

Study finds wide gap in compensation from '07 South Korean oil spill

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Dr. Dohyeong Kim. Credit: UT Dallas

Although nearly eight years have passed since a major oil spill in South Korea, compensation and recovery efforts appear to be far from satisfactory, and the affected communities continue to suffer the effects of the disaster.

UT Dallas' Dr. Dohyeong Kim, second-year doctoral student Soojin Min and two Korean scholars have found a considerable gap between the economic loss claimed by residents and the compensation they received after the Hebei Spirit oil spill. Only 11 percent of the claims were approved for compensation.

"I was surprised," said Kim, the lead author of the findings that were recently published in [Ocean & Coastal Management](#). "Eleven percent is really low, compared to the other countries. It's a shame. My initial impression when I saw that finding was, 'Citizens have a lot less organized power in Korea.' It is striking to me."

The oil spill, about one-third of the size of the Exxon Valdez spill in Alaska in 1989, took place in 2007 when a barge hit the tanker Hebei Spirit, creating a hole in the cargo area. The leaking crude oil reached more than 200 miles away in less than a month, covering the rocky shore, sandy beaches and coastal wetlands.

Kim, associate professor of public policy and political economy in the School of Economic, Political and Policy Sciences, was intrigued by the disaster's social and ecological impacts as well as the compensation implications for those affected—particularly owners of small-scale fisheries and tourism businesses.

Kim said understanding the reasons behind the compensation gap is crucial for future [oil spills](#).

Based on the findings, the researchers determined three possible reasons for the low percentage of compensation:

- International Oil Pollution Compensation Funds are very strict and only allow the documented claims to be approved.
- The focus was on the loss of direct use value. The social and

ecological impacts to the ecosystems and the communities were not considered.

- No economic evaluations conducted by academic scholars were considered.

When the researchers reviewed how other countries compensated for large-scale oil spills, they found that it was much greater—even more than 100 percent of the claims—after extensive governmental and legal involvements.

"I hope this research will help reduce this gap in the future and highlight the necessity for the compensation stakeholders to consider economic evaluation studies, such as studies using the contingent valuation method that some countries use to figure [compensation](#)," Min said.

The Hebei Spirit oil spill cases were unfriendly to the community and offered no scientific support, Kim said.

"Korea is a very pro-enterprise country," Kim said. "It needs to support the big enterprises like Samsung and Hyundai and LG because they have a big contribution to the Korean reputation, but sometimes they also have negative effects on actual communities in Korea because of the labor system and the environmental impacts."

The researchers hope the study helps inform decision-makers.

"I hope this paper gets some attention from not only Korea but other parts of the world. I hope, in the future, policymakers want to use these types of findings to be a little more toward the pro-community side instead of pro-enterprise." he said.

Provided by University of Texas at Dallas

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