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COMPENSATION
FUND

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INFORMATION ON AND APPROVAL OF SETTLEMENT OF CLAIMS (ANTONIO GRAMSCI INCIDENT)

Note by the Director

The Incident

1 The USSR tanker ANTONIO GRAMSCI (27 706 GRT), loaded with 38 445 tonnes of crude oil, grounded on 6 February 1987 near Borgå on the south coast of Finland. It is estimated that 600–700 tonnes of the cargo escaped as a result of the incident.

2 Oil combating vessels were sent to the area on 9 February 1987. Under the prevailing icy weather conditions, it was extremely difficult to recover the spilt oil. Operations for this purpose were carried out by the Finnish authorities during February and March, but they had to be suspended several times, due to weather conditions. At the end of May, on-shore clean-up operations were carried out on the Finnish coast, east of the grounding site.

3 In May, a USSR oil combating vessel was deployed in Soviet territorial and international waters, off the coast of Estonia, in an attempt to recover films of oil from the water surface. This operation was abandoned after a few days, due to a deterioration in the weather conditions and an assessment that the oil films were too thin for the effective use of this equipment. It was reported that some 40 tonnes of oil were recovered during this period.

4 According to the results of the official Finnish investigation into the cause of the incident, the grounding was due to a misunderstanding between the master of the ANTONIO GRAMSCI and the pilot.

The Claims

5 A limitation fund amounting to Rbls2 431 854 (£2.4 million) was established with the Court in Riga (USSR) on behalf of the owner of the ANTONIO GRAMSCI, for the purpose of limiting his liability under the Civil Liability Convention.

6 Since the USSR was not Party to the Fund Convention on the date of the incident, pollution damage in the USSR, including measures taken to prevent or minimise pollution damage in the USSR,

was not covered by the Fund Convention. However, claims in respect of pollution damage in the USSR would be compensated under the Civil Liability Convention and would compete with claims in respect of pollution damage in Finland for the amount available in the limitation fund set up under that Convention. For this reason, the amount of compensation paid under the Civil Liability Convention for pollution damage in the USSR was of importance in establishing the extent of the IOPC Fund's obligation to pay compensation for pollution damage in Finland.

7 A claim amounting to FM21 327 893 (£3.1 million) was made by the Finnish Government against the IOPC Fund as well as against the owner of the ANTONIO GRAMSCI. Claims against the shipowner, totalling Rbls2 476 486 (£2.4 million), were made by three claimants in the USSR.

8 The claims were examined by the IOPC Fund in co-operation with the United Kingdom Steamship Assurance Association (Bermuda) Limited (UK Club), as representative of the USSR P & I insurer, Ingosstrakh, with the assistance of external experts. In August 1988, the Director requested more information and documentation from the Finnish authorities, and a corresponding request was made by the UK Club to the USSR claimants. Replies to these requests were received early in 1989. Observations on the various items of the claims were made by the IOPC Fund and the UK Club in June and July 1989. Discussions concerning the Finnish Government's claim were held in Helsinki (Finland) in August 1989 and considerable progress was made. This claim was settled at a meeting in Riga (USSR) in October 1989. At that meeting one of the USSR claims was also settled (cf documents FUND/EXC.22/3/Add.1, paragraph 4.7 and FUND/EXC.22/3/Add.2, paragraph 2.3). The outstanding USSR claims were settled at a meeting in Leningrad (USSR) in February 1990.

The Settlements

Finnish Claims

9 The claim by the Finnish Government raised several questions of principle, viz the reasonableness of certain operations, the cost of equipment and material purchased for this incident but not actually used and tariffs applied in respect of oil combatting vessels owned by public authorities (cf document FUND/EXC.22/3/Add.1, paragraphs 4.3 to 4.5). As reported to the Executive Committee at its 22nd session, agreement was reached between the Finnish Government, on the one side, and the IOPC Fund and the P & I insurer, on the other, to settle the claims submitted by the Finnish Government at a total amount of FM9 758 250 (£1 428 360). This settlement was accepted by all the parties concerned. A Settlement Agreement between the Finnish Government and the IOPC Fund was signed in March 1990 (Annex I).

10 Discussions were also held concerning losses suffered by 19 Finnish fishermen, totalling FM91 554 (£13 400). These losses related mainly to costs incurred for cleaning polluted salmon traps. The IOPC Fund requested more information so as to enable it to establish whether the salmon traps were actually polluted by oil from the ANTONIO GRAMSCI. However, the IOPC Fund was later informed that no claims would be pursued in respect of these losses.

