# ARREST OF ASSOCIATED SHIP: THE POSSIBILITY TO APPLY SOUTH AFRICAN APPROACH TO THAI LAW\*

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# **ABSTRACT**

The character of maritime business concerns the movement of ships which are the main asset of the debtor, the recoverability of maritime debt becomes a major problem for people engaged in maritime trade. In addition, over half of shipowning companies around the world are incorporated as "one ship company" (or "single-ship company") by the way of spitting up the ships in fleet into each different company; this allows the shipowner to limit the liability to the value of each ship. Thai law and International Conventions regarding the arrest of ships only permit the ships under common ownership to be susceptible to arrest, thus, fail to provide insufficient measure to cope with the problem of single-ship companies.

South Africa introduced a new approach vesting the maritime creditor to apply for the arrest of the ship under the common control of the debtor notwithstanding she is registered in the name of different legal owners. This thesis, therefore, aims to study the approach of South Africa to the arrest of ship so-called associated ship as provided in the Admiralty Jurisdiction Regulation Act 105 of 1983.

This thesis will study how the associated ship arrest approach operates in order to find out the proper solutions to solve the problems of recoverability of maritime debt from the single-ship companies in Thailand.

From the study, it is found that the approach of South African successfully strikes on the said problem arising from operation of single ship companies. By allowing arrest of the ships under control of the debtor, the creditors are granted an opportunity to obtain alternative security for future litigation which is an effective tool to enforce the judgment. It also helps reducing the proliferation of single ship companies. Thus, the writer suggests that the provision of the Arrest of Ship Act B.E. 2534 be amended by adopting this associated ship approach of South African law to enable the maritime creditor in Thailand to obtain security that serve the maritime business nowadays

**Keywords**: arrest of ship, associated ship

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#### บทคัดย่อ

ลักษณะของประกอบธุรกิจพาณิชย์นาวีเกี่ยวพันกับการเคลื่อนย้ายของเรือซึ่งเป็นทรัพย์สินหลักของลูกหนี้ การได้รับชดใช้หนี้จึงเป็น ปัญหาประการสำคัญสำหรับเจ้าหนี้ในกิจการประเภทนี้ อีกทั้ง ในปัจจุบันกว่าครึ่งหนึ่งของบริษัทเจ้าของเรือทั่วโลกนิยมจัดตั้งบริษัทในรูปแบบ ที่มีเรือเป็นทรัพย์สินหลักเพียงชิ้นเดียว โดยแยกจดทะเบียนเรือสำต่างๆ ภายในกองเรือเดียวกันภายใต้บริษัทต่างๆ ซึ่งเป็นนิติบุคคลแยกต่างหาก จากกัน วิธีการดังกล่าวส่งผลให้เจ้าของเรือสามารถจำกัดความรับผิดของตนตามมูลค่าของเรือลำที่ได้จดทะเบียนภายใต้ชื่อนิติบุคคลนั้น กฎหมายไทยและอนุสัญญาระหว่างประเทศเกี่ยวกับการกักเรือในปัจจุบันกำหนดให้เรือลำอื่นซึ่งเป็นกรรมสิทธิ์ของลูกหนี้อาจถูกกักได้เท่านั้น จึงยังไม่เพียงพอต่อสภาพปัญหาของการประกอบกิจการของบริษัทซึ่งมีเรือลำเดียวดังที่กล่าวมาข้างต้น

ประเทศสาธารณรัฐแอฟริกาใต้เสนอวิธีการใหม่โดยอนุญาตให้เจ้าหนี้ยื่นขอกักเรือลำอื่นซึ่งอยู่ภายใต้การควบคุมของลูกหนี้ราย
เดียวกัน แม้จะปรากฏว่าเรือลำที่ขอกักดังกล่าวนั้นจดทะเบียนเป็นกรรมสิทธิ์ของนิติบุคคลรายอื่น ผู้เขียนจึงมุ่งเน้นที่จะศึกษาหลักการกักเรือ
ดังกล่าวซึ่งกำหนดในพระราชบัญญัติกำหนดเขตอำนาจในการพิจารณาคดีพาณิชย์นาวีที่ 105 ค.ศ. 1983 ของประเทศสาธารณรัฐ
แอฟริกาใต้

