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OIL POLLUTION  
COMPENSATION  
FUND 1971

ADMINISTRATIVE COUNCIL  
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ASSEMBLY  
23rd session

71FUND/AC.2/A.23/22  
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## RECORD OF DECISIONS OF THE SECOND SESSION OF THE ADMINISTRATIVE COUNCIL

ACTING ON BEHALF OF THE 23RD SESSION OF THE ASSEMBLY

(held from 24 to 27 October 2000)

Chairman: Mr V Knyazev (Russian Federation)  
Vice-Chairman: Mr R Musa (Malaysia)

### *Opening of the session*

- 0.1 It was noted that the acting Chairman of the Assembly had attempted to open the 23rd session of the Assembly at 9.30 am on Tuesday 24 October 2000, but that the Assembly had failed to achieve a quorum.
- 0.2 It was recalled that at its 4th extraordinary session the Assembly had adopted 1971 Fund Resolution N°13 whereby, with effect from the first session of the Assembly at which the latter was unable to achieve a quorum, various functions of the Assembly would be delegated to the Executive Committee, thereby enabling the Committee to take decisions in place of the Assembly. It was noted that this Resolution was reproduced in the Annex to the draft annotated agenda for the 23rd session of the Assembly (document 71FUND/A.23/1). If the Executive Committee should also fail to achieve a quorum, however, the functions of the Committee shall revert to the Assembly. In such a case, the Administrative Council established under Resolution N°13 shall assume the functions of the Assembly (and therefore also of the Executive Committee). It was noted that only nine of the 15 States elected to the Executive

Committee by the Assembly at the last ordinary session at which it had a quorum (its 20th session, held in October 1997) remained Members of the 1971 Fund. As the quorum requirement for the Committee is ten States, it would no longer be possible for this Executive Committee to achieve a quorum. It was noted that, for that reason, unless the Assembly achieved a quorum and elected new members to the Executive Committee, further sessions of the Committee could not be convened, and the functions of the Assembly could not be delegated to the Committee if the Assembly did not achieve a quorum.

0.3 Accordingly, if no quorum was achieved within 30 minutes of the time indicated above for the opening of the Assembly's session, the agenda items set out below should be dealt with by the Administrative Council established under Resolution N°13 and convened from 24 to 27 October 2000.

0.4 At 9.30 am on Tuesday 24 October 2000 the Head of the Polish Delegation, Mr P Czerwinski, acting in his capacity as head of the delegation from which the Chairman had been elected at its 4th extraordinary session, attempted to open the 23rd session of the Assembly. Only the following eight 1971 Fund Member States were present at that time:

Antigua and Barbuda	Estonia	Poland
Cameroon	Ghana	Russian Federation
Colombia	Malaysia	

0.5 The acting Chairman then adjourned the session for 30 minutes and when the meeting was resumed only thirteen 1971 Fund Member States were present, the additional States being Fiji, India, Malta, Nigeria and Tonga.

0.6 In view of the fact that no quorum was achieved, the Chairman concluded the Assembly meeting.

0.7 In accordance with Resolution N°13, the items of the Assembly's agenda were therefore dealt with by the Administrative Council.

0.8 The session of the Administrative Council acting on behalf of the Assembly was opened by Mr V Knyazev (Russian Federation) as representative of the delegation of the former Vice-Chairman.

*Procedural matters*

**1 Adoption of the Agenda**

The Administrative Council adopted the Agenda as contained in document 71FUND/A.23/1. It was noted that, as indicated in the agenda, two items of the agenda would not be addressed by the Administrative Council, viz item 16 (Reports of the Executive Committee and Administrative Council) and item 18 (Election of members of the Executive Committee).

**2 Election of the Chairman and Vice-Chairman**

2.1 The Administrative Council elected the following delegates to hold office until the next regular session of the Assembly:

Chairman:	Mr V Knyazev (Russian Federation)
Vice-Chairman:	Mr R Musa (Malaysia)

2.2 The Chairman, on behalf of himself and the Vice-Chairman, thanked the Administrative Council for the confidence shown in them.

### 3 Participation

3.1 The following Member States were present:

Antigua and Barbuda	India	Poland
Cameroon	Malaysia	Russian Federation
Colombia	Malta	Slovenia
Estonia	Morocco	Tonga
Fiji	Nigeria	United Arab Emirates
Ghana		

3.2 The following former 1971 Fund Member States were represented as observers:

Algeria	Finland	Netherlands
Australia	France	Norway
Bahamas	Germany	Panama
Belgium	Greece	Republic of Korea
Canada	Ireland	Spain
China (Hong Kong Special Administrative Region)	Italy	Sweden
Croatia	Japan	Tunisia
Cyprus	Liberia	United Kingdom
Denmark	Marshall Islands	Vanuatu
	Mexico	Venezuela

3.3 The following non-Member States were represented as observers:

Argentina	Grenada	Trinidad and Tobago
Brazil	Latvia	Turkey
Chile	Peru	United States
Ecuador	Saudi Arabia	Uruguay
Georgia	Singapore	

3.4 The following intergovernmental organisations and international non-governmental organisations were represented as observers:

*Intergovernmental organisations:*

International Oil Pollution Compensation Fund 1992 (1992 Fund)  
International Maritime Organization (IMO)  
European Commission (EC)

*International non-governmental organisations:*

Comité Maritime International (CMI)  
European Chemical Industry Council (CEFIC)  
International Association of Independent Tanker Owners (INTERTANKO)  
International Chamber of Shipping (ICS)  
International Group of P & I Clubs  
International Tanker Owners Pollution Federation Limited (ITOPF)  
International Union for the Conservation of Nature and Natural Resources (IUCN)  
Oil Companies International Marine Forum (OCIMF)

### 4 Report of the Director

4.1 The Director introduced his report on the activities of the 1971 Fund during the last 12 months, contained in document 71FUND/A.23/2. In his presentation the Director made reference to the fact that the last 12 months had seen many denunciations of the 1971 Fund Convention, and that as a result the 1971 Fund would have 28 Member States by the time of the Assembly's session in

October 2001. He stated that he expected that many more States would soon denounce the 1971 Fund Convention.

- 4.2 The Director mentioned the progressive implementation of the Assembly's decisions with regard to the structure of the Secretariat and new working methods and mentioned in particular the strengthening of the IOPC Funds' use of information technology. The Director referred to the fact that the Secretariat had relocated from the IMO building to Portland House, Stag Place, in the heart of London, giving the Secretariat the additional office space necessary, including space for future expansion, if required.
- 4.3 The Assembly congratulated the Secretariat on the 1999 Annual Report which contained an instructive presentation of the activities of the 1992 Fund and 1971 Fund.
- 4.4 The Assembly expressed its gratitude to the Director and the other members of the joint Secretariat for the efficient way in which they administered the 1971 Fund. It also thanked the staff of the Claims Handling Office established in Kobe following the *Nakhodka* incident, as well as the lawyers and technical experts who had undertaken other work for the 1971 Fund.

*Treaty questions*

**5 Status of the 1971 Fund Convention**

- 5.1 The Administrative Council took note of the information contained in document 71FUND/A.23/3 concerning the situation in respect of the 1971 Fund Convention. It was noted that there were at present 39 Member States of the 1971 Fund and that by October 2001 the 1971 Fund would have 28 Member States.
- 5.2 The delegation of the Kingdom of Morocco informed the Administrative Council that Morocco had deposited its instrument of denunciation of the 1971 Fund Convention on 25 October 2000.
- 5.3 The Colombian delegation informed the Administrative Council that legislation to implement the 1992 Conventions was at an advanced stage and that Colombia would accede to the 1992 Fund Convention and denounce the 1971 Fund Convention in the near future.

**6 Winding up of the 1971 Fund**

- 6.1 The Director introduced document 71FUND/A.23/4 relating to the winding up of the 1971 Fund and document 71FUND/A.23/4/Add.1 on the outcome of the Diplomatic Conference referred to in paragraph 6.2.
- 6.2 The Administrative Council noted that a Diplomatic Conference held from 25 – 27 September 2000 under the auspices of IMO had adopted a Protocol to amend Article 43.1 of the 1971 Fund Convention. It was noted that under the amended text, the 1971 Fund would cease to be in force on the date on which the number of 1971 Fund Member States fell below 25 or 12 months following the date on which the Assembly (or any other body acting on its behalf) noted that the total quantity of contributing oil received in the remaining Member States fell below 100 million tonnes, whichever was the earlier. It was noted that the Protocol would enter into force on 27 June 2001 unless at least one third of the remaining Contracting States had lodged opposition to its entering into force by 27 March 2001.
- 6.3 It was noted that as at 25 October 2000 the 1971 Fund had 40 Member States, and that 13 States had deposited instruments of denunciation, so that the number of Member States would have fallen to 27 by the end of October 2001. The Administrative Council also noted that it was expected that at least another three States would denounce the 1971 Fund Convention during the autumn of 2000 and that consequently the number of Member States would have decreased to 24 by late 2001, which would result in the Convention ceasing to be in force. It was further noted that in any event the total quantity of contributing oil would have fallen below

100 million tonnes by 21 June 2001 (when the denunciation by India took effect), and that the Convention would therefore cease to be in force during the summer of 2002 at the latest, on the assumption that objections to the entry into force of the 2000 Protocol would not be lodged by at least one third of the remaining Member States.

