



NEWS

Japan: The law on liability for ship oil pollution damage

Following a major oil pollution incident in 2002 the Japanese Diet enacted The Law on Liability for Ship Oil Pollution Damage (the Act). This Act, which will take effect from 1 March 2005, extends the current legislation, which only covers tankers, to all ocean going vessels. The main aim of this act is to grant power to the Land, Infrastructure and Transport Ministry to bar uninsured ships from entering Japanese ports and to seek compensation for damage caused by oil leaks as well as the cost of removing wrecks.

From the effective date all ocean going vessels of 100 grt or more will be required to have compulsory insurance that covers bunker oil pollution and wreck removal expenses. The amount of the insurance required under the Act is broadly in line with the International Convention on Limitation of Liability for Maritime Claims 1976. For example a vessel of 10,000 grt will be required to have a minimum insurance cover of 7,421,000 Special Drawing Rights (SDR) of which 5,667,500 SDR's will be in respect of bunker oil pollution and 1,753,500 SDR's will be in respect of wreck removal. Proof of such insurance cover is required to be submitted to the Japanese Coast Guard before the vessel will be allowed to enter a Japanese port. The precise procedural steps by which Owners report their insurance status to the Authorities is still being formulated.

The Managers understand that if the shipowner has Designated Insurers insurance such as with an International Group P&I Club then the original or certified copy of the Certificate of Entry issued by the Club will be accepted by the authorities as proof of insurance.

The Act also empowers other government officers including Port State Control to board the vessel to inspect the relevant insurance certificate. If a certificate cannot be produced then the vessel will simply be denied entry to a Japanese port.

The Managers therefore recommend that all Members who have vessels trading to Japan should ensure that their vessels have a copy of their Certificate of Entry on board and ensure that a copy is provided to the relevant authority before entering a Japanese port.

For further information Members should contact the Managers.

P E Spendlove
Managing Director