วิทยานิพนธ์ฉบับนี้จึงศึกษาถึงแนวคิดและวิธีการกักเรือภายใต้การควบคุมของลูกหนี้ดังกล่าวเพื่อค้นหาแนวทางแก้ปัญหาที่เหมาะสม อันเนื่องมาจากการคำเนินงานของบริษัทเจ้าของเรือซึ่งมีเรือลำเดียวเพื่อแก้ปัญหาการได้รับชดใช้หนี้ที่เกิดขึ้นจากการประกอบธุรกิจพาณิชย์นาวี ของเจ้าหนี้ในประเทศไทย

ผลการศึกษาพบว่าหลักการกักเรื่อของประเทศสาธารณรัฐแอฟริกาใต้สามารถแก้ไขปัญหาข้างต้นที่เกิดจากการประกอบกิจการของ บริษัทเจ้าของเรือได้อย่างมีประสิทธิภาพ การกำหนดให้เรือซึ่งอยู่ภายใต้การควบคุมของลูกหนื้อาจถูกกักได้นั้นส่งผลให้เจ้าหนี้มีทางโอกาสที่จะ ได้รับหลักประกันการชำระหนี้ในการฟ้องร้องคดิในอนาคตซึ่งเป็นเครื่องมืออันมีประสิทธิผลในการบังคับคดิตามคำพิพากษา อีกทั้งยังช่วยลด การขยายตัวของจัดตั้งบริษัทในรูปแบบที่มีเรือเพียงลำเดียว ดังนั้น ผู้เขียนจึงมีความเห็นว่าประเทศไทยควรแก้ไขบทบัญญัติของพระราชบัญญัติ การกักเรือ พ.ศ. 2534 โดยนำหลักการของประเทศสาธารณรัฐแอฟริกาใต้มาบรรจุไว้ในพระราชบัญญัติด้วย ทั้งนี้เพื่อให้เจ้าหนี้ในประเทศ ไทยมีหลักประกันในการชำระหนี้ที่สอดคล้องกับลักษณะการประกอบธุรกิจพาณิชย์นาวีในปัจจุบัน

คำสำคัญ: กักเรือ เรือภายใต้การควบคุมของลูกหนึ่

## Introduction

Collecting money from a debtor operating maritime trade is a creditor's nightmare. This statement is not exaggerated considering the character of maritime business itself, which concerns the movement of ships, the main asset of the debtor, continually from one jurisdiction to another. The debtor usually has a different nationality and the principal office is located abroad; even if the creditor is allowed by local law to file the case in his home country, the chance of any monetary recovery is still very low. The floating characteristics of a maritime

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<sup>&</sup>lt;sup>1</sup> John Hare, *Shipping Law & Admiralty Jurisdiction in South Africa* 100 (1999), http://www.uctshiplaw.com/booknew/Chapter%202.pdf.

debtor's main arrest (ship) facilitate them to escape liability, therefore, the law regarding the arrest of ship becomes an important tool for the creditor to obtain pre-judgment security.

The law regarding arrest of ships became uniforn after the enforcement of the International Convention Relating to Arrest of Sea-Going Ships 1952. (herein after referred to as "the 1952 Convention") The liberal approach was adopted by allowing the particular ship and those having the same ownership,<sup>2</sup> so-called "sister ships"<sup>3</sup> to be arrested. However, the shipowners struck back at this sister ships approach by forming an owning company for each and every ship in the same fleet, later called "single-ship company"<sup>4</sup> or "one-ship company", so as to limit the possibility of arresting other ships, but only the particular ship; which is the ship in respect of which the maritime claim arose.

This phenomenon attracted the attention of the law commission of South Africa, leading to a new approach to cope with the proliferation of single ship companies by introducing the new regime of "associated ship" arrest in the Admiralty Jurisdiction Regulation Act 105 of 1983 (hereinafter referred to as "the AJRA"). Associated ship is a ship other than the ship in respect of which the maritime claim arose<sup>5</sup> that is owned by the same person or by a person or company who controlled the company or person who owned the ship in respect of which the maritime claim arose.<sup>6</sup> This disregards the separate legal status of companies in a group, by permitting the ship under the common control of the debtor susceptible for arrest, notwithstanding any sham or fraudulent operation thereby. This regime allows the claimant more options, and possible pretrial security which is a powerful tool to enforce future maritime judgment. By this new regime, South Africa acquired the reputation for being the most convenient forum to arrest the ship.