- 6.4 The Administrative Council considered that as a result of the adoption of the Protocol, the problems facing the 1971 Fund had been reduced considerably, unless a sufficient number of objections were lodged. It was suggested that the issue would now be how to ensure the operation of the 1971 Fund and its viability in respect of incidents occurring before the date when the Convention ceased to be in force, ie during the latter half of 2001, or the summer of 2002 at the latest.
- 6.5 The Administrative Council considered a proposal by the Director that the 1971 Fund should take out insurance to cover its liability for future incidents.
- 6.6 The Administrative Council authorised the Director to purchase insurance covering any liabilities of the 1971 Fund for compensation and indemnification up to 60 million SDR (£55 million) per incident minus the amount actually paid by the shipowner or his insurer under the 1969 Civil Liability Convention, as well as legal and other expert fees, in respect of all incidents occurring during the period up to 31 December 2001 with the Fund itself having to cover a deductible of 250 000 SDR for each incident, and the 1971 Fund having the option to extend the insurance cover up to 31 October 2002. The Director informed the Administrative Council that the total cost of the cover would be £768 800.
- 6.7 The Administrative Council considered the Director's proposal that the insurance premium should be paid from the General Fund during the 2000 financial year as a claims expense.
- 6.8 One delegation considered that, since the money in the General Fund included contributions paid by contributors in former Member States, it would be more equitable if the premium for the insurance cover was paid for by the contributors in the present 1971 Fund Member States. One delegation pointed out that the remaining Member States were mostly developing countries. Other delegations considered that the credibility of the international compensation regime was at stake, and that the Fund should be protected as far as possible with existing resources.
- 6.9 The Director pointed out that the cost of the insurance was less than the maximum payment from the General Fund for one single incident, ie 1 million SDR (£915 000). It was noted that there were sufficient funds available in the General Fund to pay the premium, to cover the deductible for several incidents and to reimburse the 1992 Fund the 1971 Fund's share of the costs of running the joint Secretariat for 2001.
- 6.10 In answer to questions from delegations, the Director stated that he did not intend to make a levy of contributions to cover the cost of the insurance. He confirmed that the insurance would cover any claims arising from incidents occurring during the period of the insurance, independent of when the claims were settled. He also confirmed that any number of incidents would be covered during the period of insurance, up to a maximum of 60 million SDR per incident. He mentioned that the admissibility of claims would be decided by the 1971 Fund alone, not by the insurer. He also mentioned that the insurer would acquire by subrogation the rights of the claimants up to the amount paid, but that the Fund would retain subrogated rights for the deductible.
- 6.11 The Administrative Council approved the Director's proposal relating to the payment of the insurance premium set out in paragraph 6.7 above.
- 6.12 The Administrative Council shared the Director's view that it was unlikely that an English Court would be prepared to issue a winding up order in relation to the 1971 Fund.

- 6.13 The Administrative Council decided that it would not be appropriate to appoint a liquidator in the normal sense to deal with the liquidation of the 1971 Fund but that the liquidation should be dealt with by the organs of the 1971 Fund.
- 6.14 The Administrative Council noted the concerns expressed by delegations of former 1971 Fund Member States at the 1992 Fund Assembly's 4th extraordinary session held in April 2000, when the future role of the 1992 Fund in the operation and activities of the 1971 Fund was discussed. A number of these delegations stated that in the light of the adoption of the 2000 Protocol to the 1971 Fund Convention and the 1971 Fund's purchase of insurance cover their concerns had been allayed.
- 6.15 The Administrative Council noted that at its 5th session the 1992 Fund Assembly had decided, since it was likely that the 1971 Fund Convention would cease to be in force by the end of 2001 or during the summer of 2002 at the latest, to maintain the existing arrangement under which the 1992 Fund shared a Secretariat with the 1971 Fund and the 1992 Fund Director was also Director of the 1971 Fund, in order to ensure the efficient handling of pending incidents involving the 1971 Fund and the orderly winding up of that Organisation. The Council agreed that the present arrangement should be maintained.
- 6.16 The Administrative Council noted that the 1992 Fund Assembly had further decided that if the 2000 Protocol to the 1971 Fund Convention did not enter into force, the Assembly would reconsider the 1992 Fund's involvement in the administration of the 1971 Fund.
- 6.17 The question of whether to appoint an eminent person outside the 1971 Fund to oversee the winding up of the Fund was considered. The Council decided that such a person should be appointed, but postponed its consideration of the person to be appointed.
- 6.18 At a later meeting the Director informed the Administrative Council that the insurance had come into effect at 17:00 hrs GMT on 25 October 2000.

## **7 Replacement of instruments enumerated in Article 5.3 of the 1971 Fund Convention**

- 7.1 The Administrative Council considered the information contained in document 71FUND/A.23/5 on the replacement of instruments enumerated in Article 5.3(a) of the 1971 Fund Convention.
- 7.2 It was recalled that at its 8th session the Assembly had decided to interpret Article 5.4 of the 1971 Fund Convention so as to allow the inclusion in the list of instruments contained in Article 5.3(a) not only of new conventions but also amendments adopted by a tacit amendment procedure, provided that such amendments were of an important character for the purpose of the prevention of oil pollution (documents FUND/A.8/12 and FUND/A.8/15, paragraph 15.1).
- 7.3 It was recalled that the Executive Committee acting on behalf of the Assembly had decided at its 59th session that the May 1998 amendments to the SOLAS 74 (IMO Resolution MSC.69 (69)) were of an important character for the purpose of the prevention of pollution but had taken the view that it was premature to take a decision at that session on whether to include these amendments in the list of instruments contained in Article 5.3(a) of the 1971 Fund Convention since it was not possible to determine when these amendments would enter into force (document 71FUND/A.21/24, paragraph 7.4). It was also recalled that the Executive Committee, acting on behalf of the Assembly, took a corresponding decision in respect of the November 1995 amendments to the International Convention on Load Lines 1996 (IMO Resolution A.784 (19)) (document 71 FUND/A.19/30, paragraph 26.3).
- 7.4 The Administrative Council decided to include in the list of instruments the July 1999 amendments to MARPOL 73/78 with effect from 1 May 2001.

7.5 In accordance with the above-mentioned considerations the Administrative Council decided to amend Article 5.3(a) of the 1971 Fund Convention to read as follows, with effect from 1 May 2001:

- (i) the International Convention for the Prevention of Pollution from Ships, 1973, as modified by the Protocol of 1978 relating thereto, and as amended by Resolutions MEPC.14(20), MEPC.47(31), MEPC.51(32), MEPC.52(32), MEPC.75(40) and MEPC.78(43) adopted by the Marine Environment Protection Committee of the International Maritime Organization on 7 September 1984, 4 July 1991, 6 March 1992, 6 March 1992, 25 September 1997 and 1 July 1999, respectively;

7.6 The Council decided not to include in the list of instruments the May 2000 amendments to SOLAS 74 and to the Protocol of 1988 thereto.

*Financial matters*

**8 Report on investments**

8.1 The Administrative Council took note of the Director's report on the 1971 Fund's investments during the period July 1999 to June 2000, contained in document 71FUND/A.23/6.

8.2 The Administrative Council noted the number of investments made during the twelve-month period, the number of institutions used by the 1971 Fund for investment purposes, and the significant amounts invested by the 1971 Fund. The Administrative Council stated that it would continue to follow the investment activities closely.

**9 Report of the Investment Advisory Body**

9.1 The Administrative Council took note of the report of the Investment Advisory Bodies, contained in the Annex to document 71FUND/A.23/7. It noted in particular the meeting between the members of the Bodies and a representative of the External Auditors and took note of the objectives for the coming year. The Administrative Council also noted the Internal Investment Guidelines.

9.2 In answer to a question from a delegation, the Investment Advisory Body confirmed that spot purchases of currencies other than Pound Sterling in anticipation of meeting claims for compensation were always made after consultation with the Body, and that the consideration of whether such purchases should be made was an ongoing exercise.

9.3 One delegate raised the matter of the exchange loss incurred by the 1971 Fund in 1999. The Director explained the accounting policy of the Funds and mentioned that the loss was a result of translating the foreign currency into sterling using the rate of exchange at the year end.

9.4 The Administrative Council expressed its gratitude to the members of the Investment Advisory Body for their work.

**10 Financial Statements and Auditor's Report and Opinion**

10.1 The Director introduced document 71FUND/A.23/8 containing the Financial Statements of the 1971 Fund for the financial year 1999 and the External Auditor's Report and Opinion thereon. A representative of the External Auditor, Mr Dudley Lashmar, Audit Manager, introduced the Auditor's Report and Opinion.

10.2 The representative of the External Auditor drew attention to the effects on the financial viability of the Fund of its reducing membership. He stated that the adoption of the 2000 Protocol and the fact that the Director was in the process of arranging insurance cover for future incidents

would considerably reduce the External Auditor's concerns in respect of the Organisation's financial viability.

- 10.3 The Administrative Council noted with appreciation the External Auditor's Report and Opinion contained in Annexes II and III to document 71FUND/A.23/8 which went into great depth and detail. In particular, the Administrative Council welcomed the 'value-for-money' audit and agreed with the External Auditor that this type of audit should be continued.
- 10.4 The Administrative Council approved the accounts of the 1971 Fund for the financial period 1 January - 31 December 1999.

## **11 Appointment of members of the Investment Advisory Body**

The Administrative Council reappointed Mr Clive Ffitch, Mr David Jude and Mr Simon Whitney-Long as members of the Investment Advisory Body for a term of one year.

### *Contribution questions*

## **12 Report on contributions**

- 12.1 The Council took note of the Director's report on contributions contained in document 71FUND/A.23/10. It noted that 98.8% of the 1999 contributions had been paid. The Administrative Council expressed its satisfaction with the situation regarding the payment of contributions.
- 12.2 One delegation expressed its concern that some contributors in its country were in arrears and that it was its intention to discuss the matter with the Secretariat, in order to ensure that payments were made.
- 12.3 The Administrative Council noted that the Secretariat would appreciate any assistance which delegations could give to ensure that the contributors in their respective States fulfilled their obligations.

