

THE 1984 PROTOCOLS  
AMENDING THE CIVIL LIABILITY AND FUND CONVENTIONS  
ON OIL POLLUTION DAMAGE

THE SECRETARY OF TRANSPORTATION  
ELIZABETH HANFORD DOLE

SENATE FOREIGN RELATIONS COMMITTEE  
MAY 15, 1986

STATEMENT OF SECRETARY OF TRANSPORTATION

ELIZABETH HANFORD DOLE

BEFORE THE

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GOOD MORNING MR. CHAIRMAN,

IT IS A PLEASURE FOR ME TO BE HERE TODAY TO CONVEY PRESIDENT REAGAN'S CONTINUED STRONG SUPPORT FOR THE 1984 PROTOCOLS WHICH REVISED THE 1969 CIVIL LIABILITY AND 1971 FUND CONVENTIONS (CLC AND FUND) AND TO URGE THE SENATE TO GIVE ITS ADVICE AND CONSENT TO RATIFICATION OF THE PROTOCOLS. RATIFICATION OF THESE PROTOCOLS IS AN ESSENTIAL ELEMENT OF THE COMPREHENSIVE OIL SPILL LIABILITY AND COMPENSATION REGIME I AM WORKING WITH THE CONGRESS TO SECURE. AS I AM SURE YOU ARE AWARE, I TESTIFIED BEFORE THE SENATE ENVIRONMENT AND PUBLIC WORKS COMMITTEE APRIL 29TH IN SUPPORT OF COMPREHENSIVE OIL SPILL LIABILITY AND COMPENSATION LEGISLATION AND RATIFICATION OF THE PROTOCOLS.

EXPEDITIOUS RATIFICATION OF THE 1984 PROTOCOLS WOULD DEMONSTRATE NOT ONLY OUR INTEREST IN ASSURING COMPENSATION FOR UNITED STATES CITIZENS WHO SUSTAIN OIL POLLUTION DAMAGE, BUT ALSO OUR COMMITMENT TO HIGHER, UNIFORM INTERNATIONAL STANDARDS FOR MITIGATING SUCH DAMAGE. RATIFICATION OF THESE PROTOCOLS AND IMPLEMENTATION OF THE INTERNATIONAL CONVENTIONS WILL RESULT IN FOUR IMMEDIATE BENEFITS TO THE UNITED STATES: GREATLY IMPROVED COVERAGE FOR UNITED STATES CITIZENS; ENHANCED SPEED AND CERTAINTY

OF SETTLEMENT OF CLAIMS; PREDICTABILITY AND CONSISTENCY OF LIMITS AND COSTS FOR SHIPOWNERS AND OIL COMPANIES; AND EXPANDED UNITED STATES INFLUENCE IN INTERNATIONAL MARITIME FORUMS. THE PROTOCOLS PROVIDE EXCELLENT INSURANCE FOR UNITED STATES CITIZENS.

THE REGIME I AM SUPPORTING WILL IMPLEMENT THE 1984 PROTOCOLS TO CLC AND FUND, THEREBY MAKING THE UNITED STATES A PARTY TO A BROAD INTERNATIONAL SOLUTION TO OIL SPILL PROBLEMS. IT WILL CONSOLIDATE THE EXISTING PATCHWORK OF RELATED FEDERAL LAWS INTO A SINGLE REGIME WHICH PRESCRIBES A CLEAR STANDARD OF LIABILITY WITH HIGH LIMITS AND FINANCIAL RESPONSIBILITY. THE REGIME ALSO WOULD ESTABLISH A USER-FEE FINANCED FUND TO PAY FOR CONTINUING RESPONSE EFFORTS, WHICH WOULD COMPENSATE THE VICTIMS OF POLLUTION DAMAGE FOR REMOVAL AND CLEANUP COSTS, PROPERTY DAMAGE, AND NATURAL RESOURCE RESTORATION OR REPLACEMENT ABOVE THE SPILLERS' LIMITS OF LIABILITY.

