

CONTRIBUTION OF THE PERMANENT COURT OF ARBITRATION TO THE REPORT OF THE UNITED NATIONS SECRETARY-GENERAL ON OCEANS AND THE LAW OF THE SEA, AS AT 17 JUNE 2022^1

EXECUTIVE SUMMARY

The Permanent Court of Arbitration ("PCA") is an intergovernmental organization that provides dispute resolution services to the international community. It has unparalleled experience in the administration of inter-State dispute resolution proceedings concerning oceans and the law of the sea.

The PCA has acted as registry in 14 of the 15 arbitrations conducted pursuant to Annex VII of the 1982 United Nations Convention on the Law of the Sea ("Convention"), as well as in the first (and, to date, only) compulsory conciliation under Annex V of the Convention. The PCA has also administered dispute resolution proceedings involving the law of the sea brought under other legal instruments.

In the period since the PCA's last contribution to the report of the United Nations Secretary-General on oceans and the law of the sea in June 2021 ("**Reporting Period**"), the following case has ended:

• <u>The "Enrica Lexie" Incident (Italy v. India)</u>, PCA Case No. 2015-28 (Order on the Closing of the Proceedings issued 12 October 2021);

The PCA has continued to administer the following cases discussed in the last report:

- <u>Dispute Concerning Coastal State Rights in the Black Sea, Sea of Azov, and Kerch Strait</u> (<u>Ukraine v. the Russian Federation</u>), PCA Case No. 2017-06, which was instituted in September 2016 and remains pending; and
- <u>Dispute Concerning the Detention of Ukrainian Naval Vessels and Servicemen (Ukraine v. the Russian Federation)</u>, PCA Case No. 2019-28, which was instituted in April 2019 and remains pending.

Additionally, during the Reporting Period, the PCA has continued to engage in outreach and education activities relevant to the law of the sea.

-

¹ For developments after 16 June 2022 and further information about the PCA, including its 2021 Annual Report, see www.pca-cpa.org.

1. INTRODUCTION

The Under-Secretary-General for the Office of Legal Affairs has invited the PCA to contribute to the 2022 report of the United Nations Secretary-General on oceans and the law of the sea. The invitation requests information on the activities which have been undertaken or are ongoing in the implementation of specific provisions of United Nations General Assembly Resolution 76/72 of 9 December 2021 ("**Resolution 76/72**") relevant to the PCA. In addition, the invitation requests information on the main developments at the PCA in the field of ocean affairs and the law of the sea that have occurred since the last reporting period. The part of Resolution 76/72 that is most relevant to the PCA is Section IV on the "Peaceful settlement of disputes".

Section 2 of this report provides background on the PCA. Sections 3 and 4 provide an overview of the PCA's case activities in relation to the Convention and in other dispute resolution proceedings involving the law of the sea. Section 5 contains a case-by-case description of relevant arbitration proceedings administered by the PCA in this Reporting Period. Finally, Section 6 sets out additional relevant activities undertaken by the PCA, particularly in the areas of outreach and education.

As some dispute resolution proceedings administered by the PCA are confidential, in whole or in part, this report is limited to publicly available information.

2. BACKGROUND ON THE PERMANENT COURT OF ARBITRATION

The PCA is an intergovernmental organization designed to facilitate arbitration and other modes of dispute resolution between States, State entities, intergovernmental organizations, and private parties. It is an autonomous institution, governed by the 122 Contracting Parties to one or both of its founding conventions: the 1899 and 1907 Conventions for the Pacific Settlement of International Disputes.

While it is the world's oldest intergovernmental organization for the resolution of international disputes, the PCA has developed into a modern, multifaceted institution well situated to meet the evolving dispute resolution needs at the international level. In addition to arbitration, the PCA administers a range of dispute resolution mechanisms, including mediation, conciliation, fact-finding commissions, expert determinations, and review panels. The PCA is also a center for scholarship and publication, and a forum for legal discourse.

The PCA is currently administering 174 cases. These cases comprise 4 inter-State arbitrations; 105 investor-State arbitrations arising under bilateral or multilateral investment treaties or national investment laws; and 65 arbitrations arising under contracts involving States, other State-controlled entities, or intergovernmental organizations.

