International Seabed Authority

Press Release

SEABED COUNCIL ADOPTS DRAFT DECISION ON FINANCIAL AND BUDGETARY MATTERS BASED ON RECOMMENDATIONS OF FINANCE COMMITTEE; HEARS REPORT OF LEGAL AND TECHNICAL COMMISSION

The Council of the International Seabed Authority meeting in Kingston this afternoon decided, on the recommendations of the Finance Committee, that the Assembly approve a budget for the Authority in the amount of US$ 15,743,143 for the biennium 2015-2016.

The Council by its decision (ISBA/20/C/L.2) also recommended that the Assembly authorize the Secretary-General 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.

The draft decision was amended to include two additional paragraphs, one urging members of the Finance Committee to fulfil their obligations to attend its meetings, and the other requesting the Secretary-General, for future budget proposals, to provide a complete narrative in support of the proposed budget request, a breakdown of projected costs for large items of expenditure, and to ensure that the budget is in line with the priorities set by both the Council and the Assembly. An existing paragraph was also amended to express appreciation to those members of the Authority who have made voluntary contributions to the Voluntary Trust Fund and the International Seabed Authority Endowment Fund.

The budget was originally proposed by the Secretary-General (ISBA/20/A/3-ISBA/20/C/10).

By the Council’s decision, the Assembly would also authorize the Secretary-General for each year of the financial period 2015-2016, to transfer between appropriation sections up to 20 per cent of the amount in each section. Also, the Assembly would approve the adoption by the Authority of the International Public Sector Accounting Standards (IPSAS) in the financial period 2015-2016.

It would strongly encourage the contractors still considering their position to accept the annual overhead charge related to the administration and supervision of their contracts to ensure equitable burden-sharing among all contractors. (The overhead charge was established by the Assembly last year).

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Members of the Authority would be urged by the Assembly to pay their assessed contributions to the budget on time and in full. The Assembly would appeal to those in arrears to pay outstanding contributions from previous years as soon as possible. The Secretary-General would be requested, at his discretion, to continue his efforts to recover those amounts.

At its meeting this afternoon, the Council resumed its consideration of the report of the Finance Committee and the proposed budget of the Authority. New wording was proposed for the draft decision on the budget, taking into account the concerns expressed by a number of members during the morning’s discussion. The new paragraphs, formulated by a group of members led by Brazil, read as follows:

6. **Urges** members of the Finance Committee to fulfill their obligations and make every effort to attend its meetings and requests the Secretary-General to schedule such meetings in as efficient a manner as possible.

7. **Requests** the Secretary-General, for future budget proposals, to provide a complete narrative in support of the proposed budget requests, as well as a breakdown of projected costs in respect of large items of expenditure or those in which a significant variance in relation to the previous budget is proposed; and **also requests** the Secretary-General to ensure that the budget is in line with the priorities set by the Council and the Assembly, in particular with the need to develop the exploitation code, and to make available all relevant documents used to prepare the reports of the Finance Committee.

10. **Expresses** appreciation to those members of the Authority who have made voluntary contributions to the Voluntary Trust Fund and the Endowment Fund and strongly encourages its members to make such contributions to the Funds.

After the adoption of the decision on the budget, the Council then took up the report of the Chair of the Legal and Technical Commission.

**Legal and Technical Commission Report**

The report of the Legal and Technical Commission report is in eight sections with three annexes (ISBA/20/C/20), covering such matters as activities of contractors, annual reports of contractors; training programmes under plans of work for exploration and allocation of training opportunities; applications for approval of plans of work for exploration in the seabed Area and preparation of draft regulations for exploitation in the Area.

The Commission also dealt with matters referred to it by the Council such as monopolization of activities in the Area; operation of the future Enterprise, the mining arm of the Authority; conflict of interest of Commission members and data management strategy of the Authority. The annexes cover general comments of the Commission on the annual reports of contractors; the list of applications considered by the Commission and suggested amendments to regulation 21 of the Regulations on prospecting and Exploration for Polymetallic Nodules in the Area.

