



INTERNATIONAL  
OIL POLLUTION  
COMPENSATION  
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THIRD INTERSESSIONAL  
WORKING GROUP  
Agenda item 2

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## REVIEW OF THE INTERNATIONAL COMPENSATION REGIME

### JOINT INDUSTRY DISCUSSIONS

**Submitted by the International Group of P&I Clubs, the International Chamber of Shipping (ICS), the International Association of Independent Tanker Owners (INTERTANKO) and the Oil Companies International Marine Forum (OCIMF)**

<b>Summary:</b>	This paper provides the Working Group with information concerning joint industry discussions on the sharing of costs of spills and initiatives relating to the sub-standard transportation of oil.
<b>Action to be taken:</b>	Information to be noted.

### **1 Introduction**

- 1.1 At the seventh meeting of the 3rd Intersessional Working Group in February 2004, the Chairman, in his summing up, requested industry delegations to explore and present '*proposals for voluntary schemes on sharing of costs of oil spills, which might include proposals relating to sub-standard oil transportation*' (paragraph 11.4(c) of document 92FUND/WGR.3/20).
- 1.2 The co-sponsors of this paper have commenced a series of high-level discussions aimed at developing an acceptable long-term solution to managing the issue of substandard oil transportation and the sharing of costs of oil spills. The objective of this initiative is to provide scope for a coordinated industry approach to co-operation with governments on these issues.

### **2 Areas under consideration**

- 2.1 Managing the issue of substandard oil transportation through joint industry safety initiatives including, but not limited to, rigorous inspection and vetting programs at various links within the supply chain.
- 2.2 Considering possible changes to insurance practices, in conjunction with regulatory authorities and Port States, in order to improve ship safety.

- 2.3 Initiatives for an equitable balancing of compensation arrangements, including consideration of current levels of shipowner liability, with consideration given to contractual obligations on shipowners and their insurers while maintaining prompt and efficient compensation for victims.

**3 Conclusion**

The Working Group is requested to note that while these discussions are taking place in good faith, the industry partners will require time to develop a mutually acceptable agreement. While no guarantees of a successful conclusion can be given the co-sponsors of this paper will continue to engage constructively with governments in pursuit of an agreed solution.

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