

NATIONAL ASSEMBLY  
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THE SOCIALIST REPUBLIC OF VIET NAM

Independence - Freedom - Happiness

NATIONAL ASSEMBLY  
THE SOCIALIST REPUBLIC OF VIET NAM  
Legislature XI, the 7th Section  
(From 5th May to 14th June 2005)

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## VIET NAM MARITIME CODE

Pursuant to the 1992 Constitution of the Socialist Republic of Viet Nam, amended by Resolution No. 51/2001/QH10 dated 25 December 2001 by the National Assembly, the Legislature X, at the 15<sup>th</sup> Section;

This Code provides for maritime activities.

### Chapter 1 GENERAL PROVISIONS

#### Article 1. Scope of application

1. This Code governs maritime activities, including the provisions on sea-going ships, shipcrew, seaports, navigational channels, shipping, maritime safety and security, prevention of environmental pollution and other activities incident to the use of sea-going ships for economic, cultural, social, sport, public services and scientific technological research purposes.

2. In case where an international treaty to which the Socialist Republic of Viet Nam is also a contracting party contains provisions different from those of this Code, the provisions of such international treaty shall apply.

### Article 3. Principles of law application in case of conflict of laws

1. Legal relations incident to ownership of property on board the ship, charter parties, contracts of carriage of passengers and luggage, crew recruitment agreement, the division of salvage remuneration between the owner and crew of the salvaging ship, the removal of the property sunk in the high seas, occurrences and acts taken on board the ship being on the high seas shall be governed by the law of the flag State of the ship.

2. Legal relations incident to general average shall be governed by the law in force at the place where the ship calls at

1. Maritime activities shall comply with the provisions of this Code and other provisions of the law of Viet Nam as well as the international treaties to which the Socialist Republic of Viet Nam is also a contracting party.

2. Maritime activities shall ensure maritime safety, safeguard of national

## Article 8. Responsibility of ma

10. Any other prohibited activities in maritime activities as stipulated by law.

Chapter II  
SEA-GOING SHIPS  
Section 1  
General Provisions

Article 11. Sea-going ship

Sea-going ship means any floating structure mainly employed in navigation on the sea.

The sea-going ship governed by this Code shall not include military ships, public service ships and fishing ships.

Article 12 Vietnamese sea-going ship

1. A Vietnamese sea-going ship is a ship registered in the Viet Nam National Register of Ships or any sea-going ship which is allowed by the diplomatic or consular offices of Viet Nam in foreign country to temporarily fly the Vietnamese flag.

2. Vietnamese ships shall have the right and obligation to fly the Vietnamese flag.

3. Only Vietnamese ships shall have the right to fly the Vietnamese flag.

Article 13. Shipowner

1. Shipowner means the owner of the ship.

2. State-owned enterprises assigned by State to manage and operate ships shall also apply provisions of this Code relating to shipowner and other provisions of relevant laws.

Foreign ships chartered by Vietnamese organizations and individuals in the form of bareboat charter or hire purchase may enter in the Viet Nam National Register of Ships to fly Vietnamese flag.

b. A foreign ship registered in her country shall not be allowed to register in the Viet Nam National Register of Ships unless the ship had been removed or suspended from its previous registration.

c. The registration of ships shall be

2. The foreign ships chartered by Vietnamese organizations, individuals in the form of bareboat charter or hire purchase when entering in the Viet Nam National Register of Ships shall comply with provisions of items a, b, c, d, e and g paragraph 1 of this Article and shall furthermore present bareboat charter party or hire purchase contract.

Article 17. Responsibilities of the shipowner relating to registration of ships in Viet Nam

1. The Shipowner shall provide the Registrar of Vietnamese Ships with necessary documents and information related to registration of ship as stipulated in Article 16 and Article 19 of this Code.

2. In case a ship newly built, purchased, donated to or inherited by Vietnamese organizations and individuals, the shipowner shall register the ship within 60 days since the date of delivery of the ship in Viet Nam or since the date of her first call at a Vietnamese port if the ship was delivered in a foreign country.

3. Shipowner shall pay the registration fee in accordance with the laws and regulations.

4. After completion of the registration, the shipowner shall receive a Ship's Registration Certificate. This Certificate shall be the evidence of Vietnamese nationality of the ship and the status of the ownership of the ship.

5. The shipowner shall be bound to give prompt and exact information to the Registrar of Vietnamese Ships about all changes in connection with the details recorded in the Viet Nam National Register of Ships.

6. The provisions of this Article shall apply to the Vietnamese organizations, individuals who charter ships in the forms of bareboat charter or hire purchase.

Article 18 Registration of ship under construction

1. The owner of a ship under construction shall have the right to register the ship in the Viet Nam National Register of Ships and be issued a registration certificate for the ship under construction. The certificate shall not replace the Vietnamese ship registration certificate.

2. Ship under construction shall meet the following requirements to be allowed to enter in the Viet Nam National Register of Ships:

a. Possessing shipbuilding contract or shipbuilding sale and purchase contract;

b. Having a specific name accepted by the Registrar of Vietnamese Ships.

c. Having been laid on keel.

Article 19 Main contents of Viet Nam National Register of Ships

1. The Vietnam National Register of Ships shall record the following:

- a. The previous name and the new name of the ship; name and principal place of business of the shipowner, foreign shipowner's branch office or representative office in Viet Nam; the name and place of business of the bareboat charterer, hire purchaser; the name of the ship's operator if any; type of ship and the purpose of usage of the ship;
- b. The port of registration,
- c. The registration number of the ship
- d. The date of registration;
- e. The place of build and year of building of the ship;
- f. The main technical characteristics of the ship;
- g. The status of the ownership of the ship and its relevant changes;
- h. The date of deletion and ground for the deletion of registration of the ship.

2. Every change in the data entered in the registration of ships as provided for in paragraph 1 of this Article shall also be recorded in the Vietnam National Register of Ships.

#### Article 20. Deletion of Vietnamese ship's registration

1. A Vietnamese ship shall be removed from the "Vietnam National Register of Ships" in the following cases:

- a. Has been destroyed or sunk;
- b. Has been missing;
- c. Lost her grounds to sail under the Vietnamese national flag;
- e. Lost her characteristics of a ship.
- f. Upon the request of shipowner or the person who, in his name, has registered the ship.

2. For the cases governed by item d of paragraph 1 of this Article, a mortgaged ship shall not be deleted from registration of Vietnamese ship unless the mortgagee has allowed to do so.

3. When deletion of registration of Vietnamese ship or ship under construction from the Viet Nam National Register of Ships, the Viet Nam Registrar of ships shall revoke the ship registration certificate or ship under construction registration certificate and issue the registration deletion certificate.

#### Article 21. Detailed provisions on registration of ships



The Government shall stipulate detailed provisions on organization and activities of the Vietnam Registrar of Ships; formalities and procedures for registration of ships in Vietnam;



## PREVENTION OF ENVIRONMENTAL POLLUTION

Article 28. Maritime safety, maritime security and prevention of environmental pollution

1. Vietnamese sea-going ships shall only be employed in accordance with the purpose stated in the Vietnam National Register of Ships provided that her construction, standing appliances and equipment, certificates, documents, competence of crew comply with the Vietnamese laws and the international treaties on maritime safety, maritime security and prevention of environmental pollution to which Vietnam is a contracting party

2. When operating in inland waters and waters of Vietnam, sea-going ships shall fully comply with the provisions of the Vietnamese law and the international treaties on maritime safety, maritime security and prevention of environmental pollution to which Vietnam is a contracting party.

3. When navigating in seaport's waters and sea waters of Viet Nam, sea-going ships, military ships, public service ships, fishing ships, inland waterways ships, hovercrafts are bound to comply with the regulations for preventing collisions at sea promulgated by the Minister of Transport.

Maritime signals include visual signal, audio signal, lights and VHF to give guidance on operations of ships.

4. Maritime signals shall be installed in the maritime channels, at the necessary near coastal points, on islands, the waters with obstacles and in ancillary facilities on sea and seaport's waters in accordance with provisions of the Minister of Transport.

A maritime channel is area defined by maritime signal system and ancillary facilities to ensure safety of navigation of sea-going ships and other waterway transportation means. Marine channels consist of seaport channels and other channels.

5. When operating in seaport waters and sea waters of Viet Nam, sea-going ships employed exclusively for transportation of crude oil and oil products or other dangerous goods shall be bound to be covered by insurance policy as to the civil liability of shipowner for environmental pollution.

6. Foreign sea-going ships run by nuclear power, ships carrying radioactive substances shall not be permitted to operate in seaport's waters, inland waters and territorial waters of Vietnam unless approval is granted by the Prime Minister.

Article 29. Inspection and survey of maritime safety, maritime security and prevention of environmental pollution

1. Sea-going ships operating in seaport waters, inland waters and territorial waters of Vietnam shall be subject to inspection of the Vietnam Maritime Safety Inspectorate and maritime port administration on maritime

safety, maritime security and prevention of environmental pollution in accordance with laws of Viet Nam and international treaties to which Viet Nam is a Contracting Party.

2. Inspection, survey referred to in paragraph 1 of this Article shall be carried out in conformity with relevant laws and regulations and without detriment to capacity of the ship related to maritime safety, maritime security and prevention of environmental pollution aspects.

3. Shipowner and Master shall be bound to facilitate the competent Administration to conduct inspection, survey of ship as stipulated in paragraph 1 of this Article.

4. Shipowner and Master shall be bound to repair or to make good of defects of ships related to maritime safety and maritime security and prevention of environmental pollution upon request made by the Vietnam Maritime Safety Inspectorate or Maritime Port Administration.

#### Article 30. Maritime search and rescue

1. Sea-going ships, military ships, fishing ships, waterway transportation means and hovercraft in distress which are in need of assistance shall give emergency signals as provided.

2. When detecting or receiving emergency signals from the other person or other ship in distress at sea, conditions permitted and without serious danger to the ship, the crew and persons on board, sea-going ships, military ships, fishing ships, waterway transportation means and hovercraft shall render assistance to any person in distress unless the ship has to deviate to do so.

3. The maritime search and rescue coordinator shall be ready to organize and coordinate to search and rescue persons in distress within its area under its control and entitled to mobilize persons and facilities available for search and rescue operations.

4. Minister of Transport shall promulgate detailed regulations on organization and coordination of maritime search and rescue operation.

#### Article 31. Investigation of maritime accidents

1. Maritime accidents means accidents caused by collision or any incident relating to sea-going ships causing death, missing, injury, damages to cargo, luggage, properties on board, port and ancillary facilities and other equipment, and also incidents causing ships damaged, sunken, destroyed, fired and run aground or environment polluted.

