On 20 March 2017, Indonesia deposited its instrument of accession to the Convention for the Unification of Certain Rules for International Carriage by Air, Montréal, 28 May 1999 (MC99) with the International Civil Aviation Organisation (ICAO) in Montréal (please click here to see tweet from the Indonesia Embassy in Ottawa). MC99 is expected to come into force formally in Indonesia on 19 May 2017. This development has come off the back of significant lobbying of the Indonesia State by the International Air Transport Association (IATA) who continue to push for global ratification and adoption of MC99.

This is a significant development for civil aviation in Indonesia which, with a population of 250 million and a full-time member of the G20 list of countries, is the most populous state in the South East Asia region. Indonesia had only ever previously signed up to the Warsaw Convention 1929, and had failed to sign up to the 1955 Hague Amendment or any of the Montréal Protocols. Ratification of MC99 really does, therefore, represent a huge leap forward for Indonesia and will no doubt be welcomed by most participants in the civil aviation industry. It remains to be seen, however, whether Indonesia will also apply MC99 to domestic carriage.

What does this mean for airlines?

This should hopefully spell the end of the uncertainty relating to liability limits for international carriage of passengers and cargo to and from Indonesia. There is currently some uncertainty in Indonesia relating to how the Poincare Franc liability limits stated in the Warsaw Convention 1929 should be converted into a traded currency. In relation to the carriage of cargo specifically, MC99 is a prerequisite for the industry’s e-cargo initiatives, such as the e-air waybill and e-freight. The ascension of Indonesia to MC99 will, therefore, be a key piece in IATA’s jigsaw to achieve 100% e-freight.

This development now means that Vietnam is the sole major trading nation in South East Asia not to ratify MC99 (or legislation resembling MC99 – see below for Thailand) although we understand that the process of ratification is currently being considered by the Vietnam government.

Other developments in Asia

A number of other nations in Asia are also close to ratification of MC99.
Thailand

In May 2015 a new International Carriage by Air Act came into force in Thailand which was set to pave the way for Thailand’s ratification of MC99. The Act incorporated the provisions of MC99 (with some omissions such as jurisdiction and arbitration provisions) to domestic and international carriage, overriding the application of the Thai Civil and Commercial Code. Recently, a new draft Act (prepared to amend the existing Act so that it properly incorporates all provisions of MC99) has been completed and the government has agreed to submit the draft Act urgently to the National Legislative Assembly.

Nepal

We understand the Nepalese authorities are considering ratifying MC99 with the current debate focusing on whether the provisions should also apply to domestic carriage where the current liability limits are significantly lower than international standards.

For more information, please contact the author of this briefing:

James Jordan
Associate, Singapore
T: +65 6411 5317
E: james.jordan@hfw.com

HFW has over 450 lawyers working in offices across Australia, Asia, the Middle East, Europe and the Americas. For further information about Aviation issues in other jurisdictions, please contact:

Patrick Cheung
Partner, Hong Kong
T: +852 3983 7778
E: patrick.cheung@hfw.com

Peter Coles
Partner, Hong Kong
T: +852 3983 7711
E: peter.coles@hfw.com

Gordon Gardiner
Partner, Hong Kong
T: +852 3983 7710
E: gordon.gardiner@hfw.com

Justin Sun
Partner, Hong Kong
T: +852 3983 7713
E: justin.sun@hfw.com

Mert Hifzi
Partner, Singapore
T: +65 6411 5303
E: mert.hifzi@hfw.com

David Brotherton
Partner, Singapore
T: +65 6411 5360
E: david.brotherton@hfw.com

Keith Richardson
Partner, Singapore
T: +65 6411 5302
E: keith.richardson@hfw.com

Kate Seaton
Partner, Singapore
T: +65 6411 5317
E: kate.seaton@hfw.com

Leigh Borrello
Partner, Sydney/Singapore
T: +61 (0)2 9320 4604/
+65 6411 5329
E: leigh.borrello@hfw.com

Jeremy Shebson
Partner, São Paulo
T: +55 11 3179 2900
E: jeremy.shebson@hfw.com

Fernando Albino
Partner, São Paulo
T: +55 (11) 3179 2900
E: fernando.albino@hfw.com

Elinor Dautlich
Partner, London
T: +44 (0)20 7264 8493
E: elinor.dautlich@hfw.com

Nick Hughes
Partner, London
T: +44 (0)20 7264 8555
E: nick.hughes@hfw.com

Giles Kavanagh
Partner, London
T: +44 (0)20 7264 8778
E: giles.kavanagh@hfw.com

Adam Shire
Partner, London
T: +44 (0)20 7264 8264
E: adam.shire@hfw.com

Edward Spencer
Partner, London
T: +44 (0)20 7264 8314
E: edward.spencer@hfw.com

Zohar Zik
Partner, London
T: +44 (0)20 7264 8251
E: zohar.zik@hfw.com

Pierre Frühling
Partner, Brussels/Paris
T: +32 (0) 2643 3406/
+33 1 44 94 40 50
E: pierre.fruhling@hfw.com

Richard Gimblett
Partner, Dubai
T: +971 4 423 0537
E: richard.gimblett@hfw.com

Shyamal Jeewoolall
Partner, Dubai
T: +971 4 423 0568
E: shyamal.jeewoolall@hfw.com

Sue Barham
Consultant, London
T: +44 (0)20 7264 8309
E: sue.barham@hfw.com