



Legal and Technical Commission

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Consideration of the annual reports submitted by contractors pursuant to the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area

Note by the Secretariat

1. The purpose of the present document is to provide some suggestions on ways to improve the process for consideration of the annual reports submitted by contractors pursuant to the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area (ISBA/6/A/18, annex).
2. The consideration of the annual reports of contractors has been an item on the agenda of the Legal and Technical Commission since the first annual reports were submitted in 2002. Under the standard conditions of the contract (section 10 of annex 4 to the Regulations), each contractor is under an obligation to submit an annual activity report by the end of March each year (within 90 days of the end of each calendar year). The reports are to be submitted to the Secretary-General and should contain the information specified in section 10 of annex 4. Under regulation 31(5), there is also an obligation to report annually to the Secretary-General on the implementation and results of the environmental monitoring programmes specified under regulation 31(4). The latter reports are to be transmitted by the Secretary-General to the Commission for its consideration under article 165 of the Convention. In practice, since contractors submit only one consolidated report, both reports are transmitted to the Commission for its review and advice. To assist in this process, the Secretariat each year since 2002, at the request of the Commission, has prepared a preliminary analysis of the reports for the information of the Commission.¹ Technical staff of the Secretariat are also on hand to respond to any questions members of the Commission may have.
3. Although there is no requirement in the Convention or the 1994 Agreement or the Regulations for the Commission to prepare a detailed report or evaluation of the annual reports, a practice has developed whereby the Commission prepares a summary evaluation report each year for the Secretary-General. This evaluation

¹ See, for example, ISBA/13/LTC/CRP.2.

report serves to point out to the Secretary-General areas in the contractors' reports that need further clarification or information, as well as any general comments the Commission may wish to make. The Secretary-General then writes to each contractor, as necessary, to draw any relevant matters to its attention. The report of the Commission is translated so that it can be forwarded to the contractors in an appropriate language, but is not published or distributed as part of the official documentation of the Authority.

4. Although the system has worked reasonably well since 2002, it is clear that in the light of the increased workload of the Commission in recent years, as well as the increasing complexity of the contractors' reports (and a potential increase in the number of contractors), there is a need to further streamline the procedure adopted by the Commission to review and evaluate the annual reports. The objective should be to establish a mechanism whereby the Commission receives appropriate information on the contractors' activities in order to enable it to properly exercise its functions but to avoid the need for a lengthy drafting exercise.

5. In this regard, it may be recalled that following the first evaluation of the annual reports in 2002, the Commission recommended a format and structure for future reports, including a standardized table of contents based on the standard clauses set out in annex 4 to the Regulations (ISBA/8/LTC/2, annex). Despite some initial reluctance, all contractors have found the recommended format and structure to be useful and have adopted them. Further assistance for contractors in preparing their annual reports is provided in the recommendations for the guidance of contractors for the assessment of the possible environmental impacts arising from exploration for polymetallic nodules in the Area (ISBA/7/LTC/1/Rev.1). These were issued by the Commission in 2001 in accordance with regulation 38 of the Regulations. The Commission has also indicated its desire to consider in 2009 the need for more detailed recommendations relating to financial reporting. These efforts have assisted the Commission in conducting its review and evaluation of the annual reports in a more efficient and expeditious manner.

6. Another practice adopted by the Commission in previous years was to appoint a small working group from among its members to consider the annual reports in detail and report back to the full Commission. In some years, this group was tasked to arrive slightly ahead of schedule in Kingston so as to complete its work prior to the formal opening of the Commission's meetings. While this practice was considered efficient by some, it also presented some difficulties in that some members of the Commission were unable to arrive in Kingston early and were thus excluded from the working group. It is suggested, therefore, that, as far as possible any consideration of the annual reports be carried out during the time allocated for the Commission's annual meeting so that all members of the Commission have an equal opportunity to participate in any working group.

7. In order to further streamline the process, the following practical steps could be taken by the Commission:

(a) Appoint a small working group of members to study the reports and prepare a draft evaluation report for consideration by the full Commission;

(b) Request the Secretariat to continue its practice of providing an initial evaluation of the reports for the information of the Commission;

(c) Adopt a standardized template for the Commission's report to the Secretary-General in order to reduce the time spent on drafting and enable the members of the Commission to focus on the main substantive questions that arise from the review and the evaluation of the annual reports.

8. A suggested template for the Commission's report is provided in the annex to the present document. It will be observed that the template is based on and follows the section headings of the Commission's recommended format and structure for annual reports. In addition, most of the factual detail for the evaluation report can be taken from the preliminary analysis prepared by the Secretariat. The Commission would therefore have more time to focus its attention on proposed recommendations. It is envisaged that these measures would enable the full Commission to complete its work on the annual reports within one day, thus allowing more time for detailed consideration of other items on its agenda.

Annex

Suggested template for the evaluation of the annual reports submitted by contractors

Report and recommendations of the Legal and Technical Commission

I. Introduction

1. The Legal and Technical Commission met during the ___th session of the Authority to consider and evaluate the annual reports of contractors submitted pursuant to the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area. The contractors are Yuzhmorgeologiya (Russian Federation), Interoceanmetal Joint Organization (Bulgaria, Cuba, Czech Republic, Poland, Russian Federation and Slovakia), the Government of the Republic of Korea, China Ocean Mineral Resources Research and Development Association (China), Deep Ocean Resources Development Company (Japan), Institut français de recherche pour l'exploitation de la mer (France), the Government of India and the Federal Institute for Geosciences and Natural Resources (Germany).

2. The Commission's deliberations on the reports took place in closed meetings. A working group of __ members of the Commission carried out a preliminary study of the annual reports and prepared a draft evaluation for consideration by the full Commission. The Commission was also provided with a preliminary assessment by the Secretariat of the status of annual reports submitted by contractors (ISBA/___/LTC/CRP.___). On [date], the full Commission adopted the present report.

3. Pursuant to section 10 of annex 4 to the Regulations, the contractors are under an obligation to submit their annual activity report by the end of March each year. As of [date], all of the contractors had submitted their annual reports. The reports are all structured in accordance with the suggested headlines contained in the annex to document ISBA/8/LTC/2 [to be completed as appropriate].

II. Evaluation of annual reports and recommendations

The second part comprises sections A to G for each contractor, which would be structured as follows:

A. General

Date of reception. Format of the reports. Languages. Indication of any proposed adjustments to the programme of activities. Response to any comments on previous report.

B. Exploration work

Exploration activities, use of equipment and results obtained. Quantity of nodules recovered for testing (if any).

C. Mining tests and proposed mining technologies

The equipment used for exploration work, including the results of tests conducted of proposed mining technologies.

D. Training

Implementation of training programmes. Since all current contractors have completed their training programmes, with the exception of the Federal Institute for Geosciences and Natural Resources, this section may read as follows:

“Training obligations under the contract have been completed. Accordingly, no training was envisaged in the programme of work.”

E. Environmental monitoring and assessment

Notable results from environmental monitoring programmes.

F. Financial statement

Existence of an appropriately detailed and audited breakdown of expenditures.

G. Recommendations

The Commission recommended that further clarification be requested on the following points:

[...]
