EUROPEAN
COMMISSION

Brussels, 16.11.2020
COM(2020) 732 final

REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

assessing the implementation of Directive 2013/30/EU of the European Parliament and of the Council of 12 June 2013 on the safety of offshore oil and gas operations and amending Directive 2004/35/EC

{SWD(2020) 269 final}

Executive Summary

1 INTRODUCTION 3
2 BACKGROUND TO THE INTERVENTION 3
3 METHOD 3
4 ANALYSIS 4
4.1 Member States' implementation of the Directive 4
4.2 Public participation in release of new areas for licensing 4
4.3 Assignment of the competent authority 4
4.4 Independent verification of safety operations outside the EU 5
4.5 Arrangements for worker involvement in major accident prevention, relating to protection of whistle-blowers and tripartite consultation mechanisms 5
4.6 Transparency on the reporting of incidents – the Implementing Regulation on reporting of accidents 5
4.7 Emergency preparedness and response arrangements 6
4.8 Availability of dissuasive penalties for breaches of duty 6
4.9 Liability, compensation claims and financial security of offshore oil and gas producers 7
4.9.1 Liability 7
4.9.2 Handling of compensation claims 8
4.9.3 Implementation by Member States and effectiveness of their rules 8
4.10 Decommissioning of installations 9
4.10.1 The Directive and decommissioning 9
4.10.2 Oslo and Paris Convention for the Protection of the Marine Environment of the North-East Atlantic (OSPAR) 10
4.10.3 Conclusions and options to proceed 10
4.11 Mutual recognition of mobile drilling units (MODU) 11
5 CONCLUSIONS AND FOLLOW-UP 12

Executive Summary

The Offshore Safety Directive addresses the risk of accidents arising from offshore oil and gas operations. It also addresses subsequent response and recovery mechanisms if preventive measures fail. The Directive concerns principally, though not exclusively, the 16 Member States in which licensed oil and gas operations take place.

This assessment of how the Directive has been implemented is based on intensive discussions with stakeholders, workshops, an extensive public consultation and the Commission's own insights and expertise. The scope of the assessment reflects the provisions of the Directive and the issues raised by stakeholders in the preparation phase. The analysis demonstrates that the Directive draws on existing international best practices on the control of risks and has improved the response to possible emergencies in the sector.

The deadline for implementation of the Directive for Member States was July 2015, although transitional arrangements for industry applied until July 2018. The Member States' notifications of their national rules and legislation indicate that most of the Directive's measures are in place. Most fundamentally, industry has taken on risk management duties, with each offshore installation the subject of a detailed risk report. Each Member State has appointed an expert competent authority with wide powers of oversight.

The Commission has published three annual reports on the EU-wide safety of offshore oil and gas operations. These and other data enable a risk performance baseline to be developed, although it is too early to identify safety performance trends in the offshore sector. There are clear indications that the aims of the Directive are being met through its transposition by the Member States. Industry and the Member States are closely following requirements, although with some differences of interpretation. Most of the open issues can be handled under existing communication protocols, e.g. through the European Offshore Authorities Group (EUOAG). A few others justify further scrutiny, with the topics of financial liability and compensation mechanisms meriting particular attention.

Member States and industry largely welcomed the introduction of the Directive in its current scope, while environmental non-governmental organisations (NGOs) are more nuanced in their assessment, calling for further tightening of some measures. All stakeholders point to the depth and intensity of the changes brought about by the Directive and say that more time and monitoring is required before considering legislative changes.

Overall, possible areas for further work have been identified on the topics of liability and compensation, the mutual recognition of mobile drilling units in the Member States' different jurisdictions, and the removal of fixed production platforms.

1 INTRODUCTION

The Offshore Safety Directive lays down minimum requirements for safety, environmental protection and emergency response across the EU. It entered into force on 19 July 2013. Member States were required to transpose the Directive into national rules and regulations by 19 July 2015, while transitional periods for industry applied until 19 July 2018.

All Member States have declared that they have transposed the Offshore Safety Directive into national legislation. The Commission has carried out a check of the Member States' national legislative measures to assess the completeness of the Directive's transposition.