## **13 Non-submission of oil reports**

- 13.1 The Administrative Council considered the situation in respect of the non-submission of oil reports, as set out in document 71FUND/A.23/11. The Assembly noted that 27 Member States had not submitted oil reports for 1999 and that for a number of States the reports for several years were outstanding.
- 13.2 The Administrative Council considered that the situation regarding the submission of oil reports was very unsatisfactory.
- 13.3 The Administrative Council emphasised that it was crucial for the functioning of the regime of compensation established by the 1971 Fund Convention that States submitted the reports on oil receipts. The Council renewed the instruction that, if a State did not submit its oil reports, the Director should make contacts with that State and emphasise the concerns expressed by the Administrative Council in this regard. The Director was also instructed to inform the competent persons of the States concerned that the Assembly or Council would review individually each State which had not submitted its report and that it would then be for the Assembly or Council to decide on the course of action to be taken for each such State.
- 13.4 The Director drew attention to the procedure for the submission of oil reports laid down in Internal Regulation 4. He mentioned that the forms for oil reports annexed to the Internal Regulations were made available to Member States in January every year and that it was for Member States to make the forms available to each potential contributor in the State concerned.



*Secretariat and administrative matters***14 Relocation of the IOPC Funds' offices**

- 14.1 The Administrative Council noted that the IOPC Funds' offices had been relocated from the IMO building to Portland House, Stag Place, in Victoria in June 2000 and that the new premises gave the Secretariat the additional office space necessary, including space for future expansion if required.
- 14.2 It was noted that the total cost of the relocation was estimated to be in the region of £840 000 and that, after deduction of the contribution of the United Kingdom Government, the cost to the IOPC Funds would fall well below the amount of £600 000 included in the 2000 Budget for this purpose. It was also noted that the benchmark figure for cellular office fit outs was £500 - 520/m<sup>2</sup> and that the cost relating to the IOPC Funds' offices would be in the region of £438/m<sup>2</sup>.
- 14.3 One delegation stated that, having also been involved in a search for office premises in London, it considered that the IOPC Fund's rent represented very good value for money.
- 14.4 The Administrative Council expressed its gratitude to the United Kingdom Government for its assistance in finding the new premises, for making available consultants and for the generous financial support.

**15 Working methods of the Secretariat**

- 15.1 The Administrative Council took note of the information contained in document 71FUND/A.23/13 regarding the developments in respect of the working methods of the Secretariat.
- 15.2 In his introduction the Director stated that he intended to continue to review the process for claims handling and pursue the development of the Secretariat's use of information technology. He mentioned that he intended to continue to improve the public relations activity of the Organisations and the use of the website. He also emphasised the need for continuous staff training. The Director stated that the evaluation of the Secretariat's working methods would be an ongoing process, that external consultants would be used as required and that in his view it would not be necessary to engage external consultants to make a general evaluation of the Secretariat's working methods at this stage.
- 15.3 The Council noted that under the new structure established by the Assemblies in 1998 the Director delegated considerable authority to the Heads of Departments and, as regards the handling of claims for compensation, to the Legal Counsel and the Claims Officers, which had enabled the Director to concentrate on matters of major strategic importance, policy issues, long-term planning and high level contacts with Governments.
- 15.4 Many delegations expressed their appreciation of the dedication and quality of work of the Director and the Secretariat and noted with satisfaction that the changes that the Director had introduced had brought about significant improvements in the IOPC Funds' main activity of dealing with claims. Several delegations stated that it was important for the IOPC Funds not only to operate effectively but also that this was seen to be so by the public, and in particular by claimants, and that transparency was of great importance. It was suggested that whilst the 1992 Fund clearly had responded to the need for change, the necessity of ongoing development was stressed and a number of quality assurance schemes were mentioned in this context. It was suggested that the 'value-for-money' audit carried out by the External Auditor could be of assistance in this regard. Other delegations cautioned that the Secretariat should not be burdened with too much in the way of reviews as this could be detrimental to its main work of

handling claims. Some delegations expressed the view that it would be premature to engage external consultants at this stage.

- 15.5 The Administrative Council noted with satisfaction the developments that had taken place in respect of the IOPC Funds' use of information technology and of the translation of documents. It also noted the Secretariat's enhanced involvement in the operation and monitoring of local Claims Handling Offices and in the monitoring of the work of technical experts.
- 15.6 Two delegations questioned the Fund's sole reliance on ITOPF as its technical advisers and suggested that it might be appropriate to consider using – in addition to ITOPF - experts to be chosen by the Fund from a panel of experts nominated by governments. In the view of these delegations such a panel could contribute to ensuring that the public perceived the response to oil spills as balanced.
- 15.7 The Council decided that it was not necessary to carry out a further general external evaluation of the working methods at this stage.
- 15.8 The Administrative Council instructed the Director to continue his efforts to implement progressively the new working methods so as to increase the effectiveness of the Secretariat by the optimum use of the staff resources. The Director was also instructed to assess continually the Secretariat's working methods and report the developments to the Assembly (or any other body acting on its behalf) at its next regular session.
- 15.9 Several delegations referred to the organisation of work during meetings and a number of suggestions were made relating to the timetable, the possibility of conducting joint meetings for matters common to the 1971 and 1992 Funds, and the opportunities that the Internet could provide to speed up the distribution of documents. The Director was instructed to examine these issues.

*Compensation matters*

**16 Reports of the Executive Committee and Administrative Council**

As previously indicated, this agenda item was not considered (cf paragraph 1 above).

**17 Incidents involving the 1971 Fund**

17.1 Overview

The Administrative Council took note of document 71FUND/A.23/14 which contained a summary of the situation in respect of all 23 incidents dealt with by the 1971 Fund during the past 12 months.

17.2 Aegean Sea

- 17.2.1 The Administrative Council took note of the developments in respect of the *Aegean Sea* incident, as set out in document 71FUND/A.23/14/1, in particular as regards the three main outstanding issues, *viz* the quantification of the losses and the legal issues of the distribution of liabilities between the Spanish State and the shipowner/his insurer (the United Kingdom Mutual Steamship Assurance Association (Bermuda) Ltd (UK Club))/the 1971 Fund and of the time bar in respect of the claimants which had brought action in the civil courts.

*Quantification of losses*

- 17.2.2 The Council noted that nine meetings had been held between representatives of the Spanish Government, the Instituto Español de Oceanografía, the Xunta de Galicia and the 1971 Fund and that a representative of the shipowner and the UK Club had attended most of the meetings.

- 17.2.3 The Administrative Council noted that at a meeting in Madrid on 2 October 2000 a provisional agreement had been reached between the Spanish Government and the Xunta de Galicia, on the one hand, and the 1971 Fund, the shipowner and the UK Club on the other, as to the admissible quantum of all claims for compensation arising out of the incident except the claim by the shipowner/UK Club for the costs of clean-up and preventive measures associated with salvage. It was also noted that a provisional agreement had subsequently been reached between the 1971 Fund and the UK Club on the latter claim. The Council took note of the provisionally agreed figures as set out in the table below.

Claims	Claimed amount (million)	Agreed amount (million)
Fishermen and shellfish harvesters	14 222.17	3 220.77
Mariculture	20 048.24	5 183.61
Clean-up operations	2 679.67	560.98
Fish wholesalers, transporters and related business	2 120.80	291.62
Tourism	75.20	13.81
Financial costs	2 127.20	371.68
Spanish Government	1 154.50	460.23
Shipowner/UK Club's claim for clean-up and preventive measures	1 181.59	660.81
Amounts awarded by Criminal Courts	4 577.63	814.51
Claims paid by UK Club and 1971 Fund	-	254.55
Total (million Ptas)	48 187.01	11 832.55
Total (£)	£178 million	£44 million

- 17.2.4 As regards the question of whether interest should be paid on agreed claims the Council noted that the general position of Spanish law was that interest was only payable on non-contractual claims from the date when the claim had become liquid, which was normally the date when the amount of the compensation was fixed by the court. It also noted that the Fund's Spanish lawyer had advised that in accordance with the jurisprudence of the Spanish Supreme Court the amount of the loss or damage fixed by the court could be increased to take into account the depreciation of the Spanish Peseta. It was also noted that the Spanish Government and the 1971 Fund were studying these issues.

- 17.2.5 The Council noted that the provisional agreement as to the quantum of the claims was subject to agreement on the two other outstanding issues, namely the distribution of liabilities and the question of time bar.

*Legal issues*

- 17.2.6 The Administrative Council noted that there existed differences of opinion between the Spanish State and the 1971 Fund on two legal issues, namely the distribution of liabilities between the State and the shipowner/UK Club/1971 Fund and the question of whether the actions brought by a number of claimants in the civil courts were time-barred.

- 17.2.7 The Administrative Council noted with satisfaction that the Director had held fruitful and constructive discussions with representatives of the Spanish Government during which both parties maintained their positions on the distribution of liabilities and on the issue of time bar. The Council noted that both sides had recognised that these matters would be for the Spanish courts to decide unless an out-of-court settlement was reached and that there was always some uncertainty as to the outcome of any court proceedings on these very complicated issues.

- 17.2.8 The Council agreed with the Director that litigation in respect of the issues of distribution of liabilities and time bar would be very protracted. The Council emphasised that the purpose of the 1971 Fund was to pay compensation to victims of pollution damage and considered therefore that a global settlement of all outstanding issues would be in the interest of all parties involved.

