



INTERNATIONAL
OIL POLLUTION
COMPENSATION
FUND

EXECUTIVE COMMITTEE
22nd session
Agenda item 3

FUND/EXC.22/3/Add.1
23 October 1989

Original: ENGLISH

INFORMATION ON AND APPROVAL OF SETTLEMENT OF CLAIMS

Note by the Director

1 Introduction

Since the issuance of document FUND/EXC.22/3, further developments have taken place with regard to the OUED GUETERINI, THUNTANK 5, ANTONIO GRAMSCI, AMAZZONE, TAIYO MARU N°13, KASUGA MARU N°1, FUKKOL MARU N°12 and TSUBAME MARU N°16 incidents.

2 OUED GUETERINI

(Algeria, 18 December 1986)

2.1 On 21 September 1989, the IOPC Fund paid compensation to SONEGGAZ in accordance with the settlement agreement, as set out in paragraph 3.8 of the Annex to document FUND/EXC.22/3, ie US\$1 133 (£720) plus FFr708 824 (£68 343) plus £126 120, or a total of £195 183.

2.2 The indemnification of the shipowner, amounting to Din293 766 (£24 500), has not been paid, since the IOPC Fund has not yet been notified of the shipowner's payment of the limitation amount to SONEGGAZ.

2.3 The apportionment of costs between the IOPC Fund and the UK Club has not yet been made.

3 THUNTANK 5

(Sweden, 21 December 1986)

3.1 As reported in paragraph 4.9 of the Annex to document FUND/EXC.22/3, agreement was reached in September 1989 on a final settlement between the Swedish Government, on the one side, and the IOPC Fund, the Skuld Club and the shipowner, on the other. The details of this settlement have now been finalised. The settlement agreement is reproduced in the Annex to this document.

3.2 The Swedish Government's claim gave rise to some important issues, viz questions relating to the tariffs applied in respect of oil combating vessels owned by public authorities which took part in the operations at sea and to the

rates for personnel of Government agencies used for clean-up operations. These items partly related to "fixed costs", ie costs which would have arisen for the Swedish authorities even if the incident had not occurred, as opposed to additional costs, ie expenses incurred solely as a result of the incident and which would not have arisen had the incident and the operations relating thereto not taken place.

3.3 The question of the admissibility of claims for compensation for fixed and additional costs was discussed in the IOPC Fund by the fifth Inter-sessional Working Group in 1981. The Working Group agreed that additional costs were always recoverable under the Civil Liability Convention and the Fund Convention, but the Group could not reach unanimity on the question of the admissibility of fixed costs. Most delegations agreed that a reasonable proportion of fixed costs should be recoverable, since it was in the interest not only of the particular State but also of the IOPC Fund that a State maintained a response force in order to be able to respond quickly and cheaply in the event of a spill. If the clean-up operations were left entirely to private firms, this would exclude fixed costs from the bill to the IOPC Fund but it would also mean, in the Working Group's view, that the additional costs would be much higher, possibly even higher than if the clean-up operations had been carried out by the State employees with fixed costs included in the bill. The Working Group agreed that in the calculation of the relevant fixed costs only those expenses which corresponded closely to the clean-up period in question and which did not include remote overhead charges should be included (document FUND/A.4/10, Annex, paragraph 23). At its 4th session, the IOPC Fund Assembly took note of the information contained in the report of the Working Group and generally endorsed the results of the Working Group's discussions (document FUND/A.4/16, paragraph 13). At its 11th session, the Assembly stressed the necessity of a restrictive approach regarding fixed costs (document FUND/A.11/20, paragraph 5.5).

