



INTERNATIONAL  
OIL POLLUTION  
COMPENSATION  
FUND 1971

EXECUTIVE COMMITTEE  
55th session  
Agenda item 3

71FUND/EXC.55/16  
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## INCIDENTS INVOLVING THE 1971 FUND

### DIAMOND GRACE

Note by the Director

#### **1     The incident**

1.1     On 2 July 1997, the Panamanian tanker *Diamond Grace* (147 012 GRT), carrying a cargo of about 257 000 tonnes of crude oil, grounded in Tokyo Bay (Japan). As a result, the shell plating of three starboard tanks was fractured, and crude oil spilled into the sea. Initial estimates of the quantity of oil spilled were in the region of 15 000 tonnes, but the estimate was revised to 1 500 tonnes when much of the cargo reported missing from one of the starboard tanks was located in a ballast tank. The vessel was berthed to discharge the remaining cargo.

1.2     The *Diamond Grace* is entered with the United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited (UK Club).

1.3     The *Diamond Grace* was registered in Panama which is Party to the 1969 Civil Liability Convention but not to the 1992 Civil Liability Convention. The shipowner's right of limitation is therefore governed by the 1969 Civil Liability Convention to which both Japan and Panama are Parties.

1.4     The limitation amount applicable to the *Diamond Grace* under the 1969 Civil Liability Convention is 14 million SDR, corresponding to approximately ¥2 334 million (£12 million).

#### **2     Clean-up operations**

2.1     Due to the warm weather the oil spread rapidly in the centre of Tokyo Bay, and light but steady winds from the south moved the dissipating residues into Kawasaki port. The shipowner and the Japanese authorities mobilised a fleet of about 150 response vessels to deploy booms in and around Kawasaki port, and to recover oil with sorbent pads. A small number of vessels sprayed dispersants on heavier oil patches around Kawasaki breakwater and in the port.

2.2 The clean-up response was co-ordinated from the office of the Maritime Safety Agency (MSA) in Yokohama. The 1971 Fund followed the operations through its Japanese lawyer.

2.3 The major part of the clean-up was completed by 5 July 1997, leaving only small quantities of residue staining sea walls or trapped among tetrapods in the port. The cleaning of sea walls and tetrapods was completed by 22 July 1997.

### **3 Claims situation**

3.1 Immediately after the incident there were fears that the incident would give rise to claims for compensation for very high amounts. The 1971 Fund and the UK P&I Club therefore jointly set up a Claims Handling Office in Tokyo. However, so far claims have been submitted for only comparatively low amounts.

3.2 As of 8 October 1997, the Claims Handling Office had received 30 claims totalling ¥529 million (£2.7 million). Out of this amount, ¥108 million (£556 000) related to clean-up operations and ¥392 million (£2 million) to fishery damage. The Claims Handling Office had been notified of a further nine claims for a total of ¥275 million (£1.4 million) and of 22 claims without amounts. Claims for personal injury, caused by inhalation of oily vapour, had also been submitted but for relatively small amounts.

3.3 It is expected that a Prefectural Government and the Japan Maritime Disaster Prevention Centre (JMDPC) will submit claims for the clean-up operations totalling some ¥436 million (£2.2 million).

3.4 The claims handling is being monitored by experts from the International Tanker Owners Pollution Federation Ltd (ITOPF) and by the 1971 Fund's Japanese lawyer.

3.5 It is unlikely that there will be any further claims for significant amounts. It is possible, therefore, that the total amount of the claims will not exceed the shipowner's limitation amount.

3.6 The Executive Committee may nevertheless wish to authorise the Director to approve final settlements on behalf of the 1971 Fund of all claims arising out of this incident, to the extent that the claims do not give rise to questions of principle which have not previously been decided by the Committee.

### **4 Action to be taken by the Executive Committee**

The Executive Committee is invited:

- (a) to take note of the information contained in this document;
  - (b) to authorise the Director to make final settlements of all claims arising out of this incident to the extent that the claims do not give rise to questions of principle which have not previously been decided by the Committee; and
  - (c) to give the Director such instructions as it may deem appropriate in respect of the incident dealt with in this document.
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