International Seabed Authority

Press Release

Seventeenth Session
Kingston, Jamaica
11 - 22 July 2011

Council (PM)                          SB/17/13
20 July 2011

SEABED COUNCIL APPROVES DRAFT DECISION ON FINANCIAL AND BUDGETARY
MATTERS BASED ON RECOMMENDATIONS
OF FINANCE COMMITTEE

Draft decision, among other recommendations, would have the Assembly urge Seabed Authority
Members to Pay Assessed Contributions on Time and in Full

The Council of the International Seabed Authority meeting in Kingston this afternoon adopted the
report of the Finance Committee on the audited accounts of the Authority for 2010 (ISBA/17/A/3-
ISBA/17/C/3) containing a draft decision for action by the Council.

The Council’s draft decision (ISBA/17/C/L.6) was amended to include two additional paragraphs,
one to commend the Secretary-General Nii Allotey Odunton (Ghana) on the implementation of the budget
and efforts made to effect savings, and the other to reflect the contributions to the Endowment Fund for
Marine Scientific Research announced by delegations at this session.

The Council would have the Assembly urge its members to pay their assessed contributions on
time and in full. It would appeal to those in arrears from previous years to pay the outstanding
contributions as soon as possible. The Authority’s Secretary-General would be requested, at his
discretion, to continue his efforts to recover those amounts.

(In his report to the Assembly on 18 July, the Secretary-General said that as at 15 July 2011, 79.7
per cent of the value of contributions to the 2011 budget due from member States and the European Union
had been received from 76 of the 162 members. He added that approximately one quarter were in arrears
for a period of two years or more).

By the draft text, the Assembly would strongly encourage members to make voluntary
contributions to the Endowment Fund for Marine Scientific Research in the Area and the Voluntary Trust
Fund of the Authority. It would ask the Secretary-General to seek expert advice on the investment of the
capital of the Endowment Fund and consult the relevant authorities at United Nations Headquarters.

- more -
The Assembly would appoint PricewaterhouseCoopers as independent auditor for 2011 and 2012 and request the auditors to express, in future reports, an opinion on the effectiveness of the internal controls of the Authority.

The Finance Committee would be requested, at its next meeting, to consider and make recommendations on the adoption of the International Public Sector Accounting Standards (IPSAS). It would again be requested, at its next meeting, to consider and make recommendations on whether the International Seabed Authority should subscribe to the statute of the International Civil Service Commission (ICSC).

Finally, by the draft decision, the Assembly would authorize the Secretary-General, to the extent necessary and on an exceptional basis, to make an advance payment of up to $30,000 from the interest accrued from the Endowment Fund to supplement the Voluntary Trust Fund.

(According to the report of the Finance Committee the balance of the Voluntary Trust Fund was $20,231 as at 30 June 2011. The Voluntary Trust Fund was established in 2002 to enhance the participation of members of the Finance Committee and the Legal and Technical Commission from developing countries in the work of the two bodies.

(The balance of the Endowment Fund for Marine Scientific Research in the Area was $3,355,015 as at 30 June 2011, including accrued interest of $90,477, according to the Finance Committee report. The Endowment Fund, established by Assembly resolution ISBA/12/A/11 of 16 August 2006, is intended to support the participation of qualified scientists and technical personnel from developing countries in approved marine scientific research programmes, including through training, technical assistance and scientific cooperation.

(The Finance Committee expressed its appreciation to the Secretary-General for his report to it on the implementation of the budget and the efforts being made to effect savings in the Authority’s budget during the 2011-2012 financial years).

Debate on the Report

Delegations, including Brazil, Cameroon, China, Japan and Nigeria contributed to the debate on the report of the Finance Committee. Cameroon said the report showed strong budgetary control and actions that realized savings to the Authority, and suggested that the Council’s draft decision should be amended to include commendation of the Secretary-General. Cameroon also suggested that the Authority move towards adopting the IPSAS and become a member of the ICSC.

Japan commended the Secretariat for adopting the United Nations common system of budgeting. China, while commending the Secretary-General on his efforts to effect savings, said the Secretariat should be careful not to compromise certain necessary services required for the proper functioning of the Authority. Supporting Cameroon, the Chinese delegation proposed using paragraph 9 of the report as one of the recommendations in the draft decision. Brazil suggested that language should be included in the draft decision to reflect the announced contributions made by delegations to the Endowment Fund for Marine Scientific Research.

