

Closing in on chemical spill compensation

Jim Mulrenan

London

A new organisation that could have provided much higher compensation for the more than 100 chemical-cargo incidents that have taken place over recent years could be given the green light next month.

Moves to begin establishing an administration to run the \$343m compensation scheme required for the Hazardous and Noxious Substances (HNS) Convention will be proposed to delegates at a London meeting.

It seems likely that the new HNS Fund will be London-based and run by the same secretariat that administers the International Oil Pollution Compensation (IOPC) Fund covering tanker spills.

The HNS convention was adopted in May 1996 but it has taken seven years for support to grow to the point where it seems

likely to come into effect.

Although oil tanker spills such as the *Prestige* and the *Erika* catch the headlines, there are also regular shipping incidents involving toxic chemicals. Accidents with such chemicals as cyanide, vinyl acetate, phenol, methyl ethyl ketone, hydrochloric, phosphoric, sulphuric and nitric acids, lead and zinc concentrates as well as the various liquefied petroleum gasses pose a potential catastrophe. Notable chemical incidents have involved ships such as *Ievoli Sun*, *Multitank Ascania* and *Jolly Rubina*. The new HNS convention will greatly increase the payout facing shipowners and their protection-and-indemnity clubs to a maximum of SDR 100m (\$137m) with the balance of the compensation from cargo interests in a manner modelled on the oil-tanker regime.

So far only Russia, Angola and Morocco have acceded to the

HNS convention with the four Nordic countries, the UK, Germany and Canada indicating support by signing the treaty. The European Council also agreed that all member states should ratify the convention late last year.

The threshold for entry into force of ratifications from 12 states including four with fleets of more than two million gt is therefore not too far away.

However, the risk that a few early-joiners could be exposed to big compensation payouts makes it desirable that a critical mass of

countries jump into the HNS regime together. Delegates to an IOPC Fund assembly next month will be asked by the organisation's director, Mans Jacobsson, to give an indication of their governments' thinking on the HNS system so he can press ahead with preparations for setting up the new compensation scheme.

The HNS Convention will also be given an impetus from a consultative meeting to be held in Ottawa in June that is likely to thrash out some of the crucial unresolved issues about the com-

pensation system. The HNS compensation scheme would enter into force 18 months after the ratification conditions are fulfilled but Jacobsson tells TradeWinds he thinks it is desirable to begin work on setting up the infrastructure soon.

He recalls that the costly *Antonio Gramsci* tanker spill happened within a very short time of the IOPC Fund system being established back in the late 1970s so an HNS Fund has to be ready to handle claims very early in its life.]



CHEMICALS: The "Ievoli Sun" goes down

Photo: Reuters

TradeWinds 25 Apr 03