2 BACKGROUND TO THE INTERVENTION

Pursuant to Article 40 of the Offshore Safety Directive, the Commission, taking due account of the efforts and experiences of competent authorities, must assess the experience of implementing this Directive. The Commission must assess whether the Directive, as implemented by the Member States, has achieved the objectives of ensuring safe operations and avoiding major accidents or an undue number of incidents. The Commission is required to then submit a report to the European Parliament (EP) and the Council with the results of the assessment.

Taking the objectives of the Directive as a benchmark, specifically the establishment of adequate levels of safety for offshore oil and gas operations and environmental protection, the Commission has verified whether:

- the main objectives of the Directive have been achieved, and if not, whether an amendment to the Directive or other legal initiatives are appropriate;
- there are any gaps in legislation that need to be addressed to improve the level of safety in offshore oil and gas operations;
- certain provisions of the Directive impose undue burdens on Member States or industry, and whether their removal should be considered;
- the Directive has sufficiently harmonised the regulatory structure and level of safety across the EU offshore operations, proportionate to the activity levels of the Member States;
- the Directive is effective, efficient, coherent, relevant and provides sufficient added value to the EU.

3 METHOD

The Commission carried out its analysis using a broad range of information channels. To gather a range of experiences with the Directive, experts and the wider public were both asked to contribute to the knowledge base. On the expert side, the Commission utilised the EUOAG, established by a Commission Decision[1]. Competent authorities of Member States represented in the EUOAG carry out the regulatory oversight of offshore oil and gas activities and related policy issues.

[1] Commission Decision of 19 January 2012 on setting up the European Offshore Authorities Group. OJ C 18/8, 21.1.2012.

To complete the knowledge base, the Commission carried out a broad public consultation based on a comprehensive questionnaire on both the Directive and the Implementing Regulation[2] on the reporting of accidents. All interested parties, including businesses and public entities, were asked to provide views and comments. Member States and industrial associations have both shared detailed data with the Commission, and NGOs actively contributed to discussions.

The Commission took note of Member States' experiences of implementing the Directive, both those of competent authorities enforcing the Directive's provisions and those of owners and operators of offshore installations working within the national legal frameworks.

This report summarises the main conclusions drawn by the Commission and focuses on possible areas for follow-up. It is accompanied by a staff working document (SWD) to guide the reader systematically through the assessment of the Directive's articles. Some areas mentioned below may merit further analysis with a view to developing possible future amendments or new legislation.

4 ANALYSIS

4.1 Member States' implementation of the Directive

The Commission's assessment has shown that there is satisfactory overall quality and level of completeness of the Offshore Safety Directive's implementation in the European Union. Nevertheless, the integrity and quality of the implementation achieved by Member States varies significantly. Member States have taken different approaches to implementing the Directive. This report focuses on those articles of the Directive that have the largest impact on offshore safety. The SWD accompanying this report provides additional details on the assessment of how each of the Directive's articles have been implemented by the Member States.

4.2 Public participation in release of new areas for licensing

The Commission suggests that Member States publish guidance to facilitate and encourage public participation in consultations. The arrangements made by the Member States should ensure that consultees can be confident that their views are properly taken into account in the decision making process. The Commission concludes that the Directive's provisions for stimulating public consultation are suitable and sufficient.

4.3 Assignment of the competent authority

It appears that the measures in the Directive on the assignment of a competent authority are appropriate for the intended purpose. However, there is a lack of clarity regarding whether the independence of these authorities from the economic interests of other departments of Member State administrations has been sufficiently and appropriately attained in all countries. Given the importance of safety and environmental protection in

[2]Commission Implementing Regulation (EU) No 1112/2014. OJ L 302/1, 22.10.2014.

the management of marine space, the independence of judgement of offshore competent authorities is a matter of public interest.

4.4 Independent verification of safety operations outside the EU

It appears that no changes are required to the Directive's provisions on independent verification of installations and wells as implemented by Member States. For optimising best practice, it would be useful to collate all of the available guidance of industry and regulators, and for this to be disseminated via the EUOAG.

