

Competing Bills Muddy the Waters Over Oil Spills

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Two competing bills are adding to the confusion around regulation of Russia's burgeoning offshore oil industry, to the frustration of both oil companies and environmentalists.

The rival drafts are a response to calls from industry and environmentalists for clearer legal guidance following the disastrous Gulf of Mexico oil spill last year.

After consultations with environmentalists and major oil companies, a group of State Duma deputies led by environment committee head Yevgeny Tugolukov have nearly finished drafting a bill based on the U.S. Oil Pollution Act of 1990.

The bill, which is due to be distributed to deputies by the end of March, would oblige Russian oil companies to contribute to a contingency fund to prevent and clean up oil spills at sea.

But Kommersant reported Monday that the Natural Resources and Environment Ministry has

drafted a rival bill that it will submit to the government for inspection in the near future, before it is passed to the Duma.

The ministry's bill would give companies involved in drilling the choice of using a bank guarantee, taking out insurance or creating their own contingency funds reflecting the scale and nature of their offshore work.

Environmentalists are quite clear which one they prefer.

"The government has offered simply a series of amendments to current legislation. The amendments are minor, impact on nothing, and do not imply the creation of a fund or other financial mechanisms," Vitaly Gorokhov of the Ecojuris environmental law institute said in e-mailed comments.

In contrast, the deputies' bill was developed from a concept authored by World Wildlife Fund, and the group has worked in close consultation with the deputies who developed the draft, Yekaterina Khmeleva, environmental law program officer at WWF Russia, told The Moscow Times.

"That doesn't mean we think it's ideal. But in principle it is comprehensive, it covers much more than simply dealing with the result of oil spills and, most of all, it requires the creation of a contingency fund to use in emergencies," she said.

The Natural Resources and Environment Ministry says there's no need for a fund. "According to the law on subsoil resource use, only two state-owned companies [Gazprom and Rosneft] can work on the Russian shelf," Svetlana Radchenko, head of the ministry's legal department told Kommersant.

But Khmeleva insists that the ministry's draft "doesn't resolve any problems at all," and she even claims that WWF and big oil are, for once, on the same side.

"It is in the industry's interest to have a single law that comprehensively regulates procedure during oil spills," Khmeleva said by telephone. "We disagree on specific points, but in this sense the ministry's draft is as unsatisfactory to oil companies as it is to us."

In a joint statement released via the Association of Entrepreneurs and Industrialists, LUKoil, TNK-BP, Gazpromneft and Rosneft said their previous experience in dealing with oil spills "showed the urgent need for legislation to establish and clarify the authority" of the government.

A spokesman for LUKoil said the company had been closely involved in discussions on the new legislation, but declined to back either bill.

It is unclear how the impasse will be resolved. Khmeleva said she was aware of some "consultations" between the Duma and the ministry on forming one document.

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