

**THE MARITIME  
CODE OF THE  
PEOPLE'S REPUBLIC  
OF CHINA  
(REVISED 2025)**

TRANSLATED BY

**INSTITUTE OF MARITIME LAW  
SHANGHAI MARITIME UNIVERSITY**

## **Publication Note and Acknowledgement for the Unofficial English Translation of the *Maritime Code of the People's Republic of China***

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# **Chapter I General Provisions**

### **Article 1**

This Code is enacted to regulate relations arising from maritime transport and those pertaining to ships, to protect the legitimate rights and interests of the parties concerned, to strengthen protection of the marine ecological environment, and to promote the high-quality development of maritime transport, the economy and trade.

### **Article 2**

“Maritime transport” as referred to in this Code means the carriage of goods and passengers by sea, including the sea-river and river-sea through transport.

### **Article 3**

“Ship” as referred to in this Code means sea-going ships and other mobile units, but does not include ships or craft to be used for military or official government public service, nor small ships of less than 20 gross tonnage (GT). A ship includes its appurtenances.

### **Article 4**

Ships registered in accordance with the law and granted the nationality of the People’s Republic of China shall be entitled to fly the national flag of the People’s Republic of China in navigation.

Ships failing to fly the national flag of the People’s Republic of China as required by law, or illegally flying flags of other countries, regions, or organizations, shall be ordered to rectify by the authorities concerned, and legal responsibility shall be imposed in accordance with the law.

## **Article 5**

Maritime transport and towage services between the ports of the People's Republic of China shall be operated by ships that have acquired the nationality of the People's Republic of China in accordance with law, except as otherwise provided for by laws or administrative rules and regulations.

No foreign ships may engage in the maritime transport or towage services between the ports of the People's Republic of China unless approved in accordance with law by the competent transport authority under the State Council.

## **Article 6**

The competent transport authority under the State Council, the relevant local people's governments and their transport authorities shall supervise and administer maritime transport activities in accordance with the law.

# **Chapter II Ships**

## **Section 1 Ownership of Ships**

### **Article 7**

Ownership of a ship means shipowners' right to possess, use, benefit from, and dispose of the ship in accordance with law.

### **Article 8**

The establishment, alteration, transfer or extinguishment of the ownership of a ship shall be registered with the ship registration authority; unless so registered, it shall not be asserted against a bona fide third party.

The lessor's retained ownership of a ship under a financial lease, if unregistered, shall not be effective against a bona fide third party. The lessee shall pay hire in accordance with the ship financial lease. Should the lessee fail to pay the outstanding hire within a reasonable time following a demand, the lessor may either claim immediate payment of all outstanding amounts or terminate the financial lease and repossess the leased ship.

The transfer of ship ownership shall be effected by a written contract.

### **Article 9**

Where a ship is jointly owned by two or more legal persons, unincorporated organizations, or natural persons, such joint ownership shall be registered with the ship registration authority; unless so registered, it shall not be asserted against a bona fide third party.

Ship's rights holders, interested parties, and relevant state authorities may inquire into the registration status of ship ownership in accordance with the law.

#### **Article 10**

The ownership of ships under construction shall be determined as per agreement of the parties; in the absence of an agreement or if the agreement is unclear, ownership shall vest in the shipbuilder.

### **Section 2 Mortgage of Ships**

#### **Article 11**

A ship mortgage is, in accordance with the law, the mortgagee's priority right to be satisfied from the ship provided by the mortgagor as security for a debt, when the debtor fails to perform a matured debt or when circumstances agreed by the parties for realization of the mortgage arise.

#### **Article 12**

The shipowner or a person authorized by the shipowner may create a ship mortgage. A ship mortgage shall be created by a written contract.

#### **Article 13**

The establishment, alteration, transference or extinguishment of a ship mortgage shall be registered with the ship registration authority; unless registered, a ship mortgage shall not be asserted against a bona fide third party.

Registration of a ship mortgage shall be jointly filed by the mortgagee and the mortgagor with the ship registration authority.

The principal items to be registered include: (1) names and domiciles of the mortgagee and mortgagor; (2) name and nationality of the mortgaged ship and the issuing authority and number of the certificate of ownership; (3) amount of the debt secured and the repayment term; (4) time of registration.

The registration status of ship mortgages shall be available for public inquiry.

#### **Article 14**

A ship mortgage may be established over a ship under construction.

In registering such a mortgage, the required documents shall be submitted to the ship registration authority in accordance with the relevant rules.

### **Article 15**

Unless otherwise agreed in the contract, the mortgagor shall insure the mortgaged ship; if the ship is not insured, the mortgagee may insure it and recover the premium from the mortgagor.

### **Article 16**

Unless otherwise agreed among the co-owners, when a mortgage is established on a ship owned in common, consent shall be obtained as follows:

- (1) For a ship under co-ownership by shares, consent of co-owners holding more than two-thirds of the shares;
- (2) For a ship under joint co-ownership, consent of all co-owners.

A mortgage created by co-owners shall not be affected by any subsequent severance of the co-ownership.

### **Article 17**

Once a ship mortgage has been established, the mortgagor may transfer the mortgaged ship.

Where the parties have otherwise agreed, their agreement shall govern. The mortgage shall remain unaffected by the transfer of the ship.

### **Article 18**

Where the secured claim is assigned, the mortgage shall pass concurrently, unless otherwise stipulated by law or agreed by the parties.

### **Article 19**

Where two or more ship mortgages are established on the same ship, their order of priority for satisfaction shall be determined according to the following circumstances:

- (1) Registered ship mortgages shall rank in the order of their respective times of registration;
- (2) Registered ship mortgages shall have priority over unregistered ones;
- (3) Unregistered ship mortgages shall be satisfied pro rata according to the secured claims.

### **Article 20**

Where a mortgaged ship is destructed, lost, or expropriated, the mortgagee may enjoy priority in satisfaction out of the insurance proceeds, compensation, indemnity or other substitute payments received.

### **Section 3 Maritime Liens**

#### **Article 21**

A maritime lien entitles the claimant to priority in satisfaction from the ship which gave rise to the maritime claim, against the shipowner, bareboat charterer, ship manager or ship operator, in accordance with this Code.

#### **Article 22**

The following maritime claims shall give rise to maritime liens:

- (1) claims for wages, other remuneration, repatriation expenses, and social insurance contributions payable to the master, crew, and other persons employed on board arising out of their service on the ship;
- (2) claims for compensation for loss of life or personal injury occurring in the operation of the ship;
- (3) claims for the payment of ship tonnage dues, pilotage fees and other port charges;
- (4) claims for salvage remuneration arising from salvage operations at sea;
- (5) claims for compensation for loss of or damage to property arising from torts occurring in the operation of the ship, but excluding claims for loss of or damage to cargo, containers and passengers' baggage carried on board the same ship.

Where, in accordance with mandatory provisions of international conventions to which the People's Republic of China is a party or participant, or under laws or administrative regulations, civil liability insurance has been obtained or appropriate financial security is provided, the maritime claims referred to in subparagraphs (2) and (5) of paragraph 1 of this Article shall not give rise to maritime liens to the extent that they are covered by such insurance or financial security.

#### **Article 23**

The maritime claims listed in paragraph 1 of Article 22 shall be satisfied in the order set forth therein. However, maritime claims under subparagraph (4) arising later than those under subparagraphs (1)– (3) shall rank ahead of such claims.

Where two or more claims exist under subparagraphs (1), (2), (3) or (5), they shall rank *pari passu*; if insufficient, they shall be satisfied *pro rata*. Where two or more salvage claims exist, those arising later shall rank first.

#### **Article 24**

The legal costs for enforcing the maritime liens, the expenses for preserving, auctioning or selling the ship, the expenses for distribution of the proceeds, and other

expenses incurred for the common interests of the claimants, shall be deducted and paid in priority out of the proceeds of auction or sale of the ship.

#### **Article 25**

A maritime lien shall not be extinguished by transfer of the ownership of the ship, except where the lien has not been enforced within 60 days from the date on which a court, at the transferee's request, issued a public notice of such transfer.

#### **Article 26**

Where a maritime claim enjoying a maritime lien under Article 22 of this Code is assigned or subrogated, the maritime lien attached thereto shall be transferred accordingly.

#### **Article 27**

A maritime lien shall be exercised by arresting the ship against which the lien has arisen upon application to a court.

#### **Article 28**

Except for the circumstances stipulated in Article 25 of this Code, a maritime lien shall be extinguished by any of the following causes:

- (1) Failure to exercise the lien within one year from the date on which it arose;
- (2) The ship is sold by public auction or judicial sale in accordance with the law by a court;
- (3) Loss of the ship.

The one-year period prescribed in subparagraph (1) of the preceding paragraph shall not be subject to suspension or interruption.

The one-year period for the maritime lien arising from the maritime claim specified in subparagraph (1), Paragraph 1 of Article 22 of this Code shall commence from the date on which the claimant leaves the ship on which they were employed.

#### **Article 29**

The provisions of this Section shall not prejudice the implementation of the provisions regarding the limitation of liability for maritime claims stipulated in Chapter XI of this Code.

### **Section 4 Possessory Lien on Ships**

#### **Article 30**

A possessory lien on a ship refers to the right of a shipbuilder or ship repairer to retain possession of a ship, which is lawfully in their possession, and to have a

preferred claim against the ship thereof for the payment of the costs of its construction or repair, where the other contracting party has failed to pay such costs as agreed.

The possessory lien on a ship shall be extinguished when the shipbuilder or ship repairer loses possession of the ship constructed or repaired.

The possessory lien on a ship shall have priority over a ship mortgage but shall be subordinate to a maritime lien.

### **Article 31**

Unless otherwise agreed, if the debtor fails to perform the obligation after the shipbuilder or ship repairer has retained possession of the ship for sixty (60) days, the shipbuilder or ship repairer may convert the retained ship into proceeds in accordance with the agreement with the debtor. Alternatively, the shipbuilder or ship repairer may have a priority right to satisfaction from the proceeds obtained from the public auction or judicial sale of the retained ship.

### **Article 32**

Where the ship is arrested and sold by public auction or sale by a court during the lien period, this shall not prejudice the right of the holder of the possessory lien on a ship to have a priority right to satisfaction from the proceeds.

## **Chapter III Crew**

### **Section 1 General Rules**

#### **Article 33**

Crew refers to all persons employed or engaged in any capacity on board a ship, including the master.

#### **Article 34**

Chinese crew shall obtain the corresponding certificate of competency and medical certificate in accordance with the provisions of relevant laws and administrative regulations governing seafarer management.

The employment of a foreign crew on a ship of Chinese nationality shall be governed by the relevant laws and administrative regulations in respect of seafarer management.

#### **Article 35**

A Chinese crew member engaged on a ship trading on international voyages shall, in accordance with the law, hold a seaman's certificate and relevant certificates issued by the Maritime Safety Administration of the People's Republic of China.

## **Article 36**

The crew's employer shall conclude employment contracts with crew in accordance with the provisions of relevant laws, administrative regulations, and international treaties in respect of crew labor and social security to which the People's Republic of China has acceded or is a party.

Where this Code does not provide for the appointment and engagement of the crew or the rights and obligations of the crew in respect of labor and social security, the provisions of relevant laws and administrative regulations shall apply.

## **Section 2 Master**

### **Article 37**

The master shall be responsible for the management and command of the ship.

All crew, passengers, and other persons on board the ship shall comply with and execute the orders issued by the master within the scope of the master's authority.

The master shall take all necessary measures to protect the ship, the persons on board, documents, mail, cargo, and other property; and prevent and control pollution of the ecological environment by the ship.

### **Article 38**

In order to ensure the safety of the persons on board and the ship, the master shall have the authority to impose confinement or other necessary measures upon any person on board suspected of committing illegal or criminal acts, and to prevent such person from concealing, destroying, or falsifying evidence.

When the master adopts the measures set forth in the preceding paragraph, the master shall prepare a case report which shall be signed by the master and at least two other persons on board. Such report, together with the person suspected of committing illegal or criminal acts, shall be delivered to the relevant authorities for disposition.

### **Article 39**

The master shall enter any birth or death occurring on board the ship into the ship's log, and shall prepare a certificate in the presence of two witnesses. The death certificate shall be accompanied by an inventory of the deceased's personal effects. If the deceased has left a will, the master shall attest to its authenticity. The master shall be responsible for the custody of the death certificate and the will, and shall deliver them to the family members or the relevant party.

### **Article 40**

In the event of a maritime casualty which endangers the safety of the persons on board and the ship, the master shall organize the crew and other persons on board to

exert all efforts in rescue and salvage. Where the sinking or destruction of the ship is inevitable, the master shall have the authority to make the decision to abandon the ship.

In the event of abandonment of the ship, the master shall take all necessary measures to ensure that passengers disembark safely before arranging for the crew to leave the ship. The master shall be the last person to leave the ship. Prior to abandonment, the master shall direct the crew to exert all efforts to salvage the ship's log, the engine room logbook, the oil record book, the radio logbook, the charts and documents used for the current voyage, as well as valuables, mail, and cash. The master shall further direct the crew to close oil tank valves and other equipment to prevent or minimize pollution.

#### **Article 41**

The master's responsibility for the management and command of the ship shall not be relieved by reason of the ship being under pilotage.

#### **Article 42**

Should the master die or be unable to perform the duties during the course of a voyage, the deck officer highest in rank shall assume the master's command.

Prior to the ship's departure from the next port, the owner, operator, or manager of the ship shall appoint a new master to succeed the command.

### **Chapter IV Contract of Carriage of Goods by Sea**

#### **Section 1 General Rules**

#### **Article 43**

A contract of carriage of goods by sea refers to a contract whereby the carrier, against payment of freight, undertakes to carry the goods entrusted by the shipper from one port to another by sea. This includes both international contracts of carriage of goods by sea and domestic contracts of carriage of goods by sea between ports of the People's Republic of China.

#### **Article 44**

The following terms in this Chapter shall have the meanings set forth below:

- (1) "Carrier" means a person who, either on its own behalf or through another person acting in its name, enters into a contract of carriage of goods by sea with a shipper.

- (2) “Actual carrier” means a person to whom the performance of all or part of the carrier’s obligations under Article 49 of this Code has been entrusted, whether directly or by way of sub-entrustment.
- (3) “Shipper” means a person who:
  - (a) enters into a contract of carriage of goods by sea with a carrier on its own behalf, or through another person acting in its name or on its behalf; or
  - (b) delivers the goods to the carrier under a contract of carriage of goods by sea, on its own behalf, or through another person acting in its name or on its behalf.
- (4) “Consignee” means the person entitled to take delivery of the goods.
- (5) “Goods” includes live animals as well as containers, pallets, vehicles, or similar articles of transport supplied by the shipper for consolidating the goods.
- (6) “Transport document” means a bill of lading, a sea waybill, or any other document evidencing a contract of carriage of goods by sea and the receipt or loading of the goods by the carrier.
- (7) “Bill of lading” means a document which evidences a contract of carriage of goods by sea and the receipt or loading of the goods by the carrier, and pursuant to which the carrier undertakes to deliver the goods.