The Commission concludes that the requirements set out in the provisions related to safety operations outside the EU are appropriate. However, ensuring the consistent application of safety rules by EU-based operators in their overseas activities remains a topic for Member States' collaboration. Member States may consider examining the mechanisms they deploy to verify operators' effectiveness in safety management throughout their global operations.

4.5 Arrangements for worker involvement in major accident prevention, relating to protection of whistle-blowers and tripartite consultation mechanisms

The functioning of the mechanisms to ensure the confidentiality of reporting is appropriate, insofar as they make it easier for workers to directly contact the competent authority in their area. No changes in the arrangements are suggested, although competent authorities and the EUOAG should remain receptive to advice from trade unions and other worker representatives on the functioning of arrangements throughout the EU.

The Commission also notes that there is considerable support for the measures relating to tripartite consultation, and that a tripartite culture is developing. The Commission does not see that any changes are necessary in this regard.

4.6 Transparency on the reporting of incidents – the Implementing Regulation on reporting of accidents

Based on the Directive, the Commission issued a delegated act, the Implementing Regulation on the reporting of accidents. This covered both reporting by operators and owners to the Member State competent authorities, and reporting by competent authorities to the Commission and the public. This system strictly obliges all players, duty holders, Member States, and the Commission to collate all qualifying incidents in EU waters (including near misses).

Following the publication of reports for 2016, 2017 and 2018, the Commission considers that this EU-wide incident reporting system represents significant progress in the transparency of the sector from a global perspective. As in previous years, no fatalities were reported in 2018, but 10 injuries and 17 serious injuries occurred. According to the reports of competent authorities, the number of accidents significantly increased in the United Kingdom, which requires both an in-depth analysis of causes and follow-up

measures by the competent authority. The Commission will seek cooperation with the United Kingdom to bring the safety performance level back to that of recent years.

All players are required to continue ensuring the effectiveness of the system, i.e. full, prompt and accurate reporting. The taxonomy used appears suitable at present. The EUOAG is to monitor the system, work as the interlocutor with civil society and ensure adjustments of the system over time in line with new technological developments. Where stakeholders can justify such adjustments, the EUOAG and the Commission should be informed.

4.7 Emergency preparedness and response arrangements

The requirements for internal emergency response plans by operators and owners appear to be working as intended. The Commission does not suggest any changes to the current arrangements. It is anticipated that regulators and social partners will recommend more comprehensive exercises, including cross-border aspects, in addition to testing the arrangements they have already made. The appropriate regulatory authorities in the Member States are to take a close interest in the effectiveness of installation-based emergency response plans.

The Commission has started evaluating the compliance of Member States' national emergency response plans with the Directive, as well as helping the Member States upgrade and update their external emergency response plans. It is planned to encourage cross-border exercises between neighbouring countries with shores.

It would be helpful for the Commission and the European Maritime Safety Agency (EMSA) to undertake assessments of exercises in the Member States to provide a representative regional basis for assessing the effectiveness of trans-boundary cooperation.

4.8 Availability of dissuasive penalties for breaches of duty

The Commission notes that Member States apply many different approaches to the prosecution of offences and breaches of duty. There are no recommendations to considering changes to the Directive with regard to civil and criminal law policy and procedure.

However, Member States should consider policies to raise the level of financial penalties for breaches of duty. This is to ensure that penalties are appropriate in terms of public interest and the potential consequences of a major accident in EU waters, irrespective of the level of escalation in the accident concerned.

Under the Directive, licensing authorities are already required to take account of applicants' major accident prevention performance. While the Commission appreciates that there have been no disastrous accidents in recent times, competent authorities are encouraged, pursuant to the Directive, to provide independent expert advice in all licence rounds.

4.9 Liability, compensation claims and financial security of offshore oil and gas producers

4.9.1 Liability

Article 39 of the Directive asks the Commission to draft reports to the EP and the Council on liability, compensation of claims after accidents, financial security of licensees operating offshore, and the usefulness of applying criminal law. In 2015, the Commission submitted these reports accompanied by a SWD that included an in-depth analysis, as requested by the Directive.