The International Bureau of the PCA, headed by the PCA Secretary-General, is the secretariat of the organization. The International Bureau is engaged in the day-to-day work of the organization in providing administrative support to tribunals or commissions operating under the PCA's auspices. The PCA's secretariat is also available to assist in the selection of arbitrators, and the PCA Secretary-General may be called upon to designate an appointing authority or act as appointing authority to assist in constituting tribunals or decide challenges against arbitrators. The PCA Secretary-General has received over 850 such requests to date. In other mechanisms, the Secretary-General may appoint members of review panels, commissions of inquiry, or other dispute settlement bodies. For example, the Convention on the Conservation and Management of High Seas Fishery Resources in the South Pacific Ocean designates the Secretary-General as appointing authority to ensure the constitution of review panels, which provide findings and recommendations on objections to commission decisions.

The International Bureau has its headquarters at the Peace Palace in The Hague, the Netherlands, as well as permanent offices in Buenos Aires, Mauritius and Singapore. During the Reporting Period, the

PCA inaugurated a permanent office in Vienna and concluded an agreement with the Ministry of Foreign Affairs of Viet Nam to set up an office in Ha Noi.

The PCA has concluded Host Country Agreements with a number of its Contracting Parties and cooperation arrangements with many institutions across the globe in order to make its dispute resolution services more widely accessible. During the Reporting Period, the PCA concluded a cooperation agreement with P.R.I.M.E. Finance, the Abu Dhabi Global Market (ADGM) Arbitration Centre and the Saudi Centre for Commercial Arbitration (SCCA). In addition, a Memorandum of Understanding was concluded between the PCA and the Law Faculty of the University of Cape Town.

3. PCA CASE ACTIVITIES IN RELATION TO THE 1982 UNITED NATIONS CONVENTION ON THE LAW OF THE SEA

The Convention sets forth in Part XV rules for the resolution of disputes between States Parties arising out of its interpretation or application.

Pursuant to Article 287 of the Convention, arbitration under Annex VII is the default means of dispute settlement if a State has not expressed any preference with respect to the means of dispute resolution available under Article 287(1), or if the disputing parties have not accepted the same procedure for the settlement of the dispute. Since the Convention came into force in 1994, the PCA has administered all but one of the fifteen arbitrations conducted pursuant to Annex VII of the Convention. The Annex VII arbitrations of this Reporting Period are discussed in further detail in Section 5 below.

Additionally, Article 298 of the Convention provides for compulsory conciliation under Annex V where a State has elected to exclude certain subject-matters from arbitration or judicial settlement. In 2016-2018, the PCA assisted a five-member Conciliation Commission in the first (and thus far only) compulsory conciliation under Annex V of the Convention: the Timor Sea Conciliation between Timor-Leste and Australia (PCA Case No. 2016-10). The Conciliation Commission held extensive confidential meetings with the two States, during which they first agreed to an integrated package of confidencebuilding measures intended to facilitate the conciliation process, and eventually reached agreement on a maritime boundaries treaty, which was signed on 6 March 2018 at a ceremony hosted by the Secretary-General of the United Nations.²

4. OTHER PCA DISPUTE RESOLUTION PROCEEDINGS INVOLVING THE LAW OF THE SEA

4.1. **Arbitrations**

As noted in the PCA's prior reports, the PCA has administered historical and contemporary arbitrations involving the law of the sea that were not brought under the Convention. Some of the earliest arbitrations administered by the PCA continue to provide significant jurisprudence on aspects of the law of the sea, including: the flagging of vessels (Muscat Dhows (France/Great Britain), 1905); maritime delimitation (The Grisbådarna Case (Norway/Sweden), 1909); fisheries (North Atlantic Coast Fisheries (Great Britain/United States), 1910); port State obligations (The Orinoco Steamship Company (United States/Venezuela), 1910); and vessel seizure (The "Carthage" and French Postal Vessel "Manouba" (France/Italy), 1913).