- 17.2.9 The Council noted that at a meeting held in Madrid on 3 October 2000 it had been suggested that a solution could be found by the Spanish Government and the 1971 Fund each compromising on their legal positions as follows: the Fund would refrain from invoking that the claims presented in the Civil Court were time-barred, whereas the Spanish State would accept a distribution of liabilities between the pilot/Spanish State and the master/shipowner/UK Club/1971 Fund. It was noted that a global solution could be that the 1971 Fund/UK Club/shipowner/master paid a fixed amount in respect of all claims and that as a result all court actions would be withdrawn.
- 17.2.10 The Spanish observer delegation expressed the Spanish Government's appreciation of the efforts made by the UK Club and the 1971 Fund for the purpose of arriving at a global settlement in respect of this incident. That delegation pointed out that the quantum of the losses as agreed between the parties was very close to the amount paid by the Spanish Government in loans to claimants in 1997. The Spanish delegation acknowledged that difficult legal issues remained to be resolved and informed the Administrative Council that a Steering Committee had been formed within the Spanish Government comprising representatives from the Foreign Office, the Ministry of Justice, the Ministry of Transport and the Ministry of Finance in order to facilitate the negotiations.
- 17.2.11 The Spanish delegation expressed the hope that the close co-operation between the UK Club, the 1971 Fund and the Spanish State would continue and that an agreement on a global settlement would be reached at the earliest opportunity and, in any event, before the winding up of the 1971 Fund.
- 17.2.12 The Administrative Council instructed the Director to continue the discussions with the Spanish Government for the purpose of reaching an agreement with the Government on a proposal for a global settlement to be submitted for consideration to the Assembly at its next session.
- 17.3 *Braer*
- 17.3.1 The Administrative Council took note of the developments in respect of the *Braer* incident, as set out in document 71FUND/A.23/14/2, in particular as regards the situation in respect of the claims pending in court.
- 17.3.2 It was recalled that in view of the total amount of the claims presented, the Executive Committee had decided in October 1995 to suspend further payments.
- 17.3.3 It was noted that in April 2000 the United Kingdom Government and the Skuld Club had withdrawn their claims for compensation for £3.6 million and £1.7 million, respectively, and that a group of fish processors had withdrawn their claims, totalling £7.6 million.
- 17.3.4 The Administrative Council noted that the Executive Committee had decided at its 62nd session, held in October 1999, to authorise the Director to make partial payments to those claimants whose claims had been approved but not paid, if the claims pending in the court proceedings together with the claims which had been approved but not paid fell below £20 million. It was also noted that the Committee had further decided that the proportion of the approved amounts to be paid should be decided by the Director on the basis of the total amount of all outstanding claims (document 71FUND/EXC.62/14, paragraph 3.4.5).
- 17.3.5 The Council noted that the claims pending in court in April 2000 totalled £7 611 436, and the claims settled but not paid totalled £5 838 649, or together £13 450 085, and that the Director had therefore decided that the Fund should pay 40% of the claims which had been approved but not paid. The Council noted that payments at 40% totalling £1 993 619 had been made in respect of these claims in May and June 2000.

- 17.3.6 The Council noted that the total amount paid so far in compensation was £46 953 453, out of which the 1971 Fund had paid £42 633 898 and the Skuld Club had paid £4 319 556 and that there was, therefore, £3 655 827 available for further payments.
- 17.3.7 It was noted that the claim by Shetland Sea Farms Ltd had been heard by the Court of Session in October 2000 and that a decision was expected early in the new year. It was also noted that a decision in respect of the roof damage claims was expected in the near future.
- 17.3.8 The Council noted that the Shetland Islands Council had recently indicated that it intended to withdraw the disputed parts of its claims for compensation.
- 17.3.9 The Council noted that the Director intended to make additional payments in respect of the claims referred to in paragraph 17.3.4 if and to the extent made possible as a result of the reduction in the total amount of the claims pending in court.
- 17.3.10 The United Kingdom delegation welcomed the recent developments outlined above.

17.4 *Keumdong N°5*

- 17.4.1 The Administrative Council took note of the developments in respect of the *Keumdong N°5* incident as set out in document 71FUND/A.23/14/3 and in particular as regards the legal actions by Yosu Fishery Co-operative and an arkshell fishery co-operative.

*Claim by Yosu Fishery Co-operative*

- 17.4.2 The Administrative Council noted that following the instructions given by the Executive Committee at its 61st session the 1971 Fund had lodged appeals against the District Court's judgement in respect of the Yosu Fishery Co-operative regarding the questions of fact, the decision to allow compensation for pain and suffering, the apparently arbitrary methods used to determine compensation and the decision to award compensation to fishermen operating without having fulfilled licensing requirements.
- 17.4.3 The Administrative Council noted that it was expected that the Court would render its judgement in the near future.
- 17.4.4 The Council renewed its instructions to the Director that he should if necessary pursue appeals to the Supreme Court in respect of issues of principle, namely as regards compensation for pain and suffering and to fishermen operating without having fulfilled the licensing requirements.

*Claim by an arkshell fishery co-operative*

- 17.4.5 The Administrative Council noted that following the instructions given by the Executive Committee at its 61st session, the 1971 Fund had lodged appeals against the questions of fact in the judgement by the Seoul District Court and its decision to allow compensation for pain and suffering in respect of the claims by the co-operative.
- 17.4.6 It was noted that on 19 July 2000 the Appellate Court had rendered a compulsory mediation decision in respect of the arkshell fishery co-operative claims in which it stated that it would accept the 1971 Fund's position that compensation should not be granted for pain and suffering and that the Court had expressed the opinion that although all claimants had suffered property damage it would not accept the amounts claimed. The Administrative Council noted that the Court had indicated that it would grant compensation for property damage in the arkshell cultivation farms for Won 337 million (£214 000) and that it would award Won 75 million (£48 000) in respect of damage to arkshell hatcheries. It was further noted that in the mediation decision the Court had stated that the Fund should pay Won 412 million (£260 000) plus interest at 5% per annum from 27 September 1993 until 31 August 2000 and at 25% per annum from 1 September 2000 until the date of full payment.

- 17.4.7 The Administrative Council noted that, in the view of the 1971 Fund's Korean lawyer, it was likely that neither opposition to this decision in the Appellate Court nor an appeal to the Supreme Court would succeed and that the Director had therefore decided that the Fund should accept the decision in respect of the arkshell fishery co-operative claims, on the condition that the claimants did not lodge opposition.
- 17.4.8 The Administrative Council noted that the arkshell fishery co-operative had not lodged opposition to the mediation decision of the Appellate Court and that in August 2000 the 1971 Fund had paid the amount determined by the Court.
- 17.5 Sea Prince
- 17.5.1 The Administrative Council took note of the developments in respect of the *Sea Prince* incident as set out in document 71FUND/A.23/14/4.
- 17.5.2 As regards the determination of the limitation amount applicable to the *Sea Prince* the Administrative Council recalled that at its 1st session it had been reported that the shipowner had requested payment by the 1971 Fund in respect of clean-up costs that had not been reimbursed by the UK Club. The Council also recalled that the 1971 Fund could not make any payments in this regard before the limitation amount in Won applicable to the *Sea Prince* had been determined. It was further recalled that in view of the considerable time that would elapse before the limitation amount would be determined by the Court, as an exception the Council had authorised the Director to agree with the shipowner/insurer on the exchange rate between the SDR and Won to be applied to establish the limitation amount in respect of the *Sea Prince* and to determine the amount of indemnification payable by the Fund under Article 5.1 of the 1971 Fund Convention (document 71FUND/AC.1/EXC.63/11, paragraph 3.3.5).
- 17.5.3 The Administrative Council noted that in May 2000 the 1971 Fund had presented detailed proposals on the limitation and indemnification amounts to the shipowner/UK Club, but that it had not been possible to reach agreement on these issues.
- 17.6 Sea Empress
- 17.6.1 The Administrative Council took note of the information contained in document 71FUND/A.23/14/5 in respect of the *Sea Empress* incident.
- 17.6.2 The Council expressed satisfaction that progress had been made as regards the settlement of a significant number of claims in respect of which legal proceedings had been taken against the 1971 Fund.
- 17.6.3 It was noted that the Director, together with the 1971 Fund's legal advisers, was finalising the claim document in the recourse action to be taken by the Fund against the Milford Haven Port Authority.
- 17.6.4 The United Kingdom delegation expressed its appreciation of the Secretariat's efforts in trying to settle the outstanding claims and, in particular, the claim by the United Kingdom Government. He stated that the Government was still considering the offer made by the 1971 Fund and that some issues might require further discussion.
- 17.7 N°1 Yung Jung
- 17.7.1 The Administrative Council took note of the developments in respect of the *N°1 Yung Jung* incident as set out in document 71FUND/A.23/14/6.
- 17.7.2 The Council took note of the considerations by the 1971 Fund Executive Committee at its 61st and 62nd sessions regarding the issue of whether the 1971 Fund was entitled to recover from the Republic of Korea the amounts paid by the Fund in compensation and indemnification

as a result of the incident. It also noted the views of the 1971 Fund's Korean lawyer in this regard.

- 17.7.3 The Council further noted that in June 2000 the Government Compensation Committee had dismissed the 1971 Fund's claim against the Republic of Korea.
- 17.7.4 The Council noted that the 1971 Fund would be entitled to pursue its claim for recovery against the Republic of Korea by legal action and that such an action should be filed by 20 December 2000. The Council took note of the Director's analysis based on the views of the 1971 Fund's Korean lawyer that the Korean Courts would be inclined to accept the arguments of the Korean Government in view of the fact that the Courts had been rather reluctant to find the Republic of Korea liable under the State Compensation Act. The Council noted the Director's view that a legal action by the 1971 Fund against the Korean Government was therefore not likely to succeed.
- 17.7.5 The Council endorsed the view expressed by the Director that there was a considerable risk that a legal action against the Korean Government would not succeed. Taking into account the relatively low amount involved, the Council decided that the 1971 Fund should not pursue this issue further by taking legal action against the Republic of Korea.

