



SELECTED DECISIONS AND DOCUMENTS OF THE SIXTH SESSION

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ISBA/6/A/3*

Decision of the Assembly of the International Seabed Authority concerning the Financial Regulations of the International Seabed Authority

Date: 28 March 2000
71st Meeting

The Assembly of the International Seabed Authority,

Taking into account the recommendation of the Council,ⁱ

Approves the financial regulations of the Authority, as set out in the annex to the present document.

Annex

FINANCIAL REGULATIONS OF THE INTERNATIONAL SEABED AUTHORITY

Introductory note

The United Nations Convention on the Law of the Sea entered into force on 16 November 1994. On 28 July 1994, the General Assembly of the United Nations adopted the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982. The Agreement has been provisionally applied since 16 November 1994 and entered into force on 28 July 1996.

According to the Agreement, its provisions and Part XI of the Convention shall be interpreted and applied together as a single instrument; these Regulations and references in these Regulations to the Convention shall be interpreted and applied accordingly.

Adjustments and additions to these Regulations will be needed when the Authority has sufficient income to meet its administrative expenses from sources other than assessed contributions of the members of the Authority.

Applicability
Regulation 1

1.1 These Regulations shall govern the financial administration of the International Seabed Authority.

1.2 For the purpose of these Regulations:

(a) “Agreement” means the Agreement relating to the Implementation of Part XI of the United Nations Convention of the Law of the Sea of 10 December 1982;

(b) “Authority” means the International Seabed Authority;

(c) “Convention” means the United Nations Convention on the Law of the Sea of 10 December 1982;

(d) “Member of the Authority” means:

(i) any State Party to the Convention; and

(ii) any provisional member;

(e) “Secretary-General” means the Secretary-General of the International Seabed Authority.

The financial period
Regulation 2

2.1 The financial period shall consist of two consecutive calendar years.

The budget
Regulation 3

3.1 The proposed budget for each financial period shall be prepared by the Secretary-General.

3.2 The proposed budget shall cover income and expenditures for the financial period to which they relate and shall be presented in United States dollars.

3.3 The proposed budget shall be divided into parts and sections and, when appropriate, programmes. The proposed budget shall be accompanied by such information annexes and explanatory statements as may be necessary for the consideration of the budget, including a statement on the main changes in the content in comparison with the previous financial period, as well as its programmatic contents where applicable, and such further annexes or statements as the Secretary-General may deem necessary and useful.

3.4 The Secretary-General shall, in the second year of a financial period, submit his proposed budget for the following financial period to the Council, which shall submit it to the Assembly, together with its recommendations thereon. The Secretary-General shall transmit his proposed budget to the members of the Finance Committee at least forty-five days prior to the meeting of the Finance Committee at which the proposed budget is to be considered. The proposed budget shall be transmitted to all members of the Authority at least forty-five days prior to the opening of the session of the Council and the Assembly.

3.5 The Finance Committee shall prepare a report for the consideration of the Council on the budget proposed by the Secretary-General, containing the recommendations of the Finance Committee.

3.6 The Council shall consider the report of the Finance Committee and submit the proposed budget to the Assembly, with any recommendations. The Assembly shall consider and approve the budget for the following financial period submitted by the Council, on the understanding that the budget for the financial period will be appropriated annually in accordance with the Convention.

3.7 Decisions by the Assembly and the Council on the administrative budget of the Authority shall take into account the recommendations of the Finance Committee.

3.8 Supplementary budget proposals may be submitted by the Secretary-General if exceptional circumstances make this necessary.

3.9 Supplementary budget proposals shall be prepared in a form consistent with the approved budget. The provisions of these Regulations shall be applicable to the proposed supplementary budget to the extent possible. Decisions of the Council and the Assembly on the supplementary budget proposed by the Secretary-General shall take into account the recommendations of the Finance Committee.

3.10 The Secretary-General may enter into commitments for future financial periods, provided that such commitments do not affect the current budget and:

(a) are for activities which have been approved by the Council or the Assembly and are expected to continue beyond the end of the current financial period; or

(b) are authorized by specific decisions of the Council or the Assembly.

*Appropriations
Regulation 4*

4.1 The appropriations voted by the Assembly shall constitute an authorization to the Secretary-General to incur obligations and make payments for the purposes for which the appropriations were voted and up to the amounts so voted.

4.2 Appropriations shall be available for obligations during the financial period to which they relate.

4.3 Appropriations shall remain available for twelve months following the end of the financial period to which they relate to the extent that they are required to discharge obligations in respect of goods supplied and services rendered in the financial period and to liquidate any other outstanding legal obligation of the financial period. The balance of the appropriations shall be surrendered.

4.4 At the end of the twelve-month period provided in regulation 4.3 above, the then remaining balance of any appropriations retained will be surrendered. Any unliquidated obligations of the financial period in question shall, at that time, be cancelled or, where the obligation remains a valid charge, transferred as an obligation against current appropriations.

4.5 Transfers between appropriation sections may only be made to the extent authorized by the Assembly.

4.6 The Secretary-General shall prudently manage the appropriations voted for a financial period, taking into account the availability of cash balances.

*Funds
Regulation 5*

5.1 There shall be established a general administrative fund for the purpose of accounting for the administrative expenditures of the Authority. The contributions paid under regulation 6.1 (a) and (b) by members of the Authority, income from the Enterprise, miscellaneous income and any advances made from the working capital fund to finance administrative expenditure shall be credited to the general administrative fund.

5.2 There shall be established a working capital fund in an amount and for purposes to be determined from time to time by the Assembly. The source of moneys of the working capital fund shall be advances from members of the Authority until the Authority shall have sufficient income from other sources to meet its administrative expenses, and these advances, made in accordance with an agreed scale of assessment based upon the scale used for the regular budget of the United Nations or, in the case of international organizations, as determined by the Authority, shall be carried to the credit of members which have made such advances.

5.3 Advances made from the working capital fund to finance budgetary appropriations shall be reimbursed to the fund as soon as income is available for that purpose.

5.4 Income derived from investments of the working capital fund shall be credited to miscellaneous income.

5.5 Trust funds, reserve and special accounts may be established by the Secretary-General and shall be reported to the Finance Committee.

5.6 The purpose and limits of each trust fund, reserve and special account shall be clearly defined by the appropriate organ of the Authority. Unless otherwise provided by the Assembly, such funds and accounts shall be administered in accordance with the present Regulations.

5.7 The administrative expenses of the Authority shall be a first call upon the funds of the Authority. Except for the contributions referred to in regulation 6.1 (a) and (b), the funds which remain after payment of administrative expenses may, *inter alia*:

- (a) be shared in accordance with article 140 and article 160, paragraph 2 (g), of the Convention;

(b) be used to provide the Enterprise with funds in accordance with article 170, paragraph 4, of the Convention; and

(c) be set aside for the purposes of the economic assistance fund referred to in paragraph 1 (a) of section 7 of the annex to the Agreement.ⁱⁱ

5.8 There shall be established an economic assistance fund in accordance with paragraph 1 (a) of section 7 of the annex to the Agreement. The amount set aside for this purpose shall be determined by the Council from time to time, upon the recommendation of the Finance Committee. Only funds from payments received from contractors, including the Enterprise, and voluntary contributions shall be credited to the economic assistance fund, after having covered the administrative expenses of the Authority.ⁱⁱⁱ

Provision of funds
Regulation 6

6.1 The funds of the Authority shall include:

- (a) assessed contributions made by States members of the Authority;
- (b) agreed contributions, as determined by the Authority, made by international organizations members of the Authority in accordance with annex IX to the Convention;
- (c) funds received by the Authority pursuant to annex III, article 13, paragraph 2, of the Convention and section 8 of the annex to the Agreement, in connection with activities in the Area;
- (d) funds transferred from the Enterprise in accordance with annex IV, article 10, of the Convention;
- (e) voluntary contributions made by members or other entities; and
- (f) such other funds to which the Authority may become entitled or may receive, including income from investment.

6.2 The appropriations, subject to the adjustments effected in accordance with the provisions of regulation 6.3, shall be financed by contributions from the States members of the Authority in accordance with an agreed scale of assessment based upon the scale used for the regular budget of the United Nations, including a floor rate and a ceiling rate as determined from time to time by the Authority, and by contributions from international organizations members of the Authority, as determined from time to time by the Authority, until the Authority shall have sufficient income from other sources to meet its administrative expenses. Pending the receipt of such contributions, the appropriations may be financed from the working capital fund.

6.3 For each of the two years of a financial period, the contributions of the members of the Authority shall be assessed on the basis of half of the appropriations approved by the Assembly for that financial period, except that adjustments shall be made to the assessments in respect of:

- (a) supplementary appropriations for which contributions have not previously been assessed on members of the Authority;
- (b) half of the estimated miscellaneous income for the financial period for which credits have not previously been taken into account, and any adjustments in estimated miscellaneous income previously taken into account;
- (c) contributions resulting from the assessment of new members of the Authority under the provisions of regulation 6.9;
- (d) any balance of the appropriations surrendered under regulations 4.3 and 4.4.

6.4 After the Assembly has adopted or revised the budget and determined the amount of the working capital fund, the Secretary-General shall:

- (a) transmit the relevant documents to the members of the Authority;
- (b) inform the members of the Authority of their contributions in respect of annual contributions and advances to the working capital fund; and
- (c) request them to remit their contributions and advances.

6.5 Contributions and advances shall be considered as due and payable in full within thirty days of the receipt of the communication of the Secretary-General referred to in regulation 6.4 above, or as of the first day of the calendar year to which they relate, whichever is the later. As of 1 January of the following calendar year, the unpaid balance of such contributions and advances shall be considered to be one year in arrears.

6.6 Annual contributions and advances to the working capital fund shall be assessed and paid in United States dollars.

6.7 Payments made by a member of the Authority shall be credited first to the working capital fund and then to the contributions due, in the order in which the member was assessed.

6.8 The Secretary-General shall submit to each regular session of the Assembly, the Council and the Finance Committee a report on the collection of contributions and advances to the working capital fund.

6.9 New members shall be required to make a contribution for the year in which they become members of the Authority and to provide their proportion of the total advances to the working capital fund at rates to be determined by the Assembly.

6.10 States and entities referred to in article 305 of the Convention which are not members of the Authority but which participate in its activities shall contribute to the expenses of the Authority at rates to be determined by the Assembly, unless the Assembly decides with respect to any such State or entity to exempt it from the requirement of so contributing. Such contributions shall be taken into account as miscellaneous income.

Other income
Regulation 7

7.1 All other income except:

- (a) contributions to the budget;
- (b) funds received by the Authority pursuant to annex III, article 13, paragraph 3, of the Convention and section 8 of the annex to the Agreement, in connection with activities in the Area;
- (c) funds transferred from the Enterprise in accordance with annex IV, article 10, of the Convention;
- (d) voluntary contributions made by members or other entities;
- (e) payments received by the Authority pursuant to article 82 of the Convention;
- (f) payments to the economic assistance fund, in accordance with paragraph 1(a) of section 7 of the annex to the Agreement;
- (g) direct refunds of expenditures made during the financial period;
- (h) advances or deposits to funds; and

- (i) revenue derived from the Staff Assessment Plan,

shall be classed as miscellaneous income, for credit to the general administrative fund.

7.2 Voluntary contributions, whether or not in cash, may be accepted by the Secretary-General provided that the purposes for which the contributions are made are consistent with the policies, aims and activities of the Authority, and provided that the acceptance of such contributions which directly or indirectly involve additional financial liability for the Authority shall require the consent of the appropriate authority.

7.3 Moneys accepted for purposes specified by the donor shall be treated as trust funds or special accounts under regulations 5.5 and 5.6.

7.4 Moneys accepted in respect of which no purpose is specified shall be treated as miscellaneous income and reported as "gifts" in the accounts of the financial period.

Custody of funds
Regulation 8

8.1 The Secretary-General shall designate the bank or banks in which the funds of the Authority shall be kept. The Secretary-General shall from time to time report to the Council on the designation of such bank or banks.

Investment of funds
Regulation 9

9.1 The Secretary-General may make short-term investments of a non-speculative nature, of moneys not needed for immediate requirements and shall inform the Finance Committee periodically of such investments which he or she has made.

9.2 The Secretary-General may, after consultations with an investment counsellor appointed on the recommendation of the Finance Committee, make long-term investments of moneys standing to the credit of trust funds, reserve and special accounts, except as may be otherwise provided by the appropriate authority in respect of each such fund or account and having regard to the particular requirements as to the liquidity of funds in each case.

9.3 Income derived from investments shall be credited as provided in the rules relating to each fund or account.

Internal control
Regulation 10

10.1 The Secretary-General shall:

- (a) establish detailed financial rules and procedures in order to ensure effective financial administration and the exercise of economy;
- (b) cause all payments to be made on the basis of supporting vouchers and other documents which ensure that the services or goods have been received and that payments have not previously been made;
- (c) designate the officers who may receive moneys, incur obligations and make payments on behalf of the Authority;
- (d) maintain an internal financial control which shall provide for an effective current examination and/or review of financial transactions in order to ensure:
 - (i) the regularity of the receipt, custody and disposal of all funds and other financial resources of the Authority;

- (ii) the conformity of obligations and expenditures with the appropriations or other financial provisions voted by the Assembly, or with the purposes and rules relating to trust funds and special accounts;
- (iii) the economic use of the resources of the Authority.

10.2 Obligations for the current financial period or commitments for current and future financial periods shall be incurred only after allotments or other appropriations have been made in writing under the authority of the Secretary-General.

10.3 The Secretary-General may make such ex gratia payments as he or she deems to be necessary in the interest of the Authority, provided that a statement of such payments shall be submitted to the Assembly with the accounts.

10.4 The Secretary-General may, after full investigation, authorize the writing-off of losses of cash, stores and other assets, provided that a statement of all such amounts written off shall be submitted to the Auditor with the accounts together with the justifications attached thereto.

10.5 Tenders for equipment, supplies and other requirements shall be invited by advertisement, except where the Secretary-General deems that, in the interests of the Authority, a departure from the rules is desirable.

*The accounts
Regulation 11*

11.1 The Secretary-General shall submit accounts for the financial period. In addition, the Secretary-General shall maintain, for management purposes, such accounting records as are necessary, including interim accounts for the first calendar year of the financial period. Both the interim accounts and the accounts for the financial period shall show:

- (a) the income and expenditures of all funds;
- (b) the status of appropriations, including:
 - (i) the original budget appropriations;
 - (ii) the appropriations as modified by any transfers;
 - (iii) credits, if any, other than the appropriations voted by the Assembly;
 - (iv) the amounts charged against those appropriations and/or other credits;
- (c) the assets and liabilities of the Authority.

The Secretary-General shall also give such other information as may be appropriate to indicate the current financial position of the Authority.

11.2 The accounts of the Authority shall be presented in United States dollars. Accounting records may, however, be kept in such currency or currencies as the Secretary-General may deem necessary.

11.3 Appropriate separate accounts shall be maintained for all trust funds, reserve and special accounts.

11.4 The accounts for the financial period shall be submitted by the Secretary-General to the Auditor not later than 31 March following the end of the financial period.

*Audit
Regulation 12*

12.1 The Assembly shall appoint an internationally recognized independent auditor with experience in the audit of international organizations. The independent auditor shall be appointed for a period of four years and may be reappointed for one term.

12.2 The audit shall be conducted in conformity with generally accepted common auditing standards and, subject to any special directions of the Assembly, in accordance with the additional terms of reference set out in the annex to the present Regulations.

12.3 The Auditor shall, as appropriate, make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Authority.

12.4 The Auditor shall be completely independent and solely responsible for the conduct of the audit.

12.5 The Finance Committee may request the Auditor to perform certain specific examinations and issue separate reports on the results.

12.6 The Secretary-General shall provide the Auditor with the facilities he or she may require in the performance of the audit.

12.7 The Auditor shall issue a report on the audit of the financial statements and relevant schedules relating to the accounts for the financial period, which shall include such information as the Auditor deems necessary with regard to matters referred to in regulation 12.3 and in the additional terms of reference.

12.8 The Finance Committee shall examine the financial statements and the audit reports and shall forward them to the Council and the Assembly, with such comments as it deems appropriate.

*Resolutions involving expenditures
Regulation 13*

13.1 Decisions by the Assembly or the Council having financial or budgetary implications shall be based on the recommendations of the Finance Committee.

13.2 No organ or subsidiary body of the Authority shall take a decision involving either a change in the budget approved by the Assembly or the possible requirement of expenditure unless it has received and taken account of a report by the Secretary-General on the budget implications of the proposal, and any recommendations of the Finance Committee.

13.3 Where, in the opinion of the Secretary-General, the proposed expenditure cannot be made from existing appropriations, it shall not be incurred until the Assembly has made the necessary appropriations.

*General provisions
Regulation 14*

14.1 These Regulations shall become effective on the date they are approved by the Assembly and shall apply to the financial period 2001-2002 and to subsequent financial periods. They may be amended only by the Assembly.

Notes
Annex

ADDITIONAL TERMS OF REFERENCE GOVERNING
THE AUDIT OF THE AUTHORITY

1. The Auditors shall perform the audits of the accounts of the Authority, including all trust funds and special accounts, as they deem necessary in order to satisfy themselves:

- (a) that the financial statements are in accord with the books and records of the Authority;
- (b) that the financial transactions reflected in the statements have been in accordance with the financial rules and regulations, the budgetary provisions and other applicable directives;
- (c) that the securities and moneys on deposit and on hand have been verified by certificates received directly from the Authority's depositaries or by actual count;
- (d) that the internal controls, including internal oversight, are adequate in the light of the extent of reliance placed thereupon.

2. The Auditors shall be the sole judge as to the acceptance in whole or in part of certifications and representations by the Secretary-General and may proceed to such detailed examination and verification as they choose of all financial records, including those relating to supplies and equipment.

3. The Auditors and their staff shall have free access at all convenient times to all books, records and other documents which are, in the opinion of the Auditors, necessary for the performance of the audit. The Auditors shall be responsible for the work done by such supporting staff in the conduct of auditing. Information which is classified as privileged and which the Secretary-General (or the Secretary-General's designated senior official) agrees is required by the Auditors for the purposes of the audit and information classified as confidential shall be made available on application. The Auditors and their staff shall respect the privileged and confidential nature of any information so classified which has been made available and shall not make use of it except in direct connection with the performance of the audit. The Auditors may draw the attention of the Assembly to any denial of information classified as privileged which, in their opinion, was required for the purpose of the audit.

4. The Auditors shall have no power to disallow items in the accounts but shall draw to the attention of the Secretary-General for appropriate action any transaction concerning which they entertain doubt as to legality or propriety. Audit objections, to these or any other transactions, arising during the examination of the accounts shall be communicated immediately to the Secretary-General.

5. The Auditors (or such of their officers as they may designate) shall express and sign an opinion on the financial statements which shall read as follows:

“We have examined the following appended financial statements, numbered to , properly identified, and relevant schedules of (name of the body) for the financial period ended 31 December 19 __ . Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.”,

And which shall state, as appropriate, whether:

- (a) the financial statements present fairly the financial position as at the end of the period and the results of its operations for the period then ended;
- (b) the financial statements were prepared in accordance with the stated accounting principles;
- (c) the accounting principles were applied on a basis consistent with that of the preceding financial period;
- (d) transactions were in accordance with the financial regulations and legislative authority.

6. The report of the Auditors to the Assembly on the financial operations of the period should mention:

- (a) the type and scope of their examination;

- (b) matters affecting the completeness or accuracy of the accounts, including, where appropriate:
 - (i) information necessary to the correct interpretation of the accounts;
 - (ii) any amounts which ought to have been received but which have not been brought to account;
 - (iii) any amounts for which a legal or contingent obligation exists and which have not been recorded or reflected in the financial statements;
 - (iv) expenditures not properly substantiated;
 - (v) whether proper books of accounts have been kept - where in the presentation of statements there are deviations of a material nature from the generally accepted accounting principles applied on a consistent basis, these should be disclosed;
- (c) other matters which should be brought to the notice of the Assembly, such as:
 - (i) cases of fraud;
 - (ii) wasteful or improper expenditure of the Authority's money or other assets (notwithstanding that the accounting for the transaction may be correct);
 - (iii) expenditure likely to commit the Authority to further outlay on a large scale;
 - (iv) any defect in the general system or detailed regulations governing the control of receipts and disbursements or of supplies and equipment;
 - (v) expenditure not in accordance with the intention of the Assembly after making allowance for duly authorized transfers within the budget;
 - (vi) expenditure in excess of appropriations as amended by duly authorized transfers within the budget;
 - (vii) expenditure not in conformity with the authority which governs it;
- (d) the accuracy or otherwise of the supplies and equipment records as determined by stock-taking and examination of the records;
- (e) if appropriate, transactions accounted for in a previous period concerning which further information has been obtained or transactions in a later period concerning which it seems desirable that the Assembly should have early knowledge.

7. The Auditors may make such observations with respect to their findings resulting from the audit and such comments on the Secretary-General's financial report as they deem appropriate to the Assembly or to the Secretary-General.

8. Whenever the scope of the audit of the Auditors is restricted, or whenever they are unable to obtain sufficient evidence, the Auditors shall refer to the matter in their opinion and report, making clear in the report the reasons for their comments and the effect on the financial position and the financial transactions as recorded.

9. In no case shall the Auditors include criticism in their report without first affording the Secretary-General an adequate opportunity of explanation on the matter under observation.

10. The Auditors are not required to mention any matter referred to in the foregoing that, in their opinion, is insignificant in all respects.

ISBA/6/A/6

Statement of the President on the work of the Assembly at the first part of the sixth session

Date: 11 April 2000

1. The first part of the sixth session of the Assembly of the International Seabed Authority was held at Kingston, Jamaica, from 20 to 31 March 2000.

Adoption of the agenda

2. At its 70th meeting, on 20 March 2000, the Assembly adopted the agenda for the sixth session (ISBA/6/A/2).

Election of the President and Vice-Presidents of the Assembly

3. At the 70th meeting, on 20 August 2000, Dr. Liesbeth Lijnzaad (Netherlands) was elected President of the Assembly for 2000. Subsequently, following consultations in the regional groups, the representatives of Jamaica (Latin American and Caribbean Group), the Czech Republic (Eastern European Group), Namibia (African Group) and India (Asian Group) were elected as Vice-Presidents.

Tribute to the late Elliot L. Richardson

4. At the 71st meeting, on 23 March 2000, the Assembly paid tribute to the late Elliot L. Richardson. Statements were made by the representative of the observer delegation of the United States of America, the representatives of each of the regional groups and by the Secretary-General.

Election to fill a vacancy on the Finance Committee

5. At the 71st meeting, on 23 March 2000, Mr. Boris Idrisov (Russian Federation) was elected by the Assembly to fill the vacancy left by the resignation of Mr. Sergei P. Ivanov (Russian Federation) for the remainder of Mr. Ivanov's five-year term, expiring on 31 December 2001.

Election to fill a vacancy on the Council

6. The Assembly recalled that, following the election of Italy to membership of the Council in Group A (ISBA/5/A/7), a vacancy had arisen for a member of the Western European and Others Group in Group E of the Council for the remainder of 2000. At the 71st meeting, on 23 March 2000, Malta was elected to fill the vacancy in Group E of the Council for the remainder of 2000.

Appointment of the Credentials Committee

7. The Assembly elected a Credentials Committee in accordance with rule 24 of its Rules of Procedure. The following were elected as members of the Credentials Committee: China, Ghana, Guyana, Japan, Mozambique, Netherlands, Portugal, Slovakia and Uruguay. Subsequently, Ms. Isabelle A. V. van Tol (Netherlands) was elected by the Committee as its Chairman. The Committee met on 28 March 2000. The report of the Committee is contained in document ISBA/6/A/4 and Add.1. At the 72nd plenary meeting, on 31 March 2000, the Assembly adopted the report of the Credentials Committee. The decision of the Assembly relating to credentials is contained in document ISBA/6/A/5.

Financial regulations

8. At the 71st meeting, on 23 March 2000, the Assembly, acting on the recommendation of the Council, approved the financial regulations of the Authority (ISBA/6/A/3*).

Election of the Secretary-General

9. At the 72nd meeting, on 31 March 2000, the President of the Council informed the Assembly that the Council had decided to propose to the Assembly, pursuant to article 162, paragraph 2 (b), of the Convention, the name of Satya N. Nandan as the sole candidate for election to the post of Secretary-General of the Authority. The Assembly elected Mr. Nandan by acclamation.

Next meeting of the Assembly

10. At the 72nd meeting, on 31 March 2000, statements were made by the representatives of Germany and Mexico. The representative of Jamaica, on behalf of the Latin American and Caribbean Group, also made a statement regarding the need to ensure the independence of the members of the Legal and Technical Commission and the need for equitable geographical balance in the composition of the Commission in accordance with article 163 of the Convention. The representative of Jamaica also noted that the term of office of the new member of the Commission, who had been elected during the current session for the remainder of the term of office of the current members, should not count as a term of office for future elections to the Commission.

11. In closing the meeting, the President requested the Secretary-General to use his good offices to ensure that all States Parties to the Convention are fully aware of their responsibilities as members of the Authority. Appreciation was expressed to the representative of Cameroon in his capacity as Chairman of the Group of 77 for his contribution to the success of the current session. The next meeting of the Assembly will be held at Kingston, Jamaica, from 3 to 14 July 2000.

ISBA/6/A/8

Decision of the Assembly of the International Seabed Authority concerning the appointment of the Secretary-General of the International Seabed Authority

Date: 6 June 2000
72nd Meeting

The Assembly of the International Seabed Authority,

In accordance with article 160, paragraph 2 (a), of the Convention,

Elects Mr. Satya N. Nandan (Fiji) as Secretary-General of the International Seabed Authority.¹

¹ The term of office begins on 1 June 2000.

Report of the Secretary-General of the International Seabed Authority under article 166, paragraph 4, of the United Nations Convention on the Law of the Sea

Date: 6 June 2000

I. INTRODUCTION

1. The present report of the Secretary-General of the International Seabed Authority is submitted to the Assembly of the Authority under article 166, paragraph 4, of the 1982 United Nations Convention on the Law of the Sea ("the Convention"). The report covers the period from July 1999 to June 2000. The report also contains information which would enable the Assembly to undertake a review of the manner in which the international regime of the Area established under the Convention and the Agreement relating to the implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982 ("the Agreement") has operated in practice, as required under article 154 of the Convention.

II. MEMBERSHIP OF THE AUTHORITY

2. In accordance with article 156, paragraph 2, of the Convention, all States Parties to the Convention are *ipso facto* members of the Authority. As of 5 June 2000, there were 133 States Parties to the Convention.

3. The Agreement was adopted on 28 July 1994 by the General Assembly of the United Nations in its resolution 48/263 and entered into force on 28 July 1996. After the adoption of the Agreement, any instrument of ratification or formal confirmation of or accession to the Convention shall also represent consent to be bound by the Agreement. No State or entity may establish its consent to be bound by the Agreement unless it has previously established or establishes at the same time its consent to be bound by the Convention.

