
	9	14.50000	-119.50000
	10	14.50000	-118.25000
	11	14.75000	-118.25000
	12	14.75000	-117.25000
	13	14.96667	-117.25000
	14	14.96667	-116.00000
	15	14.00000	-116.00000
	16	14.00000	-115.00000
	17	13.20000	-115.00000
	18	13.20000	-115.87000
	19	13.82000	-115.87000
	20	13.82000	-116.24000
	21	14.00000	-116.24000
	22	14.00000	-117.26000
	23	14.28000	-117.26000
	24	14.28000	-117.80000
	25	13.10000	-117.80000
	26	13.10000	-117.44000
	27	12.47000	-117.44000
	28	12.47000	-117.16000
Part B	1	11.00000	-116.06667
	2	12.00000	-116.06667
	3	12.00000	-117.16000
	4	12.47000	-117.16000
	5	12.47000	-117.44000
	6	13.10000	-117.44000

	<i>Turning point</i>	<i>Latitude (decimal degrees)</i>	<i>Longitude (decimal degrees)</i>
	7	13.10000	-117.80000
	8	14.28000	-117.80000
	9	14.28000	-117.26000
	10	14.00000	-117.26000
	11	14.00000	-116.24000
	12	13.82000	-116.24000
	13	13.82000	-115.87000
	14	13.20000	-115.87000
	15	13.20000	-115.00000
	16	13.00000	-115.00000
	17	13.00000	-115.33333
	18	11.00000	-115.33333

UK Seabed Resources Ltd Application Areas



UKSRL Application Contract Area Reserved Area EEZ (VLIZ Maritime Boundaries 2011)



UKSRL Application Contract Area Reserved Area EEZ (VLIZ 2011)

Abbreviations: BGR, Federal Institute for Geosciences and Natural Resources of Germany; EEZ, Exclusive Economic Zone; IOM, Interoceanmetal Joint Organization; NORI, Nauru Ocean Resources, Inc.; TOML, Tonga Offshore Mining Limited; UKSRL: UK Seabed Resources Ltd.; VLIZ, Flanders Marine Institute.



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Report and recommendations of the Legal and Technical Commission to the Council of the International Seabed Authority relating to an application for the approval of a plan of work for exploration for polymetallic nodules by Marawa Research and Exploration Ltd.

I. Introduction

1. On 30 May 2012, the Secretary-General of the International Seabed Authority received an application for the approval of a plan of work for exploration for polymetallic nodules in the Area. The application was submitted pursuant to the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area (ISBA/6/A/18, annex) by Marawa Research and Exploration Ltd. The area under application covers a total surface area of 74,990 km² and is located within the areas reserved for the Authority pursuant to annex III, article 8, of the 1982 United Nations Convention on the Law of the Sea. The reserved areas in the application were contributed by the Government of the Republic of Korea.

2. In accordance with regulation 20, paragraph 1 (c), of the Regulations, the Secretary-General by note verbale dated 31 May 2012 notified the members of the Authority of the receipt of the application and circulated information of a general nature concerning the application. The Secretary-General also placed consideration of the application as an item on the agenda of the Legal and Technical Commission at its meeting held from 9 to 19 July 2012.

3. The Commission was informed that on 10 May 2012 the applicant had formally notified the Secretary-General of its intention to make an application for approval of a plan of work for exploration in a reserved area. Thereafter, in accordance with regulation 17 (1) of the Regulations, the Secretary-General on 18 May 2012 forwarded such notification to the Enterprise (represented by its Interim Director-General), whereupon the Interim Director-General informed the Secretary-General in writing that the Enterprise had no current intention of carrying out activities in the areas under application.



4. The Commission recalled in this regard that the Enterprise had not yet begun to function independently of the secretariat of the Authority and that, by reason of article 170 of the Convention and section 2, paragraph 2, of the annex to the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea, the Council would take up the issue of the functioning of the Enterprise independently of the secretariat of the Authority only either (a) upon the approval of a plan of work for exploitation by an entity other than the Enterprise, or (b) upon receipt by the Council of an application for a joint venture operation with the Enterprise. Until such time as either of these eventualities takes place the secretariat of the Authority shall perform the functions of the Enterprise, which shall be as set out in section 2, paragraph 1, of the annex to the Agreement.

II. Methodology for consideration of the application by the Legal and Technical Commission

A. General methodology applied by the Commission in consideration of the application

5. In its consideration of the application, the Commission noted that, in keeping with the scheme established in article 6 of annex III to the Convention, it was first required to make an objective determination as to whether the applicant had fulfilled the requirements contained in the Regulations, particularly with respect to the form of applications; whether the applicant had provided the necessary undertakings and assurances specified in regulation 14 of the Regulations; and whether it had the necessary financial and technical capability to carry out the proposed plan of work for exploration. The Commission is then required to determine, in accordance with regulation 21 (4) of the Regulations and its procedures, whether the proposed plan of work will provide for effective protection of human health and safety, effective protection and preservation of the marine environment, and will ensure that installations are not established where interference may be caused to the use of recognized sea lanes essential to international navigation or in areas of intense fishing activity. Regulation 21 (5) of the Regulations provides that:

“If the Commission makes the determinations specified in paragraph 3 and determines that the proposed plan of work for exploration meets the requirements of paragraph 4, the Commission shall recommend approval of the plan of work for exploration to the Council.”

6. In considering the proposed plan of work for exploration for polymetallic nodules, the Commission took into account the principles, policies and objectives relating to activities in the Area as provided for in Part XI and annex III of the Convention and in the Agreement.

B. Consideration of the application

7. The Commission considered the application in closed meetings on 9, 10, 13, 16 and 18 July 2012.

8. Prior to commencing a detailed examination of the application, the Commission invited the designated representative of the applicant Mr. Tearinaki Tanielu (Marine Geologist, Marawa Research and Exploration Ltd.) to make a presentation of the application. Members of the Commission then asked questions to clarify certain aspects of the application before convening in closed session to examine the application in detail. Following its initial consideration, the Commission also decided to request the Chair of the Commission to transmit a list of questions to the applicant in writing through the Secretary-General. The written responses provided by the applicant were taken into account by the Commission in its subsequent consideration of the application.

III. Summary of basic information regarding the application

A. Identification of the applicant

9. The name and address of the applicant are as follows:

- (a) Name: Marawa Research and Exploration Ltd.;
- (b) Street address: Office of the Ministry of Fisheries and Marine Resources Development;
- (c) Postal address: P.O. Box 64, Bairiki, Tarawa, Republic of Kiribati;
- (d) Telephone number: (686) 21099;
- (e) Facsimile number: (686) 21120;
- (f) Electronic mail address: tebetee@mfmrd.gov.ki.

10. The applicant's designated representative is:

- (a) Name: Mr. Tearinaki Tanielu;
- (b) Street address: as above;
- (c) Telephone number: as above;
- (d) Facsimile number: as above;
- (e) Electronic mail address: tearinakit@mfmrd.gov.ki;

(f) Place of registration and principal place of business/domicile: Republic of Kiribati.

11. The applicant stated that Marawa Research and Exploration Ltd. is a State enterprise owned and controlled by the Republic of Kiribati. In the certificate of sponsorship, the sponsoring State also stated that the applicant was a national State enterprise wholly owned by the Republic of Kiribati, and was subject to the effective control of the State. The Board of Directors is composed only of nationals from the Republic of Kiribati. It comprises Hon. Tinian Reiher, Minister of Fisheries and Marine Resources Development, Hon. Tiarite Kwong, Minister of Environment, Lands and Agricultural Development, and Hon. Titabu Tabane, Attorney-General. A copy of the certificate of incorporation of Marawa Research and Exploration Ltd. has been submitted. It is certified that the applicant has been duly incorporated on 6 March 2012.

B. Sponsorship

12. The sponsoring State is the Republic of Kiribati.

13. The date of deposit of Kiribati's instrument of accession to the United Nations Convention on the Law of the Sea and date of the consent to be bound by the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea is 24 February 2003.

14. The certificate of sponsorship is dated 21 March 2012, and signed by Hon. Tinian Reiher, Minister of Fisheries and Marine Resources Development. The certificate of sponsorship states that the sponsoring State will assume responsibility in accordance with article 139, article 153, paragraph 4, and annex III, article 4, paragraph 4, of the Convention.

C. Area of application

15. The area under application of Marawa Research and Exploration Ltd. covers a total area of 74,990 km² in the Clarion-Clipperton Fracture Zone of the Pacific Ocean. The area lies within the reserved areas and is divided into three regions: the first area is located within Block 18 and covers an area of 9,810 km²; the second area is located within Block 19 and covers an area of 24,410 km²; and the third area is located within Block 20 and covers an area of 40,770 km². The coordinates and general location of the areas under application are shown in the annex to the present document.

D. Other information

16. The date of receipt of the application is 30 May 2012.

17. The applicant has not been previously awarded any contract with the Authority.

18. The applicant submitted a written undertaking dated 21 March 2012 and signed by the Director of Marawa Research and Exploration Ltd., Hon. Tinian Reiher, stating that the applicant will comply with regulation 14 of the Regulations.

19. The applicant has paid a fee of \$250,000 in accordance with regulation 19 of the Regulations.

IV. Examination of information and technical data submitted by the applicant

20. The following technical documents and information were submitted in the application:

(a) Information relating to the application area:

(i) Boundaries of the area under application in accordance with the World Geodetic System 1984 (WGS 84);

- (ii) Average nodule abundance and grade and station data pertaining to the area under application;
- (iii) A chart and a list of the coordinates of the area under application;
- (b) Copy of the certificate of incorporation;
- (c) Certificate of sponsorship;
- (d) Information to enable the Council to determine whether the applicant is financially capable of carrying out the proposed plan of work for exploration;
- (e) Information to enable the Council to determine whether the applicant is technically capable of carrying out the proposed plan of work for exploration;
- (f) Plan of work for exploration;
- (g) Written undertakings;
- (h) Training programmes.

V. Consideration of financial and technical qualifications of the applicant

A. Financial capacity

21. In evaluating the financial capacity of the applicant, the Commission noted that in accordance with regulation 12 (4) of the Regulations, the sponsoring State had provided a statement dated 18 April 2012 certifying that the State enterprise Marawa Research and Exploration Ltd. had the necessary resources to meet the estimated costs of the proposed plan of work for exploration. The applicant also stated that it has the financial capability to respond to any incident or activity which causes serious harm to the marine environment in accordance with regulation 12 (1) and 12 (7) of the Regulations.

B. Technical capacity

22. In evaluating the technical capacity of the applicant, the Commission was provided with technical information in relation to expertise, skills and exploration equipment. As a State enterprise, the applicant stated that it would draw on the expertise and skills of the government departments of the sponsoring State. The applicant further indicated that it would engage world experts and utilize leading technology sourced from around the globe. The applicant outlined the equipment that would be used for its activities and stated that it would hire (and where equipment is unavailable, purpose build) the equipment necessary to carry out the relevant exploration activities.

23. The applicant stated that the discovery of polymetallic nodules within the national waters of the Republic of Kiribati during the 1960s and since the 1980s, interest in polymetallic nodules has been within the national development plans of the Republic of Kiribati. The applicant notes that the sponsoring State is the closest State to the region of the Clarion-Clipperton Fracture Zone that is covered by the application.

24. The Commission was provided with information relating to the prevention, reduction and control of pollution and other hazards to and possible impacts on the marine environment. The applicant noted that an Environmental Impact Assessment would be submitted prior to any test mining in accordance with the Regulations of the Authority. The Environmental Impact Assessment will provide greater detail on the potential impacts and proposed mitigation measures. The applicant noted that the Authority was currently in the process of formulating further regulations pertaining to Environmental Impact Assessments, and it is the intention of the applicant to incorporate such regulations into its environmental programme as they become available. The applicant committed to apply best environmental practices for sampling and preservation of samples and best available technology for conducting physical oceanographic studies and collecting data.

VI. Consideration of data and information submitted for approval of the plan of work for exploration for polymetallic nodules

25. In accordance with regulation 18 of the Regulations, the application includes the following information for approval of the plan of work for exploration:

(a) A general description and a schedule of the proposed exploration programme, including the programme for the first five-year period;

(b) A description of the programme for oceanographic and environmental baseline studies in accordance with the Regulations and any environmental rules, regulations and procedures established by the Authority that would enable an assessment of the potential environmental impact of the proposed exploration activities, taking into account any recommendations issued by the Legal and Technical Commission;

(c) A preliminary assessment of the possible impact of the proposed exploration activities on the marine environment;

(d) A description of proposed measures for the prevention, reduction and control of pollution and other hazards, as well as possible impacts, to the marine environment;

(e) Data necessary for the Council to make the determination it is required to make in accordance with regulation 12, paragraph 1, of the Regulations;

(f) A schedule of anticipated yearly expenditures in respect of the programme of activities for the first five-year period.

VII. Training programme

26. The Commission noted that, in accordance with regulation 27 and section 8 of annex 4 to the Regulations, the applicant stated that it would draw up and fund a programme for the training of personnel of the Authority and developing States, including the participation of such personnel in offshore exploration activities in the proposed contract area. The applicant indicated that the training programme would be prepared with the Authority, to determine, inter alia, the number and type of candidates in order to ensure optimum effectiveness of the programmes.

