Common rules and standards for ship inspection and survey organisations. Recast

2005/0237B(COD) - 23/11/2005 - Document attached to the procedure

COMMISSION'S IMPACT ASSESSMENT

For further information regarding the context of this issue, please refer to the summary of the Commission's proposal for a Directive of the European Parliament and of the Council on common rules and standards for ship inspection and survey organisations and for the relevant activities of maritime administrations (recast) – COM(2005)0587.

1- POLICY OPTIONS AND IMPACTS

In view of its three intermediate objectives, and having set aside the possibility of maintaining the regulatory status quo, the Commission considered the following options.

Intermediate objective No. 1: strengthening control systems.

1.1- Option 1 - separation of functions: The main cause of the problems that persist lies in the accumulation of tasks by the recognised inspection and survey organisations. The first option involves separating statutory tasks from classification tasks.

The objective of separating tasks can be reached in several ways covered by the following sub-options:

- **Option 1a**: resumption of statutory tasks by the Member States, thus putting an end to the current system of delegation;
- **Option 1b**: statutory and classification tasks to be undertaken by different inspectors in the same recognised organisation, under similar conditions to those in force under the current system;
- **Option 1c**: creation of separate 'classification' and 'statutory' branches within the recognised organizations;
- **Option 1d**: statutory and classification tasks to be carried out by different recognised organizations.

1.2- Option 2: strengthening of control systems in the recognised organisations. The second option would come into play downstream from Option 1 and would seek to make the instruments underpinning the sound management of the recognized organisations more effective. This would involve the strengthening of the recognised organisations' control systems by means of:

- greater transparency;
- more cooperation between recognised organisations;
- increased independence of the control system;
- the specific aim of ensuring the continuing examination recognised organisations' regulations, procedures and internal controls leading to improvements.

This option involves the recognised organisations establishing a joint body for quality system assessment and certification. The joint body must be independent, have all the necessary resources to enable work to be carried out in-depth and on a continuous basis, and have the necessary authority to impose on the recognised organisations its interpretation of quality standards, as well as to propose corrective action – whether individual or collective - for an improvement in the quality of their work – for example, in the area of risk management.

Intermediate objective No. 2: reform of limited recognition. The reform of limited recognition, by extending its validity throughout Community territory and replacing the current quantitative criteria by qualitative criteria was not considered to have an economic impact. Indeed, it does not change the market situation in any way because under the current system limited recognition of an organisation can be extended at any time to any Member States requesting it.

Intermediate objective No. 3: updating of the recognition criteria. The simplification and updating of the recognition criteria, which does not involve new obligations on the recognised organisations, by its very nature, has no appreciable economic impact (except in the case of the prohibition against using non-dedicated inspectors, where the impact will only be moderate and will be spread across the fleet classified by the recognised organisations).

CONCLUSION: **Option 2 would appear to offer the best solution in combining a high degree of efficiency and ease of implementation with only a very slight economic impact**. It is compatible with the eventual phasing out of non-dedicated inspectors, which means its impact is similar to that of the other options in being low, as well as marginal, for Community ship owners and operators. **IMPACTS**

Option 1a: resumption of statutory tasks by the Member States, thus putting an end to the current system of delegation.

- **Advantage**: the resumption of statutory tasks by the Member States would be fully in line with their responsibilities as public authorities and would directly get to the root of the problem.
- **Disadvantage**: this would require Member States to set up an entity capable of going to inspect ships where they are, something that could not be achieved without considerable costs to national budgets which means that this option is not feasible.

Option 1b: statutory and classification tasks to be undertaken by different inspectors in the same recognised organisation, under similar conditions to those in force under the current system.

- **Advantage**: the possibility of it being implemented by the recognised organisations. It would facilitate the transition from non-dedicated to dedicated inspectors at minimal cost.
- **Disadvantage**: the effectiveness of such a measure would be limited because both inspectors would be part of a common organisational structure. The organisations concerned would need to increase their manpower because they would have to be able to respect the separation obligation everywhere.

Option 1c: creation of separate 'classification' and 'statutory' branches within the recognised organisations.

- **Advantage**: the 'common organisational structure' aspect would be weakened in comparison with Option 1b, which would make this a more effective approach.
- **Disadvantage**: this option would be more burdensome both in terms of global coverage and the carrying out of unnecessary inspections.

Option 1d: statutory and classification tasks to be carried out by different recognised organisations.

- **Advantage**: the separation of functions would be clear because there would no longer be a common organisational structure.
- **Disadvantage**: the measure would most probably generate additional costs because of unnecessary inspections.

Option 2: strengthening of control systems in the recognised organisations.

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- **Advantage** : although all the variants of Option 1 only covered ships flying the flags of Member States, Option 2 would contribute to improving the security of all the fleet classified by recognised organisations regardless of
- **Disadvantage**: as it is downstream from the main problem and demands a high degree of cooperation on the part of the recognised organisations, this option would require extremely careful monitoring by the Commission, including the possible use of its powers of sanction, in order to ensure that all the necessary aspects for its proper operation are at play.

2- FOLLOW-UP

The Commission will monitor the practical implementation by the Member States of the Directive's provisions. The Member States will communicate to the Commission the text of all the main provisions of domestic national law which they adopt in the field governed by this Directive and a correlation table between those provisions and this Directive.

At the operational level, the Commission will continue to evaluate periodically the recognised organisations in order to ensure that they respect the obligations of the Directive that apply to them, and in particular those relating to the implementation of measures recommended in the reform of the Community' s system for the recognition of classification societies.