2. Director of Maritime Port Administration shall organize maritime investigation; during the process of maritime investigation, if detecting any sign of a crime, all documents shall be forwarded to the investigation competent Administration.

3. The Minister of Transport shall promulgate detailed regulations on report and investigation of maritime accidents.

## Section 6

### Transfer of ownership and mortgages of ships

#### Article 32. Transfer of the ownership of a ship

1. A contract for transfer of ownership of a ship in Viet Nam shall be made in writing in accordance with the provisions of the existing law of Viet Nam or of the country where the contract is concluded.

2. The transfer of ownership of a Vietnamese sea-going ship shall enter into force only after it has been recorded in the Vietnam National Register of Ships.

3. After ownership transfer procedures have been completed, the ship and her appurtenances shall pass to the transferee unless otherwise agreed by and between the parties concerned.

Appurtenances of the ship are articles and facilities on board which are not component parts of the ship.

4. The provisions concerning the transfer of ownership of a ship are also applicable to the transfer of shares in the ownership of a ship.

5. The Government shall stipulate criteria, formalities and procedures for transfer of ownership of a ship in the form of sale and purchase.

#### Article 33. Mortgages of Vietnamese ships

1. Mortgaging a ship means using the ship by the shipowner as a security for repayment of a debt without having to deliver the ship to the mortgagee.

2. Shipowner shall have the right to mortgage his sea-going ship to the mortgagee in accordance with the provisions of the Code and other provision of relevant laws of Viet Nam.

3. Ship mortgage contract shall be made in writing. Mortgages of Vietnamese ships shall comply with Vietnamese law.

4. The provisions of mortgages of ships shall also apply to mortgages of ships under construction.

#### Article 34. Principles for mortgages of Vietnamese ships

1. The transfer of the ownership of the mortgaged ship shall not be made without the consent of the mortgagee.

2. The mortgaged ship shall be insured by the mortgagor unless the contract provides for otherwise.

3. In case the mortgagee has transferred or part of his rights to debt secured by the mortgaged ship to another person, the mortgage shall be transferred accordingly.

4. Two or more mortgages may be established on the same ship if total mortgages shall not exceed the value of secured debts unless otherwise agreed upon.

The ranking of the mortgages shall be determined according to the dates of their respective registration in the Viet Nam National Register of Ships.

5. The establishment of mortgage by joint owners of a ship shall be subject to the agreement of those joint owners, unless otherwise agreed upon among the joint owners.

6. The mortgage of a ship shall be extinguished when the mortgaged ship is lost totally. With respect to the compensation paid from the insurance coverage on account of the total loss of the ship, the mortgagee shall be entitled to enjoy priority in compensation.

7. The mortgagee shall only keep a duplicate copy of the Registration Certificate of the mortgaged ship.

#### Article 35 Registration of mortgages of Vietnamese ships

1. The registration of the mortgage of a Vietnamese ship shall consist of the following contents:

a. The name and head office address of the mortgagee and the mortgagor;

b. The name and nationality of the mortgaged ship;

c. The amount of secured debt, the interest rate and the period for the repayment of the debt.

2. The mortgage of a Vietnamese seagoing ship shall only be effected after she has been entered in the Vietnam National Register of Ships.

3. The information on registration of ship mortgage shall be provided to the relevant person upon his request.

4. The person who registers the mortgage of ship and the person who want to receive information on registration of ship mortgage shall have to pay a fee.

### Section 7

#### MARITIME LIENS

##### Article 36. Maritime liens

1. A maritime lien is the right of the claimant who make claims listed in Article 37 of this Code, to take priority in compensation against shipowners,

demise charterer, manager or operator of the ship, with respect to the ship which give rise to the said claim.

Maritime claim is a claim made by one party to request the other party to implement his obligations relating to maritime activities.

2. The maritime claim secured by a maritime lien on the ship set out in Article 37 of this Code shall take priority over the claims secured by registered mortgages, or other charges.

3. A maritime lien shall be enforced by the court by arresting the ship that gave rise to the said maritime lien.

4. The claimants has the claims stipulated in Article 37 of this Code shall be secured by a maritime lien on the ship even the ship has been mortgaged or the shipowner has used the ship as security to conduct other transaction based on a contract.

5. Maritime lien shall not be extinguished by virtue of the change of the shipowner, the demise charterer, the operator

3. Claims arising from one and the same occurrence are deemed to have come into existence at the same time.

4. Maritime lien on sea-going ships arising from the last voyage has priority over that from previous voyages.

5. Claims arising from a contract of labour relating to several voyages are settled simultaneously with the claims arising from the last voyage.

6. The maritime liens securing claims for reward for the salvage of the ship listed in paragraph 4 Article 37 of this Code shall rank in the inverse order of the time when the claims secured thereby accrued.

#### Article 39. Extinction of maritime liens by lapse of time

1. The maritime liens shall be extinguished after a period of one year since the time such maritime liens come into existence.

2. The time when maritime lien comes into existence shall be determined as follows:

a. For claims relating to salvage remuneration: from the day of termination of the salvage operation;

b. For claims relating to compensation for damage caused by collision of ship or by other marine accident from the day when such damage was caused;

c. For claims relating to debt: from the day when they fell due.

3. The maritime lien shall be extinguished when debts giving rise to maritime lien are fully paid by the shipowner, charterer or ship operator. But such maritime lien remains in force as long as the sum of money paid is still in the hand of the Master or other persons who is authorized on behalf of the owner, charterer or operator of the ship to pay debts in connection to maritime claims.

4. When courts fail to effect the arrest of the ship in Vietnamese internal waters or in territorial waters to protect the interests of a creditor having its residence or principal place in Vietnam the time limits defined in paragraph 1 of this Article shall be terminated after thirty days from the date of arrival of the ship at the first Vietnamese port and maximum not later than two years from the date when such maritime lien comes into existence.

### Section 8

## ARREST OF SHIPS

#### Article 40. Arrest of ships

1. Arrest of a ship means any detention or restriction on removal of a ship by order of a Court to secure a maritime claim listed in Article 41 of this



Code, but does not include the seizure of a ship in execution or satisfaction of a judgment or other enforceable instrument.

2. Procedures on arrest of ships shall be implemented in accordance with provisions stipulated by the Standing Committee of the National Assembly.

#### Article 41. Maritime claims giving rise to arrest of ships

Maritime claims giving rise to arrest of a ship means a claim arising out of one or more of the following:

1. Maritime claims listed in Article 37 of this Code;

2. Damage or threat of damage caused by the ship to the environment, coastline or related interests; measures taken to prevent, minimize, or remove such damage; compensation for such damage; costs of reasonable measures of reinstatement of the environment actually undertaken or to be undertaken; loss incurred or likely to be incurred by third parties in connection with such damage, and damage, cost, or loss of a similar nature to those identified in this paragraph;

3. Cost or expenses relating to this ship, removal, removal, destruction or the rendering harmless of a ship which is sunk, wrecked, stranded or abandoned, including anything that is has been onboard such ship, and costs or expenses relating to the preservation of an abandoned ship and maintenance of her crew;

4. Any agreement relating to the use or hire of the ship, whether contained in a charter party or otherwise;

5. Any agreement relating to the carriage of goods or passengers on board the ship, whether contained in a charter party or otherwise;

6. Loss of or damage to or in connection with goods (including luggage) carried on board the ship;

7. General average;

8. Towage;

9. Pilotage;

10. Goods, materials, provisions, bunkers, equipment (including containers) supplied or services rendered to the ship for her operation, management, preservation or maintenance;

11. Construction, reconstruction, repair, conversion or equipping of the ship;

12. Disbursements incurred on behalf of the ship or her owners;

13. Insurance premium (including insurance calls) in respect of the ship, payable by or on behalf of the ship-owner or demise charterers;

14. Any commissions, brokerages or agency fees payable in respect of the ship by or on behalf of the ship-owner or demise charterers;
15. Any dispute as to ownership or possession of the ship;
16. Any dispute between co-owners of the ship as to the employment or earning of the ship;
17. A mortgage on the ship;
18. Any dispute arising out of a contract for the sale of the ship;

Article 42. Exercise of right of arrest

1. Upon the request of the claimant, competent court shall consider and order arrest of any ship in respect of which a maritime claim listed in Article 41 of this Code is asserted if.

a. The person who owned the ship at the time when the maritime claim arose is liable for the claim and is owner of the ship when the arrest is effected; or

b. the demise charterer of the ship at the time when the maritime claim arose is liable for the claim and is demise charterer or owner of the ship when the arrest is effected; or

c. the claim is based upon a mortgage on the ship; or

d. the claim relates to the ownership or possession of the ship; or

e. the claim is secured by a maritime lien.

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1. When the owner, charterer or operator of the ship has provided adequate security or paid full amount of debt the ship under arrest shall be immediately released.

2. In the absence of agreement between the parties as to the sufficiency and form of the security, the Court shall determine its nature and the amount thereof, not exceeding the value of the arrested ship. The claimants shall not be entitled to have any action to the prejudice of property or other interests of

5. The Minister of Public Health in coordination with the Minister of Transport shall provide in detail for health conditions of crew working on board Vietnamese sea-going ships.

Article 47. Obligations of Crew

1. Crew working on board Vietnamese sea-going ships shall have the following obligations:

a. Strict compliance with the Vietnamese legislation and International Treaties to which the Socialist Republic of Viet Nam is also a contracting party, and the law of the country wh

4. Labour regime and rights of Vietnamese crew working on board foreign sea-going ships, and of foreign crew on board Vietnamese sea-going ships, shall be defined on the basis of recruitment agreements.

#### Article 49. Legal status of the Master

1. The Master exercises the highest command of the sea-going ship. All persons on board the ship shall be bound to conform to the orders given by the Master.

2. The Master shall be subject to the instructions of the shipowner or the charterer and or the ship operator.

#### Article 50. Duties of the Master

1. The Master shall manage and operate the sea-going ship as provided by law.

2. Before the commencement of and during a voyage the Master shall be bound to take due care that the ship in every necessary respect be seaworthy, and comply with the professional principles of good seamanship and with the regulations as regards the adequacy of equipment, ship's hull, stores, proper manning and other respects relating to navigation safety for the ship and persons on board.

3. The Master shall be bound to take due care that the cargo be properly loaded, stowed and preserved, discharged even though such operations have been entrusted to relevant persons to carry out such activities.