USSR Claims for Clean-up Operations

11 Two claims in respect of clean-up operations in the USSR gave rise to questions of the reasonableness of certain operations and the tariffs applied in respect of vessels and personnel. A claim for Rbls1 176 817 (£1 149 800) related to the operating costs for a vessel used to collect oil in Soviet territorial waters. The P & I insurer and the IOPC Fund considered that the amounts claimed in respect of certain elements of the claim were not reasonable. In October 1989, this claim was settled at Rbls500 000 (£488 520) (document FUND/EXC.22/3/Add.1, paragraph 4.11). A claim in the

amount of Rbls587 469 (£573 980) covered the use of two vessels for clean-up operations. This claim was settled in February 1990 at Rbls481 000 (£469 960).

USSR Claim Relating to Environmental Damage

12 A claim relating to environmental damage was submitted by the Estonian State Committee for Environmental Protection and Forestry. The amount claimed (Rbls712 200, corresponding to £695 850) had been arrived at by the application of a formula, the so called "metodika", in accordance with Soviet legislation, under which the assessment of the damage is linked to the quantity of the oil collected in the USSR territorial waters.

13 A similar claim was made by the USSR authorities in a USSR Court in connection with the first ANTONIO GRAMSCI incident which took place in February 1979 and caused pollution damage in Sweden, Finland and the USSR. After having examined the question of the admissibility of claims for damage to the marine environment, the IOPC Fund Assembly in 1980 unanimously adopted a Resolution stating that "the assessment of compensation to be paid by the IOPC Fund is not to be made on the basis of an abstract quantification of damage calculated in accordance with theoretical models" (document FUND/A/ES.1/13, paragraph 11 and Annex I). Following the adoption of this Resolution, a special Working Group set up by the Assembly to consider the admissibility of claims came to the conclusion that compensation could be granted only if a claimant had suffered quantifiable economic loss (document FUND/A.4/10, paragraph 19). The position taken by the Working Group was endorsed by the Assembly in 1981 (document FUND/A.4/16, paragraph 13).

14 The Estonian State Committee's claim in the second ANTONIO GRAMSCI case was discussed by the Executive Committee at its 20th session, in October 1988. Referring to the above-mentioned Resolution, the Executive Committee expressed its objection to this claim. In the view of the Executive Committee, claims of this kind were not admissible under the Civil Liability Convention, because the claimant had not suffered any quantifiable economic loss. The Executive Committee considered that it was likely that, since the adoption of that Resolution, some Member States had refrained from submitting claims relating to damage to the marine environment, in view of the interpretation of the notion of "pollution damage" adopted by the Assembly. The Executive Committee instructed the Director to negotiate with the USSR authorities on the basis of this Resolution (document FUND/EXC.20/6, paragraph 3.3.3).

15 This claim was also questioned by the IOPC Fund and the P & I insurer with regard to the application of the "metodika". The calculation of the amount of damage claimed was based on the quantity of oil allegedly collected in USSR territorial waters. The experts used by the IOPC Fund and the insurer maintained, however, that the quantity of oil actually collected in USSR territorial waters was less than the quantity used for the purpose of these calculations. In addition, it was argued that the quantity collected consisted partly of water.

16 During the negotiations that took place in 1989, the Estonian State Committee maintained its claim, on the ground 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. However, the Estonian State Committee re-examined the documentation and found that the observations of the IOPC Fund and the insurer as to the calculations were justified. The Estonian State Committee therefore revised the calculations and reduced the amount claimed from Rbls712 200 to Rbls436 448 (£426 430). This amount was not challenged by the IOPC Fund, and the claim so revised was accepted by the shipowner and the P & I insurer.

17 In the first ANTONIO GRAMSCI case, the Executive Committee did not see any possibility of raising objections in court proceedings against the owner or the claimant (document FUND/A/ES.1/9, paragraphs 4 and 5). However, in the present ANTONIO GRAMSCI case, the Executive Committee, at its 20th session, instructed the Director to examine the legal possibilities for the IOPC Fund to intervene in court proceedings in the USSR relating to this case and, if this was legally possible, to consider whether it would be appropriate to make such intervention (document FUND/EXC.20/6, paragraph 3.3.3).

18 In accordance with the instructions given by the Executive Committee, the Director examined this question and reported his findings to the Committee at its 22nd session. On the basis of the legal advice given to him, the Director considered 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 ground that the "metodika" was incompatible with the definition of "pollution damage" laid down in the Civil Liability Convention as interpreted by the Assembly of the IOPC Fund (document FUND/EXC.22/3/Add.1, paragraph 4.10).