3.4 The results of the discussions of the Working Group must be regarded as defining the policy of the IOPC Fund with regard to additional and fixed costs. In the negotiations with the Swedish Government in connection with the THUNTANK 5 incident, the Director based his approach on the position taken by the Working Group. In particular, the Director insisted that only those expenses which corresponded closely to the clean-up period in question and did not include remote overhead charges should be compensated. The Director also pointed out that the acceptance by most participants of the Inter-sessional Working Group of certain fixed costs was based on the assumption that it would normally be cheaper to have an efficient public force to deal with oil spill incidents than having to rely entirely on private contractors. On the other hand, if clean-up operations carried out by the public authorities were more expensive than corresponding operations undertaken by private contractors would have been, it could be questioned, in the view of the Director, whether the position taken by the Working Group to accept certain fixed costs ought to be maintained.

3.5 With regard to the Swedish Government's claim in the THUNTANK 5 case, the Director considered that certain tariffs applied in respect of oil combatting vessels owned by public authorities were too high. After discussions, the Swedish Government agreed to considerable reductions in these rates. The Director had also considered that the rates for personnel of Government and municipal agencies used for clean-up operations were not acceptable, since they contained elements of general overheads and other costs not directly related to the clean-up operations. In this regard, the Director referred to the position taken by the Executive Committee in respect of so-called "fixed costs". In view of the Director's position, the Swedish Government conceded that certain elements

of its claim related to general overheads or remote costs, and reduced its claim by the amounts which related to such elements. It should be noted that the amounts originally claimed had been calculated on the basis of tariffs issued by the Swedish Customs Board, duly authorized thereto by Statute.

3.6 As mentioned in paragraph 4.3 of the Annex to document FUND/EXC.22/3, the Swedish Coast Guard made attempts in May 1987 to collect oil that was found on the sea bed close to where the vessel had grounded. In view of the very high cost and the small quantities of oil collected, the Swedish authorities called off the operations. The cost of the operations amounted to SKr1 295 995 (£125 190). The Swedish Government had not included the cost of these operations in the claim, since it considered them as of an experimental character carried out at the Swedish Government's own expense.

3.7 Under Swedish law, a claimant is entitled to interest on his established claim from the expiry of a period of one month after the date when the claim was presented to the debtor together with supporting documentation enabling the debtor to assess the claim. It was agreed that interest should be calculated from 8 August 1988; however, in respect of an amount of SKr128 899, covered by the additional claim submitted in August 1988, interest should accrue from 1 October 1989 only. The rate is fixed by law at 8% above the official discount rate of the Bank of Sweden, which for the period in question was 8.5% until 27 April 1989 and 9.5% after that date. The rate of interest would then be 16.5% and 17.5%, respectively.

3.8 The amount of interest payable by the IOPC Fund cannot be calculated until the date of payment has been fixed. If the proposed settlement is approved by the Executive Committee payment would be made on 2 November 1989. The amount of interest payable by the IOPC Fund would then be SKr3 978 785 (£389 315).

3.9 The Swedish Government's claim was agreed at a total amount of SKr21 931 232.13. The proposed settlement can be summarised as follows:

	<u>Claimed</u> SKr	<u>Claimed</u> SKr	<u>Agreed</u> SKr	<u>Agreed</u> SKr
National Rescue Service Board		557 755		423 259.00
Forestry Board		4 529		3 895.00
Osthammar Municipality		75 143		69 545.00
Tierp Municipality		422 853		422 853.00
Alvkarleby Municipality		5 884 932		5 884 932.00
Gävle Municipality		5 750 709		4 038 716.63
Söderhamn Municipality		5 204 117		4 914 190.00
Coast Guard				
- Personnel	3 414 595		2 533 040.00	
- Vessels	1 843 155		1 604 913.49	
- Other costs	<u>2 023 900</u>		<u>2 122 054.80</u>	
	7 281 650	<u>7 281 650</u>	6 260 008.29	<u>6 260 008.29</u>
TOTAL		25 181 688		22 017 398.92
Less				
Deduction for part of VAT				<u>-86 166.79</u>
Settlement with Swedish authorities				21 931 232.13
Less				
Shipowner's limitation amount				<u>2 741 746.00</u>
Payable by IOPC Fund: Principal				19 189 486.00
Interest (up to 2.11.89)				<u>3 978 785.00</u>
Total amount payable by IOPC Fund to Swedish Government				<u>23 168 271.00</u>

3.10 The aggregate amount payable by the IOPC Fund to the Swedish Government would thus be SKr21 931 232 minus the shipowner's limitation amount of SKr2 741 746 plus interest (estimated at SKr3 978 785), which would give a total of SKr23 168 271 (£2 266 955).