17.8 *Nakhodka*

- 17.8.1 The Administrative Council took note of developments in respect of this incident contained in document 71FUND/A.23/14/7 (cf 92FUND/EXC.9/4).

*Claims for compensation*

- 17.8.2 The Administrative Council noted that as at 16 October 2000 the total payments made to claimants amounted to ¥13 804 million (£72 million), including the payments made by the shipowner and his P & I insurer totalling ¥66 million (£400 000) plus US\$4.6 million (£3 million).

*Level of payments*

- 17.8.3 The Administrative Council noted that in view of the uncertainty as to the level of the total amount of the claims, the Executive Committee of the 1971 Fund and the Assembly of the 1992 Fund had decided in April 1997 that the payments to be made by the two Organisations should, for the time being, be limited to 60% of the amount of the damage actually suffered by the respective claimants as assessed by the experts engaged by the Funds and the shipowner/UK Club at the time when the payment was made.
- 17.8.4 The Administrative Council also noted that claims against the IOPC Funds had become time-barred on or shortly after 2 January 2000.
- 17.8.5 The Council noted that the Director had informed the governing bodies of the 1992 and 1971 Funds at their April 2000 sessions that he estimated the total exposure of the Funds at some ¥30 500 million (£202 million). The Council further noted that the governing bodies had decided to increase the level of the IOPC Funds' payments from 60% to 70% of the amount of the damage actually suffered by the respective claimants (documents 92FUND/EXC.7/5, paragraph 3.1.12 and 71FUND/AC.1/EXC.63/11, paragraph 3.6.12).
- 17.8.6 The Council noted that as a result of developments since the April 2000 sessions of the governing bodies the total exposure of the Funds could be estimated at some ¥28 468 million (£189 million) and that the total amount available for compensation under the 1992 Fund Convention was ¥23 164 515 000 (£154 million). The Council also noted that payments at 80% of the estimated total exposure would give ¥22 774 million (£151 million), which would be slightly below the total amount payable under the 1992 Conventions.

- 17.8.7 The Director informed the Administrative Council that in the light of the foregoing he considered that an increase of the IOPC Funds' payments from 70% to 80% would be appropriate when further claims had been settled or withdrawn so as to reduce the total exposure of the Funds below ¥27 800 million (£184 million). He mentioned that payments of 80% of this amount would give ¥22 240 million (£148 million), which in his view would give the IOPC Funds a certain margin against overpayment.
- 17.8.8 In light of the foregoing and in order to ensure additional payments to claimants as soon as possible the Administrative Council decided to authorise the Director to increase the level of payments to 80% of the amount of the damage actually suffered by the individual claimants when the total of the settled and pending claims fell below ¥27 800 million.
- 17.8.9 The Administrative Council noted that the 1992 Fund Executive Committee had at its 9th session taken the corresponding decision as regards the level of payments.

17.9 *Nissos Amorgos*

- 17.9.1 The Administrative Council took note of the developments set out in document 71FUND/A.23/14/8 in respect of the *Nissos Amorgos* incident. In particular the Council considered a claim by six shrimp processors and 2 000 fishermen, the 1971 Fund's position as regards the cause of the incident, the developments in the various court proceedings and the 1971 Fund's level of payments.

*Claim by six shrimp processors and 2 000 fishermen*

- 17.9.2 The Administrative Council considered a claim for US\$25 million (£15.6 million) by six shrimp processing companies and 2 000 fishermen who had alleged that the oil spilled from the *Nissos Amorgos* in the Gulf of Venezuela on 28 February 1997 had caused a reduction in shrimp catches in Lake Maracaibo in 1998.
- 17.9.3 It was noted that representatives of the Gard Club and of the 1971 Fund had made several visits to the processing plants operated by the six companies to discuss the basis of the claim and to examine the accounts and records of each plant. The Council noted the Director's view that, on the basis of the data obtained, there was a statistically significant reduction in shrimp supplies to the plants, and hence catches, in 1998 relative to 1997 and 1999 (cf document 71FUND/A.23/14/8, paragraph 2.2.6). It was noted that the extent of this reduction varied within a range of 48% to 71% amongst the different companies with an average of 61% but that the data obtained, as well as long-term national catch statistics, showed that there was considerable variation from year to year in shrimp supplies to individual companies.
- 17.9.4 The Council took note of the views of six biologists appointed by the claimants to consider the possible causes of the reduction in catches/supplies. The Council noted in particular that these biologists had pointed out that the oil spilled from the *Nissos Amorgos* had been carried by the prevailing wind and current to the coast and northwards, probably affecting the Bay of Calabozo which is a main breeding ground for white shrimp (*Litopenaeus schmitti*) in the Gulf of Venezuela and that the incident occurred shortly before the spring breeding period. The conclusions of the six biologists were noted, ie that there were no other factors which could have affected the shrimp catches and that the only reasonable explanation for the downturn in catches of white shrimp, which had been increasing steadily in previous years, was the oil spilled from the *Nissos Amorgos*. It was also noted that the biologists had concluded that the oil had affected the spawning and/or the larval development of the shrimp, and had suggested that it had killed a significant proportion of the organisms upon which the shrimp larvae feed.
- 17.9.5 The Administrative Council also noted that three marine biologists with worldwide experience of the effects of oil on shrimp fisheries engaged by the Gard Club and the 1971 Fund had confirmed that white shrimp spawn in the Bay of Calabozo in the Gulf of Venezuela and that the



hatched larvae undergo various stages of growth before migrating into Lake Maracaibo where they become part of the commercial stock which forms the bulk of shrimp catches in Lake Maracaibo. It was noted that the three biologists had confirmed that the oil spill coincided with the spawning of white shrimp and that oil affected beaches and was reported in offshore sediments in the vicinity of the known shrimp spawning areas in the Bay of Calabozo. It was further noted that they had confirmed that laboratory experiments had demonstrated that low concentrations of oil could affect reproduction and feeding, manifested in reduced hatching and reduced larval survival of fish and shellfish. In addition, it was noted that the biologists had stated that toxic effects of petroleum fractions on post-larval penaeid shrimps had also been demonstrated in laboratory experiments. The Council noted the three biologists' conclusion that the oil spill provided one possible explanation for the decline in shrimp catches in Lake Maracaibo in 1998, but that there were other equally plausible factors unrelated to the oil spill that could have contributed to the observed decline in shrimp catches, such as sea water temperature, El-Niño events, salinity, fishing effort and pollution from other sources.

17.9.6 The Administrative Council noted the Director's analysis as follows:

For any claim to be admissible under the 1969 Civil Liability Convention and the 1971 Fund Convention it must be shown that the alleged loss or damage was caused by the contamination resulting from the oil spill. The Director noted that there was no contemporaneous evidence, such as comparable data on petroleum hydrocarbon concentrations in biota, sediments or water in the oiled area and adjacent un-oiled areas before and after the *Nissos Amorgos* incident. However, the Director took the view that in the case of fishery claims relating to losses arising some time after a pollution incident, it would be unreasonable to expect such data to be available. The Director had taken into account that laboratory experiments had demonstrated that low concentrations of oil could affect the reproduction and feeding of shellfish and the survival of shrimps. Oil was reported in the vicinity of the shrimp spawning areas in the Bay of Calabozo. Although the biologists engaged by the 1971 Fund and the Gard Club had stated that there appeared to be equally plausible factors other than the oil spill which could have contributed to the downturn in catches, they had not been able to identify any such factor which did actually contribute to this downturn. In spite of the lack of conclusive evidence establishing or refuting a direct link between the oil spill and the downturn in shrimp catches, and after having examined the opinions of the various biologists, the Director considered that the oil from the *Nissos Amorgos* was most probably a significant contributory factor to this downturn.

- 17.9.7 The Venezuelan observer delegation expressed its gratitude to the 1971 Fund and its experts for the manner in which the claim had been handled. That delegation stated that the Administrative Council, when considering the admissibility of this claim, should have in mind that compensation would be paid to fishermen who were innocent victims of the *Nissos Amorgos* oil spill.
- 17.9.8 Several delegations stated that they accepted that the oil spilled from the *Nissos Amorgos* was most probably a cause of the damage but emphasised that in quantifying any losses account should be taken of other factors as reflected in normal fluctuations in shrimp catches. A number of delegations stated that the handling of this claim was greatly facilitated due to the fact that the fishermen had submitted their claim through a single union.
- 17.9.9 One observer delegation stated that a fundamental general principle for the admissibility of claims was that the claimant had the burden of proof that there was a link of causation between the loss or damage covered by his claim and the contamination caused by the spill and that if the claimant failed to prove that there was such a link of causation, compensation could not be paid by the 1971 Fund. That delegation stated that although in this particular case the claimant had

been unable to establish a link of causation between the damage suffered by the claimant and the oil spilled from the *Nissos Amorgos*, the Fund's experts had presented a reasoned argument establishing such a link.

- 17.9.10 The Administrative Council approved the Director's proposal that the claim should be considered admissible in principle, but stated that in quantifying any losses attributable to the *Nissos Amorgos* incident, account should be taken of other factors as reflected in normal variations from year to year in shrimp catches.

*Cause of the incident*

- 17.9.11 The Administrative Council took note of the developments relating to the cause of the incident and the position taken by the 1971 Fund in this regard.
- 17.9.12 The Council noted that the 1971 Fund had submitted pleadings to the Criminal Court of Cabimas maintaining that the damage had been principally caused by negligence imputable to the Republic of Venezuela.

