Maritime Code of the People’s Republic of China

Dan Young Business Consultancy — www.danyoungcpa.com

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Chapter I — General Provisions

Article 1 — This Code is enacted for the purposes of regulating the relations arising from maritime transport and from ships, safeguarding the lawful rights and interests of the parties concerned, and promoting the development of maritime transport, the economy, and foreign trade.

Article 2 — This Code shall apply to maritime transport by sea and to ships. For purposes of this Code, maritime transport means the carriage of goods or passengers by sea, including sea-river through transport, by ships between the ports of the People's Republic of China and foreign ports or between the ports of the People's Republic of China. The provisions of this Code relating to contracts of carriage of goods by sea shall not apply to the carriage of goods between Chinese ports.

Article 3 — For purposes of this Code, the term ship means sea-going ships and other mobile units at sea, but shall not include ships or craft used for military or government service or small ships of less than 20 tons gross tonnage.

Article 4 — Maritime transport and towage services between the ports of the People's Republic of China shall be undertaken by ships flying the national flag of the People's Republic of China, unless otherwise provided by laws or administrative regulations.

Article 5 — Where international treaties concluded or acceded to by the People's Republic of China contain provisions differing from those of this Code, the provisions of the relevant international treaties shall apply, except for provisions in respect of which the People's Republic of China has declared reservations. International maritime practice may be applied where neither the relevant laws nor international treaties provide otherwise.

Chapter II — Ships

Article 6 — The ownership of a ship shall be acquired, transferred, or extinguished by registration with the ship registration authorities. No acquisition, transfer, or extinction of ship ownership shall take effect against a third party unless registered.

Article 7 — The master, crew, and other persons employed on board a ship shall hold appropriate certificates of competency. A ship shall be manned with the number of crew members prescribed by the competent authorities.

Article 8 — The following maritime liens shall give rise to maritime claims against the ship: (1) crew wages, repatriation costs, and social insurance premiums; (2) compensation for personal injury or loss of life; (3) tonnage dues, pilotage, and port dues; (4) salvage remuneration; and (5) compensation for damage caused by tort. Maritime liens shall have priority over registered mortgages and shall be satisfied in the order listed.

Article 9 — A ship mortgage may be created on a ship. The mortgage shall be registered with the ship registration authorities. A ship mortgage shall not take effect against a third party unless registered.

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Article 10 — The transfer of ownership of a ship under construction may be registered with the ship registration authorities.

Chapter III — Crew and the Master

Article 11 — The master shall command and manage the ship and shall be responsible for the safe navigation of the ship. The master shall take all necessary measures to protect the ship, the persons on board, the cargo, and other property on board.

Article 12 — The master shall have the authority to punish any person on board who has committed a crime or violated regulations relating to the safety of the ship or the persons and property on board.

Article 13 — The master shall record births and deaths occurring on board the ship in the ship's log book and shall report to the competent authorities.

Article 14 — Where a ship is in distress and the master considers it necessary to abandon the ship, the master shall take all measures to evacuate the passengers first, then the crew, and the master shall be the last to leave the ship.

Chapter IV — Contract of Carriage of Goods by Sea

Article 15 — A contract of carriage of goods by sea shall be a contract whereby the carrier undertakes to carry goods by sea from one port to another against payment of freight by the shipper. A bill of lading shall be issued by the carrier upon receipt of the goods.

Article 16 — The carrier shall exercise due diligence to make the ship seaworthy before and at the beginning of the voyage, properly man, equip, and supply the ship, and make the holds, refrigerated and cool chambers fit for the reception, carriage, and preservation of the goods.

Article 17 — The carrier shall properly and carefully load, handle, stow, carry, keep, care for, and discharge the goods carried.

Article 18 — The carrier shall not be liable for loss or damage arising from: (1) fault of the master or crew in navigation or management of the ship; (2) fire, unless caused by the actual fault of the carrier; (3) perils of the sea; (4) act of God; (5) act of war; (6) act of public enemies; (7) quarantine restrictions; (8) strikes or lockouts; (9) saving or attempting to save life or property at sea; (10) inherent vice of the goods; (11) insufficiency of packing; (12) insufficiency of marks; and (13) latent defects not discoverable by due diligence.

Article 19 — The liability of the carrier for loss of or damage to goods shall be limited to an amount not exceeding 666.67 Special Drawing Rights per package or unit, or 2 Special Drawing Rights per kilogram of gross weight of the goods lost or damaged, whichever is higher.

Article 20 — The shipper shall provide accurate information regarding the goods and shall indemnify the carrier against loss resulting from inaccuracies in such information.

Chapter V — Contract of Carriage of Passengers by Sea

Article 21 — A contract of carriage of passengers by sea shall be a contract whereby the carrier undertakes to carry passengers by sea from one port to another against payment of passage money by the passengers.

