INTERNATIONAL MARITIME ORGANIZATION

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COUNCIL – 24th extraordinary session

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SUMMARY RECORD OF THE SECOND MEETING

**held at The Royal Lancaster Hotel, London W2 2TY
on Thursday, 15 November 2007 at 2.30 p.m.**

Chairman:	Mr. J. FRANSON (Sweden)
Vice-Chairman:	Mr. D. NTULI (South Africa)
Secretary-General:	Mr. E. E. MITROPOULOS

A list of participants is given in document C.ES/24/INF.1.

N.B. Corrections to the summary record should be submitted in writing, preferably on a copy of the summary record, to the Conference Division, IMO Secretariat, 4 Albert Embankment, London SE1 7SR not later than 18 April 2008.

Corrections to all summary records of the session will be issued in a consolidated corrigendum.

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AGENDA ITEM 5 – RESOURCE MANAGEMENT (continued):

(d) BUDGET CONSIDERATIONS FOR 2007 (C/ES.24/5(d)) (continued)

Mr. POLDERMAN (Netherlands) thanked the Secretary-General for his updated report of the Organization's budget prospects for 2007 and forecast overall year-end status, and commended the efforts by the Secretariat to provide the Council with documents that combined quality, transparency and brevity. His delegation welcomed the budget prospects for 2007 and congratulated the Secretary-General and his staff for their good governance of the Organization's financial resources.

Mr. DOMÍNGUEZ (Panama), congratulating the Secretariat for its efficient work, drew attention to the importance of the information provided in paragraph 14 of document C/ES.24/5(d) regarding the Printing Fund, with particular reference to the strong demand for the revised edition of the IMDG Code – a major factor contributing to the increase in the Fund. It had been suggested that the Code should be made available on the IMO website, thus highlighting the compulsory nature of the training of shore-based personnel. The Printing Fund was essential not only for technical co-operation but also for the work of the Organization as a whole. He further appreciated the information provided in paragraph 15 on ways of increasing the budget allocation for the Technical Co-operation Fund in 2008.

Ms LUFTIG (United States) commended the Organization's regular record of budget underspends.

Mr. NTULI (South Africa) and Mr. AZUH (Nigeria, observer) endorsed the observations of the representative of Panama with regard to the Technical Co-operation Fund and looked forward to increased allocation for the Fund in the budget for the 2008-2009 biennium. The delegation of South Africa supported document C/ES.24/5(d) in its entirety.

The SECRETARY-GENERAL, while referring to the provision of resolution A.986(24) that at least 75 per cent of the in-year surplus of the Printing Fund should be allocated to the Technical Co-operation Fund, recalled the Organization's liability to repay its share of the headquarters refurbishment project to the United Kingdom. That should be taken into account in considering the budget for the forthcoming biennium.

The CHAIRMAN invited the Council to note the information set out in document C/ES.24/5(d), as well as that provided orally by the Secretary-General.

In particular, he invited the Council to note the Secretary-General's review of the external pay and price factors; to note the forecast out-turn level of the regular budget expenditure for 2007, which was assessed to be controlled within the approved appropriation for 2007; to authorize the Secretary-General to make, as and when necessary, timely transfers between major programmes to the extent that balances are available to cover or reduce deficits in programme appropriation balances, in accordance with the Organization's Financial Regulations; to note the forecast level of the year-end cash surplus of the General Fund; to welcome the higher-than-expected revenue in the Printing Fund for 2007 and the consequential improvement of the in-year surplus available for transfers for 2008, as mandated by the Assembly; to note the expenditure status of the Headquarters Capital Fund and its forecast year-end fund balance; to note the forecast expenditure level for 2007 in the Termination Benefit Fund and the Secretary-General's plan to carry out the approved transfers, as and when necessary; to note the forecast year-end status for 2007 of the Training and Development Fund; to note the forecast year-end status for 2007 of the Technical Co-operation Fund; and to note the status of extrabudgetary programmes for 2007 and the establishment of a Research and Development Fund.

It was so decided.

AGENDA ITEM 6 – PROGRAMME BUDGET FOR THE TWENTY-FIFTH FINANCIAL PERIOD 2008-2009: DEVELOPMENTS SINCE THE NINETY-EIGHTH SESSION OF THE COUNCIL (C/ES.24/6)

The SECRETARY-GENERAL, introducing document C/ES.24/6, said that he had attempted to align his budget proposals with the work programme agreed by the committees and the Council in support of the Organization's Strategic Plan. Together with his colleagues in the Senior Management Committee and the Administrative Division, he had carefully reviewed the original proposal and associated programmes contained in document C 98/6 to identify possible reductions in resource requirements that enabled the Organization's increasing programme demands for the 2008-2009 biennium to be met. In drawing up the revised budget proposal, he had taken into account the membership's public expenditure constraints and endeavoured to achieve a level equivalent to zero real growth. For the Organization's various Funds, he had made a longer-term projection of the financial requirements needed to provide some measure of sustainability in the individual Fund programmes.