The PCA also administered more recent arbitrations involving the law of the sea brought in accordance with special agreements. In the Eritrea/Yemen case (PCA Case No. 1996-04), the parties concluded an

² The conciliation is described in greater detail in Section E of the PCA's contribution to the 2019 United Nations Secretary-General's report, at https://pca-cpa.org/en/documents/publications/reports-to-un-division-for-ocean-affairsand-the-law-of-the-sea/. Further information is also available on the PCA website at https://pca-cpa.org/en/cases/132/.

agreement providing for a two-phase arbitration to resolve the issue of sovereignty over certain islands and maritime features located in the Red Sea and, thereafter, to delimit the maritime boundary between the two States. The parties designated the PCA as registry. The PCA also acted as registry in the *Arbitration between the Republic of Croatia and the Republic of Slovenia* (PCA Case No. 2012-04), which was conducted pursuant to an arbitration agreement between the parties tasking the arbitral tribunal to determine (i) "the course of the maritime and land boundary between the Republic of Slovenia and the Republic of Croatia"; (ii) "Slovenia's junction to the High Sea"; and (iii) "the regime for the use of the relevant maritime areas."

4.2. Other flexible dispute settlement mechanisms

The PCA also administers dispute settlement mechanisms other than arbitration in cases related to oceans and the law of the sea that are not brought under the Convention. In 2013 and 2018, the PCA served as registry to two review panels established under Article 17 and Annex II of the Convention on the Conservation and Management of High Seas Fishery Resources in the South Pacific Ocean (entered into force on 24 August 2012), with regard to objections respectively made by the Russian Federation and the Republic of Ecuador to fisheries conservation and management measures adopted by the Commission of the South Pacific Regional Fisheries Management Organisation ("SPRFMO"). Each of the two review proceedings was conducted within less than three months and allowed for the participation, through oral and written submissions, of the objecting State and the representatives of the SPRFMO, as well as of all other members of the SPRFMO Commission and cooperating noncontracting parties.⁴

5. RELEVANT PCA ARBITRATIONS ADMINISTERED IN THIS REPORTING PERIOD

5.1. The "Enrica Lexie" Incident (Republic of Italy v. Republic of India), PCA Case No. 2015-28

Commencement date 26 June 2015

Jurisdictional basis Article 287 and Annex VII to the Convention

Tribunal members Judge Vladimir Golitsyn (President), Judge Jin-Hyun Paik, Judge Patrick

L. Robinson, Prof. Francesco Francioni, Judge P. Chandrasekhara Rao (until 11 October 2018), Dr. Pemmaraju Sreenivasa Rao (as of

26 November 2018)

Status Closed

Further information https://pca-cpa.org/en/cases/117/

These proceedings were instituted on 26 June 2015, when Italy served a Notification and Statement of Claim⁵ on India under Annex VII of the Convention.

According to Italy, the Parties' dispute arises from an incident that occurred on 15 February 2012 approximately 20.5 nautical miles off the coast of India involving the MV Enrica Lexie, an oil tanker

_

³ This arbitration is described in greater detail in Section E of the PCA's contribution to the 2019 United Nations Secretary-General's report, at https://pca-cpa.org/en/documents/publications/reports-to-un-division-for-ocean-affairs-and-the-law-of-the-sea/. Further information is also available on the PCA website at https://pca-cpa.org/en/cases/3/.

⁴ These proceedings are described in greater detail in the PCA's contributions to the 2015 and 2019 Secretary-General's reports on oceans and the law of the sea, which can be accessed at https://www.un.org/Depts/los/general_assembly/contributions_2015_2/PCA_Contribution.pdf and https://pca-cpa.org/en/documents/publications/reports-to-un-division-for-ocean-affairs-and-the-law-of-the-sea/.

⁵ The full title of the document is "Notification under Article 287 and Annex VII, Article 1 of [the Convention] and Statement of Claim and Grounds on which it is Based."

flying the Italian flag, and India's subsequent exercise of criminal jurisdiction over the incident and over two Italian marines from the Italian Navy, Chief Master Sergeant Massimiliano Latorre and Sergeant Salvatore Girone (the "Marines"). According to India, the "incident" in question concerns the killing of two Indian fishermen on board an Indian vessel named the *St. Antony*, and the subsequent exercise of jurisdiction by India. It is alleged that the fishermen were killed by the Marines.

