



INTERNATIONAL
OIL POLLUTION
COMPENSATION
FUND 1992

THIRD INTERSESSIONAL
WORKING GROUP
Agenda item 2

92FUND/WGR.3/16/1
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REVIEW OF THE INTERNATIONAL COMPENSATION REGIME

STUDY OF THE COSTS OF PAST SPILLS IN RELATION TO THE CURRENT AND FUTURE LIMITATION
AMOUNTS OF THE 1992 CONVENTIONS

Note by the Director

Summary:

The Director was invited by the Working Group to undertake an independent study of the costs of past spills in relation to the current and future limitation amounts of the 1992 Conventions. The P&I Clubs belonging to the International Group of P&I Clubs agreed with proposals by the Director on the requirements for such a study and agreed to provide data to the 1992 Fund on a confidential basis. A large amount of data has been collated and the Director hopes to be able to complete the study before the next meeting of the Working Group in February 2004.

Action to be taken:

The Working Group is invited to take note of the information contained in this document.

1 Introduction

At the 5th meeting of the Working Group in February 2003 the Director was invited to undertake an independent study of the costs of past spills in relation to the current and future limitation amounts of the 1992 Conventions, recognising that the usefulness of such a study would be dependent on obtaining the raw data from the P&I Clubs and the oil industry. The Working Group considered that it was important that the study reflected the costs of past spills and the apportionment of those costs between the shipping and oil industries on the basis of values in 2003 and the likely values in the future, taking into account inflation indices for the individual States.

2 Progress report

- 2.1 In March 2003 the Director wrote to the Chairman of the Pollution Sub-committee of the International Group of P&I Clubs with an outline proposal for a cost study setting out the required inputs, the methodology to be followed and the outputs. The Director indicated that for the study to be meaningful it would be necessary to include all available costs data from 1978, the year when the 1971 Fund Convention entered into force, to the present and that the data should not be

restricted to incidents in Member States. However, the Director stated that data for the United States of America should not be included since the shipowner's liability under the United States legislation is much higher than under the 1992 Civil Liability Convention. In view of the confidential nature of some of the data relating to spills not involving the IOPC Funds, the Director proposed that the results of the analyses would be presented in graphical form without reference to ship names.

- 2.2 The Chairman of the Pollution Sub-committee agreed to the Director's proposal subject to the issue of confidentiality being respected.
- 2.3 As at 16 October 2003 ten P&I Clubs within the International Group had collated data on more than 5 000 incidents, some dating back to 1978. The remaining Clubs have undertaken to submit their data to the 1992 Fund in the near future.
- 2.4 The Director hopes to be able to complete the study before the next meeting of the Working Group in February 2004.

3 Action requested

The Working Group is invited to take note of the information contained in this document.