#### **Article 45**

Any clause in a contract of carriage of goods by sea or in a bill of lading evidencing such contract or other transport document that violates the provisions of this Chapter shall be null and void. A clause that purports to transfer the benefit of the cargo insurance to the carrier, or any similar clause, shall also be null and void. The invalidity of such clauses shall not affect the validity of the other clauses in the said contract, bill of lading, or other transport document.

#### **Article 46**

The provision of Article 45 of this Code shall not preclude the carrier from increasing its liabilities and obligations beyond those stipulated for the carrier in this Chapter.

### **Section 2 Carrier’s Responsibilities**

#### **Article 47**

The period of responsibility of the carrier for containerized goods shall cover the entire period during which the goods are in the charge of the carrier, commencing

from the moment the goods are received at the port of loading until the moment they are delivered at the port of discharge. The period of responsibility of the carrier for non-containerized goods shall cover the entire period during which the goods are in the charge of the carrier, from the time when the goods are loaded on board until the moment they are discharged from the ship. The carrier shall be liable for the loss of or damage to the goods occurring during the period of responsibility of the carrier, unless otherwise provided for in this Section.

The provision of the preceding paragraph shall not preclude the carrier from concluding any agreement in respect of its liability for non-containerized goods both prior to loading and subsequent to discharge.

#### **Article 48**

The carrier shall exercise due diligence, before and at the beginning of the voyage, to make the ship seaworthy; properly man, equip, and supply the ship; and make the holds, all other parts of the ship in which goods are carried, and the containers supplied by the carrier, fit and safe for the reception, carriage, and preservation of the goods.

In the case of a carrier engaged in domestic carriage of goods by sea, the carrier shall also perform the obligations set forth in the preceding paragraph throughout the voyage.

#### **Article 49**

The carrier shall properly and carefully receive, load, handle, stow, carry, keep, care for, discharge and deliver the goods carried.

#### **Article 50**

The carrier shall carry the goods to the port of discharge by the contractual, customary, or geographically direct route.

Any deviation in the sea or navigable waters connected with the sea for the purpose of saving or attempting to save life or property, or any other reasonable deviation, shall not constitute a breach of the provision of the preceding paragraph.

#### **Article 51**

Delay in delivery occurs when the goods are not delivered at the port of discharge within the expressly agreed time limit. In the case of domestic carriage of goods by sea, delay in delivery shall also be constituted if the goods are not delivered within a reasonable time limit.

The carrier shall be liable for the loss of or damage to, or any other economic loss sustained by the goods due to delay in delivery, provided that such delay is

attributable to the fault of the carrier and unless the carrier is exempted from liability in accordance with the provisions of this Chapter.

Where the carrier has failed to deliver the goods within sixty (60) days after the expiration of the time limit stipulated in Paragraph 1 of this Article, the person entitled to make a claim for the loss of the goods may deem the goods to be lost.

#### **Article 52**

During the period of responsibility, the carrier shall not be liable for any loss of or damage to, or delay in the delivery of the goods, arising from any of the following causes:

- (1) Any act, neglect, or default of the master, mariner, pilot, or other servants of the carrier in the navigation or management of the ship;
- (2) Fire on board, unless caused by the actual fault or privity of the carrier;
- (3) Acts of God or perils or accidents of the sea or other navigable waters connected therewith;
- (4) War or armed conflict, acts of pirates or acts of terrorism;
- (5) Acts of government or competent authorities, quarantine restrictions, or judicial seizure not attributable to the fault of the carrier, the actual carrier, or their servants or agents;
- (6) Strikes, lockouts, stoppages, or restraints of labour;
- (7) Saving or attempting to save life or property at sea or in other navigable waters connected with the sea;
- (8) Act or omission of the shipper, the owner of the goods, the consignee, or their servants or agents;
- (9) Inherent defect, quality, or vice of the goods;
- (10) Insufficiency of packing or inadequate or illegible marks;
- (11) Latent defects in the ship not discoverable by due diligence;
- (12) Any other cause arising without the fault of the carrier, the actual carrier, or their servants or agents.

Subparagraph (1) and (2) of the preceding paragraph shall not apply to domestic carriage of goods by sea.

Where the carrier is exempted from liability pursuant to Paragraph 1 of this Article, the carrier shall bear the burden of proof, save for the cause under subparagraph (2).

#### **Article 53**

The carrier shall not be liable for the loss of or damage to, or delay in delivery of live animals resulting from any special risks inherent in the carriage of such animals.

However, the carrier shall prove that it has complied with the shipper's special instructions for the carriage of the live animals and that, under the actual circumstances, such loss, damage or delay is caused by such inherent special risks.

#### **Article 54**

The carrier may carry goods on-deck where such carriage is agreed upon with the shipper, or is in accordance with shipping practices, or is permitted under the relevant laws or administrative regulations.

Where the carrier loads the goods on deck in accordance with the preceding paragraph, it shall not be liable for the loss of or damage to, or delay in delivery of the goods arising from the special risks inherent in such on-deck carriage.

Where the carrier and the shipper have agreed to carry the goods on deck, such agreement shall be expressly stated in the bill of lading; otherwise, it shall not be asserted against a bona fide third party.

#### **Article 55**

Where the loss of or damage to, or delay in delivery of the goods is caused concurrently by a cause for which the carrier, or its servants or agents, is not exempted from liability and by another cause, the carrier shall be liable only to the extent that such loss, damage, or delay in delivery is attributable to the cause for which it is not exempted from liability. However, the carrier shall bear the burden of proving the extent of the loss, damage, or delay in delivery arising from the other cause or causes.

#### **Article 56**

The amount of compensation for the loss of the goods shall be assessed on the basis of their actual value; the amount of compensation for damage to the goods shall be assessed according to the difference between their actual value before and after the damage or, alternatively, the cost of repair.

The actual value of the goods shall be determined according to the market price at the place and time of delivery. Where such market price cannot be ascertained, the value shall be determined on the basis of the value of the goods at the time of loading together with the insurance premium and freight.

The amount of compensation shall be reduced by any expenses saved or avoided as a consequence of the loss of or damage to the goods, from the actual value of the goods as specified in the preceding paragraph.

### **Article 57**

The carrier's liability for the loss of or damage to the goods shall be limited to an amount not exceeding 666.67 Units of Account per package or other shipping unit, or 2 Units of Account per kilogram of gross weight of the goods lost or damaged, whichever is the higher. However, this limitation shall not apply where the shipper has declared the nature and value of the goods before shipment and such declaration has been stated in the bill of lading, or where the carrier and the shipper have otherwise agreed upon a higher limit of liability than that provided in this Article.

Where the goods are consolidated in a container, on a pallet, in a vehicle, or similar article of transport, and the number of packages or other shipping units contained therein is stated in the bill of lading, such number shall be deemed to be the number of packages or other shipping units referred to in the preceding paragraph; otherwise, each such article of transport shall be deemed to constitute one package or one other shipping unit.

Where the article of transport is not owned or provided by the carrier, the article of transport itself shall be deemed to constitute one package or one other shipping unit.

### **Article 58**

The carrier's liability for economic loss resulting from the delay in delivery of the goods shall be limited to the amount of freight payable for the goods delayed. Where loss of or damage to, and delay in delivery of the goods occur concurrently, the carrier's liability shall be limited in accordance with paragraph 1 of Article 57 of this Code.

### **Article 59**

Any claim for compensation against the carrier arising out of the loss of or damage to, or delay in delivery of the goods under a contract of carriage of goods by sea, whether brought by way of litigation, arbitration, or other proceedings, and whether the maritime claimant is a party to the contract or the claim is based on contract or in tort, shall be subject to the provisions of this Chapter in respect of the carrier's defences and limitation of liability.

Where such a claim for compensation is brought against the carrier's servants or agents, the preceding paragraphs shall apply if they prove that they acted within the scope of their employment or agency.

### **Article 60**

The carrier shall not be entitled to the benefit of the limitation of liability provided for in Article 57 or Article 58 of this Code if it is proved that the loss of or

damage to, or delay in delivery of the goods resulted from an act or omission of the carrier done with the intent to cause such loss, damage, or delay, or recklessly and with knowledge that it would probably result.

If it is proved that the loss of or damage to, or delay in delivery of the goods resulted from an act or omission of the carrier's servants or agents done with intent to cause such loss, damage, or delay, or recklessly and with knowledge that it would probably result, the carrier's servants or agents shall not be entitled to the benefit of the limitation of liability provided for in Article 57 or Article 58 of this Code.

#### **Article 61**

Where the carrier entrusts the performance of the carriage, or any part thereof, to an actual carrier, the carrier shall remain responsible for the entire carriage in accordance with the provisions of this Chapter. For the carriage performed by the actual carrier, the carrier shall be responsible for the act or omission of the actual carrier, and of its servants or agents acting within the scope of their employment or agency.

Notwithstanding the provisions of the preceding paragraph, where the contract of carriage of goods by sea expressly provides that a specified part of the carriage covered by the contract is to be performed by a designated actual carrier other than the carrier, the contract may further provide that the carrier shall not be liable for the loss of or damage to, or delay in delivery of the goods occurring during the period the goods are in the charge of the designated actual carrier. However, such a stipulation shall be expressly stated in the bill of lading; otherwise, it shall not be asserted against a bona fide third party.

#### **Article 62**

The provisions of this Chapter concerning the liability of the carrier shall apply to the actual carrier. Any claim for compensation brought against the servants or agents of the actual carrier shall be governed by paragraph 2 of Article 59 and paragraph 2 of Article 60 of this Code.

#### **Article 63**

Any special agreement by which the carrier assumes obligations not provided for in this Chapter or waives rights conferred by this Chapter shall only be binding on the actual carrier if the actual carrier has expressly agreed to it in writing. Whether or not the actual carrier has agreed, such special agreement shall remain valid and binding in relation to the carrier.

#### **Article 64**

Where both the carrier and the actual carrier are liable, they shall be jointly and severally liable within the scope of such liability.

#### **Article 65**

Where separate claims for compensation are made in respect of the loss of or damage to, or delay in delivery of the goods against the carrier, the actual carrier, or their respective servants or agents, the aggregate amount of compensation recoverable shall not exceed the limits of liability provided for in Article 57 or Article 58 of this Code.

#### **Article 66**

The provisions of Articles 61 to 65 of this Code shall not prejudice any rights of recourse *inter se* between the carrier and the actual carrier.

### **Section 3 Shipper's Responsibilities**

#### **Article 67**

The shipper shall deliver the goods to the carrier for carriage in accordance with the terms of the contract of carriage of goods by sea, and shall warrant that the goods are fit for the intended transport.

#### **Article 68**

When tendering the goods for carriage, the shipper shall properly pack the goods and guarantee to the carrier the accuracy at the time of loading, of the description, marks, number of packages or pieces, weight, or volume of the goods as furnished by the shipper. The shipper shall indemnify the carrier against any loss sustained by the carrier resulting from improper packing or the inaccuracy of the particulars referred to above.

The carrier's right to indemnity under the preceding paragraph shall not affect its liability under the contract of carriage of goods by sea towards any person other than the shipper.

#### **Article 69**

The shipper shall, in a timely manner, complete all formalities required for the carriage of the goods with the port, customs, and other competent authorities, and shall furnish the carrier with the documents evidencing the completion of such formalities. The shipper shall indemnify the carrier against any loss arising from any

delay, incompleteness or inaccuracy in the completion of such formalities or documentation.

#### **Article 70**

A shipper who ships dangerous goods shall, in accordance with the relevant regulations governing the carriage of such goods by sea, properly pack them, affix danger marks and labels, and notify the carrier in writing of the proper shipping name and nature of the goods, together with the precautionary and the emergency measures to be taken. If the shipper fails to notify the carrier or provides incorrect notification, the carrier may, at any time and place and according to the circumstances, unload, destroy, or render harmless the goods without any liability whatsoever. The shipper shall be liable to the carrier for any loss sustained by the carrier as a result of the carriage of such goods.

Notwithstanding that the carrier knows the nature of the dangerous goods and consented to their shipment, the carrier may still unload, destroy, or render them harmless if they constitute an actual danger to the vessel, the persons on board, or other cargo, and the carrier shall not be liable for compensation. However, this provision shall not affect the apportionment of general average.

#### **Article 71**

The shipper shall pay the freight to the carrier in accordance with the terms of the contract.

The shipper and the carrier may agree that the freight shall be paid by the consignee; however, this agreement shall be expressly stated in the transport document.

#### **Article 72**

The shipper shall not be liable for loss sustained by the carrier or the actual carrier, or damage sustained by the ship; unless such loss or damage is caused by the fault of the shipper or the shipper's servants or agents.

The shipper's servants or agents shall not be liable for loss sustained by the carrier or the actual carrier, or damage sustained by the ship; unless such loss or damage is caused by the fault of the shipper's servants or agents.

### **Section 4 Transport Documents**

#### **Article 73**

After the goods have been received by the carrier or loaded on board, the carrier shall issue a bill of lading covering such goods at the request of the shipper.

The bill of lading may be issued by a person duly authorized by the carrier. A bill of lading signed by the master of the ship carrying the goods shall be deemed to have been signed on behalf of the carrier.

#### **Article 74**

The bill of lading shall contain the following particulars:

- (1) General nature of the goods, their leading marks, number of packages or pieces, weight or volume, and, in the case of dangerous goods, a statement of their dangerous nature.
- (2) Name and principal place of business of the carrier;
- (3) Name of the ship;
- (4) Name of the shipper;
- (5) Name of the consignee or instructions in respect of the consignee;
- (6) Port of loading;
- (7) Port of discharge;
- (8) In the case of a multimodal transport bill of Lading, the place of receipt of the goods and the place of delivery shall be additionally stated;
- (9) Date, place, and number of originals of the bill of Lading issued;
- (10) Payment of freight;
- (11) Signature of the carrier or its representative.

The omission of one or more of the particulars specified in the preceding paragraph shall not affect the nature of the bill of Lading. However, the bill of Lading shall comply with the provisions of Subparagraph (7) of Article 44 of this Code.

#### **Article 75**

Where, at the request of the shipper, the carrier has issued a received for shipment bill of lading or other document prior to the loading of the goods, the shipper may, upon the completion of loading, surrender the received for shipment bill of lading or other document to the carrier in exchange for a shipped bill of lading. Alternatively, the carrier may insert on the received for shipment bill of lading the name of the carrying vessel and the date of shipment. A received for shipment bill of lading so endorsed shall be deemed to be a Shipped bill of lading.

#### **Article 76**

Where the carrier, or the person issuing the bill of lading on its behalf, knows or has reasonable grounds to suspect that the descriptions of the goods as to their general nature, marks, number of packages or pieces, weight, or volume stated in the bill of lading do not accurately represent the goods actually received, or, in the case of a shipped bill of lading, suspects that such particulars do not accurately represent the

goods actually loaded, or has no reasonable means of checking the particulars stated in the bill of lading therein, it may make an annotation on the bill of lading specifying the discrepancies, the grounds for suspicion, or the reasons for the inability to verify them.

