The 3 Capacities of a State in Protecting and Preserving the Marine Environment

from the Harmful Impacts of Shipping: the Estonian Perspective

Heiki Lindpere

Estonians have been a sea-going nation for ages and have had their own Vikings similarly to other nations around the Baltic Sea. The oldest sea-going boat from the Bronze Age, with a length of 7.5 meters, width of 2.5 meters and a mighty bow, found at the Sörve peninsula of Saaremaa (the island Ösel) is 2700 years old.¹ Today we are talking about contemporary registration of ships after the Republic of Estonia regained its independence on August 20ᵗʰ, 1991, on the basis of continuity.² The registration of ships has faced great changes and ships registered at the Courts are deemed quasi immovables and, therefore, several peculiarities arise in various dealings with ships.³ Some of these deficiencies and the higher cost of money in Estonia, together with conservative foreign banking practices, have led to a situation where we do not have any cargo vessels over 500 tons in the Estonian Ship Register at the Courts, and the needs of the Estonian shipping community are met either by the Register of Bareboat Chartered Ships at the Estonian Maritime Administration⁴ and/or by using cheaper flags of convenience. There are no more state-owned shipping companies left since privatisation of the 70% of shares of the Estonian Shipping Co Ltd. in summer 1997 (it had 82 vessels with a deadweight of over 500,000 tons, but has lost its weight in the economy today).

Estonia has several ports with a nice turnover. The biggest one Port of Tallinn, consisting of 5 units, reported in 2015 that they had 7081 ship calls, received 9,793 mln passengers and handled over 22,4 mln tons of cargo (mainly transit cargo, among that 12,8 mln tons of Liquid Bulk; domestic cargo or cabotage is still small – 58,000 tons).⁵

Shipping, ports and related businesses amount to about 5% of the Estonian GDP according to the approved “Estonian Maritime Policy 2010-2020” document. Fishing and sailing with pleasure boats and SPA-hotels on the coast and islands are quite sizable and important activities for Estonians.

Therefore, it is no wonder that Estonians and the state are considering it very important to protect and preserve the marine environment of the Baltic Sea, evidenced especially by the state becoming a party to the relevant global and regional conventions on the Law of the Sea. The Republic of Estonia is a party to the “constitutions of the seas” – the 1982 UN Convention on the Law of the Sea (UNCLOS) since August 26ᵗʰ of 2005, which in the marine environment protection

² Respective Parliamentary Decision has been passed just a day after the coup d’êtat attempt was commenced in Moscow.
³ In detail and with critics see: Heiki Lindpere and Indrek Nuut, „Laevaregister ja sellega seotud praktilised probleemid“, 10 Juridica (2002), No.4, pp.261-267. In the original Estonian Registry of Ships, due to the fact that a ship is treated as quasi immovable in Estonia, the transfer of ownership of a vessel requires according to § 9 of the LMPA (Law of Maritime Property Act) first, the existence of a contract done by a notary and, second, an entry in the ship register. See also: See: Heiki Lindpere. Maritime zones and shipping laws of the Republic of Estonia: some selected critique. –in: Estonian Law Reform and Global Challenges. Essays Celebrating the Tenth Anniversary of the Institute of Law, University of Tartu. 2005, Tartu University Press, pp.22-24.
⁴ The biggest ferry companies like Tallink AS and Saaremaa Laevakompanii AS are using this possibility to fly Estonian flag on astern of their ships.
⁵ See www.portoftallinn.com/key-figures.
matters provides in Part XII the prevailing basic rights and obligations for States. Estonia is also party to the regional Convention on the Protection of the Marine Environment of the Baltic Sea Area since August 9th, 1995, and other IMO conventions, which will be discussed in due course in this article. It is necessary to note from the very beginning that on 1 May 2004, Estonia became a Member State of the European Union, which brought and will continue to bring significant changes to the legal system of Estonia as a whole and to areas where the division of competences between the Union and its Member States will be shared as agreed. In the field of marine environment protection, the most comprehensive document is Directive 2008/56/EC of the European Parliament and of the Council of 17 June 2008, establishing a framework for community action in the field of marine environmental policy (Marine Strategy Framework Directive – MSRD), which has been implemented in Estonia with short delays.

