



International Oil Pollution
Compensation Funds

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CEFIC'S POSITION ON THE 2010 HNS CONVENTION

Document submitted by Cefic

Summary:	The document provides information on the position of the European Chemical Industry Council (Cefic) on the 2010 HNS Convention. Collaboration and harmonisation between member states are requested, and some concerns are raised on scope and implementation criteria.
Action to be taken:	<u>1992 Fund Assembly</u> Information to be noted.

1 Introduction

Responsible Care® is our chemical industry's ethical commitment to improving safe and sustainable production, handling, and use of chemicals across the supply chains. Cefic supports the principles of the 'polluter pays' and effective compensation for damages to persons and properties in connection with carriage of HNS by sea. Therefore, Cefic calls upon all parties to collaborate for an effective and efficient ratification and implementation of the 2010 HNS Convention.

2 Cefic's position on the 2010 HNS Convention

- 2.1 Safety in handling and transport of all chemicals is at the heart of Cefic's members transport and logistics activities. Through the long-lasting Responsible Care® program, the European chemical industry has adopted a sustainable strategy aiming for 'zero accidents' across the chemicals logistics based on a coordinated continuous improvement approach. This translates into consequent risk assessment, monitoring and prevention of the chemicals transport operations, to avoid unwanted impact on people, property, and environment.
- 2.2 Cefic also supports the polluter pays principle and effective compensation for damage to persons and property, clean up and reinstatement, and economic losses in connection with the carriage of HNS by sea.
- 2.3 Therefore, Cefic welcomes the objectives of the HNS Convention, creating an international compensation fund, based on harmonised claims criteria and supported by the professional global management of the IOPC Funds.
- 2.4 It is of utmost importance that a level playing field is maintained. This requires collaboration and alignment of the ratification process within the same region. Therefore, Cefic calls upon all European countries to ratify together only, and the EU commission to coordinate common implementation in collaboration with Cefic. Also, non-European countries should be actively supported by the EU Commission and Member States to ratify the Convention.

2.5 However, Cefic regrets the decision to compensate packaged HNS damage by contributions from the receivers of bulk solid and liquid chemicals. This means that the receivers of bulk HNS are required to pay for other companies that have not had to take any steps to reduce the risks to their shipments. This goes completely against the 'polluters pay' principle because bulk receivers are not responsible for this damage.

2.6 Cefic also regrets the provision for financial liability of the funds under the second tier when compensation from the shipowner is inadequate, is not available or is exempted from the repayment (e.g. a natural phenomenon of an exceptional, inevitable and irresistible character) and calls for further follow-up in this area once the Convention is into force.

3 HNS Convention reporting scope and criteria need harmonisation

3.1 Currently, the implementation is not harmonised across participating States:

- different levels of minimum reporting thresholds;
- different reporting scope with regards to transshipments;
- different approaches in collecting and verifying data;
- different IT systems and requirements

3.2 The data requested should be aligned and reporting formats harmonised to make effective and efficient report creation possible. An HNS receiver should be able to organise this centrally, without the need to define country-specific report formats.

3.3 The HNS Finder supports companies in determining contributing cargo, but the search criteria should be extended with more product characteristics to ease classification and flagging relevance in companies' product databases.

3.4 Cefic is willing to support communication towards its members and national associations, and to encourage its members to proactively analyse and collect all information needed in compliance with competition law to make a fast implementation of the HNS Convention possible.

4 Action to be taken

1992 Fund Assembly

The 1992 Fund Assembly is invited to take note of the information contained in this document.