Article 22 — The carrier shall exercise due diligence to make the ship seaworthy and properly manned, equipped, and supplied at all times during the voyage.

Article 23 — The carrier shall be liable for personal injury or death of a passenger arising from the fault of the carrier or its employees or agents. The burden of proof shall be on the carrier to show that the injury or death was not caused by its fault.

Chapter VI — Charter Parties

Article 24 — A voyage charter party shall be a contract whereby the shipowner undertakes to carry goods on a specified voyage against payment of freight. A time charter party shall be a contract whereby the shipowner places a fully manned and equipped ship at the disposal of the charterer for a fixed period of time.

Article 25 — Under a voyage charter, the shipowner shall provide a seaworthy ship and shall carry the goods with reasonable dispatch. The charterer shall provide a full and complete cargo and pay freight as agreed.

Article 26 — Under a time charter, the charterer shall have the right to direct the commercial employment of the ship, but the master and crew shall remain the employees of the shipowner. The charterer shall pay hire at the agreed rate.

Chapter VII — Contract of Marine Towage

Article 27 — A contract of marine towage shall be a contract whereby the tugowner undertakes to tow a ship or other floating object from one place to another by means of a tug against payment of towage by the tow party.

Article 28 — The tugowner shall not be liable for damage suffered by the towed vessel or object during towage unless the damage was caused by the fault of the tugowner.

Chapter VIII — Collision of Ships

Article 29 — Where a collision occurs between ships, the liability for damage shall be determined in accordance with the degree of fault of the respective ships. Where two or more ships are at fault, each shall be liable in proportion to the degree of its fault.

Article 30 — Where a collision is caused by force majeure or where the cause of the collision is unknown, the ships involved shall each bear their own losses.

Chapter IX — Salvage at Sea

Article 31 — Salvage operations that have had a useful result shall give rise to a claim for salvage remuneration. The salvage remuneration shall not exceed the value of the property salved.

Article 32 — The salvage remuneration shall be determined based on the following criteria: (1) the value of the property salved; (2) the skill and efforts of the salvors; (3) the degree of danger involved; (4) the time, expenses, and losses incurred; (5) the risk of liability; (6) the promptness of the services; and (7) the availability and use of vessels and equipment.

Chapter X — General Average

Article 33 — General average shall be defined as extraordinary sacrifices or expenditures intentionally and reasonably made or incurred for the common safety of the ship and cargo in a time of peril. General average shall be adjusted in accordance with the York-Antwerp Rules or other rules agreed by the parties.

Article 34 — The party claiming general average contribution shall bear the burden of proving that the sacrifice or expenditure is allowable as general average.

Chapter XI — Limitation of Liability for Maritime Claims

Article 35 — The shipowner may limit its liability for maritime claims in accordance with this Chapter. The limits of liability shall be calculated in accordance with the tonnage of the ship.

Article 36 — The shipowner shall not be entitled to limit liability where the loss or damage resulted from the shipowner’s personal act or omission, committed with intent to cause such loss or damage, or recklessly and

with knowledge that such loss or damage would probably result.

Chapter XII — Contract of Maritime Insurance

Article 37 — A contract of maritime insurance shall be a contract whereby the insurer undertakes to indemnify the assured for loss or damage caused by maritime perils insured against, against payment of a premium.

Article 38 — The assured shall disclose to the insurer all material circumstances known to the assured before the contract is concluded. The insurer may rescind the contract if the assured fails to make such disclosure.

Article 39 — The assured shall have an insurable interest in the subject matter insured at the time of loss, but need not have such interest at the time the contract is concluded.

Chapter XIII — Limitation of Time

Article 40 — The limitation period for maritime claims against a carrier shall be one year from the date on which the goods were delivered or should have been delivered. The limitation period for claims arising from ship collision shall be two years from the date of collision.

Article 41 — The limitation period may be suspended or interrupted in accordance with the relevant provisions of the Civil Code of the People's Republic of China.

Chapter XIV — Application of Law in Relation to Foreign-Related Matters

Article 42 — The parties to a contract of carriage of goods by sea may choose the law applicable to their contract. In the absence of such choice, the law of the country having the closest connection with the contract shall apply.

Article 43 — Limitation of liability for maritime claims shall be governed by the law of the country in which the court hearing the case is located.

Chapter XV — Supplementary Provisions

Article 44 — The unit of account referred to in this Code is the Special Drawing Right (SDR) as defined by the International Monetary Fund. The conversion of SDR into Renminbi shall be calculated on the basis of the exchange rate published by the People's Bank of China.

Article 45 — This Code shall come into effect as of July 1, 1993.

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