



## Building a Blue Economy: Strategy, Opportunities and Partnerships in the Seas of East Asia

9-13 July



### SUBTHEME 4

Good Governance, Good Business

### WORKSHOP 3

## The Future of the Maritime Transport in a Blue Economy

#### CO-CONVENING AGENCIES:



International Maritime  
Organization (IMO)



Oil Spill Response  
Limited (OSRL)



International Petroleum  
Industry Environmental  
Conservation Association (IPIECA)

Session 1 Chair: **Ms. Brenda Pimentel**  
IMO Regional Presence Office for East Asia

Co-chair: **Asian Shipowners' Forum Representative**

Session 2 Chair: **Mr. Declan O'Driscoll**  
Oil Spill Response Limited (OSRL)

Co-chair: **Mr. Brian Sullivan**  
International Petroleum Industry Environmental  
Conservation Association (IPIECA)



Global Environment  
Facility



United Nations  
Development  
Programme



United Nations  
Office for Project  
Services



Partnerships in  
Environmental  
Management for the  
Seas of East Asia



Ministry of Land,  
Transport and  
Maritime Affairs



City Government  
of Changwon,  
RO Korea

The East Asian Seas Congress 2012  
Building a Blue Economy: Strategies, Opportunities and Partnerships in the Seas of East Asia  
Changwon City, RO Korea, 9–13 July 2012

**Theme 4:**  
**Good Governance, Good Business**

**Workshop 3:**  
**The Future of Maritime Transport in a Blue Economy**

11 July 2012  
10:00 a.m. – 6:00 p.m.

**Co-convening Agencies:**  
International Maritime Organization (IMO),  
International Petroleum Industry Environmental Conservation Association (IPIECA), and  
Oil Spill Response Limited (OSRL)

**Chairs:**  
Ms. Brenda Pimentel, Regional Coordinator,  
IMO Regional Presence Office for East Asia, Philippines  
  
Mr. Declan O'Driscoll, Regional Director, Oil Spill Response Limited (OSRL), Singapore

**Co-chair:**  
Mr. Brian Sullivan, Executive Secretary, International Petroleum Industry Environmental  
Conservation Association (IPIECA), United Kingdom

## **1.0 INTRODUCTION**

- 1.1 The Fourth East Asian Seas (EAS) Congress, co-organized by the Partnerships in Environmental Management for the Seas of East Asia (PEMSEA), the Ministry of Land, Transport and Maritime Affairs (MLTM) and the City Government of Changwon, was held at the Changwon Exhibition Convention Center in Changwon City, RO Korea, from 9 to 13 July 2012. Carrying the theme, “Building a Blue Economy: Strategy, Opportunities and Partnerships in the Seas of East Asia,” the EAS Congress 2012 addressed the new opportunities for the ocean economy of East Asia, the range of partnerships that have developed and are required to realize the full potential of a blue economy and the progress and achievements in governance of regional/subregional seas within the framework of the Sustainable Development Strategy for the Seas of East Asia (SDS-SEA).
- 1.2 The EAS Congress 2012 featured the Fourth Ministerial Forum, the International Conference on Sustainable Coastal and Ocean Development, the annual meeting of the PEMSEA Network of Local Governments for Sustainable Coastal Development, an

exhibition, the Third EAS Youth Forum and other activities. There were more than 1,200 stakeholders — policymakers, resource and economic managers, business professionals, scientists, members of the academe, local and international nongovernmental organizations (NGOs), youth and community representatives and other members of civil society from within and outside the East Asian Seas region — who participated in the Congress.

- 1.3 Five major subthemes comprised the international conference. These themes were: (1) Nurturing Coastal and Ocean-based Blue Economies at the Local Level: Opportunities and Challenges; (2) Accelerating Blue Innovations in Support of an Ocean-based Blue Economy; (3) Securing Ecosystem Services through Integrated Coastal Management (ICM); (4) Good Governance, Good Business; and (5) Meeting Institutional and Individual Skills and Capacities for Integrated Coastal and Ocean Governance.

## **2.0 WORKSHOP ON THE FUTURE OF MARITIME TRANSPORT IN A BLUE ECONOMY**

- 2.1 Two sessions under the workshop on “The Future of Maritime Transport in a Blue Economy” were held, which represented a collaborative effort among the International Maritime Organization (IMO), International Petroleum Industry Environmental Conservation Association (IPIECA) and Oil Spill Response Limited (OSRL). The two sessions were as follows:

Session 1: The Maritime Transport Sector: Potential, Opportunities and Challenges; and Session 2: Addressing Oil Pollution from Transportation and Production.