Concerning external pay and price factors, his review of the movements of economic indices in the United Kingdom economy had not resulted in any change in the budgetary assumptions regarding the Retail Price Index (RPI) or Average Earnings Index (AEI). The continued weakening of the dollar had, however, provided some benefits: on the basis of a dollar exchange rate of $1.97 – as opposed to $1.82 in the original proposal – to the pound, a reduction of approximately £500,000 could be expected, representing a reduction of 1 per cent in the 13.9 per cent budget increase previously proposed for the next biennium. As to staff costs for the coming biennium, a prospective salary increase of 2 per cent for Professional staff and 3 per cent for General Service staff in 2007 had been anticipated in the original budget proposal. The actual increases, however, had been 1.4 per cent for the Professional category and 1.24 per cent for the General Service category, resulting in a reduction in staff costs of approximately £100,000 for the 2008-2009 biennium. Thus, a total additional saving of £600,000 in relation to the original proposals had been identified.

Concerning the review of the potential scope for efficiency savings, a further £500,000 would be saved through efficiency savings on items such as meetings, mission travel, headquarters premises and other indirect costs. The cost of the proposed two-day meeting on "Delivering as One: United Nations collaboration on technical co-operation in the maritime sector" would be absorbed under Major Programme 5. Savings were also expected to result from cuts in the mission travel budget, the extended period of headquarters refurbishment – coupled with an anticipated reduction in future energy costs, and cuts in other indirect costs, for instance through the steady improvement in the overall management of catering personnel.

Turning to the review on proposed programme changes, he noted that while the original budget proposal had made provision amounting to approximately £2.2 million to meet the programme changes for the forthcoming biennium, the review provided scope for a reduction of approximately £900,000 in relation to information technology, meetings and capital investment. The previously proposed four additional posts, including three Professional category posts and one General Service post, were now reduced to three, and recruitment to those posts was not programmed until the second year of the forthcoming biennium. That adjustment was estimated to reduce staff costs by £310,000. As to the meetings programme, whereas the original budget would have involved a total of 18 meeting-weeks for the subcommittees alone over the next biennium, he now proposed a cut of two meeting-weeks in subcommittee programmes and one meeting-week in the Legal Committee programme, in the light of the decision taken by MSC 82. The resulting overall reduction of expenses was estimated to be £170,000 and further savings were being sought by adjusting the capital investment provision to below the current biennium level, through a reduction of £420,000 on the proposed amount contained in document C 98/6.

With regard to the overall impact of the review, the revised budget proposal showed a total reduction of some £2 million, comprising £1.1 million from efficiency gains and pay and price factors, and £0.9 million from programme changes. The most significant cuts were made in Major Programme 7, in which the revised increase was 1.6 per cent lower than in the original proposal. Overall, the resulting assessment level of the revised budget proposal represented an annual increase of 3.6 per cent for 2008 and 4.1 per cent for 2009.

To complement the regular budget programme demands with a longer-term perspective linked to the Organization's Strategic Plan and provide some measure of sustainability in individual Fund programmes, he had been requested by the Council, at its ninety-eighth session, to present to the current extraordinary session a longer-term view of the financial status of the Organization's budgetary Funds. With respect to the Printing Fund, the revised forecast income and expenditure showed that the in-year surplus in the next biennium had increased by a further £1.4 million, leading to a prospective higher transfer from the Printing Fund surplus to the Technical Co-operation Fund, which should amount to £6.7 million. That was attributable not only to the steady growth in publication sales but also to the savings arising from the closure of the Production Unit at the beginning of the current biennium. The aggregate amount of transfer over the next three biennia to 2013 was forecast at £18.7 million.

The basis of the proposed transfers from the Printing Fund to the Headquarters Capital Fund reflected the need for adequate provision to be made for the Organization's capital expenditure liabilities arising from the refurbishment project, and for a funding base for other capital investment into information technology, office and conference equipment. The proposed replenishment of funds from the General Fund surplus showed a £420,000 increase in order to offset the reduction in capital investment provision in the revised regular budget proposal. The longer-term resource demand in the Headquarters Capital Fund was expected to ease following a peak in the next biennium when repayment of most of the Organization's liability under the headquarters refurbishment project would be required.

