

LEGISLATIVE COUNCIL BRIEF

Merchant Shipping
(Liability and Compensation for Oil Pollution) Ordinance
(Chapter 414)

MERCHANT SHIPPING (LIABILITY AND COMPENSATION FOR OIL POLLUTION) (AMENDMENT) BILL 2003

INTRODUCTION

At the meeting of the Executive Council on 8 April 2003, the Council ADVISED and the Chief Executive ORDERED that the Merchant Shipping (Liability and Compensation for Oil Pollution) (Amendment) Bill 2003 should be introduced into the Legislative Council to give effect to two Resolutions passed by the International Maritime Organisation (IMO) on increased shipowners' liability and increased amount of compensation payable for oil pollution as these Resolutions will be binding on Hong Kong upon commencement.

JUSTIFICATIONS

2. There are two international conventions applicable to Hong Kong which govern the liability and compensation for oil pollution damage caused by oil spills from oil tankers, namely the International Convention on Civil Liability for Oil Pollution Damage, 1992 ("1992 CLC") and the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage, 1992 ("1992 Fund"). The 1992 CLC holds shipowners liable for damage caused by oil spills from their tankers up to a limit and requires them to insure this liability. The 1992 Fund sets up the International Oil Pollution Compensation Fund 1992 for compensating victims who do not obtain full compensation under the terms of 1992 CLC, provided that the damage occurs in a Contracting Party to the 1992 Fund. The Fund is financed by contributions levied on any person who has received more than 150,000 tonnes of crude oil and fuel oil in a Contracting Party to the 1992 Fund in a year.

3. The IMO adopted two Resolutions in October 2000 to increase the limits of shipowners' liability under the 1992 CLC and the maximum amounts of compensation payable under the 1992 Fund. The two Resolutions will enter into force on 1 November 2003.

4. As the two Resolutions will be binding on Hong Kong, Hong Kong is obliged to give effect to the amendments through domestic legislation, i.e. the Merchant Shipping (Liability and Compensation for Oil Pollution) Ordinance (Cap.414) ("the Ordinance"). The enactment of the Bill will provide the necessary legal backing for the Director of Marine to issue to tankers valid CLC certificates covering the increased amount of liability, such that they will be able to enter into ports of other Contracting Parties.

5. We will also include technical amendments to the Merchant Shipping (Liability and Compensation for Oil Pollution) (Compulsory Insurance) Regulations, Cap. 414A ("the Regulation") to ensure its consistency with the Ordinance.

THE BILL

6. The main provisions are -

(a) **Clause 3** amends section 9 to increase the limitation amounts in the 1992 CLC. The existing limitation amounts range from 3 million units of account¹ to 59.7 million units of account. The new limitation amounts will range from 4.51 million units of account to 89.77 million units of account. The details are set out at Annex B.

B

(b) **Clause 5** amends schedule 1 to increase the limits of compensation in the 1992 Fund. The existing limits of compensation range from 135 million units of account to 200 million units of account. The new amounts will range from 203 million units of account to 300.74 million units of account. The details are set out at Annex B.

B

(c) **Clause 6** repeal regulations 2, 3, 4 of the Regulation to ensure that the Regulation is consistent with the Ordinance.

¹ "Unit of account" is the Special Drawing Right as defined by the International Monetary Fund. One unit of account is about HKD 10.7 and the exact amount varies daily.

C The existing provisions being amended are at Annex C.

LEGISLATIVE TIMETABLE

7. The Bill will be gazetted on 17 April 2003 and introduced into the Legislative Council on 7 May 2003.

IMPLICATIONS OF THE PROPOSAL

D 8. The proposal has economic implications as set out at Annex D. The proposal is in conformity with the Basic Law, including the provisions concerning human rights. It has no productivity, financial, civil service and environmental implications. It has no major sustainability implications. It will not affect the current binding effect of the Ordinance.

PUBLIC CONSULTATION

9. The proposal has the support of the Shipping Consultative Committee. We consulted oil companies and they had no objection to the proposal. The Economic Services Panel of the Legislative Council has been consulted and the Panel supports the proposal.

PUBLICITY

10. A press release will be issued on 17 April 2003. A spokesman will be available to handle enquiries.

ENQUIRIES

11. Any enquiries on this brief can be addressed to Mr S H Tse, Senior Surveyor of the Marine Department (2852 4606) or Miss Florence CHAN, Assistant Secretary of the Economic Development and Labour Bureau (2537 2842).