Even though Estonia has acted well in giving its consent to relevant international obligations, aiming at the protection and preservation of the marine environment, as well as accepting civil liability and compensation for pollution damages according to the principle the “polluter must pay”, the author is not satisfied with how this extremely important field of law has been implemented on the national law level. No special legal act devoted to the protection and preservation of the marine environment has been either elaborated or passed yet. According to the author’s hypothesis, it is conceptually wrong to rely mainly on provisions of international law and implement that in national law by incorporating those provisions randomly – without any systematic approach – into the Water Law Act, which is meant to regulate the use and protection of rivers, lakes and groundwater. Because of several important aspects, this approach in legal regulation makes it cumbersome and unclear for every person in Estonia as well as for relevant state authorities.

In this article, the author will stress all the differences, comparing the regulation of how the marine environment and internal waters are protected, and present reasoning for passing a special law for the protection and preservation of the marine environment of Estonian maritime zones. However, before proceeding, it is worth considering how the state acts in 3 capacities according to Part XII of the UNCLOS: as a flag state, a coastal state and a port State.

Part XII “Protection and Preservation of the Marine Environment” of UNCLOS

The basic obligation of states to protect and preserve the marine environment is elaborated in more detailed provisions in a certain structure that is perhaps complicated to understand. First of all, there is a principal division of provisions into two groupings: 1) setting international rules and standards as well as implemented in national laws, and 2) enforcement rights and obligations with certain safeguards towards the protection of foreign vessels and crews from abuse of rights by the coastal states, who got additional powers by establishing exclusive economic zones (EEZ). Second, this marine environment protective regulation is made to cover the whole pollution load of the seas and oceans specifically oriented to each source of pollution. The GESAMP (Group of Experts on the Scientific Aspects of Marine Pollution) has estimated that from the full pollution load, the shares are distributed as follows: a) 77% from land-based pollution (incl. 33% from the air);

---

6 See Article 311 p 3 of the UNCLOS: “Two or more States Parties may conclude agreements modifying or suspending the operation of provisions of this Convention, applicable solely to the relations between them, provided that such agreements do not relate to a provision derogation from which is incompatible with the effective execution of the object and purpose of this Convention, and provided further that such agreements shall not affect the application of the basic principles embodied herein, and that the provisions of such agreements do not affect the enjoyment by other States Parties of their rights or the performance of their obligations under this Convention.”

7 See RT II 1995, 11, 57.

8 See Veeseadus (Water Law Act) – RT I, 28.06.2015, 10.
b) 12% from ships; c) 10% from dumping; and d) 1% from activities on the deep seabed. Third, there are several different maritime areas like internal waters, territorial seas and contiguous zones (the EEZ), in which coastal states have different rights and obligations in protecting the sea from pollution. For more detail see, for example, the monograph of the Finnish professor Kari Hakapää or the Dutch professor Erik Jaap Molenaar.

Although vessel-source pollution of seas amounts to only 12% of the whole pollution load, it is to the best knowledge of the author most effectively regulated by the globally accepted law of the sea. In Estonian environmental law, there is no analogous law for the protection of lakes, rivers and ground water.

The shipping industry must obey the international rules and standards and take necessary actions to ensure that ships at sea fully conform to these rules. Flag states have the following obligation:

“States shall adopt laws and regulations for the prevention, reduction and control of pollution of the marine environment from vessels flying their flag or of their registry. Such laws and regulations shall at least have the same effect as that of generally accepted international rules and standards established through the competent international organization or general diplomatic conference.” (UNCLOS Art 211 (2)). This means that vessels under their registration states have the possibility to adopt even more stringent rules than internationally accepted rules and standards as minimum requirements. But coastal states have the opposite obligation – such international rules and standards are maximum requirements in certain aspects for vessels engaged in innocent passage through the territorial sea. Art 211 (2) of UNCLOS provides the following, “Such laws and regulations shall not apply to the design, construction, manning or equipment of foreign ships unless they are giving effect to generally accepted international rules or standards.” So the competent international organisation IMO is taking care that only seaworthy vessels are sailing the World Oceans only because substandard vessels will pose dangers not only to themselves and their crews but also to other ships in maritime traffic.