The Tribunal was constituted on 30 September 2015. On 11 December 2015, Italy filed a request for provisional measures. On 18 January 2016, the Tribunal held a first procedural meeting with the Parties at the Peace Palace in The Hague. India submitted comments on Italy's request for provisional measures on 26 February 2016. On 30 and 31 March 2016, a public hearing on provisional measures was held at the Peace Palace.

On 29 April 2016, the Tribunal adopted its Order in respect of Italy's request for the prescription of provisional measures. The Tribunal unanimously (i) prescribed that Italy and India shall cooperate to achieve a relaxation of the bail conditions of Sergeant Girone; (ii) confirmed Italy's obligation to return Sergeant Girone to India in case the Tribunal finds that India has jurisdiction over him; and (iii) decided that Italy and India shall each report to the Tribunal on compliance with its provisional measures.

Between September 2016 and March 2018, the Parties exchanged several rounds of written pleadings on the Tribunal's jurisdiction and the merits of the case. In its pleadings, India raised objections to the jurisdiction of the Tribunal and the admissibility of Italy's claims, and presented counter-claims.

On 11 October 2018, the member of the Tribunal originally appointed by India, Judge Patibandla Chandrasekhara Rao, passed away. In accordance with Article 6 of the Tribunal's Rules of Procedure, on 26 November 2018, India appointed Dr. Pemmaraju Sreenivasa Rao to succeed Judge Rao on the Tribunal. Due to the illness of Judge Rao, the hearing originally scheduled to take place in the autumn of 2018 was postponed until July 2019.

From 8 to 20 July 2019, a hearing addressing the jurisdiction of the Tribunal as well as the merits of Italy's claim and India's counter-claims was held at the Peace Palace in The Hague.

On 21 May 2020, the Tribunal issued its <u>Award</u> to the Parties. The operative part of the Award was published on the PCA Case Repository on 20 July 2020, and the Award was published in full on 10 August 2020, with certain redactions made at the Parties' request.

The Award provided in its operative part, at paragraph 1094(B)(6)(d), that "the Arbitral Tribunal shall retain jurisdiction should either Party or both Parties wish to apply for a ruling from the Arbitral Tribunal in respect of the quantification of compensation due to India, in which event the Arbitral Tribunal would fix a timetable for further proceedings, and that, should no such application be received within one year after the date of the present Award, the proceedings shall be closed."

During the Reporting Period, on 24 August 2021, Italy confirmed that, from its perspective, all necessary steps towards the implementation of the Award had been taken and Italy would have no objection to the closing of the arbitral proceedings.

On 8 October 2021, India indicated that, in view of assurances received from Italy with respect to the prosecution of the Marines in Italy, it concurred in Italy's proposal to close the arbitral proceedings.

On 12 October 2021, the Tribunal issued an Order closing the arbitral proceedings.

5.2. Dispute Concerning Coastal State Rights in the Black Sea, Sea of Azov, and Kerch Strait (Ukraine v. the Russian Federation), PCA Case No. 2017-06

Commencement date 16 September 2016

Jurisdictional basis Article 287 and Annex VII to the Convention

Tribunal members Judge Jin-Hyun Paik (President), Judge Boualem Bouguetaia, Judge

Alonso Gómez-Robledo, Prof. Vaughan Lowe QC, Judge Vladimir

Golitsyn

Status Ongoing

Further information https://pca-cpa.org/en/cases/149/

These proceedings were instituted on 16 September 2016, when Ukraine served on the Russian Federation a Notification and Statement of Claim⁶ under Annex VII of the Convention in respect of a "dispute concerning coastal state rights in the Black Sea, Sea of Azov, and Kerch Strait."

The Tribunal was constituted on 29 November 2016. On 12 May 2017, the Tribunal held its first procedural meeting, during which it consulted with the Parties in respect of the procedural framework for the arbitration, including the calendar for oral and written pleadings.