Turning to the Termination Benefit Fund, he said that the main difference from the original proposal was the inclusion of a budget line for after-service health insurance (ASHI) in compliance with the International Public Sector Accounting Standards (IPSAS), which required disclosure in the Organization's accounts of liabilities in relation to employee benefits. Those liabilities under IPSAS were estimated to be £13 million for 2008, rising to £15 million by 2013. In order to avoid sudden burdens in the regular budget, he proposed that the scope of the Termination Benefit Fund should be expanded to include provision for ASHI and accrued annual leave liabilities. He also proposed that a minimum transfer of £1 million should be made in 2008 from the General Fund surplus for initial funding. The provision made for ASHI in the regular budget, amounting to £418,000 for each year of the next biennium, would then be used to build up funds in the Termination Benefit Fund. A detailed report on the issue would be provided at the following session of the Council.

In the review of the Training and Development Fund, the expenditure plan remained unadjusted and the increase in income simply reflected changes in indicative transfer amounts from the revised Printing Fund surplus. In the longer-term status, the year-end funds available in 2013 were forecast to be at a lower level than the prospective year-end reserves for 2007, since the forecast income flow did not fully meet the estimated expenditure requirement.

No change in expenditure had been considered under the Technical Co-operation Fund, as allocations from the Fund to support the proposed activities under the Integrated Technical Co-operation Programme (ITCP) for the 2008-2009 biennium had already been approved by the Council at its ninety-eighth session, in line with the recommendation of the Technical Co-operation Committee. The prospective income was set at some £7.5 million, an increase of £1.2 million compared with the previous estimates, mainly as a result of the increase in indicative transfers from the Printing Fund surplus. The longer-term financial status indicated that, on the basis of maintaining prospective transfers from the Printing Fund surplus at more than £3 million a year over the next three biennia, the year-end fund balance was forecast to remain, during that period, at a level higher than the 2007 year-end estimate.

The CHAIRMAN noted that the Secretary-General had endeavoured to take into account the key concerns raised by the Council at its ninety-eighth session in formulating his revised budget proposal. He called on the Council, in its conclusions, to provide clear and positive guidance for Committee 1 of the Assembly, through which the proposal was to be submitted to the plenary for approval.

Mr. SHIMIZU (Japan) expressed his government's gratitude to the Secretary-General and the Secretariat for their significant efforts to reduce the budget despite the constraints, and expressed support for the revised proposal.

Mr. MOKHTAR (Egypt) congratulated the Secretary-General for his efforts to achieve a revised proposal based on a biennial reduction of some four per cent, as compared to the initial budget proposal. Such wise management would result in, *inter alia*, an increase in the transfer of Printing Fund surplus to the various Funds, fewer meetings of the Legal Committee and the various subcommittees, and an effective balance of activities.

Mr. OLIMBO (Italy), recalling the problems raised by the level of the proposed increase in the programme budget considered at the ninety-eighth session of the Council, owing to national budgetary limitations, welcomed the increase in appropriations and assessment for 2008-2009 proposed in document C/ES.24/6, which was well below 10 per cent, and endorsed the approval of the revised budget.

Mr. KÜHNER (Germany), drawing attention to the list of meeting-weeks approved for 2008 and 2009, contained in annex 6, requested clarification on an apparent inconsistency in the section on "Sub-Committees". While there had been 18 meeting-weeks in 2006-2007, only 16 weeks were scheduled for 2008-2009, even though the number of subcommittees remained the same. Nevertheless, he considered that the revised budget proposal was acceptable and should be submitted to the Assembly for approval.

The SECRETARY-GENERAL said that there were nine subcommittees which normally each met twice a year. The Maritime Safety Committee had agreed to the reduction in the total number of meetings at its eighty-second session. However, he offered reassurance that the advertised 2008 subcommittee meetings would go ahead as scheduled. Discussions would be held with the Maritime Safety Committee and the Marine Environment Protection Committee in order to determine which of the subcommittees should reduce their number of meetings in 2009.

Mr. ANASTASAKOS (Greece), having expressed his appreciation for the comprehensive nature of the document under review, said that the revised Programme Budget for 2008-2009 not only corresponded fully to the mandate of the Council but was well-balanced and would support the Organization's Strategic Plan for the coming biennium. He fully supported recommendation of the proposals to the Assembly.

Mr. WONG (Singapore) applauded the Secretary-General for producing a clear and transparent budget proposal that would allow the Organization to carry out its mandate effectively, even under conditions of zero real growth. He supported the revised Programme Budget for 2008-2009.

Mr. ALOHALY (Saudi Arabia) expressed his support for the remarks made by the representatives of Singapore and Greece. He announced a donation from his government of $50,000, of which $20,000 was to be used for the Technical Co-operation Fund and $30,000 for the ISBS Code.

Mr. HUNTER (United Kingdom) commended the Secretary-General on his revised budget proposals, which took into account the views expressed at the Council's ninety-eighth session regarding the need for a reduction in the budget. However, although his delegation supported the revised proposals, he had some concerns about reducing the number of meeting-weeks, specifically those of subcommittees. He could agree to the reduction by one meeting of the Legal Committee. However, when identifying whether reductions could be made, it was vital that attention was paid to the possible work programme of all subcommittees and that account was taken of the possibility that new work proposals might arise from forthcoming meetings of the MSC. Committees should be given enough freedom in the budget to enable them to take decisions as to whether to hold subcommittee meetings in the light of the work programme that developed over the following biennium.

