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## NON-TECHNICAL MEASURES TO PROMOTE QUALITY SHIPPING FOR CARRIAGE OF OIL BY SEA

WORKING GROUP TO EXAMINE WAYS IN WHICH ECONOMIC INCENTIVES CAN BE GIVEN TO QUALITY  
TANKER OPERATORS

Submitted by INTERTANKO, OCIMF, the International Group of P&I Clubs and BIMCO

<b>Summary:</b>	The co-sponsors of this paper highlight their commitment to quality shipping and put forward some suggested discussion items for discussion by the Working Group.
<b>Action to be taken:</b>	The Working Group is invited to take note of this document during its deliberations.

### 1 Introduction

- 1.1 This paper is submitted on behalf of INTERTANKO, OCIMF, the International Group of P&I Clubs and BIMCO.
- 1.2 This inter-industry paper is designed to aid delegations at the start of their deliberations in the new Working Group which has been set up to examine ways in which economic incentives can be provided to quality tanker operators and conversely disincentives to non quality minded operators. The drive for quality shipping is a legitimate concern of regulators and the public alike. The IMO has put in place a four pillar regulatory regime for safety and environmental protection, SOLAS, STCW, MARPOL and the Consolidated Maritime Labour Convention.
- 1.3 All the co-sponsors of this paper are likeminded in their desire to play their part to promote quality shipping in this vital industry providing safe, efficient and environmentally friendly transport of energy. It is recognised that in the multi-faceted industry of shipping all participants have their part to play in this drive for quality. The Working Group is mindful that the IMO and its specialist committees plays a central role in the international regulation of the industry and is cognisant that it must not stray into IMO territory. Furthermore, it has been emphasised that the Working Group is not to embark on a consideration of measures that could lead to any re-opening of discussions regarding a revision of the Conventions.
- 1.4 It is envisaged that the composition of this Working Group should be broad. The co-sponsors of this paper welcome in particular the inclusion of representatives from the classification societies.

## **2 Working Group areas of focus**

2.1 The Working Group's terms of reference serve as guidelines for the deliberations. They can be distilled into the following categories:

- a) identifying practical measures that the insurance industry can take;
- b) consideration of industry procedures and practices;
- c) consideration of non-technical measures and guidelines that contracting states can take.

2.2 Each of these categories will be taken in turn and illustrations given of practical issues that require greater consideration.

### **2.3 Identifying practical measures that the insurance industry can take**

2.4 Marine insurers include hull and machinery underwriters and liability insurers. Of the latter the majority are Protection and Indemnity (P&I) Clubs. The report by Mr Terence Coghlin to the OECD Transport Committee gave a comprehensive review of the marine insurance industry. The report identified a number of areas where underwriters could have a role to play in promoting quality shipping. Significantly, it was felt that underwriters should be able to share information with other underwriters, such as whether an assured has had special terms applied or even has been refused cover by a P&I Club. However, in some jurisdictions there are legal barriers to the exchange of such information. It would therefore be helpful for States to consider how they can assist with removing such barriers. The Working Group provides an opportunity to review the steps that have been taken by insurers to meet the concerns and recommendations expressed in Mr Coghlin's report.

### **2.5 Consideration of industry procedures and practices**

2.6 As previously mentioned all involved in the maritime industry must fulfil their part in the transportation chain to promote quality shipping. Some examples here illustrate the continuing efforts that are being made.

- INTERTANKO as the committed and responsible international tanker organisation has an evolving and ever stringent set of membership criteria striving to attain goals of zero fatalities, zero pollution, and zero detentions.
- OCIMF representing oil receivers has the sophisticated SIRE database of ship inspections to aid its members vet the quality of ships they employ. A recent development in the methodology of vetting ships has been the introduction of the OCIMF Tanker Management Self Assessment scheme (TMSA). This tool is used by the managers of a vessel to self audit their procedures and standards, which in turn may be assessed by potential charterers/oil receivers/terminals. One area that the Working Group could consider is the extent to which this type of information could be useful in selection and rating of risk by marine and liability underwriters and others.
- IACS representing classification societies has recently adopted common structural rules for tankers which are designed to ensure that vessels contracted after 1 April 2006 are even more robust.
- The International Group of P&I Clubs have for a number of years had in place ship classification requirements and flag State requirements, for compliance with the ISM and ISPS codes and at individual club level of various condition survey requirements and safety and loss prevention programmes. Following publication of the 2004 OECD report, further measures aimed at harmonising procedures within the International Group and improving ship quality have been put in place and others are in the course of implementation.

- 2.7 Consideration of non-technical measures and guidelines that contracting states can take
- 2.8 Contracting States whether as a port State or a flag State also have a role to play. For instance should quality shipping be encouraged by lower port tariffs, fewer inspections, and even by the sanction of withdrawal of registration by Flag States? Competition regulations can act as a barrier to progress on quality initiatives. States can seek to lift such barriers and improve quality. States could encourage for instance pilots and other port services to provide incentives to quality shipping.
- 2.9 States could also help by developing port state control (PSC) with unified/harmonised standards in all PSC regimes, and adopting a common consistent database accessible to insurers, charterers etc. A truly unified PSC would assist in the drive for quality shipping.
- 2.10 The examples given are by no means exhaustive but do merit further consideration. The co-sponsors of this paper remain at states disposal to provide whatever information and guidance is required to assist the working group in its deliberations.

**3 Action to be taken by the Working Group.**

The Working Group is invited to take note of this document during its deliberations.

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