On 19 February 2018, Ukraine filed its Memorial. Ukraine's claims, as described in its Memorial, are that the Russian Federation has violated (i) "Ukraine's rights to hydrocarbon resources in the Black Sea and Sea of Azov"; (ii) "Ukraine's rights to living resources in the Black Sea, Sea of Azov, and Kerch Strait"; (iii) "Ukraine's rights by embarking on a campaign of illegal construction in the Kerch Strait that threatens navigation and the marine environment"; (iv) "its duty to cooperate with Ukraine to address pollution at sea"; and (v) "Ukraine's [Convention] rights and [its] own duties in relation to underwater cultural heritage."

On 21 May 2018, the Russian Federation raised preliminary objections to the jurisdiction of the Tribunal on the grounds that (i) the Tribunal lacks jurisdiction because the Parties' dispute in reality concerns Ukraine's "claim to sovereignty over Crimea" and is therefore not a "dispute concerning the interpretation or application of the Convention" as required by Article 288, paragraph 1, of the Convention; (ii) the Tribunal has no jurisdiction over claims concerning activities in the Sea of Azov and in the Kerch Strait; (iii) the Tribunal has no jurisdiction in light of the Parties' declarations under Article 298(1) of the Convention, relating to military activities, law enforcement activities, delimitation, and historic bays or titles; (iv) the Tribunal has no jurisdiction over fisheries claims in light of Article 297(3)(a) of the Convention; (v) the Tribunal has no jurisdiction over fisheries, protection and preservation of the marine environment, and navigation in light of Annex VIII to the Convention; and (vi) the Tribunal has no jurisdiction pursuant to Article 281 of the Convention. The Russian Federation further asked that the Tribunal hear its objections to the Tribunal's jurisdiction in a preliminary phase of the proceedings.

On 20 August 2018, having received comments from both Parties in respect of the Russian Federation's request, the Tribunal issued Procedural Order No. 3, deciding that it would examine the Russian Federation's preliminary objections in a preliminary phase of the proceedings.

Between March and May 2019, the Parties submitted written pleadings concerning the Russian Federation's preliminary objections and, from 10 to 14 June 2019, the Tribunal held a hearing concerning the preliminary objections at the Peace Palace in The Hague.

-

⁶ The full title of the document is "Notification under Article 287 and Annex VII, Article 1 of UNCLOS and Statement of the Claim and Grounds on which it is Based."

On 21 February 2020, the Tribunal issued an Award concerning the preliminary objections of the Russian Federation. The Tribunal, unanimously: (i) upheld "the Russian Federation's objection that the [Tribunal] has no jurisdiction over Ukraine's claims to the extent that a ruling of the [Tribunal] on the merits of Ukraine's claims necessarily requires it to decide, directly or implicitly, on the sovereignty of either Party over Crimea"; (ii) found "that the Russian Federation's objection that the [Tribunal] has no jurisdiction over Ukraine's claims concerning the activities in the Sea of Azov and the Kerch Strait does not possess an exclusively preliminary character, and accordingly decid[ed] to reserve this matter for consideration and decision in the proceedings on the merits"; (iii) rejected the other jurisdictional objections made by the Respondent; and (iv) requested Ukraine "to file a revised version of its Memorial, which shall take full account of the scope of, and limits to, the [Tribunal]'s jurisdiction as determined in the present Award."

On 21 February 2020, the Tribunal also fixed the procedural timetable for further proceedings, which was revised on 17 November 2020 upon a request from Ukraine.

During the Reporting Period, Ukraine filed its Revised Memorial on 20 May 2021.

On 13 December 2021, upon a request from the Russian Federation, the Tribunal issued <u>Procedural Order No. 8</u>, further revising the procedural timetable. In accordance with that timetable, the Russian Federation is to file its Counter-Memorial by 22 August 2022.

5.3. Dispute Concerning the Detention of Ukrainian Naval Vessels and Servicemen (Ukraine v. the Russian Federation), PCA Case No. 2019-28

Commencement date 1 April 2019

Jurisdictional basis Article 287 and Annex VII to the Convention

Tribunal members Professor Donald McRae (President), Judge Gudmundur Eiriksson, Judge

Rüdiger Wolfrum, Judge Vladimir Golitsyn, Sir Christopher Greenwood,

GBE, CMG, QC

Status Ongoing

Further information https://pca-cpa.org/en/cases/229/

These proceedings were instituted on 1 April 2019, when Ukraine served on the Russian Federation a Notification and Statement of Claim⁷ under Annex VII of the Convention referring to a "dispute concerning the immunity of three Ukrainian naval vessels and the twenty-four servicemen on board."