VIII. Conclusion and recommendations

27. Having examined the particulars submitted by the applicant, which are summarized in sections III to VII above, the Commission is satisfied that the application has been duly submitted in accordance with the Regulations and that the applicant is a qualified applicant, as defined in articles 4 and 9 of annex III to the Convention, and regulation 17 of the Regulations. The Commission is further satisfied that the applicant:

- (a) Has complied with the provisions of the Regulations;
- (b) Has given the undertakings and assurances specified in regulation 14 of the Regulations;
- (c) Possesses the financial and technical capability to carry out the proposed plan of work for exploration.

28. The Commission states that none of the conditions in regulation 21 (6) of the Regulations apply.

29. With respect to the proposed plan of work for exploration, the Commission is satisfied that the proposed plan of work for exploration will:

- (a) Provide for effective protection of human health and safety;
- (b) Provide for effective protection and preservation of the marine environment;
- (c) Ensure that installations are not established where interference may be caused to the use of recognized sea lanes essential to international navigation or in areas of intense fishing activity.

30. Accordingly, pursuant to regulation 21 (5) of the Regulations, the Commission recommends to the Council approval of the plan of work for exploration submitted by Marawa Research and Exploration Ltd.

Annex

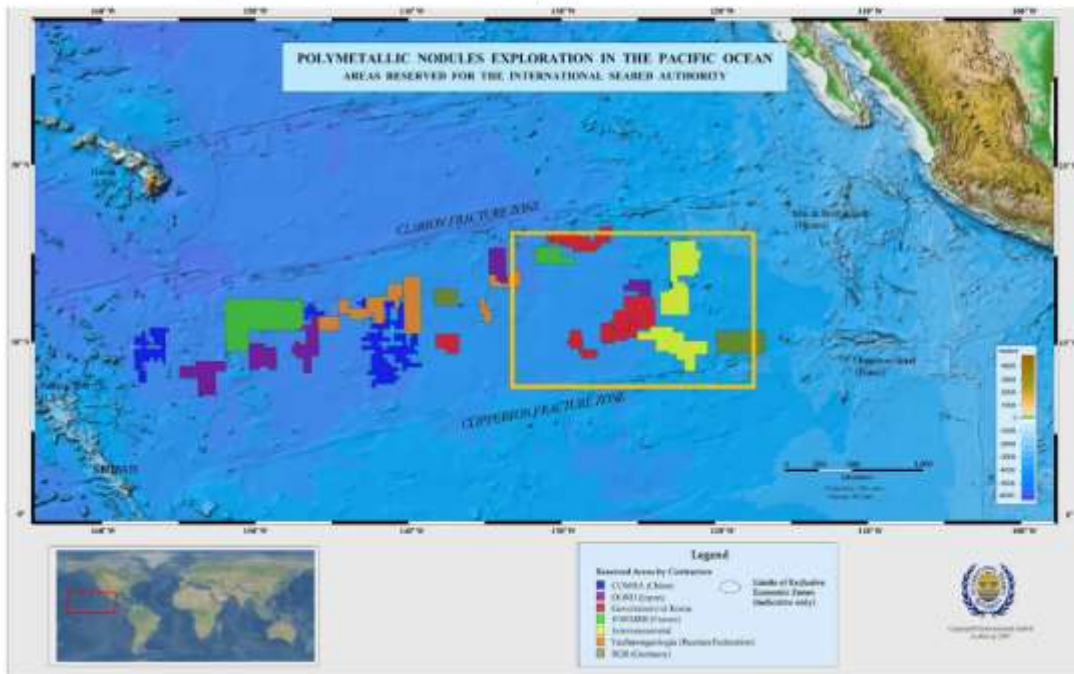
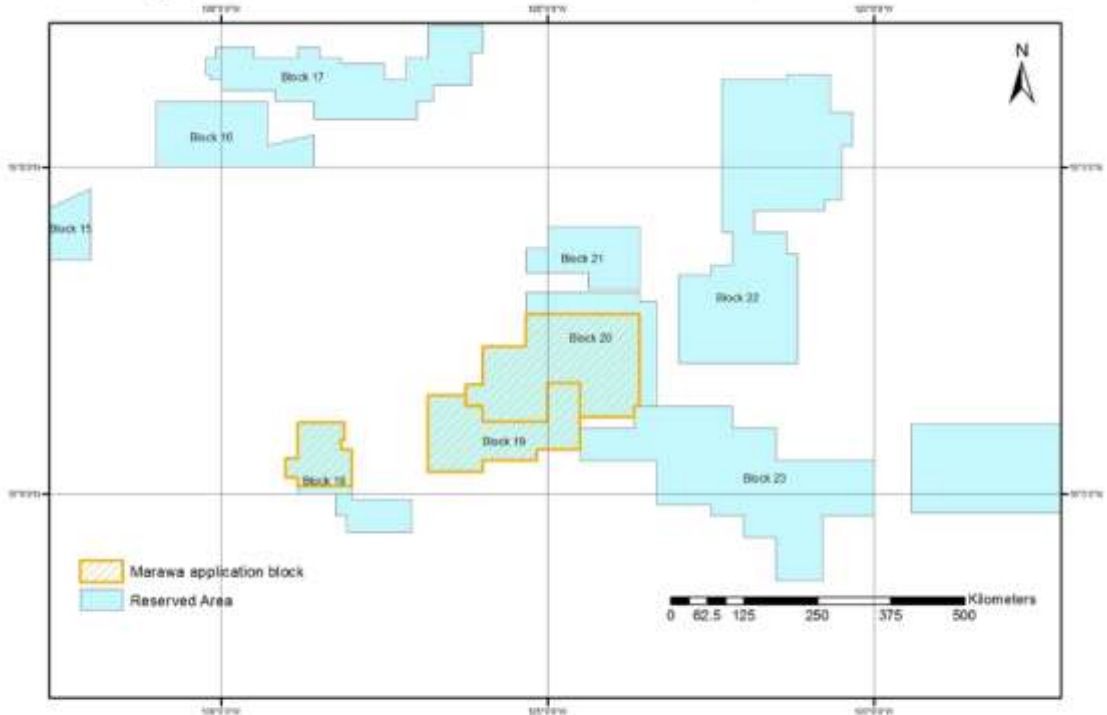
List of coordinates and map of general location of the reserved areas under application

<i>ISA Reserved Block No.</i>	<i>Turning point</i>	<i>Longitude West (decimal degrees)</i>	<i>Latitude North (decimal degrees)</i>
18	1	-128.117	10.8135
	2	-128.167	10.8135
	3	-128.167	10.6667
	4	-128	10.6667
	5	-128	10.1088
	6	-128.833	10.1088
	7	-128.833	10.25
	8	-129.01	10.25
	9	-129.01	10.5387
	10	-128.833	10.5387
	11	-128.833	11.0833
	12	-128.117	11.0833
19	1	-126.25	11.5
	2	-126.25	11.3333
	3	-126	11.3333
	4	-126	11.1
	5	-125	11.1
	6	-125	11.6833
	7	-124.5	11.6833
	8	-124.5	10.6667
	9	-125.167	10.6667
	10	-125.167	10.5
	11	-126	10.5
	12	-126	10.3333
	13	-126.833	10.3333
	14	-126.833	11.5
20	1	-126	11.6667
	2	-126	12.25
	3	-125.333	12.25
	4	-125.333	12.75
	5	-123.583	12.75
	6	-123.583	11.3333
	7	-123.667	11.3333
	8	-123.667	11.1667

<i>ISA Reserved Block No.</i>	<i>Turning point</i>	<i>Longitude West (decimal degrees)</i>	<i>Latitude North (decimal degrees)</i>
	9	-124.5	11.1667
	10	-124.5	11.6833
	11	-125	11.6833
	12	-125	11.1
	13	-126	11.1
	14	-126	11.3422
	15	-126.25	11.3422
	16	-126.25	11.6667

Map of general location of the reserved areas under application

Marawa Application Areas Within ISA Reserved Area Blocks 18, 19 and 20





Council

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Report and recommendations of the Legal and Technical Commission to the Council of the International Seabed Authority relating to an application for the approval of a plan of work for exploration for polymetallic nodules by G-TEC Sea Mineral Resources NV

I. Introduction

1. On 31 May 2012, the Secretary-General of the International Seabed Authority received an application for the approval of a plan of work for exploration for polymetallic nodules in the Area. The application was submitted pursuant to the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area (ISBA/6/A/18, annex) by G-TEC Sea Mineral Resources NV. The application covers a total surface area of 148,665 km² and is located in the eastern-central part of the Clarion-Clipperton Fracture Zone in the Pacific Ocean.

2. In accordance with regulation 20, paragraph 1 (c) of the Regulations, by a note verbale dated 4 June 2012, the Secretary-General notified the members of the Authority of the receipt of the application and circulated information of a general nature concerning the application. The Secretary-General also placed consideration of the application as an item on the agenda of the Legal and Technical Commission at its meeting held from 9 to 19 July 2012.

II. Methodology for consideration of the application by the Legal and Technical Commission

A. General methodology applied by the Commission in consideration of the application

3. In its consideration of the application, the Commission noted that, in keeping with the scheme established in article 6 of annex III to the United Nations Convention on the Law of the Sea, it was first required to make an objective determination as to whether the applicant had fulfilled the requirements contained in



the Regulations, particularly with respect to the form of applications; whether the applicant had provided the necessary undertakings and assurances specified in regulation 14; and whether it had the necessary financial and technical capability to carry out the proposed plan of work for exploration. The Commission is then required to determine, in accordance with regulation 21, paragraph 4, and its procedures, whether the proposed plan of work will provide for effective protection of human health and safety, effective protection and preservation of the marine environment and will ensure that installations are not established where interference may be caused to the use of recognized sea lanes essential to international navigation or in areas of intense fishing activity. Regulation 21, paragraph 5, provides that:

If the Commission makes the determinations specified in paragraph 3 and determines that the proposed plan of work for exploration meets the requirements of paragraph 4, the Commission shall recommend approval of the plan of work for exploration to the Council.

4. In considering the proposed plan of work for exploration for polymetallic nodules, the Commission took into account the principles, policies and objectives relating to activities in the Area as provided for in part XI and annex III of the Convention and in the Agreement relating to the implementation of Part XI of the United Nations Convention on the Law of the Sea.

B. Consideration of the application

5. The Commission considered the application in closed meetings on 9, 10, 13, 16, 18 and 19 July 2012.

6. Prior to commencing a detailed examination of the application, the Commission invited the applicant's designated representative, the Managing Director of G-TEC Sea Mineral Resources NV, Jacques Paynjon, accompanied by an environmental consultant, Daniel Leggett; a senior adviser, Michel Hoffert; and the Founder and Director of G-TEC Sea Mineral Resources NV, Lucien Halleux, to make a presentation of the application. Members of the Commission then asked questions to clarify certain aspects of the application before convening in closed session to examine the application in detail. Following its initial consideration, the Commission also decided to request the Chair of the Commission to transmit a list of questions to the applicant in writing through the Secretary-General. The written responses provided by the applicant were taken into account by the Commission in its subsequent consideration of the application.

III. Summary of basic information regarding the application

A. Identification of the applicant

7. The name and address of the applicant are as follows:

- (a) Name: G-TEC Sea Mineral Resources NV (GSR);
- (b) Street address: Slijkensesteenweg 2, B-8400 Ostend, Belgium;
- (c) Postal address: as above;

- (d) Telephone number: +32 (0)3 666 26 60;
 - (e) Facsimile number: +32 (0)476 39 05 31;
 - (f) E-mail address: Paynjon.jacques@milan-int.be.
8. The applicant's designated representative is:
- (a) Name: Jacques Paynjon;
 - (b) Street address: Max Temmermanlaan 42, B-2920 Kalmthout, Belgium;
 - (c) Telephone number: as above;
 - (d) Facsimile number: as above;
 - (e) E-mail address: as above;
 - (f) Place of registration: Slijkensesteenweg 2, B-8400 Ostend, Belgium; place of business/domicile: Max Temmermanlaan 42, B-2920 Kalmthout, Belgium.
9. The applicant is a legal entity incorporated as of 23 April 2012 under Belgian law. A copy of the certificate of incorporation has been submitted. In the certificate of sponsorship, the sponsoring State declares that the applicant being a company incorporated under Belgian law is subject to Belgian law and is under the effective control of Belgian nationals.

