











Procedure file

Basic information		
INI - Own-initiative procedure	2015/2352(INI)	Procedure completed
Liability, compensation and financial security for offshore and gas operations		
Subject		
3.60.02 Oil industry, motor fuels		
3.60.03 Gas, electricity, natural gas, biogas		
3.70.16 Law and environment, liability		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 Legal Affairs	Shadow rapporteur	
		 RADEV Emil	
		 GUTELAND Jytte	
		 DZHAMBAZKI Angel	
		 USPASKICH Viktor	
		 ANDERSSON Max	
	Committee for opinion	Rapporteur for opinion	Appointed
	 Environment, Public Health and Food Safety		15/12/2015
		 ANDROULAKIS Nikos	
	 Industry, Research and Energy		
European Commission	Commission DG	Commissioner	
	Energy	ŠEFČOVIČ Maroš	

Key events			
14/09/2015	Non-legislative basic document published	COM(2015)0422	Summary
21/01/2016	Committee referral announced in Parliament		
13/10/2016	Vote in committee		
19/10/2016	Committee report tabled for plenary	A8-0308/2016	Summary
30/11/2016	Debate in Parliament		

01/12/2016	Results of vote in Parliament		
01/12/2016	Decision by Parliament	T8-0478/2016	Summary
01/12/2016	End of procedure in Parliament		

Technical information

Procedure reference	2015/2352(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 54
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	JURI/8/05388

Documentation gateway

Follow-up document		COM(2015)0422	14/09/2015	EC	Summary
Committee draft report		PE582.416	26/05/2016	EP	
Amendments tabled in committee		PE584.225	22/06/2016	EP	
Committee opinion	ENVI	PE575.123	12/07/2016	EP	
Committee report tabled for plenary, single reading		A8-0308/2016	19/10/2016	EP	Summary
Text adopted by Parliament, single reading		T8-0478/2016	01/12/2016	EP	Summary
Commission response to text adopted in plenary		SP(2017)128	27/03/2017	EC	

Liability, compensation and financial security for offshore and gas operations

The Committee on Legal Affairs adopted an own-initiative report by Kostas CHRYSOGONOS (GUE/NGL, EL) on liability, compensation and financial security for offshore oil and gas operations, following the Commission report on this issue.

Members recalled that offshore oil and gas operations are progressively taking place in increasingly extreme environments and could potentially have major and devastating consequences for the environment and economy of the sea and coastal areas. A number of studies, including one by the European Parliament Research Service and one by the Joint Research Centre, estimate in the thousands (more precisely, 9 700 between 1990 and 2007), the number of incidents in the EU oil and gas sector.

Bringing up to date and extending the system of compensation and financial security: whilst welcoming the adoption of the Offshore Safety [Directive 2013/30/EU](#) (OSD), which complements the Environmental Liability [Directive 2004/35/EC](#) (ELD), the report called on Member States to guarantee the independence of the competent authorities, and called on the Commission to assess the appropriateness of introducing further harmonised rules on liability, compensation and financial security with a view to preventing any further accidents with cross-border implications.

Members stressed that the effective application of the polluter pays principle to offshore oil and gas operations should extend not only to the costs of preventing and remedying environmental damage, but also to the costs of remedying traditional damage claims, in line with the precautionary principle and the principle of sustainable development.

Liability to third parties: Members regretted that the OSD does not deal with liability for civil damage to either natural or legal persons, be it bodily injury, property damage or economic loss, whether direct or indirect.

Stressing that the way civil liability is handled varies considerably from one Member State to another, Members believed that an European framework is needed, which should be based on the legislation of the most advanced Member States, should cover not only bodily injury and property damage but also pure economic loss, and should ensure effective compensation mechanisms for victims and for sectors that may be severely affected (e.g. fisheries and coastal tourism). They called in this respect on the Commission to assess whether a horizontal European framework of collective redress would be a possible solution.

Compensatory regimes: compensatory regimes must be able to address transboundary claims effectively, rapidly, within a reasonable

timeframe and without discrimination between claimants from different EEA countries.

