

THE SHIPPING LAW
REVIEW

SIXTH EDITION

Editors

George Eddings, Andrew Chamberlain
and Holly Colaço

THE LAWREVIEWS

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CONTENTS

PREFACE.....	vii
<i>George Eddings, Andrew Chamberlain and Holly Colaço</i>	
Chapter 1	SHIPPING AND THE ENVIRONMENT 1
<i>Thomas Dickson</i>	
Chapter 2	INTERNATIONAL TRADE SANCTIONS 10
<i>Daniel Martin</i>	
Chapter 3	COMPETITION AND REGULATORY LAW 17
<i>Anthony Woolich and Daniel Martin</i>	
Chapter 4	OFFSHORE 26
<i>Paul Dean</i>	
Chapter 5	OCEAN LOGISTICS..... 35
<i>Craig Neame</i>	
Chapter 6	PORTS AND TERMINALS 42
<i>Matthew Wilmshurst</i>	
Chapter 7	SHIPBUILDING 47
<i>Simon Blows and Vanessa Tattersall</i>	
Chapter 8	MARINE INSURANCE 56
<i>Jonathan Bruce, Alex Kemp and Rebecca Huggins</i>	
Chapter 9	PIRACY 66
<i>Michael Ritter and William MacLachlan</i>	
Chapter 10	DECOMMISSIONING IN THE UNITED KINGDOM 75
<i>Tom Walters</i>	

Contents

Chapter 11	ANGOLA.....	84
	<i>João Afonso Fialho, José Miguel Oliveira and Ivo Mahumane</i>	
Chapter 12	AUSTRALIA.....	94
	<i>Gavin Vallely, Simon Shaddick and Alexandra Lamont</i>	
Chapter 13	BRAZIL.....	113
	<i>Larry John Rabb Carvalho</i>	
Chapter 14	CHILE.....	124
	<i>Ricardo Rozas</i>	
Chapter 15	CHINA.....	139
	<i>Nicholas Poynder and Jean Cao</i>	
Chapter 16	COLOMBIA.....	153
	<i>Javier Franco</i>	
Chapter 17	DENMARK.....	162
	<i>Jens V Mathiasen and Christian R Rasmussen</i>	
Chapter 18	ENGLAND AND WALES.....	175
	<i>George Eddings, Andrew Chamberlain, Holly Colaço and Isabel Phillips</i>	
Chapter 19	FRANCE.....	195
	<i>Mona Dejean</i>	
Chapter 20	GREECE.....	211
	<i>Paris Karamitsios, Electra Panayotopoulos and Dimitri Vassos</i>	
Chapter 21	HONG KONG.....	222
	<i>Nicola Hui and Winnie Chung</i>	
Chapter 22	INDIA.....	245
	<i>Amitava Majumdar, Aditya Krishnamurthy, Jyotika Jain and Damayanti Sen</i>	
Chapter 23	IRELAND.....	267
	<i>Catherine Duffy, Vincent Power and Eileen Roberts</i>	
Chapter 24	ITALY.....	283
	<i>Pietro Palandri and Marco Lopez de Gonzalo</i>	

Chapter 25	JAPAN <i>Jumpei Osada, Masaaki Sasaki and Takuto Kobayashi</i>	295
Chapter 26	KOREA <i>Jong Ku Kang and Joon Sung (Justin) Kim</i>	305
Chapter 27	LEBANON <i>Josiane Laboud and Lea Ferzli</i>	316
Chapter 28	MALTA <i>Jean-Pie Gauci-Maistre, Despoina Xynou and Yvanka Vella</i>	327
Chapter 29	MARSHALL ISLANDS <i>Lawrence Rutkowski</i>	340
Chapter 30	MOZAMBIQUE <i>João Afonso Fialho, José Miguel Oliveira and Catarina Coimbra</i>	349
Chapter 31	NEW ZEALAND <i>Simon Cartwright, Rob McStay, Charlotte Lewis and Zoe Pajot</i>	359
Chapter 32	NIGERIA <i>Adedoyin Afun</i>	379
Chapter 33	PANAMA <i>Juan David Morgan Jr</i>	396
Chapter 34	PARAGUAY <i>Juan Pablo Palacios Velázquez</i>	406
Chapter 35	PHILIPPINES <i>Valeriano R Del Rosario, Maria Theresa C Gonzales, Daphne Ruby B Grasparil and Jennifer E Cerrada</i>	416
Chapter 36	PORTUGAL <i>João Afonso Fialho, José Miguel Oliveira and Miguel Soares Branco</i>	430
Chapter 37	RUSSIA <i>Igor Nikolaev</i>	439