B. Sponsorship

10. The sponsoring State is Belgium.
11. The date of deposit of the instrument of ratification of the United Nations Convention on the Law of the Sea and date of the consent to be bound by the Agreement relating to the implementation of Part XI of the United Nations Convention on the Law of the Sea is 13 November 1998.
12. The first certificate of sponsorship is dated 8 May 2012, issued by the Deputy-Prime Minister and Minister for the Economy, Consumer Affairs and the North Sea, Johan Vande Lanotte. The second certificate of sponsorship is dated 21 June 2012 and is signed by the Deputy Prime Minister and Minister for Foreign Affairs, Didier Reynders and by the Deputy-Prime Minister and Minister for the Economy, Consumer Affairs and the North Sea, Johan Vande Lanotte.
13. The certificates of sponsorship state that Belgium assumes responsibilities for the activities of the applicant in accordance with article 139, article 153, paragraph 4, and annex III, article 4, paragraph 4, of the Convention, and fully supports the application. The sponsoring State declares that it is in the process of preparing legislation to assume its responsibility as sponsoring State. Belgium acknowledges the importance of the contract for exploration. It states that it has a vested historical interest and link to the Clarion-Clipperton Fracture Zone through the work of Professor Alphonse François Renard (1842-1903) and past exploration efforts by the Belgian corporation, Union Minière de Belgique. The sponsoring State declares that the contract for exploration would allow Belgian academics and industrials jointly to revisit the area and build on past exploration efforts.

C. Area of application

14. The area under application covers 148,665 km². It is divided into parts, labelled part A and part B. The two parts are non-contiguous. They are numbered 1 to 6, the odd figures corresponding to subparts of part A, the even numbers corresponding to subparts of part B. The area under application is based on a part of the seabed where a licence was formerly granted by the United States of America to Ocean Mining Associates (OMA) in 1974 and was referred to as USA-3. OMA was composed of Tenneco (USA), US Steel (USA), Japan Mining Co. and Union Minière de Belgique (now Umicore).

D. Other information

15. The date of receipt of the application is 31 May 2012.

16. The applicant has not been previously awarded any contract with the Authority.

17. The application includes a written undertaking signed by the applicant's designated representative declaring that the applicant will comply with regulation 14 of the Regulations.

18. The applicant has paid a fee of \$250,000 in accordance with regulation 19.

IV. Examination of information and technical data submitted by the applicant

19. The following technical documents were provided:

(a) Information relating to the area under application:

(i) Boundaries of the area under application, by attaching a list of geographic coordinates in accordance with the World Geodetic System 1984;

(ii) Chart and list of the coordinates dividing the area into two parts of equal estimated commercial value;

(iii) Information to enable the Council to designate a reserved area based on the estimated commercial value of the two parts of the area under application, including data available to the applicant, including:

a. Data on the location, survey and evaluation of the polymetallic nodules in the area under application;

b. A description of the technology related to the recovery and processing of polymetallic nodules;

c. A map of the physical and geological characteristics, such as seabed topography, bathymetry and bottom currents and information on the reliability of such data;

d. Data on the average density (abundance of polymetallic nodules with abundance map showing the location of sampling sites);

- e. Data on the average elemental content of metals of economic interest (grade) based on chemical assays in (dry) weight per cent and associated grade maps;
 - f. Combined maps of abundance and grade of polymetallic nodules;
 - g. A calculation based on the estimated commercial value of the division of the application area into two parts;
 - h. A description of the techniques used by the applicant;
- (b) Information on wind speed and direction, wave height, period and direction, current speed and direction, water salinity, temperature and biological communities;
 - (c) Certificates of sponsorship issued by the sponsoring State;
 - (d) Information to enable the Council to determine whether the applicant is financially capable of carrying out the proposed plan of work for exploration;
 - (e) Information to enable the Council to determine whether the applicant is technically capable of carrying out the proposed plan of work for exploration;
 - (f) Plan of work for exploration;
 - (g) Training programmes.

V. Consideration of financial and technical qualifications of the applicant

A. Financial capacity

20. In evaluating the financial capacity of the applicant, the Commission was provided with a certified pro forma balance sheet in accordance with regulation 12, paragraph 5 (a) of the Regulations, given that the applicant is a newly formed entity. The applicant also submitted the audited consolidated group financial statements of G-TEC, the applicant's parent company, in accordance with regulation 12, paragraph 5 (b). The applicant submitted a declaration by Deloitte confirming that the application by G-TEC Sea Mineral Resources NV was part of an exclusive agreement with a Belgian industrial partner, which was not Umicore, whereby all costs incurred by the applicant for fulfilling its obligations under a contract for exploration with the Authority would be entirely borne by its Belgian industrial partner.

B. Technical capacity

21. In evaluating the technical capacity of the applicant, the Commission noted that the applicant had stated that it had become an important player in leading companies towards mining authorization and had the support of many experts in the field of deep-sea exploration and polymetallic nodules. The applicant had also stated that its partners had significant technical, operational and financial resources and capabilities.

22. The applicant provided information related to the prevention, reduction and control of hazards to and possible impact on the marine environment. This included the description of a plan for a programme for oceanographic and environmental baseline studies to ensure that the exploration activities cause minimal impact on the marine environment. The applicant listed the main equipment that would be used for the proposed activities.

VI. Consideration of data and information submitted for the designation of a reserved area and determination of equal estimated commercial value

23. The Commission noted that the applicant stated that the proposed division in two parts was based upon legacy and publically available data.

A. Methodology used by the applicant in calculation of the estimated commercial value

24. The applicant stated it had had access to historical data from Umicore. The explanation of the area abundance and grade is based on published sources, including International Seabed Authority Technical Study No. 6, *A Geological Model of Polymetallic Nodule Deposits in the Clarion-Clipperton Fracture Zone* (2010), on a 2000 study by Charles Morgan and on data relating to the DOMES Site C, which falls within the application area. Abundance and grade have been presented in regional and local scales. On the basis of such data, the applicant created maps of abundance and grade to estimate the commercial value expressed as recoverable metals in mineable areas using the following procedure. The globally averaged nodule abundance shown on the maps is regridded using standard kriging in a geographical (latitude/longitude) coordinate system. The grid size is 0.1° longitude x 0.07° latitude. The nodule abundance on mineable fields is computed assuming the following hypotheses: the mineable areas represent 60 per cent of the total surface and the average nodule abundance of the non-mineable areas is estimated at 5 kg/m². All the abundances, elemental content and values shown on the maps are expressed “per square km of mineable fields”, in other words, 60 per cent of the total surface only. The recoverable metals used for computation are nickel (Ni), cobalt (Co) and copper (Cu). Manganese (Mn) is not used for computation of the commercial value. Should manganese be recovered in the future, it is assumed that the corresponding commercial value will add equally to all parts of the area under application, and thus have no influence on the proposed division into two parts of equal estimated commercial value. The elemental content maps are regridded using the above-mentioned technique for nodule abundance. It is assumed that there is no significant difference between the elemental contents in mineable or non-mineable fields. Such differences would produce lower order variations only. The average nodule abundance on the mineable fields is multiplied by the elemental content in order to produce grids and maps of recoverable metal (Mn, Ni, Cu and Co) per m². The metal content is expressed in g/m² or metric tons/km², which is equivalent.

B. Evaluation

25. The Commission noted that the data available for the determination of the estimated commercial value are from two sources:

(a) Raw data from individual samples made available from the database of Ocean Mining Associates;

(b) Digitized values based on various distribution maps from historic academic work.

The data were made available in digital format, the raw data were presented in Excel tables and the digitized historic data were provided in Surfer files. The latter may only be read by using Surfer software and is not fit for statistical analyses. Therefore, the Commission concentrated its statistical analyses of metal contents and abundances on the raw data from Ocean Mining Associates. In addition, the Commission had at its disposal the Shuttle Radar Topography Mission (SRTM) 30 minutes satellite bathymetric grid of Smith and Sandwell, for the purpose of making a general assessment of the gradient variability of the seafloor topography.

26. The raw data in parts A and B were analysed and the following observations were made with regard to nodule abundance, metal content and seafloor morphology:

(a) The available bathymetric data indicate that the topography of the seafloor is less rough in part A than in part B; especially the easternmost sub-area of part B (B6) has a significantly rougher topography than the other sub-areas;

(b) Part A has a total of 193 sampling stations while part B has 116 stations, all of which are concentrated in restricted areas extending across the northern parts of sub-areas A3, B4 and A5. Although the number of samples was restricted to only a minor part of the total area, the samples formed the basis for differentiating the potential of parts A and B;

(c) The frequency diagrams with regard to nickel content show that part A has a higher frequency of nickel concentration above 1.5 wt% than part B.

C. Summary and conclusions relating to the determination of equal estimated commercial value

27. On the basis of the data and analyses available, the Commission was of the view that both parts of the area under application offer similar potential in terms of finding competitive mine sites. However, based on the above considerations as to bathymetry, nodule abundance and nickel content, the Commission decided to recommend to the Council to designate part A as the area reserved for the Authority. The Commission expressed concern that the review of the application took longer than anticipated because of ambiguity in the information provided by the applicant, general misunderstanding and the applicant not providing clear answers to the Commission's questions in regard to making available data for the determination of parts A and B of the area under application.

VII. Consideration of data and information submitted for approval of the plan of work for exploration

28. In accordance with regulation 18 of the Regulations, the application provided the following information for approval of the plan of work for exploration:

(a) A general description and a schedule of the proposed exploration programme, including the programme for the first five-year period;

(b) A description of the programme for oceanographic and environmental baseline studies in accordance with the Regulations and any environmental rules, regulations and procedures established by the Authority that would enable an assessment of the potential environmental impact of the proposed exploration activities, taking into account any recommendations issued by the Legal and Technical Commission;

(c) A preliminary assessment of the possible impact of the proposed exploration activities on the marine environment;

(d) A description of proposed measures for the prevention, reduction and control of pollution and other hazards, as well as any possible impact, to the marine environment;

(e) Data necessary for the Council to make the determination it is required to make in accordance with regulation 12, paragraph 1, of the Regulations;

(f) A schedule of anticipated yearly expenditures in respect of the programme of activities for the first five-year period.

VIII. Training programme

29. The Commission noted that the applicant had stated that, in accordance with regulation 27 and section 8 of annex 4 to the Regulations, the contractor would draw up a training programme in cooperation with the Authority, which would become part of the contract.

IX. Conclusion and recommendations

30. Having examined the particulars submitted by the applicant, which are summarized in parts III to VIII above, the Commission is satisfied that the application has been duly submitted in accordance with the Regulations and that the applicant:

(a) Has complied with the provisions of the Regulations;

(b) Has given the undertakings and assurances specified in regulation 14;

(c) Possesses the financial and technical capability to carry out the proposed plan of work for exploration.

31. The Commission states that none of the conditions in regulation 21, paragraph 6, of the Regulations apply.

32. With respect to the proposed plan of work for exploration, the Commission is satisfied that the proposed plan of work for exploration will:

- (a) Provide for effective protection of human health and safety;
- (b) Provide for effective protection and preservation of the marine environment;
- (c) Ensure that installations are not established where interference may be caused to the use of recognized sea lanes essential to international navigation or in areas of intense fishing activity.

33. Accordingly, pursuant to regulation 21, paragraph 5, of the Regulations, the Commission recommends to the Council approval of the plan of work for exploration submitted by G-TEC Sea Mineral Resources NV. The Commission also recommends to the Council to designate part A within the application for approval of the plan of work for exploration as the area reserved for the Authority and to allocate part B to the applicant as its exploration area.

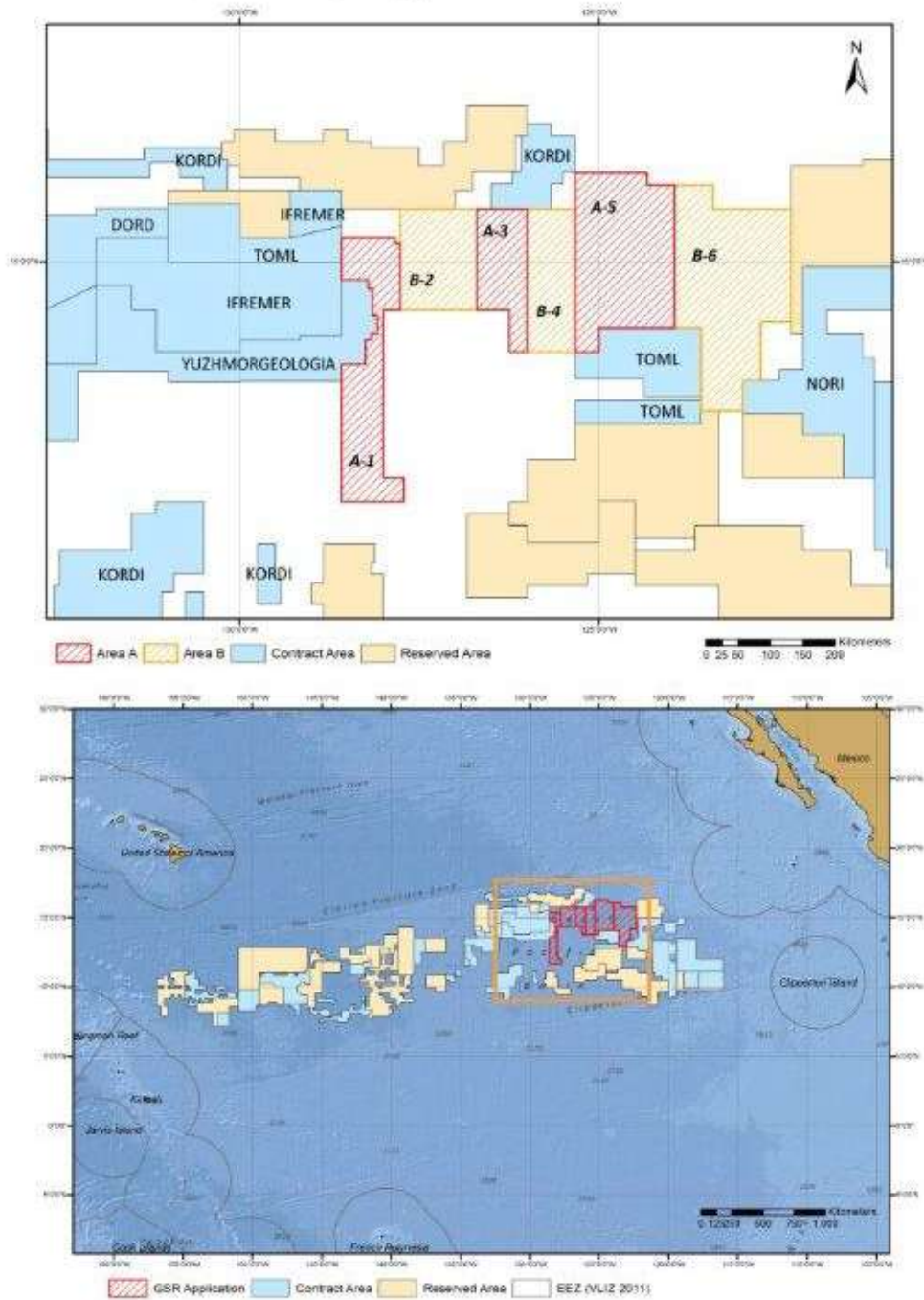
Annex

Coordinates and map of general location of proposed reserved area (part A) and exploration area (part B)