**Estonia as a flag state**

According to the UNCLOS, “every State shall fix the conditions for the grant of its nationality to ships, for the registration of ships in its territory, and for the right to fly its flag. Ships have the nationality of the State whose flag they are entitled to fly. There must exist a genuine link between the State and the ship” (Article 91 (1)) and every ship shall sail under the flag of one State only (Article 92 (1)); “every State shall effectively exercise its jurisdiction and control in administrative, technical and social matters over ships flying its flag” (Article 94 (1) and such measures shall mutatis mutandis include those necessary to ensure: “(c) that the master, officers and, to the extent appropriate, the crew are fully conversant with and required to observe the applicable international regulations concerning the safety of life at sea, the prevention of collisions, the prevention, reduction and control of marine pollution, and the maintenance of communications by radio” (Article 94 (4)).

In maritime affairs, Estonia has adapted to the international requirements for a flag state relatively fast. The Ülemnõukogu (Estonian Parliament until the Constitution was adopted in next summer) passed the Merchant Shipping Code, combining into this lex specialis both norms of public and private law; the Government established the Estonian Maritime Administration together with the Estonian Ship Register. Estonia became the 136th Member of IMO on 31 January, 1992, and within 1992-1993 acceded to most essential international conventions like SOLAS-74, Load Lines 1966, Tonnage 1969, ColReg 1972, MARPOL 73/78, Helsinki Convention 1992, etc. Several well-recognised classification societies were

---

9 See „dumping“ determined in Art 1 (5) of UNCLOS as basically any deliberate disposal of vessels, aircraft, platforms or other objects as well as any wastes into the sea (except when ships are in distress and using concept of „general average“ known in maritime law).


13 Work was commenced on 1 November 1991.
contracted and authorised to issue necessary certificates for vessels. By 1 May 2010, Estonia had acceded or ratified 39 IMO conventions or protocols to them, as well as some CMI conventions and made those (with some exceptions) part of its national law.

Part XII “Protection and Preservation of the Marine Environment” of UNCLOS in Art 211 regulates mainly the flag state obligations towards its flagged vessels, and Art 217 is devoted to the provisions on enforcement. There are no complaints to the Estonian Maritime Administration supervising the vessels’ conformity with the international rules and standards, outlined in Art 211 (2) as follows: “States shall adopt laws and regulations for the prevention, reduction and control of pollution of the marine environment from vessels flying their flag or of their registry. Such laws and regulations shall at least have the same effect as that of generally accepted international rules and standards established through the competent international organization or general diplomatic conference.”

However, the pre-court investigation of pollution incidents at sea in Estonia is assigned to the Environmental Inspectorate (EEI) within the Ministry of Environment. According to the findings of the author during the maritime law codification efforts arranged and procured by the Ministry of Economy, the EEI have not been authorised by law today to give any “diplomatic protection” to Estonian flagged vessels that happen to pollute maritime areas under the jurisdiction of any foreign state. Namely, Art 228 (1) of UNCLOS gives one safeguard, which is stated as follows: “Proceedings to impose penalties in respect of any violation of applicable laws and regulations or international rules and standards relating to the prevention, reduction and control of pollution from vessels committed by a foreign vessel beyond the territorial sea of the State instituting proceedings shall be suspended upon the taking of proceedings to impose penalties in respect of corresponding charges by the flag State within six months of the date on which proceedings were first instituted, unless those proceedings relate to a case of major damage to the coastal State or the flag State in question has repeatedly disregarded its obligation to enforce effectively the applicable international rules and standards in respect of violations committed by its vessels.”