Contents

Chapter 38	SINGAPORE.....	448
	<i>Kimarie Cheang, Wole Olufunwa, Magdalene Chew, Edwin Cai and Nahin Mustafiz</i>	
Chapter 39	SPAIN.....	480
	<i>Anna Mestre, Andrés Candomeque and Carlos Górriz</i>	
Chapter 40	SWITZERLAND	492
	<i>William Hold</i>	
Chapter 41	TAIWAN.....	500
	<i>Daryl Lai and Jeff Gonzales Lee</i>	
Chapter 42	UKRAINE.....	512
	<i>Eugeniy Sukachev, Anastasiya Sukacheva and Irina Dolya</i>	
Chapter 43	UNITED ARAB EMIRATES	525
	<i>Yaman Al Hawamdeh and Meike Ziegler</i>	
Chapter 44	UNITED STATES	541
	<i>James Brown, Michael Wray, Jeanie Goodwin, Thomas Nork, Chris Hart, Marc Kutner, Alejandro Mendez and Melanie Fridgant</i>	
Chapter 45	VENEZUELA.....	563
	<i>José Alfredo Sabatino Pizzolante</i>	
Appendix 1	ABOUT THE AUTHORS.....	575
Appendix 2	CONTRIBUTORS' CONTACT DETAILS.....	605
Appendix 3	GLOSSARY.....	611

PREFACE

The sixth edition of this book aims to continue to provide those involved in handling shipping disputes with an overview of the key issues relevant to multiple jurisdictions. We have again invited contributions on the law of leading maritime nations, including both major flag states and the countries in which most shipping companies are located. We also include chapters on the law of the major shipbuilding centres and a range of other jurisdictions.

As with previous editions of *The Shipping Law Review*, we begin with cross-jurisdictional chapters looking at the latest developments in important areas for the shipping industry: competition and regulatory law, sanctions, ocean logistics, piracy, shipbuilding, ports and terminals, offshore shipping, marine insurance and environmental issues. A new chapter on decommissioning is also included, which seeks to demystify this interesting and fast-developing area of law.

Each jurisdictional chapter gives an overview of the procedures for handling shipping disputes, including arbitration, court litigation and any alternative dispute resolution mechanisms. Jurisdiction, enforcement and limitation periods are all covered. Contributors have summarised the key provisions of local law in relation to shipbuilding contracts, contracts of carriage and cargo claims. We have also asked the authors to address limitation of liability, including which parties can limit, which claims are subject to limitation and the circumstances in which the limits can be broken. Ship arrest procedure, which ships may be arrested, security and counter-security requirements, and the potential for wrongful arrest claims are also included.

The authors review the vessel safety regimes in force in their respective countries, along with port state control and the operation of both registration and classification locally. The applicable environmental legislation in each jurisdiction is explained, as are the local rules in respect of collisions, wreck removal, salvage and recycling. Passenger and seafarer rights are examined, and contributors set out the current position in their jurisdiction. The authors have then looked ahead and commented on what they believe are likely to be the most important developments in their jurisdiction during the coming year.

The shipping industry continues to be one of the most significant sectors worldwide, with the United Nations estimating that commercial shipping represents around US\$380 billion in terms of global freight rates, amounting to about 5 per cent of global trade overall. More than 90 per cent of the world's trade is still transported by sea. The law of shipping remains as interesting as the sector itself and the contributions to this book continue to reflect that.

The maritime sector continues to take stock after experiencing a bumpy ride during the past few years and, while the industry is looking forward to continued recovery, there is still uncertainty about the effects of trade tariffs and additional regulation. Under the current US administration, the sanctions picture has become ever more complex and uncertain.

With a heightened public focus on the importance of environmental issues, a key issue within the shipping industry remains environmental regulation, which is becoming ever more stringent. At the IMO's MEPC 72 in April 2018, it was agreed that international shipping carbon emissions should be cut by 50 per cent (compared with 2008 levels) by the year 2050. This agreement may lead to some of the most significant regulatory changes in the industry in recent years and is likely to lead to greater investment in the development of zero carbon dioxide fuels, possibly paving the way for phasing out carbon emissions from the sector entirely. This new IMO Strategy, together with the stricter sulphur limit of 0.5 per cent m/m coming in from 2020, is generating increased interest in alternative fuels, alternative propulsion and green vessel technologies.

