INTERNATIONAL SEABED AUTHORITY ENDS HISTORIC SESSION

Makes exploitation regulations and extension of exploration contracts top priority for 2015 session, adopts budget for 2015-2016, elects 17 Council members

The urgent need to begin elaboration of regulations for the exploitation of minerals from the deep seabed Area beyond the limits of national jurisdiction was a central theme at the International Seabed Authority’s twentieth anniversary session in Kingston (14-25 July 2014).

As the inter-governmental body wound up its session Thursday, 24 July, a day earlier than originally scheduled, its Council signaled it wanted formulation of procedures and criteria for applications for extension of exploration contracts as well as exploitation regulations to be given top priority.

The Council, by a decision adopted on 23 July requested the Authority’s expert body, the Legal and Technical Commission, to, “as a matter of urgency and as its priority” to formulate the draft texts and submit them to the Council at its 2015 session. The draft instruments would be applied in a uniform and non-discriminatory manner and made available in advance of the Council’s next session in 2015. The Commission is scheduled to meet in Kingston in February 2015.

The Authority’s Assembly, at its final meeting on Thursday, 24 July, decided to convene the 21st session of the Authority from 13 to 24 July 2015 in Kingston.

During debate on the proposals in the Council, many delegations expressed support for formulation of the draft texts. A proposal by the Netherlands for the incorporation of environmental management planning in the regulatory framework for mineral exploitation in the Area was welcomed by delegations. The Commission was requested to consider it in the context of its work on the instrument.

Exploration contracts awarded to the pioneer investors in 2001 and 2002 will come to an end in 2016 and 2017. Some of the contractors involved are likely to proceed to exploitation while others might apply for extension of their contracts. There is now a significant increase in the level of interest in deep seabed mining.
The Legal and Technical Commission (LTC) has already laid the groundwork for the preparation of draft regulations for exploitation in the Area. A stakeholder survey was launched by the Authority’s Secretariat in March 2014, with an input from the Commission, to solicit relevant information for the development of a regulatory framework for the exploitation of minerals in the Area. A draft framework has been prepared by the Secretariat based on a detailed analysis of the 55 responses to the survey.

**Summary report of LTC Chairman**

According to a summary report by its Chairman, Russell Howorth (Fiji), the Legal and Technical Commission held two sessions in 2014, from 3 to 13 February and from 7 to 16 July, holding 32 formal meetings in total.

The Commission’s report, (ISBA/20/C/20) covered the following activities of contractors, including; the status of prospecting and of contracts for exploration, annual reports of contractors; the periodic review of implementation of plans of work for exploration for polymetallic nodules; extension of contracts for exploration and implementation of training programmes and allocation of training opportunities.

Other matters dealt with in the report are applications for approval of plans of work for exploration in the Area, status of implementation of the environmental management plan for the Clarion-Clipperton Zone, conflict of interest of Commission members and the future data management strategy of the Authority.

The report also covered matters referred to the Commission by the Council, such as issues relating to monopolization of activities in the area and the operation of the future Enterprise, the mining arm of the Authority, particularly legal, technical and financial implications for the Authority and for States parties.

During discussions of the report over three meetings, some Council members called upon the contractors to comply fully with their contractual obligations. The Commission was urged to review and update the template for the annual reports of contractors, and also examine ways to ensure that training opportunities took account of the interests and needs of developing countries, particularly the land-locked and geographically disadvantaged States, as well as small island developing States.

**Status of prospecting, exploration contracts**

At its meeting on 21 July 2014, the Council approved seven plans of work for exploration in the seabed Area, recommended by the Legal and Technical Commission. It 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 respectively.

During a debate on the status of prospecting, exploration contracts, periodic review and overhead charge, it was noted that as of 24 June 2014, the Authority had concluded 12 contracts for exploration for polymetallic nodules; three for polymetallic sulphides and two for cobalt-rich ferromanganese crusts, thus bringing the number of exploration contracts issued by the Authority to 17. Two plans of work approved in 2012 still remain pending for signature of contracts.
There was concern that some contractors had not yet accepted the new standard clauses on overhead charges established by the Assembly last year to cover the costs of administration and supervision of contracts.

Transparency and openness

There was discussion of the issue of “transparency and openness” as an essential element in the Commission’s work and that of the Authority as a whole. It was recommended that the Commission should continue to explore initiatives, including holding open meetings and publishing surveys, particularly on issues of general interest to ensure broad participation.