19 At its 22nd session, in October 1989, the Executive Committee reiterated its objection to the claim submitted by the Estonian State Committee. The Executive Committee was of the opinion that it would be possible for the IOPC Fund to intervene in the court proceedings in the Court of Riga in order to challenge the claim submitted by the Estonian State Committee on the ground that the claim was at variance with the definition of "pollution damage" in the Civil Liability Convention, as interpreted by the IOPC Fund Assembly. However, the Executive Committee recognised that such an intervention would raise a number of complex legal issues and would be very costly. It also took into account the fact that the USSR was not Party to the Fund Convention at the time of the incident. In addition, the Executive Committee recognised that, in view of the reductions in the Finnish Government's claim and in the Estonian State Committee's claim, the financial consequences for the IOPC Fund of an acceptance by the Court of the Estonian State Committee's claim would be rather limited. For these reasons, the Executive Committee decided that the IOPC Fund should not intervene in the proceedings in the Court of Riga to challenge the latter claim. The Executive Committee instructed the Director to inform the Court of Riga, in an appropriate way, of the position of the IOPC Fund in respect of this claim and, in particular, of the principles embodied in the 1980 Resolution (document FUND/EXC.22/5, paragraph 3.2.7).

20 In the context of its examination of the Executive Committee's report to the 12th session of the Assembly, the Assembly endorsed the position taken by the Committee in respect of the principles embodied in the above-mentioned Resolution. The Assembly stressed that the interpretation of the definition of pollution damage laid down in that Resolution and amplified by the Working Group remained the position of the IOPC Fund (document FUND/A.12/19, paragraphs 8.2 and 8.3).

21 In accordance with the instructions by the Executive Committee, the Director informed the People's Court of Riga of the IOPC Fund's position in a letter dated 19 February 1990 with an accompanying note (Annexes II and III).

Distribution of the Limitation Fund

22 At the meeting in Leningrad in February 1990, the parties reached agreement on the distribution of the limitation fund. It was agreed between the parties that, for the purpose of that distribution, the amount at which the Finnish Government's claim was settled should be converted into roubles at the official rate of exchange prevailing at the date of the establishment of the limitation fund (100 FM = 14.20 Rbls). The accepted amount of the Finnish Government's claim, FM9 758 250, would then correspond to Rbls1 385 672.

23 The Court of Riga rendered its decision on the distribution of the limitation fund on 31 May 1990, in accordance with the agreement reached between the parties. Under that decision, the Finnish Government should receive Rbls1 202 065.65. The shipowner paid this amount to the Finnish Government on 12 June 1990. After conversion into Finnish currency at the rate of the date of payment, the Finnish Government received FM7 908 326.30 (£1 157 575).

24 The settlements of the claims and the distribution of the limitation fund can be summarised as follows:

	<u>Claimed</u> FM	<u>Settled</u> FM	<u>Settled</u> Rbls	<u>Share of</u> <u>Limitation Fund</u> Rbls
Finnish Government	21 327 893	9 758 250	1 385 672	1 202 065.65
<u>USSR Claimants</u>				
	Rbls			
Baltmorput Shipping Company	1 176 817		500 000	433 842.83
ASPTR Salvage Organisation	587 469		481 000	417 306.22
Estonian State Committee for Environmental Protection and Forestry	712 200		436 448	378 639.73
	<u>2 476 486</u>		<u>2 803 120</u>	<u>2 431 854.43</u>

Payments by the IOPC Fund

25 After having been informed of the distribution of the limitation fund, the IOPC Fund paid the remaining part of the Finnish Government's claim, FM9 758 250 - FM7 908 326.30 = FM1 849 923.70 (£268 982), on 5 July 1990.

26 Since the ANTONIO GRAMSCI was flying the flag of a State not Party to the Fund Convention, the shipowner was not entitled to indemnification under Article 5 of the Fund Convention.

27 So far, the IOPC Fund has paid fees and other expenses totalling £19 977. It is anticipated that there will be some further costs in this regard.