On the proposed draft marine minerals exploitation code, the Commission requested the Secretariat to prepare a draft framework of the regulations, noting with appreciation the work done by the Secretariat and its external consultants which had contributed to the “excellent progress” made in 2014. It emphasized the need for more time and resources to support its work on the draft regulations.

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The Commission considered 13 annual reports submitted by contractors (listed in annex 1), noting that the majority followed in large part the general format prescribed by the Commission, and generally focused on work carried out during the reporting year under consideration. A few reports reviewed work from earlier years.

It noted the need for a review of the recommended template for annual reports which it adopted in 2002, and decided to take the matter up at its next session.

The Commission observed that six of the seven pioneer investors would complete the final five-year phase of their respective contracts in 2016. By that time, it was expected that they would have identified a first-generation mine site, obtained good baseline environmental data, developed a mining system prototype and arrangements for processing of nodules. Five of those contractors had reported different stages on mining tests and selection of sites in their respective areas.

Noting that seven contracts for exploration for polymetallic nodules were due to expire between March 2016 and March 2017, the Commission drew attention to the fact that some contractors might not be in a position to proceed to exploitation by 2016 and might therefore seek an extension to their current exploration contracts. It anticipated the first applications in September 2015.

The Commission drew the Council’s attention to the implications of such expected applications and of the urgent need for the provision of the necessary criteria and procedural aspects regarding the implementation of the relevant provisions of the regulations.

It recommended that pursuant to article 165, paragraphs 2 (a) and (g) of the Convention, that the Commission be requested, as a matter of priority, to formulate draft procedures and criteria for applications for extension of contracts for exploration for consideration by the Council at its next session in July 2015.

On the implementation of training programmes under plans of work for exploration, the Commission decided to streamline the training selection and approval process, in response to receiving notice of training opportunities at short notice. A full report on the selection process and the names of the recommended candidates, as well as the streamlined procedures are contained in document ISBA/20/LTC/13, according to the report.

The Commission said it had made recommendations to the Council on seven applications for approval of work for exploration in the Area which it considered during its two sessions. The entities are listed in Annex II of the Commission’s report.

On matters referred to it by the Council, the Commission said it had recommended the alignment of the fee provision in the Nodules Regulations with those of the Sulphides Regulations which were not consistent. Its recommendations are contained in document ISBA/20/C/9.

On issues relating to monopolization of activities in the Area, the Commission recommended the alignment of the provisions of the Nodules Regulations with the equivalent in the Sulphides and Crusts Regulations. The recommendations to the Council are contained in annex III of the report.

The Commission observed that at the conclusion of its July session, it agreed on an “emerging new way of doing business insofar as applications for plans of work for exploration were concerned, which was compliant with the regulations”. In bringing the matter to the Council’s attention, the Commission said it would continue to keep it on its agenda, adding the Council might wish to consider providing further guidance.
On issues relating to the operation of the future Enterprise, in particular on the legal, technical and financial implications for the Authority and for States parties, the Commission said priority should be given to the identification of gaps, if any, in the current regulatory and procedural regime. It also suggested ways, including the formulation of appropriate regulatory and procedural measures, to ensure proper and independent operations of the Enterprise, and identifying the gaps, if any, in existing general policies of the Assembly that were relevant to its operation. The Commission decided to keep the matter on its agenda for the twenty-first session in 2015, when it would consider further the draft terms of reference and any update provided by the Secretariat.

The Commission thanked the Secretariat for its guidance on the issue of conflict of interest in response to a request made during the Authority’s nineteenth session. It emphasized that it was primarily incumbent on each of its members to ensure compliance with the obligations set out in the Convention in the interest of transparency and accountability and the evolving workload of the Commission.

The Commission took note with appreciation of the work being undertaken by the Secretariat to improve the data-management capacity of the Authority and in particular highlighted the need to incorporate geological as well as environmental data. It noted that the next phases of the data base development would require resources to be allocated to validate all environmental and geological data through inter alia: further data exchanges with the contractors; the securing of the services of a database manager; data modelling; database updating; and maintaining the quality assurance and control of all phases of the database development.

Describing the project as “an important matter”, the Commission asked the Secretariat to provide a further progress report at its next meeting, adding that it would make the topic of data management a regular item on its agenda.