In late 2016, having taken account of the Commission's reports, the EP adopted a resolution[3] dealing with these subjects. By asking for an additional in-depth analysis ahead of possible new legislation, the EP initiated the examination of several areas in the context of liability, which it considered inconsistently regulated at EU level.

With reference to the reporting requirements of Article 40, the EP asked that the Commission, when drafting its report on the implementation of the Directive, consider the proposals and suggestions in its resolution. The Commission agreed, and presents the key aspects below.

Rules and legislation on liability vary considerably, reflecting differences in cultural and historical developments in the Member States. Liability provisions may have a large impact and potential cost following an accident, influencing the way enterprises operate in different jurisdictions. In general, when implementing the Directive, Member States did not include specific provisions for liability, financial security and compensation claims. It seems that these subjects are usually addressed by more broadly applicable civil laws.

It is necessary to distinguish between strict liability and fault-based (tort-based) liability regimes. Strict liability means that the identified liable party may be liable for compensation payments even if it applied all rules and safety measures. Fault-based liability, however, may lead to financial compensation only in the event that an accident is caused by gross negligence or intent.

Member States' rules for liability and compensation payments may lead to very different charges for the operators and owners of offshore installations. They depend on different possible principles:

General framework:

- Offshore-specific, sector-specific or general rules may apply.
- Some Member States did not clearly legislate on liability, which in that case is subject to the judgements of national courts.

Specific characteristics:

[3] Liability, compensation and financial security for offshore oil and gas operations. EP resolution of 1 December 2016 on liability, compensation and financial security for offshore oil and gas operations (2015/2352(INI)). OJ C 224, 27.06.2018, p. 157

- Liability of the licensee, as requested by the Directive. Most Member States (although not all) implemented this essential provision.
- Strict liability versus fault-based liability. Some Member States established fault-based liability, with the burden of proof for the fault resting either with the defendant (e.g. the owner of the offshore oil and gas installation) or the claimant (e.g. the government claiming for the cleaning of water and beaches).
- In most Member States, an enterprise liable for an accident must pay compensation for environmental pollution, in addition to compensation for bodily injuries and property damage.
- In some Member States, compensation for pure economic loss may also apply (e.g. for fishermen).
- In certain Member States, only bodily injuries and property damage are subject to financial compensation.

In summary, the applicable regimes vary substantially between Member States, and each one applies a mix of specific and unique provisions. Furthermore, the parts of the Directive dealing with liability and the handling of compensation claims were not always implemented in full. This led the Commission to launch a pre-infringement dialogue with the Member States concerned. Together with them, the Commission may explore whether a uniform regime on, for example, the principle of strict liability of installation operators and owners that goes beyond the minimum requirements of the Directive would benefit the safety of offshore operations and the follow-up of accidents.

4.9.2 **Handling of compensation claims**

According to Article 4(3), points 4 and 5, 'Member States shall, as a minimum, establish procedures for ensuring prompt and adequate handling of compensation claims including in respect of compensation payments for trans-boundary incidents. The Member States shall require the licensee to maintain sufficient capacity to meet their financial obligations resulting from liabilities for offshore oil and gas operations'.

According to notifications received, very few Member States provide specific rules for compensation for damage caused by offshore accidents. In these Member States, legislation requires licensees to establish a procedure ensuring prompt and adequate handling of compensation claims. This procedure is subject to approval by Member States' competent authorities, which must publish adequate information.

Many Member States have horizontal legislation in place ensuring swift compensation of damage caused by third parties. Where an accident is declared a national disaster, faster procedures may apply. Some Member States do not provide specific rules for compensation for damage from industrial accidents, but include general compensation rules in their civil law.

Most Member States did not specifically address the provisions of Article 4, but instead apply rules that were in place prior to the adoption of the Directive.