4. It continues to be a matter of concern that, as of 5 June 2000, 35 members of the Authority which became States Parties to the Convention prior to the adoption of the Agreement had not yet completed the necessary procedural steps to become parties to the Agreement. These States are: Angola, Antigua and Barbuda, Bahrain, Bosnia and Herzegovina, Botswana, Brazil, Cameroon, Cape Verde, Comoros, Costa Rica, Cuba, Democratic Republic of the Congo, Djibouti, Dominica, Egypt, the Gambia, Ghana, Guinea-Bissau, Guyana, Honduras, Iraq, Kuwait, Mali, Marshall Islands, Mexico, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Sao Tome and Principe, Somalia, the Sudan, Tunisia, Uruguay, Viet Nam and Yemen.

III. SESSIONS OF THE AUTHORITY

5. The fifth session of the Authority was held from 9 to 27 August 1999. The first part of the sixth session was held from 20 to 31 March 2000. Ms. Liesbeth Lijnzaad (Netherlands) was elected President of the Assembly for the sixth session. One of the main achievements of the Assembly during the fifth session of the Authority was the approval of the Agreement between the International Seabed Authority and the Government of Jamaica concerning the headquarters of the Authority. During the same session, the Council adopted the Financial Regulations of the Authority and was able to make further substantive progress on the rules of procedure of the Legal and Technical Commission and the draft regulations for prospecting and exploration for polymetallic nodules. The Council continued its work on the draft regulations during the first part of the sixth session, in March 2000. Also during the fifth session, the Legal and Technical Commission commenced consideration of draft guidelines for the assessment of the possible environmental impacts arising from exploration for polymetallic nodules and the Finance Committee considered and adopted its rules of procedure.

6. At its 72nd meeting, on 31 March 2000, the Assembly elected Mr. Satya N. Nandan (Fiji) Secretary-General of the Authority for a second four-year term of office from 1 June 2000.¹

V. RELATIONS WITH THE HOST COUNTRY

7. It will be recalled that, on 10 March 1998, the Minister for Foreign Affairs and Foreign Trade of Jamaica informed the Secretary-General by letter that the Government of Jamaica had decided to offer the building currently occupied by the Authority for the permanent use and occupation of the Authority as its headquarters.² The Secretary-General informed the Assembly of the offer on 17 March 1998, noting that clarification would have to be obtained from the Government of Jamaica with respect to the terms and conditions of the offer and that a report on the financial and other implications for the Authority of the offer would be prepared as soon as relevant information was available. Of particular concern were the maintenance costs, the structural condition of the building, the condition of major equipment and the question of refurbishment.

8. The Secretary-General reported to the Assembly on the offer by the Government of Jamaica in August 1999, at the fifth session of the Authority.³ After consideration of the Secretary-General's report, the Finance Committee recommended to the Assembly that it approve the offer and that the Secretary-General should pursue negotiations with the host country, based on the most complete information available, in order to secure the best terms for the maintenance of the premises.⁴

9. At its 67th meeting, on 25 August 1999, the Assembly approved the Agreement between the International Seabed Authority and the Government of Jamaica concerning the headquarters of the Authority and accepted with appreciation the offer of the Government of Jamaica for a long-term lease of the second floor and such other space as may be required in the building, for the use and occupation by the Authority as its permanent headquarters.⁵ The Assembly further requested the Secretary-General to negotiate with the Government of Jamaica, pursuant to article 2 of the Headquarters Agreement, a supplementary agreement concerning the use and occupation of the permanent headquarters. At the 68th meeting, on 26 August 1999, in a formal ceremony, the Headquarters Agreement was signed by the Secretary-General, on behalf of the Authority, and by the Deputy Prime Minister and Minister for Foreign Affairs of Jamaica, the Hon. Seymour Mullings, on behalf of the Government of Jamaica.

10. In October 1999, the Secretary-General invited the Government of Jamaica to commence as soon as possible the negotiations on the supplementary agreement. In November 1999, the Government of Jamaica indicated that it was making the necessary internal arrangements for the internal transfer of the title to the proposed headquarters building. Consequently, it was not until May 2000 that a preliminary round of discussions could take place between the Authority and the Government. As at the date of the present report, the supplementary agreement was not complete.

VI. PROTOCOL ON PRIVILEGES AND IMMUNITIES

11. The Protocol on the Privileges and Immunities of the International Seabed Authority, adopted by the Assembly at its 54th meeting, on 26 March 1998,⁶ was opened for signature in Kingston on 26 August 1998. The Protocol was signed on that day by the representatives of the Bahamas, Brazil, Indonesia, Jamaica, Kenya, the Netherlands and Trinidad and Tobago. Since then, the Protocol has been signed at United Nations Headquarters by Chile, Côte d'Ivoire, Egypt, Finland, Ghana, Greece, Italy, Namibia, Oman, Pakistan, Portugal, Saudi Arabia, Senegal, Spain, Slovakia, the Sudan, the former Yugoslav Republic of Macedonia, the United Kingdom of Great Britain and Northern Ireland and Uruguay. On 20 April 2000, the Protocol was ratified by Slovakia. In accordance with its article 16, the Protocol will be open for signature at United Nations Headquarters in New York until 16 August 2000. It is subject to ratification or accession and will enter into force 30 days after the date of deposit of the tenth instrument of ratification or accession. It is hoped that States members of the Authority will give consideration to the early signature of the Protocol and its ratification.

VII. PERMANENT REPRESENTATIVES TO THE AUTHORITY

12. As of 5 June 2000, the Ambassadors of Brazil, Chile, China, Costa Rica, Cuba, Gabon, Germany, Haiti, Jamaica, Mexico and the Netherlands had presented their credentials to the Secretary-General as permanent representatives to the Authority.

VIII. RELATIONS WITH THE UNITED NATIONS AND OTHER INTERNATIONAL ORGANIZATIONS

13. In May 2000, the Secretary-General of the Authority and the Executive Secretary of the Intergovernmental Oceanographic Commission (IOC/UNESCO) signed a Memorandum of Understanding concerning cooperation between the two organizations in promoting the conduct of marine scientific research in the international seabed area. Under the Memorandum of Understanding, the two organizations will, where appropriate and practical, consult on matters of mutual interest in the field of marine scientific research and cooperate in the collection of environmental data and information. In accordance with the relevant provisions of the Convention, the Secretary-General will continue to develop cooperative arrangements between the Authority and other competent international organizations where appropriate and necessary in order to ensure the effective discharge of their respective responsibilities under the Convention.

IX. THE SECRETARIAT

14. The secretariat is organized into four main functional areas: Office of the Secretary-General, Office of Administration and Management, Office of Legal Affairs and Office of Resources and Environmental Monitoring. The approved establishment of the secretariat for 2000 was 37 posts. Owing to rapid turnover of staff in the latter half of 1999, a number of Professional posts were vacant as of May 2000. However, recruitment was under way for all vacant posts and it is anticipated that all posts would be filled by the end of 2000.

15. Pending the adoption of its own regulations, the Authority has been applying, *mutatis mutandis*, the Staff Regulations of the United Nations. Draft staff regulations for the Authority were prepared in 1998. However, in view of the changes which were made to the Staff Regulations of the United Nations during 1998, the draft regulations were substantially revised. The draft regulations were reviewed by the Finance Committee in 1999. It is anticipated that the draft will be considered by the Council during the resumed sixth session of the Authority in July 2000.

X. BUDGET AND FINANCE

A. Budget

16. In accordance with the Convention and the Agreement, the administrative expenses of the Authority shall be met by assessed contributions of its members, until the Authority has sufficient funds from other sources to meet those expenses.

17. The proposed budget for 2000 had amounted to \$5,679,400.⁷ The draft budget was considered by the Finance Committee, which recommended certain amendments and submitted a report to the Council and the Assembly.⁸ Subsequently, taking into account the recommendations of the Finance Committee and the Council, the Assembly adopted a revised budget for 2000 in the sum of \$5,265,000 (\$4,065,200 for the administrative expenses of the Authority and \$1,210,000 for conference services).⁹

18. The proposed budget of the Authority for the financial period 2001-2002 will be the first budget to cover a two-year financial period, as envisaged in the Financial Regulations of the Authority. Following a careful review of the Authority's budgetary requirements for the period 2001-2002, the Secretary-General proposes to maintain the total proposed budget at a level similar to that for 2000, with necessary allowances for inflation and other incremental costs. Adjustments are proposed to the allocation of funds under the various parts of the proposed budget to reflect more accurately the actual expenditures incurred during previous years and the anticipated needs of the Authority during the forthcoming financial period. The proposals of the Secretary-General relating to the budget of the Authority for the financial period 2001-2002 are contained in document ISBA/6/A/7-ISBA/6/C/4.

B. Scale of assessment

19. In accordance with the recommendation of the Finance Committee, the scale of assessment for the contribution of members of the Authority to the administrative budget for 2000 was based on the scale of assessment to the regular budget of the United Nations for 1999, with a floor rate of 0.01 per cent and a ceiling of 25 per cent.¹⁰

C. Status of contributions

20. As at 31 May 2000, contributions to the 2000 budget had been received from 35 members of the Authority. The total amount received was \$2,117,895, or 41 per cent of the total assessed contributions. As at the same date, contributions to the 1999 budget had been received in full from 64 members of the Authority and in part from 9 members of the Authority. The total amount received was \$4,801,465, or 96 per cent of the total budget for 1999. The Working Capital fund as at 31 May 2000 stood at \$272,612 (69 per cent of the total).

21. As at 31 May 2000, 40 members of the Authority were in arrears of contributions for a period exceeding two years. In respect of the budget for 1999, contributions of \$217,814 (4 per cent of the budget) remained outstanding from 68 members of the Authority, while in respect of the 1998 budget, contributions of \$1,311,409 (27 per cent of the budget) remained outstanding from 46 members of the Authority. In accordance with article 184 of the Convention and rule 80 of the Rules of Procedure of the Assembly, a member of the Authority which is in arrears in the payment of its financial contribution to the Authority shall have no vote if the amount of its arrears equals or exceeds the amount of the contribution due from it for the preceding two full years.

D. Financial regulations

22. The Finance Committee completed its work on the draft financial regulations of the Authority at the resumed fourth session of the Authority in August 1998. The draft financial regulations were taken up by the Council at the fifth session in August 1999. At its 57th meeting, on 26 August 1999, the Council decided to adopt and apply provisionally the draft financial regulations, pending their approval by the Assembly.¹¹ The Assembly approved the Financial Regulations at its 71st meeting, on 23 March 2000.¹²

E. Audit

23. In accordance with article 175 of the Convention, the records, books and accounts of the Authority, including its annual financial statements, shall be audited annually by an independent auditor appointed by the Assembly. At the fifth session, in 1999, the Assembly appointed KPMG Peat Marwick to audit the Authority for 1999. An audit was conducted in March 2000. Having reviewed the accounts, transactions and operations of the Authority, the auditors were satisfied that the financial statements presented fairly, in all material respects, the financial position of the Authority and that the financial business of the Authority had been conducted in accordance with the Financial Regulations.

XI. SUBSTANTIVE WORK OF THE AUTHORITY

A. Formulation of the rules, regulations and procedures for prospecting and exploration for polymetallic nodules in the Area

24. According to the mandate provided by the Convention and the Agreement, the elaboration and adoption of rules, regulations and procedures for exploration for polymetallic nodules is one of the major legislative tasks of the Authority. Such rules, regulations and procedures shall incorporate applicable standards for the protection and preservation of the marine environment.

25. The Legal and Technical Commission commenced work on the draft regulations for prospecting and exploration for polymetallic nodules in March 1997. As the basis for its work, the Commission used the working papers prepared by Special Commission 3 of the Preparatory Commission for the International Seabed Authority and for the International Tribunal for the Law of the Sea between 1984 and 1993. The Commission also took into account the provisions of the Agreement and the special situation of the registered pioneer investors under resolution

II of the Final Act of the Third United Nations Conference on the Law of the Sea (UNCLOS III). The Commission worked extensively on the draft regulations during its meetings in March 1997, August 1997 and March 1998 (the third and fourth sessions of the Authority), completing its work in March 1998.

26. The draft regulations proposed by the Commission were submitted to the Council under the symbol ISBA/4/C/4/Rev.1 and were considered by the Council at the resumed fourth session of the Authority in August 1998. The Council met in informal session, open to all interested members of the Authority, to examine the text regulation by regulation. Following the examination of the text, an informal revision of the preamble and regulations 2 to 21 of the draft regulations was prepared by the secretariat together with the President of the Council and issued under the symbol ISBA/4/C/CRP.1.

27. During the fifth session of the Authority in August 1999, the Council held further informal meetings to continue the examination of the text of the draft regulations proposed by the Legal and Technical Commission. The Council introduced revisions of a substantive nature, as well as numerous editorial changes. In the light of the discussions, the secretariat, together with the President of the Council, prepared a revised text issued under the symbol ISBA/5/C/4 and Add.1.¹³

28. At the end of the fifth session, the Council decided that, with respect to the organization of work for the sixth session of the Authority, priority would be given to the work of the Council on the draft regulations, with a view to adopting the regulations during 2000. Accordingly, most of the time available during the first part of the sixth session, in March 2000, was devoted to the work of the Council. Having identified the key outstanding issues, the Council continued to meet informally and was able to make considerable progress in addressing the areas of most difficulty in the draft regulations. In particular, the Council reviewed the provisions in the draft regulations dealing with the application of the precautionary principle, the protection and preservation of the marine environment, the reporting of exploration data and confidentiality of data and information. In the light of the discussions, the secretariat, together with the President, prepared a further revised text of the draft regulations.¹⁴ The Council agreed to continue its discussions on the draft, together with other outstanding issues in relation to the draft regulations, during the second part of the session, with a view to adopting the regulations.

29. The draft consists of 40 regulations, organized into nine parts, and four annexes. Part I of the regulations consists of introductory material and definitions. Part II deals with prospecting. Part III deals with the process of applying for approval of a plan of work for exploration, including the content of the plan of work, the form of the application and the procedure for consideration of applications by the Legal and Technical Commission and the Council. Part IV describes the form and content of the contract for exploration. Parts I to IV of the draft regulations are basically an elaboration of Annex III of the Convention, which contains the basic conditions of prospecting, exploration and exploitation. Annex III itself elaborates upon the provisions of article 153 of the Convention by describing the procedures by which States, state enterprises and other entities may apply for prospecting, exploration and exploitation in the international seabed area, the procedures for approval of plans of work and the basic legal and contractual conditions attached to such plans of work.

30. Part V of the draft regulations deals with protection and preservation of the marine environment, including the procedure for the application of emergency orders pursuant to article 162, paragraph 2 (w), of the Convention. Part VI deals with confidentiality. Part VII contains general procedures for the implementation of the regulations. Part VIII deals with settlement of disputes and Part IX sets out the procedure to be followed should the prospector or contractor locate resources other than polymetallic nodules. Annexes 1 and 2 are the forms used to notify the Authority of prospecting and to apply for a plan of work for exploration. Annex 3 is the contract for exploration and Annex 4 contains the standard clauses of the contract for exploration.

31. Once adopted by the Council, the regulations will be provisionally applied pending approval by the Assembly in accordance with article 162, paragraph 2 (o), of the Convention. The Secretary-General will also then be able to issue contracts to the seven registered pioneer investors whose plans of work for exploration were considered to be approved by the Council on 27 August 1997.¹⁵ The seven registered pioneer investors are: Government of India, Institut français de recherche pour l'exploitation de la mer/l'Association française pour l'étude et la recherche des nodules (IFREMER/ AFERNOD) (France), Deep Ocean Resources Development Company (DORD) (Japan), Yuzhmorgeologiya (Union of Soviet Socialist Republics (now the Russian Federation)), China Ocean Mineral Resources Research and Development Association (COMRA) (China), Interoceanmetal Joint

Organization (Bulgaria, Cuba, Czech and Slovak Federal Republic (now the Czech Republic and Slovakia), Poland and Union of Soviet Socialist Republics (now the Russian Federation)) and Republic of Korea.

B. Status of registered pioneer investors

32. Since its establishment in August 1997, the Legal and Technical Commission has considered the periodic reports and relinquishments submitted to the Authority by the registered pioneer investors pursuant to resolution II. Periodic reports on activities up to December 1997 have been submitted by India, Yuzhmoregeologiya and COMRA. Periodic reports on activities up to December 1998 have been submitted by Interoceanmetal Joint Organization. The Republic of Korea has submitted periodic reports on activities up to July 1999. The most recent reports submitted by DORD and IFREMER/AFERNOD cover activities up to 1994 and 1993 respectively. All registered pioneer investors have completed the schedule of relinquishments specified in their certificates of registration with the exception of Interoceanmetal Joint Organization and India. Interoceanmetal Joint Organization is due to relinquish the final portion of the area allocated to it in 2000. India is yet to relinquish the final 20 per cent of the area allocated to it. Information of a general nature regarding the plans of work for exploration submitted by the registered pioneer investors, including details of all reports submitted both to the Preparatory Commission and to the Authority, is contained in ISBA/4/A/1/Rev.2.¹⁶

C. Training

33. Resolution II, paragraph 12 (a) (ii), requires every registered pioneer investor to provide training at all levels for personnel designated by the Preparatory Commission. The Special Commission for the Enterprise, Special Commission 2, was established in accordance with paragraph 8 of resolution I of UNCLOS III and was entrusted with the functions referred to in paragraph 12 of resolution II. All registered pioneer investors, with the exception of the Government of the Republic of Korea, had fulfilled their obligations with regard to training by the time the Preparatory Commission completed its work.

34. By paragraph 2 of LOS/PCN/L.115/Rev.1, annex, the Government of the Republic of Korea, as a registered pioneer investor, was required to provide training in conformity with the specific programme for training approved by the Preparatory Commission. It was agreed that the cost of such training shall be borne by the Government of the Republic of Korea. The precise number of trainees, the duration and the fields of training were to have been agreed upon between the Preparatory Commission and the Government of the Republic of Korea according to its capabilities. It was further agreed that the first group of trainees should consist of no less than four individuals. The Republic of Korea submitted its proposal for a training programme to the Authority on 6 March 1995, after the training panel had concluded its work and presented its final report to the General Committee of the Preparatory Commission.¹⁷

35. The proposal of the Republic of Korea was considered and approved by the Legal and Technical Commission at its meeting in August 1997.¹⁸ Subsequently, the Secretary-General, by a note verbale dated 14 April 1998, requested members of the Authority to nominate candidates for training by, at the latest, 31 July 1998. A total of 60 applications were received by that date. On the basis of the nominations received, the Legal and Technical Commission, at its meetings on 24 and 25 August 1998, selected four candidates, and four alternate candidates for the training programme.¹⁹

36. The training programme commenced in March 1999 and continued until December 1999. Four trainees from Cameroon, Kenya, Malaysia and the Philippines completed the course satisfactorily and a final report on the training programme will be presented to the Legal and Technical Commission in due course. At the same time, the secretariat aims to complete an evaluation of all the training carried out pursuant to resolution II with a view to presenting a comprehensive report to the Legal and Technical Commission in 2001.

D. Guidelines for the assessment of the possible environmental impacts arising from exploration for polymetallic nodules

37. At the fifth session, in August 1999, the Legal and Technical Commission began consideration of draft guidelines for the assessment of the possible environmental impacts arising from exploration for polymetallic nodules.²⁰ The draft guidelines had been prepared on the basis of the recommendations of a workshop convened by

the Authority in June 1998.²¹ The Legal and Technical Commission could not complete its work on the draft guidelines in the time available during the fifth session and the draft will be considered further during the resumed sixth session.

E. Information and data relating to the international seabed area

38. Among the substantive functions of the Authority are the promotion and encouragement of marine scientific research with respect to activities in the Area and the collection and dissemination of the results of such research. The Authority uses information and data obtained from marine scientific research and from contractors for the preparation of assessments of the resource potential of minerals to be found in the Area as well as studies of the environmental implications of activities in the Area.

39. The Authority has acquired a substantial amount of geological and other information relating to polymetallic nodules specific to the areas reserved for the conduct of its activities. These areas are located in the Clarion-Clipperton fracture zone between latitudes 7°15'N and 17°15'N and longitudes 120°W and 156°40'W and in the Indian Ocean between latitudes 10°N and 17°N and longitudes 73°W and 82°W. The Authority's database of data and information on polymetallic nodules in the reserved areas is known as POLYDAT. The information contained in POLYDAT comprises the coordinates of areas allocated to registered pioneer investors and the coordinates of areas reserved for the Authority, information on the geological, oceanographic and meteorological characteristics of such areas, details of the methodology and equipment used for data acquisition, and mining data relating to the nature, abundance, metal content and grade of resources.

40. Polymetallic nodules are to be found in other parts of the international seabed area. Since their discovery, thousands of samples have been collected in all oceans. The repositories of these data are widespread and in many cases not readily accessible to all potential users. There is also no uniform format for the data. The situation with respect to other mineral occurrences to be found in the Area is similar, in particular with respect to polymetallic massive sulphide deposits and cobalt-rich ferromanganese crust deposits. Similar problems are encountered with respect to environmental data that can be utilized to establish baselines against which to assess the impact of activities in the Area.

41. Over the next two years, therefore, the Authority intends to carry out the following activities with respect to the collection and organization of relevant data and information.

1. Resource assessment of the areas reserved for the Authority

42. As noted in the report of the Secretary-General to the Authority at its fourth session²² the Authority commenced work in 1998 on a detailed assessment of the resource potential of the areas reserved for the Authority. This included a systematic review of POLYDAT, including a critical analysis of the data and information it contained.

43. For the purposes of the resource assessment, the reserved areas were divided into different sectors and blocks according to their different geographic locations and characteristics. Based on the available information and data, a detailed resource assessment of Block 15 was conducted. A report on the overall resource assessment of the reserved areas has been prepared, including the detailed assessment of Block 15. The report contains, *inter alia*, details of the methodology used for the resource assessment, the origin, critical analysis and validation of the data contained in POLYDAT and the elements that were found to be missing in the original submissions for registration as pioneer investors made under resolution II.

44. Some of the missing elements and their effects on resource assessment include insufficient information on the methods used for seabed topography, making a proper analysis of the correlation between topography and nodule abundance difficult, and discrepancies between data sets provided by different registered pioneer investors. It is therefore proposed to establish a cooperative arrangement with the registered pioneer investors in order to obtain from them the necessary complementary data and information to enable the assessment of all reserved areas. In addition, it is proposed during 2001 to increase the capability of POLYDAT to enable it to perform complex analytical processes and to allow customization and programming of additional modules. This will involve updating it with relevant marine geological data available in the public and private domain.

2. Central data repository

45. The Authority intends to establish a central data repository not only for polymetallic nodules but also for all marine minerals in the Area. Such a central data repository would be accessible by all members of the Authority, would display the acquired data and information, would include quantitative resource assessments and would enable the Authority, among other things, to process information for the purposes of preparing technical reports, producing CD-ROMs and uploading to the Authority's Web site.

46. The Authority has made significant progress towards the establishment of the central data repository. It has assembled information concerning the form and availability of relevant data from 18 institutions. Significant amounts of data have been acquired and collection efforts are ongoing. Work is currently under way to assess the content and status of existing non-proprietary data and to estimate the initial capacity required for the repository. Alongside this effort is the definition of the type of hardware and software that should be acquired to store and allow ready access to the database, and the types of outputs to be expected from the central data repository.

47. It is anticipated that by the end of 2001, work would have been completed in the following areas:

(a) Establishment of the appropriate interfaces between the database and the Authority's Web site, including interrogation software which will provide access to the database over the Internet and security measures which will protect the integrity of the data;

(b) Development of protocols, procedures and redundant measures used to compile data and verify their accurate transcription and representation in the database system;

(c) Acquisition of data from all 18 institutions with which the Authority has corresponded;

(d) Inputting of all acquired data and information on polymetallic nodules from sources within the United States of America;

(e) Acquisition of all data and information from other sources;

(f) Testing of the Web interface to ensure its proper operation.

48. The second phase of the development of the central data repository would be to acquire information and data on seafloor massive polymetallic sulphides and seafloor cobalt-rich ferromanganese crust deposits.

3. Environmental database

49. A variety of information and data has to be collected and analysed to establish the baseline conditions of the marine environment in potential mine sites within the Area. Parameters relating to the physical, chemical and biological characteristics of water masses from the ocean surface to the near seafloor have to be collected and studied to evaluate the baseline conditions in such areas. To support the work of the organs of the Authority, in particular the Legal and Technical Commission, it is intended to develop environmental databases containing, *inter alia*, information on the basic biology of the deep sea benthos in the Clarion-Clipperton fracture zone, such as the distribution of fauna, faunal densities and spatial distribution of oceanographic parameters. Such databases will assist in the evaluation of data and information received from monitoring programmes established by contractors for the purpose of observing and measuring the effects of exploration activities on the marine environment.

F. Workshop on proposed technologies for seabed mining

50. From 2 to 6 August 1999, the Authority held a workshop on proposed technologies for deep seabed mining. The objectives of the workshop were to define the current state of seabed mining technology, to identify future trends in the development of such technology and to promote cooperation in the development of technology. The workshop was attended by developers of the various mining subsystems proposed for the recovery of polymetallic nodules, representatives of the registered pioneer investors and independent experts in technology used in the offshore mining industry.

51. The workshop found that much work had been done by registered pioneer investors and others in research and development of technology for deep seabed mining. Those efforts had benefited substantially from the proliferation of technologies developed for other resources, including metalliferous sulphides, cobalt crusts, deep water oil, gas hydrates, diamonds and sand and gravel. Much of the work that had been done in the pioneer areas related to the characterization of environmental factors. The workshop considered however, that there was considerable danger of duplication of effort and that some of the work already done lacked standardization and commonly agreed models. Accordingly, the recommendations of the workshop included proposals for enhanced cooperation between investors as well as the development under the auspices of the Authority of an appropriate international model for the assessment of environmental impacts and the standardization of data collection, evaluation storage and retrieval. One possibility suggested by the workshop as a means of promoting the development of technology while sharing risk was the formation of a pilot project involving a consortium of investors working together in a mutually agreed site under the guidance of the Authority.

G. Resources other than polymetallic nodules

52. At the resumed fourth session of the Authority in August 1998, the representative of the Russian Federation had made a request to the Authority to adopt rules, regulations and procedures for exploration for polymetallic sulphides and cobalt-rich crusts.²³ In accordance with article 162, paragraph 2 (o) (ii), of the Convention such rules, regulations and procedures shall be adopted within three years from the date of such a request.

53. Polymetallic sulphide mineral deposits are formed by precipitation from hydrothermal solutions that convect through seafloor spreading centres driven by volcanogenic heat sources. The geographical distribution of deposits of polymetallic sulphides is less well known than that for polymetallic nodules, although it is understood that, compared to polymetallic nodules, deposits of sulphides are highly concentrated. Recent discoveries in areas under national jurisdiction have led to the suggestion that mining of such deposits may become technically and economically feasible in the relatively near future.

