

**TEMPLATE FOR SUBMISSION OF TEXTUAL PROPOSALS DURING THE 27<sup>TH</sup> SESSION:  
COUNCIL - PART III**

**President's text**

*Please fill out one form for each textual proposal which your delegation(s) wish(es) to amend, add or delete and send to [council@isa.org.jm](mailto:council@isa.org.jm).*

**1. Name of Working Group:**

President's text

**2. Name(s) of Delegation(s) making the proposal:**

China

**3. Please indicate the relevant provision to which the textual proposal refers.**

Regulation 18

Rights and exclusivity under an exploitation contract

**4. Kindly provide the proposed amendments to the regulation or standard or guideline in the text box below, using the "track changes" function in Microsoft Word. Please only reproduce the parts of the text that are being amended or deleted.**

**\*Note: China's amendments are in Blue**

Heading: We suggest to keep the original title "Rights and exclusivity under an exploitation contract".

3. The Authority, in consultation with a Contractor, shall ensure that no other entity [~~holding a contract with the Authority~~] operates in the Contract Area for a different category of resources in a manner which might interfere with the rights granted to the Contractor.

4. An exploitation contract shall provide for security of tenure and shall not be revised, suspended or terminated except [~~in observance of the applicable rules, regulations and procedures, including Standards as well as~~] in accordance with the terms [~~of the exploitation contract~~] thereof, [~~and~~ **articles 18 and 19 of Annex III of the Convention**].

5. An exploitation contract shall not confer any interest or right on a Contractor in or over any other part of the Area or its Resources other than those rights expressly granted by the terms of the exploitation contract or these regulations [~~nor limit any (other) freedoms of the high seas~~].

7. In particular, the Contractor shall [~~be expected to~~] continue to show due diligence in conducting exploration activities in the Contract Area, together with [~~the payment of applicable fees and~~] the reporting of such activities and its results to the Authority in accordance with the applicable Exploration Regulations, including under regulation 38 (2) (k).

**5. Please indicate the rationale for the proposal. [150-word limit]**

Regarding the heading, Alt. suggests to change the title to “Exclusive rights of a Contractor under an exploitation contract”. However, Regulation 18 does not only include exclusive rights, but also other rights. Therefore, the original title is more accurate.

Regarding paragraph 3, according to Article 16, Annex III, of the Convention, the Authority shall accord the operator the exclusive right to explore and exploit the area covered by the plan of work in respect of a specified category of resources and shall ensure that no other entity operates in the same area for a different category of resources in a manner which might interfere with the operations of the operator. Therefore, “Holding a contract with the Authority” is unnecessary since the Authority should ensure that interference does not occur, regardless of whether “any other entity” holds the contract.

Regarding paragraph 4, according to Article 153, paragraph 6, of the Convention, a contract shall provide for security of tenure, and the contract shall not be revised, suspended or terminated except in accordance with Annex III, articles 18 and 19. In fact, articles 18 and 19, Annex III, of the Convention have already included the situation of serious violations of the fundamental terms of the contract and the rules, regulations, and procedures of the Authority, and thus it is superfluous to repeat the wording. If this paragraph also intends to cover content other than Articles 18 and 19 of Annex III, it is contrary to Article 153, paragraph 6, of the Convention and should also be deleted.

Regarding paragraph 5, freedom of the high seas is self-evident, but it is not absolute. According to Article 87 of the Convention, “freedom of the high seas is exercised under the conditions laid down by this Convention and by other rules of international law” “These freedoms shall be exercised by all States ... and also with due regard for the rights under this Convention with respect to activities in the Area”. According to paragraphs 1 and 3 of Article 147 of the Convention, “activities in the Area shall be carried out with reasonable regard for other activities in the marine environment” and “other activities in the marine environment shall be conducted with reasonable regard for activities in the Area”.

Regarding paragraph 7, the Contractor has already paid the annual fixed fee or royalty of the whole Contract Area to obtain and execute an exploitation contract. The exploration activities in the Contract Area conducted by the Contractor are activities for preparing exploitation or incidental activities in nature, and thus the Contractor shall not pay any additional fees. Thus, we suggest to delete the “payment of applicable fees”.