Mr. PEACHEY (Australia) congratulated the Secretary-General on the savings that had been identified and on achieving a zero nominal growth budget.

Mr. IKIARA (Kenya) voiced his support for the revised Programme Budget proposals and noted with appreciation the increased resources dedicated to technical co-operation.

Mr. NYGAARD (Norway) said that his delegation supported the revised Programme Budget proposals, but expressed concern at the idea that separate funding would have to be found should additional work become necessary during the biennium.

Mr. SASTRAWAN (Indonesia) and Mr. FROLOV (Russian Federation) expressed their appreciation of the Secretary-General's efforts to reduce the budget and their support for the Council's recommendation of the revised proposals to the Assembly.

Mr. DOMÍNGUEZ (Panama) said that, although his delegation could approve the revised Programme Budget proposals, he was concerned that the issue of increases in the budget had to be tackled afresh with each new biennium; that was not the case in other organizations and posed considerable difficulties for contributing countries such as his own.

The Secretary-General must work to establish reserves to ensure that the Organization could absorb currency fluctuations without resorting to supplementary budget requests. It was of paramount importance for his delegation that the work of the Organization be aligned with the budget, and not vice versa. He suggested that the process of considering a reduction in the number of meeting-weeks could become the beginning of a process to determine the real priorities of the Organization. He requested clarification with regard to the estimate made in paragraph 49 to donation of Member States' incentive earnings, as they were voluntary under the Organization's Contribution Incentive Scheme, and with regard to the transfer of the Printing Fund surplus to the Technical Co-operation Fund in the coming years.

Mr. ROMERO (Spain), Mr. DANNEELS (Belgium), Mr. BRUCE (Marshall Islands, observer) and Mr. AZUH (Nigeria, observer) thanked the Secretary-General and his team for producing a clear and transparent document and congratulated him on achieving a well-balanced budget based on zero real growth.

Mr. BELL (Bahamas), having expressed his support for the Secretary-General's revised proposals, suggested that consideration should be given to whether the Legal Committee might be able to reduce its meetings in 2009 to a single meeting, provided that no major new items were added to its agenda. Committees and subcommittees must set realistic timescales for the completion of agenda items in order to ensure that their work programmes did not become overloaded.

Mr. CHRYSOSTOMOU (Cyprus) said that, as his delegation had been one of those willing to accept the Programme Budget proposals at the Council's ninety-eighth session, he had no difficulty in accepting them now that the budget had been reduced. He believed that delegations that had sought a reduction in the budget had a responsibility not to then seek to inflate the work programme of the Organization; he therefore disagreed with the United Kingdom's proposal to reconsider the decision to reduce the meetings of the subcommittees. He would have liked to see a full meeting programme, but the Council must accept the consequences of its decision to request a reduced budget. The MSC would need to bear in mind its decision to reduce the number of subcommittee meeting-weeks when considering whether to add items to its agenda.

He proposed replacing the word "recommends" in operative paragraph 4 of section G of the draft resolution contained in annex 7 with the word "invites", as he had some difficulty with recommending that Member States donate "all" of their interest earnings.

Ms LUFTIG (United States) agreed with the representative of the Bahamas that a single meeting of the Legal Committee in 2009 would probably be sufficient.

Mr. VASSALLO (Malta) said that although he supported the revised Programme Budget proposals, he wished to reiterate his view that 100 per cent of the surplus from the Printing Fund should go to the Technical Co-operation Fund. He wished to see fewer new additions to the Organization's work programme in favour of greater emphasis on implementation of its core mandate.

He had no objection to the proposal by the representative of Cyprus regarding operative paragraph 4 of section G of the draft resolution, although in his view the use of the word "voluntarily" made the change unnecessary. He hoped that the budget would be sufficient to cover the entire programme as he could not agree to funds being raised through donations or voluntary funding inside or outside the Organization: IMO's programme of work must be determined by the needs of the international shipping community and not by organizations or countries that could afford to pay for projects of their choosing. If the IMO was not to become a rich man's club, any work that needed to be done must be financed through the regular budget.

Mr. NTULI (South Africa) expressed his support for the budget in its entirety. It was important to strive to ensure that the Organization remained affordable for developing countries.