For Thailand, the law regarding arrest of ships is prescripted in the Arrest of Ship Act B.E. 2534 which adopted the main principles of the 1952 Convention. Section 5 of the Act allows the claimant to pursue security from the ship in possession of the debtor at the time the claim arose and the arrest proceeding is submitted to the court provided that the maritime claim arose out of such ship. This condition explicitly impedes the claimant to file for arrest of associated ship. After two decades of enforcement, the question arises as to whether Thailand should amend the provision in the Arrest of Ship Act B.E. 2534 by adopting the South African

<sup>&</sup>lt;sup>2</sup> The 1952 Convention Article 3 (3)

<sup>&</sup>lt;sup>3</sup> The term sister ship has other meaning in ship construction context. The International Maritime Organization resolution MSC/Circ.1158 provides unified interpretation of the sister ship according to Charter II-1 of International Convention for the Safety of Life at Sea as to may refer to the ship which is built by the same yard from the same plans.

<sup>&</sup>lt;sup>4</sup> José M. Alcántara, Some Reflections Over the Brussels Convention 1952 Relating to Arrest of Sea-Going Vessels and Its Amending Process, **26 GA. J. Int'l & Comp. L.** 551, 551 (1997).

<sup>&</sup>lt;sup>5</sup> The AJRA, Article 3(6)

<sup>&</sup>lt;sup>6</sup> Francesco Berlingieri & Karl-Johan Gombrii, **Berlingieri on Arrest of Ships: A Commentary on the 1952 and 1999 Arrest Convention** 100 (5th ed., Informa Law & Finance 2011)(1992).

approach to fulfil the intention of the drafter that is to protect the interest of the creditor domiciled in Thailand.

# 1. Overview of law on Arrest of Ships of South Africa

The maritime laws of South Africa are regulated by the Admiralty Jurisdiction Regulation Act 105 of 1983. Before the enactment, South Africa had two courts concurrently exercising maritime jurisdiction, these courts applied different laws inherited from both Civil and Common law systems. The dual proceedings inevitably caused confusion to litigants and restricted the South African Courts to hear cases between South African cargo owners and foreign carriers, contrasting with the density of maritime trade in South Africa. The AJRA currently removes those difficulty and provides over 32 types of maritime claims that give rise to enforcement by action *in rem* or *in personam* including the arrest of ships.

The creditor who desires to apply for arrest of ships must has a maritime lien on the property to be arrested;<sup>7</sup> or the owner of the property to be arrested would be liable to the claimant in an action *in personam* in respect of the cause of action concerned.<sup>8</sup> Other than particular ship, the creditor is empowered to apply for arrest of associated ship.<sup>9</sup> Application for arrest is *ex parte* request of the claimant; the power to order arrest is delegated to the Registrar of the High Court.<sup>10</sup> Registrar's arrest is an extraordinary measure designed to meet the extraordinary demands of maritime debt collecting to give immediate effect for arrest.<sup>11</sup> No application to the court is required unless the Registrar refer thereto.<sup>12</sup>

## 2. Definition of associated ship

Associated ship is a term only used in South African maritime law. It encompasses the notion of sister ship provided in the 1952 Convention and the true association developed thereby. The underlying principle of associated ship is a ship under common control with the particular ship, substituting the ownership link with arrested property which is required by the 1952 and 1999 Convention. Thus, there are two ships involved, one is the ship in respect of which the maritime claim arose, and another ship which is either owned or controlled by the same person owning the former ship.

<sup>&</sup>lt;sup>7</sup> The AJRA Section 3(4)(a)

<sup>&</sup>lt;sup>8</sup> The AJRA Section 3(4)(b)

<sup>&</sup>lt;sup>9</sup> The AJRA Section 3(6)

<sup>&</sup>lt;sup>10</sup> The Admiralty Rules 4(2)(a)

<sup>&</sup>lt;sup>11</sup> Hare, *Supra*. note 1, at 81

<sup>&</sup>lt;sup>12</sup> The Admiralty Rules 4(2)(b)

The definition of associated ship is given in Section 3(7). The first requirement is that associated ship must not be the ship that caused the maritime claim. Subsection (a) provides and then describes the forms of association that ship may be arrested; paragraph (ii) and (iii) contemplate the true novel of associated ship. This is supplemented by subsection (b) which provides mandatory provisions so as to form association jurisdiction.

1) Section 3(7)(a)(i): the first form of association is defined as a ship that is "owned, at the time when the action is commenced, by the person who was the owner of the ship concerned at the time when the maritime claim arose."

