Law Enforcement For Marine Pollution From Shipping Business Activities In Indonesian Boerder Sea

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LAW ENFORCEMENT FOR MARINE POLLUTION FROM SHIPPING BUSINESS ACTIVITIES IN INDONESIAN BOERDER SEA (THE MALACCA STRAIT CASES)

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A. BACKGROUND OF THE STUDY

Indonesia is the largest archipelagic country in the world¹ with the population of more than 250 million and abundant natural resources spread out over more than 17,000 islands. ² Transportation services, mostly by sea, are needed to serve the mobility of both passengers and goods. This transportation service is expected to contribute towards development in Indonesia, especially from the viewpoint of transportation to stimulate and to support the economic growth of underdeveloped areas; to serve commercial economic and other sectors; to support the competitive power of commodities produced both domestically and abroad; and also to be a medium by which to strengthen national harmony³. Sea transport is critical, based on its functions; sea carriage is an artery for the Indonesian economy, social, politics, culture, defense, and security. Moreover, considering that Indonesia lies between two continents and two oceans and has critical sea-lanes in the Indian and Pacific Oceans, sea carriage plays an important role in international relationships, in addition to keeping the stability and the harmony of the Nation.

Geographically, Indonesia is spread over vast expanses of oceans, and this condition makes sea transport service be extremely necessary for reaching all the islands of

Robert Cribb and Michele Ford, Indonesia Beyond the Water's edge, Managing an Archipelagic State, ISEAS, Singapore,2009,1. See Anis Idham, Pranata Jaminan Kebendaan Hipotik Kapal Laut, Alumni, Bandung, at p 1 and Etty R. Agoes, Konvensi Hukum Laut 1982 dan Masalah Pengaturan Hak Lintas Kapal Asing. Abardin,Bandung, 2012,164.

John G. Butcher and Re Elson, Sovereignty and The Sea, How Indonesia Became an Archipelagic State, NUS Press, Singapore, 2017, ix.

³ Tjuk Sukardiman in Husseyn Umar, Hukum Maritim dan Masalah-masalah Pelayaran di Indonesia,: Pustaka Sinar Harapan, Bandung, 2011, ii.

Indonesia. Therefore, sea carriage functions not only to transport passengers and goods from one place to another, but also to keep all areas together as a nation. For these reasons, sea carriage service is vital for open access to connect both developed areas and isolated ones. Because the role of transportation is important for Indonesia, the country has a great interest in keeping the sea as a medium of transportation. The Sea of Indonesia consists of many straits and areas that are strategic and vital for connections between the Indian Ocean and Pacific Ocean. It means that the Indonesian Sea plays a significant role not only for commercial vessels but also for the warships, including submarines. 5

Indonesia should become more capable of retaining and receiving benefits from this position to increase the security and to keep the harmony of the nation. Unfortunately, the use of the sea by Indonesian ships has faced difficulties because these ships cannot compete with foreign vessels. This is because much inter-isle transportation uses foreign ships, and foreign vessels carry most of the exported and imported goods. Consequently, Indonesia pays a huge sum of money, amounting to about US\$ 10 billion annually, to finance the transportation of non-oil and gas exports.⁶ Even though, based on the *cabotage* principle in the Indonesian Shipping Law Act 2008, the principle stated that foreign shipping companies are only permitted to enter international ports. Indonesian shipping Law Act 2008 provides that coastal shipping, namely, domestic shipping, is to be performed by Indonesian flagged ships⁷. In fact, non-Indonesian vessels can come easily into any port they wish. In the implementation of Asia-China Free Trade Area, estimates suggest that the traffic of cargo via the sea will be so great that the time is right

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Imam Subekti, Implementasi Perjanjian Pengangkutan Penumpang Angkutan Laut antar Pulau di Indonesia, PHD Thesis, 200, 2.

