

October 1995

**TO ALL MEMBERS OF CLASS 3 -
PROTECTION AND INDEMNITY**

The Britannia Steam Ship
Insurance Association Limited

Canada - Oil Pollution

We refer to our July 1995 circular.

The contracts of the larger Canadian response organisations have now been considered by the International Group of P&I Clubs and found to comply with the International Group guidelines on vessel response contracts. These contracts are those issued by Canadian Marine Response Management Corporation ("CMRMC"), managers of Burrard Clean Operations, Great Lakes and Eastern Canada Response Corporation. We understand however that CMRMC is likely to review these contracts in six months' time.

As referred to in our earlier circular, as from 15th August 1995 regulations came into force in Canada requiring shipowners (inter alia) to have in place an arrangement with a certified response organisation provided that those regulations would only be enforced as and when the response organisations concerned were certified by the Canadian Coast Guard.

We understand that Burrard Clean Operations (a division of Western Canada Marine Response Corporation) received such Canadian Coast Guard certification, on 3rd October 1995. Accordingly, as from that date, shipowners with ships calling in British Columbian waters will need to show that an arrangement is in place with Burrard Clean Operations. It is expected that Eastern Canada Response Corporation will receive Canadian Coast Guard approval later this month. Other response organisations which have submitted plans for certification for the maximum 10,000 tons response capability are Atlantic Emergency Response Team ("Alert") Inc, Saint John, New Brunswick and Point Tupper Marine Services Limited.

The contractors have recently published their fee schedules and all of them, apart from Point Tupper charge an initiation fee per vessel of C\$200. All of them also charge a registration fee per year per vessel of C\$450 and bulk oil cargo fees, which will eventually be charged on the oil facility. Eastern Canada's bulk oil cargo fee is C\$0.448 per metric ton of cargo, Great Lakes' charges C\$1.85 per metric ton, Western Canada C\$1.52 per metric ton, Alert C\$0.44 per metric ton, and Point Tupper C\$0.225 per metric ton. Point Tupper also charges a bunker capacity fee of C\$100 per voyage.

As the Coast Guard will immediately enforce the requirements for shipowners to enter into an "arrangement" and to have a declaration on board once a response organisation is certified, there will be a problem for tanker vessels visiting areas served by the certified organisations. This is because their contracts provide that tankers will not only have to pay the vessel registration and initiation fees but also a bulk oil cargo fee if they visit facilities which are not designated by the Government. The bulk oil cargo fee is based on the amount of cargo carried. The Government has sent its first notices of designation to the largest facilities, but these will only become effective on

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9th December. Therefore, if tankers have to enter into contracts with response organisations before 9th December, there is a risk that they will be liable for this fee which would normally be paid by the facility. However, CMRMC has six member shareholders; Ultramar, Petro-Canada, Shell, Imperial Esso, Sunoco and Chevron, and it has stated that the bulk oil cargo fee will not be applied to ships visiting its shareholders' facilities even before 9th December.

Vessels other than tanker vessels will not meet this problem. Therefore non-tanker vessels should enter into arrangements as soon as the response organisations are certified (and their contracts have been found to conform with the International Group guidelines).

Members trading to Canada are recommended to check with the Association to ascertain whether the contract with the response organisation they intend to contract with is "approved". In addition, tanker Members trading to Canada before 9th December are recommended to check the position on bulk oil cargo fees at the facility to which their tankers are ordered in order to ensure that they are not responsible for paying them.

Members are reminded that Canadian regulations require vessels to maintain on-board a statement identifying the person(s) authorised to implement the "arrangement" with response organisations (as referred to in our July 1995 circular). The persons so authorised need not be based in Canada but must be available on a 24 hour basis. It is recommended that Members designate an individual(s) from within their head office as the person so authorised.