The particular ship and the associated ship must belong to the same person at the time of commencing the maritime claim. This section preserved the notion of sister ship arrest contemplated by the 1952 Convention. The ship is deemed to have same ownership if the majority in number of, or of voting rights in respect of, or the greater part in value of the shares in the ships is owned by the same persons. Also, such majority in two companies is not needed to be in the same proportion. South Africa follows the notion of UK by dividing property in the ship in case that the ship was owned by part-owners into 64 shares. Thus if the person owned majority shares in the ship i.e. more than 32 shares or higher voting rights or value of shares or should the 64 shares be of unequal value or voting power, that person is considered to be the owner of the ship, and thus any other ship similarly owned by him would be susceptible to arrest as associated ship.

2) <u>Section 3(7)(a)(ii)</u>: associated ship is defined as a ship that is "owned, at the time when the action is commenced, by a person who controlled the company which owned the ship concerned when the maritime claim arose."

This provision deals with the situation where the particular ship is owned by a company, but the associated ship is privately owned by an individual person. The basis of association is where the associated ship is owned by a beneficial owner and that owner controls the company to which the particular ship belongs.

3) Section 3(7)(a)(iii): associated ship is a ship that is "owned, at the time when the action is commenced, by a company which is controlled by a person who owned the ship concerned, or controlled the company which owned the ship concerned, when the maritime claim arose."

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<sup>&</sup>lt;sup>13</sup> Section 3(7)(b)(i)

<sup>&</sup>lt;sup>14</sup> The Ship Registration Act 58 of 1988 Section 15(a)

This provision is company-owned associated ship basis; there are two forms of association under this section. The first scenario is when the associated ship is owned by the company, and that company is controlled by the beneficial owner who owned the particular ship. The second scenario is when the associated ship is owned by the company that is controlled by the beneficial owner, and that owner controls the company that owns the particular ship.

Reference of the company according to Section 3(7)(a)(ii) and 3(7)(a) (iii) is not restricted to the form of corporation permitted under South African law. The term covers any other juristic person and any group of people irrespective of whether any interest therein consists of shares according to Section 3(7)(b)(iii). Consequently, any juristic entity that may not be recognized by South African law e.g. trust, if it is in the name of the juristic person in other jurisdiction, the property of such entity can also be subjected to the associated ship regime.

## 3. Time of Association

The question of control is both a 'then' and a 'now' inquiry. <sup>15</sup> There are two critical times required to be proved; in term of the particular ship, the ownership or control must exist at the time that the maritime claim arose, which means the time that the maritime claim originated, not the time when the cause of action was completed, <sup>16</sup> notwithstanding that the claimant has not yet suffered from such claim. It is not necessary that the particular ship still belongs to the debtor at the time when the lawsuit is commenced. The associated ship must be owned at the time lawsuit is commenced, but not prior. Consequently, common control of the particular ship and associated ship is not required to be simultaneous. This justified the permission of associated ship arrest, and made it easier for the claimant to obtain security for the subsequent lawsuit against the debtor. The associated ship was subjected to arrest because it was the property of the prospective ultimately liable party for that maritime claim. Under this theory the proliferation of the single-ship company can be prohibited, because the ship was bought after the claim arose, irrespective whether it was registered under the same company and could be arrested as the associated ship.

## 4. Concept of Control

The central principal of associated ship arrest is the operation of shipping fleets under the ultimate person. Merely an ownership test does not suffice to qualify an associated ship; the claimant is required to identify the person who has ultimately benefited from the operation of ships in the fleet owned by the different single-ship companies. By virtue of Section 3(7)(b)(ii), the concept of control with regard to the company is elaborated to the term of power. If the

<sup>&</sup>lt;sup>15</sup> Hare, *Supra*. note 1, at 105

<sup>&</sup>lt;sup>16</sup> The Cape Courage [2010] (1) SA 53 (SCA) (S. Afri.)

person has power directly or indirectly to control the company, that person is deemed to control the company. The AJRA merely provides a broad concept of control, leaving room for interpretation by the practitioner. In terms of a company, control may comprise three forms as follows:

- 1) <u>Legal control</u>: it is the formal control as designated by the law of the country of incorporation. In South Africa, the registered shareholder can exercise the vote attached to the company; the majority shareholder holds the legal control of the company. To illustrate this concept, Mr. S is a shareholder of company A and B. Both companies have subsidiaries named AA and BB which are the registered owners of two ships, namely, X and Y respectively. Company A and B are not regarded as associated ships because the people holding legal control of ship X and Y are company AA and BB. This concept however is against the intention of the law commission which introduced the associated ship regime to overcome the proliferation of single-ship companies. This is also reflected in the wording of Section 3(7)(b)(ii) which covers both direct and indirect power.
- 2) <u>Managerial control</u> refers to the management of day to day affairs of the company. The control in this sense may not be exercised by the shareholders, but carried out by the board of directors or other executive officers who are employees or agents, to implement the policy given by the shareholders. These people may have input to important decisions, but they are not authorized to make the ultimate decision.

