



INTERNATIONAL  
OIL POLLUTION  
COMPENSATION  
FUND

EXECUTIVE COMMITTEE  
48th session  
Agenda item 3

FUND/EXC.48/2/1  
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## SEA EMPRESS INCIDENT

Note by the United Kingdom delegation

### 1 Introduction

1.1 This paper presents the United Kingdom Government's estimates of the likely total claims for compensation arising out of the *Sea Empress* incident. These estimates are intended to aid the Executive Committee in its decision about whether the Director can be authorised to make compensation payments in full.

1.2 In paragraph 7.1 of paper Fund/EXC.48/2, the Director describes a number of organisations expected to submit claims:

- United Kingdom Government
- Local authorities in the United Kingdom
- Local authorities in the Republic of Ireland
- Milford Haven Port Authority
- Texaco
- Fishermen
- Owners of pleasure craft
- Groups incurring costs for bird cleaning
- Tourist industry
- Salvors

1.3 In estimating the likely level of claims, these groups have been amalgamated into four headings:

#### **Clean-up costs**

- United Kingdom Government
- Local authorities in the United Kingdom
- Local authorities in the Republic of Ireland

Milford Haven Port Authority\*  
Texaco  
Owners of pleasure craft  
Groups incurring costs for bird cleaning  
(\*claim may include losses relating to disruption to port activities)

**Preventive measures (salvage)**

Salvors

**Fishing Industry**

Fishermen

**Tourism**

Tourist industry

**2 Clean-up costs**

2.1 The clean-up costs were mainly incurred by the United Kingdom Department of Transport's Marine Pollution Control Unit and by local authorities in the United Kingdom. Clean-up costs have also been incurred by Texaco, the cargo owners, those involved in bird cleaning and Milford Haven Port Authority. Additional costs have been incurred by local authorities in the Republic of Ireland. These are likely to be in the order of £300,000.

2.2 The clean-up operations continue and have been successful. They have been positively covered by the United Kingdom media. The affected Welsh tourist beaches are clean and were intensively used by tourists during the Easter holiday season. However, some risk remains of minimal levels of recontamination through oil migrating from isolated and often inaccessible sites on very high tides.

2.3 The latest estimates of the total costs of the clean-up operations and other preventive measures is between a low of £11 million and a high of £16 million. This figure includes future clean-up through the oil migration mentioned above.

**3 Preventive measures (salvage)**

3.1 Pending physical examination of the condition of the *Sea Empress*, now in dry dock in Belfast, it remains unclear as to the likely value of the salvaged vessel and hence the total value of the property, ship and cargo, eventually salvaged. It is likely that the salvors will seek an Article 14 enhancement in respect of their efforts to prevent oil escaping from the vessel after its initial grounding and for the eventual salvage of some 70,000 tonnes of the ship's original cargo. The conduct of the salvage operation is the subject of some controversy and will be considered as part of the United Kingdom's investigation into the incident.

3.2 In these circumstances it is difficult to estimate what enhancement, if any, the salvors might eventually receive from Lloyds' salvage arbitrators or the United Kingdom courts - a LOF 95 contract applied. However, it would appear appropriate to allow for a figure of between \$US5 million (£3 million) and \$US10 million (£7 million) for a possible claim by the salvors for preventive measures under the Civil Liability and Fund Conventions.

**4 Fishing Industry claims**

There are three types of fishing affected by the oil spill from the *Sea Empress*; shellfish, fin-fish (sea) and river fishing for migratory species. A statutory ban on fishing for these types has been

imposed by the Welsh Office. The level of estimated eligible claims arising from the incident have been assessed by Welsh Office experts at about £10 million, with possible small variations depending on the length of time the ban applies. As was the case with the *Braer* the ban will probably be lifted for different species of fish on different timescales. There are likely to be some claims for loss of market in the immediate aftermath of the incident from fishermen who operated in Welsh waters outside the area of the statutory exclusion zone. This impact was short lived and allowance for it has been included in the figures presented.

**5 Tourist Industry claims**

The tourist industry in Pembrokeshire likely to be affected by the spill has a value of about £150 million per annum. However, with the good publicity arising from the effective clean-up operation and on anecdotal evidence of a better than expected Easter holiday season, the reduction in business has been assessed by experts in the Welsh Office to be between £10 million and £15 million in 1996, with little effect likely in future years. It is considered highly likely that these projected losses could be mitigated by a carefully targeted tourist publicity campaign in advance of the traditional Summer tourist season.

**6 Summary**

The United Kingdom Government's best estimates at 12 April 1996 are given in the following table, which shows both low and high estimates.

Likely claims (£ million)	Low	High
Clean-up operations	11	16
Preventive measures (salvage)	3	7
Fishing industry	10	
Tourist Industry	10	15
<b>TOTAL</b>	<b>34</b>	<b>48</b>

**7 Conclusions**

The United Kingdom Government considers that there is no real risk of the 1971 Fund's limit of some £57 million being exceeded following the *Sea Empress*. The incident is different in kind and effect from the *Braer*. The most imponderable claims will relate to tourism and these should be capable of being mitigated through a carefully targeted tourism campaign. The United Kingdom Government considers that there is no reason to impose a pro rata restriction on payments made, particularly in the case of hardship claims. In this connection it should be noted that, once again, the United Kingdom Government has indicated that any claim it may have in respect of the *Sea Empress* will stand last in the queue for compensation. The costs falling to MPCU currently stand at between £7 million and £9 million.