THE REGIME WOULD SUPPORT ITSELF, FOR THE FUND WOULD COVER ITS ADMINISTRATIVE COSTS. IT WOULD ALSO CONSOLIDATE DUPLICATIVE ELEMENTS OF STATE LIABILITY REGIMES INTO THE FEDERAL SYSTEM, AFTER AN APPROPRIATE TRANSITION PERIOD.

AS YOU KNOW MR. CHAIRMAN, THERE IS WIDE AGREEMENT IN THE CONGRESS, THE ADMINISTRATION, THE OIL AND SHIPPING INDUSTRIES AND THE ENVIRONMENTAL COMMUNITY THAT THIS COUNTRY NEEDS AND DESERVES A FIRST CLASS OIL SPILL RESPONSE CAPABILITY, AS WELL AS AN EQUITABLE

AND ADEQUATE SYSTEM TO COMPENSATE THOSE DAMAGED BY SPILLS. THAT SYSTEM MUST INCLUDE ADOPTION OF THE INTERNATIONAL REGIME CREATED BY THE 1984 PROTOCOLS TO CLC AND FUND.

I AM DETERMINED THAT THE HARD WORK OF THE CONGRESS ON THIS SUBJECT WILL COME TO FRUITION IN THIS SESSION. MY GOAL IS TO WORK WITH YOU IN THIS COMMITTEE TO ENSURE THE SENATE'S ADVICE AND CONSENT TO RATIFICATION OF THE 1984 PROTOCOLS. DESPITE OUR AND OTHER NATIONS' EFFORTS TO MAINTAIN AND ENFORCE HIGH OIL POLLUTION PREVENTION STANDARDS, TANKER MISHAPS WILL CONTINUE TO OCCUR AND VICTIMS MUST HAVE A CLEAR AND CERTAIN MEANS OF COMPENSATION. RECENT SERIOUS SPILL EVENTS IN OUR OWN WATERS HIGHLIGHT THE CONTINUING NEED FOR COMPREHENSIVE AND EFFECTIVE OIL SPILL COMPENSATION LEGISLATION.

ON DECEMBER 21, 1985, THE U.S. TANKER ARCO ANCHORAGE RAN AGROUND IN PORT ANGELES HARBOR, WASHINGTON, RESULTING IN THE DISCHARGE OF ABOUT 200,000 GALLONS OF ALASKAN NORTH SLOPE CRUDE OIL. MANY SEA BIRDS WERE AFFECTED, OF WHICH HUNDREDS DIED. THE DISCHARGE HAD A SUBSTANTIAL FINANCIAL IMPACT ON THE LOCAL LUMBER INDUSTRY BECAUSE ABOUT ELEVEN MILLION BOARD FEET OF MARKETABLE LUMBER WERE CONTAMINATED BY THE OIL. THE TANKER OWNER ASSUMED RESPONSIBILITY FOR THE CLEANUP OF THE SPILL. REMOVAL COSTS AND THIRD-PARTY CLAIMS ARE EXPECTED TO BE SUBSTANTIAL, BUT WILL BE COVERED, FOR THE MOST PART, BY A LIABILITY AND COMPENSATION SYSTEM ESTABLISHED BY THE TRANS ALASKA PIPELINE AUTHORIZATION ACT, WHICH COVERS ONLY OIL PRODUCED ON THE ALASKA NORTH SLOPE.

IN SEPTEMBER 1985, THE PANAMANIAN TANKER GRAND EAGLE RAN AGROUND IN THE DELAWARE RIVER, RELEASING AN ESTIMATED 425,000 GALLONS OF CRUDE OIL. THE REMAINING 1.8 MILLION GALLONS WAS OFFLOADED SAFELY AT THE REFINERY WHICH WAS THE TANKER'S INTENDED DESTINATION. ALTHOUGH THE SHIPOWNERS TOOK RAPID CLEANUP ACTION, THE OIL DAMAGED SHORELINES IN DELAWARE, NEW JERSEY AND PENNSYLVANIA.