*Court proceedings*

- 17.9.13 The Administrative Council noted that in a judgement rendered on 3 May 2000 the Criminal Court of Cabimas had dismissed the arguments made by the master and held him liable for the damage arising as a result of the incident.
- 17.9.14 It was noted that the master had appealed against the judgement before the Criminal Court of Appeal in Maracaibo maintaining that the judgement by the Criminal Court of Cabimas should be declared null and void since the Court had made a number of procedural errors and had failed to consider the extensive evidence he had presented. It was further noted that the shipowner and Gard Club had agreed with the arguments made in the master's appeal.
- 17.9.15 The Council noted that the Fund had presented pleadings to the Court of Appeal stating that the Instituto Nacional de Canalizaciones was negligent because it did not maintain the Maracaibo Channel properly, did not provide accurate depth bulletins and did not report either the movement of buoys from their chartered positions or the presence of metallic objects. It noted that in its appeal the Fund had argued that the evidence presented had not been sufficiently considered by the Court and that the incident was principally caused by the negligence of the Republic of Venezuela.
- 17.9.16 It was also noted that in a decision rendered on 28 September 2000 the Criminal Court of Appeal had noted that the Supreme Court has in its decision in respect of the request for 'avocamiento' made by certain claimants (cf document 71FUND/A.23/14/8, paragraph 3.6.5) stated that the Criminal Court of Cabimas should abstain from taking any action on the case and send the entire file to the Supreme Court. It was noted that for this reason the Criminal Court of Appeal decided not to consider the appeal and to order the Criminal Court of Cabimas to send the file to the Supreme Court. The Council took the view that the Court of Appeal's decision appeared to imply that the judgement of the Criminal Court of Cabimas was null and void.

*Level of payments*

- 17.9.17 In view of the uncertainty as to the total amount of the claims arising out of the incident, the Administrative Council decided to maintain the limit of the 1971 Fund's payments at 25% of the loss or damage actually suffered by each claimant.

17.10 *Evoikos*

- 17.10.1 The Administrative Council took note of the developments in respect of the *Evoikos* incident, as set out in document 71FUND/A.23/14/9.

- 17.10.2 In view of the continuing uncertainty as to the total amount of the claims, the Council confirmed its decision that it would be premature for the 1971 Fund to make payments at this stage.
- 17.10.3 The delegations of Malaysia and Singapore thanked the Director for his efforts in assisting both countries in reaching settlements of their claims with the shipowner's insurer.
- 17.11 *Pontoon 300*
- 17.11.1 The Administrative Council took note of the developments in respect of the *Pontoon 300* incident, as set out in document 71FUND/A.23/14/10.
- 17.11.2 The Administrative Council noted that all but one claim arising from the incident had been settled. The Council also noted that in May 2000 the Municipality of Umm Al Quwain had presented claims against the 1971 Fund totalling Dhs 198.8 million (£39 million) on behalf of fishermen, tourist hotel owners, private property owners, a marine research centre and the municipality itself. The Council noted that insufficient documentation had been provided to substantiate these claims in respect of economic losses, property damage, clean-up and environmental damage and that further information had been requested from the Municipality in respect of the former claims. The Council noted that the Director had pointed out to the Municipality that, in accordance with the policy laid down by the governing bodies of the 1971 Fund, claims for environmental damage were not admissible.
- 17.11.3 The Italian delegation drew attention to its long-held view that claims in respect of environmental damage were admissible, as a result of which, it continued to reserve its position regarding the claim submitted by the Municipality of Umm al Quwain.
- 17.11.4 The Council noted that the total amount claimed against the 1971 Fund as at 20 September 2000 was Dhs 206 million (£40 million) and that claims against the 1971 Fund would not become time-barred until 7 January 2001 or shortly thereafter.
- 17.11.5 In view of the continuing uncertainty as to the total amount of the claims, the Council decided to maintain the level of the 1971 Fund's payments at 75% of the total loss or damage suffered by each claimant.

*Recourse action against the owner of the tug Falcon I*

- 17.11.6 The Administrative Council took note of the Executive Committee's consideration at its 62nd session of the possibility of the 1971 Fund's taking recourse action against the owner of the tug *Falcon I*. The Council recalled that the Executive Committee had decided that, as a precaution, the 1971 Fund should commence legal proceedings against the owner of the *Falcon I* within the two-year time bar period (6 January 2000) (document 71FUND/EXC.62/14, paragraph 3.10.11). The Council noted that the 1971 Fund had taken legal action against the individual who owned the tug *Falcon I* and the company which owned the cargo carried by the *Pontoon 300* maintaining that since the sinking of the *Pontoon 300* occurred due to the negligence of the *Falcon I* during the towage, the *Falcon I* was responsible for the sinking and the tug owner was liable for the ensuing damage.
- 17.11.7 The Council noted that the owner of the tug *Falcon I* had filed pleadings opposing the Fund's action.
- 17.11.8 The Council noted that the 1971 Fund's lawyers had mentioned that the tug owner might be entitled to limit his liability under the Maritime Code unless the incident was a result of the personal fault of the owner and that the *Falcon I* was of 254.47 GRT. It was noted that under the law of the Emirates the tonnage limitation figure would be some Dhs 75 000 (£14 500).

17.11.9 The Council noted that the Municipality of Umm Al Quwain had taken legal action in September 2000 against the tug owner and owner of the cargo carried by the *Pontoon 300* claiming compensation for Dhs 190 .8 million (£29 million).

17.11.10 The Administrative Council instructed the Director to continue his considerations relating to the recourse action and in particular whether, given the low limitation figure, there was any likelihood of the 1971 Fund's being able to break the limit of liability applicable to the *Falcon I*.

17.12 *Al Jaziah I*

17.12.1 The Administrative Council took note of the developments in respect of the *Al Jaziah I* incident, as contained in document 71FUND/A.23/14/11.

*Claims for compensation*

17.12.2 The Administrative Council authorised the Director to make final settlements on behalf of the 1971 Fund of all claims arising out of the *Al Jaziah I* incident to the extent that claims did not give rise to questions of principle which had not been decided by any of the governing bodies of the 1971 Fund or 1992 Fund.

*Definition of 'ship'*

17.12.3 The Council noted that the Executive Committee of the 1992 Fund had considered at its 8th session in June 2000 the question of whether the *Al Jaziah I* fell within the definitions of 'ship' laid down in the 1969 Civil Liability Convention and the 1992 Civil Liability Convention and as incorporated into the 1971 and 1992 Fund Conventions respectively. The Council further noted that during the discussions at that session it was generally considered that a craft fell within the concept of 'seagoing ship or other seaborne craft' if it was actually operating at sea. It was also noted that the Committee had taken the view that the *Al Jaziah I* fell within the definitions of 'ship' laid down in the 1969 Civil Liability Convention and the 1992 Civil Liability Convention (document 92FUND/EXC.8/8, paragraph 4.2.5).

17.12.4 The Administrative Council decided that the *Al Jaziah I* fell within the definition of 'ship' laid down in the 1969 Civil Liability Convention and the 1971 Civil Liability Convention.

*Applicability of the 1971 and the 1992 Fund Conventions*

17.12.5 The Administrative Council noted that the Executive Committee of the 1992 Fund had also, at its 8th session, considered the applicability of the 1971 and 1992 Fund Conventions to the *Al Jaziah I* incident, since the United Arab Emirates was Party to both Conventions. The Council further noted that it had been decided that the Director should inform the authorities of the United Arab Emirates that, in the view of the 1992 Fund, the 1971 and 1992 Fund Conventions applied to the *Al Jaziah I* incident (document 92FUND/EXC.8/8, paragraph 4.2.11).

17.12.6 The 1971 Administrative Council decided that both the 1971 Fund Convention and the 1992 Fund Convention applied to the *Al Jaziah I* incident.

*Distribution of liabilities between the 1971 Fund and the 1992 Fund*

17.12.7 The Council noted that the simultaneous application of the 1969 Civil Liability Convention and the 1971 Fund Convention as well as the 1992 Civil Liability Convention and the 1992 Fund Convention in respect of incidents occurring during the transitional period up to 15 May 1998 was governed by Article 36bis of the 1992 Fund Convention. The Council further noted that under the transitional provisions the 1992 Fund would pay compensation only if and to the extent that the claimant had been unable to obtain full compensation under the 1969 Civil Liability Convention, the 1971 Fund Convention and the 1992 Civil Liability Convention in that

order. The Council endorsed the Director's view however, that Article 36bis did not apply to the *Al Jaziah I* incident, since it had occurred after the expiry of the transitional period.

- 17.12.8 The Council noted that there were no corresponding provisions regarding the applicability of these four instruments after the expiry of the transitional period. The Council also noted that the issue would therefore, in the Director's view, have to be resolved on the basis of the general rules of treaty law. It was noted however that the 1969 Vienna Convention on the Law of Treaties did not give any guidance in this respect.
- 17.12.9 Several delegations emphasised that it was clear that double compensation could not be paid to claimants who could only receive compensation up to the amount of the loss actually suffered.
- 17.12.10 The Council noted the Director's proposal that the liabilities should be distributed between the 1992 Fund and the 1971 Fund on a 50:50 basis.
- 17.12.11 One delegation suggested that it might be most appropriate to apportion the liabilities of the two Funds in the same way as liabilities would be apportioned under insurance law where double insurance existed, ie that the liabilities of the two Funds should be apportioned on the basis of the maximum amounts of compensation available under the respective Conventions.
- 17.12.12 One observer delegation stated that each claimant had the right to pursue its claim against either the 1971 Fund or the 1992 Fund, that the Fund against which the claim was pursued was liable for the total amount of the damage up to the limit of its liability under the respective Convention and that the distribution of liabilities between the two Funds would have to be negotiated between them.
- 17.12.13 In conclusion, the Administrative Council considered that, since there were neither provisions in the Fund Conventions nor any rules under general treaty law governing the issue under consideration, a practical and equitable solution should be agreed between the two Funds.
- 17.12.14 It was noted that the Executive Committee of the 1992 Fund had at its 9th session agreed to a distribution of liabilities on a 50:50 basis.
- 17.12.15 The Administrative Council also decided that the liabilities should be distributed between the 1992 Fund and the 1971 Fund on a 50:50 basis.

