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ESTABLISHMENT OF A WORKING GROUP ON ECONOMIC MEASURES TO PROMOTE QUALITY SHIPPING

Submitted by Canada, Denmark, Finland, France, Germany, Japan, the Netherlands, Norway, Portugal, United Kingdom, International Chamber of Shipping (ICS), International Group of P&I Clubs, INTERTANKO and Oil Companies International Marine Forum (OCIMF)

Summary: The document contains a proposal for the setting up of a new intersessional working group on economic measures to promote quality shipping in the transportation of oil.

Action to be taken: See paragraph 3.

1 Introduction

- 1.1 At the 10th Session of the 1992 Fund Assembly in October 2005 a majority of delegations supported in principle the idea of setting up a working group to consider economic measures to promote quality shipping (document 92FUND/A.10.37, paragraph 34.4). However, the Assembly decided that it was not appropriate to consider the terms of reference of such a working group at that session, and that the next step would be for one or more delegations to develop draft terms of reference, which were clear and precise so that the Assembly could consider these at its next session.
- 1.2 The co-sponsors of this document find that there is a need for addressing the issue of how the Contracting States to the 1992 Civil Liability/Fund Conventions (CLC/Fund) and the industry can encourage quality shipping. They recall the fair degree of agreement in the third intersessional Working Group that the Assembly should establish such a working group. They furthermore recall that the working group should not examine technical questions or interfere with the work of technical working groups or committees.
- 1.3 The purpose of this document is to propose that the Assembly establishes a new working group on the implications of insurance, certification and related matters for the CLC/Fund regime under the following terms of reference.

2 Terms of reference

- 2.1 The working group shall have the following mandate:
 - (a) to develop economic measures and guidelines for Contracting States and the industry to promote quality shipping by ensuring that effective checks and procedures are in place to establish that ships insured and certificated are suitable for the carriage of oil by sea covered under the CLC/Fund regime; and

- (b) to report on the progress of its work at the regular sessions of the Assembly and make recommendations to the Assembly upon the completion of its work.

2.2 In conducting its work the working group shall focus on the following:

- (a) consider and develop common criteria to be uniformly applied by Contracting States to ensure that fully effective insurance is in place before States issue CLC Certificates;
- (b) identify national legislations or policies that prevent the sharing of information between marine insurers and seek to develop a common policy or other measures that would facilitate such sharing of information;
- (c) identify practical measures to achieve better and more transparent co-ordination between insurers, shipowners and cargo interests that would promote quality shipping;
- (d) examine and consider possible measures for the denial or withdrawal of insurance cover in order to improve the safer transportation of oil;
- (e) consider the feasibility and impact of differentiated insurance rates and premiums that would encourage quality shipping;
- (f) examine ways of encouraging and strengthening the participation of classification societies in the promotion of quality shipping; and
- (g) examine the feasibility of differentiated port access based on the quality of ships.

The working group can address such other related issues it deems helpful to complete its task.

2.3 The working group shall work intersessionally and is open to all governmental and non-governmental delegations, which have the right to participate in the 1992 Fund Assembly. Both State representatives and representatives from the industry, eg representatives from the shipowners, the oil importers, the insurance companies and the classification societies are encouraged to participate in the work. The working group shall consider economic measures and guidelines that may not only be the responsibility of Contracting States, but that may address industry procedures and practices.

2.4 It is essential that the working group does not stray into the areas of competence of the IMO and that the working group does not duplicate work, which has been undertaken by that Organization. However, the working group can bear in mind the work done on quality shipping by the Organisation for Economic Cooperation and Development (OECD).

3 Action to be taken by Assembly

The Assembly is invited to establish a working group with the aim of promoting quality shipping and with the terms of reference set out above.
