

THE REVOLVING FUND IN THE STRAITS OF MALACCA AND SINGAPORE

Submitted by Singapore

Introduction

1. Marine pollution, in particular oil pollution from ships, is a constant challenge facing the maritime community. It affects the marine environment as well as navigation of ships. This issue is even more critical in the Straits of Malacca and Singapore which is among the busiest and most critical waterways in the world. It is therefore vital that the littoral States and the international community co-operate to ensure that the Straits are kept safe and clean.
2. In this light, the Revolving Fund is a good example of co-operation between the littoral States and the users of the Malacca and Singapore Straits to safeguard its marine environment. It was established on 11th February 1981 through a Memorandum of Understanding signed by Indonesia, Malaysia, Singapore and the Malacca Strait Council (MSC), which is supported by the Japanese shipping community.
3. In fact, the success of the Revolving Fund provided the “inspiration” for the setting up of the Aids to Navigation Fund, which is the other key component of the Co-operative Mechanism.

Overview of the Revolving Fund

4. Under the Fund MOU, the MSC of Japan contributed 400 million yen as the principal sum of the Revolving Fund (RF). The purpose of the Revolving Fund is to enable the littoral States to take immediate remedial action in the event of any incident of oil pollution caused by ships in the Straits of Malacca and Singapore. The littoral States can draw an advance from the Fund for the purpose of taking the remedial action.
5. The management of the Fund is undertaken by the littoral States on a rotational basis in alphabetical order for a period of 5 years each. The Fund management is now in its second cycle, with Indonesia having managed the Fund from 1996 to 2001, and Malaysia from 2001 to 2006. Singapore took over the management of the Fund in 2006 and our term will end in 2011.

Indonesia	1981-1986 and 1996-2001
Malaysia	1986-1991 and 2001-2006
Singapore	1991-1996 and 2006-2011

Revolving Fund Committee (RFC)

6. Although the management of the Fund is rotated between the three littoral States, it is in reality a tripartite effort. This is achieved through the Revolving Fund Committee or RFC, which comprises a representative each from the littoral States. This Committee establishes rules and regulations for the administration of the Fund, and approves the annual report for the Fund.

7. The littoral State responsible for managing the Fund merely takes on the Chairmanship of this Committee. Currently, Capt Khong Shen Ping, Group Director (Hub Port) and Director of Marine of the Maritime and Port Authority of Singapore, is the Chairman of the Committee. The members are Pak Effendi Batubara, Director General for Sea Communication, Ministry of Transport, Indonesia, and Dato' Rosnani Ibarahim, Director-General of Environment, Ministry of Natural Resources and Environment, Malaysia.

Utilization of the Fund

8. Any of the three littoral States is able to draw from the Fund to take immediate remedial actions to combat oil pollution caused by ships in the Straits. The amount drawn would subsequently be repaid to the Fund when the State recovers the clean-up costs from the ship owners responsible.

9. In its 27-year history, the Revolving Fund has been used twice:

9.1. In October 1992, both Indonesia and Malaysia tapped into the Revolving Fund to combat the oil spill from the *Nagasaki Spirit*. The incident occurred in the northern part of the Malacca Strait.

9.2. In October 2000, Indonesia used the Revolving Fund to clean up the oil spill from the *Natuna Sea*. The incident occurred off Batam, Indonesia.

10. The Fund started off with the 400 million yen contributed by the Malacca Strait Council in 1981. As at 31 March 2008, the Fund amount stood at S\$6,275,086 (close to S\$6.3 million) which is around 480 million yen.

Activities conducted under the Revolving Fund

11. Over the years, the Revolving Fund has proven to be a very valuable resource. By acting as a readily available back-up Fund, it has enabled the littoral States to take prompt actions to handle any major oil spill that occurs in the Straits. Beyond this role as a back-up facility, the Revolving Fund has helped to foster operational cooperation between the three littoral States in combating oil pollution.

12. Under the auspices of the Revolving Fund, the littoral States have developed a set of Standard Operating Procedures for Joint Oil Spill Combat in the Straits. The area of coverage of the SOP is the Straits of Malacca and Singapore. Please see the chartlet showing the area of geographical coverage in the Straits of Malacca and Singapore.

13. To keep the SOPS alive and relevant, joint exercises are carried out regularly to test the procedures, with any lessons learnt used to further improve and update these procedures. In addition, a number of workshops and conferences have been organised to update and inform relevant personnel of the latest developments in oil spill clean-up and recovery, the practical significance of the various compensation regimes, as well as other related issues.

14. To provide some specific examples, an IMO Level 2 training course for incident command team members will be conducted for the three littoral States this year. This will be followed by a table-top exercise using the Crisis Management System (CMS) at the MPA's Integrated Simulation Centre (ISC). Next year, in 2009, another Oil Spill Incident Management Exercise will be held in Singapore to test out the Standard Operating Procedures for Joint Oil Spill Combat in the Straits, such as communications and response readiness to oil spills. There will be deployment of Level 3 oil spill response equipment, and the exercise will involve both governmental agencies as well as the private sector.

15. Preparation is also being made to have a "Liability and Compensation for Oil Pollution Workshop" to be conducted in Singapore in late April 2009. Officers from the littoral States will be invited to attend the workshop with expenses covered by the Revolving Fund.

Conclusion

16. As world trade continues to expand and shipping traffic increases, the task of maintaining safety and preserving the marine environment in the Straits grows in tandem. While this is primarily the responsibility of the three littoral States, there is a need for wider co-operation between the littoral States and other users of the Straits to ensure that this important channel remains safe and open to traffic.

17. In this regard, the Revolving Fund serves as an example of an effective mechanism for international co-operation in the maintenance of the Straits. With the establishment of the Cooperative Mechanism at the IMO Singapore Meeting last year, we hope to engage more stakeholders of the Straits to co-operate in keeping the Straits safe and clean for international shipping.

Action requested of the Committee

18. The Committee is invited to take note of the information provided and decide as it may deem appropriate.