Basic information

2011/2072(INI) INI - Own-initiative procedure	Procedure completed
Facing the challenge of the safety of offshore oil and gas activities **Subject** 3.60.02 Oil industry, motor fuels 3.60.03 Gas, electricity, natural gas, biogas 3.70.05 Marine and coastal pollution, pollution from ships, oil pollution 4.15.15 Health and safety at work, occupational medicine	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ITRE Industry, Research and Energy	FORD Vicky (ECR)	09/12/2010
	Shadow rapporteur CARVALHO Maria da Graça (PPE) SKINNER Peter (S&D) HALL Fiona (ALDE) RIVASI Michèle (Verts/ALE) MATIAS Marisa (GUE/NGL) TZAVELA Niki (EFD)	

Committee for opinion	Rapporteur for opinion	Appointed
EMPL Employment and Social Affairs	BERÈS Pervenche (S&D)	25/11/2010
ENVI Environment, Public Health and Food Safety (Associated committee)	LEPAGE Corinne (ALDE)	01/04/2011
JURI Legal Affairs	LICHTENBERGER Eva (Verts/ALE)	12/04/2011

European Commission

Commission DG	Commissioner
Energy	OETTINGER Günther

Key events

Date	Event	Reference	Summary
12/10/2010	Non-legislative basic document published	COM(2010)0560	Summary
12/05/2011	Committee referral announced in Parliament		
12/05/2011	Referral to associated committees announced in Parliament		
12/07/2011	Vote in committee		Summary
26/07/2011	Committee report tabled for plenary	A7-0290/2011	
12/09/2011	Debate in Parliament		
13/09/2011	Decision by Parliament	T7-0366/2011	Summary
13/09/2011	Results of vote in Parliament		
13/09/2011	End of procedure in Parliament		

Technical information

Procedure reference	2011/2072(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 55
Stage reached in procedure	Procedure completed
Committee dossier	ITRE/7/04889

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE460.753	10/03/2011	
Amendments tabled in committee		PE462.887	13/05/2011	
Committee opinion	JURI	PE464.703	24/05/2011	
Committee opinion	EMPL	PE464.779	15/06/2011	
Committee opinion	ENVI	PE462.884	21/06/2011	
Committee report tabled for plenary, single reading		A7-0290/2011	26/07/2011	
Text adopted by Parliament, single reading		T7-0366/2011	13/09/2011	Summary

European Commission

Document type	Reference	Date	Summary

Non-legislative basic document	COM(2010)0560	12/10/2010	Summary

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	PT_PARLIAMENT	COM(2010)0560	15/04/2011	

Facing the challenge of the safety of offshore oil and gas activities

2011/2072(INI) - 12/10/2010 - Non-legislative basic document

PURPOSE: to respond to the challenge of the safety of offshore oil and gas activities.

BACKGROUND: the explosion of the Deepwater Horizon drilling rig in the Gulf of Mexico on 20 April 2010 and the subsequent massive leak from the oil well on the sea bottom caused significant environmental, economic and social damage

The scale and gravity of the Deepwater Horizon accident prompted the Commission to launch an urgent assessment of safety in offshore oil, as well as gas, exploration and production activities in European waters.

The review has shown that offshore oil and gas activities in the EU are partly governed by a heterogeneous health, safety and environmental regime. Such a fragmented regime may not provide an adequate response for the risks posed by the evolution of offshore oil and gas industrial activities. It leaves areas of legal uncertainty with regard to companies' obligations and responsibilities and does not allow using to the full extent opportunities offered by EU agencies and instruments.

While some Member States' regulatory regimes feature high levels of accident prevention through strict health, safety and environment protection requirements, further action is needed to ensure the spread of such best practices throughout the EU by a clear state-of-the-art framework at EU level, clarifying EU legislation and filling identified gaps.

CONTENT: the review of applicable European legislation and consultations with industry and Member States' competent authorities, five main areas where action is needed to maintain the safety and environmental credentials of the EU were identified:

- thorough licensing procedures,
- improved controls by public authorities,
- addressing gaps in applicable legislation,
- reinforced EU disaster response, and
- international cooperation to promote offshore safety and response capabilities worldwide.

This communication presents the first steps towards the achievement of these objectives:

1) Ensuring "state-of the-art" practices across Europe: the Commission proposes to work towards an **overhauled and more coherent legal framework** for offshore exploration and production activities in Europe which ensures EU-wide application of state-of-the-art practices. The risks at stake, the need for legal certainty and the principles of "better regulation" speak in favour of a single new piece of specific legislation for offshore oil and gas activities, possibly supported by soft legal measures (guidelines). In this context,

- **key requirements for the licensing** of hydrocarbon exploration and production should be defined at EU level. The Commission will make proposals to that effect in 2011 supported by an impact assessment;
- the Commission will examine ways of **strengthening environmental legislation** with regard to combating pollution, inspections, accident prevention and the management of offshore installations;
- the **Directive on Environmental Liability** must ensure without any ambiguity that offshore operators are under strict liability, not only for damage caused to protected species, natural habitats and to the waters covered by the Water Framework Directive, but also to all marine areas under the jurisdiction of Member States;
- the industry should work, where appropriate, in partnership with public authorities, on **new emergency response tools** which will be deployable and usable on equipment and sites in all marine environments in Europe;
- **industry oversight by public authorities** should build on best administrative practices already available in Europe and can be reinforced by actions at EU level. For example, the inclusion of inspection tasks similar to those performed in maritime transport in the activities of the European Maritime Safety Agency (EMSA) could be usefully evaluated.