4.9.3 **Implementation by Member States and effectiveness of their rules**

On the implementation of Article 4, which includes provisions on safety and environmental considerations, Member States had difficulties ensuring sufficient

implementation. Nevertheless, horizontal national legislation and case-law issued by courts may ensure that provisions of Article 4 are in fact applied.

As a minimum, Member States must establish procedures to ensure prompt and adequate handling of compensation claims, including with respect to compensation payments for trans-boundary incidents. Due to the absence of major accidents involving considerable damage, the Commission cannot, at present, fully assess the effectiveness of implementation of this part of Article 4.

According to the Directive, when assessing the technical and financial capability of the licence applicant, due account must be taken of the applicant's financial capabilities to cover liabilities deriving from offshore operations. However, despite the importance of this provision, 8 of the 16 Member States with exploration or production did not fully or correctly implement paragraph 2 of this Article.

According to Article 4(3) Member States must ensure that the licensing authority does not grant a licence unless it is satisfied by evidence from the applicant that the applicant has made or will make adequate provision to cover liabilities. Six Member States did not transpose this part of the Directive sufficiently well.

Since Member States began to be required to report accidents to the Commission (from 2016), no major accident incurring serious pollution or damage has occurred at offshore oil and gas installations. As a result, we cannot draw on either practical experience or examples of operators'/owners' financial capacity to handle large-scale and numerous compensation claims.

It is recalled that Member States were late in implementing the Directive, and transitional periods for applying the national rules to industry remained valid until July 2018. Due to the lack of experience at present of the Directive's effectiveness in practice, any proposals for legal initiatives, as mentioned in Article 40(2) of the Directive, appear to be premature.

4.10 Decommissioning of installations

4.10.1 The Directive and decommissioning

An offshore regime covers the whole lifecycle of exploration and production activities from design to decommissioning and permanent abandonment (Recital 24 of the Directive). Accordingly, the Directive also applies to the initial decommissioning of an installation[4].

Approval of the report of major hazards (RoMH) which must be submitted by a licensee for exploring or producing oil and gas offshore (Articles 12 and 13 of the Directive) requires that risk management take into consideration all the relevant stages of the lifecycle of the installation. This includes anticipation of all foreseeable situations, including how the decommissioning of the installation will be undertaken (Annex III,

[4] The Directive's definition of 'offshore oil and gas operations' reinforces this understanding: ''offshore oil and gas operations' means all activities associated with an installation or connected infrastructure, including design, planning, construction, operation and decommissioning thereof, relating to exploration and production of oil or gas, but excluding conveyance of oil and gas from one coast to another'.

point 3(v) of the Directive). The competent authority should therefore assess the plan for decommissioning before it grants authorisation to start oil and gas production.

When a decision is taken to take a fixed production installation out of use, an amended RoMH should be produced if no initial assessment was performed or if the conditions have changed. The RoMH report should at a minimum include a description of major hazard risks associated with the decommissioning of the installation (Annex I of the Directive, point 6(4)(b)).

It follows from this that the decommissioning is subject to the approval of competent authorities, who may require measures and procedures to ensure safe decommissioning. In contrast, the Directive does not stipulate whether, to what extent, or how the operator/ owner should remove the platform. The Directive only addresses possible safety aspects relevant to the end of the lifecycle, but not environmental concerns after decommissioning.

4.10.2 Oslo and Paris Convention for the Protection of the Marine Environment of the North-East Atlantic (OSPAR)

In the absence of specific EU legislation on the dismantling of offshore platforms, OSPAR rules[5] on decommissioning provide a template for its Contracting Parties to decide on operators'/owners' requests for decommissioning. These rules apply to all Member States with offshore operations, namely Spain, the Netherlands, Germany, Denmark, the UK, and Ireland[6]. The OSPAR rules may also serve as an example for Member States preparing authorisation decisions. However, in OSPAR a Contracting Party may ask for a derogation from the duty to dismantle an installation. OSPAR rules do not apply to EU Member States with offshore activities in the Baltic, Mediterranean or Black Seas[7].