**Economic Development and Labour Bureau
17 April 2003**

A BILL

To

Amend the Merchant Shipping (Liability and Compensation for Oil Pollution) Ordinance and certain regulations made under it to reflect changes in relevant international conventions and to make technical amendments.

Enacted by the Legislative Council.

1. Short title and commencement

(1) This Ordinance may be cited as the Merchant Shipping (Liability and Compensation for Oil Pollution) (Amendment) Ordinance 2003.

(2) Sections 2 to 5 shall come into operation on 1 November 2003.

Merchant Shipping (Liability and Compensation for Oil Pollution) Ordinance

2. Interpretation

Section 2(1) of the Merchant Shipping (Liability and Compensation for Oil Pollution) Ordinance (Cap. 414) is amended -

(a) in the definition of "Fund Convention" -

(i) by repealing "establishment" and

substituting "Establishment";

(ii) by adding ", as modified by Resolution LEG. 2(82) adopted by the Legal Committee of the International Maritime Organization on 18 October 2000" after "1992";

(b) in the definition of "Liability Convention", by adding ", as modified by Resolution LEG. 1(82) adopted by the Legal Committee of the International Maritime Organization on 18 October 2000" after "1992";

(c) by repealing the definition "the 1992 Protocols".

3. Limitation of liability under section 6

(1) Section 9(2)(a) is amended by repealing "3 million" and substituting "4,510,000".

(2) Section 9(2)(b) is amended -

(a) by repealing "3 million" and substituting "4,510,000";

(b) by repealing "420" and substituting "631";

(c) by repealing "59.7 million" and substituting "89,770,000".

4. Contributions to the Fund

Section 23(9) is amended -

(a) in the definition of "燃油", by repealing "試驗協會" and substituting "及試驗學會";

(b) in the definition of "美國材料試驗協會", by repealing "試驗協會" and substituting "及試驗學會".

5. Overall limit on liability of Fund

Schedule 1 is amended -

- (a) in paragraph 4(a) of Article 4 of the Fund Convention, by repealing "135 million" and substituting "203,000,000";
- (b) in paragraph 4(b) of Article 4 of the Fund Convention, by repealing "135 million" and substituting "203,000,000";
- (c) in paragraph 4(c) of Article 4 of the Fund Convention, by repealing "200 million" and substituting "300,740,000".

Merchant Shipping (Liability and Compensation for Oil Pollution)(Compulsory Insurance) Regulations

6. Regulations repealed

Regulations 2, 3 and 4 of the Merchant Shipping (Liability and Compensation for Oil Pollution)(Compulsory Insurance) Regulations (Cap. 414 sub. leg. A) are repealed.

Explanatory Memorandum

The Merchant Shipping (Liability and Compensation for Oil Pollution) Ordinance (Cap. 414) ("the Ordinance") and the regulations made under it were enacted to implement the

International Convention on Civil Liability for Oil Pollution Damage, 1969 and the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage, 1971. The 2 Conventions were subsequently amended by several protocols, one of them being the Protocol of 1992 to amend the International Convention on Civil Liability for Oil Pollution Damage, 1969 ("the 1992 Liability Protocol"). On 18 October 2000, the Legal Committee of the International Maritime Organization adopted 2 resolutions ("the 2 resolutions") which further amend the 2 Conventions for the purpose of increasing the amount of compensation payable for pollution caused by the discharge or escape of oil from ships. The main purpose of this Bill is to amend the Ordinance to implement the 2 resolutions.

2. The Bill also amends the regulations made under the Ordinance to ensure that the regulations are consistent with the changes introduced by the 1992 Liability Protocol.

3. Clause 1(2) provides that amendments to the Ordinance shall come into operation on 1 November 2003 i.e. the day on which the 2 resolutions will enter into force.

4. Clause 2(a)(i) is a technical amendment. The amendments in clause 2(a)(ii) and (b) relate to the definitions of "Fund Convention" and "Liability Convention". Clause 2(c) repeals the definition "the 1992 Protocols" as the term is not used in the Ordinance.

5. Clauses 3 and 5 increase the limits of compensation as provided by the 2 resolutions.

6. The Chinese translation of "American Society for Testing and Materials" is to be standardized as "美國材料及試驗學會" in the Ordinances of Hong Kong. Clause 4 adopts this standard translation.