Brexit continues to pull focus, with the withdrawal agreement reached between the EU and UK having been rejected three times and an extension of the Article 50 process granted until 31 October 2019. Much has been printed about the effects of Brexit on the enforcement of maritime contracts. However, the majority of shipping contracts globally will almost certainly continue to be governed by English law, as Brexit will not significantly effect enforceability. Arbitration awards will continue to be enforceable under the New York Convention and it seems likely reciprocal EU and UK enforcement of court judgments will be agreed.

We would like to thank all the contributors for their assistance in producing this edition of *The Shipping Law Review*. We hope this volume will continue to provide a useful source of information for those in the industry handling cross-jurisdictional shipping disputes.

George Eddings, Andrew Chamberlain and Holly Colaço

HFW

London

May 2019

MOZAMBIQUE

*João Afonso Fialho, José Miguel Oliveira and Catarina Coimbra*¹

I COMMERCIAL OVERVIEW OF THE SHIPPING INDUSTRY

Over the years Mozambique's economy has been consistently fuelled by the exploration of the country's massive minerals reserves, notably coal and ores. In addition to minerals, the country has gigantic reserves of natural gas, with the OECD expecting Mozambique to become in the medium term one of the top five exporters of LNG globally, second in the African continent.

To take advantage of the country's geographic location, ongoing consolidation of the SADC free trade tariffs and expected increase in the local production and extraction of minerals and LNG, which in the coming years will necessarily lead to growing transport volumes and exports, the government has in the pipeline transport projects totalling US\$117 billion, which include expanding ports and logistics capacities.

The above notwithstanding, it is worth mentioning that Mozambique has seen both imports and exports increasing during recent years, with port demand greatly increasing since 2013. Most of the goods are channelled by sea through the ports of Maputo/Matola, Beira, Nacala and Pemba (which mostly serves the oil and gas industry), where investments in existing and new infrastructure are also planned: in addition to the plan of increasing the handling capacity of the port of Maputo to an annual 48 million tonnes by 2033, the government intends to reactivate the construction of a deep-water port at Techobanine, close to the South African border, and build a new port for Palma, north of Pemba, to support the LNG activities.

Further, the government's plan to set up a logistics corridor in Nacala, comprising several industry projects in the range of billions of US dollars (the largest infrastructure project financing in Africa to date), is also expected to enhance cabotage and bunkering services, as it will serve to promote the shipment of goods and passengers along the coast of Mozambique. In this respect, the revitalisation of the Mozambican maritime cabotage is one of the main goals of the government for the transport sector. For that, the government has set up several protocols with public and private entities (including with the concessionaires of the Nacala and Maputo ports) aimed at enhancing the national maritime cabotage to enable the increase of flow of load and people between the Mozambican ports.

¹ João Afonso Fialho is a partner, José Miguel Oliveira is a managing associate and Catarina Coimbra is an associate at Vieira de Almeida.

As regards trading partners, Mozambique has solid ties with South Africa and Portugal for geographical and historical reasons, respectively. However, the past couple of years have seen the rise of new players, such as the Netherlands, China, India, Belgium-Luxembourg and Italy, with all that means in terms of port-calls and shipping-related activities.

II GENERAL OVERVIEW OF THE LEGISLATIVE FRAMEWORK

The legal framework applicable to the industry is a combination of both domestic laws and international treaties and conventions. Nevertheless, most of the applicable international conventions governing shipping-related matters were initially ratified by Portugal when Mozambique was still a Portuguese overseas territory. Although Mozambique has not specifically adhered to the same conventions since gaining independence, as required under the Vienna Convention on Succession of Treaties, it is commonly accepted that those conventions apply in light of Article 71 of the Mozambican Constitution (the version approved immediately after the country gained independence), which provided for the survival of any Portuguese laws and regulations in force at that time as long as they do not conflict with the word and spirit of the constitutional provisions.