54. In the light of the request to the Authority by the Russian Federation, the secretariat commenced work in 1999 on a review of the status of knowledge and research on resources other than polymetallic nodules. To further this work, the Authority will convene the third in its series of workshops at Kingston from 26 to 30 June 2000. The objectives of the workshop are to provide information on the occurrence, technical parameters, economic interest and potential resources contained in mineral resources other than polymetallic nodules, to identify existing institutional factors that have contributed to the discovery of such resources and continuing research on them and to provide information which will assist in drafting rules, regulations and procedures for prospecting and exploration for these mineral deposits, in particular deep sea polymetallic massive sulphide deposits and cobalt-bearing ferromanganese encrustations. The workshop will also review the current status of activities in relation to the conversion of the valuable components of methane hydrates, oil and gas, marine phosphorites and deposits of precious metals into reserves of the commodities which they contain. The proceedings of the workshop will be published.

XII. PERIODIC REVIEW UNDER ARTICLE 154 OF THE CONVENTION

55. Article 154 of the Convention requires the Assembly of the International Seabed Authority, every five years from the date of entry into force of the Convention, to undertake a general and systematic review of the manner in which the international regime of the Area established in the Convention has operated in practice. In the light of this review, the Assembly may take, or recommend that other organs take, measures which will lead to the improvement of the operation of the regime. As the Convention entered into force on 16 November 1994, such a review is due in 2000.

56. The international regime is established by the Convention and the Agreement. The Agreement modified de facto a number of provisions of Part XI of the Convention relating to deep seabed mining and, pursuant to article 2 of the Agreement, Part XI of the Convention and the Agreement are to be interpreted and applied as a single instrument.

57. Among the essential elements of the international regime established by the Convention and the Agreement are the following:

- (a) The provision that the use of the international seabed area shall be exclusively for peaceful purposes;
- (b) The further provision that no State shall claim or exercise sovereignty or sovereign rights over any part of the Area or its resources, nor shall any State or natural or juridical person appropriate any part thereof;
- (c) Respect for the legitimate rights and interests of coastal States;
- (d) Effective protection of the marine environment from harmful effects which may arise from activities in the Area;
- (e) The promotion of marine scientific research concerning the Area and its resources;
- (f) The effective participation of developing countries.

58. One of the most important elements of the international regime is the establishment of the institutional framework, namely, the International Seabed Authority, through which States Parties to the Convention shall organize and control activities in the international seabed area, particularly with a view to administering the resources of the Area. The Authority came into existence in November 1994, upon the entry into force of the Convention, and functions as an autonomous international organization. The various steps in the establishment of the Authority are detailed in the reports of the Secretary-General presented to each session of the Authority since 1997.²⁴

59. Shortly after the establishment of the Authority, the Secretary-General presented a report to the Assembly that described in detail the substantive work of the Authority and reviewed the status of the exploration work carried out by the registered pioneer investors pursuant to resolution II.²⁵ The immediate substantive tasks for the Authority were summarized in the first annual report of the Secretary-General, presented to the third session of the Authority in 1997.²⁶ The tasks identified included:

- (a) Formulation of the rules, regulations and procedures for prospecting and exploration for polymetallic nodules;
- (b) Implementation of the decisions of the Preparatory Commission relating to the registered pioneer investors;
- (c) Evaluation of polymetallic nodule resource data for the Area;
- (d) Resource assessment of the areas reserved for the Authority;
- (e) Development of environmental baselines.

60. The fundamental basis upon which exploration and exploitation for polymetallic nodules under the Convention and the Agreement has been allowed to proceed is the so-called parallel system, whereby each prospective contractor is required to propose for exploration two areas of equal estimated commercial value. One such area is reserved for future exploration by the Authority, while the other is to be made available to the contractor under a contract with the Authority. It will be recalled that this was also the basis upon which areas were allocated to the pioneer investors registered pursuant to resolution II.²⁷

61. The Authority has made substantial progress in implementing the tasks it identified for itself in 1997. In particular, as detailed elsewhere in the present report,²⁸ it has made substantial progress in formulating the rules, regulations and procedures for prospecting and exploration for polymetallic nodules. Through the Legal and Technical Commission, it has monitored the implementation by the registered pioneer investors of the remaining obligations established by resolution II and has taken the necessary steps in accordance with the Agreement to give

formal recognition to the claims of the registered pioneer investors and bring them within the single regime created by the Convention and the Agreement. The Authority has also commenced work on the development of environmental guidelines and has carried out work on a resource assessment of the areas reserved for the Authority.

62. The purpose of article 154 of the Convention is to allow the Assembly the possibility of recommending changes to the regime set out in the Convention and the Agreement in the light of experience and in order to adapt to changing circumstances. Article 154 itself was adopted on the basis that the regime established by the Convention was completely new and had not been tested either by the international community or by any particular State. The regime established by the Convention was, however, subjected to de facto review and modification both by the Preparatory Commission in its work relating to the elaboration of the rules of procedure for the various organs of the Authority and the registration of pioneer investors, and in the informal consultations of the Secretary-General of the United Nations leading to the adoption of the Agreement.

63. The first four years of operation of the Authority were primarily devoted to consideration of the organizational issues necessary for the proper functioning of the Authority as an autonomous international organization. While the Authority has, with the approval of the plans of work of the registered pioneer investors²⁹ and its ongoing work on the regulations for prospecting and exploration for polymetallic nodules (see paras. 24-31), commenced its operational and substantive activities it is too early at the current stage to make a determination as to whether the regime established by the Convention and the Agreement has functioned effectively in practice. In the light of the very short experience that the Authority has had in implementing the regime, the Secretary-General believes that it would be premature to make any recommendations to the Assembly concerning measures which will lead to the improvement of the operation of the regime.

XIII. PUBLIC INFORMATION

A. Web site

64. The Authority gives publicity to its work by means of press releases. The press releases may also be accessed through the Authority's Web site.³⁰ A major upgrade of the Web site was carried out during 1999, including the installation of a dedicated Web server and the complete redesign of the Web interface. The site contains essential information about the Authority in English, French and Spanish, as well as official documents and decisions. Press releases are available in English and French. Official documents and press releases are available in a downloadable format so as to enable ready access to them for members of the Authority. Further enhancements will be made to the site during 2000.

B. Publications

65. The Authority continued to develop its publications programme during 1999. Regular publications include an annual compendium of selected decisions and documents of the Authority (available in English, French and Spanish) and a Handbook, containing details of the membership of the Assembly and the Council, the names and addresses of permanent representatives and the names of the members of the Legal and Technical Commission and the Finance Committee. In addition, the Authority has produced a brochure, in English, French and Spanish, explaining the work of the Authority.

66. The Authority also published, during 1999, the proceedings of the workshop on environmental impacts arising from exploration for polymetallic nodules. The publication contains detailed presentations on past and current environmental studies related to deep seabed mining as well as papers and discussions on the biological, chemical and physical environment of the seabed. The proceedings of the workshop on technology will be published in June 2000. One of the objectives of the workshops convened by the Authority is to promote wider dissemination of information. Accordingly, the proceedings of the workshops are freely available to members of the Authority.

67. Future publications will include studies of the legislative history of the Enterprise and of resolution II, as well as a complete set of the official documents of the Authority on CD-ROM. A complete listing of all current publications issued by the Authority appears on the Authority's Web site.

C. Library facilities

68. The specialized library of the Authority exists to serve the needs of member States, permanent missions and researchers interested in all aspects of the Convention and seabed and marine related affairs. It also provides reference and research assistance to secretariat staff. In addition, the library handles the storage, cataloguing and distribution of the official documents and publications of the Authority. During the period under review, the library continued to handle requests from staff members and external users for information and documents. An increase was seen in external requests for research-related information and for official documents, especially requests received by e-mail. The subjects on which information was sought included general information on the work, history and development of the Authority, issues related to seabed mining and offshore development programmes, hydrothermal vents and crusts, biological diversity and underwater cultural heritage. Information was also sought on other law of the sea issues such as the regime of straits, the continental shelf and the exclusive economic zone. Many requests were handled by electronic transmission of documents, especially those relating to official documents.

69. In late 1999, the library completed the move to its new location. New furniture and shelving was acquired and, as a result, the library is now much better organized, with room for further expansion. Computer workstations are available for library users, including delegates. An electronic cataloguing system, WINISIS, of the United Nations Educational, Scientific and Cultural Organization (UNESCO) was installed and extensive work is being done on cataloguing the current collection. As at May 2000, bibliographic information on some 800 records had been entered, including new acquisitions and the existing collection. It is expected that the checking and editing of the database would be completed by the end of 2000.

70. The library contains a great deal of archival material relating to the work of the Seabed Committee and UNCLOS III. Much of this material is not available elsewhere. Consequently, in December 1999, the library engaged the services of a specialist conservation librarian to conduct a thorough review and analysis of the preservation needs of the library. The specialist made a number of useful recommendations, which are being implemented. These include the preservation through copying onto acid-free paper and binding of the documents and reports of UNCLOS III and the Preparatory Commission. Once the documents have been reviewed, catalogued and indexed, it is intended to transfer them onto electronic mass storage media.

71. The library continued its acquisition programme with a view to building a comprehensive collection of reference materials and strengthening the research capability of the collection. This is being achieved through the acquisition of specialized and reference publications on the law of the sea and seabed-oriented technical and scientific material, both current and earlier works. During the reporting period the collection was enhanced through the acquisition of approximately 200 books, journals and CD-ROMs. A number of items were acquired through donations. This includes a number of personal donations and donations from related institutions and libraries. The library's association with the International Association of Aquatic and Marine Science Libraries and Information Centers (IAMSLIC) has been of considerable benefit in terms of research assistance and acquisition of specialized technical publications. The Secretary-General expresses his appreciation to all donors for their valuable contributions to the library.

XIV. FUTURE WORK

72. Although some administrative work remains to be done on the staff rules and related matters, the internal organization of the Authority and its principal organs is substantially complete. The only significant outstanding issue which remains to be negotiated concerns the terms and conditions for the use and occupation of the headquarters building. It is anticipated that this issue could be resolved prior to the seventh session of the Authority. In the light of the experience gained during the first four years of operations, the administrative budget has stabilized taking into account the current activities of the Authority. It is anticipated that with the adoption by the Council of the draft regulations on prospecting and exploration for polymetallic nodules during 2000, the Secretary-General will soon be in a position to issue contracts for exploration to each of the seven registered pioneer investors whose requests for approval of plans of work for exploration were considered approved in August 1997.

73. The future work of the Authority is expected therefore to have a more technical emphasis. One of the most important functions of the Authority will be to monitor the implementation of the plans of work for exploration of

the future contractors and to review the reports and other data and information submitted pursuant to the contracts for exploration. It is also proposed to convene a workshop in 2001 for the development of a standardized system of data interpretation, as recommended by the group of scientific experts convened by the Authority in March 1999. In addition, the Authority intends to convene a further workshop in 2002 on the prospects for international cooperation and collaboration in marine scientific research on the deep oceans, with a view to gaining a better understanding of the deep ocean environment.

74. The Authority will continue to develop its substantive work programme in order effectively to carry out the functions assigned to it by the Convention and the Agreement, including promoting and encouraging the conduct of marine scientific research with respect to activities in the Area and monitoring trends and developments relating to deep seabed mining activities, including world metal market conditions. In addition, the Authority will continue to acquire scientific knowledge and monitor the development of marine technology relevant to activities in the Area, in particular technology relating to the protection and preservation of the marine environment, and collect data and information relevant to the implementation of article 82 of the Convention.

75. One of the mechanisms the Authority intends to use to better carry out its function of disseminating information on scientific research is the publication of a bulletin containing a précis of current information from various sources as well as analyses of trends and developments with respect to seabed mining.

Notes

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- ¹ ISBA/6/A/8.
- ² ISBA/4/A/9, annex.
- ³ ISBA/5/A/4 and Add.1.
- ⁴ ISBA/5/A/8-ISBA/5/C/7.
- ⁵ ISBA/5/A/11.
- ⁶ ISBA/4/A/8.
- ⁷ ISBA/5/A/2-ISBA/5/C/2.
- ⁸ ISBA/5/A/8-ISBA/5/C/7.
- ⁹ ISBA/5/A/12.
- ¹⁰ Ibid.
- ¹¹ ISBA/5/C/10.
- ¹² ISBA/6/A/3.
- ¹³ Subsequently, the revised text was reissued with minor technical amendments under the symbol ISBA/5/C/4/Rev.1.
- ¹⁴ ISBA/6/C/2.
- ¹⁵ ISBA/3/C/9.
- ¹⁶ Reproduced in Selected Decisions 4, 1.
- ¹⁷ LOS/PCN/150.
- ¹⁸ Reissued under the symbol ISBA/3/LTC/2.
- ¹⁹ ISBA/4/C/12 and Corr.1.
- ²⁰ ISBA/5/LTC/1.
- ²¹ The outcomes of the workshop are summarized in ISBA/5/A/1.
- ²² ISBA/4/A/11.
- ²³ See ISBA/4/A/18, para. 14.
- ²⁴ ISBA/3/A/4 (1997); ISBA/4/A/11 (1998); ISBA/5/A/1 and Corr.1 (1999).
- ²⁵ ISBA/A/10.
- ²⁶ See ISBA/3/A/4, Part X, paras. 41-54.

²⁷ It should be noted, however, that because of overlapping claims by certain pioneer investors, an understanding was reached, following intensive negotiations, under which France, Japan and the former Soviet Union relinquished certain portions of their areas in advance, on the basis of self-selection, with the complementary undertaking to develop one mine site in the areas reserved for the Authority in the North-East Pacific Ocean (see LOS/PCN/L.87).

²⁸ See paras. 24-31.

²⁹ See ISBA/4/A/11, paras. 41-43

³⁰ www.isa.org.jm.

ISBA/6/A/13-ISBA/6/C/6

Proposed budget of the International Seabed Authority for the financial period 2001 to 2002. Report of the Finance Committee

Date: 10 July 2000

1. During the resumed sixth session of the Authority, the Finance Committee held four meetings on 6 and 7 July 2000. The Committee re-elected Domenico da Empoli (Italy) as its Chairman.
2. The Committee examined the proposed budget of the International Seabed Authority for the two-year financial period 2001 to 2002 (ISBA/6/A/7-ISBA/6/C/4) in the amount of \$10,506,400.00. The Committee considered the proposed budget against the audited financial statements of the Authority for 1999. In accordance with regulation 6.3 of the Financial Regulations of the Authority, the contributions of the members of the Authority to the administrative budgets of the Authority in 2001 and 2002 shall be assessed on the basis of half of the appropriations approved by the Assembly for that two-year financial period. The contributions of the members of the Authority to the administrative budgets in 2001 and 2002 will therefore be \$5,253,200.00 in both 2001 and 2002, except as adjusted in accordance with regulations 6.3 (a) to (d).
3. The Committee decided to recommend the approval of the proposed budget for the financial period 2001 to 2002 in the amount of \$10,506,400.00
4. The Committee considered that the duration of meetings was a matter to be decided by the Assembly, but that the provisions made for the conference-servicing costs of the Authority for 2001 and 2002 will be adequate for either a two or three-week session in each year. The Committee makes this recommendation, bearing in mind the budget performance as contained in the financial statements for 1999.
5. The Finance Committee noted that as at 7 July 2000 the total amount received in contributions to the administrative budget for 2000 was \$4,060,372.00, which corresponds to 79 per cent of the budget. Contributions of \$1,110,328.00 remained outstanding. The arrears of members for 1998 and 1999 amounted to \$1,291,200.00 and \$167,562.00 respectively. The Committee expressed its concern in relation to the arrears in contributions for 1998, 1999 and delays in contributions in 2000. It noted that the arrears for 1998 and 1999 amounted to a total of \$1,458,762.00. The Committee recommends that the Assembly address an appeal to members as well as the former provisional members that have not yet paid their contributions and advances to the administrative budgets, and to the Working Capital Fund. The Committee also recommends that the matter be brought to their attention by the Secretary-General.

Working Capital Fund

6. At the third session of the Assembly, the Authority decided to establish a Working Capital Fund in the amount of \$392,000.00 being approximately one twelfth of the approved budget for 1998, with \$196,000.00 to be paid in 1998 and \$196,000.00 in 1999. The Committee noted that while the approved level of the Fund is \$392,000.00, arrears in contributions to the Fund amount to \$60,853.00 (including arrears of 3 provisional members

in the amount of \$49,935.00). The Finance Committee considered the Secretary-General's proposal and makes the following recommendations concerning the Fund.

“First, because of the cessation of the membership of 7 provisional members, the membership of the Authority was reduced in 1999. Owing to an oversight, the Authority, while not billing the former members for 1999, did not adjust the assessed contributions of the remaining members for the second half of the Working Capital Fund payable in 1999. As a result, the Working Capital Fund suffered a shortfall of \$58,635.00. It is proposed that this amount be assessed in accordance with the agreed scale of assessment for the year 2001.

“Secondly, it is also proposed to increase the level of the Working Capital Fund from \$392,000.00 to \$438,000.00 (i.e. an increase of \$46,000.00) which represents one twelfth of the annual estimated expenditure for the biennium 2001-2002. This is without prejudice to future decisions on the level of the Fund, which should take into account the actual use of the Fund in practice.”

7. Therefore, the Committee recommends that a total additional amount of \$104,635.00 (\$58,635.00 plus \$46,000.00) be sought for which member States should be assessed in accordance with the agreed scale of contributions for the year 2001.

8. These proposals do not in any way affect the arrears of members or former members of the Authority.

Scale of Assessment

9. The Committee recommends that the scale of assessment of contributions to the administrative budget for 2001 and 2002 be based on the scale of assessment to the regular budget of the United Nations for 2000 and 2001 respectively. The Committee further recommends that the floor and ceiling be maintained at the same level as 1999. No member should contribute more than 25 per cent or less than 0.01 per cent of the budget of the Authority. With respect to the agreed contribution of the European Community, the Committee recognized that its contributions would be reviewed and determined from time to time by the Authority, taking into consideration the total amount of the budget. In this regard, the Committee recommended that the contribution for 2001 and 2002 should remain the same as in 2000.

10. The Committee recommends that Nicaragua, which became a member of the Authority on 2 June 2000, contribute the prorated amount of \$297.00 towards the administrative budget of the Authority for 2000 (assessed rate of 0.01 per cent), and to advance an amount of \$12.00 to the Working Capital Fund. This contribution shall be credited as miscellaneous income in accordance with the Financial Regulations.

Audit for 1999

11. The Committee noted that KPMG Peat Marwick, appointed to audit the Authority for 1999, had audited the financial statements of the Authority. Their report, containing the financial statements (pages 2 to 6) and supporting notes (pages 7 to 11), is herewith forwarded to the Council and Assembly in accordance with regulation 12.8 of the Financial Regulations.

12. The Committee noted with appreciation the opinion expressed by KPMG Peat Marwick that proper accounting records have been maintained and that the financial statements, which are in agreement therewith, had been prepared in accordance with generally accepted accounting principles, and give a true and fair view of the state of the Authority's affairs as at 31 December 1999 and its operations and its cash flows for the year.

13. The Committee was informed by the Secretariat that, as a result of the audit, the following changes are being implemented:

(a) Before a payment for overtime is made, the Authority will ensure that prior approval had been granted, and where the hours worked are in excess of the amount approved, suitable explanations will be provided;

(b) The Authority has fully adopted the United Nations Accounting Standards;

(c) The Authority will, in accordance with regulation 11.3 of the Financial Regulations, maintain separate accounts for trust funds, reserves and special accounts;

(d) The Authority will make the necessary adjustment to regularize the shortfall in the Working Capital Fund resulting from the changes in its membership in 1999; and

(e) The Authority will continue to maintain a comprehensive fixed asset register, which includes description, cost, location, date of purchase or disposal and disposal proceeds, commonly referred to as the non-expendable property records of the Authority.

14. The Finance Committee recommends that in the future a provision be made for consultations with the auditors in the Committee's examination of the Authority's Financial Statements and audit report.

15. The Finance Committee takes note of the presentation of the report of the audit of the Authority for 1999 and recommends that for future audits, the auditors should comply strictly with regulation 12 and the annex (including paragraph 5) of the Financial Regulations. In this regard, the Committee further recommended that the observations required in regulation 12.3 should be incorporated in all future audits.

16. The Finance Committee takes note of the improvements in the administration of the Authority since its last audit.

Appointment of auditors for 2000

17. In light of the experience of KPMG Peat Marwick, the Finance Committee decided to recommend that the firm of KPMG Peat Marwick be appointed as auditor of the Authority for year 2000, without prejudice to possible extension.

ISBA/6/A/14 Decision of the Assembly of the International Seabed Authority relating to the election to fill the vacancies on the Council, in accordance with article 161, paragraph 3, of the Convention

Date: 13 July 2000
76th Meeting

The Assembly of the International Seabed Authority,

Recalling that, in accordance with article 161, paragraph 3, of the United Nations Convention on the Law of the Sea,

“Elections shall take place at regular sessions of the Assembly. Each member of the Council shall be elected for four years.”

Elects the following to fill the vacancies in the Council for a four- year period as from 1 January 2001, subject to the understandings reached in the regional and interest groups:¹

Group A

Japan
United Kingdom²

Group B

China
India

Group C

Portugal
South Africa³

Group D⁴

Brazil
Papua New Guinea
Sudan

Group E

Algeria
Argentina
Czech Republic
Gabon⁵
Guyana
Malta
Namibia
Poland
Senegal
Spain
Trinidad and Tobago

Notes

¹ The agreed allocation of seats on the Council is 10 seats to the African Group, 9 seats to the Asian Group, 8 seats to the Western European and Others Group, 7 seats to the Latin American and Caribbean Group and 3 seats to the Eastern European Group. Since the total number of seats allocated according to that formula is 37, it is understood that for the period 2001 to 2004 each regional group other than the Eastern European Group will relinquish a seat in rotation as follows:

(a) in the first year (2001), Guyana will relinquish its seat in Group E on behalf of the Latin American and Caribbean Group, which will occupy six seats in that year;

(b) in the second year (2002), Malta will relinquish its seat in Group E on behalf of the Western European and Others Group, which will occupy seven seats in that year;

(c) in the third year (2003), Algeria will relinquish its seat in Group E on behalf of the African Group, which will occupy nine seats in that year; and

(d) in the fourth year (2004), the Asian Group will occupy eight seats. The Asian Group will nominate the member which will relinquish a seat in 2004 in 2002.

² United Kingdom is elected for a four-year term but may relinquish its seat in favour of France after two years if so requested.

³ South Africa will relinquish its seat in Group C to Zambia in 2003 and Gabon in 2004. After 2004, the seat would be open for election to any State eligible to represent Group C on the Council.

⁴ Egypt was elected in 1998 for a four-year term on the understanding that it would relinquish its seat at the end of 2000. However, Egypt will continue to occupy its seat in Group D for the remainder of its four-year term, expiring on 31 December 2002.

⁵ Gabon will serve as a member of the Council in Group E for the period 2001 to 2003. In 2004, Gabon will occupy the seat in Group C.

ISBA/6/A/15

Decision of the Assembly relating to the budget of the International Seabed Authority for the financial period 2001-2002

Date: 13 July 2000
76th Meeting

The Assembly of the International Seabed Authority

1. Adopts the budget of the Authority for the financial period 2001 to 2002 in the amount of 10,506,400 United States dollars;
2. Takes note that in accordance with regulation 6.3 of the Financial Regulations, for each of the years 2001 and 2002, the contributions of members of the Authority shall be assessed on the basis of half of the appropriations for the financial period in the amount of 5,253,200 United States dollars in respect of 2001 and 5,253,200 United States dollars in respect of 2002, as adjusted in accordance with regulations 6.3 (a) to (d) of the Financial Regulations;
3. Decides that, for each year, 2001 and 2002, the Secretary-General is authorized to transfer between appropriation sections up to 30 per cent of the amount in each section;
4. Authorizes the Secretary-General to establish the scale of assessment for 2001 and 2002 based on the scale used for the regular budget of the United Nations for 2000 and 2001 respectively as adjusted by the Authority;
5. Decides that, in respect of Nicaragua, which became a member of the Authority in 2000, the rate of assessment and the amounts of contribution to the general administrative fund and the Working Capital Fund shall be as recommended in paragraph 10 of the report of the Finance Committee;
6. Decides further that in respect of the shortfall in contributions to the Working Capital Fund resulting from the termination of the membership of seven provisional members in 1999, in the amount of 58,635 United States dollars, members of the Authority shall be assessed in accordance with the agreed scale of assessment for the year 2001;
7. Also decides to increase the level of the Working Capital Fund from 392,000 United States dollars to 438,000 United States dollars which represents one twelfth of the annual estimated expenditure for the financial period 2001 to 2002, without prejudice to future decisions on the level of the Fund, which should take into account the actual use of the Fund in practice;
8. Further decides that advances and contributions to the budget for 2001 shall be due and payable in full within 30 days of the receipt of the communication of the Secretary-General requesting payment, or as of 1 January 2001, whichever is the later and that advances and contributions to the budget for 2002 shall be due and payable in full within 30 days of the receipt of the communication of the Secretary-General requesting payment, or as of 1 January 2002, whichever is the later;
9. Appeals to the members of the Authority and those States that are no longer members of the Authority following the termination of provisional membership on 16 November 1998, to pay the arrears in their contributions to the budget of the Authority and to the Working Capital Fund as soon as possible and requests the Secretary-General to inform the members of the Authority and such other States of this appeal;

10. Appoints KPMG Peat Marwick to audit the Authority for 2000, without prejudice to possible extension and notes the observations and recommendations in the report of the Finance Committee concerning the audit report.

ISBA/6/A/18

Decision of the Assembly of the International Seabed Authority relating to the regulations on prospecting and exploration for polymetallic nodules in the Area

Date: 13 July 2000
76th Meeting

The Assembly of the International Seabed Authority

Having considered the regulations on prospecting and exploration for polymetallic nodules, as provisionally adopted by the Council at its 69th Meeting, on 13 July 2000 (ISBA/6/C/12),

Approves the regulations on prospecting and exploration for polymetallic nodules in the Area, as contained in the annex to the present document.

Annex

REGULATIONS ON PROSPECTING AND EXPLORATION
FOR POLYMETALLIC NODULES IN THE AREA

Preamble

In accordance with the United Nations Convention on the Law of the Sea (“the Convention”), the seabed and ocean floor and the subsoil thereof beyond the limits of national jurisdiction, as well as its resources, are the common heritage of mankind, the exploration and exploitation of which shall be carried out for the benefit of mankind as a whole, on whose behalf the International Seabed Authority acts. The objective of this first set of Regulations is to provide for prospecting and exploration for polymetallic nodules.

