



THE ICAT LOGISTICS

Bottom Line Newsletter

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Key Bridge Collapse

SUMMARY

Both the National Transportation Safety Board (NTSB) and the Federal Bureau of Investigation (FBI) are examining evidence aboard the MV Dali to determine the circumstances that led to the accident that caused the collapse of the Key Bridge. Meanwhile, the ship's owners and managers are attempting to limit their liability for the damage to lives, cargo, property, and business.

BACKGROUND

Opened in 1977, the Francis Scott Key Bridge created a second means to cross Baltimore's harbor. The bridge was built before the introduction of redundant support, which is widely used in modern structures. On March 26, the Singapore-registered container ship MV Dali lost power and collided with the southwest supporting pier of the main truss section. The main spans of the bridge immediately fell. The collapse caused the death of six construction workers and resulted in the complete obstruction of the shipping channel, isolating the Port of Baltimore.

First designated as a port of entry in 1706, the Port of Baltimore has since grown to one of the largest and busiest ports on the East Coast, with an economic value of just over \$70 billion annually. The port supports over 15,000 direct jobs and around 140,000 jobs indirectly connected to work at the port, with Maryland residents collecting just over \$5 billion in total personal income in 2023. The port is a primary vehicle hub, handling a record 850,000 autos and light trucks last year. Significantly, the port is where vehicles are processed and labeled to be sold domestically. It is also a major port for coal, coffee, and sugar and is vital in supply chains across many sectors.

CURRENT STATUS

The NTSB and FBI teams are looking at the vessel's condition before it left the dock with rumors that the crew knew the ship had "serious systems problems," according to the Washington Post report. The U.S. Coast Guard previously confirmed the ship had been undergoing what they termed "routine maintenance" while it was docked in Baltimore. Last week, the National Transportation Safety Board said it was pursuing an investigation focusing on the vessel's electrical power system. NTSB chair Jennifer Homendy told a Senate panel last week that they were looking at the electrical systems and circuit breakers. NTSB investigators dismissed an earlier theory questioning





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impurities in the vessel's fuel after a media report said tests by the supplier showed the fuel sourced in New York met specifications.

The City of Baltimore said it will "launch legal action to hold the wrongdoers responsible and to mitigate the immediate and long-term harm caused to Baltimore City residents. Through this engagement, the City of Baltimore will take decisive action to hold all entities accountable for the Key Bridge tragedy, including the owner, charterer, manager/operator, and the manufacturer of the M/V Dali, as well as any other potentially liable third parties."

On April 1, the owner of the container ship Dali filed a federal suit to limit liability for the collision that destroyed Baltimore's Francis Scott Key Bridge. The petition denies responsibility for the accident and seeks to restrict any payout to a maximum of \$43.7 million. This is approximately one to two percent of the disaster's estimated \$2-4 billion cost. The petition leans on the Limitation of Liability Act of 1851 (LOLA), which allows the shipowner to restrict the total amount of their liability to no more than the post-accident value of the vessel plus the value of pending freight. While this is a common starting point for litigation over a marine casualty in the United States, the Act only protects a shipowner if the accident occurred "without the privity or knowledge of the owner." If the FBI investigation shows the owners knew preexisting conditions, it would allow a judge to "break" the limitation of liability, and plaintiffs could pursue far higher damage claims against the owner and insurers.

On April 13, the owners also began declaring General Average, under which companies that own goods on the stricken Dali must share some of the financial losses. General Average goes back to the ancient Greeks and Rhodian law, a time before the introduction of insurance when it seemed a reasonable and practical proposition for all parties to the marine adventure to have solidarity with one another. General Average is defined in the Marine Insurance Act 1906 as "any extraordinary sacrifice or expenditure intentionally and reasonably made or incurred for the common safety to preserve from peril the property involved in a common maritime adventure." Under General Average, all containers will remain under the control of the general adjuster, Richards Hogg Lindley (RHL) of London, "until security arrangements have been made with the average adjusters, both for general average and salvage."

IMPACT

Every day of limited operations at the Port of Baltimore may cost as much as \$15 million a day in economic activity. Weeks after the Francis Scott Key Bridge collapse, the total economic impact remains uncertain. However, legislative efforts seek to minimize the long-term effects by protecting workers and promises at some of the port's major employers. Thousands of workers





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remain without work. Maryland Gov. Wes Moore signed the Maryland Protecting Opportunities and Regional Trade (PORT) Act into law to provide immediate relief, but those impacted said it's taking too long. Three weeks have passed since the bridge collapsed, and paychecks have not hit port workers' pockets. Major employers in the area, such as Amazon, UPS, FedEx, and Domino Sugar, collectively have thousands of workers directly impacted by the reduction of port functions but are committed to refraining from layoffs.

The U.S. Army Corps of Engineers estimates it will be at least seven weeks before the port returns to full operations.

RESOURCES:

- [FBI Boards Dali to Start Court-Authorized Criminal Investigation](#) (Maritime Executive)
- [Tests on Fuel Delivered to Dali Before Bridge Crash Showed It Was Safe](#) (NBC News)
- [Baltimore Boxship's Owner Tries to Limit Liability to \\$44 Million](#) (Maritime Executive)
- [Port of Baltimore Workers Seek Help Weeks After Key Bridge Collapse](#) (WBALTV)
- [Economic Fallout from Baltimore's Bridge Collapse Hits Home](#) (Governing)
- [Shippers in Baltimore Disaster Face 'General Average,' MSC Says](#) (gCaptian)
- [General Average](#) (Logistics UK)