In terms of domestic law, several statutes have been approved during the past decade, the most relevant being Law 4/96 of 4 January 1996 (the Law of the Sea) and Law 5/96 of 4 January 1996, which established specialised maritime courts. In 2016 and 2017, important legislation was also enacted, including: (1) a Special Registry for Foreign Vessels, providing maritime cabotage (Decree 35/2016, of 31 August 2016); and (2) new regulations on Port Work (Decree 46/2016, of 31 October 2016); (3) the Regulations on Private Use of the National Maritime Space (Decree 21/2017, of 24 May 2017); and (4) the Regulations on the International Code of Protection of Vessels and Port Facilities (Decree 71/2017, of 31 December 2017), through which Mozambique has (finally) ratified the International Ship and Port Facility Security Code (ISPS Code).

Having in mind its goal to set up a consistent legal regime for maritime and shipping activities, more recently the government has enacted a set of important new statutes, including Resolution 5/2018, of 18 September 2018, which transposes into domestic law the Maritime Labour Convention, the new Regulations for Pilots and Ports Certification (Decree 24/2018, of 7 May 2018), and Regulations on the mandatory verification and declaration of containers' gross weight (Decree 58/2018, of 4 September 2018). In addition, regulations on international maritime safety have also been approved, as further detailed below.

III FORUM AND JURISDICTION

i Courts

With the enactment of Law 5/96, specialised courts in maritime and shipping matters were established in Mozambique's most important cities, such as Maputo, Inhambane, Beira, Quelimane, Nacala and Pemba. These are independent courts exercising jurisdiction over all types of maritime contracts (from engineering, procurement and construction contracts for vessels to bareboat charters) and disputes.

In general, Mozambican courts will find themselves competent to rule on claims where parties in dispute and the claim itself have a close connection or link to Mozambique.

The general time bar for commercial matters is 20 years, although there are certain cases in which this statutory limitation period is shorter (e.g., general average-related claims

are time-barred after one year and salvage claims are time-barred if legal proceedings do not commence within two years of the day on which the salvage operations are concluded or terminated).

ii Arbitration and ADR

Mozambique adopted the 1958 Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention) and has ratified the 1965 Washington Convention on the Settlement of Investment Disputes between States and Nationals of other States.

The primary source of domestic law relating to arbitration is the Law on Arbitration, Conciliation and Mediation, commonly referred to as LACM (Law 11/99 of 8 July 1999). The LACM governs both international and domestic commercial arbitration, recognises the New York and Washington conventions but applies the rules set out in the Mozambican Code of Civil Procedure for arbitration proceedings. The LACM does not diverge itself from the UNCITRAL Model Law on International Commercial Arbitration and it follows the general standards and terms of the UNCITRAL Model Law for the conduct of proceedings, tribunal composition and recognition of the awards given.

In order to submit a dispute to arbitration, there must be an arbitration agreement (often a clause that is express, valid and enforceable). This agreement is required to be in written format (in the contract under which the dispute arises or in any correspondence exchanged between the parties).

As a final note, the government of Mozambique created the Centre for Arbitration, Conciliation and Mediation (CAMC) to oversee and promote arbitration, and other alternative dispute resolution mechanisms. The CAMC is headquartered in Maputo but also has branches in the cities of Beira and Nampula.

iii Enforcement of foreign judgments and arbitral awards

Mozambican law allows the parties to a contract to agree on a foreign jurisdiction and arbitral tribunal to resolve any conflicts arising under the relevant agreement, unless those conflicts are covered by provisions that, for any reason, are subject to mandatory Mozambican law or jurisdiction.

Article 1094 of the Mozambican Civil Code of Procedure sets out that any judgment or arbitration awarded by a foreign court or arbitration is, as a rule, subject to review and confirmation by the Supreme Court in order to be valid and enforceable locally (i.e., to obtain the *exequatur*). That is to say, unless a special regime applies, the enforcement of any foreign judgments or arbitral awards in the country is subject to the consideration of Mozambique's highest court.

Given that Mozambique has ratified the New York Convention, courts are *prima facie* to give effect to an arbitration agreement and award rendered in any other signatory to the New York Convention. Where the arbitral award was not granted by another contracting state, to be enforceable the award must have previously been reviewed and confirmed by Mozambique's Supreme Court.

