

Singapore Oil Spill Liability: Understanding your obligations and potential risks in the wake of recent incidents

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Introduction

1. Oil spills devastate the marine environment and have a negative impact on the biodiversity of the region. It is imperative that oil spills are contained and remedied in a timely and effective manner. With Singapore's status as one of the top 3 petrochemical hubs and the largest bunkering port¹ in the world, and the Straits of Singapore being one of the busiest sea lanes worldwide, it should come as no surprise that vessels travelling through Singapore's sea lanes are subject to robust legislation to deter oil spills and/or to recover the costs of cleaning up such oil spills. Ships and their owners also run the risk of potential legal liabilities owing to the such incidents.
2. On 14 June 2024, Singapore experienced its worst oil spill in a decade. Over 400 tonnes of oil leaked into surrounding waters upon an allision between a dredging boat and a stationary tanker in Pasir Panjang Terminal. On 5 February 2025, 23 tonnes of diesel oil leaked from the Police Coast Guard Brani Regional Base in southern Singapore into nearby waters, forming the fifth of a recent spate of oil spills into Singapore waters.² The former oil spill required massive clean-up efforts lasting around 3 months – involving more than 800 cleaning personnel and 2,300 volunteers.
3. Using the above incidents as case studies, this article explores the obligations of ships in the event of an oil spill, as well as legal liabilities which shipowners may find themselves saddled with as a result of such incidents.

Recent case studies and their potential legal liabilities

Marine Honour

4. In the *Marine Honour* case, the Netherlands-flagged dredger Vox Maxima reported an abrupt loss in engine and steering control before its collision with the Singapore-flagged vessel at Pasir

¹ Prostruct Consulting, Jurong Island: What it takes to achieve a world-class petrochemicals hub (Article by Tan Wooi Leong, on 16 August 2017) <https://prostruct.com.sg/perspective/jurong-island-takes-achieve-world-class-petrochemicals-hub/>

² 23 tonnes of diesel leaks from police facility into southern waters; oil patches seen off Sentosa (Straits Times Article on 7 February 2025) <https://www.straitstimes.com/singapore/oil-slicks-detected-off-sentosa-at-least-five-such-incidents-have-been-reported-since-june-2024>

Panjang Terminal on 14 June 2024. This resulted in a rupture of one of *Marine Honour's* oil cargo tanks and the release of around 400 tonnes of oil into the sea. The oil spread to several coastlines and washed up on a number of beaches the following day, staining the sand black and polluting the air with the reek of petrochemicals. The cleanup efforts took around three months. Recently, on 12 March 2024, four Dutch crew members of *Vox Maxima* pleaded guilty before the Singapore courts to offences under the Merchant Shipping Act 1995 for failing to properly perform their duties.

5. Singapore sought compensation from the owners of *Marine Honour* for costs incurred from the oil spill. Despite the *Marine Honour* being a stationary vessel which discharged oil upon being hit by another ship, its shipowner is found liable for costs incurred pursuant to the Merchant Shipping (Civil Liability and Compensation for Oil Pollution) Act 1998 where it is said to have insurance coverage to meet this liability.
6. It is apposite for us to note that section 7 of the Merchant Shipping (Civil Liability and Compensation for Oil Pollution) Act 1998 (discussed in this article below), which applies to “ships constructed or adapted for carrying oil in bulk as cargo”, enforces strict liability on shipowners, where a ship owner is liable for pollution caused by the oil spill *even in the absence of fault*.³

Hellenic

7. Even the discharge of limited quantities of oil may amount to an offence. On 6 June 2024, two shipping companies, *Hellenic Overseas Maritime Enterprises* (“***Hellenic***”) and *Leth Incargo Marine Services* (“***Leth***”) were each handed one (1) charge under the Prevention of Pollution of the Sea Act 1990 for their oil tankers discharging about 100 litres of oil each into Singapore waters on 29 November 2022 and 9 January 2023 respectively.
8. *Leth* had, while receiving high-sulphur oil from another tanker, the *Maria Cosulich* at the Easter Bunkering Anchorage A⁴, allegedly discharged 100 litres of high-sulphur fuel oil onto its deck and into Singapore waters.
9. Meanwhile, *Hellenic* was an agent of *Star Prosperity* which had been receiving low-sulphur fuel oil from another oil tanker *MT Decorum* at the Easter Bunkering Anchorage A on 9 January 2023. *Star Prosperity* had, allegedly, due to a broken valve, discharged 100 litres of low-sulphur fuel oil from the port surface pipe behind the beam of its vessel onto its deck and into Singapore waters.
10. The crew had allegedly failed to take all reasonable precautions upon discovery of the damage or discharge to prevent or minimize oil escaping into Singapore waters, rendering the shipping

³ Oil spill clean-up: Singapore to seek compensation from owner of stationary ship that was hit by another vessel (Straits Times Article on 20 June 2024).