* * *

ANNEX I

SETTLEMENT AGREEMENT

BETWEEN:

The State of Finland, represented by the National Board of Waters and Environment,

on the one hand,

AND:

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 On 6 February 1987 the tanker ANTONIO GRAMSCI, registered in the Union of Soviet Socialist Republics, grounded near Porvoo on the south coast of Finland. It is estimated that 600-700 tonnes of the cargo of crude oil escaped into the sea as a result of the incident. The oil spill necessitated clean-up operations which were undertaken by the Finnish authorities and by the authorities in the USSR.
- 2 The Latvian Shipping Company, registered owner of the ANTONIO GRAMSCI (hereinafter referred to as the shipowner), established a limitation fund under the International Convention on Civil Liability for Oil Pollution Damage (Civil Liability Convention) in the Court of Riga (USSR) for the purpose of limiting its liability under that Convention. The Court fixed the limit of the shipowner's liability at Rbls2 431 854.43. The limitation fund was constituted by the shipowner's insurer, the Insurance Company of the USSR (Ingosstrakh) Ltd, by means of a letter of guarantee.
- 3 The State of Finland took legal action in the Court of Helsinki (Finland) against the shipowner for the purpose of obtaining compensation for the pollution damage caused by the incident. The IOPC Fund was notified of the action in accordance with Article 7.6 of the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage (Fund Convention).
- 4 The State of Finland has claimed compensation for pollution damage from the shipowner, his insurer and the IOPC Fund at an aggregate amount of FM21 327 893. This claim covered also the operations undertaken by a number of municipalities in Finland which have been indemnified by the Finnish Government for the damage suffered and the costs incurred by them.

- 5 Claims were submitted to the shipowner by several claimants in the USSR for an aggregate amount of Rbls2 456 486. These claims were agreed by all parties concerned at a total amount of Rbls1 417 448.
- 6 During February 1990 an Agreement was reached between all claimants, on the one hand, and the shipowner, on the other hand, in respect of the distribution of the limitation fund. This Agreement was approved by the IOPC Fund on 20 February 1990. The right of the State of Finland to participate in that distribution was set out in a Settlement Agreement between the Latvian Shipping Company and the State of Finland. Under that Settlement Agreement, the validity of which is subject to approval by the Court of Riga, the shipowner shall pay to the State of Finland the equivalent in Finnish Marks of 1 202 065.65 Soviet Roubles, the actual equivalent to be notified by the Finnish Government to the IOPC Fund.

AFTER NEGOTIATIONS THE PARTIES HAVE CONCLUDED THE FOLLOWING SETTLEMENT AGREEMENT

- 7 Agreement has been reached between the State of Finland, on the one hand, and the IOPC Fund, on the other, to settle the claim submitted by the State of Finland at an aggregate amount of nine million seven hundred and fifty-eight thousand two hundred and fifty Marks (FM9 758 250).
- 8 The IOPC Fund shall pay to the State of Finland the amount of FM9 758 250 minus the amount which the State of Finland will have received from the shipowner.
- 9 Payment of the sum referred to in paragraph 8 above shall be made by the IOPC Fund within 30 days of the date when the IOPC Fund has been notified by the State of Finland of the amount in Finnish Marks which the State has actually received out of the limitation fund in accordance with the decision of the Court of Riga.
- 10 This agreement constitutes a final settlement in respect of any damage caused to the State of Finland or the Finnish municipalities concerned as a result of the above-mentioned incident. After having received payment by the IOPC Fund in accordance with paragraph 8 above, the State of Finland fully and finally releases the IOPC Fund in respect of all claims for any such damage.
- 11 The State of Finland undertakes to indemnify the IOPC Fund in respect of any payment which the IOPC Fund may have to make under Finnish or Soviet Law to the Finnish municipalities concerned in compensation for any damage arising out of this incident.
- 12 The State of Finland undertakes to withdraw its action in the Court of Helsinki after having received the payment referred to in paragraph 8 above.
- 13 This agreement is conditional upon the approval by the Court of Riga of the agreement in respect of the distribution of the limitation fund set out in paragraph 6 above.

- 14 This agreement shall be governed by Finnish law and shall be subject to the exclusive jurisdiction of the Finnish Courts.

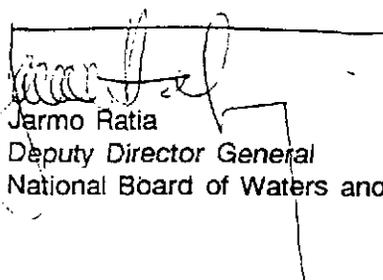
This agreement has been done in two copies.

