

KISH P & I LOSS PREVENTION CIRCULAR KPI-LP-85-2012
(Possibility of Huge Claims on Coral Reef Damage in Egypt)

The changes in the governance system in Egypt have affected the tourism industry a lot. Thus the other criteria which can have adverse effects on ecosystem & environment have been seriously under supervision & control. In this concept; vessel groundings are a large threat which coral reefs face, with the possible subsequent threats of pollution causing further damage to the ecosystem and biodiversity.

Damage to coral reefs can range from minor injuries to the severe degradation of its structural complexity. The natural recovery of coral reefs from severe groundings can take years.

Due to focal efforts to increase tourism, Egyptian coral reefs are a primary source of income and employment, and are a major impetus for international investment.

Official records show that there have been about 170 Egyptian coral reef damage incidents to date.

The Egyptian Environmental Affairs Authority (EEAA) is the authority which deals with such incidents and may issue compensation claims against a vessel. Egyptian Law 102 of the year 1983 for natural protectorates regulates and adopts penalties against the party responsible for damaging coral reefs.

Where a damage incident does occur, compensation claims can be extremely large.

The following formula is used to calculate what compensation may be due based on a number of factors:

$$(A) \times (LC) \times (D) \times (RP) \times (V)$$

Where (A) is a measure of damaged area in square meters, (LC) is the percentage of living coral, (D) is the percent damage in the area, (RP) is the number of years required for recovery and (V) is the value of one square meter (set at USD\$120, and USD\$300 for national parks). Due to this formula, even small incidents causing damage can very easily result in a large claim against the vessel.

In case of an accident; it is recommended that the owners of the liable vessel arrange for an independent underwater inspection report or the damaged area, carried out by an approved suitable diving company, which show the exact damaged area and the extent of damage to the affected coral reefs so as to have a base for arguments regarding the claim which may exaggerate the extent of damage caused by the vessel.

The members are warned about the matter & advised to notify their vessels of the information & gravity of such claims.