

Shipping & International Trade

Legislative Changes Take Effect on 24 July 2021 to Implement Salvage Convention

Introduction

As a global maritime hub, Singapore is one of the key jurisdictions for admiralty and shipping dispute resolution. In 2019, the Merchant Shipping (Miscellaneous Amendments) Bill 2018 was passed in Parliament to implement, among other things, two key developments, namely, the International Convention on Salvage, 1989 ("**Salvage Convention**") and the 1996 Protocol to the Convention on Limitation of Liability for Maritime Claims, 1976 ("**1996 Protocol**").¹ The provisions relating to the 1996 Protocol that serve to increase the limits of liability for claims against shipowners came into force on 29 December 2019.

With effect from 24 July 2021, the relevant provisions in several pieces of legislation² came into effect to implement the Salvage Convention. These revisions mainly aim to allow special compensation claims arising from salvage operations that averted or mitigated the effect of environmental damage even if the vessels or their cargo were not salvaged successfully. They also extend the Singapore High Court's admiralty jurisdiction to such special compensation claims, thereby allowing enforcement of such claims through ship arrest.

In this Update, we look at the key aspects of the legislative revisions that took effect from 24 July 2021 to implement the Salvage Convention and the potential impact on the shipping industry.

Special Compensation under Salvage Convention

Typically, the basis of calculation of reward is premised on the recovery of the vessel or its cargo. This is the law of salvage adopted in Brussels in 1910 which incorporated the "no cure, no pay" principle under which a salvor is only rewarded for services if the operation is successful. However, with the recognition that it is also important to minimise environmental damage that may arise from the shipwreck or maritime casualty, the Salvage Convention entered into force in 1996 introducing a special compensation to be paid to salvors who have minimised or prevented environmental damage, even if the ship or its cargo are not salvaged ("**special compensation**").

¹ For a discussion, please refer to our earlier May 2020 Client Update titled "Singapore Enhances Legal Framework for Maritime Casualty Claims", available [here](#).

² Merchant Shipping (Miscellaneous Amendments) Act 2019, High Court (Admiralty Jurisdiction) (Amendment) Act 2020, Supreme Court of Judicature (Amendment) Act 2019, available [here](#), [here](#) and [here](#). The changes came into force pursuant to the Merchant Shipping (Miscellaneous Amendments) Act 2019 (Commencement) Notification 2021, High Court (Admiralty Jurisdiction) (Amendment) Act 2020 (Commencement) Notification 2021 and Supreme Court of Judicature (Amendment) Act 2019 (Commencement) (No. 3) Notification 2021, available [here](#), [here](#) and [here](#).

Shipping & International Trade

The tribunal or arbitrator assessing the special compensation is given the discretion to compensate the salvor up to 100% of the salvor's expenses, "if it deems it fair and just to do so" or deny or reduce the compensation if the salvor is negligent.

Singapore, as a major participant in the shipping and international trade industry, acceded to the Salvage Convention, which now has the force of law in Singapore with the relevant provisions in the Merchant Shipping (Miscellaneous Amendments) Act 2019 taking effect on 24 July 2021.

Enhanced High Court Jurisdiction over Salvage Claims

Along with incorporating the Salvage Convention as part of Singapore law, relevant provisions in the new High Court (Admiralty Jurisdiction) (Amendment) Act ("**HCAA**") came into operation on 24 July 2021 to, among other things, expand the Singapore High Court's admiralty jurisdiction to include:

- Any claim under the Salvage Convention; and
- Any claim under any contract for or in relation to salvage services.

Before the revision, the High Court's admiralty jurisdiction covered only traditional salvage claims.

The amendments bring Singapore's laws regarding salvage claims in line with other established international maritime centres. This means that salvage companies will be able to seek compensation under special compensation claims before the Singapore High Court or via arbitration. Importantly, salvage companies will also be able to enforce such salvage claims seated in foreign jurisdictions (such as London) in Singapore by ship arrest in aid of foreign arbitration under the Singapore International Arbitration Act.

