

The International Oil Pollution Compensation Fund, 1971

Commemorative brochure

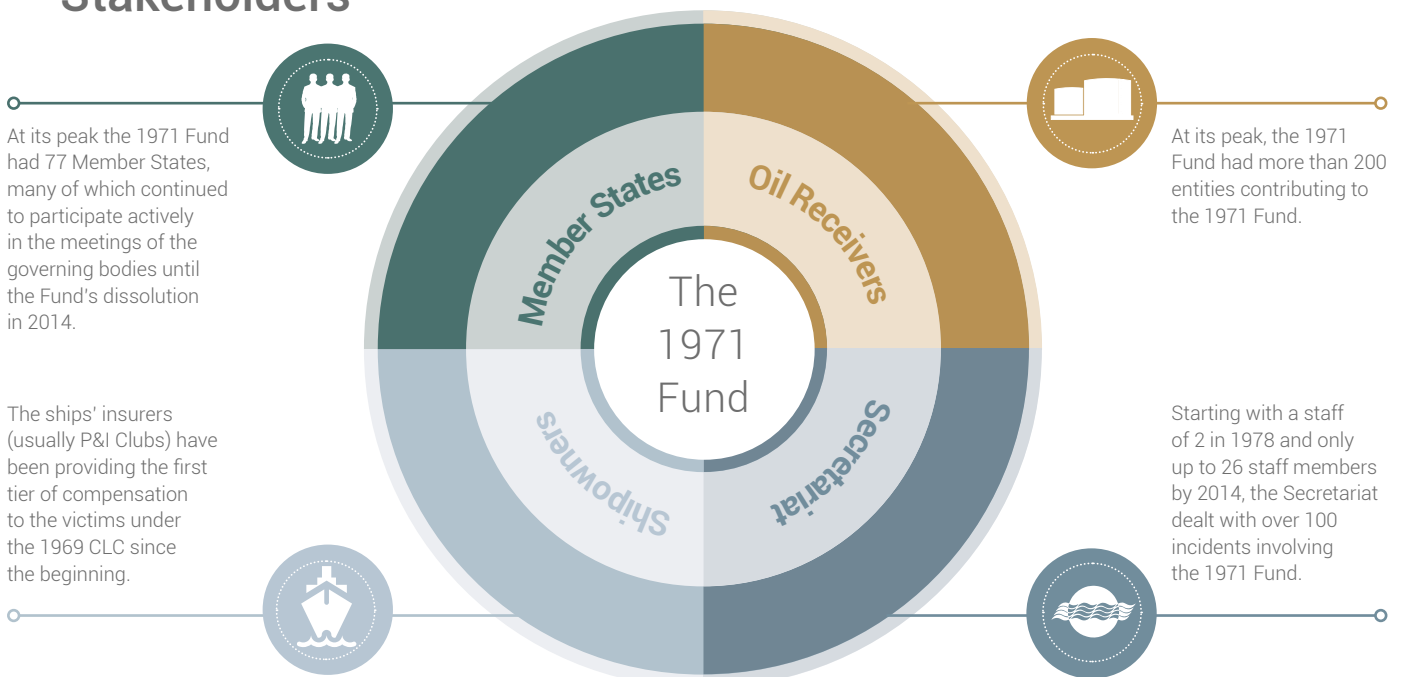


Overview of the 1971 Fund

In 1967 a shipping incident occurred off the south-western coast of the United Kingdom, causing pollution damage on an unprecedented scale, impacting coastlines, fishing waters and the livelihoods of many victims. That incident, involving the tanker *Torrey Canyon*, led Governments, the shipping industry and the oil industry to unite to ensure that, in the event of such a disaster occurring in the future, victims of such pollution damage would be protected. Within the forum of the International Maritime Organization, efforts were heavily focussed on improving ship safety to reduce the risk of such incidents, and whilst over time these efforts would lead to remarkably improved incident statistics, it was recognised none the less that as long as oil was transported by sea the risk of a major pollution disaster would always remain. With this in mind, IMO turned its focus to the victims and a system was developed based on the cooperation of shipowners, the oil industry and Government, to compensate those victims. Based on two Conventions, the 1969 Civil Liability Convention (1969 CLC) and the 1971 Fund Convention, this international liability and compensation regime took some years to come into practice but by October 1978, with the ratification of 15 States, both Conventions had entered into force and the International Oil Pollution Compensation Fund, 1971 (1971 Fund) was born.