- 2.2 The various workshops highlighted and discussed the work of IMO and other international organizations, national and local government units and the private sector on their efforts in reducing the impacts of pollution caused by sea transportation and oil production including initiatives in enhancing capacities for oil spill preparedness and response at the regional, national and local level, specifically on the following:
  - Global Regulatory Framework Toward Green Shipping
  - IMO’s Integrated Technical Cooperation Programme (ITCP)
  - Ballast Water Control and Management
  - Climate Change and Offshore Carbon Capture and Storage (CCS)
  - Current Trends, Issues and Research and Development (R&D) Requirements in Oil Spill Response
  - IMO-IPIECA Global Initiative (GI) in Southeast Asia
  - Lessons Learned from Recent Oil Spill Incidents (Macondo Blowout and Hebei Spirit)
  - Regional Arrangements on Oil Spill Preparedness and Response
  - Developments in the Compensation Regime for Oil and Hazardous and Noxious Substances (HNS) Incidents
  - Case Study on Oil Removal Operation from Sunken *Kyungshin*
  - Building Capacities for Oil Spill Preparedness and Response at the Local Level
  - HNS Preparedness and Response

**Session 1: The Maritime Transport Sector: Potential, Opportunities and Challenges**

- 2.3 Ms. Brenda Pimentel, Regional Coordinator, IMO Regional Presence Office for East Asia, presented highlights of various IMO conventions and instruments pertinent to environment protection. She also cited the IMO's commitment to pursue sustainable maritime development as articulated by the Secretary-General during Rio+20. She further cited ITCP activities carried out in 2012 and those planned to be delivered for the rest of the year as a manifestation of IMO support to a sustainable maritime development.
- 2.4 The need to facilitate delivery of the ITCP was highlighted, and a step toward achieving this is determining the needs of developing countries tailored to circumstances obtained in the recipient country, thus ensuring relevance and responsiveness of the technical assistance. The participants were informed of the Maritime Profile template, which was introduced by the Secretary-General during TC62. Although the template is expected to be finalized and adopted during TC63, the Regional Coordinator encouraged the participants to submit the accomplished form to IMO or to the Regional Presence Office. The information thus provided will serve as useful reference in identifying technical assistance to IMO member states, either as beneficiary or donor countries.
- 2.5 Ms. Cheryl Rita Kaur, Head, Center for Coastal and Marine Environment, Maritime Institute of Malaysia (MIMA), indicated that Malaysia ratified the International Convention for the Control and Management of Ships' Ballast Water Management 2004 (BWM 2004) on 27 September 2010. However, the requirement of BWM 2004 is enforced to Malaysian and foreign ships operating in Malaysian waters effective 27 September 2011. She emphasized that although measures or goals addressing environmental concerns are often easier to reach for international shipping, it is not always the case for domestic/national shipping.
- 2.6 Her presentation reviewed progress made by Malaysia on the implementation of the BWM 2004 provisions as well as issues and challenges faced by the stakeholders, i.e., government agencies, shipping companies and port authorities on its implementation at the national level. A review of the actions and programmes in place or to be adopted in the near future to address ballast water control and management in Malaysia and national efforts to comply with the provisions of the international instrument to address local concerns are further discussed.
- 2.7 Dr. Cheol Huh, Principal Researcher, Korean Ocean Research and Development Institute (KORDI), RO Korea, presented the current initiative on Climate Change and Offshore Carbon Capture and Storage (CCS). He emphasized that CCS is one option for CO<sub>2</sub> reduction, thereby contributing to addressing the climate change issue. He discussed the process of carbon capture, transport and storage and stressed that technology is available.

## **Session 2: Addressing Oil Pollution from Transportation and Production**

### ***International and Regional Initiatives***

- 2.8 Session 2 focused on addressing oil pollution from ships as to preparedness and response capabilities of countries in the East Asian region with highlights on IPIECA's Global Initiatives in Southeast Asia and the future directions of the ASEAN Regional Cooperation on Oil Spill Preparedness and Response. The presentation on the developments in the compensation regime for oil and HNS incidents drew interest among the participants. Countries in the region, i.e., Republic of Korea, Thailand, Philippines and Malaysia, shared their experience in responding to oil spill response, lessons learned and post-oil spill initiatives.
  