2) Application of the precautionary principle: until complete investigation results into the causes of the Deepwater Horizon accident are available, industry efforts in enhancing the safety of operations bring tangible results, and the campaign to duly reinforce the regulatory framework across Europe has run its course, particular restraint and additional caution should be applied both to ongoing exploration or production operations and to new planning and permitting procedures.

3) Reinforcing the EU's intervention capacity for offshore accidents: in case of a serious accident off any Member State's shores, its response teams must be able to call on all available capacities at hand, including those of the industry and other Member States. In 2010, the Commission will present a Communication with the objective of bringing the wealth of expertise and resources - available at local, national and the EU levels - together into a **strengthened EU disaster response system**.

The Commission will seek ways to **enhance the availability of emergency response capacities**, e.g. by requiring that emergency response equipment be available in each relevant region in the EU, working in cooperation with the industry and Member States and building on existing instruments of the EU Civil Protection Mechanism and EMSA.

4) New partnerships for offshore safety also outside European waters:

- the Commission will **intensify dialogues with EU neighbours** on offshore safety, aiming at new common initiatives establishing emergency information channels, information sharing on exploration and production, promotion of high levels of safety and prevention, and joint enforcement measures such as inspections of installations;
- industry and Member States will be invited to adopt transparent and binding obligations on **companies with headquarters in the EU** to follow European standards of safety and accident prevention in all their operations worldwide;
- existing energy partnerships and dialogues with **EU's international partners** will be leveraged to initiate an EU-driven global initiative for offshore safety and to agree on general terms of reference of such global action.

The Commission invites the European Parliament and the Council to support the course of action outlined in this Communication. It will hold further consultations with national regulators and other stakeholders on the scope of the proposed initiatives in view of tabling proposals for concrete legislative and/or non-legislative measures before summer 2011.

Facing the challenge of the safety of offshore oil and gas activities

2011/2072(INI) - 13/09/2011 - Text adopted by Parliament, single reading

The European Parliament adopted by 602 votes to 64 with 13 abstentions a resolution on facing the challenges of the safety of offshore oil and gas activities, in response to the Commission Communication on the subject.

It should be noted that an alternative resolution tabled by the Greens/EFA group was rejected in plenary.

Regulatory approach: whilst acknowledging that issuing licences and other authorisations for the exploration and exploitation of hydrocarbon resources is a Member State prerogative, Parliament stresses that **licensing procedures must conform to certain common EU criteria** and highlights the fact that Member States should apply the **precautionary principle** when issuing authorisation for the exploration and exploitation of hydrocarbon resources. Members insists, therefore, that the introduction of an EU-wide moratorium on all new deep-sea oil drilling in EU waters would be a disproportionate reaction to the need to secure high safety standards across the EU.

Parliament stresses that all Member States' legislative and regulatory frameworks should adopt a robust regime in line with the current best practice where **all drilling proposals are accompanied by a safety case, which must be approved before operations can begin**, including independent third-party verification procedures and reviews at regular and appropriate intervals by independent experts (at least every five years). It recommends that EMSA be designated as an independent third party to increase the level of coordination in the event of an accident.

The resolution goes on to recommend :

- an extension of the Environmental Impact Assessment (EIA) Directive to cover all offshore projects phases (exploratory and operational) and specific requirements for EIAs in the case of deep water, complex wells;
- examining the current regulatory framework regarding the decommissioning of existing drilling infrastructure, and to clarify, if necessary by way of legislation, the responsibility of operators;
- considering the case for extending the sound principles contained within its legislation for the control of onshore hazards (SEVESO II and III) to legislation aimed at offshore oil and gas activities;
- add offshore oil and gas activities as part of the first review on the scope of the Directive to be carried out by 31 December 2011.

Members welcome the fact that the Commission intends to review Directive 92/91/EEC, and calls for an approach based on common standards, in order to avoid **disparities in treatment between workers within the same company**, depending on their place of work. They call, furthermore, for a transparent, efficient, consistent set of rules applying to all employees working in the offshore sector.

The resolution stresses the importance of **regular, varied and rigorous inspections** carried out by independent, trained specialists acquainted with local conditions. It emphasises the need for systems providing for effective checks by inspection bodies, and for the possibility of applying sanctions in the event of violations of worker health and safety.