Within its first five years, the 1971 Fund, financed by receivers of oil in its Member States, had already been involved in 20 incidents and after ten years had paid almost £40 million in compensation. The value of the existence of this Fund was recognised internationally and more and more States signed the Treaty to join the Fund. However, within a fairly brief amount of time it became apparent that the levels of compensation available were often unfortunately insufficient to cover the full extent of the damages incurred. The IMO decided to relook at the Conventions to address that issue and so, using the 1969 CLC and 1971 Fund Convention as the basis it developed the new 1992 Conventions which form today's international liability and compensation regime, covering well in excess of 100 States worldwide. At its peak the 1971 Fund had 77 Member States. It dealt with more than 100 incidents and paid some £331 million in compensation over its 36 year life-span.

Stakeholders



The 1971 Fund over the years



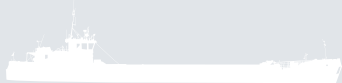
Haven incident (Italy) 1991

The Cypriot tanker *Haven* (109 977 GRT) caught fire and suffered a series of explosions while at anchor off Genoa. The vessel, which was carrying approximately 144 000 tonnes of crude oil, broke into three parts, which subsequently sank.

The quantity of oil consumed by the fire was not established, but it was estimated that over 10 000 tonnes of fresh and partially burnt oil was spilled into the sea. A significant quantity of oil came ashore.

Extensive clean-up operations were carried out in Italy, as well as in France and Monaco. Some 1 350 Italian claimants presented claims relating mainly to the cost of clean-up operations, damage to property and loss of income. The 1971 Fund paid a total amount of £26.4 million in compensation and £2.5 million in indemnification of the shipowner.

1988
£37 million
compensation
paid



1971

1978

1987

1993

1971 Fund
Convention
adopted

1979
Limit increased to
45 million SDR

Tanio incident (France) 1980

The Madagascan-registered tanker, *Tanio* (18 048 GRT), broke in two under heavy weather conditions off the coast of Brittany, France. The master and seven other crew members were tragically killed as a result. An estimated 13 500 tonnes of cargo oil spilled from the wreck polluting more than 200km of the French coastline and affecting the Channel Islands also. Claims for compensation were submitted from nearly 100 claimants and the 1971 Fund paid some £18.3 million to the victims of the spill.



1987
Limit increased to
60 million SDR

Aegean Sea incident (Spain) 1992

During heavy weather, the *Aegean Sea* (57 801 GRT) ran aground while approaching La Coruña harbour in the north-west of Spain. The ship, which was carrying approximately 80 000 tonnes of crude oil, broke in two and burnt fiercely for about 24 hours. The forward section sank some 50 metres from the coast. The stern section remained largely intact. The quantity of oil spilled was not known, since most of the cargo was either dispersed in the sea or consumed by the fire on board the vessel, but it was estimated at some 73 500 tonnes. Several stretches of coastline east and north-east of La Coruña were contaminated, as well as the sheltered Ria de Ferrol. The 1971 Fund paid a total amount of £34.2 million in compensation.



Sea Empress incident (United Kingdom) 1996

The Liberian-registered tanker *Sea Empress* (77 356 GRT), which was laden with more than 130 000 tonnes of crude oil, ran aground in the entrance to Milford Haven in south-west Wales. Although quickly refloated, the tanker grounded a number of times during persistently bad weather. It was estimated that in all approximately 72 000 tonnes of crude oil and 360 tonnes of heavy fuel oil were released as a result of the incident.

A temporary fishing ban was imposed in respect of certain areas affected by the oil spill. 1 034 claimants presented claims and £29.4 million in compensation was paid by the 1971 Fund.



Winding up of the 1971 Fund

OCT 12

Establishment of a Consultation Group to facilitate the winding up process.

APRIL 13

Recommendation by the Consultation Group to accelerate the winding up.

OCT 13

Consultation Group recommends that the Fund be wound up within the remaining funds it had available at the time.

MAY 14

Administrative Council confirms its intention to dissolve the 1971 Fund in 2014.

OCT 14

Administrative Council takes decision by vote to dissolve the 1971 Fund.