4.10.3 Conclusions and options to proceed

Under the Directive, operators of installations are required to submit an amended RoMH to the competent authority addressing all aspects of decommissioning (e.g. wells, structure, hazardous materials). The operator is not allowed to proceed with the intended operations until the competent authority has accepted the amended RoMH. Many other consents and authorisations are required from the Member State prior to decommissioning. Once the decommissioning is complete and the structures are removed, the Directive ceases to apply, as there are no relevant activities under the Directive. However, other conditions continue to apply regarding operators' responsibilities, including for seabed surveys pursuant to licensing regulations and other national legislation.

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5 1998 OSPAR decision 98/3 on the disposal of disused offshore installations.

6 The Convention has been signed and ratified by all of the Contracting Parties to the original Oslo or Paris Conventions (Belgium, Denmark, the European Union, Finland, France, Germany, Iceland, Ireland, the Netherlands, Norway, Portugal, Spain, Sweden and the United Kingdom) along with Luxembourg and Switzerland.

7 Other international agreements and conventions relevant for offshore installations are in place. Leading works are the Geneva Convention on the Continental Shelf 1958, the Basel Convention on Control of Transboundary Movements of Hazardous Wastes and their Disposal 1989, the Helsinki Convention on the Protection of the Marine Environment in the Baltic Area of 1992 and the Protocol for the Protection of the Mediterranean Sea against Pollution Resulting from Exploration and Exploitation of the Continental Shelf and the Seabed and its Subsoil of 1994.

The Directive is silent on whether a fixed structure should be partially or wholly removed and attributes/delegates the responsibility for assessment and decision to Member States. This is consistent with the Directive's aim to prevent accidents, including to the environment. For example, it may be demonstrated that the risks of attempting full removal of a structure are unacceptable with current knowledge and technical capability, or that risks are significantly higher than for partial removal.

The decision on the extent of removal is therefore left to other parts of the Member States' legal framework, and the Directive will be applied to ensure that major accident risks are as low as reasonably possible for the selected method.

Further analysis appears necessary regarding the permanent sealing of wells. It is vital that the public can have full confidence that the competent authority is entirely free from restrictions when exercising its function of accepting risk assessments for the permanent abandonment of production installations. It also appears that it would be useful if Member States were to incorporate more transparent obligations from the relevant conventions into their legislative policy.

At the current stage of analysis, the Commission sees potential added value in exploring whether it would be useful to amend the Directive to create additional standards for the degree of removal, as well as on post-decommissioning.

4.11 Mutual recognition of mobile drilling units (MODU)

Industry and regulators are broadly divided on the mutual recognition of mobile rigs, i.e. on whether and how a Member State should accept installation risk assessments approved by another Member State, pursuant to the Directive. However, the Commission has not been able so far to identify any technical justification for a Member State to insist on carrying out a second in-depth assessment within 5 years of the MODU's approval by another Member State.

This lack of mutual recognition appears to be in contravention of the principles of the single market. The Commission will keep this situation under review. It would be helpful for the Member States concerned to provide a technical and legal case study to demonstrate the validity of their argument. Industry should also provide information demonstrating cases where, in their view, unnecessary administrative burdens have been imposed.

5 CONCLUSIONS AND FOLLOW-UP

The Commission's analysis has demonstrated the strengths and weaknesses of the Directive as implemented by Member States and used in practice. The findings have been largely positive. Potential benefits in terms of avoided accidents largely exceed the cost of implementation and the adjustments needed in the offshore installations.

The report on experiences of implementing the Directive covers the period from the date when Member States implemented the Directive to the end of transitional arrangements for the industry. It follows from this assessment that both the Directive and the Member States' implementing legislation appropriately address offshore safety. The Directive clearly up-scaled the safety of offshore operations, not only in the European Union but also in other parts of the world via EU enterprises' global safety policy and culture.

At the same time, the Directive harmonised rules in Member States and created a level playing field across the EU. According to the consultations with Member States and stakeholders, the Directive deals in a clear and structured manner with all relevant safety aspects for preventing accidents and the means for mitigating them. Based on the Directive as implemented, Member States opened direct communication channels on all safety-relevant subjects. Member States also carry out regular peer reviews, e.g. via the EUOAG, and share best practices. Both Member States and stakeholders were satisfied with the effectiveness of the Directive, which became fully applicable to the entire offshore industry from 19 July 2018.