Mr. POLDERMAN (Netherlands) commended the Secretary-General on the transparency and clarity of the proposed Programme Budget, which his delegation was happy to support. However, he did have concerns about what would happen should the assumptions made about the depreciation of the United States dollar prove to be incorrect. He sought reassurance that efficiency savings based on the review of mission travel, recruitment timing or the reduction in meeting-weeks would not adversely affect the performance of the Organization. Although he agreed with many of the comments made by the representative of Cyprus, he shared the concerns expressed by the representative of the United Kingdom. If the planned output of the Organization would be affected by the proposed measures, any problems ought to be identified and dealt with promptly.

Mr. BRADY (Jamaica, observer) welcomed that the proposed budget met the targets which had been set at the previous session of the Council. Member States depended on the Technical Co-operation Fund for capacity building and institutional strengthening, in particular in maritime safety, security and pollution prevention, and the budget was therefore of great importance. Committees and subcommittees should ensure new work programmes were relevant, to ensure that targets set by the Strategic and High-Level Plans were met.

Mr. CUBISINO (Argentina) supported the proposed budget and noted the cuts in personnel and operating costs, which were due to greater efficiency. However, he said that decreases in the number of committee and subcommittee meetings should not adversely affect the work of IMO.

The SECRETARY-GENERAL welcomed representatives' words of thanks, in particular those relating to the transparency of the proposed budget. In addition, he welcomed the generous donation of $50,000 by Saudi Arabia to the Technical Co-operation Fund and maritime security programmes.

With regard to the comments made about the reduction in the number of meetings by the representatives of Norway, Bahamas, Cyprus and other States, he said the Maritime Safety Committee made recommendations on the number of meeting-weeks to the Council based on their work programme, which would be followed. He therefore recommended following the proposal made by the representative of the United Kingdom to review the number of meetings in the next biennium and take action at that time, should it be required.

Concerning the voluntary contributions to the budget, referred to in paragraph 49 of the document, he took note of the concerns raised by the representative of Panama. Referring to the allocation of more than 75 per cent of the Printing Fund surplus to the Technical Co-operation Fund, as proposed by the representative of Malta, he recalled the need to allocate £1,750,000 to the refurbishment project during the 2008-2009 biennium, and said that the situation would be reviewed after that time.

Responding to comments made by the representative of the Netherlands, he said that the proposed decrease in mission travel costs would not affect the representation of IMO abroad and, as such, where costs could not be covered by the host organization, IMO would still send a representative to be paid for out of the regular budget.

Mr. OLIMBO (Italy) said the budget had traditionally balanced all administrative, technical co-operation and legal activities carried out by IMO. The Legal Committee had agreed to hold only three meetings in the next biennium, which weakened IMO's entire programme, as all Committee decisions had to be evaluated by the Legal Division. He also opposed the proposal that the Legal Committee should only meet during diplomatic conferences.

Mr. VASSALLO (Malta) understood that more than 75 per cent of the surplus from the Printing Fund could not currently be allocated to Technical Co-operation activities, but said that the concept of zero real growth would have to be abandoned in the future, in order to adequately fund technical co-operation without recourse to external financing.

Mr. HUNTER (United Kingdom) asked for clarification that the Legal Committee was to meet twice in 2008 and once in 2009.

The CHAIRMAN said that the Committee was in fact due to meet once in 2008 and twice in 2009.

He invited the Council to note the information set out in document C/ES.24/6 and that provided orally by the Secretary-General, and to express solid support for the Secretary-General's revised budget proposals, as set out in the document, and recommend their adoption to the forthcoming session of the Assembly.

With regard to the regular budget, he invited the Council to approve an appropriation for 2008-2009 of £54,669,300, comprising an appropriation of £26,799,300 for 2008 and an appropriation of £27,870,000 for 2009; to agree to the financing of the appropriations by assessment upon Member States of £24,391,300 for 2008 and £25,436,100 for 2009, after deducting direct and indirect costs to be recovered for publishing activities from the Printing Fund of £987,000 in 2008 and £1,012,900 in 2009; transfers from the reserves of the Printing Fund of £500,000 in 2008 and £500,000 in 2009; miscellaneous income, including catering, of £721,000 for 2008 and £721,000 for 2009; and reimbursement of support costs for administrative and technical backstopping of technical co-operation activities of £200,000 in 2008 and £200,000 in 2009.

He further invited the Council to endorse the list of proposed posts for 2008-2009; to agree to the number of meeting-weeks of 38.4, comprising 19.8 meeting-weeks for 2008 and 18.6 meeting-weeks for 2009.

With regard to the other Funds of the Organization, he invited the Council to approve the proposed budget for the Printing Fund of £4,072,200 for 2008 and £4,246,500 for 2009; the proposed budget for the Headquarters Capital Fund of £2,742,700 for 2008 and £1,561,600 for 2009; the proposed budget for the Termination Benefit Fund of £777,600 for 2008 and £690,800 for 2009; and the proposed budget for the Training and Development Fund of £97,800 for 2008 and £91,600 for 2009.

