



INCIDENTS INVOLVING THE 1992 FUND

PRESTIGE

Note submitted by France

1 Expansion of the pollution perimeter

A third wave of pollution reached the Atlantic and English Channel coasts at the beginning of May 2003, followed by light contamination throughout the rest of the year. Expansion of pollution northward of the surveillance perimeter has been confirmed. Nonetheless, the level of pollution between the Vendée and the Seine Estuary is, on the whole, much lower than on the Aquitaine Coast, as is shown by the data gathered for all of 2003 by the prefectures in the south-western (Bordeaux) and western (Rennes) clean-up areas with the support of the Centre de documentation de recherché et d'expérimentations sur les pollutions accidentelles (Cedre).

- The Aquitaine Coast was the earliest, the longest and the heaviest hit by the pollution: nearly 10 000 cubic metres of oil waste were gathered from the beaches in 17 communes in the department of Landes, where there were 1 600 beach closures. Nearly 5 500 cubic metres of waste were gathered from the beaches in 19 communes in the department of Gironde, with 1 000 beach closures. Two thousand four hundred cubic metres of waste were gathered from the beaches and rocks in eight communes in the department of Pyrénées-Atlantiques, with about 600 beach closures;
- In nine departments between the department of Vendée to the mouth of the Seine River, pollution occurred much later and affected only certain points on the coast; above all in the department of Finistère where more than 2300 tonnes^{<1>} of waste were gathered and there were more than 500 beach closures. In the departments of Côtes d'Armor and Vendée about 760 tonnes of waste were gathered in each of those two departments, without any beach closures. The Morbihan Coast was the next heaviest hit, but with fewer than 600 tonnes of waste.

These indications, necessarily brief and very generalized, point out the damage suffered by the local administrations. Damage was heavy and relatively permanent on the coasts of 44 communes on the Aquitaine Coast. A total of 230 communes on the Atlantic and English Channel coasts have been affected in one way or another.

<1> One tonne of waste is considered to be the equivalent of one cubic metre.

2 Damage to economic interests

Taking into account the expansion towards the north of the pollution caused by the *Prestige*, the mission carried out surveys among the professionals and made statistical surveys in order to evaluate the impact of the pollution on economic interests with activities between the department of Vendée and the department of Seine-Maritime (the Seine Estuary):

- It was confirmed that no damage seemed to have occurred to the fisheries sector and shellfish industry, including the oyster farmers of Marennes-Oléron;
- As for the tourist sector, the possibility that this sector had suffered from the pollution had been envisaged for three departments (Vendée, Charente-Maritime and Loire-Atlantique) in the updated report of October 2003. An analysis of the definitive data on hotel occupancy and campsites found that this damage had not occurred, because the occupancy figures for French and foreign tourists were better than at the national level. The tourist season in the department of Vendée was, on the whole, quite satisfactory.

Altogether, unlike the case of the regional administrations, there was no reason to state that economic interests on the Atlantic Coast north of the Gironde Estuary had suffered any loss. Nonetheless, this position—which is based on a macroeconomic statistical estimate—does not prevent any economic agent working on the Atlantic Coast or the English Channel from having been affected individually by the pollution and, for that reason, having a basis for submitting a compensation claim to the IOPC Fund.

For that reason, the study of damages suffered by economic interests has been limited to the perimeter of the Aquitaine Coast as initially defined.

On the Aquitaine Coast, the definitive or actual data available to the mission made it possible to define the amount of loss caused to economic interests within the previously established range.

As for the *activities linked to fishing and the farming of shellfish*, a survey of the services involved determined that there was no reason to change the estimates presented in May 2003 and corrected in the report of October 2003 in order to take into account difficulties concerning the sale of red algae. The amount of loss remains within a range between €6.1 million and €6.7 million. This situation remains, therefore, unchanged.^{<2>}

As for the *tourist sector*, first of all the mission updated the results using the evaluation method used for the October 2003 report based on the definitive occupancy figures. The updating was carried out more out of a concern to ensure continuity in the method of evaluation throughout the process than for obtaining a totally conclusive result that new data would have made possible. The method is based on supply and demand combined with two ways of isolating the specific '*Prestige* effect' from other factors in changes of the 2003 tourist consumption (such as the conflict in Iraq, the increase in the value of the euro and the weak general economic situation). It was a question of either comparing numbers of tourists on the Aquitaine Coast with that recorded for all of France (the so-called '*France/Aquitaine* method') or of an extrapolation of the '*trend*' recorded over the three most-recent years, which would give a high estimate without taking into account the characteristics of the 2003 tourist season.

The loss of turnover was found, depending on the combinations of these four methods, to be somewhere on a wide range between €7 million (estimates based on demand adjusted by using the '*France/Aquitaine*' method) and €107 million (estimates using the supply method adjusted for the '*trend*').