#### **Article 77**

Where the carrier or the person issuing the bill of lading on its behalf fails to state on the bill of lading in respect of the apparent order and condition of the goods, the goods shall be deemed to have been in apparent good order and condition.

#### **Article 78**

Except for annotations made in accordance with Article 76 of this Code, the bill of lading issued by the carrier or a person on its behalf shall constitute prima facie evidence that the carrier has received the goods, or that the goods have been loaded on board in the condition described therein. The carrier shall not be entitled to adduce evidence to the contrary against a consignee or any other bona fide third party to dispute the accuracy of such statements.

#### **Article 79**

The rights and obligations between the carrier and the consignee or bill of lading holder shall be determined in accordance with the bill of lading. Where no bill of lading has been issued, the rights and obligations between the carrier and the consignee shall be governed by the relevant provisions of this Chapter.

The consignee or bill of lading holder shall not be liable for demurrage, dead freight, or any other charges related to the loading at the port of loading, unless it is expressly stated in the bill of lading that such charges are to be borne by the consignee or bill of lading holder.

#### **Article 80**

A straight bill of lading is non-negotiable.

An order bill of lading may be transferred by a special endorsement or a blank endorsement. A bearer bill of lading may be transferred by delivery.

#### **Article 81**

Where the carrier issues a document other than a bill of lading to evidence the receipt of goods for carriage, such document shall constitute prima facie evidence of the conclusion of the contract of carriage of goods by sea and of the carrier's receipt of the goods as described therein.

Such a document issued by the carrier shall be non-negotiable.

## **Section 5 Electronic Transport Record**

### **Article 82**

The electronic transport record refers to the information transmitted by the carrier by means of electronic communication in accordance with the contract of carriage of goods by sea, which serves as evidence of such contract and of the receipt or loading of the goods by the carrier, including both the negotiable electronic transport record and the non-negotiable electronic transport record.

The electronic transport record that meets the conditions prescribed by laws and administrative regulations shall have the same legal effect as a transport document issued in paper form. The legal validity of an electronic transport record shall not be denied solely on the ground that it is in electronic form.

The provisions of this Code in respect of transport documents shall apply *mutatis mutandis* to the electronic transport record.

### **Article 83**

The carrier and the shipper may, by upon mutual agreement, issue and use the electronic transport record.

### **Article 84**

The electronic transport record shall satisfy the following requirements:

- (1) The recorded information shall contain the relevant particulars specified in Article 74 of this Code and be accessible so as to be usable for subsequent reference;
- (2) The recorded information shall be complete and accurate;
- (3) The issuer shall be identifiable;
- (4) The holder shall be capable of being identified as such.

### **Article 85**

In addition to complying with Article 84 of this Code, the negotiable electronic transport record shall contain information regarding its transferability and the procedures for transfer.

The negotiable electronic transport record shall employ reliable methods or be processed through a reliable transaction system to ensure the singularity and integrity of the record and to secure the holder's exclusive control thereof.

The standards governing the transfer and exclusive control of the negotiable electronic transport record, the methods for converting the record form, and the criteria for determining reliable methods or transaction systems shall be separately

prescribed by the national cyberspace administration department in conjunction with the competent transport department under the State Council.

#### **Article 86**

The electronic transport record and the transport document may be converted into one another upon mutual agreement between the carrier and the shipper or the holder of the transport document.

When such a conversion takes place, a statement indicating the conversion shall be included, and the integrity of the information contained in the record shall be ensured so that the contents remain identical before and after the conversion. The change in the form of the document shall not affect the rights and obligations of the parties.

Upon completion of the conversion between the electronic transport record and the transport document, the original transport document or electronic transport record shall forthwith become invalid.

### **Section 6 Delivery of Goods**

#### **Article 87**

The carrier shall deliver the goods in accordance with the following provisions:

- (1) Where a straight bill of lading has been issued, delivery shall be made against the bill of lading to the named consignee;
- (2) Where an order bill of lading has been issued, delivery shall be made against the bill of lading to the endorsee thereof;
- (3) Where a bearer bill of lading has been issued, or an order bill of lading has been endorsed in blank, delivery shall be made against the bill of lading to the holder of the bill of lading;
- (4) Where a negotiable electronic transport record has been issued, delivery shall be made to the holder of the electronic transport record;
- (5) In any other circumstances, delivery shall be made to the consignee upon proof of its identity.

#### **Article 88**

Upon delivery of the goods by the carrier to the consignee, the consignee shall give the carrier a written notice of any loss of or damage to the goods. Failure to give such notice shall constitute prima facie evidence that the carrier has delivered the goods in accordance with the particulars stated in the transport document and that the goods were in apparent good order and condition.

Where the loss of or damage to the goods is not apparent, the consignee shall give the carrier written notice thereof within seven consecutive days following the day on which non-containerized goods were delivered, or within fifteen consecutive days following the day on which containerized goods were delivered; failing which the preceding paragraphs shall apply.

Where the consignee and the carrier have jointly inspected or surveyed the goods at the time of delivery, no written notice shall be required with respect to any loss or damage thereby ascertained.

#### **Article 89**

Unless the carrier has received written notice from the consignee of any economic loss arising from delay in delivery within sixty consecutive days after the day on which the goods were delivered to the consignee, the carrier shall not be liable for such loss.

#### **Article 90**

Before the consignee takes delivery of the goods or the carrier delivers the goods at the port of destination, either party may request an inspection authority to examine the condition of the goods. The party requesting the inspection shall bear the cost thereof. However, it shall have the right of recourse against the party liable for the loss of or damage to the goods.

#### **Article 91**

The carrier and the consignee shall provide each other with facilities for the survey as provided for in Articles 88 and 90 of this Code.

#### **Article 92**

Where the goods are delivered by the actual carrier, any written notice given by the consignee to the actual carrier in accordance with Article 89 of this Code shall have the same legal effect as if it were given to the carrier; and any written notice given to the carrier shall have the same legal effect as if it were given to the actual carrier.

#### **Article 93**

Where no one takes delivery of the goods at the port of discharge, the master may discharge the goods into a warehouse or other appropriate place, and the expenses and risks arising thereby shall be borne by the shipper, provided that the shipper shall be notified without delay.

Where the consignee has exercised its rights under the contract of carriage of goods by sea but delays or refuses to take delivery of the goods, the master may deal

with the goods in accordance with the preceding paragraph, and the expenses and risks arising thereby shall be borne by the consignee.

#### **Article 94**

Where the freight, general average contributions, demurrage, necessary expenses advanced by the carrier for the goods, or any other charges payable to the carrier have not been paid in full, and no adequate security has been provided, the carrier may exercise a lien on the corresponding goods.

Where the transport document states that the freight has been prepaid or contains a declaration of a similar effect, the carrier shall not be entitled to exercise a lien on the goods on the ground of unpaid freight, unless the consignee is also the shipper.

#### **Article 95**

Goods subject to a lien by the carrier in accordance with Article 94 of this Code may, upon carrier's application to the court, be sold by auction if they remain unclaimed for sixty days after the day following the ship's arrival at the port of discharge. Where the goods are perishable or liable to deteriorate or where the cost of custody together with the expenses payable to the carrier is likely to exceed the value of the goods, the carrier may apply for an earlier auction.

The proceeds from the auction shall be applied to the payment of the costs of custody and auction of the goods, the freight, and any other expenses payable to the carrier. Any shortfall may be recovered by the carrier from the shipper. Any surplus shall be refunded to the shipper. If the surplus cannot be refunded or remains unclaimed for one year from the date of the auction, it shall escheat to the State.

### **Section 7 Modification and Termination of Contract**

#### **Article 96**

During the period of the carrier's responsibility, the shipper may notify the carrier in writing to suspend the carriage, to request the return of the goods, to change the port of discharge, or to deliver the goods to another consignee. However, the shipper shall indemnify the carrier for any loss thereby sustained.

The carrier may refuse the shipper's request in any of the following circumstances, but shall immediately notify the shipper thereof:

- (1) Where the carrier is, due to objective circumstances, unable to comply with the shipper's request, or compliance therewith would interfere with the carrier's normal operation;

- (2) Where the carrier foresees that compliance with the shipper's request would incur additional expenses or economic losses, and, upon requesting the shipper to furnish appropriate security, the shipper fails to do so;
- (3) Where the shipper fails to present the issued transport document as required by the carrier.

#### **Article 97**

Prior to the ship's departure from the port of loading, the shipper may request to terminate the contract. However, unless otherwise agreed in the contract, the shipper shall pay to the carrier one half of the agreed freight; and if the goods have already been loaded on board, the shipper shall also bear the costs of loading, discharging, and any other expenses incidental thereto.

#### **Article 98**

Prior to the ship's departure from the port of loading, where the contract cannot be performed due to force majeure or for other reasons not attributable to either the carrier or the shipper, both parties may terminate the contract and shall not be liable to each other for any loss. Unless otherwise agreed in the contract, where the freight has been paid, the carrier shall refund the freight to the shipper; where the goods have already been loaded on board, the shipper shall bear the costs of loading and discharging; and where a transport document has been issued, the shipper shall return the transport document to the carrier.

#### **Article 99**

Where the ship cannot discharge the goods at the contractual port of destination due to force majeure or other reasons not attributable to either the carrier or the shipper, the master of shall be entitled, unless otherwise agreed in the contract, to discharge the goods at a safe port or place adjacent to the port of destination. Such discharge shall be deemed to constitute due performance of the contract, unless otherwise agreed in the contract.

When the master decides to discharge the goods at an alternative port, he shall timely notify the shipper or the consignee and take into account their interests.

### **Section 8 Special Provisions Regarding Multimodal Transport Contract**

#### **Article 100**

The multimodal transport contract referred to in this Code means a contract whereby a multimodal transport operator undertakes to transport goods by two or more different modes of transport, including a sea carriage segment, from the place of

receipt to the place of destination, and deliver them to the consignee, for an all-in freight covering the entire transport.

The multimodal transport operator as mentioned in the preceding paragraph means any person who concludes a multimodal transport contract with the shipper in its own name or by another person acting on its behalf.

#### **Article 101**

The period of responsibility of the multimodal transport operator for the goods shall commence from the time of taking over the goods in its charge and continue until the time of delivery of the goods.

#### **Article 102**

The multimodal transport operator shall be responsible for performing, or for arranging the performance of the multimodal transport contract, and shall be liable for the entire transport.

The multimodal transport operator and the carriers engaged in the respective segments of the multimodal transport may, by separate contracts, agree upon their mutual responsibilities for the carriage of each segment. However, such a contract shall not affect the multimodal transport operator's liability for the entire transport.

#### **Article 103**

Where the loss of or damage to, or delay in delivery of the goods occurs during a particular segment of the multimodal transport, the multimodal transport operator's liability for compensation, limitation of liability, and period of limitation shall be determined in accordance with the relevant laws governing the mode of transport used for that segment.

#### **Article 104**

Where the transport segment during which the loss of or damage to, or delay in delivery of the goods occurred cannot be determined, the multimodal transport operator shall be liable for compensation in accordance with the provisions of this Chapter in respect of the carrier's liability for compensation and limitation of liability, and the provisions of this Code in respect of limitation of actions.

## **Chapter V Contract of Carriage of Passengers by Sea**

### **Article 105**

A contract of carriage of passengers by sea means a contract whereby the carrier undertakes to carry passengers and their luggage by sea using a suitable ship such as passengers' liner or cruise ship, in consideration of the fare paid by the passengers.

### **Article 106**

The following terms in this Chapter shall have the meanings set forth below:

- (1) "Carrier" refers to the person who concludes a contract of carriage of passengers by sea with passengers, either in their own name or on whose behalf it is concluded by another person.
- (2) "Actual carrier" refers to the person who, by entrustment or sub-entrustment from the carrier, performs the whole or a part of the carriage of the passengers and their luggage.
- (3) "Passenger" refers to the person carried pursuant to a contract of carriage of passengers by sea; a person accompanying goods under a contract of carriage of goods by sea, with the consent of the carrier, shall be deemed to be a passenger.
- (4) "Luggage" refers to any articles or vehicles carried by the carrier pursuant to a contract of carriage of passengers by sea, but excludes live animals.
- (5) "Cabin luggage" refers to luggage carried and retained in the custody of the passengers, or placed in the passengers' cabin.

### **Article 107**

A passenger ticket shall constitute evidence of the conclusion of the contract of carriage of passengers by sea.

### **Article 108**

Any clause in a contract of carriage of passengers by sea that contains any of the following contents shall be null and void:

- (1) Exempting the carrier from the statutory liabilities owed to passengers;
- (2) Lowering the limit of the carrier's liability stipulated in this Chapter;
- (3) Stipulating an agreement contrary to the burden of proof provided for in this Chapter;
- (4) Restricting the right of the passengers to make a claim for compensation.

The invalidity of a contractual clause specified in the preceding paragraph shall not affect the validity of the other clauses of the contract.

## **Article 109**

The period of carriage of passengers shall commence from the time passengers embark and terminate at the time passengers disembark. If the ticket fare includes the cost of conveyance to and from the ship, the period of carriage shall include the time during which the carrier conveys passengers by water from the land to the ship and from the ship to the land, but shall not include the time passengers spend in a port terminal, on a quay, or in any other port facility.

The provision of the preceding paragraph shall apply to the period of carriage of cabin luggage. However, if the cabin luggage has been taken over by the carrier or by the carrier's servants or agents and has not yet been redelivered to passengers, the period of carriage shall include the time passengers spend in a port terminal, on a quay, or in any other port facility.

The period of carriage of luggage other than cabin luggage shall commence from the time passengers deliver the luggage to the carrier or to the carrier's servants or agents and terminate at the time the carrier or the carrier's servants or agents redeliver the luggage to passengers.

## **Article 110**

A passenger who travels without a ticket, travels above his or her class, travels beyond the ticketed destination, or travels with a concessionary ticket that does not meet the specified conditions for a reduced fare, shall be required to pay the outstanding fare in accordance with the regulations. The carrier may also charge an additional fare in accordance with the regulations. If the passenger refuses to pay the fare, the master shall have the right to order the passenger to disembark at a suitable place, and the carrier shall have the right to demand payment from the passenger.

## **Article 111**

Passengers are prohibited from carrying or including in their carry-on luggage contraband, flammable, explosive, toxic, corrosive, radioactive, or other dangerous goods that may endanger the safety of persons and property on board.

The carrier has the right to unload, destroy, render harmless, or hand over to the relevant authorities the prohibited articles or dangerous items carried by passengers or concealed in their luggage, without incurring any liability for compensation.

A passenger shall be liable for compensation for any loss or damage caused by his or her breach of the provisions of Paragraph 1 of this Article.

## **Article 112**

During the period of carriage of passengers and their luggage stipulated in Article 109 of this Code, the carrier shall be liable for compensation for the death of

or personal injury to passengers, or the loss of or damage to their luggage, if the incident was caused by the fault of the carrier or the carrier's servants or agents acting within the scope of their employment or agency.

The claimant shall bear the burden of proving the fault of the carrier or the carrier's servants or agents; save in the circumstances provided for in Paragraphs 3 and 4 of this Article.