<i>Turning point</i>	<i>Longitude West</i>	<i>Latitude North</i>
Part A		
<i>Sub-part A1</i>		
1	-128.58333	15.33333
2	-127.83333	15.33333
3	-127.83333	15.25000
4	-127.76667	15.25000
5	-127.76667	14.33333
6	-128.00000	14.33333
7	-128.00000	12.00000
8	-127.71667	12.00000
9	-127.71667	11.66667
10	-128.58333	11.66667
11	-128.58330	13.57600
12	-128.25000	13.57600
13	-128.25000	13.91670
14	-128.16670	13.91670
15	-128.16670	14.00000
16	-128.08330	14.00000
17	-128.08330	14.25000
18	-128.15220	14.25000
19	-128.15220	14.62500
20	-128.20830	14.62500
21	-128.20830	14.75000
22	-128.58330	14.75000
<i>Sub-part A3</i>		
1	-126.7000	15.7333
2	-126.0000	15.7333
3	-126.0000	13.7500
4	-126.2500	13.7500
5	-126.2500	14.3333
6	-126.7000	14.3333

<i>Turning point</i>	<i>Longitude West</i>	<i>Latitude North</i>
<i>Sub-part A5</i>		
1	-125.3333	16.2333
2	-124.3333	16.2333
3	-124.3333	16.0667
4	-123.9520	16.0667
5	-123.9520	14.0833
6	-125.0000	14.0833
7	-125.0000	13.7500
8	-125.3333	13.7500
Part B		
<i>Sub-part B2</i>		
1	-127.7667	15.2500
2	-127.7667	15.7333
3	-126.7000	15.7333
4	-126.7000	14.3333
5	-127.7667	14.3333
<i>Sub-part B4</i>		
1	-126.0000	15.7333
2	-125.3333	15.7333
3	-125.3333	13.7500
4	-126.0000	13.7500
<i>Sub-part B6</i>		
1	-123.9520	16.0667
2	-123.4167	16.0667
3	-123.4167	15.7333
4	-122.3333	15.7333
5	-122.3333	14.1667
6	-122.7500	14.1667
7	-122.7500	13.3500
8	-123.0000	13.3500
9	-123.0000	12.9333
10	-123.5833	12.9333
11	-123.5833	14.0833
12	-123.9520	14.0833

G-TEC Sea Mineral Resources Application Areas



Abbreviations: DORD, Deep Ocean Resources Development Ltd.; EEZ, Exclusive Economic Zone; GSR, G-TEC Sea Mineral Resources NV; IFREMER, French Research Institute for Exploration of the Sea; KORDI, Korea Ocean Research & Development Institute; NORI, Nauru Ocean Resources, Inc.; TOML, Tonga Offshore Mining Limited; VLIZ, Flanders Marine Institute; YUZHMOREGEOLOGIA, Yuzhmorgeologiya.



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16-27 July 2012

Summary report of the Chair of the Legal and Technical Commission on the work of the Commission during the eighteenth session of the International Seabed Authority

I. Introduction

1. The Legal and Technical Commission held 17 meetings during the eighteenth session of the International Seabed Authority. The Commission commenced its work on 9 July 2012, one week in advance of the meetings of the Council and Assembly, and continued its work until 19 July.
2. The following members of the Commission participated in the meetings during the eighteenth session: Adesina Adegbe, Farhan Al-Farhan, David Billett, Harald Brekke, Winifred Broadbelt, Laleta Davis-Mattis, Kaiser De Souza, Elva Escobar, Russell Howorth, Kiseong Hyeong, Elie Jarmache, Emmanuel Kalngui, Pedro Madureira, Hussein Mubarak, Nobuyuki Okamoto, Mario Oyarzábal, Andrzej Przybycin, Christian Reichert, Cristian Rodrigo, Maruthadu Sudhakar and Haiqi Zhang. The following members informed the Secretary-General that they would be unable to attend the session: Domenico da Empoli, Aleksander Čičerov and Eusebio Lopera. Following past practice, Georgy Cherkashov also participated in the meetings of the Commission prior to his formal election by the Council on 17 July 2012 for the remainder of the term of office of Denis Khramov, who had resigned from the Commission.
3. On 9 July 2012, the Commission elected Russell Howorth (Fiji) as Chair and Christian Reichert (Germany) as Vice-Chair.
4. The Commission adopted its agenda (ISBA/18/LTC/1) on 9 July 2012. On the same date, the Commission was provided with a preliminary briefing on its functions, working practices and anticipated programme of work for the period 2012-2016. In view of its extensive agenda, the Commission decided to prioritize it. It decided first to review the five applications for approval of plans of work for exploration that had been placed on its agenda for the session and then to consider the annual reports of the contractors. Thereafter, if time allowed, it would consider the recommendations for the guidance of the contractors for the assessment of the



possible environmental impacts arising from exploration for polymetallic sulphides in the Area as well as other items on the agenda.

II. Applications for approval of plans of work for exploration in the Area

5. The Commission considered five applications for approval of plans of work for exploration. In accordance with the applicable regulations, the Commission considered the applications in the order in which they had been received, as follows:

- (a) Government of the Republic of Korea (submitted 21 May 2012);
- (b) Institut français de recherche pour l'exploitation de la mer (IFREMER) (submitted 23 May 2012);
- (c) UK Seabed Resources Ltd. (submitted 23 May 2012);
- (d) Marawa Research and Exploration Ltd. (submitted 30 May 2012);
- (e) G-TEC Mineral Resources NV (submitted 31 May 2012).

6. The Commission convened in closed meetings to consider the applications on 9, 10, 11, 12, 13, 16, 17, 18 and 19 July 2012. The report and recommendations of the Commission to the Council relating to each of the applications for plans of work for exploitation are contained in documents ISBA/18/C/15-19.

7. During the consideration of the applications for approval of plans of work for exploration for polymetallic sulphides, the Commission took note of possible future activities in the Area relating to the protection of the marine environment. In this regard, the Commission recalled the obligations under the Convention relating to the protection of the marine environment of the Area (article 145) and relating to the protection and preservation of the marine environment under Part XII, in particular those measures necessary to protect and preserve rare and fragile ecosystems. In regard to the applications for approval of a plan of work for exploration for polymetallic nodules, the Commission noted that there was no overlapping with areas of particular environmental interest in the environmental management plan for the Clarion-Clipperton Fracture Zone (CCZ). The Commission also recalled the obligations under the Convention regarding global and regional cooperation through competent international organizations in formulating and elaborating international rules, standards and recommended practices and procedures, consistent with the Convention, for the protection and preservation of the marine environment (article 197). The Commission noted the international developments regarding the protection and conservation of biodiversity in areas beyond national jurisdiction. Future applications for approval of plans of work should take into consideration the outcomes of those developments.

8. In the same context, the Commission also had to determine whether it should take into account scientific research being conducted at unique hydrothermal vent sites within a block identified for sulphide exploration.

9. The Commission noted that in some of the applications, it had been required to consider the technical capability of subcontractors working for the principal contractor. The Commission also noted that all applications should provide details of subcontractors to be engaged, recognizing that there is a growing trend of using

commercial service companies in providing environmental baseline data. Few service companies have knowledge of the frontier areas of interest to deep-sea mining. The Commission further noted the need to support the standardization workshops organized by the secretariat in order to facilitate the transfer of knowledge from the scientific community to service companies in support of applications for mining.

III. Evaluation of the annual reports of contractors submitted pursuant to the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area

10. The Commission reviewed and evaluated, in closed meetings, the annual reports submitted by contractors pursuant to the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area (Nodules Regulations). To facilitate its work, the Commission was provided with a preliminary analysis of the annual reports prepared by the secretariat (ISBA/18/LTC/CRP.3). The Commission divided itself into five working groups covering geological aspects, environmental aspects, technical aspects, financial aspects and other matters contained in the annual reports. The working groups carried out a preliminary review of the annual reports and prepared a draft evaluation for further consideration by the Commission. The report and recommendations of the Commission concerning the annual reports of the contractors are contained in document ISBA/18/LTC/11.

11. The Commission also made the following comments:

General

(a) Six out of the nine contractors failed to submit their annual activity reports in a timely manner, which compromises the ability of the organs of the Authority to effectively carry out its functions;

(b) The majority of reports largely follow the general template prescribed by the Commission;

(c) Most contractors are in the final five-year phase of their contracts. By the end of that time it is to be expected that they will have identified a first-generation mine site, obtained good baseline environmental data, developed a mining system prototype and arranged for processing no later than the anticipated end of their respective contracts;

(d) However, the pace of work is not uniform for contractors. Some of the contractors are still engaged in the exploration or environmental phase of the work. Some have not done any work on mining technology or processing technology;

(e) The results of fieldwork (especially with regard to exploration) are in many instances not reported in the detail required and are often not made available in digital format. This is a serious concern of the Commission. The lack of raw data in digital format hinders the Authority in its work as an effective repository of bathymetric, geophysical, geotechnical and chemical data to facilitate further exploration in the Area. In the future, the Commission will put much weight on how the contractors comply with the prescribed and recommended ways of reporting data when considering and recommending new licences;

Exploration work

(f) In general terms, exploration work proceeded slowly during the reporting period;

(g) The Commission expresses concern that one contractor has not carried out any exploration activities during the first 10-year period under the contract and as it enters the final 5-year phase. The Commission finds this deeply troubling and invites the contractor to look into this matter accordingly;

(h) Some contractors report no work at all under exploration-, mining- and metallurgy-related activity;

(i) As pointed out in earlier Commission evaluations, there is no uniformity in the classification of nodules on the basis of morphology, shape or size. A standard needs to be established at the earliest opportunity. The Authority should consider convening a meeting of contractors or a workshop for standardization, as noted in paragraph 96 of the report of the Secretary-General (ISBA/18/A/2);

(j) The Commission strongly recommends that the results of the exploration work be reported in digital format and include the following data:

(i) Bathymetry (xyz files) (mandatory);

(ii) Geophysical data (geo-referenced raw data) (requested);

(iii) Nodule abundance (mandatory);

(iv) Chemical analyses (+ methods, analytical accuracy and precision estimates) (mandatory);

Mining tests and proposed mining technology

(k) Progress still remains to be made on technology-related issues, particularly with respect to the mining and metallurgical processing of nodules. A few contractors have not yet started to develop their technological capacity. It may therefore be beneficial if such contractors made a concerted effort by pooling their resources;

(l) The contractors who are actively engaged in mining technology research and development should now concentrate on developing a combined mining system and should test their technology at greater depths;

(m) The mineral-processing technology has been tested on a pilot scale by a few of the contractors. The extraction of raw earth elements and other metals from nodules will be of additional value and should be pursued;

Environmental monitoring and assessment

(n) The environmental work reported by contractors in 2011 is generally of better quality than that reported in previous years. In response to an appeal during the meeting of contractors in January 2012, several contractors have provided some raw data, which will go a long way in evaluating the potential impact on the marine environment and also in developing the regional environmental management plan for the CCZ. The data will help to evaluate the potential impacts of mining on the marine environment and will help in developing the regional environmental management plan for the CCZ. As environmental data are unclassified, all

contractors should provide the data to the Authority before the start of its next session so that a central environmental database can be developed and strengthened by the Authority;

Financial

(o) Some contractors have still not provided detailed financial statements for 2009 and 2010 despite the Commission's repeated calls to do so. The Commission invites the Council to consider the matter accordingly;

(p) A positive development in reporting for 2011 is that many of the contractors have provided clarification in response to the Commission's 2011 evaluation report and have made substantial progress towards being compliant with the Commission's financial recommendations as contained in document ISBA/15/LTC/7. Contractors are encouraged to continue with improvements in financial reporting towards full compliance;

Other matters

(q) Only one contractor has provided a list of research published in peer-reviewed journals during the reporting year. The Commission requests the secretariat to collate a list of publications from all contractors on polymetallic nodules and publish a booklet listing the publications;

(r) Few contractors have continued to analyse the market trend of demand, supply and prices of metals;

(s) In the detailed phase of exploration work, the contractors should consider using advanced techniques such as remotely operated vehicles and autonomous underwater vehicles for producing detailed bathymetric charts and estimating nodule abundances accurately.