4. The Master shall be bound to take due care that the cargo be not damaged or lost; to take such actions as may be necessary to protect the cargo interests; to use all possible means to inform them of particular occurrences relating to the cargo.

5. The Master shall be bound to take necessary measures to protect the ship, persons and other properties on board.

6. In the event of a danger of blockade or other emergency at the port of delivery of cargo or disembarkation of passengers the Master shall be bound to call at the nearest safe port and to take all necessary measures to protect the ship, persons and property on board.

9. The Master shall be bound to be personal command of the ship when leaving, entering ports, canals and navigable ways as well as when the ship under his command operating within port water areas or in any case involving special difficulty or danger.

10. The Master shall be bound to employ the services of a maritime pilot or of a tug-boat where such services are required by law for the safety of the ship.

The employment of the services of maritime pilots does not relieve the Master of the obligation as provided for in paragraph 9 of this Article.

11. The Master shall be bound to exercise due diligence of a conscientious shipmaster when carrying out his obligations pertaining to professional ethics.

12. The Master shall be bound to search and rescue persons in the distress if the carrying out of this obligation does not create any serious danger to his ship and persons on board. The owner of the ship is exempted from liability in case the Master fails to do such obligation.

13. The Master shall be bound to carry out other obligations as provided for by law.

#### Article 51. Rights of the Master

1. When handling ordinary matters incident to the performance of navigation and management of the ship and cargo on board, the Master is the representative of the shipowner and the parties having interests in the cargo.

2. Within the limits laid down in paragraph 1 of this Article, the Master may, in the name of the shipowner and the parties having interests in the cargo, while away from the home port, perform legal acts and he may sue and take part in legal proceedings.

crew, to supply the ship or to satisfy other requirements so that the voyage can be continued.

6. Within the limits laid down in paragraph 5 of this Article the Master shall be also even entitled to sell surplus appurtenances of the ship or surplus reserves where it is inexpedient or impossible to wait for instructions or funds from the shipowner.

7. During a voyage, if means necessary for its completion cannot be





3. The competent Administration certifying the submission of sea protests in Viet Nam is the Maritime Port Administration, the State Notary Agency or the People's Committee at the nearest place.

The Minister of Transport shall determine the order and procedures for certifying the submission of sea-protests in Viet Nam.

The competent Administration certifying the submission of sea protests at foreign countries is the diplomatic mission or consulate of Viet Nam at the nearest place or the local competent Administration where the ship trades.

#### Article 57. Crew agreement

1. Crew agreement is a labour agreement signed in writing between the shipowner or the employer of crew and crew for their working on board sea-going ships.

2. The main contents of crew agreement include:

- a. Name and address of the crew employer;
- b. Names or list of employed crew;
- c. Terms and conditions for working on board;
- d. Period of crew employment;
- e. Wage payment, bonus payment and ratio and other allowance;
- f. Insurance system;
- g. Other conditions for crew;
- h. Obligations of the employer and the crew.

#### Article 58. Shipowner's obligations to crew

1. To man the ship according to full complement and to arrange fitted crew working on board sea-going ships as provided for in paragraph 2, Article 46 of this Code.

2. To define those ranks and ranking titles applied to crew, which are not yet specified by the Minister of Transport.

3. To ensure working conditions and living standards of crew working on board in accordance with the provisions of law.

4. To arrange accident insurance and other compulsory insurance for crew working on board sea-going vessels in accordance with the provisions of law.

## CHAPTER IV SEAPORT

#### Article 59. Seaport

1. Seaport is an area of land and water made up of such infrastructure and equipment as to permit the receipt of sea-going ships, their loading and discharging of cargo, the embarkation and disembarkation of passengers and other services.

Port land premise is a restricted area for the construction of wharves, warehouses, yards, workshops, offices, service bases, and a transport, communications, electricity and fresh water system, other auxiliary works and installation of equipment.

Port water area is a restricted water area for establishing a waterfront of wharves, ship manoeuvre area, anchorage and lighterage area, storm shelter area, pilot boarding area and quarantine area; it also includes an area used for

Article 60. Category of seaports

Seaports are grouped into the following categories:

When sectors and localities work on Master plans for developing works and facilities in connection with seaports, they shall have to obtain written comments from the Ministry of Transport.

2. The Prime Minister shall approve the Master Plan for development of the seaport system.

3. The Minister of Transport shall approve the detailed plans for development of the seaport system.

Article 64. Investments in construction, management, and operation of seaports and port access channels

1. Investment in construction of seaports and port access channels must be in compliance with the Master plan

1. To take part in making the Master plan and plans for port development within his responsible area and to organize supervising their implementation after the approval by the competent authorities.

2. To organize the implementation of regulations on the management of maritime activities at the seaport in the area under his management; to inspect and supervise the port access and the navigation aids system; to inspect maritime activities of organizations and individuals at the seaport and the area under his management.

3. To permit and supervise ships entering and leaving and operations during their stay in the seaport; not to permit ships to enter or to leave the seaport if they are not seaworthy in respect of maritime safety and security and prevention of environmental pollution.

4. To perform a writ to arrest of sea-going ships at the request by the competent authorities.

5. To exercise the detention of sea-going ships in conformity with the 29

d. The payments for administrative fines in conformity with the laws and regulations by the ship have not been fully made;

e. Other cases in conformity with the provisions of law.

2. The detention of a sea-going ship shall end where the causes of detention as provided for in paragraph 1 of this Article do not exist.

Article 69. Co-ordination to administer maritime activities at seaports

1. The State administration bodies in maritime, immigration, quarantine, customs, tax and duties, culture-informatics, fire-extinguishment, explosion prevention, environmental protection and the other State management agencies stationed in the seaport area shall operate in conformity with provisions of the laws and regulations within their jurisdiction, they shall be obliged to co-ordinate their work and under the chairmanship for activity co-ordination of the Director of the Maritime Port Administration.

2. The State administration bodies which permanently function in the port area shall be entitled to establish their working offices there. The port enterprise shall be obliged to fulfil the functions of these bodies.

## Chapter V

### CONTRACT OF CARRIAGE OF GOODS BY SEA

#### Section 1

#### GENERAL PROVISIONS

##### Article 70 Contract of carriage of goods by sea

1. A contract of carriage of goods by sea is a contract concluded between a carrier and a voyage charterer or shipper under which a carrier, against payment of freight, undertakes to carry goods by sea-going ship from port of loading to port of discharge.

2. "Goods" means any machines, equipment, materials, fuels, consumer goods, and any movable property including live animals, containers or similar articles of transport supplied by the shipper for stuffing goods, to be carried under the contract of carriage of goods by sea.

3. "Freight" means the remuneration payable to the carrier for the carriage of goods under an contract of carriage.

##### Article 71: Types of contract of carriage of goods by sea

Transport document contract shall be concluded in a form agreed upon by the parties.

2. Voyage charter party means the contract concluded between a carrier and a charterer under which the carrier will allow for the goods the whole cargo space of the ship, or a definite part thereof for the voyage.

Voyage charter party shall be made in writing.

Article 72. The parties relating to the contract of carriage of goods by sea

1. Charterer/ shipper means any person whom or in whose name or on whose behalf a contract of carriage of goods by sea has been concluded with a carrier.

2. Carrier means any person by whom in whose name a contract of carriage of goods by sea has been concluded with a shipper.

3. Actual carrier means any person to whom the performance of the carriage of the goods, or of part of the carriage, has been entrusted by the carrier.

4. Consignor means any person by whom in whose name or on whose behalf the goods are actually delivered to the carrier in relation to the contract of carriage by sea.

5. Consignee means the person entitled to take delivery of the goods in accordance with Article 89 and Article 110 of this Code.

Article 73 Transport documents

1. Transport documents include bill of lading, sea through bill of lading, sea waybill, and other similar transport document.

2. Bill of lading means a document which evidences that the carrier has received the goods with quantity, kind, and conditions as specified therein for carriage to the place of discharge; ;

bill of lading,

## TRANSPORT DOCUMENT CONTRACTS

### Article 74. Period of responsibility

1. The responsibility of the carrier for the goods covers the period during which the carrier is in charge of the goods at the port of loading, during the carriage and at the port of discharge.

2. The carrier is deemed to have received the goods from the time he has taken over the goods from the consignee, Administration or other third party to whom, pursuant to laws or regulations applicable at the port of loading, the goods must be handed over for shipment.

3 The carrier is deemed to have delivered goods by:

a. handing over the goods to the consignee; in cases where the consignee does not receive the goods from the carrier, by placing them at the disposal of the consignee in accordance with the contract or with the law or with the usage of the particular trade, applicable at the port of discharge; or

b. handing over the goods to an Administration or other third party to whom, pursuant to laws or regulations applicable at the port of discharge, the goods must be handed over.

4. The contractual parties may only agree to relieve the carrier's liability in the cases connected with:

a. The period of time from the receipt of goods for carriage to the commencement of their loading on board ship and from the completion of their discharge to their delivery;

b. The carriage of live animals;

c. The goods which, according to the contract, are carried on deck.

### Article 75 Obligations of the carrier

1. The carrier shall be bound before and at the beginning of the voyage to exercise due diligence to make the ship be seaworthy; properly manned; equipped and supplied, and moreover that her hold, soot and refrigerating chambers and all other compartments which goods are loaded, be prepared and brought to a proper condition for the reception, carriage and preservation of the cargo in accordance with its nature.

2. The carrier shall properly and carefully load, handle, stow, carry, keep, care for, and discharge the cargo carried.

3. The carrier is bound to notify, within the reasonable time in advance, the shipper of the loading place and the date when the ship is in readiness to load within the period fixed for supplying the cargo. This obligation from the carrier is not applied to the carriage performed by liner ships unless the schedule is altered.



## Article 76. Deck cargo

The carrier is entitled to carry the goods on deck only if such carriage is in accordance with an agreement with the shipper or with the usage of the particular trade; and the carriage of goods on deck must be inserted in the bill of lading.

## Article 77 Liability of the carrier, actual carrier and his servants or agents

1. Where the performance of the carriage or part thereof has been entrusted to an actual carrier, whether or not in pursuance of a liberty under the contract of carriage by sea to do so, the carrier nevertheless remains responsible for the entire carriage according to the provisions of this Code. The carrier is responsible, in relation to the carriage performed by the actual carrier, for the acts and omissions of the actual carrier and of his servants and agents acting within the scope of their employment.

2. All the provisions of this Code governing the responsibility of the carrier also apply to the responsibility of the actual carrier, servants or agents of the actual carrier during the time the goods under their custody and carriage performed by them.