Helsinki, 19 March 1990

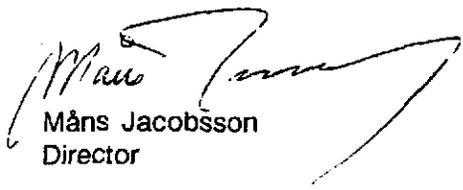
London, 14 March 1990

For and on behalf of the State of Finland

For and on behalf of the International Oil
Pollution Compensation Fund



Jarmo Ratia
Deputy Director General
National Board of Waters and Environment



Måns Jacobsson
Director

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ANNEX II

LETTER TO THE PEOPLE'S COURT OF RIGA

District People's Court
(October District) of Riga
ul. Andreia Pumpura,1
SU-226317 Riga GSP
Latvian SSR

19 February 1990

Dear Sirs

Pursuant to instructions by the Executive Committee of the International Oil Pollution Compensation Fund (IOPC Fund), I submit the attached *Statement of Observations* to this Court in connection with its consideration of the ANTONIO GRAMSCI incident claims, together with some relevant IOPC Fund documents.

As is set out in the observations, the IOPC Fund does not challenge the claim submitted by the Estonian State Committee for Environmental Protection and Forestry. However, the IOPC Fund should be grateful if the Court would take note of the views of the IOPC Fund in respect of that claim.

Yours sincerely

M Jacobsson
Director

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ANNEX III**NOTE SUBMITTED TO THE PEOPLE'S COURT OF RIGA****Observations by the
International Oil Pollution Compensation Fund****ANTONIO GRAMSCI INCIDENT**

The International Oil Pollution Compensation Fund (IOPC Fund) would like to make the following observations in respect of the distribution of the limitation fund constituted in connection with the ANTONIO GRAMSCI incident which occurred on 6 February 1987 near Borgå on the south coast of Finland.

The International Conventions and the IOPC Fund

Liability and compensation for oil pollution damage is governed by two international Conventions: the 1969 International Convention on Civil Liability for Oil Pollution Damage (Civil Liability Convention) and the 1971 International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage (Fund Convention). The International Oil Pollution Compensation Fund (IOPC Fund) was set up under the Fund Convention. The IOPC Fund is a international intergovernmental organisation established for the purpose of administering the regime of compensation created by the Fund Convention. It has an Assembly, composed of all Member States, and an Executive Committee, composed of 15 Member States elected by the Assembly.

The IOPC Fund is, under Article 2 of the Fund Convention, recognised in each Contracting State as a juridical person capable under the laws of that State of assuming rights and obligations and of being a party in legal proceedings before the courts of that State. According to the Fund Convention, each Contracting State recognises the Director of the IOPC Fund as the legal representative of the organisation.

The Civil Liability Convention contains provisions on the liability of the shipowner and his insurer. Under that Convention, they are normally entitled to limit their liability to an amount linked to the size of the ship. The Fund Convention provides supplementary compensation for damage in States Party to that Convention if the liability under the Civil Liability Convention does not provide full compensation to victims.

Claims arising out of the ANTONIO GRAMSCI incident

At the time of the incident the USSR was Party to the Civil Liability Convention but not Party to the Fund Convention; however, the Fund Convention entered into force in respect of the USSR some months after the incident. Finland was at the time of the incident Party to both Conventions.

As a result of the above-mentioned incident, the State of Finland submitted claims to the shipowner and his insurer as well as to the IOPC Fund in respect of damage caused in Finland for a total amount of FM21 327 893. The State of Finland took legal action in the Court of Helsinki against the shipowner and his insurer for the purpose of obtaining compensation for the pollution damage caused by the incident. The claim submitted by the State of Finland was settled amicably by agreement between all parties concerned at FM9 758 250.

In the present case, three claims have been submitted in respect of oil pollution in the USSR. Since the USSR was not Party to the Fund Convention at the date of the incident, pollution damage in the USSR is not compensated under the Fund Convention. However, claims in respect of pollution damage in the USSR will be compensated under the Civil Liability Convention and will compete with claims in respect of pollution damage in Finland for the amount available in the limitation fund set up by the shipowner under that Convention (Rbls2 431 854). For this reason, the amount of compensation paid under the Civil Liability Convention for pollution damage in the USSR is of importance in establishing to what extent the IOPC Fund is under obligation to pay compensation for pollution damage in Finland. Consequently, the amounts accepted in respect of the various claims in the USSR are of direct relevance for the IOPC Fund's payment to the Finnish Government in this case.