The Tribunal was constituted on 8 July 2019. On 21 November 2019, the Tribunal held its first procedural meeting at the Peace Palace in The Hague, during which it consulted the Parties in respect of the procedural framework for the arbitration, including the calendar for oral and written pleadings.

Following these discussions, on 22 November 2019, the Tribunal adopted Procedural Order No. 1, including the Rules of Procedure for the arbitration and a procedural calendar.

On 22 August 2020, the Russian Federation submitted Preliminary Objections and requested that the Tribunal hear its objections to the Tribunal's jurisdiction in a preliminary phase of the proceedings.

⁷ The full title of the document is "Notification under Article 287 and Annex VII, Article 1 of [the Convention] and Statement of the Claim and Grounds on which it is Based."

In its Procedural Order No. 2, issued on 27 October 2020, the Tribunal decided to hear the Russian Federation's Preliminary Objections in a preliminary phase of the proceedings. Judge Gudmundur Eiriksson appended a Dissenting Opinion to the Order of the Tribunal.

On 27 January 2021, Ukraine submitted its Written Observations and Submissions on the Preliminary Objections of the Russian Federation.

During the Reporting Period, from 11-15 October 2021, the hearing on the Russian Federation's Preliminary Objections was held at the Peace Palace in The Hague. The hearing took place in a hybrid format, with some of the members of the Parties' delegations and some of the members of the Arbitral Tribunal joining in person and others by videoconference. The opening statement made by each Party's Agent was open to the public and webcast on the internet via live-streaming. Transcripts of each Agent's opening statement were published on the PCA website.

6. ADDITIONAL RELEVANT PCA ACTIVITIES

6.1. Education and outreach

PCA lawyers regularly participate in conferences and publish on issues relating to the peaceful settlement of disputes in international law, including in the context of the governance of oceans and the law of the sea. The PCA also gives lectures to students, visiting scholars, legal practitioners, and government representatives. In many of these presentations, the PCA discusses cases that relate to the governance of oceans and the law of the sea.

During the Reporting Period, PCA Deputy Secretary-General Brooks W. Daly presented lectures on the Convention and related cases for the Advanced LLM in Public International Law at Leiden University and at the Georgetown University Law Center Washington. PCA Senior Legal Counsel Garth Schofield and former PCA Legal Counsel Christel Tham both presented lectures on Annex VII arbitration as part of a capacity building and training programme under the Convention funded by the Nippon Foundation. PCA Senior Legal Counsel Dirk Pulkowski took part in a workshop held by the University of Utrecht on the topic "The United Nations Convention on the Law of the Sea at Forty: The Contribution of the Judiciary and Judicial Jurisdiction" and delivered a presentation on the role and authority of arbitral tribunals under Annex VII of the Convention. Presentations were also given to officials, diplomats, and legal professionals from Azerbaijan, Belgium, the Dominican Republic, Kenya, Malaysia, Mexico, Sierra Leone and South Africa, including fellows from the International Tribunal for the Law of the Sea ("ITLOS").

Given the increasing number of PCA-administered disputes involving sustainable development and environmental law, including under the Convention, the PCA also engages in education and outreach in relation to climate change related disputes. Thus, PCA Senior Legal Counsel Martin Doe gave a lecture on the topic "Environment, Human Rights and Investment" in the Specialist Diploma in International and Investment Arbitration, Universidad del Pacífico & AmCham Perú.

6.2. Coordination with other international institutions

The PCA seeks to contribute to a cooperative approach amongst international institutions engaged in the peaceful settlement of international disputes relating to ocean affairs and the law of the sea. Through an exchange of letters between the Secretary-General of the PCA and the Registrar of ITLOS, the PCA and ITLOS have agreed to cooperate with respect to relevant legal and administrative matters. The PCA and ITLOS have undertaken to exchange documents and explore cooperation in areas of mutual concern.