3. Any special agreement under which the carrier assumes obligation not imposed by this Code or waives rights conferred by this Code affects the actual carrier only if agreed to by him expressly and in writing. Whether or not the actual carrier has so agreed, the carrier nevertheless remains bound by the obligation or waivers resulting from such special agreement.

4. Where and to the extent that both the carrier and the actual carrier are liable, their liability is joint and several.

5. The aggregate of the amounts recoverable from the carrier, the actual carrier and their servants and agents shall not exceed the limits of liability provided for in this Code.

## Article 78. Exemption of liability for carrier

1. The carrier shall not be liable for loss or damage arising or resulting

2 The carrier shall not be responsible for loss or damage arising or resulting from:

- a. Act, neglect, or default of the Master, other members of the crew, pilot, or servants of the carrier in the navigation or in the management of the ship;
- b. Fire, unless caused by the actual fault or privity of the carrier;
- c. Perils or accidents on the sea, or in navigable waters;
- d. Force majeure;
- e. Act of War;
- f. Hostilities, actions hostile to public welfare order;
- g. Acts or restraint of authorities or people, or court seizure for legal process;
- h. Quarantine restriction;
- i. Act or omission of the shipper or owner of the goods, his agent or representative;
- k. Strikes or lock-outs or other similar circumstances from whatever cause which hold up or restrain work in general or in part;
- l. Riots and civil commotions;
- m. Saving or attempting to save life or property at sea;
- n. Wastage in bulk or weight or any other loss or damage arising from quality, inherent defects, or vice of the goods;
- o. Insufficiency of packing;
- p. Insufficiency or inadequacy of marking of the goods;
- q. Latent defects not discoverable despite of exercising due diligence;
- r. Any other cause arising without the actual fault or privity of the carrier nor the fault or neglect of the agents or servants of the carrier.

If by virtue of statute or contract nobody is entitled to the benefit of the aforesaid complete exemption of the carrier, the burden of proof shall be on him to show that neither the actual fault or privity of the carrier nor the fault or neglect of the agents or servants of the carrier contributed to the loss or damage.

3. "Delay in delivery" means the situation when the goods have not been delivered at the port of discharge provided for in the contract of carriage by sea within the time expressly agreed upon or, in the absence of such agreement, within the time which it would be reasonable to require of a diligent carrier, having regard to the circumstances of the case. The carrier shall not be responsible for delay in delivery due to the following reasons:

- a. Deviation with the consent of the shipper;
- b. Delay is caused by force majeure;
- c. Delay is for the purposes of saving human life or aiding other ship in distress where human life may be in danger.
- d. Delay is reasonably necessary for the purpose of obtaining medical or surgical aid for any person on board the ship.

#### Article 79. Limitation of liability

1. Unless the nature and value of such goods have been declared by the shipper before shipment and inserted in the bill of lading, the carrier shall in any event be or become liable for any loss or damage to or in connection with the goods in an amount exceeding the equivalent of 6667 units of account per package or unit or 2 units of account per kilo of gross weight of the goods lost or damaged, whichever is the higher.

The unit of account means the monetary unit determined by the International Monetary Fund (IMF) and called the

4. The carrier is liable for ~~ny~~ economic loss cause

2. Although the dangerous nature of goods has been warned or known to the carrier on the basis of a common operational knowledge and the proper conserved measures applied as provided by rules and regulations and the goods have been loaded onto the ship, subsequently such goods have imperiled the safety of the ship, persons and other goods on board, the carrier may, at his discretion, have a right to handle it as provided for in paragraph 1 of this Article. For losses resulting there from the carrier is liable only in that arising from the loss of general average and retains his right to distance freight.

A distance freight is the amount due for the carriage calculated in the proportion of the whole agreed voyage distance to the part of the voyage actually covered by the goods, as well as the proportion of the costs and

2. Where, during the course of carriage the goods have been damaged or wasted on account of its special nature or the animals have died, the carrier has the right to full freight.

#### Article 86. Issue of bill of lading

1. The carrier is bound to issue to the shipper, on his demand, a set of bills of lading.

2. A bill of lading may be issued in the following forms:

a) To a named consignee, referred to as a straight bill of lading;

b) To the order of the shipper or to the person indicating by him referred to as an "order bill of lading";

c) To an unnamed consignee or unnamed person indicating the order, referred to as a "bearer bill of lading".

3. Where in an "order bill of lading" the person, to whose order the bill of lading is made out, has not been indicated, such bill of lading is automatically deemed to be made out to the order of the shipper.

#### Article 87. Contents of bill of lading

1. A bill of lading shall consist of the following contents:

a) The designation of the carrier and his principal place of business;

b) The designation of the shipper;

c) The designation of the consignee, and a statement to the effect that the bill of lading has been made out to order or to bearer;

d) The name of the ship;

e) A description of the goods, specifying its kind, measurement, volume, quantity, number of pieces, weight or value where necessary;

f) A description of the apparent conditions of the goods or its packing;

g) Marks, signs and particulars to identify the goods, as furnished in writing by the shipper before commencement of loading and having been marked on individual pieces of the goods or of its packing;

h) Freight and other charges due to the carrier; remarks as to method of the payment;

i) Place of loading and port of loading;

k) Port of destination or a statement as to when and where the port of destination will be indicated;

l) The number of copies of the original bill of lading issued to the

n) The signature of the carrier or of the shipmaster or of the other authorized representative of the carrier;

In a bill of lading, the lack of one or more particulars referred to in the preceding paragraph does not affect the validity of the bill of lading as such, provided that it nevertheless meets the requirements set forth in Article 73 of this Code.

2. Where the carrier has not been named in the bill of lading, it is assumed that the ship-owner is the carrier. Where in the bill of lading made out in accordance with paragraph 1 of this Article, the carrier has been named inaccurately or falsely, the ship-owner is liable to compensate for any loss resulting there from and then has no recourse claim against the carrier.

#### Article 88. Notes in the transport documents

1. The carrier is entitled to insert in the bill of lading his remarks as to the apparent conditions or the packing of the goods where he has grounds to give suspicion.

2. The carrier may refuse to enter in the bill of lading the goods description as where he has sufficient grounds to suspect the inaccuracies of the declaration made out by the shipper at the loading moment or he has no possibility of verifying it.

3. The carrier may refuse to insert in the bill of lading the goods signs, marks where such have not been marked on individual pieces of goods or of their packing in such a manner that they should remain legible until the end of the voyage.

4. Where the packing of goods has been made before supplying to the carrier, he may insert in the bill of lading a remark to the effect that the contents are unknown to him.

5. In any case, the carrier or the ship is free from liability for any loss of or damage to the goods or loss relating to the goods where the kind and value of the goods have been intentionally misstated by the shipper during loading and so intentionally misstated declaration has been inserted in the bill of lading, sea way bill or other similar way bill.

#### Article 89. Transfer of bill of lading

1. An order bill of lading shall be transferred by endorsement. Where the bill of lading has not been endorsed, the legitimate consignee is the last person who is entitled to issue delivery order;

2. A bearer bill of lading shall be transferred by delivery of the bill of lading. The person who produces the bill of lading is the legitimate consignee.

3. A straight bill of lading shall not be transferred. The person whose name has been indicated in the bill of lading is the legitimate consignee;

Article 90. Substitution of the bill of lading by the sea waybill

The carrier and shipper may agree to substitute the bill of lading by the sea waybill or other similar waybill and ag



4. Where, within sixty days from the day of the ships arrival at the port of destination, the goods placed in ~~store~~ <sup>warehouse</sup> has not been collected or the consignee has failed to pay full the outstanding debts or to make an adequate security thereof, the carrier has the right to sell the goods by public auction. Such goods may be sold even



on the loading place, or where the loading place indicated by charterer is not determined, the carrier will direct the ship to a local customary loading place.

3. Where no loading place at loading port has been ascertained in the contract of carriage, the carrier will direct the ship to a local customary loading place.

4. Irrespective of whether the loading place has been determined in the voyage charter party, the charterer may request the carrier to change loading place against reimbursement of all expenses connected therewith.

#### Article 102. Loading time

1. The loading time is agreed by and between the parties concerned in the voyage charter party, and where it does not contain any provisions on this subject - by the accepted custom at the relevant port.

2. Interruptions arising by way of cause on the part of the charterer or shipper, as also the time used for shifting the ship from one place to another requested by him are to count as loading time.

3. Interruptions arising by way of cause on the part of the carrier, as also interruptions caused by force majeure, by weather conditions which affect the correctness of loading or imperil the safety of loading, are not to count as loading time.

4. The charterer may agree with the carrier on the despatch for loading to be completed ahead of the determined period or the demurrage resulting from delaying the loading beyond the determined period.

#### Article 103. Demurrage

1. The parties may provide in the voyage charter party for an additional period of loading beyond the loading time stipulated in Article 102 of this Code, which hereinafter is referred to as demurrage time. When the parties have not explicitly stipulated on the terms, days of the demurrage time, it is determined by local custom.

2. The demurrage money is determined by the parties concerned in the voyage charter party. Where the voyage charter party does not contain any provision on this subject, it is determined by local custom.

In the absence of local custom the amount of demurrage money is determined by the actual total sum of the carrier's expenditure for the maintenance of the ship and of the crew throughout the demurrage time.

3. After the expiration of the loading and demurrage time the period of time during which the ship is detained at the port due to the fault of the charterer shall be referred to as detention time. The carrier is entitled to compensation for losses caused by the detention of the ship.

#### Article 104. Notice of readiness



b) To load onto the ship the goods already supplied at the loading place, even though the demurrage time has expired, if the loading of such a goods might cause detention of the ship, but no longer than fourteen days and this still validates the carrier's right provided for in paragraph 3 of Article 103 of this Code.

3. Where according to the contract the charterer has at his disposal a part of the space of the ship, the carrier is entitled to the full freight and to refuse the loading of the goods which are supplied after the expiration of the agreed loading and demurrage time due to delay on the part of the charterer or shipper.

#### Article 108. Route and duration of voyage

1. The carrier shall be bound to perform the carriage within a reasonable time by the contractually determined route or by the usual route, unless otherwise provided for in the contract.

2. A deviation from the route for the purpose of saving life at sea or for other justified reasons which do not affect the contract of carriage does not constitute an infringement of the contract of carriage. The carrier is not liable for any damage resulting there from.

#### Article 109. Alternative port

1. Where the ship cannot enter the port of destination on account of insurmountable hindrance, the cessation of which cannot be anticipated within a reasonable time, the carrier may direct the ship to the nearest safe port and should notify the charterer thereof for further instructions.

