

Hong Kong set to adopt latest IMO limits for maritime incidents into local law



Introduction

On 11 October 2017, subsidiary legislation was introduced into the Hong Kong Legislative Council to incorporate the latest liability limits for maritime incidents into local law.

Hong Kong applies the 1996 Protocol to the 1976 Convention on Limitation of Liability for Maritime Claims, the effect of which is to limit the liability of shipowners from claims arising from such incidents.

With effect from June 2015, the State Parties to the 1996 Protocol agreed to adopt higher limits of liability in their respective jurisdictions through the tacit acceptance procedure. To become effective, the new limits needed to be implemented locally. The amendments introduced into the Legislative Council today propose increasing the limits in Hong Kong to reflect the most up to date limits. This represents a significant increase to the order of 51 percent.

The changes will have the following effect on limits, which are calculated according to the size of a vessel:

| Liability limit for claims for loss of life or personal injury (in SDR) | | Liability limit for property damage claims (in SDR) | |
|--|-----------|--|-----------|
| Proposed | Current | Proposed | Current |
| <i>For ships not exceeding 2,000 tonnes</i> | | | |
| 3.02 million | 1 million | 3.02 million | 1 million |
| <i>For each tonne from 2,001 to 30,000 tonnes</i> | | | |
| 1,208 | 400 | 1,208 | 400 |
| <i>For each tonne from 30,001 to 70,000 tonnes</i> | | | |
| 906 | 300 | 906 | 300 |
| <i>For each tonne in excess of 70,000 tonnes</i> | | | |
| 604 | 200 | 604 | 200 |

By way of example, the property limitation fund for a 5,000 TEU container vessel will increase from around US\$27 million to US\$41 million. The loss of life and personal injury fund for the same vessel will increase from US\$54 million to US\$82 million. For a 40,000 GT Panamax bulker, the property fund will increase from US\$21 million to US\$32 million, and the life fund will increase from approximately US\$43 million to US\$65 million.

The amendments are proposed to come into effect on 4 December 2017.

This is a long anticipated, interesting and significant development for Hong Kong. There are now even more substantial limitation differentials across the region, with Hong Kong adopting the 1996 Protocol, China applying a domestic limitation regime based on the 1976 Convention, and Singapore remaining a party to the 1976 Convention.

Get in touch



Andrew Rigden Green

Partner

T: +852 2533 2761

E: Andrew.RigdenGreen@shlegal.com



Elizabeth Sloane

Senior associate

T: +852 3166 6926

E: Elizabeth.Sloane@shlegal.com