According to the EU Green Deal, all EU actions and policies should work together with the objective of helping the EU achieve a successful and just transition towards a sustainable future. Its initiatives are to be implemented in the most effective and least burdensome way, and all other EU initiatives must live up to a green oath to 'do no harm'. The Offshore Safety Directive helps achieve these aims.

The assessment analysed how Member States implemented the Directive and drew conclusions on the strengths, weaknesses, options and challenges of this process. Overall, quality of transposition was sufficient, and the Commission will follow up remaining issues with Member States individually[8].

In its current form, the Directive may not always ensure effective accident prevention outside the EU. Environmental NGOs expressed the view that although the implementation experience was positive, greater protection of the environment and stronger financial responsibility mechanisms would be warranted. Regulators and primary duty holders consider that the new regulatory measures and subjective industry arrangements need to stabilise before any further legislative developments can be considered. Further incident and information reports at EU level will consolidate the baseline of performance indicators and identify critical trends in the risks of major accidents. It is apparent that there is an upward trajectory in the industrial safety culture of the EU.

[8] For example, Member States' level of financial penalties for breaches of duty does not seem to be adapted either to the need to satisfy the public interest or the potential consequences of a major accident in EU waters, irrespective of the level of escalation in the accident concerned. It is unlikely that the current penalties will make a significant impression on either investors or the public.

The Commission intends to follow up on three areas:

(i) liability, financial security and the handling of compensation claims;
(ii) the decommissioning of installations, including questions on removal or leaving in situ, as well as subsequent follow-up;
(iii) the mutual recognition of mobile drilling installation in the EU.

For the follow-up on liability, financial security, and the handling of compensation claims, two options appear available:

a. Analyse further experience with the Directive to assess whether there is need for greater EU rules and harmonisation.

b. Carry out further research and an impact assessment for harmonised industry rules regarding liability, financial security, and in a broader context, for the handling of compensation claims.[9]

The Directive does not include provisions going beyond the requirement to decommission in a safe manner[10]. It neither prescribes nor recommends certain processes or guidance on when and how to dismantle an installation, or when, exceptionally, to leave an installation where it is. Furthermore, the legal effectiveness of the Directive ends with decommissioning, since the Directive is silent on subsequent monitoring.

For its analysis, the Commission took account of information on the decommissioning of the Brent platforms in the North Sea. Apparently, the UK government was preparing to approve plans by Shell to leave steel jackets and concrete bases underneath three of its decommissioned Brent oilfield installations. OSPAR members took very different views on the best option of dealing with this.

For the decommissioning of installations and follow-up after decommissioning, the following options appear available:

a. Powers regarding decisions on decommissioning remain with Member States, unless it is demonstrated that national policies, taking due note of international legislation (e.g. OSPAR), cannot adequately deal with this matter.

[9] Several Member States did not fully implement the provisions of the Directive on liability, handling of compensation claims and financial security of the licensee. The Commission intends to follow this issue up individually with Member States concerned.

[10] According to the Directive, the decommissioning of installations is an inherent element of the installations' life cycle. Powers to deal with this aspect have been delegated to Member States' competent authorities, which request and assess a major hazard report before authorisation. These reports should include provisions for the end of the installation's lifecycle. As soon as decommissioning is envisaged, competent authorities should assess an updated major hazard report.

b. The Commission carries out further research and an impact assessment regarding additional rules on this subject, to be included either in the Directive or applicable environmental legislation.

With regard to the mutual recognition between Member States of mobile drilling units, the Commission proposes the following way forward:

a. Verify whether existing EU rules are adequate and ensure their proper implementation and application.

b. Determine whether additional legislation may facilitate the mutual recognition of these installations and specify costs and benefits, for example by means of an impact assessment.

The Commission looks forward to receiving views and comments on its report from the European Parliament, the Council and the European Social and Economic Committee.