17.13 Other incidents

- 17.13.1 The Administrative Council noted the information contained in document 71FUND/A.23/14/12 in respect of the following incidents: *Vistabella*, *Iliad*, *Yeo Myung*, *Yuil N°1*, *Kriti Sea*, *Osung N°3*, *Plate Princess*, *Diamond Grace*, *Katja*, *Kyungnam N°1* and *Maritza Sayalero*.
- 17.13.2 As regards the *Osung N°3*, the Administrative Council noted that the Japanese Self Defence Forces had taken legal action against the 1971 Fund regarding its claim for ¥51 million (£340 000) in respect of clean-up expenses. It was noted that the 1971 Fund had assessed the claim for ¥47.5 million (£316 000) as a result of having rejected a number of items relating to the use of aircraft and vessels. The Council further noted that the 1971 Fund had assessed a claim by the Japanese Maritime Safety Agency on a similar basis and that this had been accepted by that Agency.

17.14 Natuna Sea

- 17.14.1 The Administrative Council took note of the information contained in document 71/FUND/A.23/14/13 (cf document 92FUND/EXC.9/9) concerning the *Natuna Sea* incident, which occurred on 3 October 2000 in the Singapore Strait off Batu Behanti, Indonesia.

- 17.14.2 The Council noted that the vessel was carrying a cargo of 70 000 tonnes of Nile Blend crude oil at the time of the incident, that an estimated 7 000 tonnes of crude oil was spilled as a result of the grounding and that the vessel was lightened of its remaining cargo and refloated without significant further spillage on 12 October 2000. It was also noted that the oil had affected Indonesia, Malaysia and Singapore.
- 17.14.3 The Council noted that the response to the spill from the evening of the first day of the incident included several applications of dispersants. It was noted that although initial reports indicated that the dispersants were effective, the Club/Fund experts from ITOPF had drawn attention to the oil's high pour point (the temperature below which the oil does not flow) compared with the ambient sea temperature and had recommended a cautious approach to the large-scale use of chemicals until their efficacy could be evaluated through laboratory/field testing. The Committee also noted that in order to facilitate a proper evaluation of the efficacy of the use of dispersants, the London Steam-Ship Owners' Mutual Insurance Association Ltd (London Club) and the IOPC Funds had instructed two scientists from AEA NETCEN in the United Kingdom to travel to Singapore with specialised monitoring equipment for measuring concentrations of oil underneath slicks treated with dispersants and that the scientists arrived in Singapore on 5 October and were able to conduct tests later the same day. It was noted that although there was minor dispersion of oil alongside the *Natuna Sea*, which was heavily dosed with chemicals, no dispersion of oil 500 metres from the vessel was observed. The Council noted that AEA NETCEN scientists and the ITOPF experts concluded that for all practical purposes Nile Blend crude oil was no longer amenable to dispersants.
- 17.14.4 The delegation of Singapore thanked the Director for bringing this incident to the attention of the 1971 Fund Administrative Council. That delegation stated that in addition to the islands of Sentosa and St Johns and the Raffles lighthouse, the Sisters' Islands of Hantu and Kusu were polluted. That delegation mentioned that on the Indonesian side, the beaches of several islands were severely oiled and this had affected the livelihoods of thousands of fishermen and other groups.
- 17.14.5 The Singapore delegation further stated that the Maritime and Port Authority of Singapore, in co-ordinating the oil spill response, was aware of the limited window period during which dispersants could be effective and had therefore mounted a swift response and made arrangements with East Asia Response Ltd to conduct aerial spraying on the first day, which occurred at about 16:00 hrs, Singapore time. This delegation stated that the dispersant was effective, and that as time was of the essence, MPA made arrangements for a second aerial spraying run on the morning of the second day. The Singapore delegation stated that this attempt had to be aborted as the ITOPF experts had taken the position that spraying should be held back until they had completed a site visit, and in the afternoon of the second day, at about 15:00 hrs, insisted on laboratory and field tests, the results of which were available only on the third day, thus setting back the response to the spill.
- 17.14.6 The delegation of Singapore also drew attention to an erroneous statement in paragraph 3.4 of document 71FUND/A.23/14/13 regarding the decision not to allow disposal in Singapore of oily waste collected at sea. This delegation assured the Administrative Council that the environmental authorities of Singapore, Malaysia and Indonesia had good working relationships and that the issue of not allowing the recovered oil to be landed in Singapore never arose, and that the MPA had informed the managers of the *Natuna Sea* that Singapore would assist in the disposal of oil and oily debris, regardless of whether it had been collected inside or outside Singapore waters. The Singapore delegation expressed MPA's appreciation of the excellent co-operation shown by its counterparts in Malaysia and Indonesia and the responsible attitude of the managers of the *Natuna Sea*.
- 17.14.7 The delegation of Malaysia confirmed that excellent co-operation existed between the three countries affected by the spill.

- 17.14.8 The Head of the Claims Department explained that analyses had shown that the particular oil spilled by the *Natuna Sea* had a very high wax content, that the pour point of the oil was higher than ambient sea temperatures in the Singapore Strait and that it had to be transported in heated cargo tanks. He stated that the oil would have rapidly solidified after being spilled from the ship and that therefore dispersants would not have been effective. He also stated that this had been demonstrated by the tests carried out by AEA NETCEN. He also pointed out that ITOPF's role was purely advisory in recommending a cautious approach over the use of dispersants and that the MPA could have continued using them if it was confident that they were effective against the oil.
- 17.14.9 In answer to the Singapore delegation's statement that ignoring ITOPF's advice could jeopardise MPA's ability to recover its costs, the Director pointed out that the IOPC Funds did not automatically follow the advice of their experts, but reached their own conclusions on the basis of all the information and opinions available to them including that provided by claimants and their own experts.

*Applicability of the Conventions*

- 17.14.10 It was noted that Singapore was Party to the 1992 Civil Liability Convention and to the 1992 Fund Convention, that Indonesia was Party to the 1992 Civil Liability Convention, but not Party to the 1992 Fund Convention and that Malaysia was Party to the 1969 Civil Liability Convention and the 1971 Fund Convention but not the 1992 Conventions. The Council noted that as a consequence of two different regimes being applicable to the incident, the shipowner might be required to establish two limitation funds, one in Malaysia and one in Singapore or Indonesia. The Council also noted that the limitation amount applicable to the *Natuna Sea* under the 1992 Civil Liability Conventions was approximately 22.4 million SDR (£17 million) and under the 1969 Civil Liability Convention approximately 6.1 million SDR (£5.4 million).

*Claims for compensation*

- 17.14.11 The Administrative Council noted that it was too early to predict the level of the claims arising from this incident.
- 17.14.12 The Administrative Council authorised the Director to make final settlements on behalf of the 1971 Fund of all claims arising out of the *Natuna Sea* incident to the extent that claims did not give rise to questions of principle which had not been decided by any of the governing bodies of the 1971 Fund or 1992 Fund.

**18 Election of members of the Executive Committee**

As previously indicated, this agenda item was not considered (cf paragraph 1 above).

*Budgetary matters*

**19 Sharing of joint administrative costs with the 1992 Fund**

- 19.1 The Administrative Council approved the Director's proposal that the costs of running the joint Secretariat for 2001 should be distributed with 40% to be paid by the 1971 Fund and 60% by the 1992 Fund, with the proviso that this distribution would not apply to certain items in respect of which it was possible to make a distribution based on the actual costs incurred by each Organisation as set out in the explanatory notes to the draft budget for 2001 (document 71FUND/A.23/18).
- 19.2 It was noted that the Assembly of the 1992 Fund had agreed at its 5th session to the distribution proposed by the Director.

**20 Working capital**

The Administrative Council decided to maintain the working capital of the 1971 Fund at £5 million.

**21 Budget for 2001 and assessment of contributions to the General Fund**

21.1 The Administrative Council considered the draft 2001 Budget for the administrative expenses of the 1971 Fund and 1992 Fund and the assessment of contributions to the General Fund as proposed by the Director in document 71FUND/A.23/18.

21.2 The Administrative Council adopted the budget for 2001 for the administrative expenses for the joint Secretariat with a total of £2 776 970 plus an additional amount of £250 000 (Chapter VIII) to cover costs specifically relating to the winding up of the 1971 Fund, as reproduced in the Annex.

21.3 One delegation suggested that the 1971 and 1992 Funds should in the future aim for a zero nominal growth administrative budget, since the number of oil spills was declining, that as a result of the higher limitation amounts which would apply to shipowners from 2003 the 1992 Fund would become involved in fewer incidents, and that the 1971 Fund would soon cease to exist.

21.4 Several delegations supported the budget proposed by the Director. It was stated that the increased number of Member States would result in a greater workload on the Secretariat. It was stated that although the 1971 Fund Convention would probably cease to be in force in the near future, the liquidation of the 1971 Fund would take a number of years. One delegation stated that the proposed budget was in line with the budgets of other similar organisations. It was also pointed out that the IOPC Funds normally had a budgetary surplus at the end of the financial year.

21.5 It was noted that the Assembly of the 1992 Fund had at its 5th session adopted the same budget appropriations for the administrative expenses for the joint Secretariat.