3.11 The proposed settlement in respect of the Swedish Government's claim would result in payments by the IOPC Fund above the maximum amount of the Director's authority to make binding settlements (25 million (gold) francs or 1.67 million SDR, corresponding to SKr13 871 233 or £1 398 897), as laid down in Internal Regulation 8.4.1. The settlement with the Swedish Government has, therefore, been agreed by the Director, subject to approval by the Executive Committee (cf paragraph 12 of the Settlement Agreement). The Director submits this Agreement to the Executive Committee for consideration, with his recommendation that it be approved.

3.12 As already mentioned, oil from the THUNTANK 5 again polluted the Swedish coast in May 1989. The Swedish authorities fear that more oil may come ashore, necessitating further clean-up operations in subsequent years. It was agreed that the Swedish Government would be entitled to claim supplementary compensation in respect of such operations, subject to the provisions on prescription in the Civil Liability Convention and the Fund Convention (cf paragraph 7 of the Settlement Agreement).

3.13 As mentioned in paragraph 4.11 of the Annex to document FUND/EXC.22/3, the Skuld Club has paid a total amount of SKr49 361 (£4 770) to nine private claimants. This amount will be reimbursed by the IOPC Fund to the Skuld Club.

3.14 Indemnification of the shipowner, SKr685 437 (£67 068), will be paid to the Skuld Club in November 1989.

4 ANTONIO GRAMSCI

(Finland, 6 February 1987)

4.1 Discussions between all the parties concerned were held in Riga (USSR) on 4 and 5 October 1989. These negotiations related both to the claims submitted by the Finnish authorities and to those presented in respect of damage caused in the USSR.

4.2 At that meeting, agreement was reached between the Finnish Government, on the one side, and the IOPC Fund and the UK Club, on the other, to settle the claims submitted by the Finnish Government at a total amount of FM9 758 250 (£1 422 485). This settlement, which was accepted by all the parties concerned, can be summarised as follows:

	<u>Claimed</u> FM	<u>Accepted</u> FM
Use of State owned vessels	3 708 101.22	2 395 727.05
Hire of vessels and services	1 498 689.95	1 155 689.95
Use of helicopters	567 366.50	567 366.50
Costs of State employees	338 395.00	338 395.00
Costs of municipalities	3 043 412.06	2 652 201.48
Other costs	884 646.18	721 949.25
Equipment repair and maintenance	353 009.70	246 533.49
Purchase of equipment and materials	10 934 272.87	1 680 387.21
TOTAL	<u>21 327 893.48</u>	<u>9 758 249.93</u>

4.3 The claim submitted by the Finnish Government raised the same problems as were dealt with in connection with the THUNTANK 5 incident (paragraph 3.2 above), ie the tariffs applied in respect of oil combatting vessels owned by public authorities and rates of personnel of Government agencies used for clean-up operations. The Director took the same position on these points as in the THUNTANK 5 case. In view of the Director's arguments, the Finnish Government reduced its claim in respect of a number of items to amounts which the Director considered reasonable.

4.4 The Finnish Government's claim originally contained an item of FM2 146 000 (£312 800) relating to environmental research. The Director objected to this item since, in his view, the cost of environmental research was not covered by the definition of "pollution damage" as laid down in the Civil Liability Convention. The Finnish Government did not pursue this item of the claim further.

4.5 The item headed "purchase of equipment and materials" related mainly to the purchase of equipment and materials which were not actually used during the operations resulting from the ANTONIO GRAMSCI incident. The Finnish Government originally claimed that the total cost of these purchases should be charged to the ANTONIO GRAMSCI incident. The Director took the view that, even if it were accepted that it was reasonable to purchase all the equipment and materials covered by the claim, it was unreasonable to charge the total purchase cost to this incident. The Director maintained that reasonable hire charges should be met for the equipment which was actually used and stand-by rates for equipment which was reasonably placed on stand-by. After lengthy discussions, the Finnish Government accepted the Director's position.

