



DELAYED REACTION: new interest in the Hazardous and Noxious Substances convention is thought to owe something to the loss of the "Ievoli Sun" in October 2000 Photo: Reuters/Marine Nationale

Casualty payouts give pact new life

A compensation system that will provide payouts of up to \$321m in the wake of chemical tanker, gas carrier or certain other bulker or cargoship casualties has been given the kiss of life.

JIM MULRENAN

London

Prospects for the Hazardous and Noxious Substances (HNS) convention becoming a fact of shipping life are looking good, although it had appeared the damage-compensation regime was stillborn.

Like compensation for oil-tanker spills, funding of the HNS compensation system will come from shipowners — or in practice their protection-and-indemnity (P&I) clubs — with cargo interests providing a substantial amount on top.

There has been little activity on the HNS convention since it was agreed at an International Maritime Organisation (IMO)-sponsored diplomatic conference in London just over six years ago.

But Russia and Angola have recently ratified the convention and it now looks as if a spate of European countries will also ratify before too long.

The revival of interest in the convention is being put down to a delayed reaction to the high-profile casualty in October 2000 involving the 7,300-dwt chemical carrier *Ievoli Sun* (built 1989).

The International Oil Pollution Compensation (IOPC) Funds, which runs the existing tanker compensation, is preparing for HNS by setting up a computerised system that will help with the huge and complicated task of identifying the cargo companies that will face a levy following a chemical spill.

Making cash calls under HNS will be a much more complicated task than under the oil-tanker spill conventions where a limited number of

mostly large energy companies are the contributors and the cargo involved is always persistent oil.

In contrast, thousands of different chemical substances carried for a huge number of companies will be covered by the HNS system. The substances could be highly toxic or relatively benign materials carried in bulk on chemical or bulk carriers or in relatively small drums or packs on a container or pallet. They could also be LPG or LNG.

Like the oil-tanker spill compensation system, shipowners and P&I clubs will provide a first layer of compensation up to SDR 100m (\$128m), although payouts for the smallest ships could be limited to SDR 10m (\$13m).

After this the HNS funds would pay further compensation to lift the total available to as much as SDR 250m (\$321m). These payouts would be recovered from companies that received chemicals following sea transport.

The HNS convention will go into force 18 months after ratification by 12 states including four with fleets of at least two million gt. There is also a condition that the ratifications must include port states importing 40 million tonnes of chemicals.

**Serv
Cent
Der**

5F 512-26

MAN B&W Dies