**Estonia as a coastal state**

As a coastal state, Estonia has lot of problems in trying to apply the Water Law Act on the basis of analogy, as is evidenced by the results of the research of the state procurement work (see reference No.15). For example, the incident involving the Maltese tanker ALAMBRA (75 366 GT) on 17 September 2000, when she was loading a cargo of heavy fuel oil in the Port of Muuga, Tallinn (Estonia). An alleged 300 tonnes of cargo escaped from a crack in the vessel’s bottom plating. The ALAMBRA remained in its berth, arrested while clean-up operations were carried out, but was subsequently detained by the Estonian authorities pending a decision by the Tallinn Port Authority to allow the remaining 80 000 tonnes of cargo on board to be removed. The cargo transfer was eventually undertaken in February 2001, and in May 2001 the vessel finally left Estonia for scrapping.

**Limitation of liability**

The limitation amount applicable to the ALAMBRA under the 1969 Civil Liability Convention is estimated at 7.6 million SDR. The ship owner and his insurer, the London Steam-Ship Owners Mutual Insurance Association Ltd (London Club), have settled

---


claims for clean-up costs for a total of US$ 620 000. The Estonian court of first instance approved this settlement in March 2004, and all court actions against the ship owner and the Club in relation to claims with respect to clean-up were terminated. A claim by the Estonian state for EEEK 45.1 million (almost 3.0 mln USD), which had the character of a fine or charge\textsuperscript{16}, was also settled by the ship owner and the London Club at US$ 655 000. The court approved this settlement in March 2004, and the proceedings against the ship owner and the Club in relation to this claim were terminated. A claim for US$100 000 was presented to the ship owner and the London Club by a charterer of a vessel, said to have been delayed while clean-up operations were being undertaken. The owner of the berth in the Port of Muuga, from which the Alambra was loading cargo at the time of the incident, and a company contracted by the owner of the berth to carry out oil loading activities on its behalf, have submitted claims to the ship owner and the London Club for EEEK 29.1 million and EEEK 9.7 million, respectively, for loss of income due to the unavailability of the berth while clean-up operations were being undertaken.

\textit{Legal actions}

In November 2000, the owner of the berth in the Port of Muuga and the company it had contracted to carry out oil loading operations took legal action in the court of first instance in Tallinn against the ship owner and the London Club, and requested the court to notify the 1971 Fund of the proceedings, in accordance with Article 7.6 of the 1971 Fund Convention. Having been notified of the actions, the 1971 Fund intervened in the proceedings. In the context of these legal actions, the question arose as to whether the 1969 Civil Liability Convention and the 1971 Fund Convention had been correctly implemented in Estonian national law.

\textit{The constitutional issue}

On 1 December 1992, Estonia deposited its instruments of ratification of the 1969 Civil Liability Convention and the 1971 Fund Convention with the International Maritime Organization. As a result, the conventions entered into force for Estonia on 1 March 1993. However, the lawyers acting for the ship owner and the London Club, as well as the Estonian lawyers acting for the 1971 Fund, drew their clients’ attention to the fact that, in their view, under the Estonian Constitution, ratification of the Conventions should not have taken place before the Estonian Parliament had given its approval and had adopted the necessary amendments to the national legislation. The conventions were not submitted to Parliament and the necessary amendments to national law were not made. The conventions had not been published in the Official Gazette. For these reasons, these conventions did not, in the view of these lawyers, form part of national law and could not be applied by the Estonian courts. The ship owner and the London Club raised this issue in their pleadings in the court of first instance, as did the 1971 Fund in order to protect its position. On 1 December 2003, the court of first instance rendered its decision on the constitutional issue. The court held that since the government had ratified the 1969 Civil Liability Convention without prior approval by Parliament, the ratification procedure had been a breach of the Estonian Constitution. For this reason, the court decided that the convention could not be applied in the case under consideration and should be declared in conflict with the constitution. The court of first instance, therefore, ordered that constitutional review proceedings should be initiated before the Supreme Court. In June 2009, all legal proceedings regarding this incident were terminated and the court of first instance in Tallinn confirmed the settlement agreement, stating that there is no valid claim against the 1971 Fund. This case is now closed.\textsuperscript{17}

