

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**").<sup>1</sup> 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 legislation<sup>2</sup> came into effect to implement the Salvage Convention. These revisions mainly aim to allow special compensation claims arising from salvage operations that averted and 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**").

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

<sup>2</sup> 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](#).

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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.

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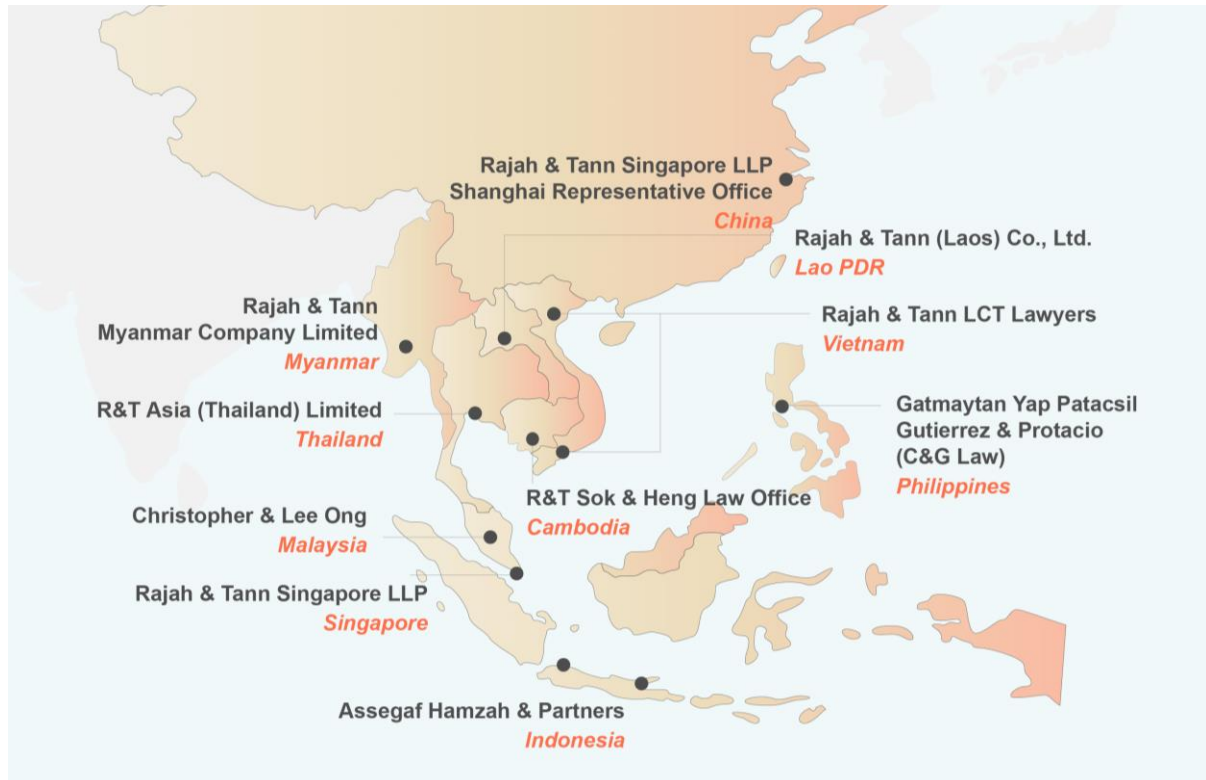
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