



INTERNATIONAL
OIL POLLUTION
COMPENSATION
FUND 1992

FONDS INTERNATIONA
L D'INDEMNISATION DE 1992
POUR LES DOMMAGES DUS
À LA POLLUTION PAR LES
HYDROCARBURES

FONDO INTERNACIONAL
DE INDEMNIZACIÓN DE
DAÑOS DEBIDOS A LA
CONTAMINACIÓN POR
HIDROCARBUROS DE 1992

PRESS STATEMENT

THE SUPPLEMENTARY FUND PROTOCOL ENTERS INTO FORCE ON 3 MARCH 2005

A Protocol which was adopted in May 2003 under the auspices of the International Maritime Organization enters into force on 3 March 2005. The Protocol, which was prepared by the International Oil Pollution Compensation Fund (IOPC Fund), creates a Supplementary Compensation Fund that improves the international regime for compensation of victims of oil pollution from oil tankers.

The Supplementary Fund will not replace the existing Fund ('1992 Fund') but will make available additional compensation to victims in the States which accede to the Protocol.

The Supplementary Fund will have available an amount of some £435 million (US\$840 million), in addition to the amount of some £165 million (US\$310 million) which is available from the existing 1992 Fund after the increase which took effect on 1 November 2003. As a result, the total amount available for compensation for each incident in the States which are Members of the Supplementary Fund will be approximately £600 million (US\$1 150 million). The Supplementary Fund will only cover incidents which occur after the entry into force of the Protocol.

One important effect of the Protocol will be that, in practically all cases, it will be possible to pay compensation at 100% of the amount of the damage agreed between the Fund and the victim. It will also avoid the need to fix the level of payment below 100% of the amount of the damage suffered during the early stages of a major incident as has been the case in respect of several recent cases.

The new Protocol enters into force three months after the following conditions were fulfilled:

- The Protocol has been ratified by at least 8 States
- The aggregate quantity of contributing oil received in these States after sea transport during the preceding calendar year is at least 450 million tonnes.

These conditions were fulfilled on 3 December 2004 when the Protocol had been ratified by Denmark, Finland, France, Germany, Ireland, Japan, Norway and Spain, which had received an aggregate quantity of some 532 million tonnes of contributing oil during 2003. The Protocol therefore enters into force on 3 March 2005. Portugal ratified the Protocol on 15 February 2005 and will become a Member of the Supplementary Fund on 15 May 2005.

London, 2 March 2005

Notes for Editors:

1. The international regime for compensation of victims of oil pollution damage is based on two international Conventions, the International Convention on Civil Liability for Oil Pollution Damage, 1992 ("1992 Civil Liability Convention") and the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage, 1992 ("1992 Fund Convention").
2. The 1992 Civil Liability Convention and the 1992 Fund Convention were adopted with the aim of ensuring prompt payment of compensation after an oil spill without the need for victims to prove any negligence.
3. The 1992 Civil Liability Convention therefore imposes strict liability (liability without fault) for pollution damage upon the shipowner and requires him to insure against that liability. The shipowner is normally entitled to limit his liability to an amount calculated by reference to the tonnage of his ship. In practice, the compensation is usually paid by the shipowner's Protection and Indemnity insurer.
4. The International Oil Pollution Compensation Fund 1992 was established under the 1992 Fund Convention (succeeding a previous Fund established by a Convention of 1971). The Fund's purpose is to provide supplementary compensation in cases where the amount payable by the shipowner or his insurer is insufficient to provide full compensation to the victims of oil pollution damage.
5. The Fund is funded by contributions from receivers of crude oil or heavy fuel oil (contributing oil) after sea transport.
6. Conversion of currencies in this press statement has been made on the basis of the rates at 28 February 2005, ie 1 SDR (Special Drawing Right) = US\$1.531990 = £0.797041.