7. Clause 6 repeals regulations 2, 3 and 4 of the Merchant Shipping (Liability and Compensation for Oil Pollution)(Compulsory Insurance) Regulations (Cap. 414 sub. leg. A). Regulation 3 providing a definition of the term "persistent oil" is repealed because the term "persistent oil" was deleted from section 15(1) of the Ordinance, as a result of the 1992 Liability Protocol. Regulation 4 is repealed as the recognition of certificates issued by certain specified countries is not consistent with the 1992 Liability Protocol. Consequential to the repeal of regulation 4, regulation 2 containing definitions used in regulation 4, is also repealed.

Changes to the limitation amounts in the 1992 CLC and the limits of compensation in the 1992 Fund

1. According to the Resolution passed by the Legal Committee of the International Maritime Organisation (IMO), the limitation amounts in the 1992 CLC will be changed as follows-

	1992 CLC Limitation Amount	New Limitation Amount
Ship not exceeding 5,000 tons	3 million units of account	4.51 million units of account
Ship exceeding 5,000 tons	3 million units of account plus 420 units of account per ton in excess of 5,000 tons	4.51 million units of account plus 631 units of account per ton in excess of 5,000 tons
Aggregate amount not to exceed	59.7 million units of account	89.77 million units of account

2. According to the Resolution passed by the Legal Committee of the IMO, the limits of compensation in the 1992 Fund will be changed as follows-

		1992 Fund Limit of Compensation	New Limit of Compensation
(a)	Maximum aggregate amount of compensation payable by the Fund and the amount of compensation actually paid under the 1992 CLC in respect of any one incident	135 million units of account	203 million units of account
(b)	Maximum aggregate amount of compensation payable by the Fund for pollution damage resulting from a natural phenomenon of an exceptional, inevitable and irresistible character	135 million units of account	203 million units of account
(c)	Maximum amount of compensation referred to in (a) and (b) above with respect to any incident occurred during any period when there are three	200 million units of account	300.74 million units of account

	Contracting Parties in respect of which their combined quantity of contributing oil was equal to or greater than 600 million tons in the preceding year.		
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Annex C

Chapter:	414	Title:	MERCHANT SHIPPING (LIABILITY AND COMPENSATION FOR OIL POLLUTION) ORDINANCE	Gazette Number:	L.N. 327 of 1999
Section:	2	Heading:	Interpretation	Version Date:	05/01/2000

- (1) In this Ordinance, unless the context otherwise requires-
- "cost" (費用) includes expenses;
- "country" (地區) includes any territory;
- "court"(法庭) (法院) means the Court of First Instance or a judge thereof; (Amended 25 of 1998 s. 2)
- "damage" (損害) includes loss;
- "Director" (處長) means the Director of Marine;
- "Fund Convention" (《基金公約》) means the International Convention on the establishment of an International Fund for Compensation for Oil Pollution Damage, 1992; (Amended 46 of 1997 s. 2)
- "Hong Kong ship" (香港船舶) means a ship registered in Hong Kong;
- "incident" (事件) means any occurrence, or series of occurrences having the same origin, that-
- (a) causes pollution damage; or
 - (b) creates a relevant threat of contamination; (Added 46 of 1997 s. 2)
- "Liability Convention" (《法律責任公約》) means the International Convention on Civil Liability for Oil Pollution Damage, 1992; (Amended 46 of 1997 s. 2)
- "Monetary Authority" (金融管理專員) means the Monetary Authority appointed under section 5A of the Exchange Fund Ordinance (Cap 66); (Added 46 of 1997 s. 2)
- "oil" (油、油類) (except in sections 23 and 24) means persistent hydrocarbon mineral oil; (Added 46 of 1997 s. 2)
- "owner" (船東), in relation to a ship, means the person or persons registered as the owner of the ship or, in the absence of registration, the person or persons owning the ship, except that in relation to a ship owned by a State which is operated by a person registered as the ship's operator, it means the person registered as its operator; (Amended 74 of 1990 s. 104(3))
- "pollution damage" (污染損害) means loss or damage caused outside a ship by contamination resulting from the discharge or escape of oil from the ship, wherever the discharge or escape may occur, and includes the cost of preventive measures and further loss or damage caused by preventive measures, but does not include any loss or damage attributable to any impairment of the environment except to the extent that such loss or damage consists of any loss of profits or the cost of any reasonable measures of reinstatement actually taken or to be taken; (Amended 46 of 1997 s. 2)
- "preventive measures" (預防措施) means any reasonable measures taken by any person, after an incident has occurred, to prevent or reduce pollution damage; (Amended 46 of 1997 s. 2)
- "the 1992 Protocols" (《1992年議定書》) means-
- (a) the Protocol of 1992 to amend the International Convention on Civil Liability for Oil Pollution Damage, 1969 which protocol was signed in London on 27 November 1992; and
 - (b) the Protocol of 1992 to amend the International Convention on the establishment of an International Fund for Compensation for Oil Pollution Damage, 1971 which protocol was signed in London on 27 November 1992; (Added 46 of 1997 s. 2)