The Secretariat was commended for its work in developing a global deep seabed database as was the Legal and Technical Commission’s decision to keep the subject of data management on its agenda as a regular item.

Amendments to regulation 21

The Council adopted recommendations of the Commission for amendments to regulation 21 of the Regulations on Prospecting and Exploration for Polymetallic Sulphides in the Area (ISBA/20/C/22). In another action, the Council, with a view to aligning the regulation on monopolization embodied in the Regulation on Nodules with that of the Regulations on Sulphides and on Crusts, adopted a decision (ISBA/20/C/23) by which regulation 21 of the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area was amended by the insertion of a new paragraph immediately following paragraph 6 and renumber of paragraphs 7 to 11 of the Regulations accordingly. The Assembly later approved the amendments.

Report of Finance Committee

The Assembly on the recommendations of the Committee and the Council approved a budget of US$15,743,143 for the Authority’s operations for the financial period 2015-2016 and related matters (ISBA/20/A/L.2). The Secretary-General was authorized to establish the scale of assessments for 2015 and 2016 on the basis of that used for the regular budget of the expenses of the United Nations for 2013-2014 respectively. It would take into account that the ceiling assessment rate would be 22 per cent and the floor rate 0.01 per cent.

Acting on recommendations of the Council, the Assembly urged the Authority’s members to pay their assessed contributions to the budget on time and in full. The Assembly appealed to those in arrears to pay their outstanding contributions from previous years as soon as possible.

The Assembly requested the Secretary-General to provide, in future, a complete narrative in support of budget proposals, as well as a breakdown of projected costs in respect of large items of expenditure or those in which a significant variance in relations to the previous budget was proposed. The Secretary-General was also to ensure that the budget was in line with the priorities set by the Council and the Assembly.

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Secretary-General’s report

The annual report of the Secretary-General, Nii Allotey Odunton (Ghana) (ISBA/20/A/2), was the focus of a two-day debate in the Assembly. The report, submitted under article 166 paragraph 4 of the 1982 United Nations Convention on the Law of the Sea, provided information on the work of the Authority from July 2013 to June 2014. It covered, among others, administrative and financial matters, the Authority’s relations with the host Government, Jamaica, and status of contracts for exploration in the Area.

Presenting the report to the Assembly on 23 July, Mr. Odunton highlighted the challenge of managing the increasing workload of the Authority as it moved towards elaborating exploitation regulations and the need for standardized data on the living resources of the seabed Area.

The Secretary-General noted that with seven new contracts having been approved at the session, bringing the total number of contracts to 26, the workload of the Legal and Technical Commission would increase significantly. He suggested that the Authority should consider how the Commission’s work would be managed in the future.

The report observed that the Authority had achieved significant milestones since 2000. It had “cemented its place” as the central body to organize and control activities in the seabed Area beyond national jurisdiction. It had adopted and implemented three sets of regulations for exploration for polymetallic nodules, polymetallic sulphides, and cobalt-rich ferromanganese crusts, and had also entered into contracts for exploration for all three different resources.

Relationship with the Host Government

The report said the Secretariat had continued to actively seek redress from the Government of Jamaica, the host country, to the long-standing problems of the poor condition of the Authority’s headquarters building as previously reported by the Secretary-General. Whilst the Government had addressed some of those issues, the problem of the inconsistent water supply and the poor performance of the air-conditioning units remained unresolved. Additionally, in spite of the efforts made by the Jamaica Conference Centre to improve the audio system there were still interruptions experienced during the meetings of the Legal and Technical Commission in February 2014.

The relationship between the Authority and the host Government is governed by a Headquarters Agreement, which entered into force on 26 August 1999, and a supplementary agreement relating to the occupation of the headquarters of the Authority, which entered into force on 2 June 2004.

Financial Matters

The Secretary-General pointed out that the overhead charge of $47,000 to be payable annually by contractors to cover the administration and supervision of contracts and review of their annual reports, would lead to a significant decrease (approximately $1.8 million) in the amount of the budget that would have to be financed by member States.

As at 30 April 2014, 68.7 per cent of the value of contributions to the 2014 budget due from member States and the European Community had been received from 29.7 per cent of the Authority’s membership. Contributions outstanding from member States for prior periods (1998-2013) amounted to US$ 283,731. As at 30 April 2014, 43 members of the Authority were in arrears.
for a period of two years or more, and would consequently have no vote in accordance with article
184 of the Convention and rule 80 of the rules of procedure of the Assembly. The Secretary General
urged all members in arrears to take the necessary steps to pay their contributions.