Hasjim Djalal, Negara Kepulauan Menuju Negara Maritim, IKAPI JAYA, Jakarta, 2009, 103

Hasiim Dialal, 105

M. Husseyn Umar, Hukum Maritim dan Masalah-masalah Pelayaran di Indonesia, Sinar Harapan, Jakarta, 2011, 271.

for Indonesian vessels to anticipate global competition. ⁸In 2010, there were 20 million dead weight tons (DWT) of vessels needed to load 250 million tons of domestic cargo and 450 million tons of international cargo. In the same year, total sea cargo was recorded as of 552.6 million tons consisting of 149.9 million tons of international cargo and 412.7 million of domestic cargo. Ironically, national ships could only ship 22.48 million tons of the total potential of international cargo; in contrast, foreign vessels loaded 390.25 million tons or 94.55%. With respect to domestic cargo, national ships could only carry 89.9 million tons or 59.9% of the total, and foreign ships carried 59 million tons or about 40.0%.

These figures clearly contradict the *cabotage* principle as mentioned in President Instruction (INPRES) 5/2005 and Law No. 17, 2008 concerning shipping. Based on this principle, domestic cargos should be carried by Indonesian flagged ships. However, the application of this *cabotage* principle, which says that Indonesian ships should be used to export from/and import to Indonesia and inter-isle transportation, cannot be applied easily. This is because foreign vessels, including ships of Flag of Convenience (FOC), appoint Indonesian shipping companies as their agents and also its ports are in Indonesia. Additionally, the low performance and competitive power of Indonesian shipping threatens governance of sea transportation. This threat can be seen from the business indications shown by the low market target/access. While Indonesia was once known for its maritime transportation, unfortunately, Indonesia has been left behind by neighboring countries such as Malaysia and Singapore today. Until the mid-1980s, Indonesia, in fact, could still compete with them.¹⁰ By 2010, foreign vessels carried 94.5% of foreign cargo

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Vijay Sakhuja, Asian Maritime Power in the 21st Century, ISEAS, Singapore, 2011, 251.

⁹ Kardady, Tinjauan Transportasi Laut Internasional Indonesia, paper hhtp://kardady.wordpress.com/ 2010/01/05/. Accessed Jan 15, 2012

Alan Jeffrey Dompas, 75 Tahun Hasjim Djalal, Negara Kepulauan Menuju Negara Maritim, IKAPI JAYA, Jakarta, 2009, 253.

while foreign vessels carried 40% of Indonesian domestic cargo that same year.¹¹ Whatever the case, the assumption nowadays is that the national shipping company is only acting as an agent for the foreign ships. This condition puts Indonesia in a powerless condition in reducing inefficient sources in sea transportation.

The objectives of safety of people, property and the environment, as well as the prevention of liabilities to other parties are matters of civil liability, and they require an extra budget allocation for civil law breaches for a company or a ship owner to fulfill these requirements. For this reason in the development of carriage of goods by sea business, the extra budget and the needs for civil law are not only matters of concern of a company but also all the stakeholders involved in the complex infrastructure. Sheppard said, "Because of the nature of the business in which we operate, accidents and losses will continue to happen in the most safety conscious environments. But we all have a collective responsibility to work together. 12 The safety of shipping, people and property and sea environment become a serious problem in our life nowadays. Meanwhile the function of improved science technology is not guarantee for marine safety and pollution prevention. In this case the problem above becomes a collective problem of mankind. Safety of people, property and the environment collective responsibility is a continual process with the ultimate goal of providing long-term benefits to the sea environment.

Based on the above issues, these research questions appear as follows:

- 1. What is the nature of liability under Indonesian Maritime Law?
- 2. What is the applicable law related to sea carriers?
- 3. How can the ship owner recover in removing the pollution bound to the carrier.

Alan Jeffrey Dompas, 253

Aleka Mandaraka-Sheppard, Modern Maritime Law, Routledge-Cavendish, Canada, 2009, 1025.

