REPORT OF SUB-COMMITTEE I

ANNEX III

TEXTS ILLUSTRATING AREAS OF AGREEMENT AND DISAGREEMENT ON ITEMS 1 AND 2 OF THE SUB-COMMITTEE'S PROGRAMME OF WORK

Item 1 "Status, scope and basic provisions of the régime, based on the Declaration of Principles (resolution 2749 (XXV))"

Item 2 "Status, scope, functions and powers of the international machinery"
WHO MAY EXPLOIT THE AREA (CT. Sec. 11)**

(A)

All exploration and exploitation activities in the Area shall be conducted by a Contracting Party or group of Contracting Parties or natural or juridical persons under its or their authority or sponsorship, subject to regulation by the Authority and in accordance with the rules regarding exploration and exploitation set out in these Articles.

OR (B)

All activities of scientific research and exploration of the Area and exploitation of its resources and other related activities shall be conducted by the Authority directly or, if the Authority so determines, through service contracts or in association with persons natural or juridical.

OR (C)

All exploration and exploitation activities in the Area shall be conducted by the Authority either directly or in such other manner as it may from time to time determine. If it considers it appropriate and subject to such terms and conditions as it may determine the Authority may decide to grant licences for such activities to a Contracting Party or group of Contracting Parties or through them to natural or juridical persons under its or their authority or sponsorship, including multinational corporations or associations.

Licences may also be issued for this purpose to international organizations active in the field at the discretion of the Authority.

**/* Second reading.

**/* See introductory note.

14/ One delegation was of the opinion that it might be useful to add to this proposal, in a separate paragraph, the following:

"All activities of intergovernmental organizations or multinational organizations or corporations in the Area are subject to the general supervision and control of the Authority."
OR (D)

All exploration and exploitation activities in the Area shall be conducted by a Contracting Party or group of Contracting Parties or natural or juridical persons under its or their authority or sponsorship, subject to regulation by the Authority and in accordance with the rules regarding exploration and exploitation set out in these Articles. The Authority may decide, within the limits of its financial and technological resources, to conduct such activities.

NOTE: The Group will have to consider whether to set out here as is done in some proposals, the general rules regarding resource activities in the Area. These could include, inter alia, according to the type of administration adopted as regards exploration and exploitation, rules on: notice to mariners and other safety procedures, areas to be allotted, work requirements, work plans, inspection, service contracts, licensing, joint ventures, fees payable, revocation of service contracts, revocation of licences and integrity of investments. On the other hand, the Group may decide to omit them from Part I of the Articles.

15/ The view was expressed that the word "regulation" in this context should be replaced by the word "supervision".