21.6 The Administrative Council decided not to levy contributions to the General Fund.

**22 Assessment of contributions to Major Claims Funds**

22.1 The Director introduced document 71FUND/A.23/19 which contained proposals for the levy of 2000 contributions to Major Claims Funds.

22.2 In order to enable the 1971 Fund to meet payments in the relevant years for the satisfaction of claims for compensation under Article 4 and for indemnification under Article 5.1 of the 1971 Fund Convention arising out of the *Nissos Amorgos* incident to the extent that the aggregate amount paid by the 1971 Fund exceeded 1 million SDR, the Administrative Council decided to raise a levy in the form of 2000 contributions to the *Nissos Amorgos* Major Claims Fund for £25 million.

22.3 The Administrative Council decided that the entire levy to the *Nissos Amorgos* Major Claims Fund should be deferred.

22.4 The Director was authorised to decide whether to invoice all or part of the deferred levy for payment during the second half of 2001, if and to the extent required.

22.5 It was agreed that there was no need to take any decision at this stage regarding the *Vistabella* and *Pontoon 300* Major Claims Funds.



22.6 The Administrative Council considered it premature to take any decisions in respect of the *Braer*, *Sea Empress* and *Osung N°3* Major Claims Funds.

22.7 The Administrative Council noted that its decisions in respect of the levy of 2000 contributions could be summarised as follows:

Fund	Oil year	Estimated total oil receipts (million tonnes)	Total levy £	Payment by 1 March 2001		Maximum deferred levy	
				Levy £	Estimated levy per tonne £	Levy £	Estimated levy per tonne £
General Fund	1999		0	0	0.0000000	0	0.0000000
<i>Nissos Amorgos</i>	1996	1228	25 000 000	0	0.0000000	25 000 000	0.0203583
Total			25 000 000	0	0.0000000	25 000 000	0.0203583

*Other matters*

### 23 **Future sessions**

The Administrative Council decided to hold its next session during the week of 15 - 19 October 2001.

### 24 **Any other business**

#### 24.1 **Amendment of the Rules of Procedure**

The Administrative Council took note of the information contained in document 71FUND/A.23/20 and decided to amend Rule 3 of the Rules of Procedure for the Assembly to read as follows:

The Assembly shall hold its sessions in London (United Kingdom) unless it decides otherwise on any particular occasion. If, between sessions, the Director, with the Chairman's approval, or the Executive Committee, or any Member proposes that the next session be held elsewhere, an affirmative decision to that effect may be taken by a majority of Members giving their approval in writing (including by telefax or electronic mail) to the Director. Such majority approval should be communicated to Members at least forty-five days before the commencement of that session.

#### 24.2 **Early compensation payments by the 1971 Fund**

24.2.1 The Administrative Council recalled that it had at its October 1999 session instructed the Director to consider whether there was a possibility within the system of the 1971 Convention for the 1971 Fund to help speed up payments of compensation in cases where the total amount of the established claims was less than the limitation amount applicable to the ship in question, by paying compensation to claimants and thereafter presenting a claim for reimbursement to the shipowner.

24.2.2 The Administrative Council took note of a study by the Director of the issues contained in document 71FUND/A.23/21.

24.2.3 The Administrative Council noted that in most cases where it was clear from an early stage that the total amount of the established claims would not exceed the shipowner's limitation amount under the 1969 Civil Liability Convention, the 1971 Fund would not be involved in the incident and it would therefore not take part in the assessment of the claims, since this assessment was made by the shipowner/P & I Club. The Administrative Council considered that it would therefore be difficult in such cases for the 1971 Fund to pay compensation to victims and then

claim reimbursement from the shipowner/P & I Club without the Fund's making an independent assessment of the claims.

- 24.2.4 The Administrative Council also noted that the Director had referred to another scenario, namely where it was considered possible in the early stages that the total amount of the established claims would exceed the shipowner's limitation amount, but that it later became apparent that the total of the established claims would not exceed that amount. It was noted that the 1971 Fund would then have been involved in the assessment of claims up to that point and that it would be possible for the 1971 Fund to make payments for claims in respect of which it had been involved in the assessment and later claim reimbursement from the shipowner/Club. However, it was noted that the Director was not aware of any cases where there had been any significant delay in the Club's payments once the amount of an admissible claim had been established, that the delays in payment had normally been caused by ongoing discussions with the claimant regarding the admissible amount and that these discussions could be protracted either because the claimant had failed to substantiate his claim or because he was not prepared to settle the claim for the amount assessed by the Club/Fund experts. It was noted that even in these cases the Club concerned would normally make advance payments on the basis of the assessment made by the experts engaged by the Fund and the Club. The Administrative Council noted the Director's view that the 1971 Fund would not be able to speed up payments unless the Assembly or Administrative Council would be prepared to accept that the Fund should make advance payments in cases where the amount of the loss or damage had not been substantiated.
- 24.2.5 The Administrative Council agreed with the Director that it would not normally be possible for the 1971 Fund to speed up payments in the situations studied by the Director.
- 24.2.6 Several delegations noted that problems might arise in the future in the following situations: the shipowner could not be identified, the shipowner did not have insurance cover, or the insurer was neither a P & I Club nor a member of the International Group of P & I Clubs. It was noted that the 1971 Fund had in fact made early payments in some similar cases.

## **25 Adoption of the Record of Decisions**

The draft Record of Decisions of the Administrative Council, as contained in documents 71FUND/AC.2/A.23/WP.1 and 71FUND/AC.2/A.23/WP.1/Add.1, was adopted, subject to certain amendments.

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## ANNEX

## 2001 ADMINISTRATIVE BUDGET FOR 1992 FUND AND 1971 FUND

STATEMENT OF EXPENDITURE		Actual 1999 expenditure for 1971 and 1992 Funds		1999 budget appropriations for 1971 and 1992 Funds		2000 budget appropriations for 1971 and 1992 Funds		2001 budget appropriations			
		£		£		£		Total		Distribution	
								£		£	
								1992 Fund	1971 Fund		
<b>A</b>	<b>SECRETARIAT</b>										
<b>I</b>	<b>Personnel</b>										
(a)	Salaries	799 897		878 050		1 021 450		1 115 240		734 849	380 391
(b)	Separation and recruitment	18 333		69 800		80 000		90 000		54 000	36 000
(c)	Staff benefits, allowances and training	257 674		378 750		410 790		462 680		277 608	185 072
	<b>Sub-total</b>		<b>1 075 904</b>		<b>1 326 600</b>		<b>1 512 240</b>		<b>1 667 920</b>	<b>1 066 457</b>	<b>601 463</b>
<b>II</b>	<b>General Services</b>										
(a)	Rent of office accommodation (including service charges and rates)	87 590		132 500		218 000		223 950		134 370	89 580
(b)	Office machines, including maintenance	57 504		60 000		71 500		71 500		42 900	28 600
(c)	Furniture and other office equipment	7 622		24 500		24 500		24 500		14 700	9 800
(d)	Office stationery and supplies	13 892		22 000		22 000		22 000		13 200	8 800
(e)	Communications (telephone, telefax, telex, postage)	41 754		52 000		57 100		57 100		34 260	22 840
(f)	Other supplies and services	27 364		30 000		33 500		33 500		20 100	13 400
(g)	Representation (hospitality)	9 576		16 500		16 500		16 500		9 900	6 600
(h)	Public Information	58 920		183 750		220 000		220 000		135 000	85 000
	<b>Sub-total</b>		<b>304 222</b>		<b>521 250</b>		<b>663 100</b>		<b>669 050</b>	<b>404 430</b>	<b>264 620</b>
<b>III</b>	<b>Meetings</b>										
	Sessions of the 1992 and 1971 Fund Governing Bodies and Intersessional Working Groups		<b>61 831</b>		<b>108 160</b>		<b>113 600</b>		<b>126 500</b>	<b>86 850</b>	<b>39 650</b>
<b>IV</b>	<b>Travel</b>										
(a)	Conferences and seminars	40 924		30 000		40 000		40 000		20 000	20 000
(b)	Missions	23 860		40 000		30 000		30 000		15 000	15 000
	<b>Sub-total</b>		<b>64 784</b>		<b>70 000</b>		<b>70 000</b>		<b>70 000</b>	<b>35 000</b>	<b>35 000</b>
<b>V</b>	<b>Miscellaneous expenditure</b>										
(a)	External audit	46 020		46 600		56 600		50 000		25 000	25 000
(b)	Payment to IMO for general services	0		6 400		6 500		6 500		3 900	2 600
(c)	Consultants' fees	107 549		185 000		125 000		100 000		60 000	40 000
(d)	Payment to IMO for French translator	28 000		70 350							
(e)	Investment Advisory Bodies	18 000		18 000		18 000		27 000		13 500	13 500
	<b>Sub-total</b>		<b>199 569</b>		<b>326 350</b>		<b>206 100</b>		<b>183 500</b>	<b>102 400</b>	<b>81 100</b>
<b>VI</b>	Unforeseen expenditure (such as consultants' and lawyers' fees, cost of extra staff and cost of equipment)		<b>742</b>		<b>40 000</b>		<b>60 000</b>		<b>60 000</b>	<b>36 000</b>	<b>24 000</b>
<b>VII</b>	Relocation costs				<b>400 000</b>		<b>600 000</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Expenditure I-VII</b>			<b>1 707 052</b>		<b>2 792 360</b>		<b>3 225 040</b>		<b>2 776 970</b>	<b>1 731 137</b>	<b>1 045 833</b>
<b>VIII</b>	Expenditure relating only to 71Fund		<b>0</b>		<b>0</b>		<b>250 000</b>				<b>250 000</b>