With regard to transfers, he invited the Council to approve transfers from the surplus of the Printing Fund to the Technical Co-operation Fund of indicative amounts of £3,439,800 in 2008 and £3,259,400 in 2009; transfers to the Headquarters Capital Fund from the surplus of the Printing Fund of indicative amounts of £688,000 in 2008 and £651,900 in 2009, from the reserves of the Printing Fund of £1,500,000 in 2008, and from the cash surplus of the General Fund of £920,000 in 2008.

He invited the Council to approve transfers to the Termination Benefit Fund from the surplus of the Printing Fund of indicative amounts of £389,800 in 2008 and £369,400 in 2006, and from the cash surplus of the General Fund of £1,000,000 in 2008; and transfers from the surplus of the Printing Fund to the Training and Development Fund of indicative amounts of 68,800 in 2008 and £65,200 in 2009.

He further invited the Council to note the review of the financial impact of the closure of the Organization's Production Unit, and the projection of longer-term financial requirements to sustain the Organization's Funds' programmes up to 2013, including the Printing Fund, the Headquarters Capital Fund, the Termination Benefit Fund, the Training and Development Fund and the Technical Co-operation Fund.

He further invited the Council to recommend to the Assembly approval of the above-mentioned proposals, as reflected in the draft Assembly resolution attached as annex 7 to document C/ES.24/6, as amended, and to forward it to the Assembly for adoption. Finally, he invited the Council to express its appreciation to the Government of the Kingdom of Saudi Arabia for its donation of $20,000 to the Technical Co-operation Fund and $30,000 to the International Maritime Security Trust Fund.

In conclusion, he invited the Council to express its appreciation to the Secretary-General for the transparency of his revised proposals and for successfully balancing the budgetary concerns of the Membership with the demands of the Organization's work programme.

It was so decided.

AGENDA ITEM 7 – PROTECTION OF VITAL SHIPPING LANES

The SECRETARY-GENERAL recalled that, at its ninety-seventh session in November 2006, the Council had considered the outcome of the 2006 Kuala Lumpur Meeting on the Straits of Malacca and Singapore and had authorized, in consultation with the littoral States, identification and prioritization of the needs of those States with regard to enhancing safety, security and environmental protection in the Straits. User States had also been asked to identify possible means of assistance to respond to those needs. The Council had also expressed its appreciation to the Government of Singapore for the offer to host the third meeting in the series in 2007.

Pursuant to that decision and following extensive consultations with the Governments of Indonesia, Malaysia and Singapore, the Meeting on the Straits of Malacca and Singapore: Enhancing Safety, Security and Environmental Protection had been held in Singapore from 4 to 6 September 2007, hosted by the Government of Singapore, organized in co-operation with the three littoral States, and attended by representatives of 38 States, one United Nations specialized agency and one intergovernmental and 14 non-governmental organizations. The meeting's programme was to be found in document C/ES.24/6 and annex 1.

Significant progress had been made since June 2004, when the Council had agreed that IMO had a role to play in protecting vital shipping lanes of strategic importance. Pursuant to the objectives set by the Council, a groundbreaking first meeting had taken place in Jakarta in September 2005 to prepare the foundations for developing co-operation between the littoral States, user States and other stakeholders. A second meeting in Kuala Lumpur in September 2006 had made excellent progress, especially in considering a proposal to establish a mechanism for co-operation among parties concerned and in responding positively to six projects identified by the littoral States aimed at enhancing safety and environmental protection in the Straits.

During the Singapore Meeting, States had welcomed the launch of the "Co-operative Mechanism", which was an historical achievement as, for the first time, it gave material expression to the true spirit of article 43 of UNCLOS and the dreams and aspirations of those who had developed the concept enshrined in it during the Third United Nations Conference on the Law of the Sea. At the same time, progress had been made in the implementation of the project on replacement of aids to navigation damaged by the tsunami in December 2004, to which China had pledged a financial contribution, while the remaining five projects had been revised and updated. During the meeting, several States had pledged their general support to the Co-operative Mechanism and the updated projects, while the Nippon Foundation, in continuing its long-term commitment towards enhancing safety and environmental protection in the Straits, had advised that it "was prepared to contribute to the Aids to Navigation Fund up to a third of the costs associated with the funding of the maintenance and repair of the aids to navigation (in the Straits) during the initial five-year period, until the necessary funds had been collected from voluntary contributions from around the world".

On the security front, it was acknowledged with appreciation that, since July 2004, the efforts of the littoral States to prevent, combat and suppress acts of piracy and armed robbery against ships sailing through the Straits had brought good results. The main challenge remaining to be faced was to sustain and to further develop the Malacca Straits security initiatives.

