



INTERNATIONAL
OIL POLLUTION
COMPENSATION
FUND

EXECUTIVE COMMITTEE
47th session
Agenda item 3

FUND/EXC.47/10
22 February 1996

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INCIDENTS INVOLVING THE IOPC FUND

HONAM SAPPHIRE

Note by the Director

1 The incident

1.1 During berthing manoeuvres on 17 November 1995 at the oil terminal in Yosu (Republic of Korea), the fully laden Panamanian tanker *Honam Sapphire* (142,488 GRT) struck a fender, puncturing her N°2 port wing tank. An unknown quantity of Arabian heavy crude oil escaped from the damaged tank. The spilled oil drifted south and contaminated shorelines up to 30 kilometres away with a further slight impact on an island 50 kilometres from the incident site.

1.2 The *Honam Sapphire* was entered in the United Kingdom Steam Ship Assurance Association Ltd ("UK Club").

1.3 The shipowner, the UK Club and the IOPC Fund engaged Korea Marine & Oil Pollution Surveyors Co Ltd (KOMOS), Hyopsung Shipping Corporation and the International Tanker Owners Pollution Federation Ltd (ITOPF) to act as their surveyors.

2 Clean-up operations and impact on mariculture and fisheries

2.1 The offshore clean-up operation was led by the Marine Police. Some 35 Marine Police vessels and numerous fishing boats and other craft were engaged in applying dispersants and sorbent materials. Two helicopters were also used for spraying dispersants. By 23 November 1995, no more oil remained at sea.

2.2 The shoreline impact was comparatively light. On-shore clean-up using manual methods started on 21 November. The onshore clean-up was completed in many areas by early January 1996, whereas in the most heavily polluted area these operations are expected to continue until March 1996. Over

1 500 people worked at about 30 different sites under the co-ordination of four clean-up contractors. A fifth contractor was appointed to dispose of collected oily waste at an incineration plant and approved landfill site.

2.3 Several floating fish farms and onshore hatcheries, set nets and common intertidal fishing areas were affected by the oil.

2.4 Some of the areas affected by the oil from the *Honam Sapphire* were also oiled following the *Keumdong N°5* and *Sea Prince* incidents.

3 Consideration by the Executive Committee at its 46th session

3.1 At its 46th session, the Executive Committee expressed its concern that the total amount of the established claims arising out of this incident might exceed the total amount of compensation available under the Civil Liability Convention and the Fund Convention. For this reason, the Committee considered it necessary for the IOPC Fund to exercise caution in the payment of claims (document FUND/EXC.46/12, paragraph 4.6.2).

3.2 The Executive Committee authorised the Director to make final settlements as to the quantum of all claims arising out of this incident, to the extent that the claims did not give rise to questions of principle which had not previously been decided by the Committee. The Director was not authorised at this stage to make any payments (document FUND/EXC.46/12, paragraph 4.6.3).

4 Claims for compensation

4.1 Claims for clean-up costs were presented by various local authorities and contractors for a total amount of Won 8 085 million (£6.7 million). Some claims belonging to this category have been agreed for a total amount of Won 1 791 (£1.5 million) and paid by the UK Club in full. The other claims in this category are being examined, and further claims are expected.

4.2 Claims for fishery damage have been presented by several fishery cooperatives in the area affected by the spill in a total amount of Won 42 614 million (£35.3 million). These claims are being investigated by the experts engaged by the UK Club and the IOPC Fund.

4.3 A field survey of the N°1 common fishery ground was carried out jointly by KOMOS, ITOPF and experts employed by the claimants in the Yosu area from 12 to 22 December and 8 to 12 January 1996.

4.4 As mentioned above, claims have been submitted for substantial amounts, and further claims may be presented. After consultation with the IOPC Fund's experts, the Director believes that the total amount of the established claims will stay below the maximum amount of compensation available under the Civil Liability Convention and the Fund Convention. However, in view of the remaining uncertainty as regards the total amount of the claims and in order to give the IOPC Fund a safety margin, the Director proposes that the IOPC Fund's payments should be limited to 60% of the established claims for the time being.

4.5 It should be noted that payments by the IOPC Fund in respect of any subrogated claims made by the UK Club will only be made in the event that the Club's total payments exceed the limitation amount applicable to the *Honam Sapphire*.

5 Limitation proceedings

- 5.1 The limitation amount applicable to the *Honam Sapphire* is 14 million SDR (£14 million).
- 5.2 The shipowner has not yet commenced limitation proceedings.

6 Investigation into the cause of the incident

The Korean authorities are carrying out an investigation into the cause of the incident. The Director is following this investigation through the IOPC Fund's Korean lawyers.

7 Action to be taken by the Executive Committee

The Executive Committee is invited to:

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