IN OCTOBER 1984, THE U.S. TANKER PUERTO RICAN SUFFERED EXPLOSIONS 10 MILES OUT OF SAN FRANCISCO. THE COAST GUARD DIRECTED THAT THE VESSEL BE TOWED SEAWARD. CONSEQUENTLY, WHEN THE VESSEL LATER BROKE IN HALF THREE DAYS LATER, WITH THE STERN SECTION SINKING AND WITH A RELEASE OF ABOUT 1,260,000 GALLONS OF LUBRICATING OIL, THE IMMEDIATE THREAT TO OUR COASTLINE WAS LESSENERED. HOWEVER, SOME OF THE OIL DID REACH THE SENSITIVE FARALLON ISLANDS MARINE SANCTUARY AND CALIFORNIA COASTLINE. SUBSEQUENTLY THE STERN SANK WITHIN THE SANCTUARY AND CONTINUES TO RELEASE OIL AT A SLOW RATE. THE BOW SECTION, CONTAINING ABOUT TWO AND A HALF MILLION GALLONS OF OIL, WAS EVENTUALLY SALVAGED AND BROUGHT BACK INTO SAN FRANCISCO HARBOR.

A PARTICULARLY ALARMING SPILL OCCURRED IN JUNE 1984, WHEN THE BRITISH TANKER ALVENUS, CARRYING 14 MILLION GALLONS OF CRUDE OIL, GROUNDED AND FRACTURED JUST OFF THE TEXAS/LOUISIANA COAST. ALMOST TWO MILLION GALLONS OF OIL, REPRESENTING ONLY A FRACTION OF THAT WHICH WAS ON BOARD, WAS RELEASED AND MOST OF IT REACHED THE TEXAS COAST. THE REMAINING OIL WAS REMOVED FROM THE TANKER OVER A 14

DAY PERIOD DURING FAVORABLE WEATHER CONDITIONS. BAD OR EVEN MODERATE WEATHER CONDITIONS COULD HAVE RESULTED IN A TRULY CATASTROPHIC OIL SPILL.

ANOTHER SPILL, WHILE NOT AS DRAMATIC, WAS EXTREMELY SERIOUS DUE TO THE SENSITIVE INLAND ENVIRONMENT IN WHICH IT TOOK PLACE. IN 1983, THE BEOGRAD, A YUGOSLAV FLAG TANKER, WAS INVOLVED IN A SPILL OF HEAVY OIL IN THE ST. LAWRENCE SEAWAY. INTENSIVE CLEANUP ACTIONS WERE REQUIRED ON BOTH U.S. AND CANADIAN SIDES OF THE WATERWAY.

SO YOU SEE MR. CHAIRMAN, WE HAVE NO REASON AT ALL TO BELIEVE THAT WE ARE IMMUNE FROM OIL SPILLS AND THEIR DAMAGING EFFECTS. FURTHER, IT IS CLEAR THAT OIL SPILLS ARE AN INTERNATIONAL PROBLEM REQUIRING AN INTERNATIONAL SOLUTION. THE OIL AND TANK TRANSPORTATION INDUSTRIES ARE BOTH UNLIMITED BY NATIONAL BOUNDARIES. EVEN THOUGH WE HAVE ONE OF THE BEST RESPONSE NETWORKS IN THE WORLD, AND WORK HARD TO PREVENT OIL SPILLS, ACCIDENTS WILL CONTINUE TO HAPPEN. IT IS ESSENTIAL THAT OUR CITIZENS AND OUR ENVIRONMENT HAVE THE BEST PROTECTION AND RECOURSE POSSIBLE.

MR. CHAIRMAN, YOU MAY KNOW THAT I VISITED THE INTERNATIONAL MARITIME ORGANIZATION (IMO) AND TALKED WITH SECRETARY GENERAL SRIVASTAVA PERSONALLY DURING THE DIPLOMATIC CONFERENCE OF MAY 1984 (AT WHICH THE PROTOCOLS WERE DEVELOPED) WHEN THE NEGOTIATIONS HAD REACHED A CRITICAL STAGE. I STRESSED THE IMPORTANCE TO THE UNITED STATES OF SEVERAL POINTS, INCLUDING THE NECESSITY FOR LIABILITY

LEVELS AND COMPENSATION TO BE SUFFICIENTLY HIGH TO COVER ALL LEGITIMATE CLAIMS. I ALSO STRESSED THE IMPORTANCE OF AN AMENDMENT PROCEDURE FOR THE MONETARY LEVELS WHICH WOULD ENSURE THAT THE PROTOCOLS DO NOT BECOME OUTDATED DUE TO INFLATIONARY PRESSURES OR FUTURE SPILL EXPERIENCE.