Following the conclusion of the Singapore Meeting, the Project Co-ordination Committee, which was one of the three elements of the Co-operative Mechanism, had held a pre-meeting, providing a platform to further the implementation of some aspects of the six projects. During that meeting, Australia, China, Japan, the Republic of Korea, the United States and the Nippon Foundation, fulfilling the pledges they had made during the Singapore Meeting, had started working with the littoral States to take matters forward.

The Singapore Meeting had been successful in achieving its main objective, namely to provide a forum for discussion among interested parties with the aim of promoting and advancing the establishment of a framework of co-operation to enhance the safety of navigation, environmental protection and security in the Straits of Malacca and Singapore. The outcome of the meeting was recorded in the "Singapore Statement on Enhancement of Safety, Security and Environmental Protection in the Straits of Malacca and Singapore", unanimously adopted by the meeting, which was set out in annex 2 to the document.

The Singapore Statement recorded the measures agreed by participants to enhance safety, security and environmental protection in the Straits and the further actions they were considering taking in that respect. In addition, it invited the Organization to participate in the Co-operative Mechanism established by the littoral States, to continue to co-operate with the littoral States, and to provide every possible assistance in attracting sponsors for the projects presented during the Kuala Lumpur Meeting, including promoting financial contributions to establish, maintain, repair and replace aids to navigation in the Straits of Malacca and Singapore.

Further follow-up meetings to the Singapore Meeting were not currently required. That certainly did not bring the process to an end, but was the start of a new round of work in which the Co-operative Mechanism would serve as the springboard for more substantial work, since it provided an excellent vehicle for follow-up activities in connection with the safety and environmental protection in the Straits.

With respect to the broader issue of the protection of vital shipping lanes, developments would be monitored and, should the need arise, the Council would be advised accordingly.

Mr. SASTRAWAN (Indonesia) thanked the Secretary-General for his comprehensive report and the Government of Singapore for hosting a successful meeting to follow up on the outcome of the meetings held in Indonesia and Malaysia. The Straits of Malacca and Singapore were strategically important for the regional and global economy and seaborne trade and it was vital to ensure that they remained safe and open to shipping at all times. It was therefore very important to enhance co-operation between littoral and user States, representatives of the shipping industry, IMO and other stakeholders to promote safety, security and environmental protection of the Straits in order to ensure an uninterrupted flow of traffic. Continuing and widening co-operation between the littoral and user States under the Co-operative Mechanism was crucial to the maintenance of safety of navigation and sustainability of the environment of the Straits.

Mr. SARIPULAZAN (Malaysia), joining Indonesia in expressing appreciation for the Secretary-General's presentation of the report and thanking Singapore for hosting the meeting, said that Malaysia attached great importance to safety, security and protection of the marine environment in vital shipping lanes and supported the establishment of the Co-operative Mechanism as a platform for continuing discussions to improve the safety of navigation. Malaysia would co-operate fully and allocate resources in order to achieve the desired result.

Mr. CHEOK HONG YEE (Singapore) said that it had been a privilege for Singapore to host the meeting; the launch of the Co-operative Mechanism represented an historic milestone for the maritime community, providing a new framework for the littoral and user States to collaborate in enhancing the safety of navigation and environmental protection in the Straits. The mechanism, which comprised three key components, namely the Co-operation Forum to facilitate an exchange of views between littoral and user States, the Project Co-ordination Committee to facilitate participation of interested users in various projects in the Straits, and the Aids to Navigation Fund to facilitate voluntary contributions to maintain aids to navigation in the Straits, was fully consistent with international law. It respected the sovereign rights of the littoral States while encouraging user States and stakeholders to collaborate and contribute openly and inclusively on a voluntary basis in various ways. The three littoral States were heartened by the strong international support shown by many user States and stakeholders, in particular Australia, China, Japan, the Republic of Korea and the United States. In addition, the Nippon Foundation, the Republic of Korea and the United Arab Emirates had announced their intention to contribute to the Aids to Navigation Fund.

Mr. PROSSER (Australia), echoing the congratulatory expressions of previous speakers, said that Australian experts had participated in the three inaugural meetings and that Australia would participate in the class B "AIS" project and the HNS preparedness and response project.

Mr. YOSHIDA (Japan) said it was highly significant that the Co-operative Mechanism was a first for the world, and he welcomed the offers of further contributions by many user States and other organizations. Japan would continue at governmental and private levels to contribute to safe navigation and environmental protection of the Straits, and he hoped that more user States and other organizations would participate in and contribute to the Co-operative Mechanism.

Mr. LIM (Republic of Korea) said that his country had contributed financially to the MEH project and that at the Singapore meeting his government had indicated its support for the AIS project and the project on the replacement and maintenance of aids to navigation. It would also make a financial contribution to the Aids to Navigation Fund in the future. He concurred with other speakers that the successful initiative for the Straits marked a milestone and was a very important stepping stone to further good progress.