If the death of or personal injury to a passenger, or the loss of or damage to cabin luggage or luggage carried in a passenger's vehicle, is caused by the sinking, collision, stranding, explosion, or fire of the ship, or a defect in the ship, the carrier or the carrier's servants or agents shall be presumed to be at fault, unless proven otherwise.

For the loss of or damage to luggage other than cabin luggage or luggage carried in a passenger's vehicle, regardless of the cause of the incident, the carrier or the carrier's servants or agents shall be presumed to be at fault, unless proven otherwise.

### **Article 113**

If the carrier proves that the death of or personal injury to a passenger, or the loss of or damage to his or her luggage, is caused by the fault of the passenger himself or herself or by the combined fault of the passenger and the carrier, the carrier's liability for compensation may be wholly or partially exonerated or mitigated accordingly.

If the carrier proves that the death of or personal injury to a passenger, or the loss of or damage to his or her luggage, is caused by the intentional act of the passenger himself or herself, or that the death of or personal injury to the passenger is caused by his or her own health condition, the carrier shall not be liable for compensation.

### **Article 114**

The carrier shall not be liable for compensation for the loss of or damage to a passenger's money, gold, silver, jewelry, negotiable securities, or other valuables.

If a passenger and the carrier have agreed to entrust the items specified in the preceding paragraph to the carrier's custody, the carrier shall be liable for compensation in accordance with the provisions of Article 115 of this Code; if the compensation amount agreed upon by the parties in writing exceeds the limit of liability stipulated in Article 115 of this Code, the carrier shall be liable for compensation up to the agreed amount.

### **Article 115**

The limit of the carrier's liability for compensation in respect of each carriage of passengers by sea shall be applied in accordance with the following provisions:

- (1) For death of or personal injury to a passenger, the limit shall not exceed 175,000 Units of Account per passenger;

- (2) For loss of or damage to cabin luggage, the limit shall not exceed 1,800 Units of Account per passenger;
- (3) For loss of or damage to a passenger's vehicle, including all luggage carried in or on the vehicle, the limit shall not exceed 10,000 Units of Account per vehicle;
- (4) For loss of or damage to other luggage of a passenger excluding those specified in subparagraphs (2) and (3) of this paragraph, the limit shall not exceed 2,700 Units of Account per passenger.

The carrier and a passenger may agree upon a deductible amount for the loss of the passenger's vehicle and other luggage excluding the vehicle. However, the deductible shall not exceed 300 Units of Account per vehicle and shall not exceed 135 Units of Account per passenger for other luggage excluding the vehicle. In calculating the amount of compensation for the loss of each vehicle or the other luggage of each passenger excluding the vehicle, the agreed deductible amount shall be deducted.

The carrier and a passenger may agree in writing upon a limit of liability for compensation that is higher than those stipulated in Paragraph 1 of this Article.

#### **Article 116**

If it is proven that the death of or personal injury to a passenger, or the loss of or damage to his or her luggage, is caused by the intentional act of the carrier, or by the carrier's reckless act or omission committed with the knowledge that such loss or damage would probably result, the carrier shall not be entitled to invoke the provisions regarding the limitation of liability contained in Articles 114 and 115 of this Code.

If it is proven that the death of or personal injury to a passenger, or the loss of or damage to his or her luggage, is caused by the intentional act of the carrier's servants or agents, or by their reckless act or omission committed with the knowledge that such loss or damage would probably result, the carrier's servants or agents shall not be entitled to invoke the provisions regarding the limitation of liability contained in Articles 114 and 115 of this Code.

#### **Article 117**

In the event of apparent damage to the luggage, a passenger shall submit written notice to the carrier or the carrier's servants or agents in accordance with the following provisions:

- (1) For cabin luggage and luggage carried on a passenger's vehicle, the notice shall be submitted before or at the time he or she disembarks;

(2) For other luggage, the notice shall be submitted before or at the time the luggage is redelivered.

Where the damage to the luggage is not apparent and could not easily be discovered by a passenger at the time of disembarkation or redelivery, or where the luggage is lost, he or she shall submit written notice to the carrier or the carrier's servants or agents within fifteen days following the date of disembarkation, redelivery of the luggage, or the date when the luggage should have been redelivered.

If a passenger fails to submit written notice timely in accordance with Paragraphs 1 or 2 of this Article, he or she shall be deemed to have received the luggage complete and undamaged, unless proven otherwise.

If a passenger has jointly inspected or surveyed the luggage with the carrier at the time of redelivery, there shall be no need to submit written notice.

#### **Article 118**

Any claim for compensation brought against the carrier for the death of or personal injury to a passenger, or the loss of or damage to his or her luggage, whether by action in court, arbitration, or otherwise, and regardless of whether the claimant is a party to the contract or whether the claim is based on contract or tort, shall be governed by the provisions of this Chapter in respect of the defences and limitation of liability for compensation available to the carrier.

If such a claim for compensation is brought against the carrier's servants or agents, the provisions of the preceding paragraph shall apply, provided that the servants or agents prove that their act or omission occurred within the scope of their employment or agency.

#### **Article 119**

Where the carrier entrusts the whole or a part of the carriage of the passengers and their luggage to an actual carrier, the carrier shall remain responsible for the entire carriage in accordance with the provisions of this Chapter. Where the actual carrier performs the carriage, the carrier shall be responsible for the act or omission of the actual carrier, and for the act or omission of the servants or agents of the actual carrier acting within the scope of their employment or agency.

#### **Article 120**

The provisions of this Chapter in respect of the carrier's liability shall apply to the actual carrier. The provisions of this Chapter in respect of the liability of the carrier's servants or agents shall apply to the servants or agents of the actual carrier.

### **Article 121**

Any special agreement by which the carrier assumes obligations not provided for in this Chapter or waives rights conferred by this Chapter shall take effect against the actual carrier only if the actual carrier has expressly and clearly agreed to it in writing. The validity of such special agreement with respect to the carrier shall not be affected by whether the actual carrier has agreed to it.

### **Article 122**

If both the carrier and the actual carrier are liable for compensation, they shall be jointly and severally liable within the scope of such liability.

### **Article 123**

Where separate claims for compensation for the death of or personal injury to a passenger, or the loss of or damage to his or her luggage, are brought against the carrier, the actual carrier, and their respective servants or agents, the aggregate amount of compensation recoverable shall not exceed the limit stipulated in Article 115 of this Code.

### **Article 124**

The provisions of Articles 119 to 123 of this Code shall not affect the rights of recourse between the carrier and the actual carrier.

### **Article 125**

The carrier or the actual carrier shall maintain liability insurance or obtain an equivalent financial guarantee in respect of its liability for the death of or personal injury to a passenger.

### **Article 126**

A claim for compensation for the death of or personal injury to a passenger may be made directly against the liability insurer or the financial guarantor. The loss of the right to limit liability by the carrier or the actual carrier under this Chapter shall not affect the right of the liability insurer or the financial guarantor to invoke the limitation of liability provided for in this Chapter.

The liability insurer or the financial guarantor shall have the right to raise the defence that the loss or damage is caused by the intentional act of the carrier or the actual carrier. The liability insurer or the financial guarantor shall also have the right to invoke any defence available to the carrier or the actual carrier, except for bankruptcy or liquidation.

## **Chapter VI Charterparties**

### **Section 1 General Rules**

#### **Article 127**

The term “charterparty” referred to in this Code includes the voyage charterparty, the time charterparty, and the bareboat charterparty. The charterparty shall be concluded in writing.

#### **Article 128**

The provisions of this Chapter in respect of the rights and obligations between the charterer and the shipowner shall apply only when the charterparty contains no agreement to the contrary or is silent.

### **Section 2 Voyage Charterparty**

#### **Article 129**

A voyage charterparty means a contract whereby the shipowner undertakes to place the whole or a part of the ship’s space at the disposal of the charterer for the carriage of agreed goods from one port to another, and the charterer undertakes to pay the agreed freight.

Where the rights and obligations between the shipowner and the charterer are not stipulated or are not clearly stipulated in the voyage charterparty, in addition to the provisions of this Section, the provisions of Chapter Four of this Code in respect of the rights and obligations between the parties shall also apply.

Any clause in a voyage charterparty that violates the provisions of Articles 48 and 50 of this Code shall be null and void.

#### **Article 130**

The principal contents of a voyage charterparty shall include the names of the shipowner and the charterer, the name and nationality of the ship, the ship’s deadweight capacity, the ship’s cubic capacity, the name of the goods to be loaded, the ports of loading and destination, the laydays, the laytime, the freight, demurrage, despatch money, and other relevant matters.

#### **Article 131**

For a bill of lading issued for goods carried under a voyage charterparty, where the holder of the bill of lading is not the charterer, the rights and obligations between the carrier and the said holder shall be governed by the terms in the bill of lading.

However, if the bill of lading expressly states that the clauses of the voyage charterparty apply, the clauses of the said voyage charterparty shall govern.

#### **Article 132**

The shipowner shall provide the agreed ship; the shipowner may substitute the ship with the charterer's consent. If the vessel provided or substituted by the shipowner does not conform to the contract, the charterer may reject the ship or terminate the contract.

If the charterer sustains losses due to the shipowner's fault in failing to provide the agreed ship, the shipowner shall be liable for compensation.

#### **Article 133**

If the shipowner fails to provide the ship within the stipulated laydays, the charterer shall have the right to terminate the contract.

However, if the shipowner notifies the charterer of the delay of the ship and the expected date of the ship's arrival at the port of loading, the charterer shall notify the shipowner of its decision to terminate the contract or not within 48 hours from the time of receiving the notice.

If the charterer sustains losses due to the shipowner's fault in delaying the provision of the ship, the shipowner shall be liable for compensation.

#### **Article 134**

The laytime under a voyage charterparty and its method of calculation, the demurrage that would incur after the expiration of the laytime, and the despatch money payable for loading and unloading completed in advance, shall be agreed by the parties.

#### **Article 135**

The charterer may sub-charter the ship; Upon sub-chartering, the rights and obligations agreed in the original contract shall remain unaffected.

#### **Article 136**

The charterer shall provide the agreed goods; the charterer may substitute the goods with the shipowner's consent. However, if the substituted goods are detrimental to the shipowner's interests, the shipowner shall have the right to refuse the substitution or terminate the contract.

If the shipowner sustains losses due to the charterer's failure to provide the agreed goods, the charterer shall be liable for compensation.

### **Article 137**

The shipowner shall unload the goods at the contractual port of discharge. Where the contract contains a clause allowing the charterer to nominate the port of discharge, and the charterer fails to timely notify the definite port of discharge in accordance with the contract, the master may select one port of discharge from the agreed optional ports for unloading. If the shipowner sustains losses because the charterer fails to timely notify the definite port of discharge in accordance with the contract, the charterer shall be liable for compensation. If the charterer sustains losses because the shipowner, in violation of the contract, arbitrarily selected a port for unloading, the shipowner shall be liable for compensation.

## **Section 3 Time Charterparty**

### **Article 138**

A time charterparty means a contract whereby the shipowner undertakes to provide an agreed ship with a crew equipped by the shipowner at the disposal of the charterer, for the charterer to use it for the agreed purpose within the agreed period, and in return for the charterer to pay the hire.

### **Article 139**

The principal contents of a time charterparty shall include the names of the shipowner and the charterer, the name and nationality of the ship, the ship's class, the tonnage, the cubic capacity, the speed of the ship, the fuel consumption, the trading limits, the use of the ship, the charter period, the time, place and conditions of delivery and redelivery of the ship, the hire and its payment, and other relevant matters.

### **Article 140**

The shipowner shall deliver the ship in accordance with the time agreed in the contract.

If the shipowner breaches the provision of the preceding paragraph, the charterer shall have the right to terminate the contract. If the shipowner notifies the charterer of the delay of the ship and the expected date of the ship's arrival at the port of delivery, the charterer shall notify the shipowner of their decision to terminate the contract or continue the charter within 48 hours from the time of receiving the notice.

If the charterer sustains losses due to the shipowner's fault in delaying the delivery of the ship, the shipowner shall be liable for compensation.

#### **Article 141**

When the shipowner delivers the ship, it shall exercise due diligence to ensure that the ship is seaworthy. The delivered ship shall also be fit for the agreed purpose.

If the shipowner breaches the provision of the preceding paragraph, the charterer shall have the right to terminate the contract and shall be entitled to claim compensation for the losses sustained as a result thereof.

#### **Article 142**

If the ship fails to conform to the agreed seaworthiness condition or other agreed conditions during the charter period, the shipowner shall take all reasonable measures possible to ensure that the ship's condition is restored as soon as possible.

If the ship's failure to conform to the agreed seaworthiness condition or other agreed conditions results in the ship being unable to operate normally for a continuous period of twenty-four hours or more, the charterer shall not be obliged to pay the hire for the operational time lost as a result thereof, unless such failure is caused by the charterer.

#### **Article 143**

The charterer shall guarantee that the ship is employed for the agreed carriage by sea between safe ports or safe places within the agreed trading area.

If the charterer breaches the provision of the preceding paragraph, the shipowner shall have the right to terminate the contract and shall be entitled to claim compensation for the losses sustained as a result thereof.

#### **Article 144**

The charterer shall guarantee that the ship is used for the carriage of the agreed lawful goods.

If the charterer intends to use the ship for the carriage of live animals or dangerous goods, the prior consent of the shipowner shall be obtained.

If the shipowner sustains losses due to the charterer's breach of the provisions of this Article, the charterer shall be liable for compensation.

#### **Article 145**

The charterer shall have the right to issue instructions to the master regarding the commercial operation of the ship, provided that such instructions do not violate the agreements of the time charterparty.

**Article 146**

The charterer may sub-charter the chartered ship, but shall timely notify the shipowner of the details of the sub-charter. Upon sub-charter, the rights and obligations agreed in the original charterparty shall remain unaffected.

**Article 147**

The transfer of ownership of a ship that has already been chartered out by the shipowner shall not affect the rights and obligations of the parties agreed in the time charterparty, but the charterer shall be notified of the transfer in a timely manner by the shipowner. After the transfer of ownership, the original charterparty shall continue to be performed by the transferee and the charterer.

**Article 148**

If the ship renders salvage operations during the contract period, the charterer shall be entitled to fifty percent of the salvage remuneration remaining after the deduction of the salvage expenses, compensation for losses, the crew's share, and other related expenses.

**Article 149**

The charterer shall pay the hire in accordance with the contract. If the charterer fails to pay the hire in accordance with the contract, the shipowner shall have the right to terminate the contract and shall be entitled to claim compensation for the losses sustained as a result thereof.

**Article 150**

If the charterer fails to pay the hire or other sums agreed in the contract to the shipowner, the shipowner shall have a lien over the goods and property belonging to the charterer on board the ship and the earnings derived from the sub-charter of the ship.

**Article 151**

When the charterer redelivers the ship to the shipowner, the ship shall be in the same good condition as when she was delivered by the shipowner, fair wear and tear of the ship itself excepted.

If the ship is not maintained in the same good condition as at the time of delivery, the charterer shall be responsible for her repair or liable for compensation.