- 2.9 Mr. Brian Sullivan, co-chair for Session 2, made an introduction by presenting IPIECA's role in addressing oil pollution from transportation and production, which is a global association involved in both the upstream and downstream oil and gas industry. He indicated that IPIECA enables the industry to improve its environmental and social performance by building knowledge, engaging the industry, forging partnerships and developing good practices. The association also provides a link between industry and the UN and has a network of over 500 industry experts. He highlighted the need for partnerships, which is believed to be the most effective way to prevent and respond to environmental incidents and cited the IMO-IPIECA Global Initiative program as an example.
  
- 2.10 Mr. Declan O'Driscoll, Regional Director, Oil Spill Response Limited (OSRL), discussed lessons learned from the Deepwater Horizon Blowout and stressed that it may not be the largest spill but has had wide-reaching impacts felt by industry and governments. He indicated that large oil spills and major legislation, whether national or international, are inextricably linked as the events trigger a reassessment of current paradigms which inevitably leads to changes in the way industry and government operate.
  
- 2.11 He reminded the participants that major spills from the sea transportation of oil from the 1970s to the 1990s led to the introduction of the Oil Pollution Preparedness Response and Cooperation (OPRC) Convention and a series of industry initiatives to better prepare for and mitigate the impact of oil spills. The overall result was a significant reduction in marine transportation oil spills due to enhanced prevention, preparedness and response. However, the Macondo oil spill has demonstrated that oil spills from exploration and production (E&P) operations can have significant social, economic and environmental impacts due to the potential scale of the incidents and the time required to bring them under control. It was reiterated that the importance of Macondo then lies not in the statistics but in the legacy it will create, including a paradigm shift on how the industry and governments evolve their approach to ensuring effective oil spill preparedness and response for exploration and production operations.
  
- 2.12 Dr. Mark Whittington, Senior Technical Adviser, International Tanker Owners Pollution Federation (ITOPF) presented the current trends, issues and R&D requirements in oil spill response. He also indicated that the main issues in responding to oil spills have not changed greatly over the last decades with planning, communication, waste management, political influence, use of response resources and environmental impact assessment remaining as key factors. This is largely a consequence of the key

fundamentals of oil spill response, namely shoreline cleanup, waste disposal, stopping the oil release and at-sea recovery or dispersal of oil remaining paramount.

- 2.13 He indicated that oil spill response research and development areas include improvements in real-time tracking of oil slicks, advances in at-sea recovery technology and dispersant use, further integration of resource tracking and communication and greater availability of environmentally sound oil recycling opportunities. Dr. Whittington further stressed that the challenges in bringing down the frequency of oil spills and the volumes of oil spilled are the long-term economic viability of response organizations and ensuring ever-more sophisticated equipment is maintained between spills.
- 2.14 Mr. Anton Rhodes, Project Manager, IPIECA, introduced a new undertaking under the Global Initiative Programme of IMO and IPIECA aimed at promoting effective oil spill contingency planning and regional cooperation on oil spill preparedness and response globally. The new initiative — Global Initiative (GI) — programme in South East Asia will be approached in a two-phased process. Mr. Rhodes explained that the first phase will focus upon those countries that have shown willingness to engage and are of key interest to the oil and gas industry (Indonesia, Thailand and Malaysia). It is intended that a GI programme specific to the needs of each of these Phase 1 countries will be established with support from the wider IPIECA membership. Phase 2 will be a gradual process of introducing, as appropriate, the remaining Southeast Asian countries into the GI Level 2 programme. The point was emphasized that no country from the ASEAN group will be prevented from joining the GI SEA Programme. The purpose of undertaking a two-phased process is to ensure that the programme has the highest chance of success by focusing initially on those countries that can provide the greatest support and have the greatest levels of oil and gas activity.
- 2.15 Mr. Pakorn Prasertwong, Head, Marine Environment Unit, provided a background on the ASEAN Oil Spill Response Action Plan (OSRAP) Cooperation. He explained that the ASEAN OSRAP was initiated in 1991 by the Japanese Government through the Japanese Association of Medical Sciences (JAMS) and Nippon (Sasakawa) Foundation under the ASEAN-Oil Spill Preparedness and Response (OSPAR) Project. A Memorandum of Understanding on oil spill response cooperation was signed by six ASEAN members in 1994. Annual meetings of the ASEAN-OSPAR management committee were held, which started in Bangkok in 1996. The last meeting was held in Jakarta in 2007. Mr. Prasertwong highlighted that the aim of the MOU is to provide a cooperative plan for mutual assistance from member states and organizations in the event of a major oil spill incident that exceeds the response capability of the national government. It was further emphasized that in the recent meeting of the ASEAN-OSPAR management committee, it was recommended that a regional cooperation/arrangement at the operational level be established to strengthen the region's capacity in oil spill preparedness and response and to consider the existing OSRAP as basis for the development of regional cooperation in the ASEAN region. It was also recommended that such regional cooperation will be placed under the ASEAN framework.
- 2.16 Mr. Jose Maura, Director, IOPC Funds, updated the workshop on the development in the compensation regimes for oil and HNS incidents. He stressed that the basic principles of the international compensation regime is to provide compensation to victims of pollution damage caused by spills of persistent oil from tankers, encourage that claims be settled amicably and avoid court involvement, promote uniformity in the

