

Trade is a focus of recent government affairs work

GOVERNMENT AFFAIRS WORK undertaken by IADC covers a broad spectrum of issues; many affect all members, others focus on operations or regulations that have an impact on only a portion of the membership.

All this work is done in the context of IADC's philosophy of a free-trade environment for members, the safety of drilling industry personnel and protection of the environment wherever oil and gas drilling takes place.

The past year brought success in some areas, progress in others, and new issues to address.

An effort by IADC to move a European working time directive in a direction that served the spirit of the initiative and provided the flexibility that drilling contractors need was successful.

Progress on ensuring that an Eastern US Gulf of Mexico offshore lease sale is held was also made when a task force was formed by a group of oil industry associations including IADC.

Following are highlights of issues on which recent IADC Government Affairs activities have focused.

TRADE A KEY ISSUE

IADC members operate some 1,200 locations outside the US and work for clients with a global perspective. There are numerous practical barriers to drilling companies in many countries, including arbitrary customs levies in some nations that can take as much as 18 months to work out before a rig can enter a country.

To serve the interests of these global players effectively, IADC has had a long-standing policy of promoting free trade and open markets. The Association devotes significant resources to guiding legislation that removes trade barriers.

The past year has seen activity on a number of trade fronts.

In remarks at the 2000 Offshore Technology Conference in Houston in May, IADC Chairman **John Irwin**, President/CEO, **Atwood Oceanics Inc**, urged that the General Agreement on Trade in Services (GATS) include a classification for "energy-related services."

GATS was formed in January 2000 to work toward establishing a level playing field for services. It is the first multilateral agreement to provide legally enforceable rights to trade in all services and includes a commitment to continuous liberalization through periodic negotiations.

However, at present there exists no separate "energy-related services" classification for use in the negotiation of market access and related commitments.

In 1999, IADC was a founding member of the Energy Services Coalition, formed to promote negotiation of energy services in the World Trade Organization's services negotiations. **Brian T Petty**, IADC Senior Vice President-Government Affairs, serves on the Executive Committee of the ESC.

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—Brian T Petty

**IADC Senior Vice President,
Government Affairs**

Including energy services under the WTO will also mandate an open and transparent tendering process, which is not the case in many regions outside North America and Europe.

At a May meeting, GATS set December 2000 as the target for submission of negotiating and other proposals and a March 2001 deadline for conclusion of the current technical phase of the negotiations.

Through its work with the **Consumer Industry Trade Action Coalition** (CITAC), IADC also supported the measure to provide the People's Republic of China with permanent normal trade relations (PNTR). The US Congress passed the measure earlier this year.

Also through its active participation in CITAC, IADC worked to expand aware-

ness of the role that imports play in the US economy.

"Serious damage is done to US companies when trade is artificially restricted," said Mr Petty, who participated in a panel that focused on American companies that are victims of US dumping, countervailing duty, safeguard laws and other restrictions on imports.

ERGONOMICS RULE DUE

IADC has been very active in the continuing discussion of the **US Occupational Safety and Health Administration's** proposed regulations that would implement an ergonomics program as a General Industry standard.

The standards would apply to "disorders associated with repeated trauma."

The advanced notice of proposed rule making included all disorders of the "musculoskeletal and nervous systems occurring in either the upper or lower extremities, including backs."

A Task Force under the IADC HSE Committee prepared preliminary comments in response to the proposal and requested an extension of the comment period.

In testimony before an OSHA panel on 8 May, **Bill Hedrick**, Health, Safety and Environmental Manager for **Rowan Companies Inc** and chairman of the IADC Subcommittee on Ergonomics expressed the IADC's serious concerns about the proposed OSHA ergonomics rule.

"The proposed ergonomics rule threatens the existence of many of our member companies and is unnecessary," said Mr Hedrick.

"Our association has thoroughly reviewed this proposed rule and takes exception to many comments and alleged facts in the supportive documentation used to justify its promulgation."

In his testimony, Mr Hedrick offered a number of recommendations on the proposed rulemaking "if OSHA insists on proceeding with ergonomic regulation."

WORKING TIME DIRECTIVE

The Conciliation Committee of the **European Commission** agreed early this

year to the terms under which the Working Time Directive in the European Union will be extended to "Other Work At Sea" and the other "excluded sectors."

A significant provision of the agreement extends the length of time that workers are covered by a given union contract to 12 months.

Industry worked hard to include the option to extend the reference period from 6 months to 12 months. The longer period will greatly facilitate the complete rostering of offshore complements.

Agreement on the extended reference period "represents a substantial victory for our Work Time Work Group," said Mr Petty.

The European Union member states have 3 years to implement the measure.

OFFSHORE PROGRESS MIXED

Although the **US Minerals Management Service** reached agreement with the affected states to hold a lease sale in the eastern US Gulf of Mexico in December 2001, the sale could still draw opposition.

Helping to ensure that the sale takes place and that lease requirements are reasonable is the objective of a task force formed last year by a group of oil industry associations.

Mr Petty is a member of the Eastern Gulf of Mexico Task Force, organized to help develop a strategy to keep the sale on track. **Earl Sims**, Government Relations Manager for **Vastar Resources Inc**, Houston, heads the task force.

Sale 181 is the only sale proposed in the Eastern Gulf in the 1997-2002 period Outer Continental Shelf oil and gas leasing program. MMS planned the sale after the states agreed that tracts within a 1,033-block, 5.9-million acre area could be offered. As part of the agreement, MMS will not offer 22 blocks between 3 and 15 miles from Alabama's shoreline and no tracts will be offered within 100 miles of Florida's coast.

Even though the sale is scheduled, it could still be blocked. The Task Force wants to ensure the sale proceeds.

In a move that could further restrict access to offshore oil and gas resources, **President Clinton** announced in late May an executive order that will add a battery of "new protections" for US ocean and coastal resources.

A letter of protest against the order signed by Mr Petty and **Robert Stewart**, President, National Ocean Industries Association, said that use of an executive order "ignores the proper vetting of critical questions involving the conservation and harvest of US ocean resources, especially offshore oil and gas reserves."

Among actions included in the executive order is one which directs the **US Department of Commerce** and the **US Department of Interior** to develop a national system of "marine protected areas."

That system would encompass diverse marine ecosystems, and includes ecological reserves where fishing, offshore oil drilling and other consumptive uses of marine resources are prohibited.

About the US Gulf of Mexico, a **US Department of Interior** spokesman said, "We would not expect this executive order to have any impact on that activity. (W)e're not changing any legal authorities here. All we are doing is providing an opportunity for a comprehensive look at various areas."

Those areas include offshore California, offshore North Carolina and offshore Florida.

OTHER ISSUES

The **US Department of Transportation** (DOT) has announced it will extend the time for comments on its proposed regulations to limit driving times for commercial haulers.

Opposition to the proposal has been widespread.

Mr Petty said, "No one expects a decision before the next administration is installed."

In a rule effective 1 May 2000, the (DOT) revised its registration and fee assessment program for transporters and shippers of certain categories and quantities of hazardous materials.

The rule expands the criteria for persons required to register, adopts a two-tiered fee schedule and allows registration for periods of one, two or three years. ■