"relevant threat of contamination" (有關的污染威脅) means a grave and imminent threat of damage being caused by contamination resulting from a discharge or escape of oil from a ship; (Added 46 of 1997 s. 2)

"ship" (船) (船舶) means any sea-going vessel or seaborne craft of any type whatsoever; (Amended 46 of 1997 s. 2)

"special drawing rights" (特別提款權) means units of account used by the International Monetary Fund and known as special drawing rights;

"terminal installation" (貯油站) means any site for the storage of oil in bulk which is capable of receiving oil from waterborne transportation, including any facility situated offshore and linked to any such site.

(2) For the purposes of this Ordinance, where more than one discharge or escape results from the same occurrence or from a series of occurrences having the same origin, they shall be treated as one; but any measures taken after the first of them shall be deemed to have been taken after the discharge or escape.

(3) Reference in this Ordinance to the area of a country includes its territorial sea and any exclusive economic zone of that country established in accordance with international law or, if a country has not established such a zone, it includes an area beyond and adjacent to the territorial sea of that country determined by that country in accordance with international law and extending not more than 200 nautical miles from the baseline from which the breadth of its territorial sea is measured. (Replaced 46 of 1997 s. 2)

(4) For the purposes of this Ordinance-

(a) references to a discharge or escape of oil from a ship are references to such a discharge or escape regardless of-

(i) where it occurs, provided it results in pollution damage within the area of Hong Kong or within the area of a country that is a signatory to the Liability Convention; and

(ii) whether it is of oil carried in a cargo tank or of oil carried in a bunker fuel tank; and

(b) where a relevant threat of contamination results from a series of occurrences having the same origin, they shall be treated as a single occurrence. (Added 46 of 1997 s. 2)

(Enacted 1990)

Chapter:	414	Title:	MERCHANT SHIPPING (LIABILITY AND COMPENSATION FOR OIL POLLUTION) ORDINANCE	Gazette Number:	L.N. 327 of 1999
Section:	9	Heading:	Limitation of liability under section 6	Version Date:	05/01/2000

(1) Where, as a result of any incident, the owner of a ship incurs a liability under section 6, he may limit that liability in accordance with the provisions of this Ordinance and, if he does so, his liability shall not exceed the relevant amount.

(2) In subsection (1) "the relevant amount" (有關數額) means-

(a) for a ship not exceeding 5000 tons, 3 million special drawing rights;

(b) for a ship exceeding 5000 tons, 3 million special drawing rights together with an additional 420 special drawing rights for each ton of its tonnage in excess of 5000 tons, but not exceeding an aggregate amount of 59.7 million special drawing rights.

(3) Subsection (1) shall not apply where it is proved that the incident resulted from anything done or omitted to be done by the owner either with the intent to cause such damage or cost or recklessly and with knowledge that such damage or cost would probably result.

(Replaced 46 of 1997 s. 7)

Chapter:	414	Title:	MERCHANT SHIPPING (LIABILITY AND COMPENSATION FOR OIL POLLUTION) ORDINANCE	Gazette Number:	L.N. 327 of 1999
Section:	23	Heading:	Contributions to the Fund	Version Date:	05/01/2000

(1) Contributions shall be payable to the Fund in respect of oil carried by sea to ports or terminal installations in Hong Kong.

(2) Subsection (1) applies whether or not the oil is being imported, and applies even if contributions are payable in respect of carriage of the same oil on a previous voyage.

(3) Contributions shall also be payable to the Fund in respect of oil when first received in any terminal installation in Hong Kong after having been carried by sea and discharged in a port or terminal installation in a country which is not a Fund Convention country.

