



**STATEMENT BY
NII ALLOTEY ODUNTON**

**SECRETARY GENERAL OF THE
INTERNATIONAL SEABED AUTHORITY**

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Mr. President,

Please accept my heartiest congratulations on your election to the Presidency of the 68th Session of the General Assembly.

Mr. President, distinguished delegates,

I wish to refer to the two resolutions before the General Assembly and express my appreciation to member States for their references to the work of the International Seabed Authority contained in Parts V and VI of draft resolution A/68/L.18. I also express my appreciation for the comprehensive report of the Secretary-General which provides detailed background material for our consideration. I wish also to commend the Division for Ocean Affairs and the Law of the Sea for its continued outstanding efforts in the preparation of this report.

Mr. President,

As noted in paragraph 48 of the draft resolution, during the nineteenth session of the Authority, the Council approved the first two applications for plans of work for exploration for cobalt-rich ferromanganese crusts. These applications were sponsored by China and Japan respectively. I offer my congratulations to the applicants on this significant new development in the work of the Authority and look forward to the signature of exploration contracts early in 2014.

During the nineteenth session, four other new applications were also considered by the Legal and Technical Commission and it is expected that these will be submitted to the Council for approval at its next session. This will bring the total number of approved plans of work in the Area to 23, covering a total area in excess of 1.5 million square kilometres. Since the nineteenth session, several more member States have indicated their intention to submit applications for plans of work for exploration, suggesting that the pace of activity is not likely to diminish in the foreseeable future.

Mr. President,

Alongside this dramatic increase in activity in the Area, the year 2014 marks a significant event in the life of the Authority. November 2014 marks twenty years since the establishment of the Authority upon the date of entry into force of the Convention.

As noted in paragraph 57 of the draft resolution, a commemorative session will take place during the twentieth session of the Authority from 7 to 25 July 2014. I wish to take this opportunity to urge all members of the Authority to make special efforts to attend this important and significant event, and to participate fully in the twentieth session. I wish to recall, in this regard, that other important issues to be considered during the twentieth session include the election of one half of the membership of the Council, as well as discussion of the rules, regulations and procedures, including financial terms, for exploitation of minerals from the Area.

Mr President,

As the Authority moves into its third decade of existence, three issues have assumed particular urgency.

The first of these concerns the ongoing financing of the Authority. Whilst I am pleased to report that contributions to the 2013 budget have been paid in full by most member States, I am also grateful that paragraph 54 of the draft resolution contains a reminder to those States Parties in arrears of their contributions to fulfil their obligations without delay.

As the pace of activity in the Authority continues to increase, it is inevitable that the budget will also have to change to reflect the increased level of activity. It is important, therefore, that ways are found to make the budget of the Authority sustainable in the long term. Paragraph 55 of the draft resolution makes reference to the decision adopted by the Council during the nineteenth session concerning overhead charges for the administration and supervision of exploration contracts. This decision, which requires contractors to pay a fixed overhead charge of \$47,000 per year, is in the spirit of the relevant provisions of the Convention and the 1994 Agreement, and is intended not only to facilitate the smooth operation of the Authority, but also to relieve in part the financial burden on member States for the operations of the Authority. As requested by the Council, I am in the process of consulting with existing and potential contractors relating to the implementation of this decision at the earliest possible opportunity. I look forward to the understanding and cooperation of all current applicants and contractors in this respect.

Mr. President,

The second major issue is that the first group of contracts for exploration approved by the Authority are due to expire in the next three years. According to the Convention and the 1994 Agreement, this means that the contractors must either apply for a plan of work for exploitation or seek an extension of the plan of work for exploration. It is critical that the Authority is prepared for both eventualities. Under the regulations for prospecting and exploration for polymetallic nodules, in particular Section 11, paragraph 11.2(b), upon expiration or termination of the contract, the contractor, if it has not already done so, shall submit, inter alia, "the estimation of mineable areas, when such areas have been identified, which shall include details of the grade and quantity of the proven, probable and possible polymetallic nodule reserves and the anticipated mining conditions". This information is the outcome of years of exploratory work combined with the development of technology for mining and processing these ores.

With regard to exploitation, the Council has tasked the Legal and Technical Commission with developing the draft regulations for exploitation of polymetallic nodules in the Area. Perhaps the most important element of this task, from the point of view of this new industry, is to establish an appropriate fiscal framework for mining that

is fair to industry, investors and to the member States of the Authority who are intended to be the ultimate beneficiaries of seabed mining. This is an enormous task. A preliminary discussion of the parameters of the draft regulations was held during the nineteenth session, and as a result the Secretariat has started work on a study of comparable extractive industry fiscal regimes to assist the Commission at its next meeting.

In light of the urgency of this matter, the Commission had also decided to devote as much time as possible to consideration of the exploitation code at its next meeting in February 2014. I hope that this will provide substantive information for the consideration of the Council at the twentieth session.

In the event that some contractors may seek to extend their exploration contracts, the Commission and the Council will also need to consider the establishment of uniform and non-discriminatory criteria for the implementation of the provisions of the Regulations relating to extensions of plans of work for exploration.

With regard to the resource assessment work no clear guidelines have been provided to contractors to complete it. While it will require contractors to undertake some form of test mining, much of the data and information required have been acquired during the fifteen years of their contractors. The Authority will need to convene a workshop to address the required guidelines for the Legal and Technical Commission's consideration.

Mr President,

The third major issue, which is also reflected at paragraphs 45 and 51 of the draft resolution, relates to the importance of the protection of the marine environment.

As noted in paragraph 51 of the draft resolution, the Authority adopted in 2012 an environmental management plan for the Clarion-Clipperton Zone which included the designation, on a provisional basis, of a network of areas of particular environmental interest covering 1.6 million square kilometres of seafloor. As rightly noted in the draft resolution, it is envisaged that the implementation of this plan will be reviewed in light of new data provided by contractors and others. It is hoped that such a review can be carried out in 2014, subject to the availability of resources for that purpose.

At the 67th session of the General Assembly, I reported on a major task that had been initiated by the Authority. This was to develop a standardized taxonomy for fauna associated with the three mineral resources for which the Authority has adopted rules, regulations and procedures for prospecting and exploration, namely polymetallic nodules, polymetallic sulphides and cobalt-rich ferromanganese crusts. I am pleased to report that the first of three workshops with contractors was completed. This was for megafauna associated with polymetallic nodules. The next workshop will deal with standardization of the taxonomy of macrofauna associated with the same mineral, polymetallic nodules. I expect this to occur next year. The information and data that

will be generated by these workshops will contribute immensely to the environmental management plan for the Clarion-Clipperton Zone, as well as to other regions in the Area that are known to contain similar ores.

As also noted in the draft resolution, with the increased interest in marine minerals in other regions, including the Atlantic and Indian Oceans, it is appropriate to consider the development of similar environmental management plans for other regions of interest for exploration. This is a matter that the Legal and Technical Commission will also need to consider.

Mr President,

In closing, allow me to once again express my appreciation to member States for their support for the Authority and for their commitment to enabling the Authority to carry out its mandate. I look forward to the participation of all member States in the twentieth anniversary session in July 2014.