- more -
In response to Nigeria’s call for an increase in the number of scholarships to students for study in the field, Secretary-General Nii Allotey Odunton (Ghana) said the number of places were dependant on the funds available. He explained that the funds came from the interest (0.06%) on the amount in the Endowment Fund.

Responding to comments, the Legal Counsel noted that decisions were generally oriented for action, as statements of fact, as the Finance Committee Chairman remarked. But he said both paragraphs could be included in the decision if there were no objections.

**Tribute to Ambassador Djalal**

Council President Andrzej Przybycin (Poland) praised Ambassador Hasjim Djalal (Indonesia) for his contribution to the Council, the Finance Committee and the Authority. To applause, he said the Council was grateful for his service over the past thirty years. Describing himself as a member of the old guard, Ambassador Djalal said he enjoyed his period of service as well as his visits to Jamaica. He implored members to continue to support the work of the Authority.

**Crusts regulations**

Resuming debate on the draft regulations on prospecting and exploration for cobalt-rich ferromanganese crusts in the Area, the Russian Federation tabled its proposal to amend Annex 2. The delegation had earlier suggested that the use of a chart, in paragraph 19 (a) to designate the parts of the reserved area were not relevant to crusts. China said it supported the proposal as it also reflected its views on the characteristics of the crusts. The proposed amendment is as follows:

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

19(b) (i)

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 of the reserved area;

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

India supported the amendment proposed by the Russian Federation. Annex 3 (Contract for exploration) and Annex 4 (Standard clauses for exploration contract) were adopted without discussion.

The Council then resumed consideration of the regulations which had not been adopted this morning. Taking up the amendments proposed by South Africa to Regulations 11 and 23 (Press release SB/17/12), the Russian Federation said that in adopting those changes the Council would be transcending...
the framework of the Convention, which did not stipulate that sponsoring states should have laws to ensure compliance with those Regulations by the contractor. The representative added that paragraph 229 of the advisory opinion stated that such laws were not a pre-condition for applying for a contract.

With regard to the addition of Regulation 23, paragraph 4bis, the Russian Federation argued that there was no legal basis upon which the Legal and Technical Commission could conduct an analysis of national legislation. The United States Observer, India and China agreed with this position.

China proposed that a formal consideration of the advisory opinion could be undertaken by the Commission and in the Council to determine how it might impact the regulations governing seabed activities.

The Netherlands supported South Africa’s proposals citing Article 209.2 of the Convention which deals with pollution from activities in the Area. This Article states that:

“States shall 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,.....”

The Netherland’s delegation did not agree with Brazil, Canada and India who considered the references in Regulation 11.3(f) to articles 139 and 153 and annex III of the Convention sufficient to ensure the enactment of national legislation on compliance and environmental protection. Those articles, the representative said, referred to the issue of liability for damage, whereas what was needed was a broader perspective taking in the critical issue of environmental protection. The representative went on to suggest that the certificate of sponsorship accompanying an application should contain in an annex the relevant national legislation.

Argentina, Germany and Trinidad and Tobago aligned themselves with South Africa and the Netherlands. Ghana added that the national legislation was required to be no less stringent than international laws with regard to protection of the marine environment.

In an effort to garner consensus, the suggestions of Argentina and the Netherlands were combined, incorporating wording from annex III, article 4.4, whereby sponsoring States would provide a statement specifying the existence of laws, regulations and administrative measures reasonably appropriate for securing compliance by persons under its jurisdiction, together with a copy of such laws, regulations and administrative measures.

Ghana suggested a modification whereby sponsoring States would “in a reasonable time upon conclusion of a contract,” inform the Authority of the existence of such national laws and regulations.

South Africa for its part agreed to withdraw its proposal for changes in Regulation 23 to facilitate consensus on Regulation 11. However, India remained opposed to the inclusion of any requirements not mentioned in the Convention.

The Nigerian representative suggested that Argentina, Ghana, India and the Netherlands meet before the next meeting of the Council tomorrow to find wording acceptable to all parties.

* **** *