4.6 Discussions were also held concerning losses suffered by 19 Finnish fishermen, totalling FM91 554 (£13 340). These losses related mainly to costs incurred for cleaning polluted salmon traps. The Director requested more information so as to enable him to establish whether the salmon traps were actually polluted by oil from the ANTONIO GRAMSCI. However, the IOPC Fund has been informed that no claims will be pursued in respect of these losses.

4.7 With regard to the damage caused in the USSR, the following claims have been submitted:

	Rbls	
Estonian State Committee for Environmental Protection and Forestry	712 200	(£712 985)
ASPTR Salvage Organisation	567 469	(£568 095)
Baltmorput Shipping Company	<u>1 176 817</u>	(1 178 110)
Total	<u>2 456 486</u>	(£2 459 190)

4.8 The claim submitted by the Estonian State Committee related to damage to the marine environment. The amount of the claim had been arrived at by the application of a certain formula, the so-called "metodika", in accordance with Soviet legislation. The position taken by the IOPC Fund in the past in respect of claims of this kind is set out in paragraphs 5.12-5.16 of the Annex to document FUND/EXC.22/3.

4.9 At the meeting in Riga, the Director reiterated the IOPC Fund's position as set out in paragraph 5.16 of the above-mentioned Annex. The Estonian State Committee stated that the claim was based on the "metodika" which formed part of

Soviet law and which therefore had to be applied by the USSR courts. For this reason the Estonian State Committee maintained this claim.

4.10 In accordance with the instructions given by the Executive Committee at its 20th session, the Director has examined the legal possibilities for the IOPC Fund to intervene in court proceedings in the USSR relating to this claim. On the basis of the legal advice given to him, the Director considers that the IOPC Fund would be entitled to intervene in court proceedings for the purpose of challenging the application of the "metodika" in this case, on the grounds that the metodika is incompatible with the definition of "pollution damage" laid down in the Civil Liability Convention as interpreted by the Assembly of the IOPC Fund. The Assembly may wish to consider whether the IOPC Fund should make such an intervention.

4.11 The claim submitted by Baltmorput Shipping Company relates to the operating costs for a vessel used to collect oil in Soviet territorial waters. The UK Club and the IOPC Fund considered that the amounts claimed in respect of certain elements of this claim were not reasonable. After lengthy discussions, it was agreed that this claim should be settled at a total amount of Rbls500 000 (£500 550).

4.12 The claim submitted by the ASPTR Salvage Organisation covered the use of two vessels for clean-up operations. The IOPC Fund and the UK Club have on several occasions requested further information as to the basis of this claim, but sufficient documentation to enable them to assess the validity of the claim has not been submitted. The claim was discussed at the meeting in Riga, but no agreement was reached.

4.13 In view of the fact that the Finnish Government's claim was settled at an amount which was substantially lower than the amount claimed, the total payments by the IOPC Fund as a result of the ANTONIO GRAMSCI incident will not exceed the maximum amount of the Director's authority to make binding settlements (25 million (gold) francs or 1.67 million SDR, corresponding to FM9 605 517 or £1 381 734), as laid down in Internal Regulation 8.4.1. It should be noted in this context that the Finnish Government will receive a considerable amount from the limitation fund established by the owner of the ANTONIO GRAMSCI in the Court of Riga. For this reason, the Director has made a final settlement in respect of the Finnish Government's claim. He has also approved, on behalf of the IOPC Fund, the claim submitted by Baltmorput Shipping Company in the amount set out above.