B. THE METHODS

The methodology used for this research is based on library reasearch. This study uses secondary data as the main data source, and the selected material is a matter of law. The information and data collected in this normative research and secondary data consist of primary law materials and secondary legal materials that are qualitative. These will be obtained by studying and analyzing various kinds of sources that relate, either directly or indirectly to this research problem, such as Reports and research results, Indonesian legislation; International conventions; Global nature of international documents, such as Conventions, Declarations and Guidelines; Books/references; and Journals, and other sources.

The literature and research locations sources are university libraries, These include: Universiti Utara Malaysia Library, National University of Singapore Library, Singapore, Padjadjaran University Library Indonesia, Directorate General of Sea Communication of Ministry of Transportation, Maritime Council (locally known as Mahkamah Pelayaran), National Transportation Safety Committee (locally known as Komite Nasional Keselamatan Transportasi), PT.PELNI, PT PELINDO (persero) II.

Some information and data obtained from the results of some reviews, reports and technical-scientific nature do not explain directly the legal setting. Data and information obtained from this research is needed in the writing of this thesis because the causes and effects of the marine environment or pollution problems and operational ships should be analyzed from many perspectives.

Examining information and data from books or references, journals and other sources will help get the concepts, theories and strategies for marine environmental management and carrier liability. The data and information are considered to be

important because they give a general description of the phenomena of the issues raised, which can serve as the conceptual basis for the analysis when confronted with the available factual data.

Besides library research, interviews and discussions or correspondence with relevant experts conducted about the issues raised. Discussions and correspondence use an interview guide prepared in the form of open (free-response) questions. The interviews focus on the object of research and use discussions and interviews conducted by researcher with government (such as the Department of Transportation in Indonesia, the Department of Law and Human right, and the Maritime Court) and the private sector (such as carrier companies and insurance companies, P&I Clubs) to seek official opinions as well as current practices of the marine pollution restoration. Finally, any comparative is used to discuss issues raised and to analyze the data and information obtained in this study. The historical approach particularly directed to analyzing and discussing the development of the principle responsibilities of carriers and marine environmental settings, which have been carried out by countries or international organizations in Southeast Asia. In addition, this approach is also used to discuss and analyze the development of international maritime law in general, and development principles.

The comparative approach used to seek for alternatives by comparing the existing regulations, both at the national and at regional regulations of ASEAN member countries and regional agreements in other areas. Then, realizing the complex problems which do not only contain legal aspects but also other aspects, there should be an interdisciplinary discussion to get a clearer idea in selecting and determining alternative legal arrangements and its institutional development.

C. DISCUSSION

Factors concerning transportation include: insufficient marine transportation safety and high risk, high cost of marine safety and marine environmental pollution. As we know generally with respect to the world of law itself, environmental aspects applying to the legal science have arisen in the last quarter of a century. In the field of maritime law, the environment is something that can not be ignored because the marine environment is a tool in the management of marinetransportation. Hazelwood said ""... in the last quarter of a century, few areas of law can have increased in size and complexity as much as that relating to the environment and oil pollution in particular." Simon Bughen also said that "this manifests itself in the environmental damage caused by all this relentless expansion in human economic activity." Thus, marine environmental pollution has the potential to disturb all shipping transportation activities.

In addition to low performance and competition factors, the natural condition of Indonesia worsens the potential for pollution problems. The geographic position of the Indonesian seas resting between two continents-Asia and Australia and two oceans – Indian and Pacific ocean makes Indonesian seas a strategic path to sail, especially with the advent of globalization that brings changes in existing transportation systems and increases in traffic across those seas. Naturally, with the increase in the traffic of vessels sailing or harboring in Indonesia waters come the potential for increased collisions and pollution.