Another person that may count in this group is the ship manager. It is common for the maritime business of ships to be operated by independent professionals managing the ships on behalf of different and unconnected owners. There are a wide range of activities undertaken by ship managers depending on the agreement between the parties but the nature of operation involves with control over the ship and is done as an agent for and on behalf of the shipowner, which does not account to control for the purpose of the AJRA.

3) Actual control or ultimate control refer to the control of activities of the company, irrespective of the controller's economic stake in the company. Under general circumstances, ultimate control of the company is given to the shareholders by voting right at the shareholder's meeting, but this is not always the case. A simple example is where the companies are established in a pyramid structure as mentioned in 1), Mr. S, who holds 51 percent of shares in company A, will be able to control the whole chain of the company. This concept fits the intention of the AJRA which purports to make the loss fall where it belongs, by reason of common ownership of the two vessels, or by reason of common control of the companies that

own the two vessels.<sup>17</sup> Proper interpretation of control, as a consequence, is the control ship-owning company which is broader than the ownership of the ship or shares.

Section 3(7)(b) referred to the person who has power directly and indirectly to control the company, and reveals that control may be from both within and without the company structure. Differences of direct and indirect power were given by the Supreme Court of Appeal in *the Heavy Metal.* Direct power refers to the *de jure* authority of a person who controls the shareholding and direction of a company, according to the register of the company as seen by the outside world. On the other hand, indirect power refers to the person whom *de facto* wields power through and over the person who possesses *de jure* authority. If these powers are vested in different people, the latter is the one who controls the company by the wording of the Act. It casts aside that *de jure* and *de facto* power can exist at the same time. The existence of either of which suffices to establish an association of two ships.

The court considered the following facts to determine whether the association between a particular ship and the ship sought for arrest was established:

- the prospect of the various companies owned by the alleged beneficial owner involved, which described its background and way of conducting business;
- the *modus operandi* of the corporate structure in general, and specifically how it went about acquiring vessels and apportioning management;
- the oral evidence of an individual previously employed by the corporate structure to inspect ships before purchase;
  - in-house publications of the various companies involved;
- the registration and control of the various trusts and companies making up the corporate structure;
  - cross-mortgages between vessels;
- common addresses, directors, etc. of one-ship companies may point toward common control;
- similar funnel markings, similarity in the names of ships apparently being run as a "fleet";
  - the entry of "fleet" in the documents of a P&I Club;
  - the substitution of one ship for another and a charter party; etc. 19

## 5. Onus and standard of proof of arrest application

<sup>&</sup>lt;sup>17</sup> Malcolm John David Wallis, The Associated Ship and South African Admiralty Jurisdiction (2010) (unpublished Ph.D. thesis, KwaZulu-Natal University) (on file with KwaZulu-Natal University)

<sup>&</sup>lt;sup>18</sup> [1999] (3) SA 1083 (SCA) (S. Afri.)

19 Charnock, Graham Niven, Arrest of Vessels in South Africa, **Maritime Law Handbook** I-11, Suppl.

25 (2005) (*quote in Vincent Michael Mayerhofer*, *Arrest of Ships in Germany and South Africa - Comparison* (2007) (unpublished M.D. thesis, University of Cape Town))

To apply for the arrest of a ship, the arresting creditor bears the onus of justifying the arrest including the associated ship. The burden remains on the creditor even though the arrest writ may later be challenged by the shipowner. The evidence furnished by the arresting creditor must meet the standard of proof as set out by law.

The standard of proof is twofold. The first is for the underlying maritime claim; the grounds for arrest. The claimant has only to place before the court facts which, if proved, will establish the cause of action. It only requires *prima facie* evidence, the court will not judge on merit, creditability or the prospect of success of the underlying claim. The second fold relates to the arrest and existence of the association. The applicant for associated ship arrest must establish on the balance of probabilities that the ship sought for arrest is an associated ship of the particular ship.