**Article 152**

If the date of completion of the last voyage, as reasonably calculated, is approximately the contractual redelivery date but may exceed the agreed redelivery

date, the charterer shall have the right to use the ship beyond the overlap period to complete the said voyage. During this overlap period, the charterer shall pay hire at the contractual rate; if the market rate is higher than the contractual rate, the charterer shall pay hire at the market rate.

#### **Section 4 Bareboat Charterparty**

##### **Article 153**

A bareboat charterparty means a contract whereby the shipowner undertakes to provide a ship without crew at the disposal of the charterer, for the charterer to possess, use, and operate the ship for the agreed period, and in return for the charterer to pay the hire to the shipowner.

##### **Article 154**

The principal contents of a bareboat charterparty shall include the names of the shipowner and charterer, the name and nationality of the ship, the ship's class, the tonnage, the cubic capacity, the trading limits, the purpose of use, the charter period, the time, place and conditions of delivery and redelivery of the ship, the survey of the ship, the maintenance and repair of the ship, the hire and its payment, the insurance of the ship, the time and conditions for termination of the contract, and other relevant matters.

##### **Article 155**

The shipowner shall deliver the ship and her certificates to the charterer at the port or place and at the time agreed in the contract. When delivering the ship, the shipowner shall exercise due diligence to make sure that the ship is seaworthy. The delivered ship shall also be fit for the agreed purpose of the contract.

If the shipowner breaches the provision of the preceding paragraph, the charterer shall have the right to terminate the contract and shall be entitled to claim compensation for the losses sustained as a result thereof.

##### **Article 156**

During the bareboat charter period, the charterer shall be responsible for the maintenance and repair of the ship.

##### **Article 157**

During the bareboat charter period, the charterer shall insure the ship in the manner of insurance agreed upon by the shipowner, for a sum equivalent to the ship's value as agreed in the contract, and shall bear the cost of the insurance.

**Article 158**

During the bareboat charter period, if the charterer's interests are affected or the shipowner sustains losses due to the charterer's possession, use, and operation of the ship, the charterer shall be responsible for eliminating the adverse effects or compensating for the losses sustained.

If the ship is arrested due to any dispute over her ownership or debts owed by the shipowner, the shipowner shall guarantee that the charterer's interests are not prejudiced; if the charterer sustains losses as a result thereof, the shipowner shall be liable for compensation.

**Article 159**

During the bareboat charter period, the charterer shall not assign the rights and obligations under the contract or sub-demise the ship without the written consent of the shipowner.

**Article 160**

The shipowner shall not create a mortgage over the ship during the bareboat charter period without the prior written consent of the charterer.

If the shipowner breaches the provision of the preceding paragraph and the charterer sustains losses as a result thereof, the shipowner shall be liable for compensation.

**Article 161**

The charterer shall pay the hire in accordance with the contract. If the charterer fails to pay the hire at the time agreed in the contract for a continuous period exceeding seven days, the shipowner shall have the right to terminate the contract and shall be entitled to claim compensation for the losses sustained as a result thereof.

If the ship is lost or missing, the payment of hire shall cease from the date the ship is lost or the date on which news of the ship is last received, and any prepaid hire shall be reimbursed pro rata.

**Article 162**

The provisions of Article 143, Paragraph 1 of Article 144, Article 151, and Article 152 of this Code shall apply to the bareboat charterparty.

**Article 163**

In a bareboat charterparty with hire-purchase clause, the ownership of the ship shall vest in the charterer immediately upon the charterer paying the agreed hire-purchase price to the shipowner in accordance with the contract.

## Chapter VII Contract of Sea Towage

### Article 164

A contract of sea towage means a contract whereby the tugowner undertakes to tow the object to be towed by sea with a tug from one place to another and the towed party undertakes to pay the towage fee.

The provisions of this Chapter shall not apply to the towage services rendered to ships within the port area.

### Article 165

A contract of sea towage shall be concluded in writing. The contents of a contract of sea towage shall mainly include the name and address of the tugowner and the towed party, the name and principal dimensions of the tug and the object to be towed, the horsepower of the tug, the place of departure and the place of destination, the date of commencement of towage, the towage fee and its method of payment, and other relevant matters.

### Article 166

Before and at the commencement of the towage, the tugowner shall exercise due diligence to ensure the tug is seaworthy and tow-worthy, properly manned, equipped with towage gear and supplies, and provided with other necessary fittings and equipment for the intended voyage.

Before and at the commencement of the towage, the towed party shall make the tow ready for towage, exercise due diligence to ensure that the tow is fit for towage, truthfully state the condition of the tow to the tugowner, and provide the certificate of fitness for towage and other relevant documents issued by the relevant survey authority in accordance with the regulations.

### Article 167

Before the commencement of towage, if the contract cannot be performed due to *force majeure* or other causes not attributable to either party, either party shall have the right to terminate the contract, and neither party shall be liable to the other for compensation. Unless otherwise stipulated in the contract, if the towage fee has been paid, the tugowner shall refund it to the towed party.

### Article 168

After the commencement of towage, if the contract cannot be further performed due to *force majeure* or other causes not attributable to any of the parties, both parties

shall be entitled the right to terminate the contract, and neither party shall be liable to the other for compensation.

Unless otherwise stipulated in the contract, the towage fee shall be determined in proportion to the towage actually completed.

#### **Article 169**

Due to *force majeure* or other causes not attributable to either party, the object to be towed cannot be towed to the destination, unless otherwise stipulated in the contract, the tugowner may deliver the object to be towed to the towed party or their agent at a place adjacent to the destination or at a safe port or an anchorage selected by the master of the tug. Such delivery shall be deemed due performance of the contract.

#### **Article 170**

If the towed party fails to pay the towage fee or other reasonable charges in accordance with the contract terms, the tugowner shall have a lien over the object to be towed.

#### **Article 171**

During the sea towage, if the loss sustained by the tugowner or the towed party is caused by the fault of one party, the party at fault shall be liable for damages. If the loss is caused by the faults of both parties, liability shall be apportioned in proportion to the degree of the respective faults.

Notwithstanding the provision of the preceding paragraph, the tugowner shall not be liable for compensation if it proves that the loss sustained by the towed party is resulted from one of the following causes:

- (1) Fault in the navigation or management of the tug by the master, crew, pilot, or other servants or agents of the tugowner;
- (2) Fault of the tug in the salvage or attempted salvage of human lives or property at sea.

The provisions of this Article shall apply only where the contract of sea towage contains no agreement to the contrary or is silent.

#### **Article 172**

During the sea towage, if death or personal injury to a third party or damage to its property is caused by the fault of the tugowner or the towed party, both parties shall be jointly and severally liable to the third party; If one party pays compensation in an amount exceeding the proportion for which they are liable, it shall entitled to recourse the excess against the other party, unless the contract otherwise provides.

**Article 173**

Where the tugowner tows a barge which it owns or operates to carry goods by sea from one port to another, it shall be deemed to be the carriage of goods by sea.

**Chapter VIII Ship Collision****Article 174**

Ship collision means an accident that occurs when ships come into contact with each other and cause damage at sea or in any navigable waters connected therewith.

The provisions of this Chapter shall apply to collisions between ships and any other craft not used for military or official government public service.

**Article 175**

When the collision occurs, the master of each of the ship in collision is bound to render all possible assistance to the other colliding ship and the persons onboard, so far as he can do so without serious danger to his own ship and persons thereon.

The master of a colliding ship shall endeavor to notify the other party of its ship's name, port of registry, port of departure, and port of destination.

**Article 176**

If the collision is caused by force majeure, or by other causes not attributable to any of the parties, or by causes that cannot be ascertained, the colliding parties shall not be liable to each other for compensation.

**Article 177**

If the collision is caused by the fault of one of the ships, liability to make good the damages attach to the one which has committed the fault.

**Article 178**

If two or more ships are in fault, the liability of each ship is in proportion to the degree of the faults respectively committed; If it appears that the faults are equal or it is not possible to establish the degree of the respective faults, the liability shall be borne in equal shares.

Where two or more ships are in fault, the damages caused to the ships, their cargoes and any other property on board shall be borne by the ships in fault in the proportions fixed in the preceding paragraph; a ship shall not, even to third parties, be liable for more than such proportion of such damages.

Where two or more ships are in fault, they shall be jointly and severally liable to third parties for death or personal injury caused by the collision. If one ship has paid

more than the proportion fixed in the first paragraph of this Article, she shall be entitled to recourse the excess from the other ships or ships in fault.

#### **Article 179**

The provisions of the Chapter shall apply to the ships by improper maneuver or non-observance of the navigable regulations, causes damage to another ship or to persons, goods, or other property on board, even though no collision has actually taken place.

### **Chapter IX Salvage at Sea**

#### **Article 180**

The provisions of this Chapter shall apply to the salvage operations rendered to a ship or any other property in danger at sea or in any navigable waters connected therewith.

The provisions of this Chapter shall apply to salvage relationships arising between a ship and any other craft not used for military or government public service.

Except for the provisions of Article 185 of this Code regarding the rescission or modification of the salvage contract and Articles 186 and 187 regarding the prevention or minimization of damage to the ecological environment, the other provisions of this Chapter shall apply only when the salvage contract contains no agreement to the contrary or is silent.

#### **Article 181**

The following terms in this Chapter shall have the meanings set forth below:

- (1) Property means any property not permanently and intentionally attached to the shoreline, and includes freight at risk.
- (2) Salvage payment means any reward, remuneration, or compensation due from the salvaged party to the salvor under the provisions of this Chapter.

#### **Article 182**

The provisions of this Chapter shall not apply to fixed or floating platforms or to mobile offshore drilling units when such platforms or units are on location engaged in the exploration, exploitation, or production of sea-bed mineral resources.

#### **Article 183**

The master is bound to render all possible assistance to save human lives at sea without seriously endangering his ship and persons thereon.

#### **Article 184**

A salvage contract shall be concluded upon the salvor and the salvaged party reaching an agreement on the salvage at sea.

The master of the ship in danger shall have the authority to conclude contracts for salvage operations on behalf of the shipowner. The master or the shipowner shall have the authority to conclude such contracts on behalf of the owner of the property on board the ship.

#### **Article 185**

The salvage contract may be rescinded or modified by the court or arbitral tribunal seized of the dispute, if a party initiates an action or the parties agree to refer their dispute to arbitration, and:

- (1) The contract has been entered into under duress or the influence of danger and its terms are manifestly inequitable; or
- (2) The payment under the contract is in excessive degree too large or too small for the services actually rendered.

#### **Article 186**

During the course of the salvage operations, the salvor shall owe a duty to the salvaged party:

- (1) To carry out the salvage operations with due diligence;
- (2) To exercise due diligence to prevent or minimize damage to the ecological environment.
- (3) Whenever circumstances reasonably require, to seek assistance from other salvors; and
- (4) To accept the intervention of other salvors when reasonably requested to do so by the salvaged party for other salvors to participate in the salvage operations; provided however that the amount of its reward shall not be prejudiced should it be found that such a request was unreasonable.

#### **Article 187**

During the course of the salvage operations, the salvaged party shall owe a duty to the salvor:

- (1) To co-operate fully with the salvor.
- (2) To exercise due diligence to prevent or minimize damage to the ecological environment; and
- (3) When the ship or other property has been brought to a place of safety, to accept redelivery when reasonably requested by the salvor to do so.

### **Article 188**

The salvor shall be entitled to a reward if the salvage operations on the ship and other property in danger have a useful result; Except as otherwise provided in Article 191 of this Code or other laws, no payment shall be entitled if the salvage operations have had no useful result.

### **Article 189**

The reward shall be fixed with a view to encouraging salvage operations, taking into full account the following criteria:

- (1) The salvaged value of the ship and other property;
- (2) The skill and efforts of the salvors in preventing or minimizing damage to the ecological environment;
- (3) The measure of success obtained by the salvors;
- (4) The nature and degree of the danger;
- (5) The skill and efforts of the salvors in salvaging the ship, other property, and life;
- (6) The time used and expenses and losses incurred by the salvors;
- (7) The risk of liability and other risks run by the salvors or their equipment;
- (8) The promptness of the services rendered;
- (9) The availability and use of ships or other equipment intended for salvage operations;
- (10) The state of readiness and efficiency of the salvors' equipment and the value thereof.

The reward shall in no case exceed the salvaged value of the ship and other property.

### **Article 190**

The salvaged value of the ship and other property means the estimated value or the actual proceeds of sale of the ship and other property after being salvaged, minus the amount of relevant taxes, customs, quarantine, and survey fees, and expenses incurred for unloading, storage, valuation, and sale.

The salvaged value prescribed in the preceding paragraph shall not include the value of the salvaged personal belongings of the crew and the luggage of the passengers.

### **Article 191**

If the salvor has carried out salvage operations in respect of a ship which by itself or its cargo threatened damage to the ecological environment and has failed to earn a reward under Article 189 of this Code at least equivalent to the special compensation assessable under this provision of the Article, he shall be entitled to special compensation from the shipowner equivalent to its expenses as herein defined.

If the salvor by its salvage operations has prevented or minimized damage to the ecological environment, the special compensation payable by the shipowner to the salvor under the preceding paragraph may be increased up to a maximum of 30% of the expenses incurred by the salvor. The court or the arbitral tribunal seized of the dispute may, if it deems it fair and just to do so and bearing in mind the relevant criteria set out in the paragraph 1 of Article 189 of this Code, may increase the amount of special compensation further, but in no event shall the total increase be more than 100% of the expenses incurred by the salvor.

The term “salvor’s expenses” referred to in this Article means the out-of-pocket expenses reasonably incurred by the salvor in the salvage operations and a fair rate for equipment and personnel actually and reasonably used in the salvage operations, taking into consideration the criteria set out in the sub-paragraphs (8) to (10) of paragraph 1 of Article 189 of this Code.

In no case shall the total special compensation under this Article be paid only if to the extent that such compensation is greater than any reward recoverable by the salvor under Article 189 of this Code, and the amount payable shall be the excess of the special compensation over that reward.

If the salvor has been negligent and has thereby failed to prevent or minimize damage to the environment, he may be deprived of the whole or part of any special compensation.

Nothing in this Article shall affect any right of recourse the shipowner against other salvaged parties.

#### **Article 192**

The amount of the reward shall be borne by the owners of the salvaged ship and other property in proportion to the ratio of the salvaged value of each ship or item of property to the total salvaged value.

#### **Article 193**

The reward to the various salvors participating in the same salvage operations shall be determined by negotiation among the parties in accordance with the criteria stipulated in Article 189 of this Code. If negotiation fails, the parties may initiate legal proceedings in court or apply for arbitration upon agreement among the parties.

#### **Article 194**

No remuneration is due from persons whose lives are salvaged by the salvor during the salvage operations. However, such salvor shall be entitled to a fair share of the payment awarded to the salvor for salvaging the ship or other property or preventing or minimizing damage to the ecological environment.

### **Article 195**

The salvor shall not be entitled to payment for the following salvage actions:

- (1) Salvage operations carried out in the normal performance of duties under a contract of towage or any other service contract, unless special services are provided that do not fall within the scope of those contractual duties;
- (2) Salvage operations rendered notwithstanding the express and reasonable refusal of the master or the shipowner or the owner of any other property in danger.