PART I – INTRODUCTION

Regulation 1
Use of terms and scope

1. Terms used in the Convention shall have the same meaning in these Regulations.
2. In accordance with the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982 (“the Agreement”), the provisions of the Agreement and Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982 shall be interpreted and applied together as a single instrument. These Regulations and references in these Regulations to the Convention are to be interpreted and applied accordingly.
3. For the purposes of these Regulations:

(a) “exploitation” means the recovery for commercial purposes of polymetallic nodules in the Area and the extraction of minerals therefrom, including the construction and operation of mining, processing and transportation systems, for the production and marketing of metals;

(b) “exploration” means searching for deposits of polymetallic nodules in the Area with exclusive rights, the analysis of such deposits, the testing of collecting systems and equipment, processing facilities and transportation systems, and the carrying out of studies of the environmental, technical, economic, commercial and other appropriate factors that must be taken into account in exploitation;

(c) “marine environment” includes the physical, chemical, geological and biological components, conditions and factors which interact and determine the productivity, state, condition and quality of the marine ecosystem, the waters of the seas and oceans and the airspace above those waters, as well as the seabed and ocean floor and subsoil thereof;

(d) “polymetallic nodules” means one of the resources of the Area consisting of any deposit or accretion of nodules, on or just below the surface of the deep seabed, which contain manganese, nickel, cobalt and copper;

(e) “prospecting” means the search for deposits of polymetallic nodules in the Area, including estimation of the composition, sizes and distributions of polymetallic nodule deposits and their economic values, without any exclusive rights;

(f) “serious harm to the marine environment” means any effect from activities in the Area on the marine environment which represents a significant adverse change in the marine environment determined according to the rules, regulations and procedures adopted by the Authority on the basis of internationally recognized standards and practices.

4. These Regulations shall not in any way affect the freedom of scientific research, pursuant to article 87 of the Convention, or the right to conduct marine scientific research in the Area pursuant to articles 143 and 256 of the Convention. Nothing in these Regulations shall be construed in such a way as to restrict the exercise by States of the freedom of the high seas as reflected in article 87 of the Convention.

5. These Regulations may be supplemented by further rules, regulations and procedures, in particular on the protection and preservation of the marine environment. These Regulations shall be subject to the provisions of the Convention and the Agreement and other rules of international law not incompatible with the Convention.

PART II - PROSPECTING

Regulation 2 Prospecting

1. Prospecting shall be conducted in accordance with the Convention and these Regulations and may commence only after the prospector has been informed by the Secretary-General that its notification has been recorded pursuant to regulation 4, paragraph 2.

2. Prospecting shall not be undertaken if substantial evidence indicates the risk of serious harm to the marine environment.

3. Prospecting shall not be undertaken in an area covered by an approved plan of work for exploration for polymetallic nodules or in a reserved area; nor may there be prospecting in an area which the Council has disapproved for exploitation because of the risk of serious harm to the marine environment.

4. Prospecting shall not confer on the prospector any rights with respect to resources. A prospector may, however, recover a reasonable quantity of minerals, being the quantity necessary for testing, and not for commercial use.

5. There shall be no time limit on prospecting except that prospecting in a particular area shall cease upon written notification to the prospector by the Secretary-General that a plan of work for exploration has been approved with regard to that area.
6. Prospecting may be conducted simultaneously by more than one prospector in the same area or areas.

Regulation 3
Notification of prospecting

1. A proposed prospector shall notify the Authority of its intention to engage in prospecting.
2. Each notification of prospecting shall be in the form prescribed in Annex 1 to these Regulations, addressed to the Secretary-General, and shall conform to the requirements of these Regulations.
3. Each notification shall be submitted:
 - (a) in the case of a State, by the authority designated for that purpose by it;
 - (b) in the case of an entity, by its designated representative; and
 - (c) in the case of the Enterprise, by its competent authority.
4. Each notification shall be in one of the languages of the Authority and shall contain:
 - (a) the name, nationality and address of the proposed prospector and its designated representative;
 - (b) the coordinates of the broad area or areas within which prospecting is to be conducted, in accordance with the most recent generally accepted international standard used by the Authority;
 - (c) a general description of the prospecting programme, including the proposed date of commencement and its approximate duration;
 - (d) a satisfactory written undertaking that the proposed prospector will:
 - (i) comply with the Convention and the relevant rules, regulations and procedures of the Authority concerning:
 - a. cooperation in the training programmes in connection with marine scientific research and transfer of technology referred to in articles 143 and 144 of the Convention; and
 - b. protection and preservation of the marine environment; and
 - (ii) accept verification by the Authority of compliance therewith.

Regulation 4
Consideration of notifications

1. The Secretary-General shall acknowledge in writing receipt of each notification submitted under regulation 3, specifying the date of receipt.
2. The Secretary-General shall review and act on the notification within 45 days of its receipt. If the notification conforms with the requirements of the Convention and these Regulations, the Secretary-General shall record the particulars of the notification in a register maintained for that purpose and shall inform the prospector in writing that the notification has been so recorded.

3. The Secretary-General shall, within 45 days of receipt of the notification, inform the proposed prospector in writing if the notification includes any part of an area included in an approved plan of work for exploration or exploitation of any category of resources, or any part of a reserved area, or any part of an area which has been disapproved by the Council for exploitation because of the risk of serious harm to the marine environment, or if the written undertaking is not satisfactory, and shall provide the proposed prospector with a written statement of reasons. In such cases, the proposed prospector may, within 90 days, submit an amended notification. The Secretary-General shall, within 45 days, review and act upon such amended notification.

4. A prospector shall inform the Secretary-General in writing of any change in the information contained in the notification.

5. The Secretary-General shall not release any particulars contained in the notification except with the written consent of the prospector. The Secretary-General shall, however, from time to time inform all members of the Authority of the identity of prospectors and the general areas in which prospecting is being conducted.

Regulation 5
Annual report

1. A prospector shall, within 90 days of the end of each calendar year, submit a report to the Authority on the status of prospecting. Such reports shall be submitted by the Secretary-General to the Legal and Technical Commission. Each such report shall contain:

- (a) a general description of the status of prospecting and of the results obtained; and
- (b) information on compliance with the undertakings referred to in regulation 3, paragraph (4)(d).

2. If the prospector intends to claim expenditures for prospecting as part of the development costs incurred prior to the commencement of commercial production, the prospector shall submit an annual statement, in conformity with internationally accepted accounting principles and certified by a duly qualified firm of public accountants, of the actual and direct expenditures incurred by the prospector in carrying out prospecting.

Regulation 6
Confidentiality of data and information from prospecting contained in the annual report

1. The Secretary-General shall ensure the confidentiality of all data and information contained in the reports submitted under regulation 5 in accordance with the provisions of regulations 35 and 36.

2. The Secretary-General may, at any time, with the consent of the prospector concerned, release data and information relating to prospecting in an area in respect of which a notification has been submitted. If the Secretary-General determines that the prospector no longer exists or cannot be located, the Secretary-General may release such data and information.

Regulation 7
Notification of incidents causing serious harm to the marine environment

A prospector shall immediately notify the Secretary-General in writing, using the most effective means, of any incident arising from prospecting which causes serious harm to the marine environment. Upon receipt of such notification the Secretary-General shall act in a manner consistent with regulation 32.

Regulation 8
Objects of an archaeological or historical nature

A prospector shall immediately notify the Secretary-General in writing of any finding in the Area of an object of an archaeological or historical nature and its location. The Secretary-General shall transmit such information to the Director-General of the United Nations Educational, Scientific and Cultural Organization.

PART III - APPLICATIONS FOR APPROVAL OF PLANS OF WORK FOR EXPLORATION
IN THE FORM OF CONTRACTS

SECTION 1. GENERAL PROVISIONS

Regulation 9
General

Subject to the provisions of the Convention, the following may apply to the Authority for approval of plans of work for exploration:

- (a) the Enterprise, on its own behalf or in a joint arrangement;
- (b) States Parties, state enterprises or natural or juridical persons which possess the nationality of States Parties or are effectively controlled by them or their nationals, when sponsored by such States, or any group of the foregoing which meets the requirements of these Regulations.^{iv}

SECTION 2. CONTENT OF APPLICATIONS

Regulation 10
Form of applications

1. Each application for approval of a plan of work for exploration shall be in the form prescribed in Annex 2 to these Regulations, shall be addressed to the Secretary-General, and shall conform to the requirements of these Regulations.^v
2. Each application shall be submitted:
 - (a) in the case of a State Party, by the authority designated for that purpose by it;
 - (b) in the case of an entity, by its designated representative or the authority designated for that purpose by the sponsoring State or States; and
 - (c) in the case of the Enterprise, by its competent authority.
3. Each application by a state enterprise or one of the entities referred to in subparagraph (b) of regulation 9 shall also contain:
 - (a) sufficient information to determine the nationality of the applicant or the identity of the State or States by which, or by whose nationals, the applicant is effectively controlled; and
 - (b) the principal place of business or domicile and, if applicable, place of registration of the applicant.
4. Each application submitted by a partnership or consortium of entities shall contain the required information in respect of each member of the partnership or consortium.

Regulation 11
Certificate of sponsorship

1. Each application by a state enterprise or one of the entities referred to in subparagraph (b) of regulation 9 shall be accompanied by a certificate of sponsorship issued by the State of which it is a national or by which or by whose nationals it is effectively controlled.^{vi} If the applicant has more than one nationality, as in the case of a partnership or consortium of entities from more than one State, each State involved shall issue a certificate of sponsorship.

2. Where the applicant has the nationality of one State but is effectively controlled by another State or its nationals, each State involved shall issue a certificate of sponsorship.
3. Each certificate of sponsorship shall be duly signed on behalf of the State by which it is submitted and shall contain:
 - (a) the name of the applicant;
 - (b) the name of the sponsoring State;
 - (c) a statement that the applicant is:
 - (i) a national of the sponsoring State; or
 - (ii) subject to the effective control of the sponsoring State or its nationals;
 - (d) a statement by the sponsoring State that it sponsors the applicant;
 - (e) the date of deposit by the sponsoring State of its instrument of ratification of, or accession or succession to, the Convention;
 - (f) a declaration that the sponsoring State assumes responsibility in accordance with article 139, article 153, paragraph 4, and Annex III, article 4, paragraph 4, of the Convention.
4. States or entities in a joint arrangement with the Enterprise shall also comply with this regulation.

Regulation 12
Financial and technical capabilities

1. Each application for approval of a plan of work for exploration shall contain specific and sufficient information to enable the Council to determine whether the applicant is financially and technically capable of carrying out the proposed plan of work for exploration and of fulfilling its financial obligations to the Authority.^{vii}
2. An application for approval of a plan of work for exploration submitted on behalf of a State or entity, or any component of such entity, referred to in resolution II, paragraph 1(a)(ii) or (iii), other than a registered pioneer investor, which has already undertaken substantial activities in the Area prior to the entry into force of the Convention, or its successor in interest, shall be considered to have met the financial and technical qualifications necessary for approval of a plan of work for exploration if the sponsoring State or States certify that the applicant has expended an amount equivalent to at least US\$ 30 million in research and exploration activities and has expended no less than 10 per cent of that amount in the location, survey and evaluation of the area referred to in the plan of work for exploration.
3. An application for approval of a plan of work for exploration by the Enterprise shall include a statement by its competent authority certifying that the Enterprise has the necessary financial resources to meet the estimated costs of the proposed plan of work for exploration.
4. An application for approval of a plan of work for exploration by a State or a state enterprise, other than a registered pioneer investor or an entity referred to in resolution II, paragraph 1(a)(ii) or (iii), shall include a statement by the State or the sponsoring State certifying that the applicant has the necessary financial resources to meet the estimated costs of the proposed plan of work for exploration.
5. An application for approval of a plan of work for exploration by an entity, other than a registered pioneer investor or an entity referred to in resolution II, paragraph 1(a)(ii) or (iii), shall include copies of its audited financial statements, including balance sheets and profit-and-loss statements, for the most recent three years, in conformity with internationally accepted accounting principles and certified by a duly qualified firm of public accountants; and

(a) if the applicant is a newly organised entity and a certified balance sheet is not available, a pro forma balance sheet certified by an appropriate official of the applicant;

(b) if the applicant is a subsidiary of another entity, copies of such financial statements of that entity and a statement from that entity, in conformity with internationally accepted accounting principles and certified by a duly qualified firm of public accountants, that the applicant will have the financial resources to carry out the plan of work for exploration;

(c) if the applicant is controlled by a State or a state enterprise, a statement from the State or state enterprise certifying that the applicant will have the financial resources to carry out the plan of work for exploration.

6. Where an applicant referred to in paragraph 5 intends to finance the proposed plan of work for exploration by borrowings, its application shall include the amount of such borrowings, the repayment period and the interest rate.

7. Except as provided for in paragraph 2, all applications shall include:

(a) a general description of the applicant's previous experience, knowledge, skills, technical qualifications and expertise relevant to the proposed plan of work for exploration;

(b) a general description of the equipment and methods expected to be used in carrying out the proposed plan of work for exploration and other relevant non-proprietary information about the characteristics of such technology; and

(c) a general description of the applicant's financial and technical capability to respond to any incident or activity which causes serious harm to the marine environment.

8. Where the applicant is a partnership or consortium of entities in a joint arrangement, each member of the partnership or consortium shall provide the information required by this regulation.

Regulation 13 Previous contracts with the Authority

Where the applicant or, in the case of an application by a partnership or consortium of entities in a joint arrangement, any member of the partnership or consortium, has previously been awarded any contract with the Authority, the application shall include:

(a) the date of the previous contract or contracts;

(b) the dates, reference numbers and titles of each report submitted to the Authority in connection with the contract or contracts; and

(c) the date of termination of the contract or contracts, if applicable.

Regulation 14 Undertakings

Each applicant, including the Enterprise, shall, as part of its application for approval of a plan of work for exploration, provide a written undertaking to the Authority that it will:

(a) accept as enforceable and comply with the applicable obligations created by the provisions of the Convention and the rules, regulations and procedures of the Authority, the decisions of the relevant organs of the Authority and the terms of its contracts with the Authority;

(b) accept control by the Authority of activities in the Area, as authorized by the Convention; and

(c) provide the Authority with a written assurance that its obligations under the contract will be fulfilled in good faith.^{viii}

Regulation 15
Total area covered by the application

Each application for approval of a plan of work for exploration shall define the boundaries of the area under application by a list of coordinates in accordance with the most recent generally accepted international standard used by the Authority. Applications other than those under regulation 17 shall cover a total area, which need not be a single continuous area, sufficiently large and of sufficient estimated commercial value to allow two mining operations. The applicant shall indicate the coordinates dividing the area into two parts of equal estimated commercial value. The area to be allocated to the applicant shall be subject to the provisions of regulation 25.

Regulation 16
Data and information to be submitted before the designation of a reserved area

1. Each application shall contain sufficient data and information, as prescribed in Section II of Annex 2 to these Regulations, with respect to the area under application to enable the Council, on the recommendation of the Legal and Technical Commission, to designate a reserved area based on the estimated commercial value of each part. Such data and information shall consist of data available to the applicant with respect to both parts of the area under application, including the data used to determine their commercial value.
2. The Council, on the basis of the data and information submitted by the applicant pursuant to Section II of Annex 2 to these Regulations, if found satisfactory, and taking into account the recommendation of the Legal and Technical Commission, shall designate the part of the area under application which is to be a reserved area. The area so designated shall become a reserved area as soon as the plan of work for exploration for the non-reserved area is approved and the contract is signed. If the Council determines that additional information, consistent with these Regulations and Annex 2, is needed to designate the reserved area, it shall refer the matter back to the Commission for further consideration, specifying the additional information required.
3. Once the plan of work for exploration is approved and a contract has been issued, the data and information transferred to the Authority by the applicant in respect of the reserved area may be disclosed by the Authority in accordance with article 14, paragraph 3, of Annex III to the Convention.

Regulation 17
Applications for approval of plans of work with respect to a reserved area

1. Any State which is a developing State or any natural or juridical person sponsored by it and effectively controlled by it or by any other developing State, or any group of the foregoing, may notify the Authority that it wishes to submit a plan of work for exploration with respect to a reserved area. The Secretary-General shall forward such notification to the Enterprise, which shall inform the Secretary-General in writing within six months whether or not it intends to carry out activities in that area. If the Enterprise intends to carry out activities in that area, it shall, pursuant to paragraph 4, also inform in writing the contractor whose application for approval of a plan of work for exploration originally included that area.
2. An application for approval of a plan of work for exploration in respect of a reserved area may be submitted at any time after such an area becomes available following a decision by the Enterprise that it does not intend to carry out activities in that area or where the Enterprise has not, within six months of the notification by the Secretary-General, either taken a decision on whether it intends to carry out activities in that area or notified the Secretary-General in writing that it is engaged in discussions regarding a potential joint venture. In the latter instance, the Enterprise shall have one year from the date of such notification in which to decide whether to conduct activities in that area.
3. If the Enterprise or a developing State or one of the entities referred to in paragraph 1 does not submit an application for approval of a plan of work for exploration for activities in a reserved area within 15 years of the commencement by the Enterprise of its functions independent of the Secretariat of the Authority or within 15 years

of the date on which that area is reserved for the Authority, whichever is the later, the contractor whose application for approval of a plan of work for exploration originally included that area shall be entitled to apply for a plan of work for exploration for that area provided it offers in good faith to include the Enterprise as a joint-venture partner.

4. A contractor has the right of first refusal to enter into a joint venture arrangement with the Enterprise for exploration of the area which was included in its application for approval of a plan of work for exploration and which was designated by the Council as a reserved area.

Regulation 18

Data and information to be submitted for approval of the plan of work for exploration^{ix}

After the Council has designated the reserved area, the applicant, if it has not already done so, shall submit, with a view to receiving approval of the plan of work for exploration in the form of a contract, the following information:

(a) a general description and a schedule of the proposed exploration programme, including the programme of activities for the immediate five-year period, such as studies to be undertaken in respect of the environmental, technical, economic and other appropriate factors that must be taken into account in exploration;

(b) a description of the programme for oceanographic and environmental baseline studies in accordance with these Regulations and any environmental rules, regulations and procedures established by the Authority that would enable an assessment of the potential environmental impact of the proposed exploration activities, taking into account any recommendations issued by the Legal and Technical Commission;

(c) a preliminary assessment of the possible impact of the proposed exploration activities on the marine environment;

(d) a description of proposed measures for the prevention, reduction and control of pollution and other hazards, as well as possible impacts, to the marine environment;

(e) data necessary for the Council to make the determination it is required to make in accordance with regulation 12, paragraph 1; and

(f) a schedule of anticipated yearly expenditures in respect of the programme of activities for the immediate five-year period.

SECTION 3. FEES

Regulation 19

Fee for applications

1. The fee for processing applications for approval of a plan of work for exploration shall be US\$ 250,000 or its equivalent in a freely convertible currency. The fee shall be paid to the Authority by the applicant at the time of submitting an application.^x

2. The amount of the fee shall be reviewed from time to time by the Council in order to ensure that it covers the administrative costs incurred by the Authority in processing the application.

3. If the administrative costs incurred by the Authority in processing the application are less than the fixed amount, the Authority shall refund the difference to the applicant.

SECTION 4. PROCESSING OF APPLICATIONS

Regulation 20

Receipt, acknowledgement and safe custody of applications

The Secretary-General shall:

- (a) acknowledge in writing receipt of every application for approval of a plan of work for exploration submitted under this Part, specifying the date of receipt;
- (b) place the application together with the attachments and annexes thereto in safe custody and ensure the confidentiality of all confidential data and information contained in the application; and
- (c) notify the members of the Authority of the receipt of such application and circulate to them information of a general nature which is not confidential regarding the application.

Regulation 21

Consideration by the Legal and Technical Commission^{vi}

1. Upon receipt of an application for approval of a plan of work for exploration, the Secretary-General shall notify the members of the Legal and Technical Commission and place consideration of the application as an item on the agenda for the next meeting of the Commission.
2. The Commission shall examine applications in the order in which they are received.
3. The Commission shall determine if the applicant:
 - (a) has complied with the provisions of these Regulations;
 - (b) has given the undertakings and assurances specified in regulation 14;
 - (c) possesses the financial and technical capability to carry out the proposed plan of work for exploration; and
 - (d) has satisfactorily discharged its obligations in relation to any previous contract with the Authority.
4. The Commission shall, in accordance with the requirements set forth in these Regulations and its procedures, determine whether the proposed plan of work for exploration will:
 - (a) provide for effective protection of human health and safety;
 - (b) provide for effective protection and preservation of the marine environment;
 - (c) ensure that installations are not established where interference may be caused to the use of recognized sea lanes essential to international navigation or in areas of intense fishing activity.
5. If the Commission makes the determinations specified in paragraph 3 and determines that the proposed plan of work for exploration meets the requirements of paragraph 4, the Commission shall recommend approval of the plan of work for exploration to the Council.
6. The Commission shall not recommend approval of the plan of work for exploration if part or all of the area covered by the proposed plan of work for exploration is included in:
 - (a) a plan of work for exploration approved by the Council for polymetallic nodules; or

(b) a plan of work approved by the Council for exploration for or exploitation of other resources if such proposed plan of work for exploration for polymetallic nodules might cause undue interference with activities under such an approved plan of work for such other resources; or

(c) an area disapproved for exploitation by the Council in cases where substantial evidence indicates the risk of serious harm to the marine environment; or

(d) if the proposed plan of work for exploration has been submitted or sponsored by a State that already holds:

(i) plans of work for exploration and exploitation or exploitation only in non-reserved areas that, together with either part of the area covered by the application, exceed in size 30 per cent of a circular area of 400,000 square kilometres surrounding the centre of either part of the area covered by the proposed plan of work;

(ii) plans of work for exploration and exploitation or exploitation only in non-reserved areas which, taken together, constitute 2 per cent of that part of the Area which is not reserved or disapproved for exploitation pursuant to article 162, paragraph (2)(x), of the Convention.

7. Except in the case of applications by the Enterprise, on its own behalf or in a joint venture, and applications under regulation 17, the Commission shall not recommend approval of the plan of work for exploration if part or all of the area covered by the proposed plan of work for exploration is included in a reserved area or an area designated by the Council to be a reserved area.

8. If the Commission finds that an application does not comply with these Regulations, it shall notify the applicant in writing, through the Secretary-General, indicating the reasons. The applicant may, within 45 days of such notification, amend its application. If the Commission after further consideration is of the view that it should not recommend approval of the plan of work for exploration, it shall so inform the applicant and provide the applicant with a further opportunity to make representations within 30 days of such information. The Commission shall consider any such representations made by the applicant in preparing its report and recommendation to the Council.

9. In considering a proposed plan of work for exploration, the Commission shall have regard to the principles, policies and objectives relating to activities in the Area as provided for in Part XI and Annex III of the Convention and the Agreement.

10. The Commission shall consider applications expeditiously and shall submit its report and recommendations to the Council on the designation of the areas and on the plan of work for exploration at the first possible opportunity, taking into account the schedule of meetings of the Authority.

11. In discharging its duties, the Commission shall apply these Regulations and the rules, regulations and procedures of the Authority in a uniform and non-discriminatory manner.

Regulation 22
Consideration and approval of plans of work for exploration by the Councilⁱⁱⁱ

The Council shall consider the reports and recommendations of the Commission relating to approval of plans of work for exploration in accordance with paragraphs 11 and 12 of section 3 of the annex to the Agreement.

PART IV - CONTRACTS FOR EXPLORATION

Regulation 23

The contract

1. After a plan of work for exploration has been approved by the Council, it shall be prepared in the form of a contract between the Authority and the applicant as prescribed in Annex 3 to these Regulations. Each contract shall incorporate the standard clauses set out in Annex 4 in effect at the date of entry into force of the contract.
2. The contract shall be signed by the Secretary-General on behalf of the Authority and by the applicant. The Secretary-General shall notify all members of the Authority in writing of the conclusion of each contract.
3. In accordance with the principle of non-discrimination, a contract with a State or entity or any component of such entity referred to in paragraph 6(a)(i) of section 1 of the annex to the Agreement shall include arrangements that shall be similar to and no less favourable than those agreed with any registered pioneer investor. If any of the States or entities or any components of such entities referred to in paragraph 6(a)(i) of section 1 of the annex to the Agreement are granted more favourable arrangements, the Council shall make similar and no less favourable arrangements with regard to the rights and obligations assumed by the registered pioneer investors provided that such arrangements do not affect or prejudice the interests of the Authority.

Regulation 24

Rights of the contractor

1. The contractor shall have the exclusive right to explore an area covered by a plan of work for exploration in respect of polymetallic nodules. The Authority shall ensure that no other entity operates in the same area for resources other than polymetallic nodules in a manner that might interfere with the operations of the contractor.
2. A contractor who has an approved plan of work for exploration only shall have a preference and a priority among applicants submitting plans of work for exploitation of the same area and resources. Such preference or priority may be withdrawn by the Council if the contractor has failed to comply with the requirements of its approved plan of work for exploration within the time period specified in a written notice or notices from the Council to the contractor indicating which requirements have not been complied with by the contractor. The time period specified in any such notice shall not be unreasonable. The contractor shall be accorded a reasonable opportunity to be heard before the withdrawal of such preference or priority becomes final. The Council shall provide the reasons for its proposed withdrawal of preference or priority and shall consider any contractor's response. The decision of the Council shall take account of that response and shall be based on substantial evidence.
3. A withdrawal of preference or priority shall not become effective until the contractor has been accorded a reasonable opportunity to exhaust the judicial remedies available to it pursuant to Part XI, section 5, of the Convention.

Regulation 25

Size of area and relinquishment

1. The total area allocated to the contractor under the contract shall not exceed 150,000 square kilometres. The contractor shall relinquish portions of the area allocated to it to revert to the Area, in accordance with the following schedule:
 - (a) 20 per cent of the area allocated by the end of the third year from the date of the contract;
 - (b) an additional 10 per cent of the area allocated by the end of the fifth year from the date of the contract; and
 - (c) an additional 20 per cent of the area allocated or such larger amount as would exceed the exploitation area decided upon by the Authority, after eight years from the date of the contract,

provided that a contractor shall not be required to relinquish any portion of such area when the total area allocated to it does not exceed 75,000 square kilometres.

2. In the case of a registered pioneer investor, the contract shall take into account the schedule of relinquishment, where applicable, in accordance with the terms of its registration as a registered pioneer investor.

3. The Council may, at the request of the contractor, and on the recommendation of the Commission, in exceptional circumstances, defer the schedule of relinquishment. Such exceptional circumstances shall be determined by the Council and shall include, *inter alia*, consideration of prevailing economic circumstances or other unforeseen exceptional circumstances arising in connection with the operational activities of the Contractor.

Regulation 26
Duration of contracts

1. A plan of work for exploration shall be approved for a period of 15 years. Upon expiration of a plan of work for exploration, the contractor shall apply for a plan of work for exploitation unless the contractor has already done so, has obtained an extension for the plan of work for exploration or decides to renounce its rights in the area covered by the plan of work for exploration.

2. Not later than six months before the expiration of a plan of work for exploration, a contractor may apply for extensions for the plan of work for exploration for periods of not more than five years each. Such extensions shall be approved by the Council, on the recommendation of the Commission, if the contractor has made efforts in good faith to comply with the requirements of the plan of work but for reasons beyond the contractor's control has been unable to complete the necessary preparatory work for proceeding to the exploitation stage or if the prevailing economic circumstances do not justify proceeding to the exploitation stage.