2. Where by virtue of contract the carrier allows for the goods the whu u valida

1. Discharge of goods shall be ~~done~~ by the Master. The carrier shall properly and carefully discharge the goods.

2. The charterer shall have the right to dispose of the cargo until their delivery to the entitled consignee if ~~the~~ right has not been vested to any other person; and before the commencement of the voyage he may demand redelivery of the cargo at the loading ~~port~~ and after the commencement of the voyage alter his original indications ~~as~~ the consignee and the port of destination against compensation ~~for~~ losses and expenses connected therewith.

3. The rights determined in ~~para~~ 2 of this Article shall not be applied if the execution thereof ~~would~~ cause a considerable delay in commencing the voyage, unless the ~~carrier~~ gives his consent thereto.



adequate security, the charterer is bound to refund to the carrier the amounts expended by the latter on the goods lost and one half of the agreed freight.

#### Article 115. Right of termination of contract without compensation

1. Either party to the contract may rescind the contract without obligation to compensate for damages sustained by the other party, where, before the departure of the ship from the place of loading, the following events have occurred:

- a) War has broken out threatening the safety of the ship and goods; the loading port or port of destination has been declared blockaded;
- b) The ship has been detained by order of the local authorities for reasons beyond the control of the contractual parties;
- c) The ship has been requisitioned for State purpose;
- d) An embargo has been declared on carriage of the goods from the loading port or to the port of destination.

2. Where the contract has been rescinded by reasons as set out in paragraph 1 of this Article, the costs of discharge are borne by the party who has rescinded the contract.

3. By reasons as set out in paragraph 1 of this Article either party may rescind the contract also during the voyage, the charterer is bound to pay the distance freight and costs of discharge.

#### Article 116. Automatic termination of contract

1. Reciprocal obligation of the parties automatically extinguish where, after the conclusion of the contract and before the departure of the ship from the place of loading, by the following



the goods until it has been returned to the legitimate consignee except the cases stipulated in item a and item b of paragraph 1 Article 116 of this Code.

#### Article 118. Time-bar

Any action as to the fulfillment of the voyage charter party is time-barred at the expiration of two years from the day when the claimant knows or should know his interest adversely affected.

### SECTION 4

#### MULTIMODAL TRANSPORT CONTRACT

##### Article 119. Multimodal Transport Contract

1. Multimodal Transport Contract means a contract concluded between consignor and multimodal transport operator, under which the multimodal transport operator undertakes to transport the goods, against the payment of freight for the entire transport, from the place where the goods were received in his charge to the destination and to deliver them to the consignee by two or more different modes of transport, one of which being sea carriage.

2. Multimodal transport operator means the person who has entered into a multimodal transport contract with the consignor either by himself or by another person acting on his behalf.

3. Consignor means the person who has entered into a multimodal transport contract with the multimodal transport operator either by himself or by another person acting on his behalf.

4. Multimodal Transport document means a document which evidence a multimodal transport contract, the taking in charge of the goods by the multimodal transport operator, and undertaking by him to deliver the goods in accordance with the terms of that contract.

##### Article 120. Responsibility of multimodal transport operator

1. The multimodal transport operator shall be responsible for the performance of the multimodal transport contract or the procurement of the performance thereof, and shall be responsible for the entire transport.

2. The multimodal transport operator may enter into separate contracts with the carriers of the different modes of transport defining their responsibilities with regard to the different Sections of the transport under the multimodal transport contracts. However, such separate contracts shall not affect the responsibility of the multimodal transport operator with regard to the undertaking for the entire transport.



b. Luggage receipt is an evidence that passenger's luggage has been received by the carrier.

2. Where the passage is performed by a sea-going ship other than a passenger ship, the carrier has the right to substitute the ticket by another similar voucher.

3. The carrier has the right to stipulate regulations on ticket exemption, reduction of price of ticket, priorities and return of ticket or freight for luggage.

#### Article 125. Rights and obligations of passengers

1. The passenger is entitled to an interest in compliance with the ticket class and not to pay the freight for the carriage of his hand baggage within the allowable weight and type stipulated by the carrier.

2. The passenger has the right to terminate the contract of carriage, prior to the ship's departure, or after the commencement of the voyage, at any ports where the ship call in for embarkation and disembarkation of passengers, and to recover the passage money or sum corresponding to the remaining distance of the voyage after being deducted any charges or fines if any.

3. The passenger shall obey the command of the Master and follow all rules and guidelines on board and the instruction of the officers and crew in charge.

4. Any agreement limiting the rights of the passenger or relieving the liabilities of the carrier as provided for in this Chapter shall be null and void.

#### Article 126. Rights and Obligations of the carrier

1. The carrier shall be bound at the beginning of the voyage and during the voyage until the port of disembarkation of passengers to exercise due diligence to make the ship seaworthy, including properly manning, equipping and supplying the ship.

2. The carrier shall be bound to take care and to properly protect the passenger together with his luggage from the time he has embarked on board up to the time he has safely together with his luggage left the gangway at the port of destination; where during the voyage an extraordinary and unexpected event has occurred, the carrier is liable to pay costs necessary to cover the transportation of the passenger from and onto the ship as well as costs of meal, and necessary services.

3. The carrier shall buy carrier's liability insurance for passenger.

4. The carrier shall be entitled not to perform the contract without his compensation where the following cases occurred beyond his control:

a. War or other acts which give rise a threat to arrest the ship

b. Blockage of the place of embarkation or disembarkation.

c. Ship is arrested, detained by competent authorities without any fault of the parties of the contract of carriage.

d. Mobilization of the ship for the national purpose

e. There is an order on prohibition of leaving/calling ports of embarkation/disembarkation.

5. When the carrier refuses to perform the carriage, in accordance with the provisions of paragraph 4 of this Article, before the departure of the ship, he must refund to the passenger both the passage money and the freight for luggage

Where the voyage has started, the carrier is bound to refund to the passenger a part of the passage money corresponding to the remaining distance of the voyage and to carry the passenger back to the embarkation port at the carrier's expenses or compensate him for the actual loss suffered.

6. The carrier shall not refund the collected passage money if the passenger has not been present on board

1. Stowaway means a person who at any port or place in the vicinity thereof, secreted himself in a ship without the consent of the carrier or the Master or any other person in charge of the ship and who is on board after the ship has left that port or seaport area.

2. Any person who is on board the ship without the passenger ticket is bound to pay full price of the ticket for the covered distance and a fine of a correspondent amount.

3. The Master may disembark such person or transfer him on land and who

2. The period of the carriage of cabin luggage of the passenger is similar as provided for in paragraph 1 of this article. With regard to other luggage which is not cabin luggage, the period is from the time of its taking over by the carrier or his servant or agent on shore or on board until the time of its re-delivery by the carrier or his servant or agent;

#### Article 132. Limitation of the carrier's liability

1. The liability of the carrier for the death of or personal injury or any damage to health to a passenger shall in no case exceed 46,666 units of account per carriage and with the to

### Article 135. Possesory lien on luggage

1. The carrier, for securing his interests, has a possesory lien on the passenger's luggage if passenger has not yet fully paid his debt, the possesory lien will be only ceased until the passenger has made payment or an appropriate security has been provided.

2. Where the passenger does not collect his luggage, the carrier shall be entitled to discharge the luggage and place it in custody at a safe and suitable place, and notify the passenger or the person duly authorized by him accordingly. All costs and charges connected therewith are borne by the passenger.

### Article 136. Notice of loss of and damage to luggage

1. The passenger shall give written notice of loss of, damage to luggage to the carrier or his agent:

a. In the case of apparent damage to cabin luggage: before or at the time of his disembarkation;

b. For all other luggage: before or at the time of its redelivery;

c. In case of damage to luggage which is not apparent or loss of luggage, within fifteen days from the date of his disembarkation or redelivery should have taken place.





## Time charter party

### Article 143. Time charter party

1. A time charter party is a charter party under which the shipowner provides a designated manning to the charterer.

2. A time charter party contains the following contents:

- a) name of the shipowner, and name of the charterer;
- b) the name, nationality, class, tonnage and capacity of main engine, GT, speed and fuel consumption of the ship;
- c) the trading area of the ship; the agreed service, the contractual period;
- d) the time, place and conditions of delivery and redelivery of the ship;
- e) the hire and the way of its payment;
- f) other relevant matters.

### Article 144. Obligations of the shipowner in time charter party

1. The shipowner is bound to deliver to the charterer at the right agreed place and on the right agreed date a ship in a seaworthy condition, properly supplied and adapted for the purpose of employment determined in the charter party.

2. The shipowner is also bound to supply a complement of crew qualified for the purposes of employment determined in the charter party and to pay the wages and secure the other legitimate interests of crew during the period of the charter.

### Article 145. Rights of time charterer

1. The charterer is entitled to dispose of the entire space in the ship appropriated for the carriage of goods and for the accommodation of passengers and luggage.

2. Without the shipowner's consent, the charterer is not entitled to dispose of the other space on board the ship for the purposes set out in paragraph 1 of this Article.

### Article 146. Obligations of time charterer

1. The charterer is obliged to employ the ship for the purposes as determined in the contract and to take care of the shipowner's interests.

2. The charterer shall guarantee that the ship shall be employed to carry the lawful merchandise, passengers and luggage.

3. When the period for time charter is terminated, the charterer is obliged to redeliver the ship to the shipowner at the agreed place and time and

in technical conditions as agreed in the charter party except fair wear and tare excepted.

Article 147. Relationship among the shipowner, charterer, and crew in time charter party

1. During the time of the time charter party, the Master and other members of the crew remain employed by the shipowner and are under his labour control. The shipowner is completely liable for all matters pertaining to crew.

2. During the employment of the ship, the Master is the representative of the charterer and should comply with the instructions given by charterer.

3. For the acts of the Master determined in paragraph 2 of this Article, the shipowner is liable jointly and severally with the charterer, unless the Master has clearly stated, when contracting, that he acts in the name of the charterer.

Article 148. Salvage remuneration in the time charter party

If during the time of the time charter party the ship involves in salvage in paragraph

3. Where the ship's unfitness for operation has resulted from the reason on the part of the charterer, the shipowner is entitled to the agreed charter hire and to the compensation for damage connected therewith.

4. In case the ship under the charter party has been lost, the charter hire is calculated until the date when the report of the ship is received.

5. In case the charterer fails to pay the hire or other sums of money as agreed upon in the charter, the shipowner shall have a lien on the charterer's goods and other property on board if the goods and other property belong to the charterer.

