



INTERNATIONAL
OIL POLLUTION
COMPENSATION
FUND 1971

EXECUTIVE COMMITTEE
59th session
Agenda item 3

71FUND/EXC.59/11
14 October 1998

Original: ENGLISH

INCIDENTS INVOLVING THE 1971 FUND

DIAMOND GRACE

Note by the Director

Summary:

Claims have been submitted for ¥2 130 (£10.6 million). The outstanding claims total ¥1 220 million (£6.1 million). It is unlikely that the total amount of the claims will exceed the limitation amount applicable to the *Diamond Grace*.

Action to be taken: Information to be noted.

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 ¥2 330 million (£11.7 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. 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.

3.2 As of 10 October 1998, the Claims Handling Office had received 81 claims totalling ¥2 130 million (£10.6 million). Out of this amount, ¥1 353 million (£6.7 million) relates to clean-up operations and ¥592 million (£2.9 million) to fishery damage.

3.3 Thirty-three claims have been settled for a total of ¥624 million (£3.1 million).

3.4 The outstanding claims total ¥1 220 million (£6.1 million)

3.5 It is unlikely that there will be any further claims for significant amounts. It is probable, therefore, that the total amount of the claims will not exceed the limitation amount applicable to the *Diamond Grace*.

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; and
 - (b) to give the Director such other instructions in respect of the handling of this incident and of claims arising therefrom as it may deem appropriate.
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