IV SHIPPING CONTRACTS

i Shipbuilding

Mozambique does not have specific legislation dealing with shipbuilding contracts. These contracts are often treated as sale and purchase agreements and therefore are subject to the

principle of private autonomy of the contracting parties. This means the parties can negotiate the terms and conditions of the contract in accordance with Article 405 of the Mozambican Civil Code. Under the Civil Code, contractual risk and ownership is transferred upon delivery and full payment of the price, unless otherwise agreed.

ii Contracts of carriage

The Hague Rules are applicable in Mozambique. Under the Hague Rules, the carrier is liable with regard to the consignee in relation to the loading, handling, stowage, carriage, custody, care and discharge of goods. Contracts of carriage are therefore governed by the terms of the Hague Rules and the Mozambican Commercial Code, in the absence of detailed provisions set out in the relevant contract.

If the shipment takes place between two countries that are party to the Hague Rules (i.e., loading and place of destination), these rules shall apply. However, if the country of destination of the goods is not a signatory to the Hague Rules, then the applicable law would be determined by Mozambican courts in accordance with the principle *lex rei sitae*.

iii Cargo claims

As a general principle, any party to a contract of carriage that holds an interest over the cargo and can demonstrate that it has suffered loss or damage arising from the carrier's actions or omissions is entitled to sue for loss or damage. Taking this into consideration, the rights to sue under a contract of carriage rest with (1) the shipper and (2) the rightful holder of the bill of lading. When in the presence of a straight bill of lading, the right to bring a claim remains with the named consignee; with an order bill of lading, only the latest endorsee is eligible to sue; and with a bill of lading to bearer, it is up to the rightful holder at a given moment to sue.

Pursuant to the relevant provisions of the 2005 Commercial Code (Article 697 et seq.), the consignee is entitled to sue the carrier for loss or damage to the relevant cargo as long as the event took place during the period between the date on which the carrier received the goods and the date on which they are delivered to the consignee at the agreed place. The carrier will be held liable unless it can prove, *inter alia*, that the loss or damage being claimed is the result of:

- a an action or omission attributable to the shipper or the consignee;
- b the goods being defective or faulty;
- c the goods not being duly assembled or packaged; or
- d by reason of change (*caso fortuito*) or force majeure.

Note also that if carrier accepted the goods without any reservations, there is a legal presumption that no apparent faults or defects existed at the time.

The above notwithstanding, in general the consignee will not be able to file a claim against the carrier in the terms described above if it receives the cargo and settles payment without making any reservation as to its status. This principle will not apply in the event that the carrier acted with wilful misconduct (*dolo*), serious fault (*culpa grave*) or where the faults, defects or losses were not easily visible or detectable at the time of delivery.

Moreover, the carrier can be held liable before the shipper if, at the time it delivers the cargo to the consignee, it fails to seek reimbursement of the transportation expenses and any debts that the shipper instructed the carrier to recover from the consignee. In this case, the carrier will be held liable for the payment of the unrecovered credits and cannot seek to recover any transportation costs from the consignee.

In addition to the above, rights under a contract of carriage may also be validly transferred to third parties either by way of assignment of contractual position or subrogation in rights (which is typically the case when insurers indemnify cargo interests and then seek reimbursement from the carrier), as long as the relevant rules provided in the Civil Code are met.

iv Limitation of liability

The LLMC Convention 1976 is not applicable in Mozambique. Conversely, both the 1924 International Convention for the Unification of Certain Rules relating to the Limitation of the Liability of Owners of Seagoing Vessels and the 1957 International Convention relating to the Limitation of the Liability of Owners of Seagoing Vessels are applicable.

In addition to the above conventions, it is also important to consider the limitations arising from the Hague Rules, to the extent that they are applicable.

V REMEDIES

i Ship arrest

The Brussels Convention is applicable in Mozambique. Under the Brussels Convention, any person alleging to have a maritime claim (*fumus bonis iuris*) is entitled to seek the arrest of a ship. A 'maritime claim' is one that arises out of one or more of the situations named under Article 1.1 of the Brussels Convention.

Outside the scope of the Brussels Convention, that is, for purposes of obtaining security for an unlisted maritime claim (e.g., arrest for a ship sale claim, unpaid insurance premiums, P&I dues) or to seek the arrest of a vessel sailing under the flag of a non-contracting state, the claimant must make use of the provisions of the Civil Procedure Code. In this case, and aside from the jurisdiction issue that needs to be properly assessed, in addition to providing evidence of the likelihood of its right or credit (*fumus bonis iuris*), the claimant shall also produce evidence that there is a risk that the debtor or arrestor may remove or conceal the ship (security for the claim) or that the ship may depreciate in such a way that at the time the final judgment is handed down in the main proceedings, the ship is no longer available or has substantially decreased in value (*periculum in mora*).