Consequently, all the claims were not adjudicated but settled and the courts involved did not have to apply the Estonian law but just confirm the negotiated results of the advocates representing every person involved. It is amazing that when this constitutional deficiency was liquidated by the \textit{Riigikogu}\textsuperscript{18} confirmed the accession of Estonia to the conventions CLC-169 and IOPC FUND-

\textsuperscript{16} Calculated simply on basis of the Environment Tax Law, which defines "pollution damage" in a way contrary to the applicable civil liability convention CLC-1969 (as amended in 1992) and is, consequently, not accepted by the London based Oil Pollution Compensation Funds – whether 1971 or 1992.

\textsuperscript{17} See www.iopcfunds.org – International Oil Pollution Compensation Funds. Incidents 2009, lk 67-68.

\textsuperscript{18} See Official Gazette - RT II 2004, 25, 103.
1971, both with the 1992 Protocols. The texts were translated into Estonian and published as required by the Constitution. The director of the EEI is acknowledging today that for them and for the Ministry of the Environment it is still difficult to understand how to calculate the pollution damage at sea.\(^\text{19}\)

In this short article, it is impossible to comment on all the problems arising from the attempts to incorporate some provisions of related IMO conventions and EU legislation into the Water Law Act of Estonia. Let’s take only two examples. **First**, Part XII of UNCLOS in determining the weight of a pollution incident or exposure to the environment uses notions like “substantial discharge”, “causing significant pollution”, “wilful and serious pollution”, “major damage”, etc., which have not been qualified at all (do not have legal definition). Also, there are some mistakes in translating Art 220 of UNCLOS, which will make the application of the law very difficult, if not impossible. **Second**, a look into the Penal Code of Estonia, namely §-s 365\(^1\)-2, will provide the reader with a surprise, because it states that not every spill of pollutants from vessels into the marine environment in violation of prohibition will be punished but only systematic pollution. That is provided without any consideration of the size of the pollution damage as well as irrespectively of what maritime area this incident has occurred in or whether the accused is a foreign or Estonian vessel.\(^\text{20}\) This makes it possible for the EEI to make protocols for the first spill of oil or other pollutants from vessels, and only in cases of subsequent spills is the Penal Code applicable – in practical terms, it applies only to liner service vessels. So the principle of “polluter pays” will not be followed.

**Estonia as a port state**

As we have said above, substandard vessels are posing threats to the maritime traffic and many “flag of convenience” states are not properly following whether their vessels conform to the international rules and standards in respect of seaworthiness in full. In order to prevent such vessels from starting their voyages, 14 Maritime Administrations of North Sea States concluded an agreement in 1982 – the Paris Memorandum, which established a system of regular checks of ships at those states’ ports or offshore terminals.\(^\text{21}\) Estonia became a party to this memorandum in July 2005. It has been agreed that authorised ship inspectors have to visit and carry out investigations on seaworthiness at least of every foreign vessel calling at their ports. These kinds of checks of foreign vessels have been authorised by Art 218 and 219 of the UNCLOS, but are subject to safeguards provided in Art 226.

Moreover, nowadays coastal states of semi-enclosed seas preventing their seas from being polluted by ships have adopted rules stating that before a vessel goes to sea, she should give away all wastes on board to reception facilities in the port. Professor David H. Anderson recalls the vessel called the Mostoles, which was detained by the Dutch Maritime Administration in Rotterdam in 1993 for suspected violation of MARPOL. After some repairs were made, the detention was maintained by the competent officer because the vessel still had some engine bilge water on board that had been emptied into cargo slop tanks. He also declined the offer to seal them because the next port of call was not disclosed or known. The owner’s complaint to the Dutch Ministry of Transport did not help, and he had to order a lighter and empty the engine bilge water before he got permission for the vessel to continue her trip.\(^\text{22}\) – see: David H. Anderson, op.cit., pp. 175, 176. The same kind of regulation was adopted by the states around the Baltic Sea, amending with new rule No.7 the Annex