NOV 14

All incidents closed and final monies reimbursed to contributors of the 1971 Fund Convention.

DEC 14

Dissolution of the 1971 Fund

£331
million total
compensation
paid

1998
£191 million
compensation
paid

2002
£315 million
compensation
paid

1996

1992 Fund Convention enters into force with a limit of 135 million SDR

1998

1971 Fund Assembly adopts Resolution N°13 to prepare for the winding up of the 1971 Fund

2002

1971 Fund ceases to be in force after the number of 1971 Fund Member States falls below 25

Braer incident (United Kingdom) 1993

The Liberian tanker *Braer* (44 989 GRT) grounded south of the Shetland Islands (United Kingdom). The ship eventually broke up, and both the cargo and bunkers spilled into the sea. Due to the prevailing heavy weather, most of the spilt oil dispersed naturally, and the impact on the shoreline was limited. Oil spray blown ashore by strong winds affected farmland and houses close to the coast. The United Kingdom Government imposed a fishing exclusion zone covering an area along the west coast of Shetland which was affected by the oil, prohibiting the capture, harvest and sale of all fish and shellfish species from within the zone. The 1971 Fund paid some £45.7 million in compensation.



Directors of the 1971 Fund

Dr. Reinhard Ganten

Director of the 1971 Fund, 1978-1984

When starting its operations in 1978 the 1971 IOPC Fund had to pursue an entirely unknown course: A State-governed international organisation, financed by private industry, operating like an insurer. We are very pleased with the general diagnosis that this organisation has developed a perfect example of efficient remedies for oil pollution damage.



Mr Måns Jacobsson

Director of the 1971, 1992 and Supplementary Funds, 1984-2006

The criteria for the admissibility of compensation claims developed by the IOPC Funds contribute to consistency in the Funds' decisions, but these criteria also allow the Funds a certain flexibility to take into account new situations and new types of claim.



Mr Willem Oosterveen

Director of the 1971, 1992 and Supplementary Funds, 2006-2011

Having seen the 1971 Fund from the perspective of a delegate, a Chairman and finally a Director, I was always impressed by the commitment of Member States and the cooperation of all stakeholders, in particular the oil receivers, P&I Clubs and shipowners. The combined effort of these parties has ensured that not only is the risk covered, but the burden of that risk is shared amongst them.



Mr José Maura

Director of the 1971, 1992 and Supplementary Funds 2011-2015

The 1971 Fund was a unique idea to protect the environment and those who suffer losses from spills of oil worldwide. The legacy of the 1971 Fund is the 1992 Fund and the Supplementary Fund which, with 114 and 31 Member States respectively, are truly global.



1971 Fund Membership



International Oil Pollution Compensation Funds

Portland House
Bressenden Place
London SW1E 5PN
United Kingdom
Telephone: **+44 (0)20 7592 7100**
Fax: **+44 (0)20 7592 7111**
E-mail (for all enquiries): info@iopcfunds.org

Website: www.iopcfunds.org

*Photographs courtesy of
ITOPF, Getty Images and
Youinspire photography.*

States having at any time been Members of the 1971 Fund

Albania	Estonia	Malaysia	Qatar
Algeria	Fiji	Maldives	Republic of Korea
Antigua and Barbuda	Finland	Malta	Russian Federation
Australia	France	Marshall Islands	Saint Kitts and Nevis
Bahamas	Gabon	Mauritania	Seychelles
Bahrain	Gambia	Mauritius	Sierra Leone
Barbados	Germany	Mexico	Slovenia
Belgium	Ghana	Monaco	Spain
Benin	Greece	Morocco	Sri Lanka
Brunei Darussalam	Guyana	Mozambique	Sweden
Cameroon	Iceland	Netherlands	Switzerland
Canada	India	New Zealand	Syrian Arab Republic
China*	Indonesia	Nigeria	Tonga
Colombia	Ireland	Norway	Tunisia
Côte d'Ivoire	Italy	Oman	Tuvalu
Croatia	Japan	Panama	United Arab Emirates
Cyprus	Kenya	Papua New Guinea	United Kingdom
Denmark	Kuwait	Poland	Vanuatu
Djibouti	Liberia	Portugal	Venezuela (Bolivarian Republic of)
			Yugoslavia

* The 1971 Fund Convention applied to the Hong Kong Special Administrative Region only