A consequence of a collision is liability towards goods and passengers. The most

Hazelwood, Steven J., P & I Clubs Law and Practice, LLP Professional Publishing, London, 2000, 218.
 Simon Baughen., International Trade and The Protect of Environment, , Routledge-Cavendish, New York, 2007.

severe effect upon the sea is pollution because oil waste and chemical substances flow from the vessel into the sea. For several decades, maritime organizations and particularly the International Maritime Organization (IMO) looked at measures to find effective ways to reduce collisions. Data collected has shown that 60 percent of collisions happened in port and the sea have caused environmental damages and that big vessels have seven times risk higher as the polluter than the tankers¹⁵ In addition to sea pollution, some cases create problems in that the dead vessel has not been removed by the owner and, as a result, shipping lanes are disturbed. Collisions are not only fatal for the ships, cargoes, sailors, and passengers, but also in some conditions, they directly impact the sea environment as in the case of the MV Nakhoda and MV Prestige. 16 The Russian tanker the MV Nakhodka sank on January 2, 1997, polluting the coast of Japan with heavy oil; the MV Prestige sank on November 13, 2002, polluting thousands of miles of coastline and more than one thousand beaches in Spain, France, and Portugal. Damage associated with incidents such as these includes damage for the inoperable ships, recovery of the ships, the loss of cargos, and an enormous expense for the environmental recovery, and the compensation to industries disturbed by the pollution. In Indonesian sea, Indonesia has experienced a number of major oil spills off its coast such as Showa Maru (1975), Nagasaki Spirit (1992), Maersk Navigator (1993), Evoikos (1997), King Fisher (2000) and Lucky Lady $(2004)^{17}$

According to the theory of liability Insurance as stated by Roscoe Pound, the

Konstantinos Giziakis and Ernestini Bardi-Giziaki, Assessing the risk of pollution from ship accidents Disaster Prevention and Management Volume: 11 Issue: 2 2002. Accessed 12 January 2012
 Konstantinos Giziakis

Sea Alarm Indonesia, A Summary of Oiled wildlife response arrangements and resources worldwide, paper ,www.sea-alarm.org , accessed January 2012

dependent shall compensate general damage suffered by a human.¹⁸ In its operation, sea transportation bears the risk associated with the loss of life and material goods. Loss could happen both to the carrier as the operator and to the users of sea transportation.

A carrier is liable for damages caused by collision with another vessel if that collision is caused due to fault. Article 536 of the Commercial Code states that "If the collision is resulting from a fault of the ships colliding or of another, the carrier that was in fault shall be responsible for the entire damage". Liability for the provision of compensation for the losses inflicted on the ships, goods and people contained in the vessel or other things hit by a ship is also addressed. Article 534 of the Commercial Code states that "In the case of a collision, in which a seagoing ship is involved, the responsibility for the damage, inflicted on the ship and on the property or person, on board will be subject to the provisions of this title." The rule, which in part says that "all the collisions was due to his fault", means that the carrier must prove whether the accident was his fault or not. So, for the article above, liability system in The Commercial Code is based on the principle of liability named "fault liability".

This is different from the rules of environmental pollution as expressed in both the Environmental Law and the International Convention on the Marine Environment pollution which use the principle of indemnity as adopted from strict liability. Article 3 of the Environmental Management Act 32 of 2009 obliges a business which "infringes the law in the form of environmental pollution and or damage which give rise to adverse impacts on other people or the environment ... to pay compensation

Pound, Roscoe, An Introduction to the Philosophy of Law, New Heaven, Yale University, 1954,97.

This article interpreted, the necessity to prove the fault of the defendant previously is no longer necessary, and even the obligation to pay compensation to the state beach as sea pollution victim arises immediately. There is even the possibility that ship owners will bear full responsibility, a concept commonly known as strict liability as mentioned in article 88 of the Environment Management Act 32 of 2009. Strict Liability will be applied in some case of maritime law if there are some marine pollution caused by ships. This is also regulated by International Convention on Civil Liability for Oil Pollution Damage, 1969 as amended by 1992 (CLC Convention) that the owner of the ship will be directly liable to any pollution which caused by his ship.