application of international instruments relating to compensation. He explained the source of funding and how the compensation regime works. He discussed the working group's current initiatives, including changes to the claims and manual and amendments to the conventions. The main features of the HNS Convention and the 2010 HNS Protocol were also presented.

### ***Regional, National and Local Initiatives in the ASEAN Region***

- 2.17 Mr. Soo Wuh Rack, General Manager, Response Department, Korea Marine Environment Management Corporation (KOEM), RO Korea, presented KOEM's experience in oil removal operations from the sunken wreck M/T *Kyungshin* near the Pohang sea area. The oil removal operations lasted for two years, costing the Korean government about US\$ 25 million, split into US\$ 6 million for the pre-survey and US\$ 19 million for the oil recovery operations. The project was implemented into two phases: (1) pre-survey/inspection phase (2010) where basic data collection was done to assess wreck condition, quantity of remaining oil and work environment; and (2) oil recovery operations (2011) based upon the collected information in pre-survey. The Korean government, through the Ministry of Land, Transport and Maritime Affairs (MLTM), decided to carry out oil removal operations, considering its threat and impact to the marine environment.
- 2.18 Hon. Felipe Hilan Nava, Governor, Province of Guimaras, Philippines, presented the post-oil spill initiatives of Guimaras province in response to the oil spill incident in 2000. Governor Nava explained that the oil spill resulted in an environmental and economic disaster directly affecting 60 percent of the island's residents who depend on fishing as a main source of livelihood. A rapid damage assessment was undertaken to establish the basis for the rehabilitation program with the aim of restoring the livelihood of the residents and addressing the environmental issues arising from the disaster.
- 2.19 The rehabilitation framework included the identification of options to diversify economic activities that can reduce dependence on the coastal and marine environment. The rehabilitation efforts were directed toward improving the three economic pillars of the province: agriculture, fisheries and tourism. Adequate focus was particularly directed at improving community-based rural tourism, an approach that had shown potential in improving local economic development and providing direct benefits to the communities. Environmental studies focusing on the coastal and marine resources and habitats including the watersheds were initiated. The results of the environmental studies have also revealed significant facets of the island and highlighted sustainability issues brought about by socioeconomic activities affecting the upland, coastal and marine environments. These findings are being mainstreamed into the planning process anchored on an integrated coastal management approach.
- 2.20 Mr. Rossid Musa, Director, Safety of Navigation Division, Marine Department of Malaysia, shared Malaysia's initiatives relating to HNS Preparedness and Response and highlighted that of the 75,000 vessels passing through the Straits of Malacca every year, a significant number carry hazardous and noxious substances. Due to heavy traffic density in the strait, risk of ship accidents, such as groundings and collisions, are invariably high. Mr. Musa indicated that Malaysia has a National Contingency Plan in place for Oil Spill Countermeasure, which promoted a faster and more coordinated and effective response operation. Likewise, a National Contingency Plan for HNS Spill Countermeasures was developed. Data and information on the type of HNS and the

volume that ports received were collected to determine the location and size of the response centers. He advised that at the Cooperative Mechanism Forum of Malaysia proposed the Cooperation and Capacity Building on HNS Preparedness and Response in the Straits of Malacca Project. The project has established the HNS databank, spill model and training personnel from the three littoral states.

### **3.0 RECOMMENDATIONS**

Having discussed some of the issues, challenges and opportunities on the different topics discussed in the workshop, the following recommendations were brought forward to countries of the region:

- Put in place the mechanisms necessary to ratify/accede to, implement and enforce the Ballast Water Control and Management Convention, OPRC '90 Convention, CLC 92, Fund 92, HNS and Bunkers Conventions, 2000 OPRC-HNS Protocol, bearing in mind that, by doing so, parties to these conventions would gain access to compensation for damages caused by oil, including bunkers, and HNS spills in the circumstances stipulated in the said instruments;
- Establish mechanisms for strengthening regional and subregional arrangements for marine pollution, preparedness and response and effective operational response integration from regional to local level;
- Accelerate efforts to reduce emissions from marine industries, including efforts by the International Maritime Organization and others;
- Cooperate with IMO to ensure that, within the framework of the ITCP and the Sustainable Development Strategy for the Seas of East Asia, appropriate capacity-building mechanisms with associated funding and in-kind assistance from bilateral and multilateral partners are sustained.