(4) The person liable to pay contributions is-

- (a) in the case of oil which is being imported, the importer; and
- (b) in any other case, the person by whom the oil is received.

(5) A person shall not be liable to make contributions in respect of the oil imported or received by him in any year if the oil so imported or received in that year does not exceed 150 000 tonnes.

(6) For the purpose of subsection (5)-

- (a) all the companies in a group of companies shall be treated as a single person; and
- (b) any 2 or more companies which have been amalgamated into a single company shall be treated as the same person as that single company.

(7) The contributions payable by a person for any year shall-

- (a) be of such amount as may be determined by the Director of the Fund under Article 12 of the Fund Convention and notified to him by the Fund; (Amended 46 of 1997 s. 18)
- (b) be payable in such instalments, becoming due at such times, as may be so notified to him, and if any amount due from him remains unpaid after the date on which it became due, such amount-
 - (i) shall from that date bear interest, at a rate determined from time to time by the Assembly of the Fund, until it is paid; and
 - (ii) shall, together with such interest, be recoverable as a civil debt due to the Fund.

(8) The Chief Executive in Council may by regulations require persons who are or may be liable to pay contributions under this section to give security for payment to the Chief Executive or to the Fund; and such regulations may-

- (a) contain such supplemental or incidental provisions as appear to the Chief Executive in Council expedient; and
- (b) provide that a contravention of specified provisions of the regulations shall be an offence and may provide penalties therefor not exceeding a fine of \$5000. (Amended 64 of 1999 s. 3)

(9) In this section and section 24, unless the context otherwise requires-

"company" (公司) means a body incorporated under the law of Hong Kong, or of any other country;

"crude oil" (原油) means any liquid hydrocarbon mixture occurring naturally in the earth whether or not treated to render it suitable for transportation, and includes-

- (a) crude oils from which distillate fractions have been removed; and
- (b) crude oils to which distillate fractions have been added;

"fuel oil" (燃油) means heavy distillates or residues from crude oil or blends of such materials intended for use as a fuel for the production of heat or power of a quality equivalent to the American Society for Testing and Materials' Specification for Number Four Fuel Oil (Designation D 396-69), or heavier;

"group of companies" (公司集團) has the same meaning as in section 2(1) of the Companies Ordinance (Cap 32), and in the case of a company incorporated outside Hong Kong, has a corresponding meaning subject to any necessary modifications;

"import" (進口) means import into Hong Kong;

"importer" (進口商) means the person by whom or on whose behalf the oil in question is entered for customs purposes on importation;

"oil" (油、油類) means crude oil and fuel oil.

(10) In this section, "sea" (海) does not include any of the waters of Hong Kong within the meaning of section 3 of the Interpretation and General Clauses Ordinance (Cap 1). (Replaced 26 of 1998 s. 44)
(Enacted 1990)

Chapter:	414	Title:	MERCHANT SHIPPING (LIABILITY AND COMPENSATION FOR OIL POLLUTION) ORDINANCE	Gazette Number:	L.N. 327 of 1999
Schedule:	1	Heading:	OVERALL LIMIT ON LIABILITY OF FUND	Version Date:	05/01/2000

[sections 22(2) & 25(9)]

Fund Convention, Article 4-paragraphs 4 and 5

4. (a) Except as otherwise provided in subparagraphs (b) and (c) of this paragraph, the aggregate amount of compensation payable by the Fund under this Article shall in respect of any one incident be limited, so that the total sum of that amount and the amount of compensation actually paid under the 1992 Liability Convention for pollution damage within the scope of application of this Convention as defined in Article 3 shall not exceed 135 million units of account.
- (b) Except as otherwise provided in subparagraph (c), the aggregate amount of compensation payable by the Fund under this Article for pollution damage resulting from a natural phenomenon of an exceptional, inevitable and irresistible character shall not exceed 135 million units of account.
- (c) The maximum amount of compensation referred to in subparagraphs (a) and (b) shall be 200 million units of account with respect to any incident occurring during any period when there are three Parties to this Convention in respect of which the combined relevant quantity of

contributing oil received by persons in the territories of such Parties, during the preceding calendar year, equalled or exceeded 600 million tons.