Concluding Words

These legislative revisions enhance Singapore's maritime legal framework and increase Singapore's viability and attractiveness as a seat of dispute resolution, particularly for salvage claims or damage claims arising out of casualty incidents.

Rajah & Tann Singapore LLP's Shipping and International Trade Practice is firmly established in the field of maritime disputes, with much experience in the area of casualty and salvage claims. Parties seeking to better understand these new developments or to take advantage of the country's enhanced dispute resolution capabilities should feel free to approach the team for consultation.

Contacts



V Bala
Partner, Shipping &
International Trade

T +65 6232 0383

bala@rajahtann.com



Dedi Affandi Bin Ahmad
Partner, Shipping & International
Trade

T +65 6232 0706

dedi.affandi.ahmad@rajahtann.com

Please feel free to also contact Knowledge and Risk Management at eOASIS@rajahtann.com

Our Regional Contacts

RAJAH & TANN | *Singapore*

Rajah & Tann Singapore LLP

T +65 6535 3600
sg.rajahtannasia.com

R&T SOK & HENG | *Cambodia*

R&T Sok & Heng Law Office

T +855 23 963 112 / 113
F +855 23 963 116
kh.rajahtannasia.com

RAJAH & TANN 立杰上海

SHANGHAI REPRESENTATIVE OFFICE | *China*

**Rajah & Tann Singapore LLP
Shanghai Representative Office**

T +86 21 6120 8818
F +86 21 6120 8820
cn.rajahtannasia.com

ASSEGAF HAMZAH & PARTNERS | *Indonesia*

Assegaf Hamzah & Partners

Jakarta Office

T +62 21 2555 7800
F +62 21 2555 7899

Surabaya Office

T +62 31 5116 4550
F +62 31 5116 4560
www.ahp.co.id

RAJAH & TANN | *Lao PDR*

Rajah & Tann (Laos) Co., Ltd.

T +856 21 454 239
F +856 21 285 261
la.rajahtannasia.com

CHRISTOPHER & LEE ONG | *Malaysia*

Christopher & Lee Ong

T +60 3 2273 1919
F +60 3 2273 8310
www.christopherleeong.com

RAJAH & TANN | *Myanmar*

Rajah & Tann Myanmar Company Limited

T +95 1 9345 343 / +95 1 9345 346
F +95 1 9345 348
mm.rajahtannasia.com

GATMAYTAN YAP PATACSIL

GUTIERREZ & PROTACIO (C&G LAW) | *Philippines*

Gatmaytan Yap Patacsil Gutierrez & Protacio (C&G Law)

T +632 8894 0377 to 79 / +632 8894 4931 to 32
F +632 8552 1977 to 78
www.cagatlaw.com