Regulation 27
Training

1. Pursuant to article 15 of Annex III to the Convention, each contract shall include as a schedule a practical programme for the training of personnel of the Authority and developing States and drawn up by the contractor in cooperation with the Authority and the sponsoring State or States. Training programmes shall focus on training in the conduct of exploration, and shall provide for full participation by such personnel in all activities covered by the contract. Such training programmes may be revised and developed from time to time as necessary by mutual agreement.

2. In the case of a registered pioneer investor, the contract shall take into account the training provided in accordance with the terms of its registration as a registered pioneer investor.

Regulation 28
Periodic review of the implementation of the plan of work for exploration

1. The contractor and the Secretary-General shall jointly undertake a periodic review of the implementation of the plan of work for exploration at intervals of five years. The Secretary-General may request the contractor to submit such additional data and information as may be necessary for the purposes of the review.

2. In the light of the review, the contractor shall indicate its programme of activities for the following five-year period, making such adjustments to its previous programme of activities as are necessary.

3. The Secretary-General shall report on the review to the Commission and to the Council. The Secretary-General shall indicate in the report whether any observations transmitted to him by States Parties to the Convention concerning the manner in which the contractor has discharged its obligations under these Regulations relating to the protection and preservation of the marine environment were taken into account in the review.

Regulation 29
Termination of sponsorship

1. Each contractor shall have the required sponsorship throughout the period of the contract.
2. If a State terminates its sponsorship it shall promptly notify the Secretary-General in writing. The sponsoring State should also inform the Secretary-General of the reasons for terminating its sponsorship. Termination of sponsorship shall take effect six months after the date of receipt of the notification by the Secretary-General, unless the notification specifies a later date.
3. In the event of termination of sponsorship the contractor shall, within the period referred to in paragraph 2, obtain another sponsor. Such sponsor shall submit a certificate of sponsorship in accordance with regulation 11. Failure to obtain a sponsor within the required period shall result in the termination of the contract.
4. A sponsoring State shall not be discharged by reason of the termination of its sponsorship from any obligations accrued while it was a sponsoring State, nor shall such termination affect any legal rights and obligations created during such sponsorship.
5. The Secretary-General shall notify the members of the Authority of the termination or change of sponsorship.

Regulation 30
Responsibility and liability

Responsibility and liability of the contractor and of the Authority shall be in accordance with the Convention. The contractor shall continue to have responsibility for any damage arising out of wrongful acts in the conduct of its operations, in particular damage to the marine environment, after the completion of the exploration phase.

PART V - PROTECTION AND PRESERVATION OF THE MARINE ENVIRONMENT

Regulation 31
Protection and preservation of the marine environment

1. The Authority shall, in accordance with the Convention and the Agreement, establish and keep under periodic review environmental rules, regulations and procedures to ensure effective protection for the marine environment from harmful effects which may arise from activities in the Area.
2. In order to ensure effective protection for the marine environment from harmful effects which may arise from activities in the Area, the Authority and sponsoring States shall apply a precautionary approach, as reflected in Principle 15 of the Rio Declaration,^{xiii} to such activities. The Legal and Technical Commission shall make recommendations to the Council on the implementation of this paragraph.
3. Pursuant to article 145 of the Convention and paragraph 2 of this regulation, each contractor shall take necessary measures to prevent, reduce and control pollution and other hazards to the marine environment arising from its activities in the Area as far as reasonably possible using the best technology available to it.
4. Each contract shall require the contractor to gather environmental baseline data and to establish environmental baselines, taking into account any recommendations issued by the Legal and Technical Commission pursuant to regulation 38, against which to assess the likely effects of its programme of activities under the plan of work for exploration on the marine environment and a programme to monitor and report on such effects. The recommendations issued by the Commission may, *inter alia*, list those exploration activities which may be considered to have no potential for causing harmful effects on the marine environment. The contractor shall cooperate with the Authority and the sponsoring State or States in the establishment and implementation of such monitoring programme.

5. The contractor shall report annually in writing to the Secretary-General on the implementation and results of the monitoring programme referred to in paragraph 4 and shall submit data and information, taking into account any recommendations issued by the Commission pursuant to regulation 38. The Secretary-General shall transmit such reports to the Commission for its consideration pursuant to article 165 of the Convention.

6. Contractors, sponsoring States and other interested States or entities shall cooperate with the Authority in the establishment and implementation of programmes for monitoring and evaluating the impacts of deep seabed mining on the marine environment.

7. If the Contractor applies for exploitation rights, it shall propose areas to be set aside and used exclusively as impact reference zones and preservation reference zones. "Impact reference zones" means areas to be used for assessing the effect of each contractor's activities in the Area on the marine environment and which are representative of the environmental characteristics of the Area. "Preservation reference zones" means areas in which no mining shall occur to ensure representative and stable biota of the seabed in order to assess any changes in the flora and fauna of the marine environment.

Regulation 32 Emergency orders

1. When the Secretary-General has been notified by a contractor or otherwise becomes aware of an incident resulting from or caused by a contractor's activities in the Area that has caused, or is likely to cause, serious harm to the marine environment, the Secretary-General shall issue a general notification of the incident, shall notify in writing the contractor and the sponsoring State or States, and shall report immediately to the Legal and Technical Commission and to the Council. A copy of the report shall be circulated to all members of the Authority, to competent international organizations and to concerned subregional, regional and global organizations and bodies. The Secretary-General shall monitor developments with respect to all such incidents and shall report on them as appropriate to the Commission and to the Council.

2. Pending any action by the Council, the Secretary-General shall take such immediate measures of a temporary nature as are practical and reasonable in the circumstances to prevent, contain and minimize serious harm to the marine environment. Such temporary measures shall remain in effect for no longer than 90 days, or until the Council decides what measures, if any, to take pursuant to paragraph 5 of this regulation, whichever is the earlier.

3. After having received the report of the Secretary-General, the Commission shall determine, based on the evidence provided to it and taking into account the measures already taken by the contractor, which measures are necessary to respond effectively to the incident in order to prevent, contain and minimize the serious harm, and shall make its recommendations to the Council.

4. The Council shall consider the recommendations of the Commission.

5. The Council, taking into account the recommendations of the Commission and any information provided by the Contractor, may issue emergency orders, which may include orders for the suspension or adjustment of operations, as may be reasonably necessary to prevent, contain and minimize serious harm to the marine environment arising out of activities in the Area.

6. If a contractor does not promptly comply with an emergency order to prevent serious harm to the marine environment arising out of its activities in the Area, the Council shall take by itself or through arrangements with others on its behalf, such practical measures as are necessary to prevent, contain and minimize any such serious harm to the marine environment.

7. In order to enable the Council, when necessary, to take immediately the practical measures to prevent, contain and minimize serious harm to the marine environment referred to in paragraph 6, the contractor, prior to the commencement of testing of collecting systems and processing operations, will provide the Council with a guarantee of its financial and technical capability to comply promptly with emergency orders or to assure that the Council can take such emergency measures. If the contractor does not provide the Council with such a guarantee, the sponsoring

State or States shall, in response to a request by the Secretary-General and pursuant to articles 139 and 235 of the Convention, take necessary measures to ensure that the contractor provides such a guarantee or shall take measures to ensure that assistance is provided to the Authority in the discharge of its responsibilities under paragraph 6.^{xiv}

Regulation 33
Rights of coastal States

1. Nothing in these Regulations shall affect the rights of coastal States in accordance with article 142 and other relevant provisions of the Convention.
2. Any coastal State which has grounds for believing that any activity in the Area by a contractor is likely to cause serious harm to the marine environment under its jurisdiction or sovereignty may notify the Secretary-General in writing of the grounds upon which such belief is based. The Secretary-General shall provide the Contractor and its sponsoring State or States with a reasonable opportunity to examine the evidence, if any, provided by the coastal State as the basis for its belief. The contractor and its sponsoring State or States may submit their observations thereon to the Secretary-General within a reasonable time.
3. If there are clear grounds for believing that serious harm to the marine environment is likely to occur, the Secretary-General shall act in accordance with regulation 32 and, if necessary, shall take immediate measures of a temporary nature as provided for in paragraph 2 of regulation 32.

Regulation 34
Objects of an archaeological or historical nature

The contractor shall immediately notify the Secretary-General in writing of any finding in the exploration area of an object of an archaeological or historical nature and its location. The Secretary-General shall transmit such information to the Director-General of the United Nations Educational, Scientific and Cultural Organization. Following the finding of any such object of an archaeological or historical nature in the exploration area, the contractor shall take all reasonable measures to avoid disturbing such object.

PART VI – CONFIDENTIALITY

Regulation 35
Proprietary data and information and confidentiality

1. Data and information submitted or transferred to the Authority or to any person participating in any activity or programme of the Authority pursuant to these Regulations or a contract issued under these Regulations, and designated by the contractor, in consultation with the Secretary-General, as being of a confidential nature, shall be considered confidential unless it is data and information which:
 - (a) is generally known or publicly available from other sources;
 - (b) has been previously made available by the owner to others without an obligation concerning its confidentiality; or
 - (c) is already in the possession of the Authority with no obligation concerning its confidentiality.
2. Confidential data and information may only be used by the Secretary-General and staff of the Secretariat, as authorized by the Secretary-General, and by the members of the Legal and Technical Commission as necessary for and relevant to the effective exercise of their powers and functions. The Secretary-General shall authorize access to such data and information only for limited use in connection with the functions and duties of the staff of the Secretariat and the functions and duties of the Legal and Technical Commission.
3. Ten years after the date of submission of confidential data and information to the Authority or the expiration of the contract for exploration, whichever is the later, and every five years thereafter, the Secretary-

General and the contractor shall review such data and information to determine whether they should remain confidential. Such data and information shall remain confidential if the contractor establishes that there would be a substantial risk of serious and unfair economic prejudice if the data and information were to be released. No such data and information shall be released until the contractor has been accorded a reasonable opportunity to exhaust the judicial remedies available to it pursuant to Part XI, section 5, of the Convention.

4. If, at any time following the expiration of the contract for exploration, the contractor enters into a contract for exploitation in respect of any part of the exploration area, confidential data and information relating to that part of the area shall remain confidential in accordance with the contract for exploitation.

5. The contractor may at any time waive confidentiality of data and information.

Regulation 36
Procedures to ensure confidentiality

1. The Secretary-General shall be responsible for maintaining the confidentiality of all confidential data and information and shall not, except with the prior written consent of the contractor, release such data and information to any person external to the Authority. To ensure the confidentiality of such data and information, the Secretary-General shall establish procedures, consistent with the provisions of the Convention, governing the handling of confidential information by members of the Secretariat, members of the Legal and Technical Commission and any other person participating in any activity or programme of the Authority. Such procedures shall include:

(a) maintenance of confidential data and information in secure facilities and development of security procedures to prevent unauthorized access to or removal of such data and information;

(b) development and maintenance of a classification, log and inventory system of all written data and information received, including its type and source and routing from the time of receipt until final disposition.

2. A person who is authorized pursuant to these Regulations to have access to confidential data and information shall not disclose such data and information except as permitted under the Convention and these Regulations. The Secretary-General shall require any person who is authorized to have access to confidential data and information to make a written declaration witnessed by the Secretary-General or his or her authorized representative to the effect that the person so authorized:

(a) acknowledges his or her legal obligation under the Convention and these Regulations with respect to the non-disclosure of confidential data and information;

(b) agrees to comply with the applicable regulations and procedures established to ensure the confidentiality of such data and information.

3. The Legal and Technical Commission shall protect the confidentiality of confidential data and information submitted to it pursuant to these Regulations or a contract issued under these Regulations. In accordance with the provisions of article 163, paragraph 8, of the Convention, members of the Commission shall not disclose, even after the termination of their functions, any industrial secret, proprietary data which are transferred to the Authority in accordance with Annex III, article 14, of the Convention, or any other confidential information coming to their knowledge by reason of their duties for the Authority.

4. The Secretary-General and staff of the Authority shall not disclose, even after the termination of their functions with the Authority, any industrial secret, proprietary data which are transferred to the Authority in accordance with Annex III, article 14, of the Convention, or any other confidential information coming to their knowledge by reason of their employment with the Authority.

5. Taking into account the responsibility and liability of the Authority pursuant to Annex III, article 22, of the Convention, the Authority may take such action as may be appropriate against any person who, by reason of his or her duties for the Authority, has access to any confidential data and information and who is in breach of the obligations relating to confidentiality contained in the Convention and these Regulations.

PART VII – GENERAL PROCEDURES

Regulation 37

Notice and general procedures

1. Any application, request, notice, report, consent, approval, waiver, direction or instruction hereunder shall be made by the Secretary-General or by the designated representative of the prospector, applicant or contractor, as the case may be, in writing. Service shall be by hand, or by telex, facsimile or registered airmail to the Secretary-General at the headquarters of the Authority or to the designated representative.
2. Delivery by hand shall be effective when made. Delivery by telex shall be deemed to be effective on the business day following the day when the “answer back” appears on the sender's telex machine. Delivery by facsimile shall be effective when the “transmit confirmation report” confirming the transmission to the recipient’s published facsimile number is received by the transmitter. Delivery by registered airmail shall be deemed to be effective 21 days after posting.
3. Notice to the designated representative of the prospector, applicant or contractor shall constitute effective notice to the prospector, applicant or contractor for all purposes under these Regulations, and the designated representative shall be the agent of the prospector, applicant or contractor for the service of process or notification in any proceeding of any court or tribunal having jurisdiction.
4. Notice to the Secretary-General shall constitute effective notice to the Authority for all purposes under these Regulations, and the Secretary-General shall be the Authority’s agent for the service of process or notification in any proceeding of any court or tribunal having jurisdiction.

Regulation 38

Recommendations for the guidance of contractors

1. The Legal and Technical Commission may from time to time issue recommendations of a technical or administrative nature for the guidance of contractors to assist them in the implementation of the rules, regulations and procedures of the Authority.
2. The full text of such recommendations shall be reported to the Council. Should the Council find that a recommendation is inconsistent with the intent and purpose of these Regulations, it may request that the recommendation be modified or withdrawn.

PART VIII – SETTLEMENT OF DISPUTES

Regulation 39

Disputes

1. Disputes concerning the interpretation or application of these Regulations shall be settled in accordance with Part XI, section 5, of the Convention.
2. Any final decision rendered by a court or tribunal having jurisdiction under the Convention relating to the rights and obligations of the Authority and of the Contractor shall be enforceable in the territory of each State Party to the Convention.

PART IX - RESOURCES OTHER THAN POLYMETALLIC NODULES

Regulation 40
Resources other than polymetallic nodules

If a prospector or contractor finds resources in the Area other than polymetallic nodules, the prospecting and exploration for and exploitation of such resources shall be subject to the rules, regulations and procedures of the Authority relating to such resources in accordance with the Convention and the Agreement.

Notes

Annex I

NOTIFICATION OF INTENTION TO ENGAGE IN PROSPECTING

1. Name of prospector:
2. Street address of prospector:
3. Postal address (if different from above):
4. Telephone number:
5. Facsimile number:
6. Electronic mail address:
7. Nationality of prospector:
8. If prospector is a juridical person, identify prospector's
 - (a) place of registration; and
 - (b) principal place of business/domicile.

and attach a copy of the prospector's certificate of registration.

9. Name of prospector's designated representative:
10. Street of prospector's designated representative (if different from above):
11. Postal address (if different from above):
12. Telephone number:
13. Facsimile number:
14. Electronic mail address:

15. Attach the coordinates of the broad area or areas in which prospecting is to be conducted (in accordance with the World Geodetic System WGS 84).

16. Attach a general description of the prospecting programme, including the date of commencement and the approximate duration of the programme.

17. Attach a written undertaking that the prospector will:

(a) comply with the Convention and the relevant rules, regulations and procedures of the Authority concerning:

(i) cooperation in the training programmes in connection with marine scientific research and transfer of technology referred to in articles 143 and 144 of the Convention; and

(ii) protection and preservation of the marine environment; and

(b) accept verification by the Authority of compliance therewith.

18. List hereunder all the attachments and annexes to this notification (all data and information should be submitted in hard copy and in a digital format specified by the Authority):

Date: _____

Signature of prospector's designated representative

ATTESTATION:

Signature of person attesting

Name of person attesting

Title of person attesting

Annex 2

APPLICATION FOR APPROVAL OF A PLAN OF WORK FOR EXPLORATION
TO OBTAIN A CONTRACT

Section I

Information concerning the applicant

1. Name of applicant:
2. Street address of applicant:
3. Postal address (if different from above):
4. Telephone number:
5. Facsimile number:
6. Electronic mail address:
7. Name of applicant's designated representative:
8. Street address of applicant's designated representative (if different from above):
9. Postal address (if different from above):
10. Telephone number:
11. Facsimile number:
12. Electronic mail address:
13. If the applicant is a juridical person, identify applicant's
 - (a) place of registration; and
 - (b) principal place of business/domicile.

and attach a copy of the applicant's certificate of registration.

14. Identify the sponsoring State or States.

15. In respect of each sponsoring State, provide the date of deposit of its instrument of ratification of, or accession or succession to, the 1982 United Nations Convention on the Law of the Sea and the date of its consent to be bound by the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982.

16. A certificate of sponsorship issued by the sponsoring State must be attached with this application. If the applicant has more than one nationality, as in the case of a partnership or consortium of entities from more than one State, certificates of sponsorship issued by each of the States involved must be attached.

Section II
Information relating to the area under application

17. Define the boundaries of the area under application by attaching a list of geographical coordinates (in accordance with the World Geodetic System WGS 84).
18. Attach a chart (on a scale and projection specified by the Authority) and a list of the coordinates dividing the total area into two parts of equal estimated commercial value.
19. Include in an attachment sufficient information to enable the Council to designate a reserved area based on the estimated commercial value of each part of the area under application. Such attachment must include the data available to the applicant with respect to both parts of the area under application, including:
- (a) data on the location, survey and evaluation of the polymetallic nodules in the areas, including:
 - (i) a description of the technology related to the recovery and processing of polymetallic nodules that is necessary for making the designation of a reserved area;
 - (ii) a map of the physical and geological characteristics, such as seabed topography, bathymetry and bottom currents and information on the reliability of such data;
 - (iii) data showing the average density (abundance) of polymetallic nodules in kg/m² and an associated abundance map showing the location of sampling sites;
 - (iv) data showing the average elemental content of metals of economic interest (grade) based on chemical assays in (dry) weight per cent and an associated grade map;
 - (v) combined maps of abundance and grade of polymetallic nodules;
 - (vi) a calculation based on standard procedures, including statistical analysis, using the data submitted and assumptions made in the calculations that the two areas could be expected to contain polymetallic nodules of equal estimated commercial value expressed as recoverable metals in mineable areas;
 - (vii) a description of the techniques used by the applicant.
 - (b) information concerning environmental parameters (seasonal and during test period) including, *inter alia*, wind speed and direction, wave height, period and direction, current speed and direction, water salinity, temperature and biological communities.
20. If the area under application includes any part of a reserved area, attach a list of coordinates of the area which forms part of the reserved area and indicate the applicant's qualifications in accordance with regulation 17 of the Regulations.

Section III
Financial and technical information^a

^a An application for approval of a plan of work for exploration submitted on behalf of a State or entity, or any component of such entity, referred to in resolution II, paragraph 1(a)(ii) or (iii), other than a registered pioneer investor, which has already undertaken substantial activities in the Area prior to the entry into force of the Convention, or its successor in interest, shall be considered to have met the financial and technical qualifications necessary for approval of a plan of work if the sponsoring State or States certify that the applicant has expended an amount equivalent to at least US\$ 30 million in research and exploration activities and has expended no less than 10 per cent of that amount in the location, survey and evaluation of the area referred to in the plan of work.

21. Attach sufficient information to enable the Council to determine whether the applicant is financially capable of carrying out the proposed plan of work for exploration and of fulfilling its financial obligations to the Authority.

(a) If the application is made by the Enterprise, attach certification by its competent authority that the Enterprise has the necessary financial resources to meet the estimated costs of the proposed plan of work for exploration.

(b) If the application is made by a State or a state enterprise, attach a statement by the State or the sponsoring State certifying that the applicant has the necessary financial resources to meet the estimated costs of the proposed plan of work for exploration.

(c) If the application is made by an entity, attach copies of the applicant's audited financial statements, including balance sheets and profit-and-loss statements, for the most recent three years in conformity with internationally accepted accounting principles and certified by a duly qualified firm of public accountants; and

(i) if the applicant is a newly organized entity and a certified balance sheet is not available, a pro forma balance sheet certified by an appropriate official of the applicant;

(ii) if the applicant is a subsidiary of another entity, copies of such financial statements of that entity and a statement from that entity in conformity with internationally accepted accounting practices and certified by a duly qualified firm of public accountants that the applicant will have the financial resources to carry out the plan of work for exploration;

(iii) if the applicant is controlled by a State or a state enterprise, a statement from the State or state enterprise certifying that the applicant will have the financial resources to carry out the plan of work for exploration.

22. If it is intended to finance the proposed plan of work for exploration by borrowings, attach a statement of the amount of such borrowings, the repayment period and the interest rate.

23. Attach sufficient information to enable the Council to determine whether the applicant is technically capable of carrying out the proposed plan of work for exploration, including:

(a) a general description of the applicant's previous experience, knowledge, skills, technical qualifications and expertise relevant to the proposed plan of work for exploration;

(b) a general description of the equipment and methods expected to be used in carrying out the proposed plan of work for exploration and other relevant non-proprietary information about the characteristics of such technology; and

(c) a general description of the applicant's financial and technical capability to respond to any incident or activity which causes serious harm to the marine environment.

Section IV
The plan of work for exploration

24. Attach the following information relating to the plan of work for exploration:

(a) a general description and a schedule of the proposed exploration programme, including the programme of activities for the immediate five-year period, such as studies to be undertaken in respect of the environmental, technical, economic and other appropriate factors which must be taken into account in exploration;

(b) a description of a programme for oceanographic and environmental baseline studies in accordance with the Regulations and any environmental rules, regulations and procedures established by the Authority that

would enable an assessment of the potential environmental impact of the proposed exploration activities, taking into account any recommendations issued by the Legal and Technical Commission;

(c) a preliminary assessment of the possible impact of the proposed exploration activities on the marine environment;

(d) a description of proposed measures for the prevention, reduction and control of pollution and other hazards, as well as possible impacts, to the marine environment;

(e) a schedule of anticipated yearly expenditures in respect of the programme of activities for the immediate five-year period.

Section V
Undertakings

25. Attach a written undertaking that the applicant will:

(a) accept as enforceable and comply with the applicable obligations created by the provisions of the Convention and the rules, regulations and procedures of the Authority, the decisions of the relevant organs of the Authority and the terms of its contracts with the Authority;

(b) accept control by the Authority of activities in the Area as authorized by the Convention;

(c) provide the Authority with a written assurance that its obligations under the contract will be fulfilled in good faith.

Section VI
Previous contracts

26. Has the applicant or, in the case of an application by a partnership or consortium of entities in a joint arrangement, any member of the partnership or consortium previously been awarded any contract with the Authority?

27. If the answer to 26 is “yes”, the application must include:

(a) the date of the previous contract or contracts;

(b) the dates, reference numbers and titles of each report submitted to the Authority in connection with the contract or contracts; and

(c) the date of termination of the contract or contracts, if applicable.

Section VII
Attachments

28. List all the attachments and annexes to this application (all data and information should be submitted in hard copy and in a digital format specified by the Authority):

Date: _____

Signature of applicant’s designated representative

ATTESTATION:

Signature of person attesting

Name of person attesting

Title of person attesting

Annex 3

CONTRACT FOR EXPLORATION

THIS CONTRACT made the day of between the INTERNATIONAL SEABED AUTHORITY represented by its SECRETARY-GENERAL (hereinafter referred to as “the Authority”) and represented by (hereinafter referred to as “the Contractor”) WITNESSETH as follows:

Incorporation of clauses

A. The standard clauses set out in Annex 4 to the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area shall be incorporated herein and shall have effect as if herein set out at length.

Exploration area

B. For the purposes of this contract, the “exploration area” means that part of the Area allocated to the Contractor for exploration, defined by the coordinates listed in schedule 1 hereto, as reduced from time to time in accordance with the standard clauses and the Regulations.

Grant of rights

C. In consideration of:

- (1) their mutual interest in the conduct of exploration activities in the exploration area pursuant to the Convention and the Agreement;
- (2) the responsibility of the Authority to organize and control activities in the Area, particularly with a view to administering the resources of the Area, in accordance with the legal regime established in Part XI of the Convention and the Agreement and Part XII of the Convention respectively; and
- (3) the interest and financial commitment of the Contractor in conducting activities in the exploration area and the mutual covenants made herein,

the Authority hereby grants to the Contractor the exclusive right to explore for polymetallic nodules in the exploration area in accordance with the terms and conditions of this contract.

Entry into force and contract term

D. This contract shall enter into force on signature by both parties and, subject to the standard clauses, shall remain in force for a period of fifteen years thereafter unless:

(1) the Contractor obtains a contract for exploitation in the exploration area which enters into force before the expiration of such period of fifteen years; or

(2) the contract is sooner terminated, provided that the term of the contract may be extended in accordance with standard clauses 3.2 and 17.2.

Schedules

E. The schedules referred to in the standard clauses, namely section 4 and section 8, are for the purposes of this contract schedules 2 and 3 respectively.

Entire agreement

F. This contract expresses the entire agreement between the parties, and no oral understanding or prior writing shall modify the terms hereof.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto by the respective parties, have signed this contract at, this day of

SCHEDULE 1

[Coordinates and illustrative chart of the exploration area]

SCHEDULE 2

[The current five-year programme of activities as revised from time to time]

SCHEDULE 3

[The training programme shall become a schedule to the contract when approved by the Authority in accordance with section 8 of the standard clauses.]

Annex 4

STANDARD CLAUSES FOR EXPLORATION CONTRACT

Section 1

Definitions

1.1 In the following clauses:

(a) “exploration area” means that part of the Area allocated to the Contractor for exploration, described in schedule 1 hereto, as the same may be reduced from time to time in accordance with this contract and the Regulations;

(b) “programme of activities” means the programme of activities which is set out in schedule 2 hereto as the same may be adjusted from time to time in accordance with sections 4.3 and 4.4 hereof;

(c) “Regulations” means the Regulations for Prospecting and Exploration for Polymetallic Nodules in the Area, adopted by the Authority.

1.2 Terms and phrases defined in the Regulations shall have the same meaning in these standard clauses.

1.3 In accordance with the Agreement relating to the Implementation of Part XI of the United Nations Convention of the Law of the Sea of 10 December 1982, its provisions and Part XI of the Convention are to be interpreted and applied together as a single instrument; this contract and references in this contract to the Convention are to be interpreted and applied accordingly.

1.4 This contract includes the schedules to this contract, which shall be an integral part hereof.

Section 2
Security of tenure

2.1 The Contractor shall have security of tenure and this contract shall not be suspended, terminated or revised except in accordance with sections 20, 21 and 24 hereof.

2.2 The Contractor shall have the exclusive right to explore for polymetallic nodules in the exploration area in accordance with the terms and conditions of this contract. The Authority shall ensure that no other entity operates in the exploration area for a different category of resources in a manner that might unreasonably interfere with the operations of the Contractor.