MY VISIT, IN CONJUNCTION WITH THE HARD WORK OF A FINE DELEGATION OF U.S. EXPERTS, RESULTED IN A NUMBER OF NATIONS MOVING THEIR POSITIONS CONSIDERABLY CLOSER TO OURS, MAKING THE LEVELS OF LIABILITY AND COMPENSATION SUFFICIENTLY HIGH FOR BROAD AGREEMENT. THE CURRENT LEVELS ARE SUFFICIENT TO COVER CLAIMS FROM THE BREAK-UP OF THE AMOCO CADIZ, THE LARGEST TANKER OIL SPILL TO DATE WHERE SETTLEMENT MAY REACH \$190 MILLION. WE ALSO NEGOTIATED A TACIT AMENDMENT PROCEDURE TO FACILITATE FUTURE CHANGES. ACCOMMODATION BY A NUMBER OF NATIONS, WHICH BROUGHT THEM INTO SUBSTANTIAL AGREEMENT WITH THE UNITED STATES, NOW JUSTIFIES THE U.S. BECOMING A PARTY TO THE INTERNATIONAL REGIME CONCLUDED BY THE PROTOCOLS.

MR. CHAIRMAN, WHEN THEY ENTER INTO FORCE, THE 1984 PROTOCOLS WILL PROVIDE AN INTERNATIONALLY RECOGNIZED SYSTEM OF LIABILITY AND COMPENSATION FOR SEA-GOING TANKER SOURCE OIL POLLUTION. LACKING THE PROTECTION PROVIDED BY CLC AND FUND, U.S. INTERESTS DAMAGED BY OIL POLLUTION HAVE HAD TO RELY ON A PRIVATE, VOLUNTARY SYSTEM CURRENTLY BEING PROVIDED BY TANKER OWNERS AND OIL INTERESTS, TOVALOP AND CRISTAL. UNDER THE TANKER OWNERS' AGREEMENT

\$16.8 MILLION. UNDER THE OIL COMPANY AGREEMENT (CRISTAL), ADDITIONAL COMPENSATION MAY BE PROVIDED SO AS TO BRING PER INCIDENT COMPENSATION (TANKER OWNER PLUS OIL INDUSTRY CONTRIBUTION) UP TO A TOTAL LEVEL WHICH IS SLIGHTLY LOWER THAN THAT PROVIDED UNDER 1971 FUND, \$36 MILLION. TOVALOP COMPENSATION IS AVAILABLE WHERE ONE OF ITS MEMBERS' TANKERS IS INVOLVED AND 1969 CLC DOES NOT APPLY. CRISTAL COMPENSATION IS AVAILABLE WHEN A TOVALOP TANKER IS INVOLVED, THE CARGO IS OWNED BY A CRISTAL MEMBER, AND 1971 FUND DOES NOT APPLY.

PENDING THE COMING INTO FORCE OF THE PROTOCOLS, WE WOULD HOPE FOR A SIMILAR SYSTEM WHICH OFFERS EQUITABLE DISTRIBUTION OF COSTS AND BENEFITS TO U.S. CITIZENS COMPARABLE TO THOSE OFFERED BY THE PROTOCOLS. HOWEVER, WE DO NOT SEE A VOLUNTARY SYSTEM AS A SOLUTION TO THE LONG TERM PROBLEM -- BECAUSE TOVALOP AND CRISTAL ARE SUBJECT TO TERMINATION AT ANY TIME, ARE NOT JUDICIALLY ENFORCEABLE, AND THE U.S. AS A GOVERNMENT DOES NOT HAVE A VOICE IN THE SETTLEMENT PROCESS OF THESE VOLUNTARY REGIMES.