12. The Commission agreed on the need to review its reporting to the Council, in particular with regard to the contractors' annual reports, to ensure that they provide sufficient information for the Council to be kept informed and be able to make informed decisions. This review is to be carried out in time for the next session of the Commission.

IV. Information on the periodic review of implementation of plans of work for exploration for polymetallic nodules

13. The Commission was provided with a report by the Secretary-General on the periodic review of the implementation of the plans of work for exploration for polymetallic nodules in the Area (ISBA/18/LTC/10). The review, carried out in accordance with regulation 28 of the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area, was undertaken with seven of the current contractors. The Commission noted that, in the case of Yuzhmorgeologiya, Interoceanmetal Joint Organization, the Government of the Republic of Korea, China Ocean Mineral Resources Research and Development Association (COMRA), Deep Ocean Resources Development Co. Ltd. and IFREMER, whose contracts were issued in 2001, this was the second periodic review. In the case of the Federal

Institute for Geosciences and Natural Resources of Germany, whose contract was issued in 2006, the first five-year programme of activities expired in 2011.

14. The Commission took note of the status of exploration work being carried out by current contractors as reported in the periodic reviews. The Commission also noted that, as a result of the meeting between the Secretary-General and the contractors held in January 2012, the secretariat has received more raw environmental data from the contractors and measures are being taken (subject to the availability of budgetary resources) to ensure that the data can be analysed, evaluated and standardized so as to facilitate the development of environmental baselines for the next phase of seabed mining.

15. The programmes of most contractors continue to be prolonged scientific research campaigns, without any commercial viability. No contractor has so far informed the Authority that it has made a decision to proceed to conduct test mining in order to evaluate the commercial and environmental risks associated with the mining and processing systems. The Commission recommended that all concerned contractors be requested to undertake, within the next five years, a preliminary economic evaluation of the feasibility of proceeding to exploitation as this would provide an indication of the level of returns that could be generated for any investment in the exploitation of nodules.

V. Selection of candidates with a view to the implementation of the training programme

16. In accordance with the applicable regulations, each contractor is required to draw up a programme for the training of personnel of the Authority and developing States. The training programme is to be drawn up in cooperation with the Authority and the sponsoring State or States and must be submitted to the Authority for approval prior to the commencement of exploration under the contract.

17. The Commission was provided with a report by the secretariat on the status of implementation of the training programmes proposed by COMRA, Nauru Ocean Resources Inc. and Tonga Offshore Mining Ltd., whose applications for approval of plans of work had been approved in 2011. As a first step, the secretariat had invited interested candidates to submit applications for training opportunities with a view to drawing up a roster of qualified candidates. The Commission encouraged the secretariat and other interested stakeholders to continue to seek qualified candidates. The Commission agreed to consider this matter further at its next session and in the meantime to establish a sub-group to prepare a report for its consideration.

18. While the current applicants and contractors had complied with the applicable regulations, the Commission recommended that, pursuant to article 15 of annex III to the Convention, it would assist the Authority if training programmes were elaborated and specifically described in applications for approval of plans of work. It was also noted that it would be helpful to the Secretary-General if the Commission were able to draw up recommendations for the guidance of contractors in devising and implementing training programmes. Such recommendations would help to promote a standardized approach to training. It was agreed to add the consideration of this matter to the work programme of the Commission. The Commission also noted that, pursuant to the regulations, training programmes

should provide for “full participation” by personnel of the Authority and developing States in “all activities covered by the contract”. The Commission expressed the view that the participation of such personnel should extend throughout the duration of the contract.

VI. Environmental implication of activities in the Area

A. Report on informal consultations with contractors

19. The Commission was informed that in January 2012, the Secretary-General had convened an informal meeting with representatives of all current contractors, including environmental experts, in order to address the urgent need for the Authority to update its data management requirements with regard to acceptable data formats for submission to the secretariat of scientific and technical data collected by contractors. The Commission was provided with a report on the outcomes of the informal consultations (ISBA/18/LTC/3). It was noted that a number of specific activities to be undertaken by contractors had been agreed on at the meeting.

20. The Commission also noted that at the meeting a programme of work that would need to be carried out to support the core functions of the secretariat to maintain databases and enable sufficient protection of the marine environment from impacts that may arise as a result of mineral-related activities in the Area had been agreed on. This work included:

(a) A review of the data provided by contractors as a result of the requests prior to and during the meeting and a review of the status of environmental information for the CCZ and Indian Ocean exploration areas;

(b) Redesign of the environmental database to accommodate the new data format and transposition of archive data into the new database;

(c) Integration of metadata sheets with an online Geographic Information System to enable the identification of data collected in the contractor areas, thus enabling the Authority to fulfil its role of promoting and encouraging marine scientific research and international collaboration within the Area;

(d) The convening of taxonomic standardization workshops in order to create consistent species identifications by contractors so that a homogenized database can be created to enable more efficient protection of the marine fauna of the Area.

21. The Commission noted with concern that, as reported by the Secretary-General, there was currently no provision for those activities to be funded from within the current budget of the Authority and that additional resources would be needed. Furthermore, it was noted that the Authority should develop and strengthen scientific collaborations with appropriate groups and organizations in order to advance the understanding of topics relevant to the protection of the marine ecosystems from activities associated with mineral activities in the Area.

B. Review of the recommendations for the guidance of the contractors for the assessment of the possible environmental impacts arising from exploration for polymetallic sulphides in the Area

22. The Commission was provided with a set of draft recommendations for the guidance of contractors in the assessment of possible environmental impacts arising from exploration for marine minerals in the Area, including polymetallic sulphides. It was recalled that the Commission had first started work on this matter in 2004, but work was then deferred pending the adoption of the Sulphides Regulations in 2010. The matter had been taken up during the seventeenth session, but the Commission had been unable to complete its work and had tasked a subgroup of environmental experts with continuing to work on the draft during the intersessional period. The present draft was based on the work of the subgroup.

23. The Commission noted with concern that this item had now become extremely urgent since contracts for exploration for polymetallic sulphides had already been issued and contractors were ready to launch their exploration programmes and related environmental baseline studies. It was agreed to take this matter up as a priority at the next meeting of the Commission. In the meantime, the Commission decided to circulate the draft recommendations to the contractors and to invite them to provide any suggestions by 30 November 2012.

C. Outcomes of the workshop on environmental management needs for exploration and exploitation of deep seabed minerals (Nadi, Fiji, 29 November-2 December 2011)

24. The Commission received a report on the outcomes of the Authority's workshop on environmental management needs for exploration and exploitation of deep-sea minerals. Insufficient time was available for a comprehensive consideration of the workshop outcomes. The Commission noted that the outcomes would be valuable for much of its pending work.

VII. Proposed amendments to the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area

25. The Commission recalled that it had been requested by the Council to amend the Nodules Regulations (adopted in 2000) in order to bring them into line with the Sulphides Regulations (adopted in 2010). In line with that request, the secretariat had prepared a document containing proposed amendments in order to align the text of the Nodules Regulations with the text of the Sulphides Regulations. It again noted that this matter was urgent, bearing in mind in particular the need to review the application fee and the environmental provisions of the regulations in the light of anticipated applications for approval of plans of work for polymetallic nodule exploration given increased activities in the Area. The Commission agreed to prioritize this item at its next meeting.

VIII. Other matters

A. Environmental management plan

26. The Commission noted that the Council had intended to continue to consider the environmental management plan for the CCZ submitted by the Commission at the seventeenth session, in 2011. The Commission expressed concern that there may be new urgency in considering the plan given the increasing number of applications being made to the Authority for new licences in the CCZ. It also noted that the plan, which is based on application of the precautionary approach, includes regular reviews to include new knowledge as and when it is generated, allowing the plan to be a living blueprint addressing best environmental practice as it develops.

B. Workload and pattern of meetings

27. The Commission deeply regretted that it had been unable to complete its agenda, as the time available to it was inadequate. While one reason for this was the increased number of applications for approval of plans of work for exploration that the Commission had to consider, owing to growing awareness and interest regarding deep-sea mineral resources in both the public and private sectors, it was also noted that there had been a substantial general increase in the workload of the Commission. The increase in the number of exploration contracts, for example, means that more time is required for the Commission to analyse the annual reports of contractors. The number of annual reports by the contractors to be evaluated will continue to grow. An estimated 17 annual reports are expected for 2013. The Commission also needs time to work on an increasing number of requests from the Council for technical advice or for the formulation of rules, regulations and procedures. Included in this work is the development of the mining code, which is anticipated to take several sessions to complete. Work should start now in order for the Authority to be prepared to deal with anticipated applications for exploitation licences in the near future.

28. Although the Commission expanded the normal meeting time and even met informally on the weekend, the Commission was unable to complete its agenda. In view of the active participation of almost the full membership of the Commission, together with the likelihood that the workload will not diminish in the future, the Commission as a whole took the view that the present allocation of one 8-day session a year was inadequate and that working arrangements should be reviewed in consultation with the secretariat.

29. The Commission was of the view that consideration should be given to holding two sessions in 2013, subject to the availability of resources. As far as possible, the Commission recommended that full services be provided for such meetings so that all members of the Commission could participate on an equal basis. The first session would take place early in the year, enabling the Commission to circulate its recommendations to the Council well in advance of the regular session of the Council. The second session of the Commission would continue to take place the week immediately prior to the session of the Council, as is presently the case.

30. The Commission was of the view that the likely priority items for its next session would relate to:

- (a) The issuance of recommendations for the guidance of the contractors for the assessment of the possible environmental impacts arising from exploration for polymetallic sulphides in the Area;
- (b) The training programmes;
- (c) The alignment of the Nodules Regulations with the Sulphides Regulations;
- (d) The drafting of a mining code.

These items are in addition to the items on new applications for approval of plans of work for exploration and evaluation of the annual reports of the contractors.



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Decision of the Council relating to the summary report of the Chair of the Legal and Technical Commission

The Council of the International Seabed Authority,

Taking note of the summary report of the Chair of the Legal and Technical Commission on the work of the Commission during the eighteenth session,¹

Considering the importance of contractors complying with their contractual obligations, and recalling in this regard article 10 of annex III to the Convention,

Noting that the Commission considered the environmental work reported by contractors in 2011 to be generally of better quality than that reported in previous years,

Noting also that the Commission expressed concern that some contractors reported no work at all under exploration, mining and metallurgy-related activity,

Noting further that the Commission agreed on the need to review its reporting to the Council, in particular with regard to annual reports of the contractors,

Emphasizing the need for recommendations by the Commission for the guidance of the contractors for the assessment of possible environmental impacts arising from exploration for polymetallic sulphides in the Area,

1. *Calls upon* contractors to:

(a) Submit their annual reports in a timely manner within 90 days of the end of each calendar year, in accordance with the terms of their contracts, and to follow the general template prescribed by the Commission;

(b) Submit the results of fieldwork (especially with regard to exploration, if any was carried out) in the detail required and in digital format, in accordance with the terms of their contracts;

(c) Provide data in digital format for inclusion in the database of the Authority, in accordance with regulation 31, paragraphs 4 and 5, of the Regulations

¹ ISBA/18/C/20.



on Prospecting and Exploration for Polymetallic Nodules in the Area² and with regulation 34 of the Regulations on Prospecting and Exploration for Polymetallic Sulphides in the Area,³ and to do so before 31 March 2013;

(d) Provide detailed financial statements, in accordance with the terms of their contracts and following the guidance of the Commission contained in the recommendations for the guidance of contractors for the reporting of actual and direct exploration expenditures;⁴

2. *Stresses* once again the importance of the role of the Commission, as provided for in regulation 21, paragraph 3 (d), of the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area and in regulation 23, paragraph 3 (d) of the Regulations on Prospecting and Exploration for Polymetallic Sulphides in the Area, in determining that an applicant for a new plan of work for exploration has satisfactorily discharged its obligations in relation to any previous contract with the Authority, including in relation to environmental reporting, and supports the Commission in continuing to fulfil its role in this regard;

3. *Requests* the Commission, when evaluating the annual reports of the contractors and applications for approval of plans of work in the Area, to provide as full an evaluation as possible, taking into account the confidentiality of information received, in order to facilitate the performance by the Council of its functions;

4. *Requests* the Secretary-General to update, on an annual basis, the study of the laws, regulations and administrative measures adopted by sponsoring States and other members of the Authority with respect to activities in the Area, and to invite, for this purpose, sponsoring States and other members of the Authority to provide texts of relevant national laws, regulations and administrative measures to the Secretariat;

5. *Agrees* with the list of likely priority items referred to by the Commission in paragraph 30 of its summary report.¹

*180th meeting
26 July 2012*

² See ISBA/6/A/18, annex.

