

Circular No.: 2-17-22-10**Re: Pollution claims in Egypt**

Ingosstrakh's P&I Correspondent in Egypt Messrs. Elias Marine Consultants, provides a comprehensive guidance on existing regulations and administrative fines in respect of pollution cases in Egyptian waters along with loss prevention recommendations.

1. The requisite legislation governing such pollution issues in Egypt is Law No. 4 / 1994 as amended by Law No. 9 / 2009. Basically, the provisions of the law make it an offence, whether intentionally or unintentionally, to discharge oily material within the waters of the Republic of Egypt. Such acts result in a criminal offense and give rise firstly to a fine (within specified parameters prescribed in the text of the Law itself), secondly to compensation for damage to the environment and, thirdly, to clean-up costs.

2. By virtue of Article 90 of the said Law (as amended in 2009) leakage / spillage of oily products results in a fine prescribed by the said Article to be "no less than EGP 300.000" and "not exceeding EGP 1 million".

3. In addition to the above, there is the actual clean-up costs which are normally paid to the port authorities and which are based on a prescribed tariff and which obviously vary with the size of the pollution as well as the chemicals and equipment used. The Egyptian Environmental Authority Affairs (EEAA) Claim is based on the oil factor, the volume, the adverse repercussions to the marine environment etc.

In respect of the legal action that initiated by the Egyptian Authorities for the marine pollution caused by a vessel to the sea water in Egypt, first the Port Authority liaise with its internal departments and Egyptian Environmental Authority Affairs to determine the polluted area, upon this Port Authority issues invoice with the cleaning costs including the equipment's and materials utilized. This is based on the fact that the EEAA is the competent authority to investigate the incident, take the necessary legal action and settle the claim.

As a Normal Procedure the Port should notify the EEAA, Master and/or Agent of the Vessel in order to attend at the survey of the pollution to ascertain its cause and quantity.

Despite the normal procedure, the Port Authority as a kind of cooperation with Shipowners to mitigate their losses, verbally it first notifies the agent/master before notifying the EEAA, but, if the agent/Master were not acting in prompt manner to resolve the situation then they do notify the EEAA to do the necessary.

Consequently, it is very important to promptly appoint P&I Correspondent from the early beginning to protect Owners interest, the usual practice first thing is to appoint a surveyor in order to attend on board and to collect samples from the vessel and the polluted area in order to send same for analysis, it is also always recommended same to be done a governmental lab. For your information, that if the EEAA is notified with the incident they usually attend to obtain samples as well and question the vessel crew. This is why it is necessary to appoint P&I Correspondent to be present with the technical committee of the EEAA & Port at that time. At that time after the survey, the EEAA officer will send instructions to the Port Authority to detain the vessel until settlement of the claim, also will file a Process verbal against the vessel master and present the sample to be analyzed by a Governmental Laboratory through the Public Prosecutor. The Public Prosecutor will investigate the matter, check the analysis result and question the involved parties. P&I Correspondent directly or through agent will attend at Prosecutor to present the samples obtained by Owner's surveyor and defend the liability of Shipowners or advise that the matter is under settlement with the authorities to avoid file transfer to the Misdemeanor Court.

From all of the above, we would like to draw Shipowners' attention to the need of immediate report to Ingosstrakh so that to timely appoint P&I Correspondent for the latter to attend into the matter, to act and deal with the authorities in most proper way, taking into consideration all circumstances of each particular matter.

If you require any further information or assistance, please do not hesitate to contact Ingosstrakh.

Best regards,

Ingosstrakh Insurance Company

P&I Department