#### Article 151. Termination of time charter party

1. Where the failure to comply with the obligation set out in Article 144 of the present Code has resulted from a fault on the part of the shipowner, the charterer has the right to rescind the charter party and to get compensation for the damages connected therewith.

2. Either party may rescind the charter party without compensation to other if owing to an outbreak of war, civil commotions or the actions condemned by the Administration hindering the performance of the charter party of which the circumstances are able to come to and end within a reasonable time.

3. The charter party is automatically terminated when the ship has been lost, sunken, destroyed or has been declared unfit for repair or not worth repairing economically.

### Section 3

#### Bareboat charter party

#### Article 152. Bareboat charter party

1. Bareboat charter party is a charter party under which the shipowner provides the charterer with an unmanned ship.

2. A bareboat charter party contains the following contents:

- a. the name of the shipowner and the name of the charterer;
- b. the name, nationality, class, tonnage and capacity of the main engine;
- c. the trading area of ship, the purpose of employment of the ship and charter period;
- d. the time, place and conditions of delivery and redelivery;
- e. the survey, maintenance and repair of the ship;
- f. the hire and its payment method;
- g. the insurance of the ship;
- h. the time and conditions for the termination of the charter; and

i. other relevant matters.

Article 153. Obligations of the shipowner in bareboat charter party

1. The shipowner shall take due care to deliver the seaworthy ship

### Article 157. Hire purchase

In case the bareboat charter party containing a hire purchase clause, ownership of the ship shall be transferred to the charterer as stipulated in the charter.

## CHAPTER VIII

### SHIP AGENCY AND MARITIME BROKING

#### Section 1

#### Ship Agency

### Article 158. Ship Agency

Ship agency is a service which the agent is authorized to undertake, in the name of the shipowner or the ship operator, to perform services connected with the ship's operations at the port including arrangement of the ship's entry and departure; concluding contracts of carriage, marine insurance contracts, contracts for cargo handling, charter parties, and recruitment agreements; issuing and signing bills of lading or similar documents; supplying stores, bunkers and provisions to the ship; submitting ship's sea protests; communicating with the shipowner or the ship operator; arranging relevant services for ship crew; receiving and paying amounts incident to the ship's operation; handling claims ar

developments in respect of the authorization; render accounts for the amounts received and spent pertaining to the authorized services.

2. The ship agent shall be obliged to indemnify the principal for losses and or damages resulting from his fault.

#### Article 162. Obligations of the principal

1. The principal shall be obliged to instruct his ship agent to carry out the authorized services when necessary and to give the agent, on demand, adequate advances for covering the expenses connected with the authorized agency services.

2. Where the ship agent, while performing a legal act in the name of the principal, has gone beyond the limits of his Administration, the said act is nevertheless binding upon the principal, unless the latter has, immediately upon receipt of information concerning the act, notified the other party that he does not ratify the act of the ship agent.

#### Article 163. The ship agent's remuneration

Unless otherwise provided for by the law, the amount of the ship agent's remuneration shall be mutually agreed upon by the parties to the contract of ship agency.

#### Article 164. Time - bar for action.

Claims arising from the contract of ship agency shall be time-barred at the expiration of two years from the day when the dispute arises.

Article 165. Ship agency for public service ships, fishing ships, hovercraft and foreign military ships visiting Viet Nam

The provisions of this Section shall also apply to public service ships, fishing ships, hovercraft and foreign military ships visiting Viet Nam.

### Section 2

#### Maritime broking

#### Article 166. Maritime broking and shipbroker

1. Maritime broking is an intermediary service between the concerned parties in transacting, negotiating and concluding contracts of carriage, of marine insurance, of charter, of sale and purchase of ships, ship towage contracts, recruitment agreements and contracts of other activities pertaining to maritime shipping activities

2. A shipbroker is a person who undertakes maritime broking services.

#### Article 167. Rights and obligations of a shipbroker

1. The shipbroker may undertake to act on behalf of contracting parties where they have commissioned him, and he, however, is obliged to advise each party of the fact that he is acting on behalf of the other contracting

party, and in acting as an intermediary he shall take due regard for the interests of the contracting parties.

2. The shipbroker shall be entitled to remuneration for his mediation only when the contract has been concluded as a result of his efforts. The shipbroker's commission is mutually agreed by and between the shipbroker and his principal, in the absence of agreement the shipbroker's commission is determined by custom.

3. The shipbroker shall be obliged to undertake maritime broking services in good faith.

4. The shipbroker shall be responsible for the legal status of the parties involved in his ship broking during the period of business.

5. Unless otherwise agreed upon the shipbroker's responsibility shall terminate as soon as the contract between the concerned parties has been signed.

#### Article 168. Time-bar for action

Claims arising from the fulfillment of the contract of ship broking shall be time-barred at the expiration of two years from the day when the dispute arises.

### CHAPTER IX MARITIME PILOTAGE

#### Article 169. Viet Nam maritime pilotage regime

1. Employment of maritime pilotage is aimed at ensuring maritime safety and security, and prevention of environmental pollution; contributing to protection of the sovereignty and exercising the sovereignty and national jurisdiction.

2. Either the Vietnamese or foreign ships that operate within the compulsory maritime pilotage areas of Viet Nam shall have to employ Vietnamese maritime pilots to navigate the ship and pay for the service. In the non-compulsory maritime pilotage areas the shipmaster may order the Viet Nam maritime pilotage service.

The Government shall provide in districts for cases of non-employment of Viet Nam maritime pilotage services on ships navigate in the compulsory maritime pilotage areas of Viet Nam, if needed.

#### Article 170. Maritime pilotage organizations

1. A maritime pilotage organization is an organization which provides pilotage service for ships's entry and departure from seaports, and navigation in the compulsory maritime pilotage areas of Viet Nam.

2. The Government shall determine organization and activities of maritime pilotage.

#### Article 171. Legal status of a maritime pilot

1. Maritime pilot is an advisor who renders to the Master assistance and advice in navigating the ship in respect of navigational conditions on waters on which the maritime pilot performs his service. The employment of maritime pilots shall not relieve the Master of responsibility for the navigation of the ship.

2. The pilot, while piloting the ship, remains under the command of the Master of the piloted ship.

3. The ship Master has the right to choose a maritime pilot or to refuse the maritime pilot's services and request his substitute.

#### Article 172. Professional requirements for a maritime pilot

A maritime pilot shall be:

1. A Vietnamese citizen;

2. Fit for the required standards of health;

3. Possessing a maritime pilot competent license;

4. Piloting the ship in the maritime pilotage areas compatible with the maritime pilot license issued to him;

5. Under the management and employment of a maritime pilotage organization.

#### Article 173. Rights and obligations of the maritime pilot during his pilotage

1. The maritime pilot shall have the right to refuse piloting the ship, in the witness of a third party, and give immediate notice to the Port Maritime Administration and the maritime organization, when the Master does not intentionally carry out his appropriate advice or recommendation.

2. The maritime pilot shall be bound to furnish the Master with all information concerning the navigational conditions in the area of maritime piloting and recommend him on activities not conformity with regulations on marine navigation safety and other relevant regulations.

3. The maritime pilot must notify the Port Maritime Administration of the steering of the ship and dangerous navigational changes which he has seen while piloting the ship.

4. The maritime pilot must exercise diligently his obligation. The maritime pilotage deems to be fulfilled when securing the ship at anchor, mooring it or safely taking it to the agreed place, and or being relieved by



another maritime pilot. The maritime pilot shall have no right to leave the ship without the consent of the Master.

Article 174. Obligations of the shipmaster and shipowner in employment of a maritime pilot

1. The shipmaster shall be obliged to furnish the maritime pilot with all information relevant to the navigational characteristics and the specificities of the piloted ship; to ensure the maritime pilot's safety when boarding and leaving the ship; to provide the maritime pilot with working facilities, accommodation and maintenance, required, during his stay on board the ship.

2. The shipowner shall be liable for the damages done by the maritime pilot while carrying out his services as those done by a member of the ship's crew.

3. For the safety reason, the maritime pilot cannot depart from the ship after he has fulfilled his duties, then the Master has to arrange the ship to call at the nearest port for the maritime pilot's departure. The shipowner or the ship operator shall be bound to arrange for the maritime pilot's return to his place and bear all the expenses incurred.

Article 175. Maritime pilot's responsibility for damages due to the faults of maritime pilotage

Maritime pilots shall only bear an administrative or criminal responsibility in accordance with the existing laws, but not civil liability where losses have occurred due to fault of maritime pilotage.

Article 176. Detailed provisions on maritime pilotage

1. The Minister of Transport shall determine the compulsory maritime pilotage areas, the standards of issuing and issuance and revoking of maritime pilot competent certificates and certificates for operation of the maritime pilotage areas.

2. The Minister of Finance, with agreement of the Minister of Transport, shall determine the maritime pilotage tariff in Viet Nam.

Article 177. Pilotage for public service ships, fishing ships, inland waterway facilities, hovercraft and foreign military ships

The provisions of this Chapter shall also apply to public service ships, fishing ships, inland waterway facilities, hovercraft and foreign military ships visiting Viet Nam.

## CHAPTER X

### MARITIME TOWAGE SERVICES

Article 178. Maritime towage

1. Maritime towage services include towing, pulling away, pushing ships and other floating objects or standing-by of a tug in their vicinity on the sea and in the navigable waters of a seaport.

2. Maritime towage services include maritime towage services on the sea and assistance of ships in the harbour waters..

#### Article 179. Maritime towage contract

1. Maritime towage contract is a contract made in writing between the tug operator and the hirer, unless the towage services are done as assisting the manouvres in the harbours.

2. The amount of remuneration due for maritime towage services shall be mutually agreed by the parties, unless otherwise provided by law.

#### Article 180. Command of a maritime towage

1. The towing ship and the towed ship or other towed facilities form a towage team. The towage team is set up as ships forming it have been ready to carry out, on the order of the commander of the maritime towage team, the manouvre, and it breaks up as the last manouvre has been

for damages done by his ship or fault to the other ship or the team as well as to persons and properties on board that ship.

3. In the process of performing a contract of maritime towage, the parties to the contract shall be jointly liable for compensating damages caused to the third party corresponding to the extent of fault of each party.

#### Article 183. Time-bar for action

Any claim arising from performing a contract of maritime towage shall be time-barred at the expiration of two years from the date when the dispute arises.