With the arrest in place, the claimant is required to file the initial claim for the main proceedings of which the injunction will form an integral part within 30 days of the arrest order. During the proceedings, the parties are free to settle by agreement and withdraw the claim. If the main claim should be filed with a foreign court, then the Mozambican judge dealing with the arrest application must set out the period within which the claimant must commence proceedings on the merits in the appropriate jurisdiction. The defendant is entitled to post a security before the relevant court in the amount of the claim brought by the claimant and seek the release of the vessel pending foreclosure and auction.

ii Court orders for sale of a vessel

The arrestor or any interested party can seek the judicial sale of the arrested vessel. In principle, the sale cannot take place during the arrest proceedings, requiring the bringing of new enforcement proceedings.

In a nutshell, with the enforcement application lodged, the court will notify the debtor (owner or charterer and other interested parties) to settle the claim or oppose the sale. If the debtor fails to pay or if no opposition is lodged within an appropriate period of time, the

court will order the sale. To that extent, the judge will then decide on how the sale will take place (public auction, private negotiation, sealed bids) and will appoint an auctioneer who will be responsible for the relevant proceedings and arrangements (such as organising the tender and visits to the vessel, collecting the bids, getting the proceeds of the sale and liaising with court). The vessel is sold 'as is and where is' and free from any charges or encumbrances. The proceeds arising from the sale of the vessel will be used to pay the claimant or creditors, the court fees (including auctioneer's fees) and other credits and expenses, such as salvage rewards, master and crew wages, insurance premiums, pilotage and towing expenses.

Lastly, the debtor will have the power to recover the vessel until completion of the judicial sale, provided it deposits with the court the amount being due plus court fees and expenses.

VI REGULATION

i Safety

The National Maritime Institute (INAMAR), a public body that is under the supervision of the Ministry of Transport and Telecommunications, is the key entity responsible for maritime safety. The National Institute of Hydrography and Navigation also has an ancillary role in maritime safety. The INAMAR fulfils a number of safety functions, including the coordination of protective measures of vessels and sea ports and the supervision (licensing) of compliance with safety regulations for vessels operating within Mozambican waters. The INAMAR is also responsible for ensuring that carriers and shipowners operating in the country adopt, adhere to and comply with the international conventions applicable or ratified by Mozambique, such as SOLAS and the ISPS Code, ratified by means of Decree 71/2017 of 31 December 2017. The implementation of the ISPS Code was monitored, during 2018, by experts from the US Coast Guard, together with INAMAR. In the context of a visit to the Port of Maputo at the end of 2018, the experts team congratulated the government on, among others, the creation of an efficient system of security checks of persons and vehicles, access control to the ports and improvement of the work conditions of the supervisory agents.

Regarding the international regulations on maritime safety, the government has recently adhered to the 2005 Protocol for the Convention on the Suppression of Unlawful Acts against the Safety of Maritime Navigation (SUA) and the 2005 Protocol on the Suppression of Unlawful Acts against the Safety of Fixed Platforms Located on the Continental Shelf (SUA PROT), by means of Resolutions 28/2018 and 29/2018, of 31 July 2018.

ii Port state control

The INAMAR is also responsible for exercising port state control over any foreign vessels. Pursuant to Resolution 9/2012 of 15 March 2012, the INAMAR controls all maritime activities in the country and is responsible for:

- a* the coordination, implementation and supervision of compliance with the ISPS Code;
- b* the designation of security plans for port facilities;
- c* the assessment of security of Mozambican ships and port facilities;
- d* the licensing of shipping agents;
- e* the certification of seafarers;
- f* the issuance of pilotage certificates;
- g* the certification of vessels; and
- h* the development of regulations to implement the ISPS Code.

