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ANDREW LIU & CO LTD

25th Floor, Fortis Bank Tower
No. 77-79 Gloucester Road,Wanchai, Hong Kong

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P&I clubs urge charter-party change over spill liabilities

Protection-and-indemnity(P&I) clubs are pushing new charter-party language that legal experts say will help protect charterers in countries that hold them liable for criminal liability for spills regardless of fault.

The new language was developed by the International Group clubs in co-operation with the Baltic and International Maritime Council primarily in response to laws in Australia that hold charterers strictly liable for criminal fines and civil penalties in spills. Liability for such penalties has long been the province of owners and operators.

PREVENTING FREAK CLAUSES

Nathan Cecil, a partner at Australian transport law firm Norton White, says adopting a uniform provision to restrike the liability balance in charter contracts will help prevent "Frankenstein-like" clauses from proliferating in the market in the wake of the Australian law's passage last year.

"I expect that owners and charterers will be pleased by the increased certainty afforded by the adoption of a uniform recommended clause among the largest P&I clubs and therefore the bulk of the world's tonnage," he told TradeWinds.

The proposed clause indemnifying charterers is not country-specific and could help rebalance liability in contracts for ships that may travel to other countries with laws that are similarly strict on charterers, including New Zealand, China and Brazil.

Source of Information: TradeWinds

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