The report recommended that they cover both primary and secondary damage caused in all the affected areas. It considered that strict civil liability rules should be established for offshore accidents in order to facilitate access to justice for victims (both legal and natural persons) of offshore accidents, and that financial liability caps should be avoided.

The Commission was asked to revisit the need to introduce common EU standards for remedial and compensatory claim systems.

Members regretted the over-reliance on insurance and the lack of uptake of financial security instruments in the EU to cover the damage caused by the most costly offshore accidents. They asked the Commission to encourage Member States to develop financial security instruments concerning compensation for traditional damage claims resulting from incidents linked to general offshore oil and gas activities or to offshore oil and gas transport, including in cases of insolvency;

They also considered that in that context, the establishment of a fund based on fees paid by the offshore industry could also be assessed.

Lastly, the report noted it necessary to analyse to what extent the introduction of criminal liability at EU level will add a layer of deterrence beyond civil penalties. It also called for harmonisation of the definitions of the criminal offences and of minimum sanctions when it comes to offshore safety breaches.

Liability, compensation and financial security for offshore and gas operations

The European Parliament adopted by 506 votes to 106, with 15 abstentions, a resolution on liability, compensation and financial security for offshore oil and gas operations, following the Commission report on this issue.

Members recalled that offshore oil and gas operations are progressively taking place in increasingly extreme environments and could potentially have major and devastating consequences for the environment and economy of the sea and coastal areas. A number of studies, including one by the European Parliament Research Service and one by the Joint Research Centre, estimate in the thousands (more precisely, 9 700 between 1990 and 2007), the number of incidents in the EU oil and gas sector.

Bringing up to date and extending the system of compensation and financial security: whilst welcoming the adoption of the Offshore Safety [Directive 2013/30/EU](#) (OSD), which complements the Environmental Liability [Directive 2004/35/EC](#) (ELD), Parliament called on Member States to guarantee the independence of the competent authorities, and called on the Commission to assess the appropriateness of introducing further harmonised rules on liability, compensation and financial security with a view to preventing any further accidents with cross-border implications.

Parliament stressed that the effective application of the polluter pays principle to offshore oil and gas operations should extend not only to the costs of preventing and remedying environmental damage, but also to the costs of remedying traditional damage claims, in line with the precautionary principle and the principle of sustainable development.

Liability to third parties: Members regretted that the OSD does not deal with liability for civil damage to either natural or legal persons, be it bodily injury, property damage or economic loss, whether direct or indirect.

Stressing that the way civil liability is handled varies considerably from one Member State to another and that there is no regime in the vast majority of Member States for compensation payments, Parliament stated that a European framework is needed, which should cover not only bodily injury and property damage but also pure economic loss, and should ensure effective compensation mechanisms for victims and for sectors that may be severely affected (e.g. fisheries and coastal tourism). It called in this respect on the Commission to assess whether a horizontal European framework of collective redress would be a possible solution.

Compensatory regimes: compensatory regimes must be able to address transboundary claims effectively, rapidly, within a reasonable timeframe and without discrimination between claimants from different EEA countries.

Parliament recommended:

- that they cover both primary and secondary damage caused in all the affected areas;
- that strict civil liability rules should be established for offshore accidents in order to facilitate access to justice for victims (both legal and natural persons) of offshore accidents;
- that financial liability caps should be avoided.

The Commission was asked to revisit the need to introduce common EU standards for remedial and compensatory claim systems.

Financial security instruments: Members regretted the over-reliance on insurance to cover the damage caused by the most costly offshore accidents. They called for:

- Member States to develop financial security instruments concerning compensation for traditional damage claims resulting from incidents linked to general offshore oil and gas activities or to offshore oil and gas transport, including in cases of insolvency;
- the assessment of the possibility of a fund to be established based on fees paid by the offshore industry.

Criminal liability: Parliament suggested analysing to what extent the introduction of criminal liability at EU level will add a layer of deterrence beyond civil penalties. While welcoming the EU's introduction of the Environmental Crime Directive 2008/99/EC (ECD), it called for the harmonisation of the definitions of the criminal offences and of minimum sanctions when it comes to offshore safety breaches.