Despite being a relatively new institute, and arguably lacking staff with the required security expertise and resources to undertake its regulatory functions, the INAMAR has been actively engaging with different stakeholders to improve its supervision duties and control over Mozambican ports and shipping-related activities.

iii Registration and classification

As a rule, the flying of the Mozambican flag is restricted to vessels owned by nationals (individuals or legal entities majority-owned by Mozambicans). This notwithstanding, by means of Decree 35/2016 of 31 August 2016, foreign vessels are also allowed to fly Mozambique's flag (second flag) and perform cabotage activities provided that:

- a* the relevant owner associates itself with a Mozambican national or company and sets up a joint venture company in Mozambique (the Mozambican partner must hold a minimum of 35 per cent of the joint venture company's share capital);
- b* the vessel that is to operate in Mozambique is not more than 10 years old; and
- c* the vessel's main registry is suspended.

Pursuant to Article 3 of Decree 35/2016, this special registry regime is also applicable to vessels under a bareboat charter.

The registration process is relatively time-consuming and bureaucratic, despite the best efforts of the government in bringing transparency and revamping procedures. In addition, registration is always conditional upon a positive survey by a classification society, which must be carried out in strict liaison with the INAMAR and the relevant flag administrations and insurers. At the time of writing, the number of class societies operating in the country is very limited (Bureau Veritas has a presence), but in view of the growing prospects of the country, there are rumours that other main classification societies – such as DNV GL and the American Bureau of Shipping – are looking for opportunities, notably with respect to the offshore LNG project.

iv Environmental regulation

The Ministry for Coordination of Environment Affairs is responsible for directing and planning the implementation of the country's environmental policy.

The Environmental Law (Law 20/97 of 1 October 1997), as amended, sets out the general provisions pertaining to the protection of the environment and imposes an environmental impact assessment process on companies carrying out activities that may have a direct or indirect impact on the environment. In a nutshell, the Environmental Law sets forth the legal basis for proper management of the environment, cumulatively with the development of the country. It applies to both private and public entities pursuing activities that have the potential to affect the environment. Core principles such as the polluter pays principle, rational management and use of the environment and the importance of international cooperation are referred to and integrated in the Environmental Law.

To specifically protect marine life and limit pollution resulting from illegal discharges by vessels or from land-based sources along the Mozambican coast, the government enacted Decree 45/2006 of 30 November 2006. This Decree prevents pollution arising from maritime activity, particularly from oil tankers and VLCCs. Considering the prospective gas reserves found offshore, Decree 45/2006 also details the activities that, because of their potential harm to the environment, fall within the oversight of the maritime authority, such as the loading,

offloading and transfer of cargo, tank cleaning and discharge of water waste into the sea. Both statutes are complemented by the conventions and protocols signed by Mozambique, such as the CLC Convention and MARPOL.

v Collisions, salvage and wrecks

The following international conventions and regulations on collisions are all applicable in Mozambique:

- a* the Collision Convention 1910;
- b* the Collision Convention 1952;
- c* the Criminal Collision Convention 1952; and
- d* the COLREGs.

These are supplemented, as the case may be, by domestic statutes, notably on rules of traffic within the port area, inland navigation, among others. Under the above-mentioned 1952 conventions, a claim for collision can be brought before a Mozambican court in any of the following situations: (1) Mozambique is the only country where the defendant has his or her habitual residence or place of business; (2) Mozambique is the country where arrest of the defendant's vessel has been effected or of any vessel belonging to the defendant that can be lawfully arrested or where arrest could have been effected, and bail or other security has been furnished; or (3) collision occurred within the limits of a Mozambican port or within its inland waters.

When there is a collision between a vessel registered under the Mozambican flag and another vessel registered under the flag of a non-contracting state to any of the above-mentioned conventions and regulations, one must resort to the rules set forth in the Code of Civil Procedure, which provide that the claimant must commence an action before the court of the place where (1) the collision occurred (provided it was in Mozambican territorial waters), (2) the defendant is domiciled, (3) the vessel took refuge, or (4) the vessel first called after the collision.

As a general rule, Mozambican courts will rule in favour of compensating any sort of damage resulting from collisions. The claimant must demonstrate the causal link between the damage and the collision. From our experience, demonstration of the causal link can be problematic as Mozambican law requires an adequate causal nexus between the action and damage for liability to occur (pursuant to Article 563 of the Civil Code). It should be noted that the concepts of indirect and consequential damage are not clearly distinguished for indemnity purposes. Compensation is only due for those damages that the party would probably not have suffered if the collision had not taken place. This excludes consequential and indirect damages. In a nutshell, compensation should cover not only the damages directly caused by the collision but also the advantages from which the non-defaulting party would have benefited if the collision had not occurred.