Article 184. Towage of military ships, public service ships, fishing ships, inland waterway facilities and hovercraft

The provisions of this Chapter shall apply to the military ships, public service ships, fishing ships, inland waterway facilities and hovercraft.

### CHAPTER XI

#### MARITIME SALVAGE

#### Article 185. Maritime salvage

1. A maritime salvage is an act for saving a ship or properties on board thereof from danger as well as rendering assistance to a ship in peril at sea or in a sea port waters, which is undertaken in accordance with a salvage agreement.

2. A maritime salvage contract is concluded between salvor and salvaged parties on the salvage operations. The Master of the ship in peril shall have the Administration to conclude contracts for salvage operations on behalf of the owner of the ship. The Master or the owner of the ship in peril shall have the Administration to conclude such contracts on behalf of the owner of the property on board the ship.

3. The salvage contract shall be concluded in the form as mutually agreed and between the contracting parties.

4. The parties to a salvage contract have the right to demand the setting aside or modification of the inequitable conditions in the contract if they were concluded under the influence of danger and its impact or if there is evidence that they have been concluded under fraud and concealment or where the remuneration concluded is disproportionately small large as compared with practical salvage service.

#### Article 186 Duties of the salvor and of the shipowner and Master

1. The salvor shall have the following duties during the maritime salvage:

(a) to carry out the salvage operations with due care;

(b) to take appropriate measures to prevent or minimize damage to the environment;

c) to seek assistance from other salvors whenever circumstances reasonably require;

(d) to accept the intervention of other salvors when reasonably requested to do so by the shipowner or the Master of the ship or other property in danger; provided however that the amount of his reward shall not be prejudiced should it be found that such a request was unreasonable;

2. The shipowner and the Master of the ship or the owner of other property in danger shall have the following duties:

(a) to co-operate fully with the salvor during the course of the salvage operations;

(b) to exercise due care to prevent or minimize damage to the environment during the salvage operations; and

(c) when the ship or other property has been brought to a place of safety, to accept their redelivery when reasonably requested by the salvor to do so.

#### Article 187 - Entitlement to salvage reward

1. Any maritime salvage service which has brought about useful results is entitled to the reasonable remuneration.

2. The salvage remuneration comprises the remuneration, salvage expenses and expenses incurred in respect of transportation and care for the ship or the property saved and salvage reward.

3. A remuneration is also due for the following services: a salvor who has taken direct or indirect salvage operations to assist the owner of the salvaged property in saving freight and money due for the carriage of passengers; the salvor has taken part between ships belonging to the same shipowner.

4. No right to any remuneration is to be accorded to a salvor who has undertaken salvage operations contrary to express and reasonable decision of the Master of the salvaged ship.

#### Article 188. Principles of determining the salvage reward

1. The amount of remuneration shall be agreed upon in the salvage contract but it must be equitable and may not exceed the value of the ship or the property saved.

2. In the absence of a contract being not equitable, the amount of remuneration shall be determined according to the circumstances, having, in particular, regard to:

a) The value of the ship and property saved;

- b) The skill and efforts of the salvors in preventing or minimizing damage to the environmental;
  - c) The measure of success obtained by the salvors;
  - d) The nature and degree of the danger;
  - e) The skill and efforts of the salvors in salvaging the ship, life and other property on board thereof;
  - f) The time used, expenses incurred and the loss suffered by the salvors;
  - g) The risks of liability and other risks run by the salvors or their equipment;
  - h) The promptness of salvage operations rendered by the salvors;
  - i) The availability and capacity of the ships and other equipment used for the salvage operations;
  - k) The state of readiness, efficiency of the salvor's equipment and the value thereof.
4. The amount of the remuneration ma

5. If the salvor has been negligent

1. There may be a maritime lien on the ship or the property salvaged for removal of the salvage remuneration and other costs incurred for the valuation and public auction.

2. The salvor shall not exercise his maritime lien on the ship or property salvaged when satisfactory security for his claim for payment of salvage remuneration including interest and other relevant expenses has been duly tendered or provided by the shipowner or the owner of the property salvaged.

#### Article 195. Time-bar for action

Any claim in respect of the performance of the salvage agreement shall be time-barred at the expiration of two years from the date of termination of the salvage operation.

Article 196. Maritime salvage for military ships, public service ships, fishing ships, inland waterway facilities and hovercraft

The provisions of this Chapter shall be applicable to military ships, public service ships, fishing ships, inland waterway facilities and hovercraft.

## CHAPTER XII

### REMOVAL OF PROPERTY FROM THE SEA

#### Article 197. Properties sunken

1. Properties sunken are ships, military ships, public service ships, fishing ships, floating facilities, hovercraft, cargo or other objects sunken in Vietnamese inland waters or in the Vietnamese territorial waters or floating on the sea, and or washed ashore the Vietnamese coast.

2. A property sunken that endangers or means the property which hinders or endangers navigation, marine natural welfares or endangers people's lives and health and causes pollution of the sea.

#### Article 198. Obligations of the owner of property sunken

1. The owner of property sunken shall be obliged to recover his

compensate for losses resulted from environmental pollution in accordance with the provisions of law.

Article 199. Period for notice and removal of the property sunken

Unless otherwise provided for in Article 200 of this Code, the period for notice and removal of the property sunken shall be as follows:

1. Within no later than 30 days of the date on which the property sank, the owner of such property must give notice to the competent Administration as provided for in Article 205 of this Code of his intention to recover that property and to indicate the date by which he intends to complete the removal



of property shall be noticed accordingly. Where within one hundred and eighty days of his having received the notice, the owner of property fails to receive the balance then this amount together with its interest shall be placed in the State public funds.

4. Where the proceeds as provided in paragraph 3 of this Article are not sufficient to cover the expenses incurred, the owner of property shall reimburse the deficient amount within the period of time fixed by the agency who decided the removal of such property. The deficiency shall be recovered from the State budget when the owner of property sunken is unable to reimburse or not identified.

Article 201. The right of priority for removal of property sunken

Vietnamese organizations and individuals are given priority in conclusion of contracts for recovering property sunken in Vietnamese inland waters and in the Vietnamese territorial waters.

Article 202. Loss of the ownership in property sunken

1. The owner of property shall lose his ownership in the property, if he gives no notice or has not commenced the removal operation within the period determined in Article 199 and Article 200 of this Code, and such the property sunken shall naturally be the property of the State of Vietnam

2. The competent Administration as provided for in Article 205 of this Code shall determine the handling of property sunken set out in paragraph 1 of this Article

3. The owner of the endangered property

3. Where within fifteen days of having been advised of the removal, the owner fails to claim delivery of the property or to pay the amount due to the recoverer, the recoverer is bound to deliver the recovered property to the competent Administration as provided

1. After a collision, the Master of each of the ships in collision shall be bound, so far as he can do without serious danger to his ship as well as the persons and property on board his ship, to render assistance to the other ship, her persons and her property.

2. Immediately after a collision, the Master of each of the ships is likewise bound to make known to the Master of the other ship the name of his ship, her call-sign, her port of registry, her port of departure and of destination.

3. The shipowner shall not be liable for breach of the duties set forth in paragraphs 1 and 2 of this Article by his Master.

Article 208. Principle to determine faults and compensate for losses in collision of ships

1. A blame ship is a ship causing collision or such collision is as a result of negligence in equipping, navigation and management of the ship, in observing regulations for preventing collisions at sea and regulations for the marine navigation safety as well as non-exercising of necessary professional practices.

2. The blame ship shall be liable for damage done through collision to a ship or to persons and property in connection thereof. Where both to blame or many to blame collision has occurred, each of them is liable in proportion to the degree of her fault. Where the degree of the fault is equal or it is impossible to establish the relative degrees of fault, they are held equally to blame.

3. Neither of the ships shall be at fault in the collision where the cause of fault is left in doubt.

4. For damage resulting from loss of life, personal injuries, or health damage, the ships at fault in the collision shall be liable jointly and severally. A ship which, by virtue of the joint and several liability, has paid more than required proportion, is entitled to recover from the other ships the sum paid in excess.

5. Military ships shall not incur liability for damage done to other ships by way of collision which executing special duties on military exercise areas and on areas declared as prohibition to navigation, but commanders of such ships shall not be relieved thereby of the duties as provided for in paragraphs 1 and 2 in Article 207 of this Code.

6. In accordance with the provisions under this Article, paragraphs 1, 2, 3, 4 and 5, the parties involved in the collision shall have the right to agree on determining the extent of faults and liability for compensation for the losses as a result of such collision. If failing it, they have the right to refer to arbitration or bring the case before a competent Court.

Article 209. Collision caused by force majeure or by accidental event and collision without identification of the fault

Where the collision has occurred by force majeure or by an accidental event, or where the blame ship cannot be identified, the damages are borne by those who have suffered them. This provision is also applicable where the ship is at anchor, moored to or alongside another ship at the time of the collision.

Article 210. Indirect collision

The provisions of this Chapter shall also apply where the blame ship has caused damages to the other ship, vessel as the persons and property on board thereof without direct collision.

Article 211. Time-bar for action

1. Any claim in respect of collision shall be time-barred after a period of two years, from the date of the collision occurrence.

2. Any claim in respect of removal of the amount paid in excess as provided in paragraph 4, Article 208 of this Code shall be time-barred after a period of one year, from the date of the payment of indemnity.

Article 212. Collision in respect of military ships, public service ships, fishing ships, inland waterway facilities and hovercraft

The provisions of this Chapter shall also apply to military ships, public service ships, fishing ships, inland waterway facilities and hovercraft.

## CHAPTER XIV GENERAL AVERAGE

5. Any extra expense in excess of necessary expenses which would have been allowable as general average shall be allowed as general average, but only up to the amount of reasonable expenditure depending on each specific case.

#### Article 214. General Average Adjustment

1. General average losses are apportioned in proportion to their values of losses in general average and values saved at the place and time where and when the ship shall have entered refuge right after the general average occurrence.}

2. General average losses are apportioned according to paragraph 1 of this Article even though the common peril which has given rise to the extraordinary sacrifice or expenditure has been due to the fault of any party to the general average or a third party.

3. The apportionment of general average losses does not deprive any party in the general average from their right to recourse against the party through whose fault the loss has arisen.

4. Principles applying for a detailed adjustment of the loss value and contribution value are agreed in the contract by the parties. In the absence of such an agreement in the contract the provisions of this Chapter and international practices shall apply.

#### Article 215. General average adjustment of gov

Article 218. Time-bar for action

Any claims arising from the general average shall be time-barred at the expiration of the two years from the date of the general average occurrence. The time of adjustment proceedings shall not count in such period of time.