<2> About 130 dossiers have already been submitted to the IOPC Fund: 90 by oyster producers—but a certain number seem to be incomplete with regard to the Fund's requirements, 4 by fishermen in the Arcachon Basin, between 25 and 30 by the fishermen and algae harvesters—whose difficulties of selling the algae continue, one per fishermen of young eels (*civelles*) and six by fishermen claiming damage to their fishing material or their boats.

Next, by taking into account the specific bias introduced by the previous evaluation methods, the mission sought to explore a more sturdy method based on a calculation of the loss of turnover, based on actual figures of sales volume available from VAT declarations. Losses were estimated to be €1.6 million using the “trend” method in order to eliminate the '*Prestige* effect'. This is a high estimate but the mission was unable to use the “France/Aquitaine” method for lack of access to VAT data for the whole of France. If the range found using the supply method were mechanically applied to this amount and the results of the two approaches to remove the '*Prestige* effect', the low point of the range would be around €60 million.

The mission considers that the method of calculation using VAT declarations, which is based on actual data, is more reliable and more appropriate because it gives a result that falls within the range of €7 to €107 million defined earlier. In the end, an amount of loss will be taken into account that could at the maximum be around €1.6 million for the tourist sector.

3. Losses suffered by the administrations

It is best to separate the losses of the government from those of the regional administrations.

In order to determine the precise amount of the losses suffered by the government, a survey was carried out by the Direction of Legal Affairs of the French Ministry of Economy, Finance and Industry (MINEFI), based on the actual expenses for services charged to the Fonds POLMAR or to the budgets of the administrations. These expenses amount to €7.08 million, a figure that is very close to the estimates presented in previous reports.

This expense does not take into account compensation for damage caused to the environment. At this stage, given the rate of implementation of the studies, the range estimated earlier (€ and €0 million) appears to be a maximum.

An estimate of losses to regional administrations was determined through a survey of the administrations concerned.

This survey sought to identify expenses having a direct link with the pollution of the *Prestige* (such as the cleaning of beaches, acquisition of material, salaries and recourse to a notary) that have been assumed by the coastal communes, the departmental *conseils généraux*, the departmental rescue services (SDIS) and the regional councils and any eventual losses of taxes to these administrations (daily tourist tax or public infrastructure). The amount of subsidies received from the government (Fonds POLMAR) or from other administrations was deducted in order to obtain an estimate of losses.

Even if these results have to be taken cautiously, in particular regarding determination of the residual value of activities carried out to combat pollution or the identification of alternating subsidies in order to allow for double accounts, this survey confirms the range proposed in earlier reports:

- In the case of the local administrations on the Aquitaine Coast, the amount of loss (expenses plus loss of income minus subsidies) is around €4 million;
- In the case of the local administrations on the Atlantic Coast and English Channel, the loss is estimated to be between €2.8 and €3.2 million.

In all, the losses suffered by the regional administrations on the Aquitaine and Atlantic coasts amount to somewhere in the range of €2.2 to €2.6 million at this point.

The amount of damages eligible for compensation from the IOPC Fund as a result of pollution from the *Prestige* is about **€176 million**, if the actual figures for volume of business are used to estimate losses to the tourist sector.

Estimates based on the evaluation methods to estimate damage to the tourist sector give a wide range between about €145 and €202 million. This range appears less relevant to the mission.

For the time being, the pollution has not stopped and can still cause further damages at the beginning of the next tourist season. This should possibly be taken into account. The mission took into account only the expenses made by public administrations in 2003. It would be reasonable to impute to the account of the *Prestige* the cost of campaigns for restoration of the image of the coast in the eyes of the foreign clientele, especially the Aquitaine Coast. Maximum risk is estimated to be approximately €176 million, but subject to revision in light of the evolution of the pollution and actions taken by the public administrations.

	Figures as of May 2003	Figures as of October 2003	Figures as of January 2004
Tourist sector in the Aquitaine ⁽¹⁾		63.7 to 86.4	Hypothesis One = 57 to 107 Hypothesis Two = 81.6
Fishing/seashell gathering in the Aquitaine	11 to 100	6.1 to 6.7	6.1 to 6.7
Tourist sector on the Atlantic Coast	Not available	Not available	Not applicable
Risk fishing/agriculture on the Atlantic Coast	Not available	Not available	Not applicable
Government	68	68	67 ⁽²⁾
Regional administrations	10	12 to 14	12.2 to 12.6
Environment	9 to 10	9 to 10	9
TOTAL (in millions of euros)	103.7 to 194.4	158.8 to 185.1	Hyp. 1: 145.2 to 202.3 Hyp. 2: 175.9 to 176.9

Source: A survey of the Direction of Legal Affairs of MINEFI

- (1.) Hypothesis One: Continuation of the evaluation methods of supply and demand used in the previous reports.
(2.) Hypothesis Two: based on the use of actual turnover figures.