Also as at the same date, the balance of the Authority’s Working Capital Fund stood at US$556,522 against an approved level of US$ 560,000.

**Voluntary Trust Fund**

The Voluntary Trust Fund (VTF) for the participation in the work of the Finance Committee
and the Legal and Technical Commission by members from developing countries was established in
2002. The total amount paid out of the Fund as at 22 July 2014, was US$527,126. The balance of the
Fund as at the same date stood at $237,101.

The Fund is made up of voluntary contributions from members of the Authority and others. Over the life of the Fund, contributions totalling US$562,924 have been paid into it. The most recent contributions to the fund were made by Japan ($44,760) in September 2013, Norway ($99,224.39) in June 2014 and China ($20,000) in July 2014.

**Endowment Fund for Marine Scientific Research in the Area**

The Endowment Fund for Marine Scientific Research in the Area was established by the
Assembly in 2006 (ISBA/12/A/11). The Endowment Fund promotes and encourages the conduct of
marine scientific research in the seabed 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.

Since the Authority’s nineteenth session, two awards have been made from the Fund. The
first award of $30,000 was made to the Rhodes Academy to help fund a number of fellowships for
students from developing countries and to expand the Academy’s training programmes to cover
issues relating to deep seabed marine science. As at 31 May 2014, 59 scientists or government
officials from developing countries have been beneficiaries of financial support from the Endowment
Fund.

The Secretary-General described the Endowment Fund as a very useful mechanism of the
Authority. He outlined a strategy being used to increase its capital. He said that after an application
for a plan of work had been processed, the Secretariat would inform the applicant about the cost and
request that any remaining balance be applied to the Fund.

As at 30 April 2014, the capital of the fund stood at $3,417,038, and a total of $428,932 had
been disbursed form the interest accrued on the capital.

**Library, publications and website**

The Satya N. Nandan Library, named after the Authority’s first Secretary-General, 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

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research materials which focused on matters relating to the law of the sea, ocean affairs and deep sea mining.

The most recent major upgrade to the facilities of the library was done during the renovation of the headquarters in 1999. It was anticipated that by July 2014, the public access area of the library would have been updated with a new reception area and improved reading areas.

At the end of 2013, the Authority launched a new publications strategy which uses a combination of print-on-demand and electronic publishing technology to reduce costs through streamlining publishing practices.

The Authority’s website was currently being upgraded and redeveloped to better manage and disseminate the various aspects of its work to member States, its various organs and the public at large. The restructured website will be compatible with cross-browser platforms and will also be accessible on mobile devices. During the reporting period, the ICT unit developed and deployed an extranet accessible to members of the Legal and Technical Commission which allowed secure collaboration among members. At the Commission’s request, an electronic log was also developed to record the submission of documents and communications by contractors to facilitate inventory, search and production of various reports.

**Status of contracts for exploration in the Area**

As at 19 May 2014, 16 exploration contracts were in force, covering approximately 900,000 kilometres of the seafloor in the Atlantic, Indian and Pacific Oceans. Twelve contracts cover exploration for polymetallic nodules, two for polymetallic sulphides and two for cobalt-rich crusts.

The Secretary-General noted that with seven new contracts having been approved at this session, taking the total number contracts to 26, the workload of the Commission would increase significantly. He estimated that the time needed just to review the annual reports of all the contractors would be at least 13 days, more time than was currently allocated to the Commission to complete its entire agenda for the year. He suggested that the Authority should begin to consider how the work would be managed in the future.

**Election to the Council**

The Assembly, in an uncontested election, renewed almost half the membership of the Authority’s 36-member Council, for a four-year term from 2015 through 2018.

The Council is composed of five groups of States members of the Authority, four of which have special interests in aspects of seabed mining. The fifth ensures equitable geographical balance in the Council as a whole.

Those elected in accordance with the Convention on the Law of the Sea and Assembly decisions, are:

**Group A:** Italy and Russian Federation. (Italy would relinquish its seat in Group A in favour of the United States if the latter became a member of the Authority; this does not prejudice the position of any country with respect to any intervening election to the Council).
Group B: France, Germany and Republic of Korea. (Germany was re-elected for a period of four years (2015-2018), on the understanding that Belgium will occupy the seat in Group B for the year 2016).