³ See ISBA/16/A/12/Rev.1, annex.

⁴ ISBA/15/LTC/7.



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16-27 July 2012

Decision of the Council relating to an environmental management plan for the Clarion-Clipperton Zone

The Council of the International Seabed Authority,

Taking into account the recommendations of the Legal and Technical Commission pursuant to article 165, paragraph 2 (e), of the United Nations Convention on the Law of the Sea of 10 December 1982,¹

Recalling article 145 of the Convention, which requires that necessary measures shall be taken in accordance with the Convention with respect to activities in the Area to ensure effective protection for the marine environment from harmful effects which may arise from such activities,

Recalling also that, pursuant to article 162 of the Convention, the Council has the power to establish the specific policies to be pursued by the Authority on any question or matter within the competence of the Authority,

Recalling further that the General Assembly of the United Nations, in its resolution 63/111, reaffirmed the need for States and relevant international organizations at all levels to urgently consider ways to integrate and improve, on a scientific basis, including the precautionary approach as set out in principle 15 of the Rio Declaration on Environment and Development,² in accordance with the Convention and related agreements and instruments, the management of risks to the vulnerable marine biodiversity,

Mindful of the work of the Ad Hoc Open-ended Informal Working Group of the General Assembly to study issues relating to the conservation and sustainable use of marine biological diversity beyond areas of national jurisdiction,

Considering that the implementation of a comprehensive environmental management plan at the regional level is one of the measures appropriate and necessary to ensure effective protection of the marine environment of that part of

¹ United Nations, *Treaty Series*, vol. 1833, No. 31363.

² *Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992, vol. I, Resolutions Adopted by the Conference* (United Nations publication, Sales No. E.93.I.8 and corrigendum), resolution 1, annex 1.



the Area known as the Clarion-Clipperton Zone from harmful effects that may arise from activities in the Area and that such a plan should include provision for the establishment of a representative network of areas of particular environmental interest,

Recognizing the rights of those entities which presently hold contracts with the International Seabed Authority for exploration for polymetallic nodules in the Clarion-Clipperton Zone pursuant to the Convention, the Agreement relating to the implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982³ and the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area,⁴ in particular their security of tenure over areas allocated for exploration, in accordance with their contracts,

Taking into account the note by the secretariat on the status of the environmental management plan for the Clarion-Clipperton Zone,⁵

1. *Approves* the environmental management plan for the Clarion-Clipperton Zone as recommended by the Legal and Technical Commission,⁶ to be implemented over an initial three-year period, which includes the designation, on a provisional basis, of a network of areas of particular environmental interest, as defined in the annex to the present decision, and gives effect to the precautionary approach as called for by the Regulations;⁴

2. *Decides* that the plan will be applied in a flexible manner so that it may be improved as more scientific, technical and environmental baseline and resource assessment data are supplied by contractors and other interested bodies;

3. *Requests* the Legal and Technical Commission to make recommendations, where appropriate, to the Council relating to the network of areas of particular environmental interest, on the basis of the results of workshops⁷ with a view to redefining, where necessary, the details of the size, location and number of required areas of particular environmental interest;

4. *Also requests* the Legal and Technical Commission to report to the Council on the implementation of the environmental management plan;

5. *Encourages* further dialogue with all stakeholders to ensure complementarity with regard to the proposed areas of particular environmental interest, the precise location of which may be reviewed;

6. *Decides* that, for a period of five years from the date of the present decision or until further review by the Legal and Technical Commission or the Council, no application for approval of a plan of work for exploration or exploitation should be granted in areas of particular environmental interest referred to in the annex;

7. *Also decides* to apply the present decision in accordance with the Convention,¹ the Agreement,³ the Regulations⁴ and the terms of the contracts on exploration for polymetallic nodules issued in respect of the Clarion-Clipperton Zone;

³ United Nations, *Treaty Series*, vol. 1836, No. 31364.

⁴ See ISBA/6/A/18, annex.

⁵ ISBA/18/C/11.

⁶ ISBA/17/LTC/7.

⁷ See ISBA/17/LTC/7, para. 42, and ISBA/18/C/20, para. 20.

8. *Encourages* the conduct of marine scientific research in the areas of particular environmental interest referred to in the annex, in accordance with article 143 of the Convention, and the full and effective dissemination of the results of such research through the Authority;

9. *Requests* the Secretary-General of the International Seabed Authority to take steps to encourage the development of programmes for marine scientific research in the Clarion-Clipperton Zone, including in the areas of particular environmental interest referred to in the annex, for the benefit of developing States and technologically less developed States, including through the Endowment Fund for Marine Scientific Research in the Area of the Authority;

10. *Also requests* the Secretary-General to communicate the present decision to members of the Authority, observers to the Authority and relevant international organizations.

*180th meeting
26 July 2012*

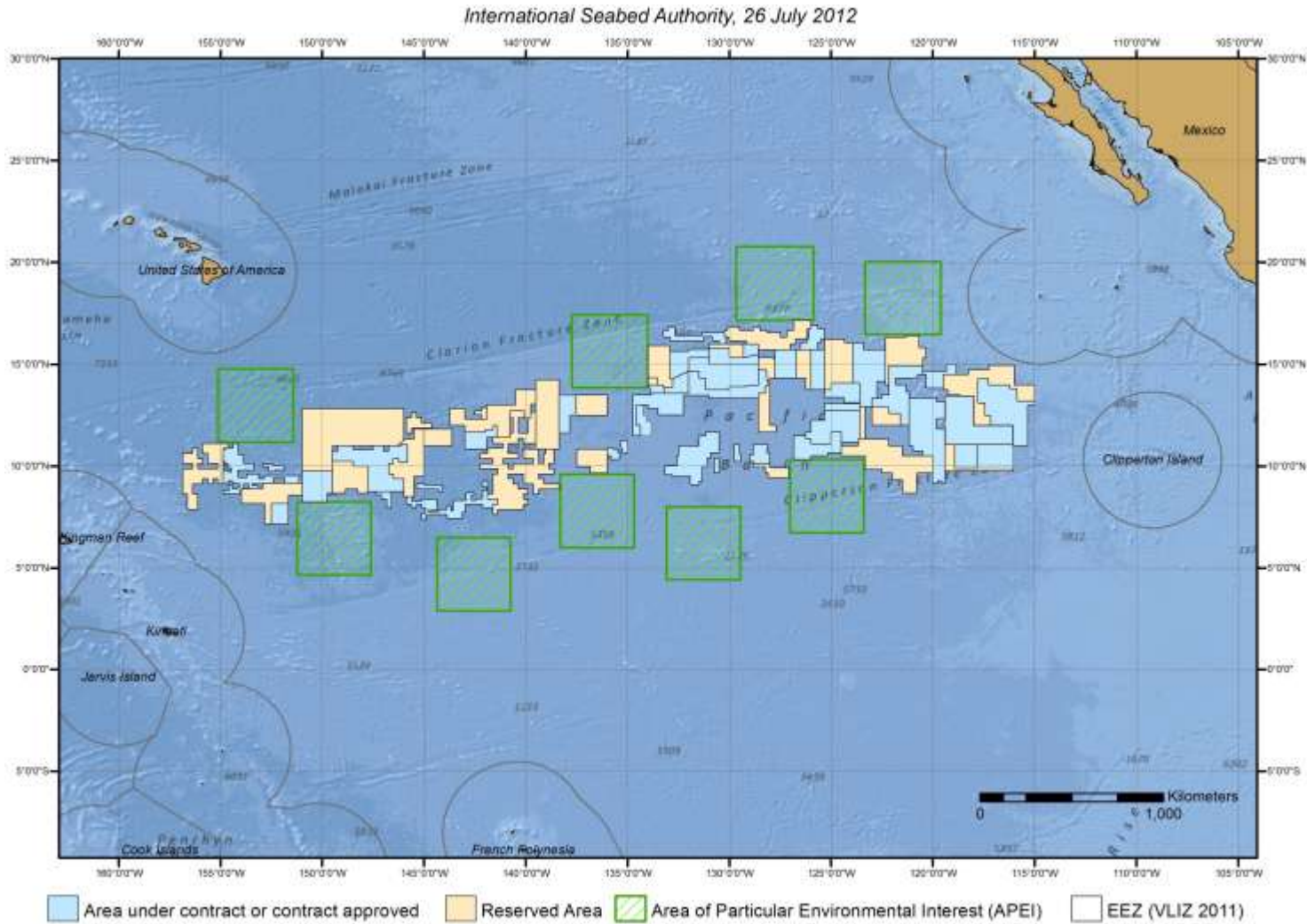
Annex

Coordinates of areas of particular environmental interest in the Clarion-Clipperton Fracture Zone

(Decimal degrees; geodetic data: WGS 84)

APEI No.	<i>North-west</i>		<i>North-east</i>		<i>South-west</i>		<i>South-east</i>	
	<i>Longitude</i>	<i>Latitude</i>	<i>Longitude</i>	<i>Latitude</i>	<i>Longitude</i>	<i>Latitude</i>	<i>Longitude</i>	<i>Latitude</i>
1	-155.1258230	14.7786439	-151.4341771	14.7786439	-155.1258230	11.1813560	-151.4341771	11.1813560
2	-137.7429577	17.4489937	-134.0073094	17.4489937	-137.7429577	13.8518916	-134.0073094	13.8518916
3	-129.6681041	20.7629612	-125.8642789	20.7629612	-129.6681041	17.1656730	-125.8642789	17.1656730
4	-151.2224262	8.2492578	-147.6012762	8.2492578	-151.2224262	4.6510260	-147.6012762	4.6510260
5	-138.3177402	9.6026421	-134.6738681	9.6026421	-138.3177402	5.9923037	-134.6738681	5.9923037
6	-123.3272506	20.0121153	-119.6066506	20.0121153	-123.3272506	16.4794164	-119.6066506	16.4794164
7	-144.3546889	6.4886439	-140.7453109	6.4886439	-144.3546889	2.8913559	-140.7453109	2.8913559
8	-133.0892640	8.0086440	-129.4707359	8.0086440	-133.0892640	4.4113559	-129.4707359	4.4113559
9	-127.0236679	10.3201755	-123.3862099	10.3201755	-127.0236679	6.7228874	-123.3862099	6.7228874

Exploration areas, areas reserved for the authority and areas of particular environmental interest in the Clarion-Clipperton Fracture Zone



Abbreviations: APEI, area of particular environmental interest; EEZ, Exclusive Economic Zone; VLIZ, Flounders Marine Institute; WGS 84, World Geodetic System 1984.



Council

Distr.: General
26 July 2012

Original: English

Eighteenth session
Kingston, Jamaica
16-27 July 2012

Decision of the Council relating to the Regulations on Prospecting and Exploration for Cobalt-rich Ferromanganese Crusts in the Area

The Council of the International Seabed Authority,

1. *Decides* to adopt the Regulations on Prospecting and Exploration for Cobalt-rich Ferromanganese Crusts in the Area;¹
2. *Also decides* to apply the Regulations provisionally, pending their approval by the Assembly of the International Seabed Authority;
3. *Requests* the Legal and Technical Commission of the Authority, in due course, to elaborate the appropriate criteria that might be used to prevent the monopolization of activities in the Area with respect to cobalt-rich ferromanganese crusts and to report thereon to the Council for its consideration;
4. *Takes note* that at its next meeting, in 2013, the Finance Committee will consider, on the basis of a report to be prepared by the Secretary-General, possible measures to ensure that the cost of administration and supervision of contracts for exploration for all types of resources, including cobalt-rich ferromanganese crusts, is not borne by member States, and decides to keep this matter under review in the Council in 2013;
5. *Decides* that the procedures set out in the annex to the present decision shall have effect for a total period of one year following the date of its adoption.

Annex

Procedures relating to the Regulations on Prospecting and Exploration for Cobalt-rich Ferromanganese Crusts in the Area

1. Applicants and their sponsoring States and prospective applicants and their sponsoring States shall use their best efforts to ensure, before making an application pursuant to the Regulations on Prospecting and Exploration for Cobalt-rich Ferromanganese Crusts in the Area, that areas in respect of which applications are made do not overlap.

¹ See ISBA/18/C/L.3.



2. During the period of 180 days from the date of adoption of the present decision, if within 30 days of the date upon which an application for a plan of work for exploration for cobalt-rich ferromanganese crusts is received by the Secretary-General in accordance with regulation 22 of the Regulations, one or more other applications for a plan of work for exploration for cobalt-rich ferromanganese crusts are submitted that overlap with the same area or areas, the Secretary-General shall immediately notify all applicants concerned.

3. The applicants concerned and, as appropriate, their sponsoring States, shall try to resolve any conflicts with respect to overlapping applications as soon as possible. The Secretary-General may use his or her good offices to mediate the overlapping applications and, if appropriate, propose a solution. Any such applicants may, within 90 days of a notification by the Secretary-General under paragraph 2, amend their applications so as to resolve the overlapping applications.