### **Article 196**

Payment to the salvor may be cancelled or reduced if the salvage operation became necessary or more difficult due to the salvor's neglect, or if the salvor is guilty of fraud or other dishonest conduct.

### **Article 197**

After the completion of the salvage operations, the salvaged party shall provide satisfactory security for the payment as the salvor's request.

Without prejudice to the preceding paragraph, the owner of the salvaged ship shall use its best endeavors to ensure that the owners of the cargo provide satisfactory security for their share of the payment due before the cargo is released.

The salvaged ship and other property shall not, without the consent of the salvor, be removed from the port or place at which they first arrive after the completion of the salvage operations until satisfactory security has been put up for the salvor's claim against the relevant ship or property.

### **Article 198**

The court or arbitral tribunal accepting the claim for payment may, under reasonable conditions and having regard to the circumstances of the case, order that the salvor shall be paid on account such amount as seems fair and just.

In the event of an interim payment under the preceding paragraph, the security provided under Article 197 of this Code shall be reduced accordingly.

### **Article 199**

Where 90 days have elapsed since the ship or other property was salvaged and the salvaged party has neither paid the payment nor provided satisfactory security, the salvor may apply for an earlier auction for a salvaged ship or other property that is difficult to store, difficult to preserve, or the storage costs of which may exceed its value.

The proceeds of the auction, after deducting all expenses incurred during the storage and auction processes, shall be applied to the payment in accordance with the provisions of this Code; the remaining amount shall be returned to the salvaged party. If the remaining amount cannot be returned and remains unclaimed for a full year from the date of the auction, it shall vest in the State. If the proceeds are insufficient to cover the payment, the salvor shall be entitled to recourse from the salvaged party.

#### **Article 200**

This Chapter shall apply to the salvor's right to obtain payment for that the salvaged ship and the ship undertaking the salvage operations belong to the same owner.

#### **Article 201**

The salvor shall be entitled to avail themselves of rights and remedies provided for in this Chapter in respect of salvage operations, when such operations are carried out or controlled by the relevant competent authorities of the State.

### **Chapter X General Average**

#### **Article 202**

General average means any extraordinary sacrifice or expenditure intentionally and reasonably made or incurred for the common safety for the purpose of preserving from peril the property involved in a common maritime adventure.

Whether on the voyage or subsequently, any loss or damage sustained or expense incurred by the ship or cargo by reason of delay, including loss of freight or hire, loss of market, and any indirect loss, shall not be allowed as general average.

Losses sustained or expenses incurred due to the discharge of pollutants from the ship, cargo, or other property during the same maritime adventure shall not be allowed as general average.

#### **Article 203**

When a ship, having been damaged in consequence of an accident, sacrifice, or other extraordinary circumstances, shall have entered a port or place of refuge or returned to its port or place of loading for the purpose of effecting repairs necessary for the safe prosecution of the voyage, the additional port charges, crew wages, maintenance, consumption of fuel and stores of the ship, losses sustained or expenses caused by the unloading, storage, reloading, or restowing of cargo, fuel, stores, and other property onboard for the purpose of such repairs, shall be allowed as general average.

#### **Article 204**

Any additional expense incurred in place of another expense which would have been allowable as general average shall be deemed to be general average, but only up to the amount of the general average expense avoided.

#### **Article 205**

The onus of proof is upon the party claiming in general average to show that the loss or expense claimed is properly allowable as general average.

#### **Article 206**

Rights to contribution in general average shall not be affected, though the event which gave rise to the sacrifice or expenditure may have been due to the fault of one of the parties to the common maritime adventure, but this shall not prejudice any remedies or defences which may be open against or to that party in respect of such fault.

#### **Article 207**

The amount of general average sacrifice in respect of the ship, cargo, and freight shall be determined as follows:

- (1) The amount of general average sacrifice of the ship shall be the actual and reasonable cost of repairs paid, subject to a reasonable new for old deduction. Where the ship has not been repaired, the amount shall be calculated according to the reasonable depreciation caused by the sacrifice, but shall not exceed the estimated cost of repairs. Where the ship is an actual total loss, or where the cost of repairs would exceed the value of the repaired ship, the amount of general average sacrifice shall be difference between the estimated sound value of the ship, after deducting the estimated cost of repairing damage not allowable as general average, and the ship's value in its damaged condition.
- (2) Where cargo is lost, the amount of general average sacrifice shall be based on the value of the goods at the time of shipment, together with insurance and freight charges, deducting the freight which becomes unpaid by reason of the sacrifice. Where cargo is damaged and sold before the extent of damage is ascertained, the amount shall be calculated as the difference between the value of the goods at the time of loading plus insurance and freight and the net proceeds of the sale of the goods.
- (3) The amount of general average sacrifice of freight shall be the amount of freight lost in consequence of the sacrifice of the cargo, deducting the charges

or operating expenses which would have been incurred in earning such freight but were avoided by reason of the sacrifice.

#### **Article 208**

General average shall be contributed by the contributing interests in proportion to their respective contributory values.

The contributory values of the ship, cargo, and freight shall be determined as follows:

- (1) The contributory value of the ship shall be assessed either on the basis of her sound value at the termination of the voyage, deducting any damage not allowable in general average, or on the basis of the actual value of the ship at the termination of the voyage together with the amount made good as general average sacrifice.
- (2) The contributory value of the cargo shall be based on the value of the goods at the time of loading, together with insurance and freight charges, deducting any loss or damage not allowable in general average and less such freight as is at the risk of interests other than the cargo. Where the cargo is sold prior to arrival at the port of destination, the contributory value shall be the net proceeds of sale together with the amount made good as general average sacrifice.

Passengers' luggage and personal effects shall not contribute to General Average.

- (3) The contributory value of the freight shall be assessed on the basis of the freight at risk to which the carrier is entitled upon termination of the voyage, deducting such charges as would have been incurred in earning the freight but were avoided after the general average act to, together with the amount made good as general average sacrifice.

#### **Article 209**

Cargo not declared, or wrongfully declared, shall nevertheless contribute to general average, but any special sacrifice suffered by such cargo shall not be allowed in general average.

Where the declared value is unjustifiably lower than the actual value of the cargo, the general average shall be made on the basis of its actual value; however, in the event of a general average sacrifice, the amount of sacrifice shall be determined according to the declared value.

### **Article 210**

Interest shall be allowed on general average special sacrifice and general average special expenditures advanced.

### **Article 211**

At the request of the parties in interest, the contributing parties shall provide General Average security.

Where the general average security is provided in the form of a deposit, the deposit shall be placed with the adjustment institution, who shall hold it on trust at a bank.

The provision, use, or refund of the deposit shall not affect the parties' ultimate contributory liability.

### **Article 212**

General average adjustment shall be governed by the rules of adjustment agreed in the contract; in the absence thereof, the provisions of this Chapter shall apply.

## **Chapter XI Limitation of Liability for Maritime Claims**

### **Article 213**

The shipowner and the salvor may limit their liability for maritime claims under Article 216 of this Code pursuant to the provisions of this Chapter.

The provisions of this Chapter in respect of the shipowner shall apply to the charterer, the manager, and the operator of the ship.

### **Article 214**

Where maritime claims under Article 216 of this Code are brought against a person other than the shipowner or the salvor, and if the shipowner or salvor is responsible for the act and omission of that person, such person may limit its liability pursuant to the provisions of this Chapter.

### **Article 215**

Where the insured is entitled to limit its liability for a maritime claim in accordance with the provisions of this Chapter, the insurer who covers the liability for that maritime claim shall be entitled to the same limitation of liability in accordance with the provisions of this Chapter.

## **Article 216**

Excepted as otherwise stipulated in the provisions of Articles 217 and 218 of this Code, the person liable may limit their liability pursuant to the provisions of this Chapter, regardless of the basis of liability, for the following maritime claims:

- (1) Claims in respect of loss of life or personal injury or loss of or damage to property (including damage to harbor works, basins, waterways, and aids to navigation) occurring on board or in direct connection with the operation of the ship or with salvage operations, and consequential losses arising therefrom;
- (2) Claims in respect of loss cause by delay in the carriage of cargo or delay in the carriage of passengers and their luggage;
- (3) Claims in respect of other loss resulting from infringement of non-contractual rights occurring in direct connection with the operation of the ship or salvage operations;
- (4) Claims in respect of measures taken by a person other than the person liable to avert or minimize a loss which the person liable may limit their liability for under this Chapter, and claims in respect of further loss caused by such measures.

The maritime claims listed in the preceding paragraph shall be subject to limitation of liability, regardless of the manner in which they are presented. However, the limitation of liability provided in this Article shall not apply to claims under Subparagraph (4) payable by the person liable under a contract.

## **Article 217**

The provisions of this Chapter shall not apply to the following claims:

- (1) Claims for salvage payment or general average contribution;
- (2) Claims for compensation for oil pollution damage under Section 2 of Chapter XII of this Code;
- (3) Claims for the costs of salvage, removal, destruction, or rendering harmless of a sunken, wrecked, stranded, or abandoned ship and its property or cargo on board;
- (4) Claims for compensation for nuclear damage under the International Conventions on Limitation of Liability for Nuclear Damage to which the People's Republic of China is a party or has acceded;
- (5) Claims for compensation for nuclear damage caused by a nuclear-powered ship;

- (6) Claims brought by an employee of the shipowner or the salvor, if under the relevant law, the shipowner or the salvor is not entitled to limit its liability for such claims, or if so entitled, to a limit higher than that provided for in this Chapter.

**Article 218**

The person liable shall not be entitled to limit its liability pursuant to the provisions of this Chapter if it is proved that the loss giving rise the claim resulted from the person liable's personal act or omission, committed with the intent to cause such loss, or recklessly and with knowledge that such loss would probably result.

**Article 219**

Except as otherwise stipulated for in Article 220 of this Code, the limits of liability for maritime claims shall be calculated as follows:

- (1) Claims in respect of loss of life or personal injury
- (a) For a ship ranging from 300 GT up to 500 GT, the limit of liability shall be 500,000 Units of Account.

- (b) For a ship exceeding 500 GT, the limits provided in subparagraph (1) (a) shall apply to the first 500 GT and the following amount shall be added for the part in excess of 500GT:

For a ship each ton from 501 GT to 2,000 GT, 1,000 Units of Account.

For each ton from 2,001 GT to 30,000 GT, 800 Units of Account.

For each ton from 30,001 GT to 70,000 GT, 600 Units of Account.

For each ton exceeding 70,000 GT, 400 Units of Account.

- (2) Claims other than those in respect of loss of life or personal injury
- (a) For a ship ranging from 300 GT up to 500 GT, the limit of liability shall be 250,000 Units of Account.

- (b) For a ship exceeding 500 GT, the limits provided in subparagraph (2) (a) shall apply to the first 500 GT and the following amount shall be added for the part in excess of 500GT:

For a ship each ton from 501 GT to 2,000 GT, 500 Units of Account.

For each ton from 2,001 GT to 30,000 GT, 400 Units of Account.

For each ton from 30,001 GT to 70,000 GT, 300 Units of Account.

For each ton exceeding 70,000 GT, 200 Units of Account.

If the limit stipulated in Subparagraph (1) is insufficient to pay the claims for loss of life or personal injury in full, the unpaid balance shall rank ratably and be paid proportionally with the claims other than for loss of life or personal injury under Subparagraph (2).

Without prejudice to the claims for loss of life or personal injury under Subparagraph (3), claims in respect of damage to harbor works, basins, waterways, and aids to navigation shall take priority over other claims under Subparagraph (2).

The limit of liability for a salvor who does not operate from a ship or who operates solely on the ship being salvaged shall be calculated on the basis of a ship of 1,500 GT.

The limits of liability for a ship under 300 GT and ships engaged in coastal operations shall be determined by the competent transport authority under the State Council. and shall take effect after being reported to and approved by the State Council.

The same limit of liability shall apply to other ships used for non-military or non-government public service that collide with a ship.

#### **Article 220**

The limit of liability for compensation for loss of life or personal injury to passengers in carriage of passengers by sea shall be calculated by multiplying 175,000 Units of Account by the number of passengers authorized on the ship's certificate.

#### **Article 221**

The limits of liability under Articles 219 and 220 of this Code shall apply to the aggregate of all claims arising out of the same specific incident which are brought against the shipowner, the salvor, and all persons for whose act and omission the shipowner or salvor is responsible.

#### **Article 222**

Any person liable seeking to limit its liability under this Code may constitute a limitation fund in a court having jurisdiction.

The amount of the fund shall be the limits under Articles 219 and 220 of this Code, together with interest thereon from the date of the incident until the date of the constitution of the fund.

A fund constituted by any person liable under this Chapter shall be deemed to be constituted by all person liable.

#### **Article 223**

After the person liable has constituted a limitation fund, any person entitled to claim under Article 216 of this Code shall not exercise any action or enforce any claim against any property of the person liable.

If the ship or other property of the person liable who has constituted the limitation fund has been arrested or attached, or if such person has provided security, the court shall promptly release such property or return such security.

#### **Article 224**

Where a person entitled to limit its liability under the provisions of this Chapter has a claim against the claimant arising out of the same incident, the claims of both parties shall be set off against each other, and the limits of liability stipulated in this Chapter shall only apply to the net balance.

## **Chapter XII Liability for Oil Pollution Damage from Ships**

### **Section 1 General Rules**

#### **Article 225**

The provisions of this Chapter shall apply to compensation for pollution damage caused by a ship in the waters under the jurisdiction of the People's Republic of China, including its navigable connected waters.

The scope of compensation for pollution damage caused by a ship shall include:

- (1) Loss of or damage to property other than the ship that caused the oil pollution and consequential loss of income arising therefrom;
- (2) Costs incurred for preventive measures taken to prevent or minimize ship oil pollution damage by a ship, and losses caused by such preventive measures;
- (3) Loss of income arising from impairment of the environment caused by the oil pollution;
- (4) The costs of reasonable measures of reinstatement actually undertaken or to be undertaken.

#### **Article 226**

The shipowner of the ship from which the oil has escaped shall be liable for compensation for the pollution damage.

The shipowner shall not be liable for compensation if the shipowner proves that the pollution damage was caused exclusively by one of the following circumstances, and that despite timely and reasonable measures taken, damage to the ecological environment could not be avoided:

- (1) An act of war, hostilities, insurgency, terrorist activities, or a natural phenomenon of exceptional, inevitable and irresistible character;
- (2) An intentional act or omission of a third party;

(3) Negligence or other wrongful act or omission by a governmental or other authority responsible for the maintenance of lights or other aids to navigation in the exercise of that function.

The shipowner may be wholly or partially exonerated from liability if it proves that the pollution damage was caused wholly or partially by the fault of the claimant.

#### **Article 227**

The shipowner may limit its liability for compensation pursuant to the provisions of this Chapter. However, the shipowner shall not be entitled to such limitation if it is proved that the pollution damage resulted from its personal act or omission, committed with the intent to cause such damage, or recklessly and with knowledge that such damage would probably result.

