

EU civil liability directive to be 'shelved indefinitely'

Justin Stares, Brussels - Thursday 24 April 2008



Only five EU member states have backed the proposal.

THE European Union directive on civil liability for shipowners will be shelved until the next maritime disaster, according to the law's rapporteur in the European parliament.

Even if France decides to persevere with the proposal in the second half of this year, under its EU presidency, there is very little chance of agreement given that the draft has "almost zero" support among national governments, says Euro MP and rapporteur Gilles Savary.

Talking to *Lloyd's List*, Mr Savary, who is French, said the European commission expected France to take up the civil liability directive after July: "That is what [EU transport] commissioner Barrot has told us, though I don't know if France is looking for splendid isolation." Only five of the 27 EU member states backed the proposal when it came up in the council of ministers earlier this month.

The civil liability directive is part of a group of laws working their way through the EU law-making machine. It seeks to lift liability ceilings for certain ships and oblige them to carry financial guarantees.

But opposition in the council means it is now effectively stuck, along with another proposal making International Maritime Organization flag state rules legally binding in the EU. Five further maritime safety laws are expected to reach the statute books within the next year.

"I ask the French presidency to take up the two texts," said Mr Savary. "I was very surprised at the reaction in council because the European parliament has voted massively in favour. They are coherent texts."

He continued: "But support for the directives is almost zero. Five texts will now get sent back to the parliament and two will be left undeveloped. They will probably get stuck [in the council] until the next maritime disaster, when I will be there to remind everybody who it was who opposed them."

He continued: "It is a real shame because this was legislation thought through with a clear head and not demagogy, not passionate legislation following a disaster."

The freezing of the civil liability directive was "good news for the UK," he said, referring to one of its main opponents. The MEP added that he had been impressed by the power of the insurance industry and the P&I industry in particular, which have successfully mobilised opposition.

The International Group of P&I Clubs has argued that the civil liability directive has nothing to do with maritime safety.

”The envisaged financial guarantee provisions (like those aimed at eroding shipowners’ limitation rights) will be irrelevant to and will not positively contribute to issues of ship standards/safety or loss prevention and ... will create a very substantial and unnecessary administrative burden on states in relation to issuing, checking and renewing state certificates,” said Andrew Bardot, Group executive officer. “There is a perfectly workable and effective system of evidencing insurance in place through certificates of entry which are issued to all vessels entered in the Group clubs.”

Mr Savary rejected this argument. Removing liability limits and introducing guarantees would “make the whole transport chain more responsible,” he said. Even if insurers ended up being more exposed, they would pass on increased costs to shipowners as premium, he said, adding that similar guarantee systems already exist in the US and Japan.

The rapporteur is the Euro MP who leads the European parliament’s reaction to any legislative proposal.

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