- (d) Interest accrued on a fund constituted in accordance with Article V, paragraph 3, of the 1992 Liability Convention, if any, shall not be taken into account for the computation of the maximum compensation payable by the Fund under this Article.
 - (e) The amounts mentioned in this Article shall be converted into national currency on the basis of the value of that currency by reference to the Special Drawing Right on the date of the decision of the Assembly of the Fund as to the first date of payment of compensation.
5. Where the amount of established claims against the Fund exceeds the aggregate amount of compensation payable under paragraph 4, the amount available shall be distributed in such a manner that the proportion between any established claim and the amount of compensation actually recovered by the claimant under this Convention shall be the same for all claimants.

(Replaced 46 of 1997 s. 25)

Chapter:	414A	Title:	MERCHANT SHIPPING (LIABILITY AND COMPENSATION FOR OIL POLLUTION) (COMPULSORY INSURANCE) REGULATIONS	Gazette Number:	
Regulation:	2	Heading:	Interpretation	Version Date:	30/06/1997

In these regulations, unless the context otherwise requires-
"certificate" (證明書) means a document certifying that there is in force in respect of a ship to which section 15(2) of the Ordinance applies a contract of insurance or other security referred to in that subsection;
"Liability Convention country" (公約地區) has the meaning assigned to it in section 5(1) of the Ordinance.

(38 of 1990 s. 32(1))

Chapter:	414A	Title:	MERCHANT SHIPPING (LIABILITY AND COMPENSATION FOR OIL POLLUTION) (COMPULSORY INSURANCE) REGULATIONS	Gazette Number:	
Regulation:	3	Heading:	Definition of "persistent oil"	Version Date:	30/06/1997

For the purpose of section 15(1) of the Ordinance "persistent oil" (低揮發性油類) means any of the following-

- (a) hydrocarbon mineral oils whether crude or distilled, including crude coal tar and the oil residue of tank cleaning operations necessitated by the carriage of any such oils, but excluding those oils which consist wholly of distillate fractions of which more than 50 per cent by volume distil at 340^o centigrade when tested by the "American Society for Testing and Materials Specification D86/67" in the case of oils derived from petroleum and at 350^o centigrade in the case of oils derived from coal tar;
- (b) residual oil, consisting of mineral hydrocarbons comprising the residues of the process of distilling or refining crude petroleum or of both such processes, and any mixture containing such residual oil;
- (c) whale oil.

(38 of 1990 s. 32 (1))

Chapter:	414A	Title:	MERCHANT SHIPPING (LIABILITY AND COMPENSATION FOR OIL POLLUTION) (COMPULSORY INSURANCE) REGULATIONS	Gazette Number:	
Regulation:	4	Heading:	Recognition of certificates	Version Date:	30/06/1997

(1) Subject to paragraph (2), certificates for ships registered in any country which is not a Liability Convention country shall be recognized for the purposes of section 15(4)(c) of the Ordinance if issued by or under the authority of the government of any of the following countries, namely-

Denmark,
Federal Republic of Germany,
France,
Greece,
Netherlands,
Norway,
Spain,
Sweden,
United Kingdom.

(2) Where a ship such as is mentioned in paragraph (1) is engaged on a Hong Kong voyage, a certificate relating to that ship shall not, by virtue of that paragraph, be recognized for the purposes of section 15(4)(c) of the Ordinance unless the certificate has, and is expressed to have, as the period of its validity a period ending not earlier than the completion of that Hong Kong voyage.

(3) For the purposes of paragraph (2), "Hong Kong voyage" (香港航程) means any voyage by a ship-

- (a) from a place in Hong Kong to another place in Hong Kong; or
- (b) from a place outside Hong Kong to a place in Hong Kong; or
- (c) from a place in Hong Kong to a place outside Hong Kong,

and the reference to the duration of such a voyage shall be taken as comprising the whole of any period during which the ship is engaged in that voyage, including any time during which, in connection with the voyage, it is in a place in Hong Kong. (38 of 1990 s. 32(1))

(L.N. 73 of 1977; 38 of 1990 s. 32(1))

IMPLICATIONS OF THE PROPOSAL

Economic implications

The Bill will have insignificant impact on the operating cost of oil tankers as insurance premium is mainly determined by the quality of vessels and the risks incurred. The liability amount is not the main factor in determining the level of premium. On the other hand, the Bill will provide certainty to tankers registered on the Hong Kong Shipping Register and help maintain Hong Kong's role as an international shipping centre.