#### **Article 228**

Where two or more ships cause pollution damage, the shipowners of such ships shall be jointly and severally liable for the damage which cannot reasonably be apportioned between them.

Nothing in the preceding paragraph shall prejudice the right of any shipowner against whom a claim is made to limit its liability pursuant to the provisions of this Chapter.

#### **Article 229**

The State shall establish a system of insurance covering civil liability for ship oil pollution damage. The shipowner shall effect civil liability insurance for pollution damage or obtain corresponding financial security in accordance with relevant State regulations.

A claim for pollution damage compensation may be brought directly against the shipowner's liability insurer or financial guarantor; however, the liability for compensation assumed by the liability insurer or financial guarantor shall not exceed the limits of liability stipulated in Articles 233 and 240 of this Code. The fact that the shipowner has lost the right to limit liability under this Chapter shall not affect the right of their liability insurer or financial guarantor to limit liability pursuant to the provisions of this Chapter.

For the claims for pollution damage compensation under the preceding paragraph, the liability insurer or financial guarantor shall be entitled to raise a defence that the damage was caused by the intentional misconduct of the shipowner, and shall be entitled to avail themselves of any defense available to the shipowner, other than bankruptcy or winding-up.

The State shall improve and implement the system of compensation fund for oil pollution damage from ships in accordance with law.

### **Article 230**

The provisions of this Chapter shall not affect the shipowner's right of recourse against third parties.

## **Section 2 Liability for Ship Oil Pollution Damage**

### **Article 231**

The provisions of this Section shall apply to the liability for pollution damage caused by ships carrying oil in bulk.

The provisions of this Section shall apply to any ship constructed or adapted for the carriage of oil in bulk as cargo, and to any ship capable of carrying oil in bulk and other cargo, during any voyage when it is carrying oil in bulk and subsequently, unless it is proved that the ship has no residue of such oil on board.

“Oil” as referred to in this Section, means any persistent hydrocarbon mineral oil, including lubricating oil, whether carried on board a ship as cargo or in the bunkers of such a ship.

### **Article 232**

The following persons shall not be liable for compensation for pollution damage, unless the damage was caused by their personal act or omission, committed with the intent to cause such damage, or recklessly and with knowledge that such damage would probably result:

- (1) The employees or agents of the shipowner;
- (2) The pilot or any other person providing services to the ship other than the crew;
- (3) The charterer, operator, or manager of the ship;
- (4) Any person conducting salvage operations with the consent of the shipowner or on the instructions of a competent public authority;
- (5) Any person, other than the shipowner, who takes preventive measures;
- (6) The employees or agents of the persons referred to in subparagraphs (3) to (5) of this Article.

### **Article 233**

The shipowner of a ship carrying oil shall be liable for compensation for pollution damage in respect of any incident, on the basis of following calculations of liability:

- (1) For a ship of 5,000 GT or less: the limit of liability shall be 4,510,000 Units of Account.
- (2) For a ship exceeding 5,000 GT: the limit provided in subparagraph (1) shall apply for the first 5,000 GT; for the part exceeding 5,000 GT, an amount of 631 Units of Account shall be added for each additional units of tonnage, provided that the limit of liability shall in no case exceed 89,770,000 Units of Account.

#### **Article 234**

The shipowner or its liability insurer or financial guarantor who invokes the provisions on the limitation of liability under this Section shall constitute a limitation fund in a court of competent jurisdiction.

A fund constituted by any person liable as referred to in the preceding paragraph shall be deemed to be constituted by all persons liable.

#### **Article 235**

Where a limitation fund has been constituted and the shipowner is entitled to limit its liability, no claimant for pollution damage shall be entitled to exercise any right against the property of the shipowner. Any arrest or attachment already effected shall be released immediately, and any cash deposit or other security provided by the shipowner to obtain the release of such arrest or attachment shall be returned.

#### **Article 236**

Claimants for pollution damage shall share in the distribution of the limitation fund in proportion to the amounts of their established claims.

Where the shipowner, its liability insurer, or financial guarantor has made a payment to a claimant for pollution damage, or where a third party has made a payment to such claimant, before the distribution of the limitation fund, the payer shall be subrogated to the rights which the claimant would have had to the extent of the amount paid. The costs incurred by the shipowner for preventive measures and any losses caused by such measures, shall rank *pari passu* with other claims for pollution damage in the distribution of the limitation fund.

### **Section 3 Liability for Ship Bunker Oil Pollution Damage**

#### **Article 237**

The provisions of this Section shall apply to liability for pollution damage caused by non-persistent bunker oil carried by ships stipulated in Section 2 of this Chapter, and bunker oil carried on board ships other than those stipulated in Section 2.

“Bunker Oil” as referred to in this Section means any hydrocarbon mineral oil, including lubricating oil.

The provisions of this Section in respect of the shipowner shall also apply to the bareboat charterer, operator, and manager of the ship.

#### **Article 238**

The following persons shall not be liable for pollution damage caused by bunker oil stipulated in this Section, unless the damage is caused by their personal act or omission, committed with the intent to cause such damage, or recklessly and with knowledge that such damage would probably result:

- (1) The employees or agents of the shipowner;
- (2) The pilot or any other person who provides services to the ship other than the crew;
- (3) The voyage charterer or time charterer of the ship;
- (4) Any person conducting salvage operations with the consent of the shipowner or under the direction of a competent public authority;
- (5) Any person, other than the shipowner, who takes preventive measures;
- (6) The employees or agents of the persons listed in Subparagraphs (3) to (5) of this Article.

#### **Article 239**

The limit of liability for compensation for pollution damage under this Section shall be calculated pursuant to the provisions of Chapter XI of this Code.

Where the same incident causes both bunker oil pollution damage and other damage for which liability may be limited under Article 216 of this Code, the person liable shall be entitled to limit their total liability to the limit of liability provided in Article 219 of this Code.

### **Chapter XIII Contract of Marine Insurance**

#### **Section 1 General Rules**

#### **Article 240**

A contract of marine insurance is a contract whereby the insurer undertakes, in consideration of the premium paid by the insured, to indemnify the insured against loss of or damage to the subject-matter insured, and against liabilities arising therefrom, as provided for under the contract.

“Marine peril” as referred to in the preceding paragraph means any peril agreed upon between the insurer and the insured, including perils occurring on inland waters or on land that relate to sea voyage.

#### **Article 241**

The principal terms of a contract of marine insurance shall include the following:

- (1) Name of the insurer;
- (2) Name of the insured;
- (3) Subject-matter insured;
- (4) Insurable value;
- (5) Sum insured;
- (6) Perils insured against and excepted;
- (7) Period of insurance;
- (8) Premium.

#### **Article 242**

The following items may be the subject-matter insured:

- (1) Ship;
- (2) Cargo;
- (3) Ship’s operating income, including freight, hire, and passengers’ fares;
- (4) Anticipated profit from cargo;
- (5) Wages and other remuneration of the crew;
- (6) Liability to third parties;
- (7) Any other property exposed to a maritime peril, and any related liabilities and expenses.

The insurer may reinsure the insurance on the subject-matter specified in the preceding paragraph. Unless otherwise agreed in the contract, the original insured shall not have any interest in the reinsurance.

#### **Article 243**

The insurable value of the subject-matter insured shall be agreed between the insurer and the insured and specified in the policy. In the event of a loss to the subject-matter insured, the agreed insurable value shall constitute the basis of indemnity.

Where the insurable value is not agreed upon by the insurer and the insured, it shall be calculated as follows:

- (1) For the ship, the insurable value shall be the value of the ship at the commencement of the risk, including the hull, machinery, and equipment, and

including the value of fuel, stores, materials, gear, provisions and fresh water on board, and the premium.

- (2) For the cargo, the insurable value shall be the invoice price of the cargo at the place of departure at the commencement of the risk, or the actual value of the non-trade commodity at the place of shipment, plus the freight and the premium.
- (3) For the freight, the insurable value shall be the total freight receivable by the carrier at the commencement of the insurance risk, including the premium.
- (4) For any other subject-matter, the insurable value shall be the actual value of the subject-matter insured at the commencement of the insurance risk, including the premium.

#### **Article 244**

The sum insured shall be agreed upon by the insurer and the insured. The sum insured shall not exceed the insurable value; any part that exceeds the insurable value shall be null and void.

#### **Article 245**

The relevant provisions of this Chapter shall apply to a contract of insurance for ships under construction.

A contract of insurance for ships under construction is one whereby the insurer undertakes, in consideration of the premium, to indemnify the insured against the loss of or damage to the vessel, and any liabilities arising therefrom, arising during construction in the shipyard, during trials, or delivery.

Ships under construction shall include the materials, machinery, and equipment conforming to the shipbuilding contract and intended for use in the construction of the ships.

### **Section 2 Conclusion, Termination and Assignment of Contract**

#### **Article 246**

A contract of marine insurance is concluded when the insured makes an insurance proposal, the insurer agrees to underwrite the risk, and the parties reach an agreement on the terms of the contract. The insurer shall timely issue an insurance policy or other insurance document to the insured, which shall record the terms of the contract agreed upon by both parties.

#### **Article 247**

Before the contract is concluded, the insured shall truthfully disclose to the insurer every material circumstance that the insured knows or ought to know in the usual course of business, which may influence insurer in fixing the premium or deciding whether to accept the risk.

The insured shall not be required to disclose relevant circumstances that the insurer knows or ought to know in the usual course of business if the insurer has not inquired about them.

#### **Article 248**

If the insured deliberately fails to truthfully disclose any material circumstances stipulated in the first paragraph of Article 247 of this Code, the insurer may terminate the contract and shall not be obliged to return the premium. The insurer shall not be liable to indemnify for any loss caused by a marine peril occurring before the contract is terminated.

If the insured fails to truthfully disclose any such material circumstances without deliberate intent stipulated in the first paragraph of Article 247 of this Code the insurer shall have the right either to terminate the contract or require an appropriate increase in the premium. If the insurer terminates the contract before the risk attached, the entire premium shall be refunded, subject to an administrative fee. If the insurer terminates the contract after the risk has attached, then the premium for the unexpired portion of the insurance period shall be refunded; however, in case of a voyage policy no refund need be made. For any loss caused by a peril occurring before the contract is terminated, the insurer shall be liable except to the extent that the undisclosed or misrepresented material circumstances influenced the occurrence of the loss.

The right to terminate the contract under this Article shall be extinguished if it is not exercised within thirty days from the date on which the insurer knew or ought to have known of the grounds for avoidance.

#### **Article 249**

Where a contract of marine insurance is concluded using standard terms provided by the insurer, the insurer shall take steps to bring to the insured's attention any clauses that are material to the insured, such as those that exempt or limit the insurer's liability, when the contract is concluded. If the insured requests an explanation, the insurer shall clearly explain those clauses.

If the insurer fails to comply with the duty to bring to the insured's attention or explain such clauses, thereby causing the insured not to notice or understand the clauses materially related to its interests, the insured may claim that the clause does

not form part of the contract, unless the insured knows or ought to have known the content of the clause.

#### **Article 250**

Where, at the time of contracting, the insured knows or ought to have known that the subject-matter insured has already suffered a loss due to the occurrence of a marine peril, the insurer shall not be liable to indemnify, but shall be entitled to collect the premium. Where the insurer knows or ought to have known that the subject-matter insured could not possibly suffer a loss due to the occurrence of a marine peril, the insured shall be entitled to recover any premium already paid.

#### **Article 251**

Where the insured enters into contracts with two or more insurers for the same subject-matter insured, same insurable interest, and same marine peril, resulting in the aggregate sum insured exceeding the insurable value, unless otherwise agreed in the contract, the insured may claim indemnity from any insurer, but the aggregate amount of indemnity received by the insured shall not exceed the amount of loss actually sustained of the subject-matter insured.

The insurers shall bear the liability for indemnity in proportion to their respective sums insured to the aggregate sum insured. Any insurer who pays more than its proportion of loss shall be entitled to maintain an action for contribution against the other insurers.

The “insurable value” referred to in the first paragraph of this Article shall be determined by the highest insurable value among all insurance contracts. The “the amount of loss actually sustained” means the amount of loss calculated based on the highest insurable value among all insurance contracts.

#### **Article 252**

Before the risk attaches, the insured may request to terminate the contract. In such a case, the insured shall pay an administrative fee to the insurer, and the insurer shall return the premium.

#### **Article 253**

Except as otherwise stipulated by law or agreed in the contract, neither the insured nor the insurer shall terminate the contract after the risk attaches

Where the contract may be terminated after the risk attaches according to the contract, if the insured requests to terminate the contract, the insurer shall be entitled to collect the premium corresponding to the period from the date of commencement of the insurance liability until the date of termination, and the remaining portion shall

be returned. If the insurer requests to terminate the contract, the insurer shall return the premium to the insured corresponding to the period from the date of termination until the date of expiration of the insurance period.

#### **Article 254**

For marine cargo insurance and ship's voyage insurance, the insured shall not be entitled to request the termination of the contract after the risk attaches.

#### **Article 255**

A contract of marine cargo insurance may be assigned by the insured's endorsement or by other means, and the rights and obligations under the contract shall be transferred accordingly. If the premium has not been paid at the time of the assignment, the insured and the assignee of the contract shall be jointly and severally liable for its payment.

#### **Article 256**

Where a hull insurance contract is assigned due to the change of ownership of the ship, the consent of the insurer shall be obtained. If the consent of the insurer is not obtained, the hull insurance contract shall be terminated from the time of the change of ship's ownership; if the change of ship's ownership occurs during a voyage, the hull insurance contract shall be terminated upon the termination of the voyage.

After the contract is terminated, the insurer shall return the premium to the insured corresponding to the period from the date of termination until the date of expiration of the insurance period.

#### **Article 257**

An open cover is a contract whereby the insurer undertakes, in consideration of the premium paid by the insured, to assume liability for indemnifying for the loss of or damage to the cargo to be transported in separate consignments during an agreed period in the future.

The open cover shall be concluded in writing.

#### **Article 258**

Upon the request of the insured, the insurer shall issue separate insurance documents for the cargo transported in separate consignments according to the open cover.

Where the terms of the insurance documents issued by the insurer separately differ from those of the open cover, the separately issued insurance documents shall prevail.

### **Article 259**

The insured shall truthfully declare to the insurer, prior to each transportation, the specific details of the cargo transported in separate consignments under the open cover, including the name and quantity of the cargo, the name of the carrying ship and the route, the insurable value, and the sum insured.

Where the insured intentionally omits to declare or erroneously declares the cargo transported, the insurer shall not be liable to indemnify for any loss caused by a marine peril occurring during that specific cargo transportation, but the insurer shall be entitled to the premium.

Where the insured unintentionally omits to declare or erroneously declares the cargo transported, the insured shall have the right to rectify the omission or erroneous declaration. Such rectification shall not prejudice the insured's right to claim indemnity from the insurer, provided that the insurer shall be entitled to use the insurable value insurable value stipulated in the second paragraph of Article 243 of this Code as the basis for calculating indemnity.