# 6. The Arrest of Ship Act B.E. 2534 of Thailand

For Thailand, the law regarding arrest of ships is stated in the Arrest of Ship Act B.E. 2534. Thai arrest rule is based on personal liability theory; the ships that may be subject to arrest are specified in Section 4 to 7. The unique character of the Thai arrest rule is that the legislature is intended to provide protection for the creditor who has a domicile in Thailand. This reflects in Section 4 of the Act that requires domicile in Thailand of the arresting creditor, irrespective of the nationality of the creditor and the ship's flag. The creditor can apply for arrest of ship on 2 bases;

1) Ownership base: Section 4 of the Act empowers the claimant to apply for arrest of "any ship owned by the debtor". On this basis, the Act considers the ship as a property of the debtor. It is immaterial whether the ship has a connection with the underlying claim, but the ownership must exist at the time the arrest is applied to the court. The ship is susceptible to arrest even if the debtor acquires it after the claim arose. On the contrary, if the particular ship belonged to the debtor during the time that the claim arose but was sold to a third party when the arrest action was initiated, then the creditor can no longer arrest this ship, despite the fact that the claim arose directly from her.

The Act does not confine the claimant to arrest the ship on which the claim lies. The term "any" signifies that Thai law accepts the sister-ship regime, allowing the claimant to arrest an alternative ship on the condition that it belongs to the debtor.

2) <u>Possession base</u>: this section allows the creditor to arrest the ship of another person on the basis that the debtor has possession over the ship. The drafter intended to provide a broader

concept than possession of the demise charterer, reasoning that the claimant is permitted to arrest the ship in possession of the debtor, but not owned thereby provided that the ship directly relates to the maritime claim according to Section 3. The definition of "possession" is not given by the Act once has it been tested in the Thai Court. The right of possession according to the Civil and Commercial Code Section 1367 comprises two components viz;

- Control over property: a person may have control over property if he has the ability to direct physical movement of property to the extent that he is not refrained by another person to exercising such right.
- Intention to possess that property: the ability to control the property does not award the person possession of the property, that person must have intention to possess such property. This requires an intention to possess the property for the benefit of the possessor i.e. to use the property; the degree of intention of the possessor is, therefore, lower than ownership.

A person may have possession over property although they do not have physical control of such property; possession may be taken by another person on behalf of the possessor. Control for the purpose of this section means the ability to control physical movement of the property in question, which differs from control that establishes association according to the AJRA that is the control over the overall operation or direction of the company not the property of the company.

Since the second type of ship relies on possession not ownership over property to be arrested, the creditor must meet all the requirements under Section 5 as follows;

- The ship sought for arrest must have a direct connection with the claim i.e. the claim has arisen out of a ship or its business activities.
- The possession of the debtor must exist both when the maritime claim arose and the arrest is applied to the court.

Section 6 provides a restriction on certain claims to be pursued by arrest of a sister ship and ship in possession of the debtor i.e. disputes as to the title to or ownership of any ship, disputes between co-owners of any ship as to the ownership, possession employment or earnings of that ship, and the mortgage or hypothecation of any ship. In this case, the claimant is permitted to apply for the arrest of a particular ship only, not a sister ship or ship in possession of the debtor.

## **Conclusions and Recommendations**

The condition stipulated in Section 5 confines arrest of ship in possession of the debtor to a particular ship. The limited application of this possession criterion does not provide sufficient measure to arrest a ship registered under a single-ship company. The South African law approach under Section 3(6) to 3(7) of the Admiralty Jurisdiction Regulation Act 108 of 1983 is an appropriate measure which uses a control test to identity the true debtor liable for arrest.

Therefore, the writer opines that the Arrest of Ship Act B.E. 2534 should be amended to cope with maritime business in reality, by adopting the associated ship regime in Thai law. The proposals are as follow;

- 1) To amend Section 4 to cover the arrest of a ship in control of the debtor, by which the debtor benefited from operation thereof.
- 2) To add deeming provision according to Section 3(7)(b)(i) and (ii) of the AJRA in Section 4 to the full effect of interpretation of the arrest of associated ship.
- 3) To add a provision regarding onus of proof and standard to proof of the creditor in respect of arrest of ship in control of the debtor in Section 8 paragraph 2.

By allowing associated ship arrest under Thai law, Thai creditors will revive the protection to enforce maritime claims. The shipowner who is used to circumvent the possibility to provide security other than the particular ship will not easily escape the liability and leave the injured person unable to recover their claim. This measure serves the purpose of the legislature of the Arrest of Ship Act and provides protection for the maritime creditor domiciled in Thailand. The writer found that it is appropriate for Thailand to amend the Arrest of Ship Act B.E. 2534 to better legislate for modern business reality.

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