



## Legal and Technical Commission

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### **Status of annual reports received from contractors**

#### **Prepared by the Secretariat**

1. During the eighth session of the Authority, the Legal and Technical Commission evaluated the annual reports of contractors on their respective activities of 2001 that had been submitted pursuant to the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area. The Commission acknowledged the efforts made by the contractors to produce their first annual reports and the significant improvement of those reports over the periodic reports submitted in previous years. However, it also noted that there were a number of elements missing from some of the reports and therefore made specific recommendations for the submission of additional data and information by the contractors concerned in relation to those elements (ISBA/8/LTC/2).

#### **I. Status of annual reports for 2001**

2. Accordingly, as of 14 May 2003, the following contractors have submitted to the Secretary-General of the Authority additional data and information with respect to their annual reports for the year 2001 for evaluation by the Commission at its meeting during the ninth session of the Authority: Deep Ocean Resources Development Ltd. (DORD), Interoceanmetal Joint Organization (IOM), Government of the Republic of Korea, and China Ocean Mineral Resources Research and Development Association (COMRA).

3. In the case of DORD, the Commission recommended that a full breakdown of expenditures be provided. DORD accordingly submitted to the Secretary-General of the Authority its breakdown of expenditure for exploration of the year 2001 on 11 October 2002.

4. In the case of IOM, the Commission recommended that the contractor be requested to provide a statement in the proper form indicating the actual and direct expenditures of the relevant accounting year, the appropriate certification thereof and additional information on the location of acquired photographic data. In

addition, the Commission recommended to the Secretary-General to take necessary steps to ensure that proposed adjustments to the programme of activities were made in accordance with the provisions of the standard clauses of the contract. On 27 November 2002, IOM submitted to the Secretary-General a statement of its exploration expenditures in 2001 as approved by the IOM Council at its 39th meeting, on 12 November 2002, as well as information on the location of acquired photographic data. The aforementioned adjustments to the programme of activities under the contract as proposed by IOM were made through an exchange of letters dated 27 September 2002 and 21 October 2002 respectively between the Secretary-General of the Authority and Ryszard Kotlinski, Director-General of IOM.

5. In the case of the Government of the Republic of Korea, the Commission recommended that the contractor be requested to provide a statement in the proper form indicating the actual and direct expenditures of the relevant accounting year as well as the appropriate certification thereof. A certificate of expenditures in the form of a breakdown signed by the Director-General of the Marine Policy Bureau of the Ministry of Maritime Affairs and Fisheries of the Republic of Korea was submitted to the Secretary-General of the Authority on 10 February 2003.

6. In the case of COMRA, the Commission requested that the financial statements be certified, a full breakdown of expenditure be provided and additional information be given on the exploration data and on the quantities of nodules sampled. All the required information was provided in the additional report submitted by COMRA on 15 April 2003, except that the financial statement submitted is yet to be certified.

7. In the case of IFREMER/AFERNOD, the Commission recommended that the contractor be requested to submit a statement of expenditure in accordance with section 10.2 (c) of standard clauses. The contractor indicated in its note verbale of 19 December 2002 to the Secretary-General of the Authority that the required certified statement would be submitted. However, as of 14 May 2003, the statement had not been received.

8. With regard to the annual report for 2001 submitted by State Enterprise Yuzhmorgeologiya, the Commission recommended to the Secretary-General of the Authority to take necessary steps to ensure that the adjustments to the programme of activities under the contract as proposed by the contractor were made in accordance with the provisions of the standard clauses. The Secretary-General proposed in his letter of 27 September 2002 to the contractor that the adjustments be made through an exchange of letters. As of 14 May 2003, no letter had been received by the Secretary-General from the contractor in response to his proposal.

9. The report submitted by the Government of India on 25 June 2002 covered a period prior to the signature of the contract for exploration, rather than the year 2001. The Commission did not make any specific recommendation to the contractor on its annual report.

## **II. Status of annual reports for 2002**

10. The second set of annual reports by contractors was due to be received at the end of March 2003. As of 14 May 2003, annual reports had been received from

DORD, State Enterprise Yuzhmorgeologiya, Interoceanmetal Joint Organization, the Government of the Republic of Korea and the Government of India.

11. At its meeting during the eighth session of the Authority, the Commission made recommendations with regard to the format and structure of annual reports (ISBA/8/LTC/2, annex). Pursuant to the recommended format and structure, annual reports shall be submitted in accordance with the requirements of section 10 of annex 4 to the Regulations, and in electronic format where possible. In addition, it was also suggested that the annual reports use the headings and standardized content list as follows: exploration work; environmental studies; mining tests; training programme; financial statement.

#### **A. Deep Ocean Resources Development Co. Ltd.**

12. DORD submitted its annual report for 2002 in both hard-copy and electronic format on 19 March 2003. The report was structured in line with the aforementioned headings and content list recommended by the Commission.

#### **B. Yuzhmorgeologiya**

13. Yuzhmorgeologiya submitted its annual report for 2002 in both hard-copy and electronic format on 21 March 2003. The report was submitted in the Russian language only. The Secretary-General subsequently requested that an informal English translation of the report be provided by the contractor for consideration of the report by the Commission.

#### **C. Interoceanmetal Joint Organization**

14. IOM submitted its annual report for 2002 in both hard-copy and electronic format on 24 March 2003. The report was submitted in the Russian language only, but with an executive summary in English. The contractor informed the Secretary-General of the Authority that due to their confidential nature and the national laws of the IOM member States, annexes 2 and 3 to the report would be submitted separately as soon as possible prior to the ninth session of the Authority. The Secretary-General of the Authority took note of this. He also requested that an informal English translation be provided by the contractor for consideration of the report by the Commission. Judging from the executive summary of the report, the report generally followed the suggested content list.

#### **D. Government of the Republic of Korea**

15. The Government of the Republic of Korea submitted its annual report for 2002 in both hard-copy and electronic format on 31 March 2003. The report followed the suggested headings and content list and enclosed a certificate of expenditures, summary and references.

## **E. Government of India**

16. The Government of India submitted its annual report for 2002 (without electronic disk) on 29 April 2003. The report presents information under the headings introduction, survey and exploration, environmental impact assessment study, technology development (mining), metallurgy, expenditure and references. The report did not contain a breakdown of expenditures, nor did it contain a certificate of expenditures.

17. As of 14 May 2003, the Secretary-General had not received annual reports for 2002 from COMRA and IFREMER/AFERNOD.

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