Group C: Australia and Chile. (Australia was re-elected for a period of four years (2015-2018), on the understanding that in 2017 it will relinquish its seat in Group C to Indonesia. Australia will be a member of Group E in 2017. Chile was re-elected for a period of four years (2015-2018), on the understanding that in 2018 it will relinquish its seat in Group C to Indonesia. Chile will be a member of Group E in 2018).

Group D: Fiji, Jamaica and Lesotho.

Group E: Ghana, Indonesia, Mexico, Nigeria, Singapore and Tonga. (Indonesia was re-elected to the Council for a period of four years (2015-2018) on the understanding that in 2017 it will relinquish its seat in Group E to Australia and will occupy the seat in Group C relinquished by Australia. In 2018 Indonesia will relinquish its seat in Group E to Chile and will occupy the seat in Group C relinquished by Chile).

Other Elections

Antonio Francisco Da Costa e Silva Neto, Brazil’s Ambassador to Jamaica, was elected president of the Assembly for the twentieth session.

Four vice-presidents elected are: China, (Asian Group), France (Western European and Others Group), Nigeria, (African Group) and Russian Federation (Eastern European Group).

Nicola Smith (United Kingdom) was elected as a new member of the Finance Committee to replace her compatriot Chris Whomersley, who resigned on 6 June 2014. She will serve the remainder of his term which ends on 31 December 2016. (ISBA/20/A/4)

In another action, the Assembly granted observer status to the Deep Sea Conservation Coalition, a foundation incorporated in the Netherlands, whose objective is protecting and preserving the marine environment, including living marine resources and marine biodiversity.

The Council elected Tommo Monthe, Cameroon Permanent Representative to the United Nations in New York, as its president for this year’s session.

The four vice-presidents of the Council are Argentina (Latin American and Caribbean States), Bangladesh (Asian Group), Czech Republic (Eastern European Group) and the Netherlands (Western European and Others Group).

The Council also elected three new members to the Legal and Technical Commission (LTC). Carlos Roberto Leite (Brazil), Juan Pablo Paniego (Argentina) and Michelle Walker (Jamaica) will serve the remainder of the five-year term of their compatriots who have resigned. Their term will end on 31 December 2016. (ISBA/20/C/2; ISBA/20/C/3; ISBA/20/C/8).
Special Commemorative Session

An all-day session on 22 July was used to commemorate the twentieth anniversary of the establishment of the International Seabed Authority. An impressive list of speakers chronicled the transformation of the organisation, from its creation in 1994 to the present.

The President of the Assembly, Antonio Francisco Da Costa e Silva Neto (Brazil) opened the commemorative session and introduced the Secretary-General of the Authority, Nii A. Odunton (Ghana) who highlighted some next steps for the Authority, including building baseline environmental data and standardizing taxonomies for lesser known fauna and species. The Prime Minister of host country, Jamaica, the Most Honourable Portia Simpson Miller, welcomed the delegates. A statement from Ban Ki-moon, Secretary-General of the United Nations, was delivered by Stephen Mathias, Assistant Secretary-General for Legal Affairs.

The keynote speaker, Tommy Koh, Ambassador-at-Large, Ministry of Foreign Affairs, Singapore, said the Authority must be more visible so that the world may understand its important mission.

Statements were made by Satya N. Nandan, Special Representative of the UN Secretary-General for the Law of the Sea and former Secretary-General of the ISA (1996-2008); Judge José Luis Jesus, International Tribunal for the Law of the Sea, and Chairman, Preparatory Commission for the ISA (1987-1994); Prof. Hasjim Djalal, former member of the Indonesian delegation to the Third United Nations Conference on the Law of the Sea (1973-1982), and first President of the Assembly of the International Seabed Authority (1996); Judge Vladimir Golitsyn, President of the Seabed Disputes Chamber (presentation on behalf of the President of the Tribunal); Mumba Kapumpa, Ambassador of Zambia to South Korea, and Baïdy Diène, President if the Authority’s Council (2004) and member of the Legal and Technical Commission (2002-2011). The chair of each regional group in the Assembly and individual delegations also made statements.
Membership and Attendance

The ISA membership consists of all parties to the United National Convention on the Law of the Sea. The members are listed below, with an asterisk (*) marking those which participated in the session.

The list of members of the Authority is as follows:


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