⁴ Anchorage is a demarcated area off the coast where vessels can anchor. Singapore's anchorages is divided into three sectors: Eastern, Western and Jurong, each with its designated purpose.

companies potentially liable under section 7 of the Prevention of Pollution of the Sea Act 1990.⁵ We have yet to be apprised of the outcome of the charges against *Hellenic* and *Leth* at the time of writing.

Pre-emptive obligations and potential liabilities under the relevant legislation

11. Under section 3 of the Merchant Shipping (Civil Liability and Compensation for Oil Pollution) Act 1998, the owner of a ship “*constructed or adapted for carrying oil in bulk as cargo*” is subject to strict liability in the event of oil discharge or escape for the: -
 - (a) damage caused outside the ship in Singapore’s territory by contamination resulting from the discharge or escape;
 - (b) cost of any measures reasonably taken after the discharge or escape for the purpose of preventing or reducing any damage caused in Singapore’s territory by contamination resulting from the discharge or escape; and
 - (c) any damage caused in Singapore’s territory by any such measures.
12. Save in cases where the oil spill resulted from anything done or omitted by the shipowner with the intent or knowledge that such damage or cost would likely result, such liability is limited to 4.51 million special drawing rights⁶ (about S\$8.065 million) for a ship not exceeding 5,000 tons and 4.51 million special drawing rights together with an additional 631 special drawing rights for each ton of its tonnage in excess of 5,000 tons up to a maximum amount of 89.77 million special drawing rights (about S\$160.5 million).
13. As a safety net in situations where the owner or insurer liable cannot meet its obligations in full or where the damage exceeds the liability cap mentioned above or where the spill occurs in situations beyond the shipowner’s control, the International Oil Pollution Compensation Fund (the “**Fund**”) governed by section 27 of the Act will be **liable** for pollution damage on Singapore territory if full compensation is not obtained. The Fund has, for its stipulated rights and obligations, the capacity, rights and obligations of an actual person and in particular, may sue and be sued.
14. Ships which are not “*constructed or adapted for carrying oil in bulk as cargo*” remain liable for the spillage of bunker oil (i.e. any oil, including lubricating oil, used for the operation or propulsion of a ship) under the Merchant Shipping (Civil Liability and Compensation for Bunker Oil Pollution) Act 2008. The provisions for compensation are similar to those under section 3 of the Merchant Shipping (Civil Liability and Compensation for Oil Pollution) Act 1998 discussed above.

⁵ Two shipping firms charged with discharging 100L of oil each into Singapore waters, polluting sea (Straits Times Article on 4 June 2024).

⁶ Special drawing rights are an international reserve asset created by the International Monetary Fund and is intended to supplement the official reserves of its member countries.

15. The Prevention of Pollution of the Sea Act 1990 provides for offences and penalties related to the discharge of oil or oily mixtures into Singapore waters. The offences are set out in section 7 of this Act while the recovery of costs for removal of oil discharged from ships is set out in section 18 of the Act.
16. In the case of an offence under section 7, the master, owner and agent of the ship may each be liable to a fine of not less than S\$1,000 and not more than S\$1 million and/or to imprisonment of a term not exceeding 2 years. The penalties under section 7 do not apply where all reasonable precautions were taken after the occurrence of the damage or discovery of the oil discharge for the purpose of preventing or minimising the escape of oil which is likely why charges under section 7 were levied on *Hellenic* and *Leth* while not on *Marine Honour*.
17. Section 18 (read with section 21) requires the owner to pay for the costs of any measure reasonably taken by the appointed authority, i.e., Maritime and Port Authority of Singapore after the discharge to remove it and to prevent or reduce any damage caused in Singapore by contamination resulting from the discharge. Such costs are however not applicable to situations where section 3 of the Merchant Shipping (Civil Liability and Compensation for Oil Pollution) Act 1998 (*Liability for oil pollution*) and Merchant Shipping (Civil Liability and Compensation for Bunker Oil Pollution) Act 2008 (*Liability for bunker oil pollution*) apply.
18. There are further reporting obligations in place which ships have to perform upon occurrence of an oil spill: -
 - (a) Under sections 12 to 14 of the Prevention of Pollution of the Sea Act 1990, the Authority may with the Minister's approval make regulations requiring oil record books, cargo record books and ballast water record books to be carried out in all Singapore ships and in all ships in Singapore waters and requiring shipmaster to record certain operations and any event of oil discharge; and
 - (b) Under section 15 of the Prevention of Pollution of the Sea Act 1990, the shipmaster is required to without delay report the occurrence in such manner to the officer prescribed failing which they may be liable upon conviction to a maximum fine of S\$5,000.

Conclusion

19. Shipowners should therefore be mindful to promptly fulfil their reporting obligations, *inter alia*, under the Prevention of Pollution of the Sea Act 1990 and to take all reasonable precautions after the occurrence of the damage or discovery of the oil discharge so as to prevent or minimise the spill to avoid running afoul of and incurring penalties such as a fine or imprisonment term under the same Act.
20. If you have any questions or if you would like to be prepared for situations such as this, please reach out to us for a discussion.

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