IN FACT, RECENT DEVELOPMENTS HAVE PLACED THE FUTURE OF TOVALOP AND CRISTAL IN QUESTION. THE REPLACEMENT REGIME INTENDED TO RENEW AND REPLACE TOVALOP AND CRISTAL HAS FAILED TO ATTRACT THE NECESSARY PARTICIPATION TO BRING IT INTO FORCE AND IT IS NOW UNSURE IF TOVALOP AND CRISTAL WILL CONTINUE.

THEREFORE, BOTH SECRETARY OF STATE SHULTZ AND I AGREE THAT RATIFICATION OF THE INTERNATIONAL REGIME ESTABLISHED BY THE

PROTOCOLS SHOULD PROCEED WITHOUT DELAY. AS YOU KNOW, PRESIDENT REAGAN FORWARDED THE PROTOCOLS FOR THE SENATE'S ADVICE AND CONSENT ON NOVEMBER 5, 1985. LET ME JUST DESCRIBE BROADLY THE BENEFITS THAT WILL ACCRUE TO THE U.S. FROM THE REGIME WHICH WOULD BE ESTABLISHED BY THE PROTOCOLS.

THAT REGIME ESTABLISHES A CLEAR, INTERNATIONALLY RECOGNIZED STANDARD OF LIABILITY FOR TANKER OWNERS, STRICT FINANCIAL RESPONSIBILITY (INSURANCE) REQUIREMENTS AND ENHANCED ENFORCEABILITY OF JUDGMENTS. JURISDICTION IS CLEARLY ESTABLISHED IN THE COURTS OF THE COUNTRY WHERE DAMAGE OCCURS AND THE SHIPOWNER'S LIABILITY IS BACKED BY AN INTERNATIONALLY ENFORCED COMPULSORY INSURANCE SYSTEM. UNITED STATES CITIZENS WILL BENEFIT FROM GREATLY IMPROVED COVERAGE AND ENHANCED SPEED AND CERTAINTY OF SETTLEMENT OF THEIR CLAIMS. WE WILL BE ABLE TO USE U.S. COURTS TO OBTAIN JUDGMENTS AGAINST THE SHIPOWNER, THE SHIPOWNER'S INSURER, AND THE INTERNATIONAL FUND. THESE JUDGMENTS ARE DIRECTLY ENFORCEABLE AS A MATTER OF RIGHT IN THE COURTS OF OTHER COUNTRIES WHICH ARE PARTIES TO THE PROTOCOLS. EVERY COUNTRY WHICH IS A PARTY TO THE PROTOCOLS IS ALSO REQUIRED TO ASSURE THAT EVERY SHIP (REGARDLESS OF ITS FLAG), WHICH CALLS AT ITS PORTS CARRYING MORE THAN 2,000 TONS OF OIL AS CARGO, HAS OR OBTAINS INSURANCE TO COVER THAT LIABILITY. ANY INSURER WHICH PROVIDES THIS NECESSARY COVERAGE IS ITSELF SUBJECT TO DIRECT ACTION IN COURT BY POLLUTION DAMAGE VICTIMS. ACCORDINGLY, IN VIEW OF THE FACT THAT A CLEAR, STRICT LIABILITY STANDARD APPLIES, INSURERS AND THEIR INSURED SHIPOWNERS WILL BE STRONGLY MOTIVATED TO SETTLE MOST BONA FIDE CLAIMS PROMPTLY IN MOST CASES IN ORDER TO AVOID COSTLY LITIGATION.