**Discussion on Commission’s report**

The Council decided to begin consideration of the report of the Legal and Technical Commission Chairman although the document was available in English and Russian only.

The Chair of the Commission, Russell Howorth (Fiji), began his presentation by expressing his satisfaction at the level of attendance at the Commission’s two sessions in 2014, held from 3 to 13 February and from 7 to 16 July. He said that 16 out of the 24 members had attended both sessions and about half of the Commission members were still in Kingston. The Chairman then presented a brief ‘helicopter tour’ of the report, after which the Council President, Tommo Monthe (Cameroon), invited members to make their comments.

One of the topics of discussion concerned the organization of the work of the Commission. Italy pointed out that three weeks was a long period for a government delegation to be engaged in the work of one international organisation, and suggested that ways be found to ‘rationalize’ the Commission’s work. The Russian Federation said that it would support the plan referred to in paragraph 9 for the Commission to update the template for contractors’ annual reports, as this would have direct bearing on streamlining its work.

Trinidad and Tobago reminded members that at the nineteenth session, the question of the amount of time needed for the Commission’s work was the subject of some debate as that body had been unable to complete its work for the session. The representative cautioned the Council to be proactive in ensuring that the Commission was allowed enough time and resources in anticipation of the imminent
increase in its workload. Mexico suggested that with 26 contracts for exploration expected to be signed by the end of 2014, the Commission’s meetings in February and July would no longer suffice.

Noting that seven exploration contracts would expire in the next two to three years, some delegations, including Fiji and Nigeria, expressed concern about the state of preparedness of the Legal and Technical Commission to deal with the first applications for extension in September 2015. South Africa and the Russian Federation expressed support for the plan cited in paragraph 12 of the report, to formulate draft procedures and criteria for applications for extensions of contracts, as a matter of priority. Mexico asked whether there was an evaluation mechanism in place to ascertain if contractors had complied with their commitments.

Members also discussed the issue of “transparency and openness” as an essential element of the work of the Commission and the Authority as a whole. The United Kingdom hailed the stakeholder survey conducted by the Secretariat in March 2014 as a positive development. The representative also spoke of having benefitted from the open meeting held by the Legal and Technical Commission on Tuesday, 15 July and suggested that more of such meetings would foster a better understanding among members of the work of the Commission. Echoing the United Kingdom’s view on the stakeholder survey and the concept of open meetings, Australia also proposed that the Commission could be requested to prepare an interim report on its work following its February meetings, to be reviewed by Council members in preparation for the Authority’s session in July.

**Discussion on Training Programmes**

China said the Authority needed to do a better job tracking the success of candidates who had undergone training. Following on Bangladesh’s call for increased training opportunities in developing States, Uganda made an appeal on behalf of land-locked States for training to be available to their candidates. The representative suggested that workshops and awareness programmes offered in land-locked States would peak interest in deep seabed activities and create a greater awareness of the work of the Authority. Argentina, India, Jamaica, Kenya, Nigeria, Senegal, South Africa, Trinidad and Tobago, and the United Kingdom supported Uganda’s appeal. The representative of Trinidad and Tobago, drawing attention to Article 152 of the United Nations Convention on the Law of the Sea which addressed the need for special consideration to geographically disadvantaged states, urged the Authority to give serious consideration to Uganda’s request.

Responding to comments made by delegations, the Chairman of the Legal and Technical Commission (LTC) said the quality of reporting from contractors was improving, but lacked standardization in reporting data. He said collaboration was lacking in some contractor activities such as micro-scaling, taxonomy, cruise planning and implementation.

On extensions of contract for exploration, the LTC Chairman noted that request for extension of contracts ending in March 2016, would be received by the Commission in September, 2015, and that extensions of up to five years could be granted. On training, he said opportunities would increase significantly.

During her contribution to the debate the representative of Australia recognized the loss of 298 souls aboard a Malaysia Airlines passenger jet earlier today in eastern Ukraine.

When the Council resumes tomorrow morning it will consider the remaining sections of the Commission’s report, including its proposed amendments to regulation 21 of the Regulations on Prospecting and Exploration for Polymetallic Sulphides in the Area.