5 AMAZZONE

(France, 31 January 1988)

In October 1989 the French Government submitted the following summary of its claim:

	FFr
Ministry of Defence	6 853 206
Ministry of Works, Housing, Transport & Sea	2 737 297
Ministry of the Interior	869 487
Secretariat of State for the Environment (Plan POLMAR)	<u>11 795 385</u>
	<u>22 255 375</u>
	(£2 153 920)

6 TAIYO MARU N°13

(Japan, 12 March 1988)

The limitation proceedings were completed on 25 September 1989. Indemnification of the shipowner amounting to ¥619 200 (£2 780) will be paid by the IOPC Fund in November 1989.

7 KASUGA MARIU N°1

(Japan, 10 December 1988)

7.1 The claims submitted so far have been examined by the IOPC Fund and the P & I insurer (JPIA), with the assistance of an external surveyor. The claims were discussed with JPIA and the surveyor on the occasion of a visit by the Director to Japan in late September 1989.

7.2 The Director estimates that a final settlement in respect of the claims submitted in this case will result in payments by the IOPC Fund above the maximum amount of the Director's authority to make binding settlements (25 million (gold) francs or 1.67 million SDR, corresponding to ¥278 293 333 or £1 232 493), as laid down in Internal Regulation 8.4.1. Any proposed settlement will therefore have to be submitted to the Executive Committee for consideration and approval. The Director has informed the claimants that any acceptance of a claim on his part is subject to the approval by the Committee.

7.3 With regard to the claim of ¥9 615 650 (£43 170) submitted by the Maritime Safety Agency in respect of expenses for surveying the clean-up operations, the Director considers that the amount claimed is reasonable. He proposes therefore that the Executive Committee approve this claim in that amount.

7.4 Claims relating to clean-up expenses incurred by the Japanese Marine Disaster Prevention Centre (JMDPC), the shipowner and 20 sub-contractors have been submitted for a total amount of ¥429 197 213 (£1 926 810). After examining the surveyor's report, the Director considers that these claims should be settled at an aggregate amount of ¥378 312 701 (£1 698 375). He proposes therefore that the Executive Committee approve these claims in that amount.

7.5 The proposed settlement in respect of the claims for clean-up costs can be summarised as follows:

	<u>Claimed</u> ¥	<u>Proposed Settlement</u> ¥
Maritime Safety Agency	9 615 650	9 615 650
JMDPC and 13 sub-contractors	138 491 977	116 142 701
Shipowner and 7 sub-contractors	<u>290 705 236</u>	<u>262 170 000</u>
Total	<u>438 812 863</u>	<u>387 928 351</u>

7.6 Claims have also been submitted by four fishery co-operative associations, totalling ¥129 842 781 (£582 910). These claims include an amount of ¥30 million (£134 680) relating to "expenses for the creation of a crab protection area by surrounding the sunken vessel with concrete blocks". The Director has rejected this claim, as such expenses could not be considered, in his view, as falling within the definition of "pollution damage". The purpose of the creation of the crab protection area would be to prevent physical damage to fishing nets caused by the sunken tanker. In the Director's opinion, this cannot be considered as "pollution damage", ie damage by contamination.

7.7 The remaining parts of the claims submitted by the fishery co-operative associations relate mainly to loss of income due to the fact that oil which had escaped from the KASUGA MARU N°1 prevented the fishermen from fishing for a certain period of time. On the basis of the surveyor's report, the Director is of the opinion that these claims should be reduced considerably. The Executive Committee may wish to consider whether it would be prepared to authorise the Director to make final settlements in respect of these claims.

7.8 It should be noted that oil is still leaking from the sunken vessel. It is possible, therefore, that further clean-up operations will be necessary and that fishermen will suffer loss of income as a result of the incident during the next fishing season. For this reason, it would be necessary to leave open the possibility for the fishery co-operative associations to submit claims in respect of any damage caused by further leakage of oil in the future, subject to the provisions on prescription in the Civil Liability Convention and the Fund Convention.

7.9 The Executive Committee may wish to consider whether it would be prepared to authorise the Director to settle claims arising out of this incident which may be submitted in the future up to a specified amount, say ¥100 million (£448 935).