2.3 The Contractor, by notice to the Authority, shall have the right at any time to renounce without penalty the whole or part of its rights in the exploration area, provided that the Contractor shall remain liable for all obligations accrued prior to the date of such renunciation in respect of the area renounced.

2.4 Nothing in this contract shall be deemed to confer any right on the Contractor other than those rights expressly granted herein. The Authority reserves the right to enter into contracts with respect to resources other than polymetallic nodules with third parties in the area covered by this contract.

Section 3
Contract term

3.1 This contract shall enter into force on signature by both parties and shall remain in force for a period of fifteen years thereafter unless:

(a) the Contractor obtains a contract for exploitation in the exploration area which enters into force before the expiration of such period of fifteen years; or

(b) the contract is sooner terminated,

provided that the term of the contract may be extended in accordance with sections 3.2 and 17.2 hereof.

3.2 Upon application by the Contractor, not later than six months before the expiration of this contract, this contract may be extended for periods of not more than five years each on such terms and conditions as the Authority and the Contractor may then agree in accordance with the Regulations. Such extensions shall be approved if the Contractor has made efforts in good faith to comply with the requirements of this contract but for reasons beyond the Contractor's control has been unable to complete the necessary preparatory work for proceeding to the exploitation stage or if the prevailing economic circumstances do not justify proceeding to the exploitation stage.

3.3 Notwithstanding the expiration of this contract in accordance with section 3.1 hereof, if the Contractor has, at least 90 days prior to the date of expiration, applied for a contract for exploitation, the Contractor's rights and obligations under this contract shall continue until such time as the application has been considered and a contract for exploitation has been issued or refused.

Section 4
Exploration

- 4.1 The Contractor shall commence exploration in accordance with the time schedule stipulated in the programme of activities set out in schedule 2 hereto and shall adhere to such time periods or any modification thereto as provided for by this contract.
- 4.2 The Contractor shall carry out the programme of activities set out in schedule 2 hereto. In carrying out such activities the Contractor shall spend in each contract year not less than the amount specified in such programme, or any agreed review thereof, in actual and direct exploration expenditures.
- 4.3 The Contractor, with the consent of the Authority, which consent shall not be unreasonably withheld, may from time to time make such changes in the programme of activities and the expenditures specified therein as may be necessary and prudent in accordance with good mining industry practice, and taking into account the market conditions for the metals contained in polymetallic nodules and other relevant global economic conditions.
- 4.4 Not later than 90 days prior to the expiration of each five-year period from the date on which this contract enters into force in accordance with section 3 hereof, the Contractor and the Secretary-General shall jointly undertake a review of the implementation of the plan of work for exploration under this contract. The Secretary-General may require the Contractor to submit such additional data and information as may be necessary for the purposes of the review. In the light of the review, the Contractor shall indicate its programme of activities for the following five-year period, including a revised schedule of anticipated yearly expenditures, making such adjustments to its previous programme of activities as are necessary. Schedule 2 hereto shall be adjusted accordingly.

Section 5
Environmental monitoring

- 5.1 The Contractor shall take necessary measures to prevent, reduce and control pollution and other hazards to the marine environment arising from its activities in the Area as far as reasonably possible using the best technology available to it.
- 5.2 The Contractor shall, in accordance with the Regulations, gather environmental baseline data as exploration activities progress and develop and shall establish environmental baselines against which to assess the likely effects of the Contractor's activities on the marine environment.
- 5.3 The Contractor shall, in accordance with the Regulations, establish and carry out a programme to monitor and report on such effects on the marine environment. The Contractor shall cooperate with the Authority in the implementation of such monitoring.
- 5.4 The Contractor shall, within 90 days of the end of each calendar year, report to the Secretary-General on the implementation and results of the monitoring programme referred to in section 5.3 hereof and shall submit data and information in accordance with the Regulations.
- 5.5 Prior to the commencement of testing of collecting systems and processing operations, the Contractor shall submit to the Authority:
- (a) a site-specific environmental impact statement based on available meteorological, oceanographic and environmental data collected during the preceding phases of exploration and containing data that could be used to establish an environmental baseline against which to assess the likely effect of the mining tests;
 - (b) an assessment of the effects on the marine environment of the proposed tests of collecting systems;
 - (c) a proposal for a monitoring programme to determine the effect on the marine environment of the equipment that will be used during the proposed mining tests.

Section 6
Contingency plans and emergencies

6.1 The Contractor shall, prior to the commencement of its programme of activities under this contract, submit to the Secretary-General a contingency plan to respond effectively to incidents that are likely to cause serious harm to the marine environment arising from the Contractor's activities at sea in the exploration area. Such contingency plan shall establish special procedures and provide for adequate and appropriate equipment to deal with such incidents and, in particular, shall include arrangements for:

- (a) the immediate raising of a general alarm in the area of the exploration activities;
 - (b) immediate notification to the Secretary-General;
 - (c) the warning of ships which might be about to enter the immediate vicinity;
 - (d) a continuing flow of full information to the Secretary-General relating to particulars of the contingency measures already taken and further actions required;
 - (e) the removal, as appropriate, of polluting substances;
 - (f) the reduction and, so far as reasonably possible, prevention of serious harm to the marine environment, as well as mitigation of such effects;
 - (g) as appropriate, cooperation with other contractors with the Authority to respond to an emergency;
- and
- (h) periodic emergency response exercises.

6.2 The Contractor shall promptly report to the Secretary-General any incident arising from its activities that has caused or is likely to cause serious harm to the marine environment. Each such report shall contain the details of such incident, including, *inter alia*:

- (a) the coordinates of the area affected or which can reasonably be anticipated to be affected;
- (b) the description of the action being taken by the Contractor to prevent, contain, minimize and repair the serious harm to the marine environment;
- (c) a description of the action being taken by the Contractor to monitor the effects of the incident on the marine environment; and
- (d) such supplementary information as may reasonably be required by the Secretary-General.

6.3 The Contractor shall comply with emergency orders issued by the Council and immediate measures of a temporary nature issued by the Secretary-General in accordance with the Regulations, to prevent, contain, minimize or repair serious harm to the marine environment, which may include orders to the Contractor to immediately suspend or adjust any activities in the exploration area.

6.4 If the Contractor does not promptly comply with such emergency orders or immediate measures of a temporary nature, the Council may take such reasonable measures as are necessary to prevent, contain, minimize or repair any such serious harm to the marine environment at the Contractor's expense. The Contractor shall promptly reimburse the Authority the amount of such expenses. Such expenses shall be in addition to any monetary penalties which may be imposed on the Contractor pursuant to the terms of this contract or the Regulations.

Section 7
Objects of an archaeological or historical nature

The Contractor shall immediately notify the Secretary-General in writing of any finding in the exploration area of an object of an archaeological or historical nature and its location. Following the finding of any such object of an archaeological or historical nature in the exploration area, the Contractor shall take all reasonable measures to avoid disturbing such object.

Section 8
Training

8.1 In accordance with the Regulations, the Contractor shall, prior to the commencement of exploration under this contract, submit to the Authority for approval proposed training programmes for the training of personnel of the Authority and developing States, including the participation of such personnel in all of the Contractor's activities under this contract.

8.2 The scope and financing of the training programme shall be subject to negotiation between the Contractor, the Authority and the sponsoring State or States.

8.3 The Contractor shall conduct training programmes in accordance with the specific programme for the training of personnel referred to in section 8.1 hereof approved by the Authority in accordance with the Regulations, which programme, as revised and developed from time to time, shall become a part of this contract as schedule 3.

Section 9
Books and records

The Contractor shall keep a complete and proper set of books, accounts and financial records, consistent with internationally accepted accounting principles. Such books, accounts and financial records shall include information which will fully disclose the actual and direct expenditures for exploration and such other information as will facilitate an effective audit of such expenditures.

Section 10
Annual reports

10.1 The Contractor shall, within 90 days of the end of each calendar year, submit a report to the Secretary-General covering its programme of activities in the exploration area and containing, as applicable, information in sufficient detail on:

- (a) the exploration work carried out during the calendar year, including maps, charts and graphs illustrating the work that has been done and the results obtained;
- (b) the equipment used to carry out the exploration work, including the results of tests conducted of proposed mining technologies, but not equipment design data; and
- (c) the implementation of training programmes, including any proposed revisions to or developments of such programmes.

10.2 Such reports shall also contain:

- (a) the results obtained from environmental monitoring programmes, including observations, measurements, evaluations and analyses of environmental parameters;
- (b) a statement of the quantity of polymetallic nodules recovered as samples or for the purpose of testing;

(c) a statement, in conformity with internationally accepted accounting principles and certified by a duly qualified firm of public accountants, or, where the Contractor is a State or a state enterprise, by the sponsoring State, of the actual and direct exploration expenditures of the Contractor in carrying out the programme of activities during the Contractor's accounting year. Such expenditures may be claimed by the contractor as part of the contractor's development costs incurred prior to the commencement of commercial production; and

(d) details of any proposed adjustments to the programme of activities and the reasons for such adjustments.

10.3 The Contractor shall also submit such additional information to supplement the reports referred to in sections 10.1 and 10.2 hereof as the Secretary-General may from time to time reasonably require in order to carry out the Authority's functions under the Convention, the Regulations and this contract.

10.4 The Contractor shall keep, in good condition, a representative portion of samples of the polymetallic nodules obtained in the course of exploration until the expiration of this contract. The Authority may request the Contractor in writing to deliver to it for analysis a portion of any such sample obtained during the course of exploration.

Section 11

Data and information to be submitted on expiration of the contract

11.1 The Contractor shall transfer to the Authority all data and information that are both necessary for and relevant to the effective exercise of the powers and functions of the Authority in respect of the exploration area in accordance with the provisions of this section.

11.2 Upon expiration or termination of this contract the Contractor, if it has not already done so, shall submit the following data and information to the Secretary-General:

(a) copies of geological, environmental, geochemical and geophysical data acquired by the Contractor in the course of carrying out the programme of activities that are necessary for and relevant to the effective exercise of the powers and functions of the Authority in respect of the exploration area;

(b) 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;

(c) copies of geological, technical, financial and economic reports made by or for the Contractor that are necessary for and relevant to the effective exercise of the powers and functions of the Authority in respect of the exploration area;

(d) information in sufficient detail on the equipment used to carry out the exploration work, including the results of tests conducted of proposed mining technologies, but not equipment design data; and

(e) a statement of the quantity of polymetallic nodules recovered as samples or for the purpose of testing.

11.3 The data and information referred to in section 11.2 hereof shall also be submitted to the Secretary-General if, prior to the expiration of this contract, the Contractor applies for approval of a plan of work for exploitation or if the Contractor renounces its rights in the exploration area to the extent that such data and information relates to the renounced area.

Section 12

Confidentiality

Data and information transferred to the Authority in accordance with this contract shall be treated as confidential in accordance with the provisions of the Regulations.

Section 13
Undertakings

13.1 The Contractor shall carry out exploration in accordance with the terms and conditions of this contract, the Regulations, Part XI of the Convention, the Agreement and other rules of international law not incompatible with the Convention.

13.2 The Contractor undertakes:

- (a) to accept as enforceable and comply with the terms of this contract;
- (b) to comply with the applicable obligations created by the provisions of the Convention, the rules, regulations and procedures of the Authority and the decisions of the relevant organs of the Authority;
- (c) to accept control by the Authority of activities in the Area as authorized by the Convention;
- (d) to fulfil its obligations under this contract in good faith; and
- (e) to observe, as far as reasonably practicable, any recommendations which may be issued from time to time by the Legal and Technical Commission.

13.3 The Contractor shall actively carry out the programme of activities:

- (a) with due diligence, efficiency and economy;
- (b) with due regard to the impact of its activities on the marine environment; and
- (c) with reasonable regard for other activities in the marine environment.

13.4 The Authority undertakes to fulfil in good faith its powers and functions under the Convention and the Agreement in accordance with article 157 of the Convention.

Section 14
Inspection

14.1 The Contractor shall permit the Authority to send its inspectors on board vessels and installations used by the Contractor to carry out activities in the exploration area to:

- (a) monitor the Contractor's compliance with the terms and conditions of this contract and the Regulations; and
- (b) monitor the effects of such activities on the marine environment.

14.2 The Secretary-General shall give reasonable notice to the Contractor of the projected time and duration of inspections, the name of the inspectors and any activities the inspectors are to perform that are likely to require the availability of special equipment or special assistance from personnel of the Contractor.

14.3 Such inspectors shall have the authority to inspect any vessel or installation, including its log, equipment, records, facilities, all other recorded data and any relevant documents which are necessary to monitor the Contractor's compliance.

14.4 The Contractor, its agents and employees shall assist the inspectors in the performance of their duties and shall:

- (a) accept and facilitate prompt and safe boarding of vessels and installations by inspectors;

- (b) cooperate with and assist in the inspection of any vessel or installation conducted pursuant to these procedures;
- (c) provide access to all relevant equipment, facilities and personnel on vessels and installations at all reasonable times;
- (d) not obstruct, intimidate or interfere with inspectors in the performance of their duties;
- (e) provide reasonable facilities, including, where appropriate, food and accommodation, to inspectors; and
- (f) facilitate safe disembarkation by inspectors.

14.5 Inspectors shall avoid interference with the safe and normal operations on board vessels and installations used by the Contractor to carry out activities in the area visited and shall act in accordance with the Regulations and the measures adopted to protect confidentiality of data and information.

14.6 The Secretary-General and any duly authorized representatives of the Secretary-General, shall have access, for purposes of audit and examination, to any books, documents, papers and records of the Contractor which are necessary and directly pertinent to verify the expenditures referred to in section 10.2(c).

14.7 The Secretary-General shall provide relevant information contained in the reports of inspectors to the Contractor and its sponsoring State or States where action is necessary.

14.8 If for any reason the contractor does not pursue exploration and does not request a contract for exploitation, it shall, before withdrawing from the exploration area, notify the Secretary-General in writing in order to permit the Authority, if it so decides, to carry out an inspection pursuant to this section.

Section 15 Safety, labour and health standards

15.1 The Contractor shall comply with the generally accepted international rules and standards established by competent international organizations or general diplomatic conferences concerning the safety of life at sea, and the prevention of collisions and such rules, regulations and procedures as may be adopted by the Authority relating to safety at sea. Each vessel used for carrying out activities in the Area shall possess current valid certificates required by and issued pursuant to such international rules and standards.

15.2 The Contractor shall, in carrying out exploration under this contract, observe and comply with such rules, regulations and procedures as may be adopted by the Authority relating to protection against discrimination in employment, occupational safety and health, labour relations, social security, employment security and living conditions at the work site. Such rules, regulations and procedures shall take into account conventions and recommendations of the International Labour Organization and other competent international organizations.

Section 16 Responsibility and liability

16.1 The Contractor shall be liable for the actual amount of any damage, including damage to the marine environment, arising out of its wrongful acts or omissions, and those of its employees, subcontractors, agents and all persons engaged in working or acting for them in the conduct of its operations under this contract, including the costs of reasonable measures to prevent or limit damage to the marine environment, account being taken of any contributory acts or omissions by the Authority.

16.2 The Contractor shall indemnify the Authority, its employees, subcontractors and agents against all claims and liabilities of any third party arising out of any wrongful acts or omissions of the Contractor and its employees,

agents and subcontractors, and all persons engaged in working or acting for them in the conduct of its operations under this contract.

16.3 The Authority shall be liable for the actual amount of any damage to the Contractor arising out of its wrongful acts in the exercise of its powers and functions, including violations under article 168, paragraph 2, of the Convention, account being taken of contributory acts or omissions by the Contractor, its employees, agents and subcontractors, and all persons engaged in working or acting for them in the conduct of its operations under this contract.

16.4 The Authority shall indemnify the Contractor, its employees, subcontractors, agents and all persons engaged in working or acting for them in the conduct of its operations under this contract, against all claims and liabilities of any third party arising out of any wrongful acts or omissions in the exercise of its powers and functions hereunder, including violations under article 168, paragraph 2, of the Convention.

16.5 The Contractor shall maintain appropriate insurance policies with internationally recognized carriers, in accordance with generally accepted international maritime practice.

Section 17 Force majeure

17.1 The Contractor shall not be liable for an unavoidable delay or failure to perform any of its obligations under this contract due to *force majeure*. For the purposes of this contract, *force majeure* shall mean an event or condition that the Contractor could not reasonably be expected to prevent or control; provided that the event or condition was not caused by negligence or by a failure to observe good mining industry practice.

17.2 The Contractor shall, upon request, be granted a time extension equal to the period by which performance was delayed hereunder by *force majeure* and the term of this contract shall be extended accordingly.

17.3 In the event of *force majeure*, the Contractor shall take all reasonable measures to remove its inability to perform and comply with the terms and conditions of this contract with a minimum of delay; provided that the Contractor shall not be obligated to resolve or terminate any labour dispute or any other disagreement with a third party except on terms satisfactory to it or pursuant to a final decision of any agency having jurisdiction to resolve the dispute.

17.4 The Contractor shall give notice to the Authority of the occurrence of an event of *force majeure* as soon as reasonably possible, and similarly give notice to the Authority of the restoration of normal conditions.

Section 18 Disclaimer

Neither the Contractor nor any affiliated company or subcontractor shall in any manner claim or suggest, whether expressly or by implication, that the Authority or any official thereof has, or has expressed, any opinion with respect to polymetallic nodules in the exploration area and a statement to that effect shall not be included in or endorsed on any prospectus, notice, circular, advertisement, press release or similar document issued by the Contractor, any affiliated company or any subcontractor that refers directly or indirectly to this contract. For the purposes of this section, an "affiliated company" means any person, firm or company or State-owned entity controlling, controlled by, or under common control with, the Contractor.

Section 19 Renunciation of rights

The Contractor, by notice to the Authority, shall have the right to renounce its rights and terminate this contract without penalty, provided that the Contractor shall remain liable for all obligations accrued prior to the date of such renunciation and those obligations required to be fulfilled after termination in accordance with the Regulations.

Section 20
Termination of sponsorship

20.1 If the nationality or control of the Contractor changes or the Contractor's sponsoring State, as defined in the Regulations, terminates its sponsorship, the Contractor shall promptly notify the Authority forthwith.

20.2 In either such event, if the Contractor does not obtain another sponsor meeting the requirements prescribed in the Regulations which submits to the Authority a certificate of sponsorship for the Contractor in the prescribed form within the time specified in the Regulations, this contract shall terminate forthwith.

Section 21
Suspension and termination of contract and penalties

21.1 The Council may suspend or terminate this contract, without prejudice to any other rights that the Authority may have, if any of the following events should occur:

(a) if, in spite of written warnings by the Authority, the Contractor has conducted its activities in such a way as to result in serious persistent and wilful violations of the fundamental terms of this contract, Part XI of the Convention, the Agreement and the rules, regulations and procedures of the Authority; or

(b) if the Contractor has failed to comply with a final binding decision of the dispute settlement body applicable to it; or

(c) if the Contractor becomes insolvent or commits an act of bankruptcy or enters into any agreement for composition with its creditors or goes into liquidation or receivership, whether compulsory or voluntary, or petitions or applies to any tribunal for the appointment of a receiver or a trustee or receiver for itself or commences any proceedings relating to itself under any bankruptcy, insolvency or readjustment of debt law, whether now or hereafter in effect, other than for the purpose of reconstruction.

21.2 Any suspension or termination shall be by notice, through the Secretary-General, which shall include a statement of the reasons for taking such action. The suspension or termination shall be effective 60 days after such notice, unless the Contractor within such period disputes the Authority's right to suspend or terminate this contract in accordance with Part XI, section 5, of the Convention.

21.3 If the Contractor takes such action, this contract shall only be suspended or terminated in accordance with a final binding decision in accordance with Part XI, section 5, of the Convention.

21.4 If the Council has suspended this contract, the Council may by notice require the Contractor to resume its operations and comply with the terms and conditions of this contract, not later than 60 days after such notice.

21.5 In the case of any violation of this contract not covered by section 21.1(a) hereof, or in lieu of suspension or termination under section 21.1 hereof, the Council may impose upon the Contractor monetary penalties proportionate to the seriousness of the violation.

21.6 The Council may not execute a decision involving monetary penalties until the Contractor has been accorded a reasonable opportunity to exhaust the judicial remedies available to it pursuant to Part XI, section 5, of the Convention.

21.7 In the event of termination or expiration of this contract, the Contractor shall comply with the Regulations and shall remove all installations, plant, equipment and materials in the exploration area and shall make the area safe so as not to constitute a danger to persons, shipping or to the marine environment.

Section 22
Transfer of rights and obligations

22.1 The rights and obligations of the Contractor under this contract may be transferred in whole or in part only with the consent of the Authority and in accordance with the Regulations.

22.2 The Authority shall not unreasonably withhold consent to the transfer if the proposed transferee is in all respects a qualified applicant in accordance with the Regulations and assumes all of the obligations of the Contractor and if the transfer does not confer to the transferee a plan of work, the approval of which would be forbidden by Annex 3, article 6, paragraph 3(c), of the Convention.

22.3 The terms, undertakings and conditions of this contract shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

Section 23
No waiver

No waiver by either party of any rights pursuant to a breach of the terms and conditions of this contract to be performed by the other party shall be construed as a waiver by the party of any succeeding breach of the same or any other term or condition to be performed by the other party.

Section 24
Revision

24.1 When circumstances have arisen or are likely to arise which, in the opinion of the Authority or the Contractor, would render this contract inequitable or make it impracticable or impossible to achieve the objectives set out in this contract or in Part XI of the Convention or the Agreement, the parties shall enter into negotiations to revise it accordingly.

24.2 This contract may also be revised by agreement between the Contractor and the Authority to facilitate the application of any rules, regulations and procedures adopted by the Authority subsequent to the entry into force of this contract.

24.3 This contract may be revised, amended or otherwise modified only with the consent of the Contractor and the Authority by an appropriate instrument signed by the authorized representatives of the parties.

Section 25
Disputes

25.1 Any dispute between the parties concerning the interpretation or application of this contract shall be settled in accordance with Part XI, section 5, of the Convention.

25.2 Any final decision rendered by a court or tribunal having jurisdiction under the Convention relating to the rights and obligations of the Authority and of the Contractor shall be enforceable in the territory of each State Party to the Convention.

Section 26
Notice

26.1 Any application, request, notice, report, consent, approval, waiver, direction or instruction hereunder shall be made by the Secretary-General or by the designated representative of the Contractor, as the case may be, in writing. Service shall be by hand, or by telex, facsimile or registered airmail to the Secretary-General at the headquarters of the Authority or to the designated representative.

26.2 Either party shall be entitled to change any such address to any other address by not less than ten days' notice to the other party.

26.3 Delivery by hand shall be effective when made. Delivery by telex shall be deemed to be effective on the business day following the day when the “answer back” appears on the sender's telex machine. Delivery by facsimile shall be effective when the “transmit confirmation report” confirming the transmission to the recipient's published facsimile number is received by the transmitter. Delivery by registered airmail shall be deemed to be effective 21 days after posting.

26.4 Notice to the designated representative of the Contractor shall constitute effective notice to the Contractor for all purposes under this contract, and the designated representative shall be the Contractor's agent for the service of process or notification in any proceeding of any court or tribunal having jurisdiction.

26.5 Notice to the Secretary-General shall constitute effective notice to the Authority for all purposes under this contract, and the Secretary-General shall be the Authority's agent for the service of process or notification in any proceeding of any court or tribunal having jurisdiction.

Section 27
Applicable law

27.1 This contract shall be governed by the terms of this contract, the rules, regulations and procedures of the Authority, Part XI of the Convention, the Agreement and other rules of international law not incompatible with the Convention.

27.2 The Contractor, its employees, subcontractors, agents and all persons engaged in working or acting for them in the conduct of its operations under this contract shall observe the applicable law referred to in section 27.1 hereof and shall not engage in any transaction, directly or indirectly, prohibited by the applicable law.

27.3 Nothing contained in this contract shall be deemed an exemption from the necessity of applying for and obtaining any permit or authority that may be required for any activities under this contract.

Section 28
Interpretation

The division of this contract into sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

Section 29
Additional documents

Each party hereto agrees to execute and deliver all such further instruments, and to do and perform all such further acts and things as may be necessary or expedient to give effect to the provisions of this contract.

ISBA/6/A/19

Statement of the President on the work of the Assembly at its resumed sixth session

Date: 14 July 2000

1. The second part of the sixth session of the Assembly of the International Seabed Authority was held at Kingston, Jamaica, from 3 to 14 July 2000.

Election to fill vacancies on the Finance Committee

2. At the 74th meeting, on 5 July 2000, Mr Peter DÖllekes (Germany), Mr Albert Hoffmann (South Africa) and Ms Juliet Semambo Kalema (Uganda) were elected to fill the vacancies on the Finance Committee left by the resignations of Mr Jobst Holborn (Germany), Mr Craig Daniell (South Africa) and Mr David Etuket (Uganda), respectively, for the remainder of their five-year terms of office, expiring on 31 December 2001.

Annual report of the Secretary-General

3. At the 74th meeting, on 5 July 2000, the Secretary-General introduced his fourth annual report (ISBA/6/A/9), as required by article 166, paragraph 4, of the Convention. The Secretary-General noted that included in the report was information to assist the Assembly in undertaking a review of the manner in which the international regime for the Area has operated in practice, as required by article 154 of the Convention.

4. Following the presentation by the Secretary-General, statements were made by the delegations of Cameroon, Chile, China, Czech Republic, Fiji, India, Indonesia, New Zealand, Nigeria, Pakistan, Papua New Guinea, the Republic of Korea, Senegal and Tonga and by the observer delegation of the United States of America.

5. The delegations that spoke expressed appreciation to the Secretary-General for the comprehensive nature of the report. Several delegations emphasized the importance for all States Parties to the Convention that had not already done so to take the necessary steps to become parties to the Agreement relating to the Implementation of Part XI of the Convention. In addition, delegations stressed the need for broader support for the work of the Authority, particularly in terms of attendance at meetings.

6. Several delegations underlined the importance and value of the workshops convened by the Authority, noting that such workshops helped to promote better understanding of the various issues associated with deep seabed exploration. The representatives of a number of developing countries requested that consideration be given to making the workshops more accessible to them, including by publishing the proceedings of the workshops on the Authority's web site as well as by giving consideration to means of ensuring broader participation by scientists from developing countries.

7. In response to a request for clarification, the Secretary-General reminded the Assembly that the Authority was not connected in any way whatsoever with the work of the International Oceans Institute, a non-governmental organization, nor did the Authority sponsor or endorse any of the seminars conducted by that organization. The Secretary-General stated that, to avoid any confusion in the future, he would write to the International Oceans Institute requesting it to ensure that it did not misrepresent the Authority or implicate the Authority in its work.

8. With respect to the periodic review of the regime contained in Part XI of the Convention and the Agreement, the Assembly concurred with the recommendation of the Secretary-General, contained in his report, that in the light of the very short experience that the Authority has had in implementing the regime, it would be premature for the Assembly to take any measures at this time.