Mr. ZHANG (China) said that China supported the Organization's efforts to protect vital shipping lanes and his government had actively participated in the co-operation projects in the Straits, was committed to supporting the technical projects financially and had carried out significant preparatory work towards implementing those projects. China hoped to co-operate fully with the littoral and user States to ensure maritime safety, security and environmental protection of the Straits.

Mr. LANTZ (United States) said that he looked forward to continuing efforts on the initiative and urged others to participate and lend their support in order to ensure maritime security and protection in those vital sea areas.

Ms. FRANCIS (Bahamas) said that the Bahamas, as a user State, supported the littoral States in their continued efforts towards enhancing maritime security in the Straits.

Mr. OLIMBO (Italy) expressed appreciation for the outcome of the forum discussions on the issues described in paragraph 5 of document C/ES.24/7, in particular the Co-operative Mechanism and sponsorship of the projects identified during the Kuala Lumpur Meeting. The successful strategies implemented in the Straits should be applied to other maritime regions in need of a framework of co-operation to enhance safety of navigation and security and protection of the marine eco-system, together with capacity-building training and technical support.

Mr. ANASTASAKOS (Greece) highlighted the importance of the Secretary-General's comments regarding the need for concrete action compatible with UNCLOS and the respective policy principles, and said that the future involvement of IMO and the Secretary-General was both useful and necessary in order to achieve objectives.

Mr. HUNTER (United Kingdom) said that the Straits were vital not just to the States of the region concerned but to all States engaged in or dependent on maritime trade, including the United Kingdom. He joined with other speakers in congratulating the Secretary-General and the three littoral States for their vision and determination, which had led to the launch of the Co-operative Mechanism, and he confirmed the United Kingdom's support and participation as a user State within the Co-operation Forum.

Mr. VASSALLO (Malta) expressed Malta's full support for the initiative and joined previous speakers in thanking the Secretary-General for his leadership and Singapore for hosting the meeting. He agreed that it was not just a matter for the littoral States but for anyone involved in maritime trade. Adopting a positive approach to a critical and significant problem by attempting to turn it into an opportunity should serve as an example and be adopted in other areas of the world experiencing similar problems.

Mr. NTULI (South Africa) supported the recommendations in document C/ES.24/7 and shared the views of Malta, adding his voice to the expressions of appreciation. The way forward was very clear and the initiative might serve as an important lesson for other regions facing similar challenges.

Mr. KÜHNER (Germany) said that Germany would work closely with the Co-operative Mechanism and discuss ways in which to support the littoral States in the quest to safeguard the safety and environmental protection of the Straits.

Mr. POLDERMAN (Netherlands) echoed the comments of previous speakers and pledged his support for the efforts of the littoral States to enhance safety and security in the Straits.

Mr. DOMÍNGUEZ (Panama) said that Panama was very satisfied with the outcome of the meeting and gave its full support to the measures envisaged to enhance safety, security and environmental protection of vital shipping lanes.

Mr. CHRYSOSTOMOU (Cyprus) requested that Cyprus' expression of thanks to the Secretary-General for his initiative and to the littoral States for the excellent results achieved be recorded.

The CHAIRMAN invited the Council to note the information set out in document C/ES.24/7, as well as that provided orally by the Secretary-General, and by the delegations of Indonesia, Malaysia and Singapore.

In particular, he invited the Council to express its appreciation to Singapore, for hosting the most recent meeting on the Straits of Malacca and Singapore and to the littoral States of Indonesia, Malaysia and Singapore for their co-operation and support, to the States, intergovernmental and non-governmental organizations, which sent representatives to the Singapore Meeting and for their contributions to the proceedings and the successful conclusion of the meeting, and to the Secretary-General and his staff for their efforts in organizing, convening and assisting in the running of the Singapore Meeting; to note with satisfaction the adoption of the Singapore Statement on Enhancement of Safety, Security and Environmental Protection in the Straits of Malacca and Singapore; to note in particular the elements of the Singapore Statement relating to the measures the littoral States have already taken in an effort to enhance safety, security and environmental protection in the Straits of Malacca and Singapore and the further actions they contemplate to take in that respect; to agree that the Organization should contribute to the implementation of the Co-operative Mechanism established by the littoral States; and to authorize the Secretary-General to provide, within the Organization's co-operation with the littoral States, every assistance possible in attracting sponsors for the projects presented during the Kuala Lumpur Meeting, including promoting financial contributions for the establishment, maintenance, repair and replacement of aids to navigation in the Straits of Malacca and Singapore.

Finally, he invited the Council to thank the Secretary-General for his initiative and reaffirm its mandate to him to continue his work relating to the protection of shipping lanes of strategic importance and significance, and to report to the Council as and when appropriate.

The meeting rose at 5.25 p.m.