

AUTHORITY – CONTRACTOR

NB: For an interim period (Article 151 (3)) contracts must be conducted in accordance with a production authorization (Article 151 (2)) based on a production ceiling (Article 151 (2(d))) determined according to trends on the nickel market (Article 151 (4)) by applying the Production Policy as provided by the Convention (Article 151)

| Subject Matter | Provisions of Convention | Basic Conditions of Annex III | Dispute Settlement Convention/Annex III |
|------------------------------|------------------------------------|--|---|
| Power of Authority | 157;160;153 | Rules regulations and procedure to be issued by Authority (Article 17) | Not applicable in respect to discretionary power of Authority (Article 189) |
| Applicants Except Enterprise | Article 153 (2) | Application (Article 3 (1)) - plan of work (Art 6) undertakings (Art 4 Para 6), proposed area (Art 8) Qualification (Art 4 Para 1-3) financial/technical capability - sponsorship by state party Application fee (Art 13 Para 2) (US\$500 000) | Dispute Chamber (Article 187(d)) |
| Contract | Article 153 (3) Article 153 (6) | - Contract concluded between Authority and applicant (contractor) (Article 3 (5)) approved by Council (Article 162 (2(j))) - Joint venture with Enterprise (Article 11) - Suspension (serious persistent and wilful violations) (Article 18 (1)) - Revision (conduct inequitable impracticable impossible) (revisable only by consent) (Article 19) - Transfer of rights and obligations (Article 20) consent required | - In general Commercial arbitration (Article 188 (2) Article 187(c)(i)) - Dispute Chamber acts or omissions related to Area activities (Article 187(c)) and others (Article 187(f)) |
| Reservation | | Of the proposed area - One half reserved for Enterprise (Articles 8-9) - Contractor granted exclusive rights for one half (Article 16 Art 3(4c)) | |
| Production Authorization | Article 151 (2) | Selection of Applicants (Article 7) | Disputes Chamber (Article 187(c)(ii)) |
| Financial Terms | | Minimum annual contribution US\$1 million (Article 13 (3)) or production charge (Article 13 (4)) whichever is greater (Article 13 (3)) | Commercial arbitration AIII (Article 13 (15)) |
| Transfer of Technology | Article 144 | Transfer of technology (Article 5) - Training program (Article 15) | AIII Article 5 (4) - In general Commercial terms and conditions commercial arbitration (Article 187 187(c)(i)) |
| Liability | Articles 139 and 304 | - Contractor and Authority (Article 22) - Authority for its staff (Article 168 (2)) | Dispute Chamber (Article 187(e)) Liability of Authority |
| Monetary penalties | | - Imposed by Authority proportionate to seriousness of violation (Article 18 (2)) | Dispute Chamber AIII, Article 18 (3) |