Report of the Credentials Committee

9. The Credentials Committee met on 11 July 2000. The report of the Committee is contained in document ISBA/6/A/16. At the 76th plenary meeting, on 13 July 2000, the Assembly adopted the report of the Credentials Committee, noting that further communications had been received from three States. The decision of the Assembly relating to credentials is contained in document ISBA/6/A/17.

Budget of the Authority for 2001 to 2002

10. The Assembly considered the proposed budget for the Authority for the financial period 2001 to 2002 as contained in the report of the Secretary-General (ISBA/6/A/7-ISBA/6/C/4). In reviewing the proposed budget the Assembly took into account the recommendations of the Finance Committee as contained in its report of 10 July 2000 (ISBA/6/A/13-ISBA/6/C/6) and the decision and recommendations of the Council relating to the budget of the

Authority (ISBA/6/C/7). The Assembly adopted the budget of the Authority for the financial period 2001 to 2002 in the sum of US\$10,506,400.

Appointment of auditors

11. In accordance with the recommendation of the Finance Committee (ISBA/6/A/13-ISBA/6/C/6), the Assembly requested the Secretary-General to make the necessary arrangements to appoint KPMG Peat Marwick to audit the Authority for 2000, without prejudice to future appointments.

Assessment of contributions of members of the Authority

12. In accordance with the recommendation of the Council, the Assembly decided to authorize the Secretary-General to establish the scale of assessment for the financial period 2001 to 2002 based on the scale used for the regular budget of the United Nations for 2000 and 2001 respectively, as adjusted by the Authority.

13. The decision of the Assembly relating to the budget of the Authority for the financial period 2001 to 2002 and related matters is contained in document ISBA/6/A/15.

Election to fill vacancies on the Council

14. At its 76th meeting, on 13 July 2000, in accordance with article 161, paragraph 3, of the Convention, the Assembly elected the following as members of the Council for a term of four years each, subject to the understandings reached in the interest and regional groups and set out in document ISBA/6/A/14.

Group A:	Japan, United Kingdom
Group B:	China, India
Group C:	Portugal, South Africa
Group D:	Brazil, Papua New Guinea, Sudan
Group E:	Algeria, Argentina, Czech Republic, Gabon, Guyana, Malta, Namibia, Poland, Senegal, Spain and Trinidad and Tobago.

Draft regulations for prospecting and exploration for polymetallic nodules in the Area

15. At its 76th meeting, on 13 July 2000, the Assembly took note of the decision of the Council to adopt and apply provisionally, pending approval by the Assembly, the regulations on prospecting and exploration for polymetallic nodules in the Area (ISBA/6/C/12). The Assembly approved the regulations. The decision of the Assembly relating to the regulations on prospecting and exploration for polymetallic nodules in the Area is contained in document ISBA/6/A/18.

Next meeting of the Assembly

16. The President noted that, at its next meeting, the Assembly would need to elect a new Finance Committee, in accordance with the provisions of the Agreement. In order to facilitate the election, the President requested States Parties to submit nominations, with detailed curricula vitae, at least two months in advance of the next meeting of the Assembly, so that the secretariat may circulate the nominations and curricula vitae to all members of the Authority.

17. The next meeting of the Assembly will be held at Kingston, Jamaica, from 2 to 13 July 2001. It was noted that the Asian Group would, in due course, nominate a candidate for the Presidency of the Assembly in 2001, and the Eastern European Group would nominate a candidate for the Presidency of the Council in 2001.

ISBA/6/C/3 Statement of the President on the work of the Council at the sixth session

Date: 30 March 2000

1. The first part of the sixth session of the International Seabed Authority was held at Kingston, Jamaica, from 20 to 31 March 2000.

Adoption of the agenda

2. At its 60th meeting, on 20 March 2000, the Council adopted the agenda for the sixth session (ISBA/6/C/1).

Election of the President and Vice-Presidents of the Council

3. At the 61st meeting, on 22 March 2000, Mr. Sakiusa A. Rabuka (Fiji Islands) was elected President of the Council for 2000. Subsequently, following consultations in the regional groups, the representatives of Sudan (African Group), Jamaica (Latin American and Caribbean Group), Italy (Western European and Others Group), and Poland (Eastern European Group) were elected as Vice-Presidents.

Election to fill a vacancy on the Legal and Technical Commission

4. The Council recalled the agreement that had been reached at the fifth session and reflected in ISBA/5/C/11, whereby the Latin American and Caribbean Group would propose an additional candidate for election to the Legal and Technical Commission. At the 61st meeting, on 22 March 2000, the Council elected Ms. Frida María Armas Pfirter (Argentina) as a member of the Legal and Technical Commission for the remainder of the term of office. Such election will be without prejudice to future elections to the Commission and future decisions relating to the number of members of the Commission.

Consideration of the draft regulations for prospecting and exploration for polymetallic nodules in the Area

5. The Council held informal meetings from 20–24 and 27–30 March 2000 to continue the examination it had begun at the fourth session (1998) of the text of the draft regulations on prospecting and in exploration for polymetallic nodules in the Area proposed by the Legal and Technical Commission (ISBA/5/C/4/Rev.1). In the light of the discussions, the secretariat, together with the President, prepared a further revised text of the draft regulations (ISBA/6/C/2). The Council agreed to continue its discussions on the draft, together with other outstanding issues in relation to the draft regulations, during the second part of the session.

Rules of procedure of the Legal and Technical Commission

7. The Council did not have sufficient time during the first part of the session to consider the outstanding issues with respect to the draft rules of procedure of the Legal and Technical Commission. It was agreed to take up this matter at the resumed session in July.

Election of the Secretary-General of the Authority

8. The Council considered the matter of the election of the Secretary-General, noting that the the Government of Fiji had presented the candidacy of Satya N. Nandan (Fiji) for re-election as Secretary-General. The Council decided to propose to the Assembly, pursuant to article 162, paragraph 2 (b), of the Convention, the name of Satya N. Nandan as the sole candidate for election to the post of Secretary-General of the Authority.

Next meeting of the Council

9. The next meeting of the Council will be held at Kingston, Jamaica, from 3 to 14 July 2000. During the second part of the session, the Council will take up, *inter alia*, the Staff Regulations of the Authority and the outstanding issues with respect to the rules of procedure of the Legal and Technical Commission.

**Decision of the Council relating to the budget of the International Seabed Authority
for the financial period 2001-2002**

Date: 68th Meeting
13 July 2000

The Council of the International Seabed Authority,

Taking into account the recommendation of the Finance Committee,^{xv}

1. Recommends to the Assembly for adoption the budget of the Authority for the financial period 2001 to 2002^{xvi} in the amount of 10,506,400 United States dollars;

2. Further recommends to the Assembly for adoption the following draft resolution:

“The Assembly of the International Seabed Authority,

“1. Adopts the budget of the Authority for the financial period 2001 to 2002 in the amount of 10,506,400 United States dollars;

“2. Takes note that in accordance with regulation 6.3 of the Financial Regulations, for each of the years 2001 and 2002, the contributions of members of the Authority shall be assessed on the basis of half of the appropriations for the financial period in the amount of 5,253,200 United States dollars in respect of 2001 and 5,253,200 United States dollars in respect of 2002, as adjusted in accordance with regulations 6.3 (a) to (d) of the Financial Regulations;

“3. Decides that, for each year, 2001 and 2002, the Secretary-General is authorized to transfer between appropriation sections up to 30 per cent of the amount in each section;

“4. Authorizes the Secretary-General to establish the scale of assessment for 2001 and 2002 based on the scale used for the regular budget of the United Nations for 2000 and 2001 respectively as adjusted by the Authority;

“5. Decides that, in respect of Nicaragua, which became a member of the Authority in 2000, the rate of assessment and the amounts of contribution to the general administrative fund and the Working Capital Fund shall be as recommended in paragraph 10 of the report of the Finance Committee;

“6. Decides further that in respect of the shortfall in contributions to the Working Capital Fund resulting from the termination of the membership of seven provisional members in 1999, in the amount of 58,635 United States dollars, members of the Authority shall be assessed in accordance with the agreed scale of assessment for the year 2001;

“7. Also decides to increase the level of the Working Capital Fund from 392,000 United States dollars to 438,000 United States dollars which represents one twelfth of the annual estimated expenditure for the financial period 2001 to 2002, without prejudice to future decisions on the level of the Fund, which should take into account the actual use of the Fund in practice;

“8. Further decides that advances and contributions to the budget for 2001 shall be due and payable in full within 30 days of the receipt of the communication of the Secretary-General requesting payment, or as of 1 January 2001, whichever is the later and that advances and contributions to the budget for 2002 shall be due and payable in full within 30 days of the receipt of the communication of the Secretary-General requesting payment, or as of 1 January 2002, whichever is the later;

“9. Appeals to the members of the Authority and those States that are no longer members of the Authority following the termination of provisional membership on 16 November 1998, to pay the arrears in

their contributions to the budget of the Authority and to the Working Capital Fund as soon as possible and requests the Secretary-General to inform the members of the Authority and such other States of this appeal;

“10. Appoints KPMG Peat Marwick to audit the Authority for 2000, without prejudice to possible extension and notes the observations and recommendations in the report of the Finance Committee concerning the audit report.”

Notes

ISBA/6/C/9 Decision of the Council of the Authority concerning the Rules of Procedure of the Legal and Technical Commission

Date: 13 July 2000
68th Meeting

The Council of the International Seabed Authority,

Recalling that, at its 58th meeting on 26 August 1999, the Council approved the rules of procedure of the Legal and Technical Commission, as contained in document ISBA/5/C/L.1/Rev.2, with the exception of rules 6 and 53,

Having examined the aforementioned rules 6 and 53 during the resumed sixth session of the Authority,

Noting that the rules of procedure of the Legal and Technical Commission shall enter into force on the date of their approval by the Council,

Approves the rules of procedure of the Legal and Technical Commission as contained in the annex to the present document.

Annex

RULES OF PROCEDURE OF THE LEGAL AND TECHNICAL COMMISSION

Introductory Note

1. On 28 July 1994, the General Assembly of the United Nations adopted the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982 (hereafter referred to as “the Agreement”). The Agreement has been provisionally applied since 16 November 1994 and entered into force on 28 July 1996.
2. According to the Agreement, its provisions and Part XI of the United Nations Convention of the Law of the Sea of 10 December 1982 (hereinafter referred to as “the Convention”) are to be interpreted and applied together as a single instrument; the present rules and references in the rules to the Convention are to be interpreted and applied accordingly.
3. The Legal and Technical Commission, established under article 163 of the Convention, shall function in accordance with the provisions of the Convention and the Agreement.

I. SESSIONS

Rule 1

Frequency of sessions

The Legal and Technical Commission (hereinafter referred to as “the Commission”) shall meet as often as required, including in emergency sessions, for the efficient exercise of its functions, taking into account the requirement of cost-effectiveness.

Rule 2

Place of sessions

The Commission shall normally meet at the seat of the Authority. Whenever circumstances warrant or the business of the Commission so requires, the Commission may, in consultation with the Secretary-General, and taking into account section 1, paragraph 2 of the annex to the Agreement, decide to meet elsewhere.

Rule 3

Convening of sessions

Taking into account the provisions of rule 1, the Commission shall be convened at the request of:

- (a) The Council;
- (b) A majority of the members of the Commission;
- (c) The Chairman of the Commission; or
- (d) The Secretary-General.

Rule 4

Notification of the members

The Secretary-General shall notify the members of the Commission and the members of the Authority as early as possible of the date and duration of each session, and shall seek confirmation of their attendance.

Rule 5

Temporary adjournment of session

The Commission may decide to adjourn any session temporarily and resume it at a later date.

Rule 6

Meetings

The meetings of the Commission shall be held in private unless the Commission decides otherwise. The Commission shall take into account the desirability of holding open meetings when issues of general interest to members of the Authority, which do not involve the discussion of confidential information, are being discussed.

II. AGENDA

Rule 7

Communication of the provisional agenda

The provisional agenda for each session of the Commission shall be drawn up by the Secretary-General and communicated to the members of the Commission and the members of the Authority as early as possible but at least thirty days before the opening of the session. Any subsequent change in or addition to the provisional agenda shall be brought to the notice of the members of the Commission and to the members of the Authority sufficiently in advance of the session.

Rule 8

Drawing up of the provisional agenda

The provisional agenda of each session shall consist of:

- (a) All items proposed by the Council;
- (b) All items proposed by the Commission;
- (c) All items proposed by the Chairman of the Commission;
- (d) All items proposed by any member of the Commission;
- (e) All items proposed by the Secretary-General.

Rule 9

Adoption of the agenda

At the beginning of each session, the Commission shall adopt its agenda for the session on the basis of the provisional agenda. The Commission may, if necessary, amend the agenda at any time during a session.

III. ELECTIONS AND FUNCTIONS

Rule 10

Elections

The members of the Commission shall be elected by the Council in accordance with the Convention and the rules of procedure of the Council.

Rule 11

Conflict of interest

1. Members of the Commission shall have no financial interest in any activity relating to exploration and exploitation in the Area.
2. Before assuming his or her duties, each member of the Commission shall make the following written declaration witnessed by the Secretary-General or his authorized representative:

“I solemnly declare that I will perform my duties as a member of the Legal and Technical Commission, honourably, faithfully, impartially and conscientiously.

“I further solemnly declare and promise that I shall have no financial interest in any activity relating to exploration and exploitation in the Area. Subject to my responsibilities to the Legal and Technical Commission, I shall not disclose, even after the termination of my functions, any industrial secret, proprietary data which are transferred to the Authority in accordance with the Convention and the

Agreement, or any other confidential information coming to my knowledge by reason of my duties for the Authority.

“I shall disclose to the Secretary-General and to the Commission any interest in any matter under discussion before the Commission which might constitute a conflict of interest or which might be incompatible with the requirements of integrity and impartiality expected of a member of the Commission and I shall refrain from participating in the work of the Commission in relation to such matter.”

Rule 12
Confidentiality

1. Subject to their responsibilities to the Commission, members of the Commission shall not disclose, even after the termination of their functions, any industrial secret, proprietary data which are transferred to the Authority in accordance with annex III, article 14, of the Convention, or any other confidential information coming to their knowledge by reason of their duties for the Authority.
2. The Commission shall recommend to the Council, for approval, procedures on the handling of confidential data and information coming to the knowledge of members of the Commission by reason of their duties for the Commission. Such procedures shall be based upon the relevant provisions of the Convention, the rules, regulations and procedures of the Authority and the procedures established by the Secretary-General pursuant thereto in order to carry out his responsibility to maintain the confidentiality of such data and information.
3. The duty of the members of the Commission not to disclose confidential information constitutes an obligation in respect of that member and shall remain an obligation after the expiration or termination of that member's functions for the Commission.

Rule 13
*Enforcement of rules relating to conflict of interest
and confidentiality*

1. The Secretary-General shall provide the Commission and the Council with all necessary assistance in enforcing the rules on conflict of interest and confidentiality.
2. In the event of an alleged breach of the obligations relating to conflict of interest and confidentiality by a member of the Commission, the Council may institute appropriate proceedings and shall make known its findings and recommendations.

Rule 14
Exercise of functions

The Commission shall exercise its functions in accordance with these Rules and such guidelines as the Council may adopt from time to time.

Rule 15
Consultations

In the exercise of its functions, the Commission may, where appropriate, consult another commission, any competent organ of the United Nations or of its specialized agencies or any international organizations with competence in the subject-matter of such consultation.

IV. OFFICERS

*Rule 16
Election and term of Chairman*

1. Each year at the first session, the Commission shall elect a Chairman and a Vice-Chairman from among its members.
2. The Chairman and the Vice-Chairman shall be elected for a term of one year. They shall be eligible for re-election.

*Rule 17
Acting Chairman*

In the absence of the Chairman, the Vice-Chairman shall take the place of the Chairman. If the Chairman ceases to hold office pursuant to rule 18, the Vice-Chairman shall take his or her place until the election of a new Chairman.

*Rule 18
Replacement of the Chairman*

If the Chairman ceases to be able to carry out his or her functions or ceases to be a member of the Commission, a new Chairman shall be elected for the remainder of the term.

*Rule 19
Functions of the Chairman*

1. The Chairman shall preside over the meetings of the Commission as provided for under rule 29 of these Rules.
2. The Chairman, or any other member designated by the Commission, shall represent the Commission in that capacity in the Council and, at the invitation of the Council, shall attend meetings of the Council and respond to questions when a matter of particular relevance or complexity relating to the work of the Commission is under consideration by the Council.
3. Such attendance shall not preclude the holding of concurrent meetings of the Council and the Commission.

*Rule 20
Exercise of the Chairman's functions*

The Chairman, in the exercise of his or her functions and powers as provided for under rules 19 and 29, remains under the authority of the Commission.

V. SECRETARIAT

*Rule 21
Duties of the Secretary-General*

1. The Secretary-General shall act in that capacity in all meetings of the Commission. The Secretary-General may designate a member of the Secretariat to act as his or her representative. The Secretary-General shall perform such other administrative functions as are requested of him or her by the Commission.
2. The Secretary-General shall provide and direct the staff required by the Commission, taking into account to the greatest extent possible the requirements of economy and efficiency, and be responsible for all the arrangements that may be necessary for its meetings.

3. The Secretary-General shall keep the members of the Commission informed of any matter which is dealt with by other organs of the Authority and which may be of interest to the Commission.
4. The Secretary-General shall provide to the Commission, at its request, reports on questions specified by the Commission.

Rule 22
Duties of the Secretariat

The Secretariat shall receive, translate, reproduce and distribute recommendations, reports and other documents of the Commission; interpret speeches made at the meeting; prepare and circulate, if so decided by the Commission in accordance with rule 23, the records of the session; have custody and proper preservation of the documents in the archives of the Commission; and, generally, perform all other administrative functions which the Commission may require.

Rule 23
Records and sound recordings of meetings

1. The Commission may decide to keep summary records of its meetings; but all decisions taken by the Commission shall be duly included in the published records of the Commission. As a general rule they shall be circulated as soon as possible to all members of the Commission, who shall inform the Secretariat within five working days after the circulation of the summary record of any changes they wish to have made.
2. The Secretariat shall make and retain sound recordings of the meetings of the Commission when it so decides.

VI. LANGUAGES

Rule 24
Languages of the Commission

Arabic, Chinese, English, French, Russian and Spanish shall be the languages of the Commission.

Rule 25
Interpretation

Speeches made in any of the six languages of the Commission shall be interpreted into the other five languages.

Rule 26
*Interpretation from a language other than the languages
of the Commission*

Any member may make a speech in a language other than the languages of the Commission. In this case, he or she shall himself or herself provide for interpretation into one of the languages of the Commission. Interpretation into the other languages of the Commission by the interpreters of the Secretariat may be based on the interpretation given in the first such language.

Rule 27
Languages of recommendations and reports

All recommendations and reports of the Commission shall be published in the languages of the Commission.

VII. CONDUCT OF BUSINESS

*Rule 28
Quorum*

A majority of the members of the Commission shall constitute a quorum.

*Rule 29
Powers of the Chairman*

In addition to exercising the powers conferred upon him or her elsewhere in these Rules, the Chairman shall declare the opening and closing of each meeting of the Commission, direct the discussions, ensure observance of these Rules, accord the right to speak, put questions to the vote and announce decisions. The Chairman shall rule on points of order and, subject to these Rules, shall have complete control of the proceedings of the Commission and over the maintenance of order at its meetings. The Chairman may, in the course of the discussion of an item, propose to the Commission the limitation of time to be allowed to speakers, the limitation of the number of times each member may speak on any question, the closure of the list of speakers or the closure of the debate. The Chairman may also propose the suspension or the adjournment of the meeting or of the debate on the question under discussion.

*Rule 30
Speeches*

The Chairman shall call upon speakers in the order in which they signify their desire to speak. The Chairman may call a speaker to order if his or her remarks are not relevant to the subject under discussion.

*Rule 31
Statements by the Secretariat*

The Secretary-General, or a member of the Secretariat designated by the Secretary-General as his or her representative, may at any time make either oral or written statements to the Commission concerning any questions under consideration by it.

*Rule 32
Points of order*

During the discussion of any matter, a member may rise to a point of order, and the point of order shall be immediately decided by the Chairman in accordance with the rules of procedure. A member may appeal against the ruling of the Chairman. The appeal shall be immediately put to the vote, and the Chairman's ruling shall stand unless overruled by a majority of the members present and voting. A member rising to a point of order may not speak on the substance of the matter under discussion.

*Rule 33
Time limit on speeches*

The Commission may limit the time to be allowed to each speaker and the number of times each member may speak on any question. Before a decision is taken, two members may speak in favour of, and two against, a proposal to set such limits. When the debate is limited and a member exceeds his or her allocated time, the Chairman shall call him or her to order without delay.

*Rule 34
Closing of list of speakers*

During the course of a debate, the Chairman may announce the list of speakers and, with the consent of the Commission, declare the list closed. The Chairman may, however, accord the right of reply to any member if a speech delivered after he or she has declared the list closed makes this desirable.

Rule 35

Adjournment of debate

During the discussion of any matter, a member may move the adjournment of the debate on the item under discussion. In addition to the proposer of the motion, two members may speak in favour of, and two against, the motion, after which the motion shall be immediately put to the vote. The Chairman may limit the time to be allowed to speakers under this rule.

Rule 36 Closure of debate

A member may at any time move the closure of the debate on the question under discussion, whether or not any other member has signified his wish to speak. Permission to speak on the motion shall be accorded only to two members opposing the closure, after which the motion shall be immediately put to the vote. If the Commission is in favour of the closure, the Chairman shall declare the closure of the debate. The Chairman may limit the time to be allowed to members under this rule.

Rule 37 Suspension or adjournment of the meeting

During the discussion of any matter, a member may move the suspension or the adjournment of the meeting. Such motions shall not be debated, but shall be immediately put to the vote. The Chairman may limit the time to be allowed to the speaker moving the suspension or adjournment of the meeting.

Rule 38 Order of procedural motions

Subject to rule 32, the following motions shall have precedence in the following order over all other proposals or motions before the meeting:

- (a) To suspend the meeting;
- (b) To adjourn the meeting;
- (c) To adjourn the debate on the item under discussion;
- (d) To close the debate on the item under discussion.

Rule 39 Proposals and amendments

Proposals and amendments shall normally be submitted in writing to the Secretary-General, who shall circulate copies to the members of the Commission. As a general rule, no proposal shall be discussed or put to the vote at any meeting of the Commission unless copies of it have been circulated to all members not later than twenty-four hours before the meeting. The Chairman may, however, permit the discussion and consideration of amendments, or of motions as to procedure, even though such amendments and motions have not been circulated or have only been circulated the same day.

Rule 40 Decision on competence

Subject to rule 38, any motion calling for a decision on the competence of the Commission to adopt a proposal submitted to it shall be put to the vote before a decision is taken on the proposal in question.

Rule 41
Withdrawal of proposals and motions

A proposal or a motion may be withdrawn by its proposer at any time before voting on it has commenced, provided that it has not been amended. A proposal or a motion thus withdrawn may be reintroduced by any member.

Rule 42
Reconsideration of proposals

When a proposal has been adopted or rejected, it may not be reconsidered at the same meeting unless the Commission, by a majority of the members present and voting, so decides. Permission to speak on a motion to reconsider shall be accorded only to two speakers opposing the motion, after which it shall be immediately put to the vote.

VIII. DECISION-MAKING

Rule 43
Voting rights

Each member of the Commission shall have one vote.

Rule 44
Decision-making by consensus and voting

1. As a general rule, decision-making in the Commission should be by consensus.
2. If all efforts to reach a decision by consensus have been exhausted, decisions by voting shall be taken by a majority of members present and voting.
3. For the purpose of this rule, “consensus” means the absence of any formal objection.

Rule 45
Meaning of the phrase “members present and voting”

For the purposes of these Rules, the phrase “members present and voting” means members present at the meeting and casting an affirmative or negative vote. Members who abstain from voting shall be considered as not voting.

Rule 46
Recommendations to the Council

Recommendations to the Council shall, wherever necessary, be accompanied by a summary on the divergences of opinion in the Commission.

Rule 47
Method of voting

1. The Commission shall, in the absence of mechanical means for voting, vote by show of hands, but any member may request a roll-call. The roll-call shall be taken in the English alphabetical order of the names of the members participating in that session, beginning with the member whose name is drawn by lot by the Chairman. The name of each member shall be called in any roll-call, and the member shall reply “yes” or “no” or “abstention”. The result of the voting shall be inserted in the record in the English alphabetical order of the names of the members.
2. When the Commission votes by mechanical means, a non-recorded vote shall replace a vote by show of hands and a recorded vote shall replace a roll-call vote. Any member may request a recorded vote. In the case of a recorded vote, the Commission shall, unless a member requests otherwise, dispense with the procedure of calling out

the names of the members; nevertheless, the result of the voting shall be inserted in the record in the same manner as that of a roll-call vote.

Rule 48
Conduct during voting

After the Chairman has announced the beginning of voting, no member shall interrupt the voting, except on a point of order in connection with the actual process of the voting.

Rule 49
Explanation of vote

Members may make brief statements consisting solely of explanations of their votes before the voting has commenced or after the voting has been completed. The member sponsoring a proposal or motion shall not speak in explanation of vote thereon, except if it has been amended.

Rule 50
Division of proposals and amendments

A member may move that parts of a proposal or of an amendment should be voted upon separately. If objection is made to the request for division, the motion for division shall be voted upon. Permission to speak on the motion for division shall be given only to two speakers in favour and two speakers against. If the motion for division is carried, those parts of the proposal or of the amendments which are approved shall then be put to the vote as a whole. If all operative parts of the proposal or of the amendments have been rejected, the proposal or the amendments shall be considered to have been rejected as a whole.

Rule 51
Order of voting on amendments

When an amendment is moved to a proposal, the amendment shall be voted upon first. When two or more amendments are moved to a proposal, the Commission shall first vote on the amendment furthest removed in substance from the original proposal and then on the amendment next furthest removed therefrom, and so on until all the amendments have been put to the vote. Where, however, the adoption of one amendment necessarily implies the rejection of another amendment, the latter amendment shall not be put to the vote. If one or more amendments are adopted, the amended proposal shall then be voted upon. A motion is considered an amendment to a proposal if it merely adds to, deletes from or revises part of the proposal.

Rule 52
Order of voting on proposals

If two or more proposals relate to the same question, the Commission shall, unless it decides otherwise, vote on the proposals in the order in which they have been submitted. The Commission may, after each vote on a proposal, decide whether to vote on the next proposal.

IX. PARTICIPATION BY NON-MEMBERS OF THE COMMISSION

Rule 53
Participation by members of the Authority and entities
carrying out activities in the Area

1. Any member of the Authority may, with the permission of the Commission, send a representative to attend a meeting of the Commission when a matter particularly affecting such member is under consideration. For the purpose of facilitating the work of the Commission, such representative shall be allowed to express his or her views on any such matter being considered by the Commission.