Salvage is governed by the 1910 Salvage Convention and, where applicable, the provisions set out in the Commercial Code. There is not a mandatory local form of salvage agreement. There are situations in which non-contractual salvage can and must be secured. This is typically the case in imposed relief vessel operations as a result of oil spills or other dangerous substances causing damage to the environment. Although terms and conditions may be agreed under the specific salvage agreement, Lloyd's standard form of salvage agreement is acceptable.

Mozambique is not a signatory of the Nairobi WRC 2007. The removal of wrecks must therefore be dealt with in light of domestic law, namely the Environmental Law and ancillary statutes and regulations.

vi Passengers' rights

Mozambique is not a party to the Athens Convention relating to the Carriage of Passengers and their Luggage by Sea. Generally, carriage of passengers is governed by the Mozambican Commercial and Civil Codes and the Consumer Law, in addition to the individual terms of the contract of carriage. Carrier's liability is mostly fault-based. In the event of delays, unexpected changes of route, damage or loss of carriage, passengers are entitled to claim compensation for loss and damage caused by an action attributed to the carrier, regardless of its wilful misconduct.

vii Seafarers' rights

By means of Resolution No. 22/2018, of 12 July 2018, Mozambique has ratified and adheres to the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers. This convention prescribes minimum standards relating to training, certification and watchkeeping for seafarers, which countries are obliged to meet or exceed.

Following the adherence to the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, and in order to align the domestic law to the standards of the referred to convention, the government has recently approved the Regulations on the Training and Certification of Watchkeeping Seafarers, which contains several requirements regarding the health, training and safety of the seafarers. In addition, labour matters are now governed by the provisions of the Maritime Labour Convention, adopted by the International Labour Organization on 23 February 2006 and on 9 June 2006, which has been ratified by Mozambique by means of Resolution 5/2018, of 18 September 2018 (which approves the transposition of the referred convention into domestic law).

VII OUTLOOK

The shipping industry is intrinsically linked with the country's economic development and the needs of local industry, and the government's capacity on public spending (infrastructure projects). In this context, the fact that (1) new projects on infrastructure, energy and transportation are expected in the near future and (2) Mozambique has finally availed itself of its favourable central geographical location (the fact that it is well positioned to meet demands from customers in the Atlantic and the Asia-Pacific markets) are indicators of the country's potential for shipping and its openness to receive foreign investments. The enhancement of the LNG project in Offshore Areas 1 and 4 (the final investment decision regarding Areas 1 and 4 is expected to be made soon and the extraction of natural gas expected to begin in 2022 or 2023) and, consequently, the need to transport the LNG and provide maritime equipment and services, will naturally lead to a development of the domestic shipping industry. Evidence of this is the refurbishment and expansion of the existing marine ports and the building of new ones, which may give rise to investment opportunities by the private sector (both foreign and domestic). Other opportunities may arise from the recent focus on investment in national cabotage services and equipment, for which the Ministry of Transport and Communications has called on the private sector to invest.

In line with the above, the setting up of maritime courts, the creation of an institute exclusively dedicated to regulate and oversee the shipping industry (the INAMAR), the opening of cabotage activities to foreign vessels and owners, the ratification and adherence to the ISPS Code and, more recently, the ratification of the Maritime Labour Convention, and the enactment of new regulations on maritime safety and on maritime transport operations, are clear indicators of the government's drive in setting up a consistent legal regime for maritime and shipping activities. In addition, the ratification by Mozambique of important international regulations on maritime matters is also an indicator of the government's goal to enhance foreign investment in this sector.

Without prejudice to the above, Mozambican future growth may, ultimately, trigger local content concerns, aiming at empowering the Mozambican private sector and developing the country's economy.

At a broader level, the Mozambican government has been actively working on strengthening the economic relations with its historic and strategic partners. The latest evidence of this is the conclusion, on July 2018, of a protocol of cooperation between Mozambique and Portugal regarding maritime transports and ports, aimed at simplifying the procedures, staff training and enactment of maritime and ports legislation in those sectors. Moreover, this protocol also aims at enhancing cooperation between the two countries on the utilisation of liquified natural gas in maritime transport.

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