Two of the claims relating to pollution damage in the USSR, viz those submitted by the ASPTR Salvage Organisation and by Baltmorput Shipping Company, have been settled amicably by agreement between all parties concerned, including the IOPC Fund, at Rbls481 000 and Rbls500 000 respectively.

The third claim submitted by the Estonian State Committee for Environmental Protection and Forestry, as reduced, stands at Rbls436 448. This claim gives rise to the following observations on the part of the IOPC Fund.

IOPC Fund's position in respect of the "metodika"

The IOPC Fund objects in principle to the claim submitted by the Estonian State Committee. In the view of the IOPC Fund, claims of this kind are not admissible under the Civil Liability Convention because the claimant has not demonstrated that he has suffered any quantifiable economic loss. However, for the reasons set out below, the IOPC Fund does not intervene in the proceedings in the Court of Riga for the purpose of challenging that claim.

Nevertheless, in accordance with the instructions given by the Executive Committee, the Court is herewith informed in some detail of the IOPC Fund's position in respect of claims of this kind, decided by its governing bodies, the Assembly and the Executive Committee.

It may be recalled that a similar claim was made by the USSR authorities in connection with the first ANTONIO GRAMSCI incident which took place in February 1979; as a result of that incident approximately 5 500 tonnes of oil escaped and caused pollution damage in Sweden, Finland and the USSR. In view of that claim, the question of the admissibility of claims for damage to the marine environment was examined by the IOPC Fund. As a result of this examination the IOPC Fund Assembly unanimously adopted a Resolution in 1980 stating that "the assessment of compensation to be paid by the International Oil Pollution Compensation Fund is not to be made on the basis of an abstract quantification of damage calculated in accordance with theoretical models". Following the adoption of this Resolution, a Working Group was set up by the Assembly to consider the admissibility of claims. The Working Group examined the question as to whether and, if so, to what extent a claim for environmental damage was admissible under the Civil Liability Convention and the Fund Convention. The Working Group agreed that compensation could be granted only if a claimant had suffered quantifiable economic loss. The position taken by the Working Group was endorsed by the Assembly in 1981.

At its session held on 24 and 25 October 1989, the Executive Committee discussed the claim submitted by the Estonian State Committee in the present case (the second ANTONIO GRAMSCI incident) relating to damage to the marine environment in respect of which the amount claimed had been arrived at by the application of the metodika for calculation of losses caused to the State by a violation of water legislation, in accordance with Soviet legislation; under this formula, the assessment of the damage is linked to the quantity of the oil collected in USSR territorial waters and is more in the nature of a fine or a penalty than compensation for actual loss sustained.

Referring to the IOPC Fund Resolution, the Executive Committee reiterated its objection to the claim submitted by the Estonian State Committee. In the view of the Executive Committee, claims of this

kind were not admissible under the Civil Liability Convention, because the claimant had not suffered any quantifiable economic loss. The Executive Committee considered that it was likely that, since the adoption of that Resolution, some Member States had refrained from submitting claims relating to damage to the marine environment, in view of the interpretation of the notion of "pollution damage" adopted by the Assembly. The Committee drew attention to the position of the Assembly, expressed at its session in 1988, that a uniform interpretation of the definition of "pollution damage" was essential for the functioning of the regime of compensation established by the Civil Liability Convention and the Fund Convention.

The Executive Committee was of the opinion that the IOPC Fund had the right to intervene in the court proceedings in the Court of Riga in order to challenge the claim submitted by the Estonian State Committee on the ground that the claim was at variance with the definition of "pollution damage" in the Civil Liability Convention, as interpreted by the IOPC Fund Assembly. However, the Executive Committee recognised that such an intervention would raise a number of complex legal issues and would be very costly. It also took into account the fact that the USSR was not Party to the Fund Convention at the time of the incident. In addition, the Executive Committee recognised that, in view of the reduction in the Finnish Government's claim and in the Estonian State Committee's claim, the financial consequences for the IOPC Fund of an acceptance by the Court of the Estonian State Committee's claim would be rather limited. For these reasons, the Executive Committee decided that the IOPC Fund should not intervene in the proceedings in the Court of Riga for the purpose of challenging the latter claim.

At its session held from 25 to 27 October 1989, the IOPC Fund Assembly approved the report of the Executive Committee. The Assembly endorsed the position taken by the Executive Committee in respect of the principles embodied in IOPC Fund Resolution.

Copy of the above-mentioned Resolution is enclosed, as well as the Records of Decisions of the 12th session of the Assembly and the 22nd session of the Executive Committee.

19 February 1990