7.10 As mentioned in paragraph 11.9 of the Annex to document FUND/EXC.22/3, some of the companies involved in the clean-up operations have requested advance payments, maintaining that a delay in payment would cause them considerable financial difficulties. These companies were sub-contractors of the Japanese Marine Disaster Prevention Centre and/or the shipowner, and their right to compensation is therefore based on a contractual relationship. JPIA has made certain advance payments, on the basis of the amounts assessed by the surveyor. JPIA is entitled to claim against the IOPC Fund in subrogation in respect of these advance payments, in accordance with paragraph 4 of the Memorandum of Understanding signed by JPIA and the IOPC Fund (document FUND/EXC.16/6).

7.11 The limitation amount applicable to the KASUGA MARU N°1 is ¥17 015 040 (£76 385).

8 FUKKOL MARU N°12

(Japan, 15 May 1989)

8.1 The shipowner's insurer has requested that, in view of the very high legal costs that would be incurred in establishing the limitation fund, compared with the very low limitation amount of ¥2 198 400 (£9 870), the IOPC Fund should, in this case, waive the requirement to establish the limitation fund.

8.2 For the reasons set out in paragraph 8.7 of the Annex to document FUND/EXC.22/3 in respect of the HINODE MARU N°1 incident, the Director supports this request and proposes that the requirement to establish the limitation fund should be waived in the FUKKOL MARU N°12 case.

9 TSUBAME MARU N°16

(Japan, 15 June 1989)

9.1 The shipowner's insurer has requested that, in view of the very high legal costs that would be incurred in establishing the limitation fund, compared with the very low limitation amount of ¥1 613 120 (£7 240), the IOPC Fund should, in this case, waive the requirement to establish the limitation fund.

9.2 For the reasons set out in paragraph 8.7 of the Annex to document FUND/EXC.22/3, the Director supports this request and proposes that the requirement to establish the limitation fund should be waived in this case.

10 Action to be Taken by the Executive Committee

The Executive Committee is invited:

- (a) to take note of the information contained in this document;
- (b) to take a decision on the proposed settlement in respect of the claims arising out of the THUNTANK 5 incident (paragraph 3.11 above);
- (c) to give the Director such instructions as it considers appropriate in respect of the ANTONIO GRAMSCI incident concerning the issue set out in paragraph 4.10 above;
- (d) to take a decision on the Director's proposal to approve certain claims arising out of the KASUGA MARU N°1 incident (paragraphs 7.3-7.5 above) and to authorise him to settle certain other claims arising out of this incident (paragraphs 7.7-7.9 above); and
- (e) to take a decision on the Director's proposal that the requirement to establish the limitation fund be waived in respect of the FUKKOL MARU N°12 and TSUBAME MARU N°16 incidents (paragraphs 8.2 and 9.2 above).

* * *

ANNEX

SETTLEMENT AGREEMENT

BETWEEN:

The Kingdom of Sweden, represented by the Chancellor of Justice,

on the one hand,

AND:

Partrederiet för oljetankmotorskeppet BONITO (previously Partrederiet för M/T THUNTANK 5, hereinafter referred to as BONITO), c/o AB Donsötank, Box 19, S-430 82 DONSO, Sweden, the registered owner of the tanker THUNTANK 5;

Assuranceforeningen Skuld (Gjensidig) (hereinafter referred to as the Skuld Club), Box 1376, Vika, N-0114 OSLO 1, Norway, the insurer of the third party liabilities of the THUNTANK 5;

The International Oil Pollution Compensation Fund (hereinafter referred to as the IOPC Fund), 4 Albert Embankment, LONDON SE1 7SR; England, represented by its Director.

on the other hand.

WHEREAS

- 1 The Swedish tanker THUNTANK 5 ran aground on 21 december 1986 outside Gävle on the east coast of Sweden. As a result of the incident 150-200 tonnes of oil escaped into the sea. The oil polluted a stretch of the coastline necessitating clean-up operations which were undertaken by the Swedish Coast Guard and five municipalities in the area.
- 2 In September 1987 the Kingdom of Sweden took legal action against the owner of the THUNTANK 5 in the City Court of Stockholm for the purpose of obtaining compensation for the pollution damage caused by this incident. The IOPC Fund was notified of the action in accordance with Article 7.6 of the Fund Convention.
- 3 The Court established the limit of the shipowner's liability under Swedish law at SKr2 741 746. The Skuld Club constituted a limitation fund in the Court of Stockholm by means of a letter of guarantee.