Thus, from the above opinions, the compensation system in marine pollution can be fault liability or strict liability. ²⁰ In Indonesian Tort law, based upon article 1365 of the Civil Code where a Commercial Code carrier must prove whether the accident was his fault or non, so that such a liability be based on fault. This differs from the rules of Environmental Management Act 2009 which adopted strict liability as applied by the common law system. Otherwise, in many court decisions i.e. Court Decision No. 820/pdt/G/1988/PN.Jkt.Pst. in this sea environment pollution case, based on fault liability, still be used as a basis for the decision. ²¹ Thus, the compensation system in marine pollution is still confusing whether based on strict liability or fault liability.

The Indonesian private maritime law is the part of Indonesian Commercial Code,

Nicholson, David, Environmental Dispute Resolution in Indonesia, Iseas, Singapore, 2009, 137

Nicholson, David, 69.

Court Decision No.820/pdt/G/1988/PN.Jkt.Pst.

which dates from 1848 and which was originally identical with the Dutch Commercial Code of 1838. The latest revision of the maritime law part of the Code was made in 1934 following the revision of its Dutch counterpart. The maritime law part of Indonesian Commercial Code has remained unaltered since. 22 Dutch case laws dates from before the enactment of the new codified law, and the writings of authoritative Dutch scholars are often used as references in the interpretation of the corresponding Indonesian Code provisions. Dutch law is a part of the civil law system, which is understandably different from the common law system, in those two systems do not always provide the same solution to the same questions.²³ For instance in Common law System Bill of Lading is the only title to sea carriage contract²⁴ while in Dutch Law System Bill of Lading is not the only title to sea carriage contract but also receipt of mate²⁵. So in Dutch civil law system bill of Lading is not a must in sea Carriage contract because it can be replaced by any other document even the document is not a title of law. This differs from common law system which have regulated that Bill of Lading or any document of title is a must in sea carriage contract and only can be replaced by another document of title. Another example, court decision in civil law system is not bound to another court decision in same cases.

The legal terminologies in the civil law system are not always easily or accurately translated into an English version of the Common law system and vice-versa. This fact is particularly important to emphasize because Indonesia is one of the few countries in this part of the world, which uses the Civil law system, whereas a

Sunaryati Hartono, Hukum Ekonomi Pembangunan, Pustaka Sinar Harapan, Jakarta, 1984, . 4.

Mochtar Kusumaatmadja, , *Pemantapan Čita Hukum dan Asas-asas Hukum Nasional di MasaKini dan Masa yang akan datang*, 1995, paper.

Article 1.b. Rotterdam Rules, Contract of carriage applies only the contract of carriage covered by a bill of lading or any similar document of title.

Article 502 Commercial Code of Indonesia: The sender **may** request the carrier to issue a bill of lading referring to the good surrendered for shipment, against withdrawal of the receipts, that he might have submitted earlier.

substantial number of Indonesia's trading counterparts are Common law countries. For example Unlawful act (*perbuatan melawan hukum*) in Old Dutch civil law system is not the same as tort in common law system.²⁶

The natural conditions of Indonesian seas can be hazardous to shipping activities. Indonesia is largely outside the tropical cyclone zone, so its coastal regions are generally not subject to the intense winds and storm surges that repeatedly cause enormous loss of life in neighboring countries. Otherwise, local storm at sea can be catastrophic for carriers. Indonesia is the large spread of island causing expanse of water and irregular monsoon cycle as main determiners of Indonesian climate.²⁷ Indonesian's location in zone of geological instability means that many of its seas are The perils of shipwreck from storm or reef or simply of vulnerable accident. individual misadventure, room larger at the sea than do comparable dangers on land. In more complex ways it has to do with the sense of having an advance knowledge about the sea for instance an ability to read the sea, to identify an underwater hazard such as reef or to foresee a change wind or the approach of a storm. Collisions that occurs in the South China Sea, Java Sea, generally because of the heavy currents and wind.²⁸ Hence, some sea routes in Indonesian waters could cause dangerous natural conditions for ship safety.