## ANNEX 1. Workshop Program

### WORKSHOP 3

#### The Future of the Maritime Transport in a Blue Economy

<b>Session 1. The Maritime Transport Sector: Potential, Opportunities and Challenges</b>	
<b>1000 – 1015</b>	<b>Introduction by the Chair and Co-chair</b> Ms. Brenda Pimentel, Regional Coordinator, IMO Regional Presence Office for East Asia, Manila, Philippines
<b>1015 – 1035</b>	<b>Global regulatory framework toward green shipping</b> Ms. Brenda Pimentel (IMO)
<b>1035 – 1055</b>	<b>Ballast water control and management in Malaysia: Progress, issues and challenges</b> Ms. Cheryl Rita Kaur, Center Head, Center for Coastal and Marine Environment Maritime Institute of Malaysia (MIMA), Malaysia
<b>1055 – 1115</b>	<b>Climate Change and Offshore Carbon Capture and Storage (CCS)</b> Dr. Cheol Huh, Korean Ocean Research and Development Institute (KORDI), RO Korea
<b>1115 – 1135</b>	<b>IMO's Integrated Technical Cooperation Programme</b> Ms. Brenda Pimentel (IMO)
<b>1135 – 1230</b>	<b>Open Discussion</b>
<b>1235 – 1400</b>	<b>Lunch</b>
<b>Session 2. Addressing Oil Pollution from Transportation and Production</b>	
<b>INTERNATIONAL and REGIONAL INITIATIVES</b>	
<b>1400 – 1415</b>	<b>Introduction by the Chair and Co-chair</b> Chair: Mr. Declan O'Driscoll Regional Director, Oil Spill Response Limited (OSRL), Singapore Co-chair: Mr. Brian Sullivan Executive Secretary, IPIECA, UK
<b>1415 – 1435</b>	<b>Macondo Well-Deepwater Horizon Blowout: Lessons learned and recent developments</b> Mr. Declan O'Driscoll, OSRL, Singapore
<b>1435 – 1455</b>	<b>Current trends, issues and R&amp;D requirements in oil spill response</b> Dr. Mark Whittington, Senior Technical Adviser, The International Tanker Owners Pollution Federation (ITOPF)
<b>1455 – 1515</b>	<b>IMO-IPIECA Global Initiative (GI) — An overview and update of GI Activities in Southeast Asia</b> Mr. Anton Rhodes, Project Manager, OGP-IPIECA Health Committee IPIECA Oil Spill Working Group, IPIECA, UK
<b>1515 – 1535</b>	<b>Future directions of the ASEAN Regional Cooperation on Oil Spill Preparedness and Response</b> Mr. Pakorn Prasertwong, Marine Department of Thailand
<b>1535 – 1555</b>	<b>Developments in the compensation regime for oil and HNS incidents</b> Mr. Jose Maura, Director, The International Oil Pollution Compensation Funds (IOPCF), UK
<b>1555 – 1630</b>	<b>Tea/Coffee Break</b>

<b>REGIONAL, NATIONAL AND LOCAL INITIATIVES IN THE ASEAN REGION</b>	
<b>1630 – 1645</b>	<b>Oil removal operation from sunken <i>Kyungshin</i></b> Mr. Woo-Rack Suh, General Manager, Response Department, Korea Marine Environment Management Corporation (KOEM), RO Korea
<b>1645 – 1700</b>	<b>Chonburi experience in building capacities for oil spill response at the provincial level</b> Mr. Kobchai Boonyaorana, Director, Chonburi Disaster Mitigation and Prevention Office, Chonburi, Thailand
<b>1700 – 1715</b>	<b>Guimaras oil spill incident: Post-oil spill initiatives</b> Gov. Felipe Hilan A. Nava, M.D., governor, Guimaras, Philippines
<b>1715 – 1745</b>	<b>National initiatives on HNS preparedness and response in Malaysia</b> Mr. Rossid bin Musa, Director Safety of Navigation Division, Marine Department of Malaysia
<b>1745 – 1800</b>	<b>Open Discussion</b>