4. The parties to any overlapping applications shall keep the Secretary-General and the Council fully informed of efforts to resolve the overlapping applications and of the results thereof. As soon as any overlapping applications between applicants are resolved in accordance with the procedures set out in the present annex, the Legal and Technical Commission and the Council shall proceed to consider the applications concerned in the order in which they were received in accordance with regulations 23 and 24.

5. If the overlapping applications have not been resolved within 90 days of the notification by the Secretary-General of the applicants concerned in accordance with paragraph 2 above, the Secretary-General shall provide a report to the Council and the Legal and Technical Commission on the overlapping applications and his or her efforts to resolve those applications. The Commission shall, within 90 days following such report, submit an appropriate recommendation to the Council for its consideration on the overlapping applications, taking into account all the relevant factors, including:

(a) The location and number of cobalt-rich ferromanganese crust sites that have been discovered in the areas subject to the overlapping applications and the date of each discovery;

(b) The workload, continuity and extent of survey activities with respect to cobalt-rich ferromanganese crusts that have been conducted in the areas subject to the overlapping applications;

(c) The financial cost of such survey activities conducted in the areas subject to the overlapping applications, measured in constant United States dollars;

(d) The date of receipt by the Secretary-General of each application.

*181st meeting
26 July 2012*



Council

Distr.: General
26 July 2012

Original: English

Eighteenth session
Kingston, Jamaica
16-27 July 2012

Decision of the Council relating to an application for approval of a plan of work for exploration for polymetallic sulphides by the Government of the Republic of Korea

The Council of the International Seabed Authority,

Acting on the recommendation of the Legal and Technical Commission,

Noting that, on 21 May 2012, the Government of the Republic of Korea submitted to the Secretary-General an application for approval of a plan of work for exploration for polymetallic sulphides in the Area in accordance with the Regulations on Prospecting and Exploration for Polymetallic Sulphides in the Area,¹

Recalling that, in accordance with paragraph 6 (a) of section 1 of the annex to the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982,² the processing of an application for approval of a plan of work for exploration shall be in accordance with the provisions of the Convention, including annex III thereto, and the Agreement,

Recalling also that, pursuant to article 153, paragraph 3, of the Convention³ and paragraph 6 (b) of section 1 of the annex to the Agreement, the plan of work for exploration shall be in the form of a contract concluded between the Authority and the applicant,

Taking note of the advisory opinion of the Seabed Disputes Chamber of the International Tribunal for the Law of the Sea of 1 February 2011,

1. *Takes note* of the report and recommendations of the Legal and Technical Commission on the request for approval of a plan of work for exploration for polymetallic sulphides submitted by the Government of the Republic of Korea transmitted to the Council,⁴ in particular paragraphs 25 to 28 thereof;

¹ ISBA/16/A/12/Rev.1, annex.

² General Assembly resolution 48/263, annex.

³ United Nations, *Treaty Series*, vol. 1833, No. 31363.

⁴ ISBA/18/C/15.



2. *Approves* the plan of work for exploration for polymetallic sulphides submitted by the Government of the Republic of Korea;

3. *Requests* the Secretary-General of the Authority to issue the plan of work for exploration for polymetallic sulphides in the form of a contract between the Authority and the Government of the Republic of Korea in accordance with the Regulations.

*181st meeting
26 July 2012*



Council

Distr.: General
26 July 2012

Original: English

Eighteenth session

Kingston, Jamaica

16-27 July 2012

Decision of the Council relating to a request for approval of a plan of work for exploration for polymetallic nodules submitted by Marawa Research and Exploration Ltd.

The Council of the International Seabed Authority,

Acting on the recommendation of the Legal and Technical Commission,

Noting that, on 30 May 2012, a request for approval of a plan of work for exploration for polymetallic nodules was submitted to the Secretary-General in accordance with the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area¹ by Marawa Research and Exploration Ltd. sponsored by Kiribati,

Recalling that, in accordance with paragraph 6 (a) of section 1 of the annex to the Agreement relating to the implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982,² the processing of an application for approval of a plan of work for exploration shall be in accordance with the provisions of the Convention, including annex III thereto, and the Agreement,

Recalling also that, pursuant to article 153, paragraph 3, of the Convention³ and paragraph 6 (b) of section 1 of the annex to the Agreement, the plan of work for exploration shall be in the form of a contract concluded between the Authority and the applicant,

Taking note of the advisory opinion of the Seabed Disputes Chamber of the International Tribunal for the Law of the Sea of 1 February 2011,

1. *Takes note of the report and recommendations of the Legal and Technical Commission on the request for approval of a plan of work for the exploration for polymetallic nodules submitted by Marawa Research and Exploration Ltd. transmitted to the Council,⁴ in particular paragraphs 27 to 30 thereof;*

¹ ISBA/6/A/18, annex.

² General Assembly resolution 48/263, annex.

³ United Nations, *Treaty Series*, vol. 1833, No. 31363.

⁴ ISBA/18/C/18.



2. *Approves* the plan of work for exploration for polymetallic nodules submitted by Marawa Research and Exploration Ltd.;

3. *Requests* the Secretary-General of the Authority to issue the plan of work for exploration for polymetallic nodules in the form of a contract between the Authority and Marawa Research and Exploration Ltd. in accordance with the Regulations.

*181st meeting
26 July 2012*



Council

Distr.: General
26 July 2012

Original: English

Eighteenth session
Kingston, Jamaica
16-27 July 2012

Decision of the Council relating to an application for approval of a plan of work for exploration for polymetallic sulphides by the Institut français de recherche pour l'exploitation de la mer

The Council of the International Seabed Authority,

Acting on the recommendation of the Legal and Technical Commission,

Noting that, on 23 May 2012, an application for approval of a plan of work for exploration for polymetallic sulphides in the Area was submitted to the Secretary-General in accordance with the Regulations on Prospecting and Exploration for Polymetallic Sulphides in the Area by the Institut français de recherche pour l'exploitation de la mer (IFREMER), sponsored by France,¹

Recalling that, in accordance with paragraph 6 (a) of section 1 of the annex to the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982,² the processing of an application for approval of a plan of work for exploration shall be in accordance with the provisions of the Convention, including annex III thereto, and the Agreement,

Recalling also that, pursuant to article 153, paragraph 3, of the Convention³ and paragraph 6 (b) of section 1 of the annex to the Agreement, the plan of work for exploration shall be in the form of a contract concluded between the Authority and the applicant,

Taking note of the advisory opinion of the Seabed Disputes Chamber of the International Tribunal for the Law of the Sea of 1 February 2011,

1. *Takes note of the report and recommendations of the Legal and Technical Commission on the request for approval of a plan of work for exploration for*

¹ ISBA/16/A/12/Rev.1, annex.

² General Assembly resolution 48/263, annex.

³ United Nations, *Treaty Series*, vol. 1833, No. 31363.



polymetallic sulphides submitted by IFREMER transmitted to the Council,⁴ in particular paragraphs 26 to 29 thereof;

2. *Approves* the plan of work for exploration for polymetallic sulphides submitted by IFREMER;

3. *Requests* the Secretary-General of the Authority to issue the plan of work for exploration for polymetallic sulphides in the form of a contract between the Authority and IFREMER in accordance with the Regulations.

*181st meeting
26 July 2012*

⁴ ISBA/18/C/16.



Council

Distr.: General
26 July 2012

Original: English

Eighteenth session
Kingston, Jamaica
16-27 July 2012

Decision of the Council relating to a request for approval of a plan of work for exploration for polymetallic nodules submitted by UK Seabed Resources Ltd.

The Council of the International Seabed Authority,

Acting on the recommendation of the Legal and Technical Commission,

Noting that, on 23 May 2012, a request for approval of a plan of work for exploration for polymetallic nodules was submitted to the Secretary-General in accordance with the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area¹ by UK Seabed Resources Ltd.,

Recalling that, in accordance with paragraph 6 (a) of section 1 of the annex to the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982,² the processing of an application for approval of a plan of work for exploration shall be in accordance with the provisions of the Convention, including annex III thereto, and the Agreement,

Recalling also that, pursuant to article 153, paragraph 3, of the Convention³ and paragraph 6 (b) of section 1 of the annex to the Agreement, the plan of work for exploration shall be in the form of a contract concluded between the Authority and the applicant,

Taking note of the advisory opinion of the Seabed Disputes Chamber of the International Tribunal for the Law of the Sea of 1 February 2011,

1. *Takes note of the report and recommendations of the Legal and Technical Commission on the request for approval of a plan of work for exploration for polymetallic nodules submitted by UK Seabed Resources Ltd. transmitted to the Council,⁴ in particular paragraphs 30 to 34;*

¹ ISBA/6/A/18, annex.

² General Assembly resolution 48/263, annex.

³ United Nations, *Treaty Series*, vol. 1833, No. 31363.

⁴ ISBA/18/C/17.



2. *Decides*, on the basis of the data and information submitted by UK Seabed Resources Ltd., and taking into account the recommendation of the Legal and Technical Commission, to designate part A of the application area as identified in the annex to the report and recommendations of the Legal and Technical Commission as the area reserved for the Authority;

3. *Also decides*, taking into account the recommendation of the Legal and Technical Commission, to allocate part B of the application area as identified in the annex to the report and recommendations of the Legal and Technical Commission to UK Seabed Resources Ltd. as the exploration area;

4. *Approves* the plan of work for exploration for polymetallic nodules submitted by UK Seabed Resources Ltd.;

5. *Requests* the Secretary-General of the Authority to issue the plan of work for exploration for polymetallic nodules in the form of a contract between the Authority and UK Seabed Resources Ltd. in accordance with the Regulations.

*181st meeting
26 July 2012*



Council

Distr.: General
26 July 2012

Original: English

Eighteenth session
Kingston, Jamaica
16-27 July 2012

Decision of the Council of the International Seabed Authority relating to a request for approval of a plan of work for exploration for polymetallic nodules submitted by G-TEC Sea Mineral Resources NV

The Council of the International Seabed Authority,

Acting on the recommendation of the Legal and Technical Commission,

Noting that, on 31 May 2012, a request for approval of a plan of work for exploration for polymetallic nodules was submitted to the Secretary-General in accordance with the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area¹ by G-TEC Sea Mineral Resources NV, sponsored by Belgium,

Recalling that, in accordance with paragraph 6 (a) of section 1 of the annex to the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982,² the processing of an application for approval of a plan of work for exploration shall be in accordance with the provisions of the Convention, including annex III thereto, and the Agreement,

Recalling also that, pursuant to article 153, paragraph 3, of the Convention³ and paragraph 6 (b) of section 1 of the annex to the Agreement, the plan of work for exploration shall be in the form of a contract concluded between the Authority and the applicant,

Taking note of the advisory opinion of the Seabed Disputes Chamber of the International Tribunal for the Law of the Sea of 1 February 2011,

1. *Takes note of the report and recommendations of the Legal and Technical Commission on the request for approval of a plan of work for exploration for*

¹ ISBA/6/A/18, annex.

² General Assembly resolution 48/263, annex.

³ United Nations, *Treaty Series*, vol. 1833, No. 31363.



polymetallic nodules submitted by G-TEC Sea Mineral Resources NV transmitted to the Council,⁴ in particular paragraphs 30 to 33 thereof;

2. *Decides*, on the basis of the data and information submitted by G-TEC Sea Mineral Resources NV, and taking into account the recommendation of the Legal and Technical Commission, to designate part A of the application area as identified in the annex to the report and recommendations of the Legal and Technical Commission as the area reserved for the Authority;

3. *Also decides*, taking into account the recommendation of the Legal and Technical Commission, to allocate part B of the application area as identified in the annex to the report and recommendations of the Legal and Technical Commission to G-TEC Sea Mineral Resources NV as the exploration area;

4. *Approves* the plan of work for exploration for polymetallic nodules submitted by G-TEC Sea Mineral Resources NV;

5. *Requests* the Secretary-General of the Authority to issue the plan of work for exploration for polymetallic nodules in the form of a contract between the Authority and G-TEC Sea Mineral Resources NV in accordance with the Regulations.

*181st meeting
26 July 2012*

⁴ ISBA/18/C/19.

**Council**

Distr.: General
26 July 2012

Original: English

Eighteenth session
Kingston, Jamaica
16-27 July 2012

**Decision of the Council of the International Seabed Authority
relating to the status of fees paid for processing of applications for
approval of plans of work for exploration and related matters**

The Council of the International Seabed Authority,

Taking account of section 8 of the annex to the Agreement relating to the implementation of Part XI of the United Nations Convention on the Law of the Sea,

Noting with concern the report of the Secretary-General contained in document ISBA/18/C/3,

Noting that the Finance Committee has requested a report from the Secretary-General, at its next meeting in 2013, on possible measures to ensure that the cost of administration and supervision of contracts between the Authority and the contractors is not borne by member States,

1. *Requests* the Finance Committee as a first priority to report to the Council at its nineteenth session on the measures to establish a system of cost recovery which the Finance Committee recommends as a result of the report of the Secretary-General;

2. *Decides* to take up the issue at its nineteenth session with a view to adopting, as a matter of urgency at that session, measures which are fully consistent with the Convention and the Agreement;

3. *Requests* the Secretary-General to draw to the attention of all contractors the present decision and the provisions in the standard clauses for exploration contracts concerning revision of contracts.¹

181st meeting
26 July 2012

¹ Section 24 of the standard clauses for exploration contracts.