Indonesia is an archipelagic state with about 52,000 kilometers of coast line and extends more than 5,000 kilometers from east to west and more than 3,000 kilometers from north to south crossing ocean and the equator; ²⁹ many of sea lane run through narrow passages between islands, with consequent problems of congestion, thus, the

Departemen Perbuhungan: Badan Penelitian dan Pengembangan, *Penelitian Kecelakaan Kapal di Indonesia dan Upaya Mengatasinya*. Journal of Pusat Penelitian dan Pengembangan Perhubungan Laut, Jakarta, 2010, 1.

²⁶ Sunarvati Hartono, 45

Departemen Perhubungan, 5.

²⁹ Robert Crib and Michele Ford,146

region is a vulnerable area to shipping accidents. Table 1 below recapitulates data on shipping accidents in Indonesian waters.

According to the data above from Director of Sea Transportation of Indonesian Ministry of Transportation, 903 ship accidents occurred from 2009 to 2013, producing a large number of sinking ships followed by burning ships, wrecking ships and collision ships.³⁰ Natural, technical and human factors were responsible for these collisions and the biggest percentage was because of natural conditions at 38%; human factors were second at 37%. 31 Human factors consisted of the captains (masters) and seamen, pilots, and shipping companies. Besides human factors and bad weather, other factors causing collisions were too many passengers and unseaworthy ships. Many unseaworthy ships were secondhand ships bought from another country, which could not be sailed any longer in their home country.³² The last factor is the lack of monitoring, which has resulted in many collisions caused by overweight or unreported hazardous cargos. For instance, the MV *Teratai Prima* sank on January 11, 2009, in the *Makassar* strait of West Sulawesi in 4-meter seas, a sinking partially caused by overweight cargo and the loading of 250 more passengers than the ship was rated for . From the investigation by Maritime Court found that The Master ignoring warnings from Indonesian weather agency that the condition on the crossing were too dangerous.³³ In its operations, sea carriage has some inherent risks, one of which is the risk of a pollution that can have dangerous effects on the marine environment. Local companies have been unable to handle the abatement and cleanup of maritime pollution because of the expensive costs. Indonesian ship carriers generally face the

³⁰ Komite Nasional Kecelakaan transportasi, Analisis Data Kecelakaan dan Investigasi Transportasi Laut Tahun 2009-2012, paper.

³¹ Ibid

Departemen Perbuhungan, Kajian Analisis Trend Kecelakaan Transportasi Laut Tahun 2003-2008, Laporan Penelitian, 22.

³³ MV Teratai Prima, in Research.omicsgroup.org.>index.php, ascessed January 12 2012

problems of high cost of recovery involving marine environment pollution and the costs of marine pollution is a threat to the sustainability of the shipping industry in Indonesia. Those problems presents difficulties to solve due to lack of clear and adequacy of laws and regulations for the protection of the ship carrier and its stakeholders. This research is expected to provide suggestions regarding carrier liability form and open the field for further research on shipping law.

D. CONCLUSION

- 1. The activities that arise from sea pollution damage, however, raise problems suggesting that a re-assessment may be needed, at least in some cases. Thus, the problems addressed in this research are important. For example, this study will focus primarily on the various laws related to the Indonesian legal system and then make a comparison with the common law system. Common law traditions will be analyzed, and relevant new components will be suggested for adoption and adaptation in Indonesia. The common law tradition will be analyzed in the context of conflict of jurisprudence rationality, and components of these laws that could be adopted if they were consistent with respect to Indonesian law.
- 2. This study examine the role of government as well as legal entities and private institutions in the coaching regime of maritime transport in environmental management. This institutional aspect is an integral part of the recovery activities of the marine environment.
- 3. This research examine feasibility for an extended legislative regime for the development of maritime law, but also will review the non-legal regulatory

mechanisms to protect business continuity of the carriers. Therefore, the findings from this study are expected to have important implications for the public sectors, especially in developing maritime law in Indonesian government, as well as in helping service provider companies such a carriers in Indonesia so that there can be good competition.

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