The provisions of this Article shall apply only where the open cover contains no agreement to the contrary or is silent.

## **Section 3 Obligations of the Insured**

### **Article 260**

Except as otherwise agreed in the contract, the insured shall pay the premium immediately upon the conclusion of the contract. The insurer is not bound to issue the policy or other document evidencing the contract of insurance until payment the premium.

### **Article 261**

If the insured breaches an insurance warranty, the insurer shall have the right to terminate the contract or to demand a modification of the terms of coverage and an increase in the premium. If the insurer terminates the contract, it shall notify the insured in writing, and the contract shall be terminated from the time the notice reaches the insured.

For any loss caused by a marine peril occurring prior to the insured's breach of the insurance warranty, the insurer shall be liable for compensation.

For any loss caused by a marine peril occurring from the time of the insured's breach of the insurance warranty until the time the notice of termination reaches the insured, the insurer shall not be liable for indemnity, unless the insured can prove one of the following circumstances:

(1) The insured's breach of the insurance warranty had no influence on the occurrence of the marine peril;

(2) The marine peril occurs after the breach was remedied.

#### **Article 262**

Upon the occurrence of a marine peril, the insured shall immediately notify the insurer and take such reasonable measures as are necessary to avert or minimize the loss. Where the insured receives a special notice from the insurer in respect of the taking of reasonable measures to avert or minimize the loss, the insured shall comply with the requirements of the insurer's notice.

The insurer shall not be liable to indemnify for any further loss caused by the insured's breach of the provisions of the preceding paragraph.

### **Section 4 Liabilities of the Insurer**

#### **Article 263**

After the occurrence of a marine peril resulting in a loss, the insurer shall timely pay the insurance indemnity to the insured.

#### **Article 264**

The insurer's indemnity for loss caused by a marine peril shall be limited to the sum insured. Where the sum insured is less than the insurable value, the insurer shall be liable to indemnify for a partial loss of the subject-matter insured in proportion as the sum insured bears to the insurable value.

#### **Article 265**

The insurer shall be liable to indemnify for the losses caused by several marine casualties occurring during the period of insurance, even if the total amount of such losses exceeds the sum insured. However, where a partial loss that has not been repaired is followed by a total loss, the insurer shall indemnify only for the total loss.

#### **Article 266**

The insurer shall, in addition to the indemnity for the loss of the subject-matter insured, pay separately the following expenses: necessary and reasonable expenses incurred by the insured for the purpose of averting or diminishing a loss for which indemnity is payable under the contract; reasonable expenses incurred for survey and assessment of the value for the purpose of ascertaining the nature and extent of the marine peril; and expenses incurred for executing the special notice of the insurer.

The insurer's payment for the expenses stipulated in the preceding paragraph shall be limited to the sum insured.

Where the sum insured is less than the insurable value, the insurer shall pay the expenses stipulated in this Article in proportion as the sum insured bears to the insurable value, unless otherwise agreed in the contract.

#### **Article 267**

Where the sum insured is less than the contributory value of general average, the insurer shall indemnify for the general average contribution in proportion as the sum insured bears to the contributory value.

#### **Article 268**

The insurer shall not be liable to indemnify for any losses intentionally caused by the insured.

#### **Article 269**

Unless otherwise agreed in the contract, the insurer shall not be liable to indemnify for a loss of cargo arising from any of the following causes:

- (1) Delay in the voyage, delay in delivery, or market fluctuation;
- (2) Natural wear and tear, inherent vice, or natural characteristics of the cargo;
- (3) Insufficient or Improper packing.

#### **Article 270**

Unless otherwise agreed in the contract, the insurer shall not be liable to indemnify for a loss of the insured ship arising from any of the following causes:

- (1) The ship's unseaworthiness at the commencement of the voyage, unless, where under a time policy, the insured neither knows nor ought to have known of such unseaworthiness;
- (2) Natural wear and tear or corrosion of the ship.

The provisions of the preceding paragraph shall also apply to the insurance of freight.

### **Section 5 Loss of or Damage to the Subject Matter Insured and Abandonment**

#### **Article 271**

An actual total loss occurs when the subject-matter insured, after the occurrence of a marine peril, is destroyed, or is so seriously damaged as to cease to be a thing of the kind insured, or the insured is irretrievably deprived of the possession thereof.

**Article 272**

A constructive total loss of a ship occurs when, after the occurrence of a marine peril, an actual total loss appears to be unavoidable, or the cost necessary to preserve from an actual total loss exceeds the insurable value.

A constructive total loss of cargo occurs when, after the occurrence of a marine peril, an actual total loss appears to be unavoidable, or the aggregate of the cost necessary to preserve from an actual total loss and the cost of forwarding the cargo to its destination exceeds the insurable value.

**Article 273**

A partial loss is any loss that does not amount to an actual total loss or a constructive total loss.

**Article 274**

Unless otherwise agreed in the contract, if a ship fails to arrive at her destination within a reasonable time from the place where the last news of her has been received, and there is still no news of her after the expiration of sixty days, the ship shall be deemed to be missing. A missing ship shall be deemed to be an actual total loss.

**Article 275**

Where the subject-matter insured suffers a constructive total loss and the insured requests the insurer to indemnify as for a total loss, the insured shall abandon the subject-matter insured to the insurer within a reasonable time. The insurer may accept or refuse the abandonment, but shall notify the insured of the decision to accept or refuse abandonment within a reasonable time. If the insurer fails to notify the insured of the decision to accept or refuse abandonment within a reasonable time, the abandonment shall be deemed refused.

Abandonment shall not be subject to any conditions. Once the abandonment is accepted by the insurer, it shall not be revoked.

**Article 276**

Where the insurer accepts the abandonment, the entire rights and obligations of the insured with respect to the subject-matter of abandonment shall be vested in the insurer.

## **Section 6 Payment of Indemnity**

### **Article 277**

After the occurrence of a marine peril and prior to paying the insurance indemnity to the insured, the insurer may require the insured to provide proof and information relevant to ascertain the nature of the marine peril and the extent of the loss.

### **Article 278**

If the loss of or damage to the subject-matter insured is covered by the insurance and is caused by a third party, the insured's right to claim compensation from the third party shall be subrogated to the insurer accordingly from the date the insurer pays the indemnity.

The insured shall provide the insurer with the necessary documents and information that the insurer needs to know, and shall do their utmost to assist the insurer in pursuing recovery from the third party.

### **Article 279**

Where the insured, without the insurer's consent, waives the right to claim compensation from the third party, or prejudices the insurer's right of recovery due to the insured's fault, the insurer may correspondingly reduce the insurance indemnity.

### **Article 280**

When the insurer pays the insurance indemnity, the insurer may correspondingly deduct from the payable indemnity any compensation already received by the insured from the third party.

If the compensation recovered by the insurer from the third party exceeds the insurance indemnity paid by the insurer, the excess portion shall be returned to the insured.

### **Article 281**

Upon the occurrence of a marine peril, the insurer shall have the right to abandon their rights over the subject-matter insured and pay the full insurance indemnity agreed in the contract, thereby being relieved of the obligations in respect of the subject-matter insured.

The insurer shall notify the insured of the exercise of the right stipulated in the preceding paragraph within 7 days from the date of receiving the insured's notice of claim for indemnity. Any necessary and reasonable expenses incurred by the insured

for the purpose of averting or diminishing the loss prior to receiving the insurer's notice shall be reimbursed by the insurer.

#### **Article 282**

Except as stipulated in Article 281 of this Code, where the subject-matter insured suffers a total loss and the insurer pays the full sum insured, the insurer shall acquire all rights to the subject-matter insured.

However, in the case of under-insurance, the insurer shall acquire proportionate rights to the subject-matter insured in proportion to that the sum insured bears to the insurable value.

### **Chapter XIV Limitation of Actions**

#### **Article 283**

In the event of a maritime dispute, the parties may institute legal proceedings or apply for arbitration in accordance with the law.

#### **Article 284**

The limitation period for the right to claim in respect of the carriage of goods by sea shall be one year. For claims against the carrier or actual carrier, the period shall be calculated from the date on which the goods were delivered or ought to have been delivered. For claims against the shipper, consignee, or holder of the transport document, the period shall be calculated from the date on which the obligee knew or ought to have known that its right was infringed.

Where the limitation period stipulated in the preceding paragraph has expired or has less than ninety days remaining until expiration, the right to claim recourse enjoyed by the party held liable against a third party shall have a limitation period of ninety days, calculated from the date on which the claimant for recourse settled the original claim for compensation.

#### **Article 285**

The limitation period for the right to claim in respect of the carriage of passengers by sea shall be two years, calculated separately in accordance with the following provisions:

- (1) Claims relating to death of a passenger: If the death occurs during the period of carriage, the period shall be calculated from the date on which the passenger ought to have disembarked. If the death occurs after disembarkation due to injury sustained during the period of carriage, the

period shall be calculated from the date of the passenger's death, provided that this period shall not exceed three years from the date of disembarkation.

- (2) Claims relating to personal injury, loss or damage to luggage: The period shall be calculated from the date on which the passenger disembark or ought to have disembarked.

#### **Article 286**

The limitation period for the right to claim relating to a charterparty shall be two years, calculated from the date on which the obligee knows or ought to have known that its right was infringed.

#### **Article 287**

The limitation period for the right to claim relating to a contract of sea towage shall be one year, calculated from the date the obligee knows or ought to have known that its right is infringed.

#### **Article 288**

The limitation period for the right to claim relating to a ship collision shall be two years, calculated from the date on which the collision occurs.

The limitation period for the right to claim recourse stipulated in the third paragraph of Article 178 of this Code shall be one year, calculated from the date on which the parties jointly and severally pay the damages.

The provisions of this Article shall apply to the limitation period for the claims or recourse claims arising pursuant to Article 179 of this Code.

#### **Article 289**

The limitation period for the right to claim relating to salvage at sea shall be two years, calculated from the date on which the salvage operations are terminated.

#### **Article 290**

The limitation period for the right to claim contribution in general average shall be one year, calculated from the date the general average adjustment was completed, provided that it shall not exceed six years from the date on which the common maritime adventure is terminated.

#### **Article 291**

The limitation period for the right to claim insurance indemnity from the insurer under a marine insurance contract shall be two years, calculated from the date on which the insured knows or ought to have known of the occurrence of the marine peril.

### **Article 292**

The limitation period for the right to claim compensation relating to oil pollution damage caused by a ship shall be three years, calculated from the date the damage occurred, provided that it shall not exceed six years from the date on which the incident causing the damage occurred.

### **Article 293**

The limitation period shall be suspended if the right to claim is prevented from being exercised during the last six months of the limitation period due to force majeure or other impediments. The limitation period shall expire six months from the date on which the cause of the suspension is eliminated.

### **Article 294**

The limitation period shall be interrupted where the claimant: submits a request for performance; institutes legal proceedings; applies for arbitration; or where the respondent agrees to perform the obligation.

Where the claimant applies for the arrest of the ship, the limitation period shall be interrupted from the date on which the application for arrest is filed. The limitation period shall recommence from the time on which the interruption ceases or the relevant procedure is terminated.

## **Chapter XV Laws Applicable to Foreign-related Relations**

### **Article 295**

The parties to a contract may choose the law applicable to the contract, unless otherwise stipulated by law. Where the parties to the contract have not made a choice, the law of the State having the closest and most real connection to the contract shall apply.

An international carriage of goods by sea contract where the port of loading or the port of discharge is within the territory of the People's Republic of China shall be governed by the provisions of Chapter IV of this Code.

### **Article 296**

The law applicable to the ownership of a ship shall be governed by the law of the flag State.

In the event of a change of flag, the law applicable to the ownership of the ship following the change shall be governed by the law of the new flag State, except where the change of flag is due to a bareboat charter.

The law applicable to the ownership of a ship under construction shall be governed as follows: where the ship has been registered, it shall be governed by the law of the State of registration. Where the ship has not been registered, it shall be governed by the law of the place where the ship is being built.

#### **Article 297**

The law applicable to the mortgage of the ship shall be governed by the law of the flag State.

Where the mortgage of the ship is established before or during a bareboat charter, the law applicable to the mortgage shall be governed by the law of the original state of ship registration.

The law applicable to the mortgage on a ship under construction shall be governed as follows: Where the ship has been registered, it shall be governed by the law of the State of registration. Where the ship has not been registered, it shall be governed by the law of the place where the ship is being built.

#### **Article 298**

Matters pertaining to maritime lien shall be governed by the law of the forum where the action is brought.

#### **Article 299**

The law applicable to a possessory lien on a ship shall be governed by the law of the place where the ship is detained.

#### **Article 300**

The priority for satisfaction among maritime liens, possessory liens on the ship, and the mortgages of the ship shall be governed by the law of the forum where the action is brought.

#### **Article 301**

Liability for ship collision shall be governed by the law of the forum where the tortious act occurred. If the ship collision occurs on the high seas, the law of the forum where the action is brought shall apply. If the collision occurs between ships of the same nationality, the liability between the colliding ships shall be governed by the law of the flag State.

If the parties agree to choose the applicable law after the ship collision has occurred, the agreement shall apply.

### **Article 302**

The adjustment of general average shall be governed by the law of the place of adjustment.

The parties may agree to choose the law applicable to the claim for general average contribution; in the absence of such an agreement, the law of the place where the common maritime adventure terminated shall apply.

### **Article 303**

The limitation of liability shall be governed by the law of the forum where the action is brought.

### **Article 304**

Liability for oil pollution damage from the ship shall be governed by the law of the place where the oil pollution damage occurs.

### **Article 305**

The application of foreign law pursuant to the provisions of this Chapter shall not violate the public interest of the People's Republic of China.

## **Chapter XVI Supplementary Provisions**

### **Article 306**

The Units of Account referred to in this Code shall be the Special Drawing Right (SDR) as defined by the International Monetary Fund. The Renminbi (RMB) equivalent of the SDR amount shall be the RMB figure calculated according to the exchange rate of the SDR against the Renminbi as published by the International Monetary Fund on the date of the court judgment, the date of the arbitration award, or the date of the agreement between the parties.

### **Article 307**

Where an international treaty concluded or acceded to by the People's Republic of China contains provisions different from those in this Code, the provisions of the international treaty shall prevail, unless the clauses are ones upon which the People's Republic of China has announced reservations.

Where there are no provisions in the laws of the People's Republic of China or the international treaties concluded or acceded to by the People's Republic of China, international practice may be applied. The application of international practice shall not violate the public interest of the People's Republic of China.

**Article 308**

The State supports international maritime cooperation and promotes the sound development of the shipping industry.

If any country or region adopts discriminatory prohibitions, restrictions, or other similar measures against the People's Republic of China in the fields related to maritime transport and shipbuilding, the People's Republic of China may take corresponding measures against the relevant country or region as circumstances require.

**Article 309**

Mutual insurance associations are voluntarily formed by members such as ship owners, ship operators, ship managers, or bareboat charterers. These associations collect calls in accordance with their articles of association, and undertake to indemnify members for the losses sustained, liabilities incurred, or expenses arising out of the ship operation.

**Article 310**

This Code shall come into force on May 1, 2026.