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- 4 The Kingdom of Sweden has claimed compensation for pollution damage from Bonito, the Skuld Club and the IOPC Fund at an aggregate amount of SKr25 181 688. This claim covered also the operations undertaken by the municipalities which have been indemnified by the Swedish Government for the damage suffered and the costs incurred by them.

AFTER NEGOTIATIONS THE PARTIES HAVE CONCLUDED THE FOLLOWING SETTLEMENT AGREEMENT

- 5 Agreement has been reached between the Kingdom of Sweden, on the one hand, and BONITO, the Skuld Club and the IOPC Fund, on the other hand, to settle the claim submitted by the Kingdom of Sweden at an aggregate amount of twenty-one million nine hundred and thirty-one thousand two hundred and thirty-two kronor (SKr21 931 232).

In addition, it has been agreed that the Kingdom of Sweden is entitled to interest on the accepted amount of its claim in accordance with Swedish law.

- 6 The Skuld Club shall pay to the Swedish Government an amount corresponding to the limit of the shipowner's liability, viz two million seven hundred and forty-one thousand seven hundred and forty-six kronor (SKr2 741 746), plus interest

- (a) at 16.5% per annum from 8 August 1988 to 27 April 1989.
(b) at 17.5% per annum from 28 April 1989 until the date of payment.

The IOPC Fund shall pay to the Kingdom of Sweden an amount of nineteen million one hundred and eighty-nine thousand four hundred and eighty-six kronor (SKr19 189 486), plus interest

- (a) at 16.5% per annum on SKr19 060 587 from 8 August 1988 to 27 April 1989.
(b) at 17.5% per annum on SKr19 060 587 from 28 April 1989 until the date of payment.
(c) at 17.5% per annum on SKr128 899 from 1 October 1989 until the date of payment.

- 7 This agreement constitutes a final settlement in respect of any damage caused before 13 September 1989 to the Kingdom of Sweden or the municipalities concerned as a result of the above-mentioned incident.

- 8 The Kingdom of Sweden undertakes to indemnify BONITO, the Skuld Club and the IOPC Fund in respect of any payment which any of them may have to make under Swedish law to the municipalities concerned in compensation for any damage referred to in paragraph 7 above.

- 9 After having received the payments of the amounts agreed in this settlement, the Kingdom of Sweden fully and finally releases BONITO, the Skuld Club and the IOPC Fund in respect of all claims for any damage mentioned in paragraph 7 above.

- 10 The Kingdom of Sweden undertakes to withdraw its action in the City Court of Stockholm and to consent to the letter of guarantee mentioned in paragraph 3 above being returned

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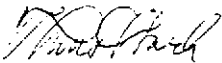
to the Skuld Club after having received the payments of the amounts referred to in paragraph 6 above.

- 11 This agreement shall be governed by Swedish law and shall be subject to the exclusive jurisdiction of the Swedish Courts.
- 12 This agreement is subject to approval by the Executive Committee of the IOPC Fund.

This agreement has been done in four copies.

For and on behalf of the Kingdom of Sweden

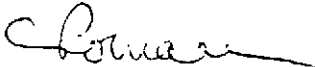
Stockholm, 6 October 1989



Hans Stark
Chancellor of Justice

For and on behalf of Partrederiet för oljetankmotorskeppet BONITO

Stockholm, 6 October 1989



Carl Romare

For and on behalf of Assuranceforeningen Skuld (Gjensidig)

Oslo, 9 October 1989



Håvar Poulsson
Managing Director

For and on behalf of the International Oil Pollution Compensation Fund

London, 2 October 1989



Måns Jacobsson
Director