RAJAH & TANN | *Thailand*

R&T Asia (Thailand) Limited

T +66 2 656 1991
F +66 2 656 0833
th.rajahtannasia.com

RAJAH & TANN LCT LAWYERS | *Vietnam*

Rajah & Tann LCT Lawyers

Ho Chi Minh City Office

T +84 28 3821 2382 / +84 28 3821 2673
F +84 28 3520 8206

Hanoi Office

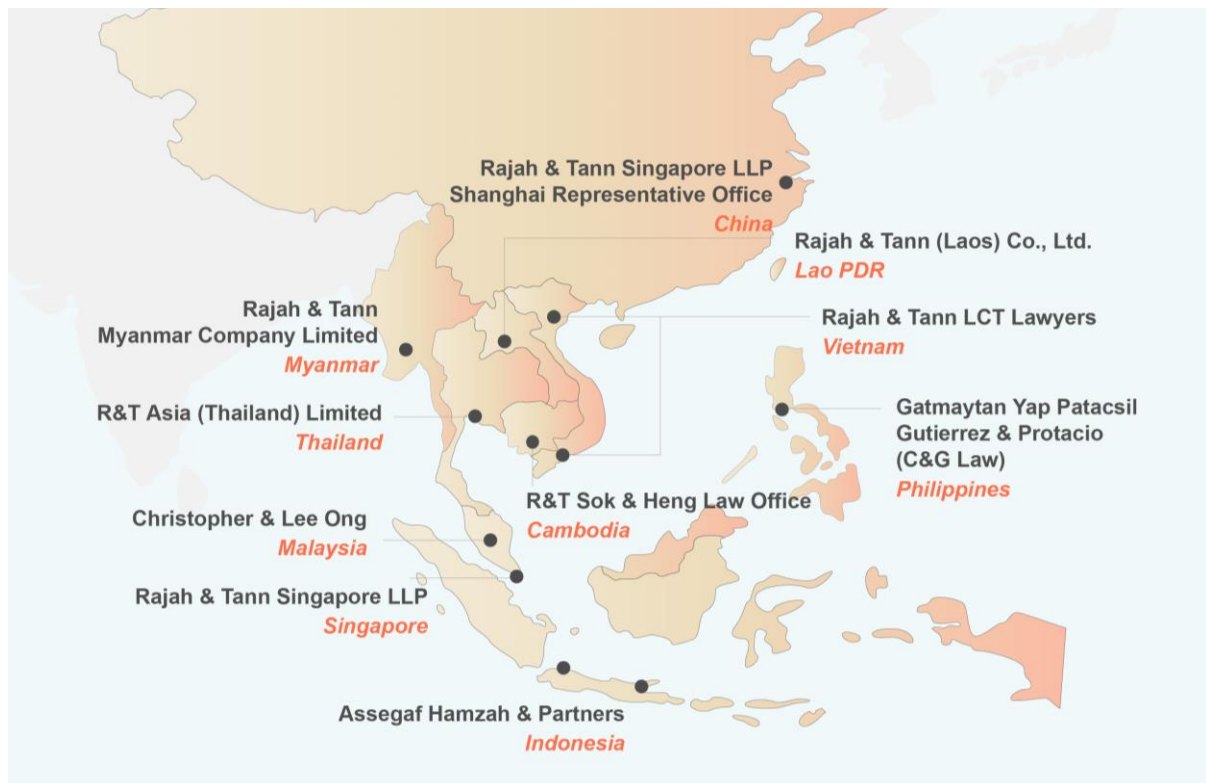
T +84 24 3267 6127
F +84 24 3267 6128
www.rajahtannlct.com

Rajah & Tann Asia is a network of legal practices based in Asia.

Member firms are independently constituted and regulated in accordance with relevant local legal requirements. Services provided by a member firm are governed by the terms of engagement between the member firm and the client.

This update is solely intended to provide general information and does not provide any advice or create any relationship, whether legally binding or otherwise. Rajah & Tann Asia and its member firms do not accept, and fully disclaim, responsibility for any loss or damage which may result from accessing or relying on this update.

Our Regional Presence



Rajah & Tann Singapore LLP is one of the largest full-service law firms in Singapore, providing high quality advice to an impressive list of clients. We place strong emphasis on promptness, accessibility and reliability in dealing with clients. At the same time, the firm strives towards a practical yet creative approach in dealing with business and commercial problems. As the Singapore member firm of the Lex Mundi Network, we are able to offer access to excellent legal expertise in more than 100 countries.

Rajah & Tann Singapore LLP is part of Rajah & Tann Asia, a network of local law firms in Cambodia, China, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. Our Asian network also includes regional desks focused on Brunei, Japan and South Asia.

The contents of this Update are owned by Rajah & Tann Singapore LLP and subject to copyright protection under the laws of Singapore and, through international treaties, other countries. No part of this Update may be reproduced, licensed, sold, published, transmitted, modified, adapted, publicly displayed, broadcast (including storage in any medium by electronic means whether or not transiently for any purpose save as permitted herein) without the prior written permission of Rajah & Tann Singapore LLP.

Please note also that whilst the information in this Update is correct to the best of our knowledge and belief at the time of writing, it is only intended to provide a general guide to the subject matter and should not be treated as a substitute for specific professional advice for any particular course of action as such information may not suit your specific business and operational requirements. It is to your advantage to seek legal advice for your specific situation. In this regard, you may call the lawyer you normally deal with in Rajah & Tann Singapore LLP or email Knowledge & Risk Management at eOASIS@rajahtann.com.