2. The Commission may invite any State or entity carrying out activities in the Area for the purposes of consultation and collaboration, where the Commission considers appropriate.
3. The members of the Commission shall, upon request by any member of the Authority or other party concerned, be accompanied by a representative of such member or other party concerned when carrying out their function of supervision and inspection.
4. Any member of the Authority may make a request to the Secretary-General to convene a meeting of the Commission in order to consider a matter of particular concern to that member involving an environmental emergency. The Secretary-General shall convene the Commission which shall give urgent consideration to such matter and report to the Council as soon as possible with its findings and recommendations. Any member concerned with such matter has the right to send a representative to the meeting of the Commission to express its views on the matter without participation in decision-making, although the Commission may determine that such presence be limited at certain stages when confidential information is being discussed.

Rule 54
Entry into force

These Rules of Procedure shall enter into force on the date of their approval by the Council.

ISBA/6/C/10

Decision of the Council of the International Seabed Authority concerning the Staff Regulations of the International Seabed Authority

Date: 13 July 2000
69th Meeting

The Council of the International Seabed Authority

1. Decides to adopt and apply provisionally, pending approval by the Assembly, the staff regulations of the Authority as contained in the annex to the present document.
2. Recommends that the Assembly approve the staff regulations.

Annex
(Not reproduced)

Date: 11 July 2000

1. The Legal and Technical Commission held three meetings during the resumed sixth session of the Authority. The Commission elected Ms Inge Zaamwani (Namibia) as Chairman and Dr Boris Winterhalter (Finland) as Vice-chairman. The Commission considered the following matters:
 - (a) The draft guidelines for the assessment of the possible environmental impacts arising from exploration for polymetallic nodules in the Area;
 - (b) Periodic report and completion of training programme report submitted by the Republic of Korea;
 - (c) Periodic report on the activities of India;
 - (d) Request by the Secretary-General to contemplate on future activities of the Authority.
2. At its first meeting the Commission began work on the consideration of the draft Recommendations for the Assessment of the Possible Environmental Impacts arising from Exploration for Polymetallic Nodules in the Area contained in document ISBA/5/LTC/CRP.1. Three unofficial documents containing comments from some members of the Commission were considered together with the draft.
3. After lengthy discussions, a revised document containing the appropriate changes was produced on the second day and subjected to a further reading before being given to the secretariat for re-drafting and adjustment to the requirements of the Convention. The document is divided into four parts, with the first part covering the scope, part two deals with environmental baseline settings, part three with the recommendations for compiling an environmental impact assessment while the last part covers general recommendations for data collection, reporting and archival procedures. The Commission will continue consideration of this document at its next session.
4. The draft recommendations are based in part on the outcome of the 1998 experts workshop held in Sanya, Hainan Island, China, and contained in the proceedings published by the Authority. The Sanya workshop noted the need for clear and common methods of environmental characterization based on established scientific principles taking into account oceanographic constraints. The purpose of the recommendations will therefore be to describe the procedures to be followed in the acquisition of baseline data, including the monitoring to be performed during and after any activities in the area with a potential to cause serious harm to the environment, and to facilitate the reporting by the contractor.
5. The recommendations are being made in accordance with regulations 31 and 38 of the Draft Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area (ISBA/6/C/2* dated 5 May 1999) and to this end, it was agreed that the definition of terms should reflect very closely the definition section of the Regulations. Additional terms, either technical or scientific, requiring definition, will be added and updated from time to time as the knowledge on the marine environment improves. The Commission was mindful of the need to distinguish between the recommendations falling within regulation 31 (for approval by Council) and regulation 38 (for review by the Commission) and to provide simple and practical recommendations to assist contractors in carrying out their obligations to establish environmental baselines.
6. The Commission felt that, given the technical nature of the recommendations and the limited understanding of the impact of activities on the marine environment, it is vital to provide an explanatory commentary on the technical recommendations, which while not part of the main document, will be a useful tool for the contractor. In addition, the Commission will provide a glossary of technical terms contained in the recommendations.
7. The periodic report on the activities of the Republic of Korea covered the period between August 1999 and July 2000. The report contains a descriptive outline of key exploration activities carried out, including follow-up,

on-shore laboratory and experimental works. However, pending approval of the Regulations, the Commission could only note the receipt of the report without consideration of the contents.

8. It was noted that once the Regulations are approved by the Council, the Authority must adopt a standard format for reporting to be used by the contractors. However, some members of the Commission are of the view that even in the absence of the Regulations, data and information submitted by the pioneer investors should be as comprehensive as possible to enable the Authority to have a good understanding of the work carried out during the period under review.

9. As noted by the Secretary-General in his report to the Assembly,^{xvii} the Republic of Korea also submitted a comprehensive report on the completion of a nine-and-a-half month training programme which was approved by the Council at its fourth session in 1998. The Council will recall that four trainees from developing countries were selected for training in the fields of marine geology, marine geophysics and electronic engineering.^{xviii} The training was carried out in four stages starting with general orientation and Korean language studies, followed by theoretical studies, practical onboard training and rounded up with a further theoretical training and field visits. At the end of the training, each trainee submitted a report to the secretariat. The Commission understands that the trainees have returned to their countries of origin and are hopefully employed in relevant fields. The training report was noted with satisfaction.

10. It was recommended that the secretariat compile a comprehensive report on the current whereabouts of all trainees who benefited from Pioneer Investors' training programmes since 1990. It is recommended that member States assist the secretariat in this endeavour. It was further suggested that the secretariat consider organizing a refresher course or a workshop for all trainees of the Pioneer Investors in the not too distant future.

11. The Government of India submitted a periodic report on the activities for the period from 1 January 1998 to 31 December 1999, which was noted by the Commission.

12. The Secretary-General reported to the Commission on a project proposal concerning the establishment of an international framework and cooperation in environmental protection of the international seabed and waters in connection with deep seabed exploration and mining. The Commission endorsed such a proposal and recommended that the Secretary-General negotiate with the Global Environmental Facility, the World Bank, as well as with pioneer and other potential investors, their participation in such a project.

13. For the benefit of those members of the Commission who were unable to attend the workshop of experts held from 26 to 30 June 2000, the secretariat presented a summary of the workshop and distributed the comprehensive proceedings. Members briefly considered the type of legal framework, which will be appropriate for minerals other than polymetallic nodules, taking into account the natural variability in the types of deposits and the sharing of the resources as the common heritage of mankind as outlined in the Convention.

14. The Commission also reflected upon the forthcoming elections for the Legal and Technical Commission. In this regard, the Commission would like to request member States to be mindful of the need to maintain a balance both in relevant expertise and geographical representation, when nominating candidates for the Commission. It is suggested, therefore, that member States nominate lawyers, engineers with practical experience in offshore operations, geologists and biologists conversant with the deep sea, as well as environmental scientists. The latter two disciplines are missing in the current composition of the Commission. This will be of particular importance during the last phases of exploration and before commencement of actual mining operations.

Notes

ISBA/6/C/12

Decision of the Council of the International Seabed Authority relating to the regulations on prospecting and exploration for polymetallic nodules in the Area

Date: 13 July 2000
69th Meeting

PART I

The Council of the International Seabed Authority

1. Decides to adopt the regulations on prospecting and exploration for polymetallic nodules in the Area, as contained in documents ISBA/6/C/8 and ISBA/6/C/8/Corr.1, dated 12 and 13 July 2000, respectively;
2. Further decides to apply the regulations provisionally, pending their approval by the Assembly of the Authority.

PART II

The Council of the International Seabed Authority,

Taking into account the need to ensure effective protection for the marine environment from harmful effects that may arise at the phase of testing of collecting systems and processing operations,

Emphasizing the importance of ensuring compliance with emergency orders issued by the Council pursuant to article 162, paragraph (2) (w), of the United Nations Convention on the Law of the Sea,

Recalling, in this context, the concerns expressed during the elaboration by the Council of the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area concerning the need for appropriate forms of guarantee to enable the Council to take immediately the necessary measures to implement an emergency order in the event of failure or inability on the part of a contractor to comply with such orders,

1. Decides to consider the matter of such a guarantee prior to the phase of testing of collecting systems and processing operations for the exploitation of polymetallic nodules with a view to adopting appropriate forms of guarantee to ensure compliance with emergency orders and the effective protection of the marine environment in accordance with article 145 and other relevant provisions of the Convention; and
2. Requests the secretariat to carry out studies of appropriate instruments or arrangements which may be available for this purpose and to report to the Council on the outcome of such studies prior to consideration of the matter pursuant to paragraph 1.

ISBA/6/C/13

Statement of the President on the work of the Council at the resumed sixth session

Date: 14 July 2000

1. The second part of the sixth session of the International Seabed Authority was held at Kingston, Jamaica, from 3 to 14 July 2000.

Election to fill a vacancy on the Legal and Technical Commission

2. At the beginning of the session, the Council was informed of the resignation from the Legal and Technical Commission of Mr Waguih Hanafi (Egypt). Following nomination by his government and in accordance with article 163, paragraph 7, of the Convention, the Council, at its 64th meeting, on 4 July 2000, elected Mr Mohammed M. Gomaa (Egypt) to fill the vacancy left in the Commission for the remainder of Mr Hanafi's five-year term.

Budget of the Authority for the financial period 2001-2002 and assessment of contributions of members of the Authority

3. The Council considered the proposed budget for the Authority for the financial period 2001 to 2002 as contained in the report of the Secretary-General (ISBA/6/A/7-ISBA/6/C/4). In reviewing the proposed budget, the Council took into account the recommendations of the Finance Committee as contained in its report of 10 July 2000 (ISBA/6/A/13-ISBA/6/C/6). The Council recommended to the Assembly for adoption the budget of the Authority for the financial period 2001 to 2002 in the sum of US\$10,506,400. With respect to the scale of assessment of contributions of members to the administrative budget, the Council recommended that the Assembly authorize the Secretary-General to establish the scale of assessment for 2000 based on the scale used for the regular budget of the United Nations for 1999. The decision of the Council relating to the budget of the Authority is contained in document ISBA/6/C/7.

Rules of procedure of the Legal and Technical Commission

4. Recalling that the Council had approved, at its 58th meeting, on 26 August 1999, the rules of procedure of the Legal and Technical Commission, with the exceptions of rules 6 and 53, the Council held informal consultations on the outstanding issues with respect to rules 6 and 53. In the light of the discussions, revisions were made to draft regulation 53 and a revised text of the regulations was produced (ISBA/6/C/L.4). At its 68th meeting, on 13 July 2000, the Council approved the rules of procedure of the Legal and Technical Commission, as contained in document ISBA/6/C/9.

Staff Regulations

5. The Council considered the Staff Regulations of the Authority, contained in document ISBA/6/C/L.2. At its 69th meeting, on 13 July 2000, the Council decided, pursuant to article 162, paragraph 2 (o)(ii), of the Convention to adopt and apply provisionally the Staff Regulations pending their approval by the Assembly. The decision of the Council in relation to the Staff Regulations is contained in document ISBA/6/C/10.

Report of the Legal and Technical Commission

6. At the 68th meeting, on 13 July 2000, the Council received the report of the chairman of the Legal and Technical Commission on the work of the Commission during the resumed sixth session (ISBA/6/C/11). The Council noted the contents of the report and further noted that the draft recommendations for the assessment of possible environmental impacts arising from exploration for polymetallic nodules in the Area would be finalized by the Commission at its next meeting and would later be transmitted to the Council.

Consideration of the draft regulations for prospecting and exploration for polymetallic nodules in the Area

7. From 3 to 12 July, the Council met in informal meetings to continue its discussions on the outstanding issues in relation to the draft regulations on prospecting and in exploration for polymetallic nodules in the Area proposed by the Legal and Technical Commission (ISBA/6/C/2*). In the light of the discussions on all outstanding issues, the President revised the text of the draft regulations and made a proposal to the Council for adoption (ISBA/6/C/8 and Corr.1). At its 69th meeting, on 13 July 2000, the Council decided to adopt and apply provisionally the draft regulations on prospecting and exploration for polymetallic nodules in the Area as contained in document ISBA/6/C/8 and Corr.1, pending their approval by the Assembly. The decision of the Council relating to the draft regulations on prospecting and in exploration for polymetallic nodules in the Area is contained in document ISBA/6/C/12.

Next meeting of the Council

8. The Council recalled that, at its next meeting, it will need to elect a new Legal and Technical Commission. In this regard, some members of the Council expressed concern over the need to reach agreement on the number and distribution of seats on the Commission, while noting that this matter would need to be considered in due course by the interest groups and regional groups. Several members of the Council drew attention to the need to observe the provisions of article 163, paragraph 8, of the Convention, relating to the lack of financial interest on the part of members of the Commission. The Council also took note of the concerns of the present members of the Legal and Technical Commission, as contained in paragraph 14 of document ISBA/6/C/11, concerning the need to ensure that the new members represented a broad balance of expertise, as envisaged by article 165, paragraph 1, of the Convention, which provides as follows:

“1. Members of the Legal and Technical Commission shall have appropriate qualifications such as those relevant to exploration for and exploitation and processing of mineral resources, oceanology, protection of the marine environment, or economic or legal matters relating to ocean mining and related fields of expertise. The Council shall endeavour to ensure that the membership of the Commission reflects all appropriate qualifications.”

9. The President of the Council also drew the attention of the members of the Council to article 163, paragraphs 3 and 4, of the Convention, which provide as follows:

“3. Members of a Commission shall have appropriate qualifications in the area of competence of that Commission. States Parties shall nominate candidates of the highest standards of competence and integrity with qualifications in relevant fields so as to ensure the effective exercise of the functions of the Commissions.

“4. In the election of members of the Commissions, due account shall be taken of the need for equitable geographical distribution and the representation of special interests.”

10. In order to facilitate the forthcoming election of the Legal and Technical Commission, the President of the Council requests States Parties to submit nominations, with detailed curricula vitae, at least two months in advance of the next meeting of the Council, so that the secretariat may circulate the nominations and curricula vitae to all members of the Authority.

11. The next meeting of the Council will be held at Kingston, Jamaica, from 2 to 13 July 2001.

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ISBA/6/A/11	Election to fill a vacancy on the Finance Committee in accordance with section 9, paragraph 5, of the annex to the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea. Note by the Secretary-General
ISBA/6/A/12	Election to fill a vacancy on the Finance Committee in accordance with section 9, paragraph 5, of the annex to the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea. Note by the Secretary-General
ISBA/6/A/13- ISBA/6/C/6	Proposed budget of the International Seabed Authority for the financial period 2001 to 2002. Report of the Finance Committee
ISBA/6/A/14	Decision of the Assembly of the International Seabed Authority relating to the election to fill the vacancies on the Council, in accordance with article 161, paragraph 3, of the Convention
ISBA/6/A/15	Decision of the Assembly relating to the budget of the International Seabed Authority for the financial period 2001-2002
ISBA/6/A/16	Credentials of representatives to the resumed sixth session of the Assembly of the International Seabed Authority. Report of the Credentials Committee
ISBA/6/A/17	Decision of the Assembly relating to the Credentials of representatives to the resumed sixth session of the Assembly of the International Seabed Authority
ISBA/6/A/18	Decision of the Assembly of the International Seabed Authority on the regulations on prospecting and exploration for polymetallic nodules in the Area
ISBA/6/A/19	Statement of the President on the work of the Assembly at its resumed sixth session
ISBA/6/A/L.1/Rev.1	Provisional agenda of the Assembly

ISBA/6/A/L.2	Draft decision of the Assembly of the International Seabed Authority concerning the Financial Regulations of the International Seabed Authority
ISBA/6/A/L.3	Draft decision of the Assembly of the International Seabed Authority relating to the election to fill the vacancies on the Council, in accordance with article 161, paragraph 3, of the Convention
 <i>Council</i>	
ISBA/6/C/INF/1	Outstanding issues with respect to the draft regulations on prospecting and exploration for polymetallic nodules in the Area (ISBA/5/C/4/Rev.1). Note by the Secretariat
ISBA/6/C/1	Agenda of the Council
ISBA/6/C/2*	Draft Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area. Revision of ISBA/5/C/4/Rev.1 of 14 October 1999, prepared by the Secretariat together with the President of the Council
ISBA/6/C/3	Statement of the President on the work of the Council at the sixth session
ISBA/6/C/4- ISBA/6/A/7	Proposed budget of the International Seabed Authority for the financial period 2001-2002. Report of the Secretary-General
ISBA/6/C/5	Election to fill a vacancy on the Legal and Technical Commission in accordance with subsection C, article 163, paragraph 7, of Part XI of the United Nations Convention on the Law of the Sea. Note by the Secretary-General
ISBA/6/C/6 – ISBA/6/A/13	Proposed budget of the International Seabed Authority for the financial period 2001 to 2002. Report of the Finance Committee
ISBA/6/C/7	Decision of the Council relating to the budget of the International Seabed Authority for the financial period 2001-2002
ISBA/6/C/8	Draft Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area. Proposal by the President of the Council
ISBA/6/C/8/Corr.1	Draft Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area. Proposal by the President of the Council. Corrigendum
ISBA/6/C/9	Decision of the Council of the Authority concerning the Rules of Procedure of the Legal and Technical Commission
ISBA/6/C/10	Decision of the Council of the Authority concerning the Staff Regulations of the Authority
ISBA/6/C/11	Report of the Chairman of the Legal and Technical Commission on the work of the Commission during the resumed sixth session
ISBA/6/C/12	Decision of the Council of the International Seabed Authority relating to the regulations on prospecting and exploration for polymetallic nodules in the Area
ISBA/6/C/13	Statement of the President on the work of the Council at the resumed sixth session
ISBA/6/C/L.1	Provisional agenda of the Council
ISBA/6/C/L.2	Draft staff regulations of the International Seabed Authority
ISBA/6/C/L.3	Proposal submitted by the delegation of Chile concerning document ISBA/5/C/4/Rev.1 of 14 October 1999
ISBA/6/C/L.4	Draft decision of the Council of the Authority concerning the Rules of Procedure of the Legal and Technical Commission
ISBA/6/C/L.5	Draft decision of the Council relating to the budget for the financial period 2001-2002
ISBA/6/C/L.6	Draft decision of the Council of the International Seabed Authority concerning the Staff Regulations of the Authority
ISBA/6/C/L.7	Draft decision of the Council of the International Seabed Authority relating to the regulations on prospecting and exploration for polymetallic nodules in the Area

*** Appears in this publication**

NOTE ON INTERNATIONAL SEABED AUTHORITY DOCUMENTATION

Documents of the International Seabed Authority begin with the letters "ISBA". The Authority publishes annually a compendium of selected decisions and documents from each session.

An index to the main documents of the Assembly and Council for the first three sessions is in Selected Decisions 1/2/3, 75-78 and an index for the fourth session is in Selected Decisions 4, 78-80. These are a complete list of all formal A (Assembly) and C (Council) documents (each in four series, -/1; -/L.1; -/WP.1; and -/INF.1, corresponding to main documents, documents with limited distribution, working papers and information papers respectively). Documents of the first two sessions do not have a sessional number (e.g. ISBA/A/1), but from the third session on they do (e.g. ISBA/3/A/1).

In addition to A and C documents there are the following series:

- ISBA/FC (Finance Committee)
- ISBA/LTC (Legal and Technical Commission)

As with the Preparatory Commission, there are no verbatim or summary records of meetings. Sound recordings are made and retained.

An account of the meetings may be found in the press releases issued by the Authority, but these are not official records and are not necessarily accurate.

Official accounts of the work of the Authority are to be found in the successive statements of the Presidents of the Assembly and the Council on the work of their organs, and the annual reports of the Secretary-General:

ISBA/A/L.1/Rev.1 (Selected Decisions 1/2/3, 3-7):

Statement of the President on the work of the Assembly during the second part of the first session;

ISBA/A/L.7/Rev.1(Selected Decisions 1/2/3, 7-12):

Statement of the President on the work of the Assembly during the third part of the first session;

ISBA/A/L.9 (Selected Decisions 1/2/3, 17-25):

Statement of the President on the work of the Assembly during the first part of the second session;

ISBA/C/L.3 (Selected Decisions 1/2/3, 38-40):

Statement of the President Pro Tem on the work of the Council during the resumed second session;

ISBA/A/L.13 (Selected Decisions 1/2/3, 29-32):

Statement of the President on the work of the Assembly during the resumed second session;

ISBA/3/C/L.4 (Selected Decisions 1/2/3, 64-66):

Statement of the President on the work of the Council during the third session;

ISBA/3/A/L.4 (Selected Decisions 1/2/3, 43-45):

Statement of the President on the work of the Assembly during the third session;

ISBA/3/C/11 (Selected Decisions 1/2/3, 72-74):

Statement of the President on the work of the Council during the resumed third session;

ISBA/3/A/11 (Selected Decisions 1/2/3, 61-63):

Statement of the President on the work of the Assembly during the resumed third session;

ISBA/4/C/5 (Selected Decisions 4, 70-72):

Statement of the President on the work of the Council during the first part of the fourth session;

ISBA/4/A/9 (Selected Decisions 4, 49-52):

Statement of the President on the work of the Assembly during the fourth session;

ISBA/4/C/14 (Selected Decisions 4, 75-77):

Statement of the President on the work of the Council during the resumed fourth session;

ISBA/4/A/18 (Selected Decisions 4, 64-67):

Statement of the President on the work of the Assembly during the resumed fourth session;

ISBA/4/A/22 (Selected Decisions 4, 67-68):

Statement of the President on the work of the Assembly during the third part of the fourth session;

ISBA/5/C/11 (Selected Decisions 5, 46-49):

Statement of the President on the work of the Council during the fifth session;

ISBA/5/A/14 (Selected Decisions 5, 39-42):

Statement of the President on the work of the Assembly during the fifth session;

ISBA/6/C/3 (Selected Decisions 6, 71):

Statement of the President on the work of the Council during the sixth session;

ISBA/6/A/6 (Selected Decisions 6, 11-12):

Statement of the President on the work of the Assembly during the sixth session;

ISBA/6/C/13 (Selected Decisions 6, 86-88):

Statement of the President on the work of the Council during the resumed sixth session;

ISBA/6/A/19 (Selected Decisions 6, 68-70):

Statement of the President on the work of the Assembly during the resumed sixth session;

ISBA/3/A/4 (Selected Decisions 1/2/3, 45-60):

Report of the Secretary-General of the International Seabed Authority under article 166, paragraph 4, of the United Nations Convention on the Law of the Sea (first annual report, November 1994 to June 1997);

ISBA/4/A/11 (Selected Decisions 4, 52-63):

Report of the Secretary-General of the International Seabed Authority under article 166, paragraph 4, of the United Nations Convention on the Law of the Sea (second annual report, July 1997 to June 1998);

ISBA/5/A/1 and Corr.1 (Selected Decisions 5, 1-12):

Report of the Secretary-General of the International Seabed Authority under article 166, paragraph 4, of the United Nations Convention on the Law of the Sea (third annual report, July 1998 to July 1999).

ISBA/6/A/9 (Selected Decisions 6, 13-26):

Report of the Secretary-General of the International Seabed Authority under article 166, paragraph 4, of the United Nations Convention on the Law of the Sea (fourth annual report, July 1999 to June 2000).

ⁱ ISBA/5/C/10.

ⁱⁱ This provision will need to be elaborated in due time.

ⁱⁱⁱ This provision will need to be elaborated in due time.

^{iv} A request by a registered pioneer investor for approval of a plan of work for exploration under paragraph 6 (a) (ii) of section 1 of the annex to the Agreement shall be submitted within 36 months of the entry into force of the Convention.

^v A request by a registered pioneer investor for approval of a plan of work for exploration under paragraph 6(a)(ii) of section 1 of the annex to the Agreement shall consist of documents, reports and other data submitted to the Preparatory Commission both before and after registration and shall be accompanied by a certificate of compliance, consisting of a factual report describing the status of fulfilment of obligations under the registered pioneer investor regime, issued by the Preparatory Commission in accordance with resolution II, paragraph 11(a). The registered pioneer investor shall, where such information has not already been provided, update the information, using, as far as possible, the provisions of regulation 18 as a guide, and submit its programme of activities for the immediate future, including a general assessment of the potential environmental impacts of the proposed activities.

^{vi} In the case of a request by a registered pioneer investor for approval of a plan of work for exploration, the certifying State or States at the time of registration or their successors shall be deemed to be the sponsoring State or States provided such State or States are States Parties to the Convention or are provisional members of the Authority at the time of the request.

^{vii} A registered pioneer investor requesting approval of a plan of work for exploration under paragraph 6(a)(ii) of section 1 of the annex to the Agreement shall be considered to have satisfied the financial and technical qualifications necessary for approval of a plan of work.

^{viii} Such undertaking shall also be provided by a registered pioneer investor requesting approval of a plan of work for exploration under paragraph 6(a)(ii) of section 1 of the annex to the Agreement.

^{ix} In the case of a request by a registered pioneer investor for approval of a plan of work for exploration under paragraph 6(a)(ii) of section 1 of the annex to the Agreement, this Regulation shall be implemented in the light of regulation 10.

^x In the case of a registered pioneer investor requesting approval for a plan of work for exploration under paragraph 6(a)(ii) of section 1 of the annex to the Agreement, the fee of US\$ 250,000 paid pursuant to resolution II, paragraph 7(a), shall be deemed to be the fee referred to under paragraph 1 relating to the exploration phase.

^{xi} In the case of a request by a registered pioneer investor for approval of a plan of work for exploration under paragraph 6(a)(ii) of section 1 of the annex to the Agreement, the Secretary-General shall ascertain whether:

- (a) the documents, reports and other data submitted to the Preparatory Commission both before and after registration are available;
- (b) the certificate of compliance, consisting of a factual report describing the status of fulfilment of obligations under the registered pioneer investor regime, issued by the Preparatory Commission in accordance with resolution II, paragraph 11(a), has been produced;
- (c) the registered pioneer investor has updated the information provided in the documents, reports and other data submitted to the Preparatory Commission both before and after registration and has submitted its programme of activities for the immediate future, including a general assessment of the potential environmental impacts of the proposed activities; and
- (d) the registered pioneer investor has given the undertakings and assurances specified in regulation 14.

If the Secretary-General informs the Commission that the provisions of (a), (b), (c) and (d) have been satisfied by a registered pioneer investor, the Commission shall recommend approval of the plan of work.

^{xii} In the case of a request by a registered pioneer investor for approval of a plan of work for exploration under paragraph 6(a)(ii) of section 1 of the Agreement, once the Commission recommends approval of the plan of work and submits its recommendation to the Council, the plan of work shall be considered approved by the Council in accordance with paragraph 6(a)(ii) of section 1 of the annex to the Agreement.

^{xiii} Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1991 (United Nations publication, Sales No. E.91.I.8 and corrigenda), vol. I: Resolutions adopted by the Conference, resolution 1, Annex I.

^{xiv} See ISBA/6/C/12 (Decision of the Council relating to the regulations on prospecting and exploration for polymetallic nodules in the Area).

^{xv} ISBA/6/A/13-ISBA/6/C/6.

^{xvi} ISBA/6/A/7-ISBA/6/C/4.

^{xvii} ISBA/6/A/9.

^{xviii} ISBA/4/C/12 and Corr.1