---

\(^{19}\) See letter of EEI director 29.06.2015.a nr J-6-7/554-2 as reply to the questioning of Consolato del Mare Ltd (the winner of State procurement on maritime law codification).  
\(^{20}\) See Official Gazette – RT I, 12.03.2015, 21.  
\(^{21}\) See the Paris Memorandum of Understanding on Port State Control – ILM.1982, 21.  
There have been no complaints about the work of ship inspectors of the Estonian Maritime Administration in following the UNCLOS, Helsinki convention or Paris Memorandum, as well as the provisions of the Maritime Safety Law Act of Estonia.

Hereby the author wants to point out not all but some important characteristics or reasons why provisions of Part XII of UNCLOS and other related IMO conventions should preferably be incorporated and interpreted in a special law act in Estonia rather than randomly provided without proper care in the Water Law Act:

1) Land territory including lakes, rivers and groundwater are exclusively subject to the sovereignty of a state principally in uniform manner; however, coastal waters, territorial sea and the EEZ of a state have different statuses and legal regimes, where every person and state have to obey UNCLOS;

2) There is quite a big difference in size of internal lakes of Estonia or the Gulf of Finland or the Baltic Proper and so both areas need to be considered differently about the caused harm by spill of pollutants, as well as the implementation of the obligations according to the International Convention on Oil Pollution Preparedness, Response and Co-operation (OPRC) will need for maritime areas of much bigger investments and training for oil spill combating etc;

3) International conventions like CLC-1992 and IOPC FUND-1992 are exclusively for application in maritime areas, not in mainland where rivers are not navigable, except for pleasure crafts, and lakes are not connected with the Baltic Sea in Estonia. No other laws are applicable in presenting any claim to the owner of a vessel. Art III paragraph 4 of the CLC-1992 starts the following: "No claim for compensation for pollution damage may be made against the owner otherwise than in accordance with this Convention."

4) In marine environment protection, preservation and control quite different terminology and concepts are used, compared to the environment protection of land territory – mixing this together in one piece of law makes this text too cumbersome and not clearly understandable.

The overall conclusion of the author is that the hypothesis in the introduction has been confirmed, and it is recommendable that Estonia should elaborate and adopt a separate law for the protection and preservation of its maritime areas, as well as for ensuring that not only the state but all persons who have suffered from pollution incidents at sea will be compensated in full.

---

23 “Regulation 7; Mandatory discharge of all wastes to a port reception facility
A. Definitions: For the purpose of this Regulation:
1. "Ship-generated wastes" means all residues generated during the service of the ship, including oily residues from engine room spaces, sewage, and garbage as defined in Annex V of MARPOL 73/78, cargo associated waste including but not limited to loading/unloading excess and spillage, dunnage, shoring, pallets, lining and packing materials, plywood, paper, cardboard, wire and steel strapping;
2. "Cargo residues" means the remnants of any cargo material on board in cargo holds which remain for disposal after unloading procedures are completed.
B. Discharge of wastes to a port reception facility
Before leaving port, ships shall discharge all ship-generated wastes, which are not allowed to be discharged into the sea in the Baltic Sea Area in accordance with MARPOL 73/78 and this Convention, to a port reception facility. Before leaving port, all cargo residues shall be discharged to a port reception facility in accordance with the requirements of MARPOL 73/78.
C. Exemptions: 1. Exemptions may be granted by the Administration from mandatory discharge of all wastes to a port reception facility taking into account the need for special arrangements for, e.g., passenger ferries engaged in short voyages. The Administration shall inform the Helsinki Commission on the issued exemptions.
2. In case of inadequate reception facilities, ships shall have the right to properly stow and keep wastes on board for delivery to next adequate port reception facility. The Port Authority or the Operator shall provide a ship with a document informing on inadequacy of reception facilities.
3. A ship should be allowed to keep on board minor amounts of wastes which are unreasonable to discharge to port reception facilities.” in: RT II 2007, 7, 26.