



INTERNATIONAL
OIL POLLUTION
COMPENSATION
FUND

EXECUTIVE COMMITTEE
39th session
Agenda item 3

FUND/EXC.39/6
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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 is following these investigations:

2 Clean-up Operations

2.1 The Korean Marine Police carried out clean-up operations at sea by 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 activities involved the use of dispersants and the manual cleaning of contaminated rocks. 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 Incheon 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, he should refer such questions to the Committee for decision (document FUND/EXC.37/3, paragraph 4.4.2).

3.2 Claims relating to the cost of clean-up operations were presented by the Korean Marine Police and Navy, the local marine police force, Yosu Port Authority, Namhae County and some private contractors. Most of the claims have been settled at an aggregate amount of Won 5 479 million (£4.6 million) and were paid by the shipowner's P & I insurer (the Standard Steamship Owners' Protection and Indemnity Association (Bermuda) Ltd, Standard Club) during the period November 1993 - March 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 Kwang Yang Bay Oil Pollution Accident Compensation Federation, representing eleven fisheries co-operatives with some 6 000 members in all. The total amount of the claims presented so far has provisionally been indicated at Won 93 132 425 000 (£78 million). The claims are being examined by the IOPC Fund's surveyors. The Kwang Yang Bay Federation has indicated that it will submit further claims in the region of Won 90 000 million (£75 million).

3.5 In February 1994, a meeting was held in London between representatives of the Kwang Yang Bay Federation and the Director at which the Director explained the IOPC Fund's procedure for claims handling and the criteria applied by the Fund for the admissibility of claims.

3.6 It should be noted that the Director informed the Executive Committee at its 38th session that, as the total amount of the claims submitted exceeded the maximum amount available under the Civil Liability Convention and the Fund Convention, he had decided that the IOPC Fund's payments would, at least for the time being, be limited to 50% of the established damage suffered by each claimant. The Committee endorsed the Director's decision and instructed him to consider whether this percentage should be adjusted, in the light of developments (document FUND/EXC.38/9, paragraph 3.6.5).

3.7 In March 1994, on the instructions of the IOPC Fund and the Standard Club, an expert from the International Tanker Owners Pollution Federation Limited (ITOPF), together with two UK-based fishery experts, visited Korea for the purpose of carrying out field investigations into fishery and aquaculture resources allegedly affected by the spill, as part of the assessment of the claims submitted by the Kwang Yang Bay Federation. Three Korean scientists joined these experts in these investigations.

3.8 The limitation amount applicable to the KEUMDONG N°5 is estimated at Won 72 million (£60 100). The shipowner has not yet started limitation proceedings.

3.7 The total amount paid by the Standard Club, Won 5 479 million (£4.6 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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