CHAPTER XV

LIMITATION OF CIVIL LIABILITY FOR MARITIME CLAIMS

Article 219. Persons entitled to limitation of Civil Liability

1. The shipowner is entitled to limit his civil liability for the maritime claims set out in Article 220 of this Code.

2. The limitation of liability of the shipowner shall also apply for salvor, ship operator, charterer and ship manager whose act, neglect or fault the shipowner or the above mentioned people are responsible.

3. When an insured is entitled to limitation of liability for maritime claims, his insurer shall be entitled to limit his liability for the maritime claims as the assured's entitlement.

4. The act of utilizing limitation of liability shall not constitute an admission of liability.

5. A person entitled to limitation of liability in accordance with the provisions of this Chapter shall not be entitled to limit his liability if it is proved that the loss resulted from his fault.

Article 220. Maritime claims subject to limitation of civil liability

1. Claims in respect of loss of life or personal injury or health damage, or loss of or damage to property including damage to harbour works, basins, waterways and aids to navigation occurring on board or in direct connection with the operation of the ship or with (on occurrence)]T2]TJ -16.3906 -1.w.g37b( nav17.1e



c. For a ship with a tonnage in excess of 500 GT, the following amount in addition to that mentioned in (b) for each ton from 501 to 30,000GT: 167 units of account; for each ton from 30,001 GT to 70,000GT: 125 units of account; for each ton from 70,001 GT and over: 83 units of account.

4. Where the total amount calculated under paragraph 2 of this Article is insufficient for payment of the claims mentioned above the total amount calculated in accordance with paragraph 2 shall be available for payment of the unpaid balance of the maritime claims under paragraph 2 of this Article, and such unpaid balance shall rank rateably with the claims set out under paragraph 2 of this Article.

5. Among the maritime claims as provided for in paragraph 3 of this Article, the claims in respect of damage to harbour works, basins and waterways and aids to navigation shall have priority over other claims.

6. The limitation of liability for any salvor not operating from any ship or any salvor operating slovenly on the ship



court is entitled to order the release of the property arrested of such person liable or to similarly order the release of the security furnished by him.

5. Where before the Compensation is distributed, the person liable or other person entitled to limitation of civil liability under the provisions of

2. A person is interested in a maritime adventure where he stands in any legal or equitable relation to the adventure or to any insurable subject at risk therein, in consequence of which he may benefit by the safety or due arrival of insurable subject, or may be prejudiced by its loss, or damage thereto, or by the detention thereof, or may incur liability in respect thereof.

3. The assured must be interested in the subject-matter insured at the time of loss though he need not be interested when the insurance is effected. Where the subject-matter is insured "lost not lost", the assured may recover although he may not have acquired his interest until after the loss, unless at the time of effecting the contract of insurance the assured was aware of the loss, and the insurer was not.

Where the assured has no interest at the time of the loss, he cannot acquire interest by any act or election after he is aware of the loss.

Where the buyer of goods has insured them, he has an insurable interest, notwithstanding that he might, at his election, have rejected the goods, or have treated them as at the seller's risk, by reason of the latter's delay in making delivery or otherwise.

#### Article 227: Reinsurance.

1. The insurer may reinsure in respect of insurance concluded by him.

2. The contract of reinsurance is independent with the original contract of insurance, the original insurer must be responsible with the insured.

#### Article 228: Marine Policy and Marine Insurance Certificate.

1. On demand of the assured the insurer is bound to issue to him a marine policy or a marine insurance certificate. The policy or the marine insurance certificate shall constitute an evidence as to the contract of marine insurance.

2. The marine policy may be made out in the following ways:

a. Voyage policy is a marine policy to insure the subject-matter from one place to another or other.

b. Time policy is a marine policy to insure the subject-matter for a definite period of time.

c. Valued policy is a marine policy which specifies the agreed value of the subject-matter insured, fixed by the policy, in line with the insurable value, and to be used for compensation or settlement of the total loss or partial loss.

The settlement of the constructive loss shall be based on the value fixed by the policy and on the provisions of paragraph I, Article 254 of this Code, unless otherwise provided by the policy.

d. Unvalued policy is a marine policy which does not specify the value of the subject-matter insured, but, ~~and~~ subject to the limit of the sum insured.

3. The marine policy must specify:

a. The name of the assured, or some person who effects the insurance or his behalf;

b. The subject-matter insured;

c. Condition of insurance;

d. Insurance period;

e. The sum or sum insured;

f. The place, the date and the hour of issue of the policy;

2. Prior to the commencement of the insurance liability, the insured may demand the termination of the insurance contract but shall pay the handling fees to the insurer and the insurer shall refund the premium.

3. Unless otherwise agreed in the insurance contract, neither the insurer nor the assured may terminate the contract after the commencement of the insurance liability

When the insurance contract provides that the contract may be terminated after the commencement of the insurance liability, and the assured demands the termination of the contract, the insurer shall have the right to the premium payable from the day of the commencement of the insurance liability to the day of termination of the contract and refund the remaining portion. If it is the insurer who demands the termination of the contract, the unexpired premium from the day of the termination of the contract to the day of the expiration of the period of insurance shall be refunded to the assured

4. The provisions set in paragraph 2 of this Article shall not be applied in case the assured requests cancellation of the contracts of cargo insurance and voyage insurance that are concerned the ship after the liabilities of insurance have commenced.

## Section 2

### Insurable value and amount insured

#### Article 232. Insurable value.

Insurable value is the real value of the subject-matter insured and it is ascertained as follows:

1. The insurable value of the ship is her value at the commencement of the insurance, including the value of her machinery, equipment, spare parts and stores plus the charges of insurance upon the whole. The insurable value of the ship includes also money advanced for seamen's wages and other disbursements incurred to make the ship fit for the voyage as provided by the contract;

2. The insurable value of the cargo is its value invoiced at the place of loading or its market value at the place and time of loading plus the charges of insurance, freight and may include the expected profit;

3. The insurable value of the freight is the gross amount of freight plus the charges of insurance. Where the charterers have the freight insured, this amount of freight is included in the insurable value of the cargo for insurance;

4. The insurable value of any other subject-matter insured, except obligations arising under a liability, is the amount of the subject-matter insured at the place and time when the insurance attaches, plus the charges of insurance.

### Article 233. Amount insured

1. Upon concluding a marine insurance contract, the assured must declare the amount for which the subject-matter insured is insured, hereinafter referred to as the insured amount.

2. Where the insured amount as specified in the contract is lower than the insurable value, the insurer is liable for losses in such proportions as the insured amount bears to the insurable value, including other expenses under the insurance.

3. Where the insured amount as specified in the contract exceeds the insurable value, the marine insurance contract is not valid for the difference.

### Article 234. Double insurance

1. Where two or more policies effected by or on behalf of the assured cover the same subject-matter insured and the same perils and the sums insured exceed the insurable value, the assured is said to be over insured by double insurance.

2. Where double insurance as provided for in paragraph 1 of this Article, all such insurers are liable only up to the amount of the insurable value and within limit of that value each of them is liable in proportion to the amount insured as accepted by him.

## Section 3

### Transfer of rights under the contract of marine insurance

#### Article 235. Transfer of a marine policy

1. A marine policy may be transferred unless the policy provides transfer prohibited. The policy may be transferred before or after the loss has occurred to the subject-matter insured.

2. A person interested in the subject-matter insured shall have no right to transfer the policy.

#### Article 236. Way of transfer of a marine policy

The marine policy may be transferred in a way that the assured shall sign additionally the policy, or according to commercial custom.

## Section 4

### Floating Insurance

#### Article 237. Floating insurance

1. Floating insurance is a package insurance covering the subject-matter insured of a kind or some kinds of cargo which the assured will dispatch or receive in a specified period of time.





Article 245. Indemnity for losses resulting from several successive accidents

1. Unless the contract otherwise provides, the insurer is liable for losses resulting from several successive accidents not covered by the insurance, even though the aggregate amount of losses may exceed the amount insured.

2. Where, a total loss of the subject matter insured occurs after a partial damage has already taken a place and not yet been made good or compensated the indemnity to the assured shall be limited to his total loss only.

3. The provisions defined in paragraphs 1 and 2 of this Article do not relieve the insurer of liability for refunding the expenses in connection with obligations set out in Article 244 of this Code.

Article 246. The insurer's exemption from liability

1. Unless 's exempti0G8a TJ -16.7682 -1.14 TD tial





Article 251. Way of and time fixed for abandonment of subject-matter insured

1. The assured should declare the abandonment in writing, stating the circumstances which justify the abandonment.

2. The declaration of abandonment mu

of abandonment of the ship or cargo to the insurer prior to his request for indemnity.

2. An actual total loss is a loss resulting from the destruction of or total damage without possibility to recover, or from the missing of the ship and cargoes carried on board thereof, the assured may demand from the insurer the indemnity for the total amount insured without declaring the abandonment of the subject-matter insured.

3. Where the ship found missing is insured for a definite period of time, the insurer is only liable for the indemnity in case he has last received the information of the ship before the expiration of the insurance period. The insurer is free from liability where he proves that the ship has been found missing after the expiry of the insurance period.

#### Article 255. Refunding the indemnity paid

Where the insurer has paid the indemnity, the ship escapes from the peril, he is entitled to demand that the assured continue his ownership of the ship and refund the indemnity paid after deducting the indemnified amount for partial loss of the ship provided that the partial loss arising directly from the peril insured.

### Section 8

#### Settlement of Indemnity

#### Article 256. Responsibility for settlement of indemnity

On payment of insurance indemnity, the insurer may demand that the assured provide him with all relevant information, as also submit to him documents and other proof indispensable for ascertaining the circumstances of the accident as well as the loss and the extent thereof.

#### Article 257. Time bar in respect of contract of maritime insurance

Any claim in respect of a contract of maritime insurance shall be time-barred at the expiration of two years from the date on which the dispute occurs

## CHAPTER XVIII

### SETTLEMENT OF MARITIME DISPUTES

#### Article 258. Maritime disputes

Maritime dispute means any dispute arising in connection with maritime activities.

#### Article 259. Principle of settlement of maritime disputes

1. The parties to maritime contracts may settle their maritime disputes through negotiations, agreement or referring the dispute to arbitration or bringing it before competent court.

2. Maritime disputes will be solved by arbitration or court in accordance with the jurisdiction and rules of procedures determined by law.

Article 260. Settlement of maritime disputes where at least one party being a foreign organization or individual

1. Where a contract has at least one