AND NOW, MORE SPECIFICALLY AS TO THE COSTS AND BENEFITS, THE CONVENTIONS, AS REVISED BY THE 1984 PROTOCOLS, WILL COVER OIL POLLUTION CLEANUP COSTS AND DAMAGE:

- SUSTAINED BY GOVERNMENTS AND PRIVATE PARTIES, INCLUDING REASONABLE MEASURES ACTUALLY UNDERTAKEN OR TO BE UNDERTAKEN TO RESTORE THE ENVIRONMENT,
- FROM SEAGOING TANKERS, LADEN OR UNLADEN, AND COMBINATION CARRIERS WHEN CARRYING PERSISTENT OIL IN BULK AS CARGO,
- SEAWARD TO THE OUTER EDGE OF THE EXCLUSIVE ECONOMIC ZONE (200 MILES),
- INCLUDING PRE-SPILL PREVENTION MEASURES, WHEREVER TAKEN, AS A RESULT OF GRAVE AND IMMINENT THREATS OF DAMAGE.

AT THE CURRENT EXCHANGE RATES, THE REVISED CLC PROVIDES A MINIMUM VESSEL LIABILITY OF 3.6 MILLION DOLLARS FOR VESSELS OF 5,000 GROSS TONS AND BELOW. FOR LARGER VESSELS, LIABILITY WOULD BE INCREASED BY 499 DOLLARS PER GROSS TON GREATER THAN 5,000 TO A MAXIMUM OF 71 MILLION DOLLARS. THIS IS THE FIRST LINE OF COMPENSATION FOR SPILL DAMAGES AND MAKES THE SPILLER (TANKER OWNER AND INSURER) STRICTLY LIABLE FOR DAMAGES UP TO HIS LIABILITY LIMITS.

THE REVISED FUND CONVENTION PROVIDES A SUPPLEMENTAL COMPENSATION, PAID BY THE OIL INDUSTRY, UP TO A PER INCIDENT COMBINED COVERAGE TOTAL OF 160 MILLION DOLLARS. THE COVERAGE CAN BE EXPANDED TO 238 MILLION DOLLARS WHEN 3 COUNTRIES PARTY TO THE

PROTOCOLS REACH COMBINED TOTAL OIL RECEIPTS OF 600 MILLION TONS PER YEAR. SINCE U.S. OIL IMPORTS APPROXIMATE 450 MILLION TONS PER YEAR, U.S. RATIFICATION WOULD VIRTUALLY ASSURE EXPANDED COVERAGE.\*

WHILE THIS PROTECTION PROVIDED BY THE PROTOCOLS OR THE VOLUNTARY SYSTEM DOES NOT COME WITHOUT A PRICE, A RECENT INDEPENDENT STUDY COMMISSIONED BY THE COAST GUARD SHOWS THAT THE PERCENTAGE OF THE TOTAL OPERATING COSTS TO TANKERS FOR INSURANCE WOULD BE SMALL, .069% AND .14% RESPECTIVELY FOR 20,000 AND 60,000 GROSS TON TANKERS. FURTHERMORE, WITH RESPECT TO FUND PROTECTION, BASED ON WORLDWIDE SPILL HISTORY BETWEEN 1970 AND 1982, OUR AVERAGE ANNUAL CONTRIBUTION WOULD BE LESS THAN SEVEN MILLION DOLLARS OR LESS THAN TWO TENTHS OF ONE CENT PER BARREL OF OIL. WE WOULD EXPECT TO RECOVER ABOUT 2.5 MILLION DOLLARS EACH YEAR -- A NET COST OF ONLY 4.5 MILLION DOLLARS PER YEAR, OR ABOUT ONE TENTH OF ONE CENT PER BARREL.

THE NET BENEFIT IF WE EXPERIENCE ONLY ONE "ALVENUS" INCIDENT ONCE IN A 13 YEAR PERIOD, IF CLAIMS ARE PAID AT THE REPORTED 100 MILLION DOLLAR LEVEL, WOULD BE 0.6 MILLION DOLLARS PER YEAR. YOU WILL RECALL THAT THE ALVENUS SPILLED ONLY A PORTION OF ITS CARGO.

\* NOTE: AMOUNTS IN DOLLARS ARE BASED ON SPECIAL DRAWING RIGHTS (SDRs). SDRs ARE CONVERTED INTO NATIONAL CURRENCIES ON THE BASIS OF THE DAILY QUOTATIONS OF THE SDR BY THE INTERNATIONAL MONETARY FUND. ON MAY 12, 1986: 1 SDR = \$1.18815.