Prevention, exchange of information and best-practice: Members believe that fora akin to the NSOAF in the North Sea should be established for Member States around the Mediterranean, Baltic and Black Seas to oversee the adoption and enforcement of minimum standards. In this regard they welcome the Commission's initiative to establish the Mediterranean Offshore Authorities Forum (MOAF) and encourage the participation of non-EU countries. They also welcome the Commission's initiative to establish joint EU/NSOAF meetings as an opportunity to exchange best practices across the EU.

Parliament states that a **preventive health and safety culture needs to be developed** by engaging employers and trade unions and securing the active participation of workers, in particular by consulting them, involving them in devising and applying safety procedures and informing them of the potential risk involved. It encourages therefore regular training programmes for all permanent and contract employees as well as employers. It calls also for

training requirements to be established in the EU Member States for workers, including contractors and subcontractors, involved in high-risk tasks, and for them to be harmonised.

National competent authorities are asked to **collate, share and publicise information from incident-reporting**, with due regard for commercial sensitivities. This information should be shared as promptly as is feasible after an incident has occurred and include personnel incidents, machinery failure, hydrocarbon releases and other incidents of concern.

Licensing and consent to drill: Parliament recommends that **licensing and health and safety functions should be separated** in all Member States. It considers that oil and gas operators must be required, in the licensing procedure and throughout the operational period and at all phases of offshore projects, to demonstrate that they have sufficient financial capacity in place to secure remediation in relation to environmental damage caused by the specific activities they carry out – whether through mandatory industry mutual schemes, through mandatory insurance, or through a mixed scheme which guarantees financial security.

Contingency planning: the resolution advocates the use of site-specific contingency plans that identify hazards, assess potential pollution sources and effects, outline a response strategy and outline drilling plans for potential relief wells. For complex wells, or challenging drill conditions, the contingency plan should be assessed, consulted and approved contemporaneously with other regulatory approval processes (e.g. those related to environmental impacts or well design). in all cases, **operations must not commence until a contingency plan has been approved** by the Member State in which they are to be conducted.

Members suggest that available equipment for capping all potential spills should be an essential part of contingency plans and that such equipment should be available in proximity to installations to allow for timely deployment in the event of a major accident. They take the view that the use of the EMSA's response capabilities should be explicitly extended to cover prevention and response to pollution originating from offshore oil and gas exploration and production activities. They urge companies to continue to set aside funds for research and development relating to new prevention and accident remediation technologies.

Disaster response: Parliament recognises that **industry bears the primary responsibility** for reacting to disasters. It welcomes joint industry initiatives to develop, mobilise and deploy resources to counter oil spills. It stresses that the public sector has an important role in the regulation, safety and coordination of a disaster response. The resolution recommends that more emphasis should be placed on **systematic training**, particularly on the practical application of disaster response equipment. It calls on Member States and the Commission to ensure that the licensing system includes **protection financing instruments** apt to ensure that in the event of major incidents the necessary financial resources can be urgently mobilised to compensate for the economic, social and environmental losses occasioned by an oil spill or gas leak.

Liability: Members stress that while in principle financial guarantees can be provided through either insurance or industry mutualisation, it is important to ensure that operators demonstrate that **financial guarantees** are in place to cover the full cost of clean-up and compensation in the case of a major disaster, and that risks and **liabilities are not externalised** to smaller companies that are more likely to declare insolvency in the event of an accident. They recognise the merit of communal funds such as OPOL in the North Sea and call for such funds to be established in each EU sea area. Parliament calls for membership to be mandatory for operators and for legal certainty to be ensured so as to provide a safety-net mechanism designed to reassure the Member States, the maritime sector, in particular fishermen, and taxpayers.

It considers that the scope of the **Environmental Liability Directive should be extended** so that the "polluter pays" principle and **strict liability** apply to all damage caused to marine waters and biodiversity, so that oil and gas companies can be held accountable for any and all environmental damage they cause, and can assume full liability.

The Commission is asked to examine whether a compensation fund for oil disasters can be created within the framework of environmental liability, which would contain binding financial security provisions.

The resolution also recommends that Member States consider adopting and strengthening deterrents against negligence and non-compliance such as fines, withdrawal of licences, and criminal liability for employees.

Relationship with third countries: Parliament urges the industry to employ at least EU environmental and safety standards or their equivalent wherever in the world they are operating. It asks the Commission and Member States to continue to contribute to offshore initiatives within the framework of the G20, while taking into consideration the United Nations Convention on the Law of the Sea (UNCLOS).

The Commission is also asked to: (i) engage actively with other states bordering EU sea areas to ensure that regulatory frameworks and supervision provide equally high levels of safety; (ii) launch a debate on regulations in the areas of liability for environmental damage and financial guarantees that would also include third countries; iii) to work with partners and neighbours to achieve a special regime for any operations in the Arctic.