



INTERNATIONAL
OIL POLLUTION
COMPENSATION
FUND

EXECUTIVE COMMITTEE
38th session
Agenda item 3

FUND/EXC.38/7
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INCIDENTS INVOLVING THE IOPC FUND

KEUMDONG N°5

Note by the Director

1 The Incident

1.1 On 27 September 1993, the Korean barge KEUMDONG N°5 collided with the Chinese freighter BI JIA SHAN near Yosu on the southern coast of the Republic of Korea. As a result an estimated 1 280 tonnes of heavy fuel oil were spilled from the KEUMDONG N°5. This oil quickly spread over a wide area due to strong tidal currents. The oil affected mainly the north-west coast of Namhae Island, where there are many fisheries and important mariculture resources.

1.2 The balance of the cargo was transhipped and the KEUMDONG N°5 was towed to a nearby repair yard. During slipping at the shipyard a further quantity of approximately 50 tonnes of heavy fuel oil escaped from the ruptured tanks. Most of this oil was contained by a boom, but some escaped and caused light pollution to shores in the vicinity.

1.3 The Korean authorities are investigating the cause of the incident. The Director follows these investigations.

2 Clean-up Operations

2.1 The Korean Marine Police carried out clean-up operations at sea with the application of dispersants and sorbents using its own vessels, as well as ships belonging to the Yosu Port Authority and fishing boats.

2.2 For the shoreline clean-up operations four major clean-up contractors were engaged and a labour force of over 4 000 villagers, policemen and army personnel were employed. The clean-up involved the use of dispersants and the manual cleaning of contaminated rock surfaces. The clean-up operations were completed in early January 1994.

2.3 The disposal of oily waste proved difficult because of the quantities involved and the limited access to many of the clean-up sites. After collection, the waste was transported by barge to Inchon for incineration and landfill.

3 Claims for Compensation

3.1 At its 37th session, the Executive Committee authorised the Director to make final settlements of all claims relating to clean-up operations and preventive measures as well as all claims in respect of losses suffered by fishermen, except to the extent that the latter claims related to future losses. The Committee instructed the Director that, if claims gave rise to questions of principle which had not previously been decided by the Committee, however, he should refer such questions to the Committee for decision (claimed FUND/EXC37/3/paragraph 4.4.2).

3.2 Claims relating to the cost of clean-up operations have been presented by the Korean Marine Police and Navy, the local marine police force, Yosu Port Authority, Namhae County and some private contractors. The claims were settled at an aggregate amount of Won 5 300 million (£4.5 million). The claims were paid by the shipowner's P & I insurer (the Standard Steamship Owners' Protection & Indemnity Association (Bermuda) Ltd. Standard Club) during the period November 1993 and January 1994.

3.3 It is likely that there will be some further claims relating to clean-up operations.

3.4 The incident affected fishing activities and the aquaculture industry in the area. Claims for compensation have been submitted by Kwan Yang Bay Oil Pollution Accident Compensation Federation, representing eleven fisheries cooperatives with a total of some 6 000 members. The total amount of the claims has provisionally been indicated at Won 93 132 425 000 (£78 million). The claims are being examined by the IOPC Fund's surveyors.

3.5 It is possible that further claims will be submitted in respect of damage to fishing activities.

3.6 The limitation amount applicable to the KEUMDONG N°5 is estimated at Won 72 million (£60 300). The shipowner has not yet started limitation proceedings.

3.7 The total amount paid by the Standard Club, Won 5 300 million (£4.5 million) by far exceeds the limitation amount. The Standard Club will present a claim in subrogation to the IOPC Fund for the excess. The IOPC Fund has made advance payments to the Standard Club totalling US\$ 3 million (£2 011 108) in respect of the subrogated claim.

4 Action to be Taken by the Executive Committee

The Executive Committee is invited to:

- (a) take note of the information contained in the present document; and
 - (b) give the Director such instructions as it may deem appropriate in respect of the handling of claims arising out of this incident.
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