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An Update of Key Concerns of P&I Clubs

WHY WRECK REMOVAL COSTS ESCALATE

WHY COSTS RUN AWAY

- Remote, deep or unstable sites and narrow weather windows
- Larger vessels, complex cargo and dispersed debris fields
- Environmental and authority requirements expanding the scope
- Scarce specialist assets and prolonged operating duration



COST DRIVERS SITE · SCOPE · TIME · CONTRACT · PUBLIC EXPECTATION



WHY PORT OF REFUGE DENIED ENTRY

Shelter may prevent a casualty from escalating, yet the coastal State must decide whether accepting the ship imports an unacceptable local risk.



01 ENVIRONMENTAL + POLITICAL RISK

Authorities fear pollution, cleanup disruption and damage to fisheries, tourism and sensitive coastlines.

02 THE “FLOATING PARIAH”

Refusal leaves an unstable ship exposed offshore—potentially increasing the very loss the decision seeks to avoid.

03 CARGO + WASTE DEADLOCK

Damaged cargo may need Basel controls: without discharge, repair and dry-docking can remain blocked.

BOTTOM LINE A refusal may protect one coastline while worsening the casualty as a whole.



International law promotes assessment and cooperation—but no treaty gives a damaged ship an absolute right to enter a foreign port.

01 IMO: NON-BINDING GUIDANCE

A.1184(33) structures case-by-case assessment, but creates no enforceable right or penalty for refusal.

02 TREATY DUTIES STOP SHORT

Salvage Art. 11 supports cooperation; SOLAS and SAR protect persons—not compulsory port admission.

03 EU: A STRONGER PROCESS

Directive 2002/59/EC requires plans and competent decision-making, but still does not guarantee a berth.



WHY REJECTED WASTE CANNOT MOVE BACK

When destination authorities delay, Basel return controls leave carriers unable to move the box while costs continue to accumulate.

- Return requires re-notification and written State consents
 - Destination inspection or administrative clearance stalls
 - The carrier cannot re-export unilaterally without legal risk
 - The waste remains stranded while approvals move among States
- Convention duties attach primarily to national authorities
 - Port-State inaction breaks the practical chain of custody
 - Misdeclaration or abandonment leaves the carrier exposed
 - Storage, demurrage, detention and handling costs escalate

STATE CONSENT · PORT CLEARANCE · CARRIER IMMOBILITY · COST ACCUMULATION



STOWAWAYS: THE LANDING DEADLOCK

The vessel must safeguard the person, while States control landing, immigration status and the return route.

- FAL requires cooperation but offers no direct enforcement route
- The 1957 Brussels Convention never entered into force
- Immigration sovereignty can block disembarkation
- Uncertain identity and protection claims delay acceptance
- The vessel becomes a de facto floating detention centre
- Guards, welfare, legal and repatriation costs compound
- Diversion adds fuel, delay and contractual exposure
- Proposals: landing clock, document support, cost security and port accountability



OBEY ONE LAW, BREAK ANOTHER

Sanctions can make obedience itself dangerous: one court may compel payment while another jurisdiction threatens asset freezes, loss of insurance and financial exclusion.

THE COMPLIANCE TRAP

PAY — OR BE PUNISHED

Courts compel payment, shifting foreign-sanctions risk to the payer.

WHEN COURTS FORCE THE CONFLICT

01 THE TINA 1

A Singapore court ordered security for Iranian claimant Shahraz despite alleged OFAC SDN exposure and more than two years without U.S. clearance.

02 NO PROTECTIVE PAUSE

The court refused a sanctions clause deferring payment, prioritising Singapore procedure over unilateral U.S. restrictions and the defendant's secondary-sanctions risk.

03 CHINA'S AFSL HARD EDGE

A June 2026 maritime case applied the AFSL to block extraterritorial sanctions: RMB 4.99m+ and interest awarded; the Singapore carrier's demurrage counterclaim failed.

BOTTOM LINE The harshness lies in the collision: obeying one legal order can trigger punishment under another.

MASS REWRITES LIABILITY MAP

The law remains shipowner-centred, but control is shifting to software, remote operators and suppliers—turning seaworthiness, nautical fault and limitation into contested questions.