IT IS ALSO IMPORTANT TO POINT OUT THAT THE INCREASE IN SHIPOWNER LIABILITY LIMITS ESTABLISHED BY THE 1984 PROTOCOLS, AND IN PARTICULAR THE NEW MINIMUM LIABILITY ESTABLISHED, WILL ACT TO REDUCE THE NUMBER OF INCIDENTS REQUIRING EXPENDITURES FROM THE FUND. BY RAISING THE OVERALL LIMIT SUBSTANTIALLY, THE 1984 PROTOCOLS WILL HAVE THE EFFECT OF PROVIDING COVERAGE FOR CURRENTLY UNCOMPENSATED COSTS AND DAMAGES. MOST OF THIS NEW COVERAGE WILL BE PROVIDED BY THE FUND. HOWEVER, BECAUSE THE SHIPOWNER'S LIMIT IS ALSO BEING SHARPLY RAISED, MUCH OF THE FUND'S CURRENT COMPENSATION BURDEN WILL BE SHIFTED ONTO SHIPOWNERS WHO BEAR THE RESPONSIBILITY FOR SAFE VESSEL OPERATION AS WELL AS THE INITIAL COST UNDER THE CLC. THE NET RESULT IS LIKELY TO BE A DOUBLING OF THE PROPORTION OF MAJOR SPILL COSTS FALLING TO THE SHIPOWNERS' ACCOUNT, VIRTUALLY NO CHANGE IN THE BURDEN PLACED ON THE FUND, AND COVERAGE FOR ALL DAMAGE WHICH MAY REASONABLY BE EXPECTED TO ARISE. THE FUND WOULD ONLY BE INVOLVED IN CATASTROPHIC INCIDENTS, WHERE THE SHIPOWNER'S LIABILITY LIMIT IS EXCEEDED.

THE 1984 PROTOCOL TO THE FUND CONVENTION PROVIDES AN OPTION UNDER WHICH THE GOVERNMENT OF A COUNTRY MAY PAY CONTRIBUTIONS TO THE INTERNATIONAL FUND ON BEHALF OF THOSE WHO RECEIVE OIL IN ITS TERRITORY. UNDER THE BILL WHICH PASSED THE HOUSE IN DECEMBER (TITLE IV OF H.R. 2005), WHICH WOULD IMPLEMENT THE PROTOCOLS, THE UNITED STATES WOULD AVAIL ITSELF OF THIS OPTION AND PAY ALL U.S. SOURCE CONTRIBUTIONS DUE THE INTERNATIONAL FUND FROM A DOMESTIC

OIL SPILL COMPENSATION FUND. I SUPPORT THIS APPROACH, AS WELL AS MOST OTHER FEATURES OF TITLE IV OF H.R. 2005.

MR. CHAIRMAN, I BELIEVE THAT THE PROTOCOLS OFFER EXCELLENT INSURANCE TO THE UNITED STATES WITH RESPECT TO U.S., AND MORE IMPORTANTLY, FOREIGN FLAG TANKERS. OUR RESPONSE AND PREVENTION RECORD IS AMONG THE BEST IN THE WORLD; HOWEVER, AS OUR RECENT SPILL HISTORY INDICATES, WE CAN EXPECT OCCASIONAL SPILLS OF OIL FROM BOTH U.S. AND FOREIGN FLAG TANKERS. WHEN FULLY IMPLEMENTED, THE PROTOCOLS WOULD GIVE US THE LEVEL AND MEANS OF PROTECTION NEEDED IN THE EVENT OF ANOTHER INCIDENT OF THE GRAVITY OF THE "AMOCO CADIZ" AND I URGE YOU RECOMMEND THAT THE SENATE PROVIDE ITS ADVICE AND CONSENT TO THE PRESIDENT AT THE EARLIEST POSSIBLE DATE.

THANK YOU MR. CHAIRMAN. I WILL BE PLEASED TO ANSWER ANY QUESTIONS YOU MAY HAVE.