Council

Distr.: General
31 July 2012

Original: English

Eighteenth session
Kingston, Jamaica
16-27 July 2012

Statement of the President of the Council of the International Seabed Authority on the work of the Council during the eighteenth session

1. The eighteenth session of the International Seabed Authority was held in Kingston from 16 to 27 July 2012.

I. Adoption of the agenda

2. At its 173rd meeting, on 17 July 2012, the Council adopted its agenda for the eighteenth session, as contained in document ISBA/18/C/1.

II. Election of the President and Vice-Presidents of the Council

3. At its 173rd meeting, the Council elected Alfredo García (Chile) as President of the Council for 2012. Subsequently, following consultations in the regional groups, the Council elected as Vice-Presidents the representatives of Egypt (African States), China (Asia-Pacific States), Poland (Eastern European States) and the Netherlands (Western European and other States).

III. Report of the Secretary-General concerning the credentials of members of the Council

4. At the 180th meeting, on 26 July 2012, the Secretary-General of the Authority informed the Council that, as at 25 July 2012, credentials had been received from 36 members of the Council. It was noted that, in accordance with the system agreed for the allocation of seats among the regional groups at the first session of the Council, Qatar, on behalf of the Asia-Pacific States, would participate in the meetings of the Council in 2012 without the right to vote. In 2013 it would be the turn of the Latin American and Caribbean States to participate in the meetings of the Council without the right to vote.



IV. Election to fill a vacancy on the Legal and Technical Commission

5. At its 173rd meeting, on 17 July 2012, the Council elected Georgy Alexandrovich Cherkashov (Russian Federation) to fill the vacancy on the Legal and Technical Commission left by the resignation of Denis R. Khramov (Russian Federation).

V. Consideration and adoption of the draft regulations on prospecting and exploration for cobalt-rich ferromanganese crusts in the Area

6. As agreed at the seventeenth session, the Council continued its consideration of outstanding issues relating to the draft regulations on prospecting and exploration for cobalt-rich ferromanganese crusts in the Area. The outstanding issues related to draft regulation 12 (total area covered by an application), draft regulation 21 (fees for applications) and draft regulation 27 (relinquishment). Following discussions, the Council was able to agree on the text of the draft regulations. At its 181st meeting, on 26 July 2012, the Council decided, by consensus, to adopt the regulations on prospecting and exploration for cobalt-rich ferromanganese crusts in the Area as contained in document ISBA/18/C/L.3. The decision of the Council in this regard is contained in document ISBA/18/C/23. The annex to the decision sets out the procedures to be followed in the event of overlapping claims.

7. Following the adoption of the regulations, a number of delegations suggested that the three sets of regulations governing prospecting and exploration should be codified into a single consolidated text. The secretariat agreed to examine the possibility of undertaking this task.

VI. Consideration and approval of the recommendations of the Legal and Technical Commission relating to the applications for approval of two plans of work for exploration for polymetallic sulphides

8. At its 179th meeting, on 23 July 2012, the Council considered the reports and recommendations of the Legal and Technical Commission relating to the applications for approval of plans of work for exploration for polymetallic sulphides made by the Government of the Republic of Korea (ISBA/18/C/15) and the Institut français de recherche pour l'exploitation de la mer (IFREMER), sponsored by France (ISBA/18/C/16). At its 181st meeting, on 26 July 2012, the Council, on the recommendation of the Legal and Technical Commission, approved both plans of work for exploration and requested the Secretary-General to issue the plans of work in the form of contracts between the International Seabed Authority and each of the two applicants (ISBA/18/C/24 and ISBA/18/C/26).

VII. Consideration and approval of the recommendations of the Legal and Technical Commission relating to the applications for approval of two plans of work for exploration for polymetallic nodules

9. At its 179th meeting, on 23 July 2012, the Council considered the reports and recommendations of the Legal and Technical Commission relating to the applications for approval of plans of work for exploration for polymetallic nodules made by UK Seabed Resources Ltd., sponsored by the United Kingdom of Great Britain and Northern Ireland (ISBA/18/C/17), Marawa Research and Exploration Ltd., sponsored by Kiribati (ISBA/18/C/18) and G-TEC Sea Mineral Resources NV, sponsored by Belgium (ISBA/18/C/19). At its 181st meeting, on 26 July 2012, the Council, on the recommendation of the Legal and Technical Commission, approved all three plans of work for exploration for polymetallic nodules in the Area and requested the Secretary-General to issue the plans of work in the form of contracts between the International Seabed Authority and each of the applicants (ISBA/18/C/27, ISBA/18/C/25 and ISBA/18/C/28).

VIII. Report of the Legal and Technical Commission

10. At its 178th meeting, on 23 July 2012, the Council received the summary report of the Chair of the Legal and Technical Commission on the work of the Commission during the eighteenth session (ISBA/18/C/20). The report covered the Commission's work on applications for approval of plans of work for exploration; the annual reports of contractors; the periodic review of implementation of plans of work for exploration for polymetallic nodules; training programmes for the Authority and developing States; and the environmental implication of activities in the Area. In the report it was indicated that the Commission had been unable to complete its agenda owing to the substantially increased workload.

11. Several delegations supported the holding by the Commission of two sessions in 2013 in the light of its increased workload. The failure of some contractors to submit their annual reports in a timely manner and to provide detailed financial statements raised concerns among members of the Council. One delegation suggested that all requests for information made by the secretariat to contractors also be addressed to the sponsoring States of those contractors. A number of delegations referred to the training programmes which contractors were required to offer to personnel of the Authority and developing States. Two delegations supported the recommendation of the Commission that training programmes be elaborated and specifically described in applications for approval of plans of work. Two delegations urged the Commission to participate actively in the discussions of the ad hoc open-ended informal working group of the General Assembly to study issues relating to the conservation and sustainable use of marine biological diversity beyond areas of national jurisdiction.

12. At its 180th meeting, the Council adopted a decision relating to the matters contained in the summary report of the Chair of the Legal and Technical Commission (ISBA/18/C/21). In its decision, the Council calls upon contractors to submit in a timely manner their annual reports and the results of fieldwork in the detail required and in digital format, and financial statements in accordance with the

terms of their contracts, and to provide data in digital format for inclusion in the database of the Authority, in accordance with the existing Regulations. The Council also requests the Commission, when evaluating the annual reports of the contractors and applications for approval of work in the Area, to provide as full an evaluation as possible, taking into account the confidentiality of information received, in order to facilitate the performance by the Council of its functions.

IX. Environmental management plan for the Clarion-Clipperton Zone

13. At its 180th meeting, on 26 July 2012, the Council approved the environmental management plan for the Clarion-Clipperton Zone as recommended by the Legal and Technical Commission in document ISBA/17/LTC/7. The decision of the Council in this regard is contained in document ISBA/18/C/22.

X. Report of the Finance Committee

14. At its 180th meeting, on 26 July 2012, the Council considered the report of the Finance Committee (ISBA/18/A/4-ISBA/18/C/12) and recommended for adoption by the Assembly of the Authority a budget of \$14,312,948 for the Authority's operations for the financial period 2013-2014. The decision of the Council relating to the budget of the Authority for the financial period 2013-2014 and related matters is contained in document ISBA/18/C/13.

XI. Workplan for the formulation of an exploitation code for nodules

15. At its 180th meeting, on 26 July 2012, the Council considered the report of the Secretary-General on the workplan for the formulation of regulations for the exploitation of polymetallic nodules in the Area (ISBA/18/C/4). A number of delegations endorsed the workplan. Some members felt that the proposed timeline was somewhat optimistic. Some delegations expressed concern about whether the Authority would have the human and financial resources to complete the work involved in formulating the regulations by 2016. One delegation called for the formulation of a legal road map to guide the transition period between the exploration and exploitation phases. Different opinions were also exchanged as to whether, in the light of the similarities between the two existing sets of regulations on exploration, consideration could be given to elaborating a single exploitation code for the three resources, or whether, in spite of similarities, it was appropriate to formulate a set of regulations focused on the exploitation of polymetallic nodules.

XII. Status of fees for processing applications for approval of plans of work

16. The Council considered the report of the Secretary-General on the status of fees paid for processing of applications for approval of plans of work for exploration and related matters (ISBA/18/C/3). The Council decided, on the

recommendation of the Finance Committee, to increase the fee for processing an application for approval of a plan of work for polymetallic nodules from \$250,000 to \$500,000 (ISBA/18/C/13). Noting that the Finance Committee had requested a report from the Secretary-General to be presented to it at its next meeting in 2013 on possible measures to ensure that the cost of administration and supervision of contracts between the Authority and exploration contractors was not borne by member States, the Council decided to take up this issue again at its nineteenth session with a view to adopting measures which are fully consistent with the United Nations Convention on the Law of the Sea and the 1994 Agreement relating to the implementation of Part XI of the Convention. The decision of the Council in this regard is contained in document ISBA/18/C/29.

XIII. Status of national legislation

17. The Council considered the report of the Secretary-General on the status of the laws, regulations and administrative measures adopted by sponsoring States and other members of the Authority with respect to the activities in the Area (ISBA/18/C/8 and Add.1). Eleven delegations commented on the report. One delegation suggested that a database containing the text of national legislation on the deep seabed be developed and uploaded on the Authority's website. Others referred to the approach used by the Committee on the Peaceful Uses of Outer Space, whereby elements to be contained in legislation were identified and options recommended for developing the laws were referred to. These suggestions were supported by a few delegations. The Legal Counsel observed that the compiling of national legislation was a valuable task to undertake and that the secretariat would continue efforts to build its database of information as quickly as resources would allow. In its decision ISBA/18/C/21, the Council requested the Secretary-General to update, on an annual basis, the study of the laws, regulations and administrative measures adopted by sponsoring States and other members of the Authority with respect to activities in the Area, and to invite, for that purpose, sponsoring States and other members of the Authority to provide texts of relevant national laws, regulations and administrative measures to the secretariat.

XIV. Proposal of a list of candidates for election as Secretary-General

18. At its 180th meeting, on 26 July 2012, the Council decided to propose to the Assembly Mr. Nii A. Odunton (Ghana) as the sole candidate for election as Secretary-General (ISBA/18/C/14).

XV. Other matters

19. The Council was informed on the status of the Authority's cooperative relationship with the Commission for the Protection of the Marine Environment of the North-East Atlantic (OSPAR Commission) (ISBA/18/C/10). The delegation of Mexico made a statement in which it indicated that, as pointed out in the memorandum of understanding between the Authority and the OSPAR Commission, cooperation must be on the basis of due respect for the rights and duties of States

and of the Authority, in accordance with the Convention and the 1994 Agreement, in particular the principles governing the Area, together with the nature and fundamental principles of the Authority. Considering the above, the Council noted that the establishment of marine protected areas by the OSPAR Commission was a question of a regional character which concerned the parties to the Convention for the Protection of the Marine Environment of the North-East Atlantic and, as a consequence, affected neither the rights of third States nor those of the Authority.

XVI. Next session of the Council

20. The next session of the Council will be held in Kingston from 16 to 26 July 2013. It will be the turn of the Western European and other States to nominate a candidate for the Presidency of the Council in 2013.

CONSOLIDATED INDEX TO THE SELECTED DECISIONS AND DOCUMENTS OF THE INTERNATIONAL SEABED AUTHORITY

Documents of the International Seabed Authority begin with the letters "ISBA". Documents of the first two sessions do not have a sessional number (e.g. ISBA/A/1), but from the third session on they do (e.g. ISBA/3/A/1).

Formal Assembly and Council documents each appear in four series, -/ 1; -/L.1; -/WP.1; and -/INF.1, corresponding to main documents, documents with limited distribution, working papers and information papers respectively. In addition to A and C documents there are also the ISBA/FC (Finance Committee) and ISBA/LTC (Legal and Technical Commission) series.

The Authority does not keep verbatim or summary records of meetings. Sound recordings are made and retained by the Secretariat. Official accounts of the work of the Authority can be found in the successive statements of the Presidents of the Assembly and the Council on the work of their organs, and the annual reports of the Secretary-General.

The Authority publishes annually a compendium of selected decisions and documents from each session. These may be cited as, e.g. *Selected Decisions* 17, 1-25.

Indexes to the documents of the Authority are available in two formats; a consolidated subject index to the documents and a cumulative index which contains a complete list of documents of the Assembly and the Council from the first session (1994) to the seventeenth session (2011). The documents and indexes are also available in electronic format on the Authority's website at www.isa.org.jm.

The consolidated index below indicates the reference in the appropriate volume of the Selected Decisions.

Title/Document number/Citation (*Selected Decisions*)

Advisory opinion on the responsibilities and obligations of Sponsoring States

Decision of the Council: [ISBA/17/A/9](#); **17**, 28

Decision of the Council requesting the advisory opinion: [ISBA/16/C/13](#); **16**, 108-109

Proposal submitted by the delegation of Nauru: [ISBA/16/C/6](#); **16**, 96-101

Report of the Secretary-General: [ISBA/17/C/6-ISBA/17/LTC/5](#); **17**, 33-38

Budget of the International Seabed Authority

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