THREE PRESSURE POINTS

01 CARGO RULES STRETCH

Seaworthiness now reaches software, cyber resilience and remote control; the nautical-fault defence becomes fact-sensitive—not automatically obsolete.

02 LIMITATION STILL HOLDS

LLMC's conduct bar remains deliberately high. Shore-side design and management records may matter, but autonomy does not itself defeat limitation.

03 THE LIABILITY CHAIN EXPANDS

Owners remain central, while recourse shifts toward remote operators and technology suppliers. P&I pooling covers ship liabilities—not stand-alone ROC risks.

BOTTOM LINE Autonomy does not remove liability; it relocates control, evidence and recourse ashore.



ARCTIC MAGNIFIES LOSS

In polar waters, oil trapped beneath ice, scarce salvage capacity and weak communications can turn a manageable incident into an environmental and wreck-removal crisis. Extreme cold, limited medical access and a shallow pool of polar-experienced crew then compound P&I exposure across pollution, crew injury, evacuation and casualty response.



METHANOL FUEL A HAZARD MODEL

Methanol's low flashpoint, toxicity and difficult-to-see flame require a different safety case across bunkering, ventilation, detection, firefighting and crew competence.

THREE CLAIM SCENARIOS

01 BUNKERING RELEASE

Connection failure, overfill or procedural error tests containment, shutdown, exclusion zones and emergency coordination.

02 MACHINERY-SPACE LEAK

Detection, ventilation, ignition control, emergency shutdown and suitable firefighting determine escalation.

03 EXPOSURE + DEGRADATION

Toxic exposure, material compatibility, seals, maintenance and competence can create latent people and asset claims.

BOTTOM LINE Manage methanol as a new hazard—not as a diesel substitute.



P&I CLUBS OUTLOOK IN 20 YEARS

Capital can be replicated; the harder-to-replace assets are mutuality, global claims coordination, trusted security and the ability to aggregate catastrophe-scale maritime liabilities.



BOTTOM LINE The clubs survive if they remain shipping's collective response mechanism—not merely its balance sheet.



LONDON'S CERTAINTY COMES AT A PREMIUM

LMAA reduces legal uncertainty—but premium counsel, stacked experts and procedural complexity can make the process economically irrational for mid-value disputes.

WHY THE LONDON PREMIUM DESERVES CRITICISM

01 FEES STACK QUICKLY

Solicitors, KCs, arbitrators, experts and disclosure teams can turn specialist quality into layers of premium-priced professional time.

02 PROCEDURE EXPANDS

Written rounds, document production, expert evidence, hearings and court applications can overwhelm the original commercial value.

03 ACCESS BECOMES UNEQUAL

Large traders can absorb the premium; smaller parties may settle early, abandon sound claims or face costs disproportionate to recovery.

BOTTOM LINE Predictability has value—but not when the cost of obtaining it approaches the amount in dispute.





THREE CITIES TALE

01 SINGAPORE

TRADE-LED ADVANTAGE

Commodity and mining headquarters generate contracts—and naturally pull clauses and case flow toward Singapore.

02 SHANGHAI

SCALE, BUT A TALENT GAP

Mainland cargo volume is immense; English-law depth and predictable foreign-law court support are still developing.

03 HONG KONG

COMMON-LAW BRIDGE

Bilingual maritime counsel and Mainland interim measures are powerful, but trade-HQ loss and neutrality perceptions weaken flow.

No city yet combines all three assets: case flow, specialist talent and enforcement reach.



HK - REAL EDGE, THIN BENCH

Common law and access to Mainland interim measures remain powerful advantages—but they cannot compensate indefinitely for a shallower pipeline of maritime advocates and arbitrators.

THE UNCOMFORTABLE COMPETITIVE POSITION

01 LONDON'S DEEP BENCH

London's far deeper pool of arbitrators, KCs, solicitors and specialist judges sustains trust across Western, Chinese and other BRICS counterparties.

02 RIVALS BUILD CASE FLOW

Singapore turns trader clusters and policy support into cases; Shanghai adds lower costs generally, domestic cargo traders, state promotion.

03 WHERE HONG KONG STANDS

Hong Kong still bridges common law and Mainland assets—but without a deeper next generation, that edge risks becoming a niche.





The
Swedish
Club