

The Merchant Shipping Code of the Russian Federation

HNS: See article 326 et seq. as well as articles 219 and 422.

Chapter I. GENERAL PROVISIONS

Article 1. Relations regulated by the Merchant Shipping Code of the Russian Federation

1. This Code shall regulate relations arising out of merchant shipping.

Relations arising out of merchant shipping are also regulated by other Federal Laws (hereinafter – Laws), decrees of the President of the Russian Federation and acts of the Government of the Russian Federation (hereinafter – other legal acts of the Russian Federation) issued in compliance with this Code.

2. Property relations arising out of merchant shipping and based on equality, autonomy of will and proprietary independence of their participants shall be regulated by this Code in compliance with the Civil Code of the Russian Federation. The regulations of the civil legislation of the Russian Federation shall apply to property relations not regulated or not fully regulated by this Code.

Article 2. The notion of merchant shipping

Under merchant shipping in this Code shall be understood activities connected with the use of ships for:

carriage of cargoes, passengers and their luggage;

harvest of water biological resources;

exploration and exploitation of mineral and other non-living resources of the sea bed and subsoil thereof;

pilotage and ice-breaker assistance for convoy;

search, salvage and towage operations;

raising of sunken property;

hydrotechnical, underwater technical and other similar works;

sanitary, quarantine and other control;

the protection and preservation of the marine environment;

carrying out marine scientific research;

educational, sport and cultural purposes;

other purposes.

Article 3. Scope of application of regulations set out in this Code

1. The regulations set out in this Code shall apply to:

seagoing vessels when sailing on sea routes, as well as on internal waterways, unless otherwise is stipulated by an international treaty of the Russian Federation or by law;

vessels of internal waters navigation, as well as those of mixed navigation (river-sea) when sailing on sea routes, as well as on internal waterways and carrying cargoes, passengers and their luggage with a call at a foreign seaport, during a salvage operation or a collision with a sea-going vessel.

2. The regulations set out in this Code, with the exception of cases directly specified herein, shall not apply to:

warships, naval auxiliary and other vessels owned or operated by the state and used only on governmental non-commercial service;

non-commercial cargoes owned by the state.

In cases where it is directly specified in this Code that the regulations of this Code shall apply to vessels and cargoes enumerated in this paragraph, they shall not be used as grounds for seizure, arrest or detention of such vessels and cargoes.

Article 4. Carriage and towage between seaports of the Russian Federation

1. Carriage and towage between sea ports of the Russian Federation (cabotage) shall be carried out by vessels flying the State Flag of the Russian Federation.

2. In compliance with international treaties of the Russian Federation or in cases and in accordance with the procedure established by the Government of the Russian Federation, carriage and towage in cabotage may be carried out by vessels flying the flag of a foreign State.

Article 5. State control of merchant shipping

1. State control of merchant shipping shall be exercised by the federal executive authority on transport, and the federal executive authority on fishery, as well as other federal executive authorities within their competence.

2. The federal executive authority on transport, subject to international treaties of the Russian Federation, this Code, other laws and other legal acts of the Russian Federation, shall, within its competence, issue rules, instructions and other acts binding upon organizations, as well as on persons, containing legal norms that govern relations arising out of merchant shipping.

3. The federal executive authority on fishery, subject to international treaties of the Russian Federation, this Code, other laws and other legal acts of the Russian Federation shall, within its competence issue rules, instructions and other acts binding upon organizations as well as on persons, whose activities are connected with the use of vessels of fish fleet, containing legal norms that govern relations arising out of the exploitation of water biological resources.

4. Navigational and hydrographic support of sea routes shall be exercised by the federal executive authority on defence.

Article 6. State supervision of merchant shipping

1. State supervision of merchant shipping shall be the responsibility of the federal executive authority on transport and federal executive authority on fishery in compliance with paragraphs 2 and 3 of this Article.

2. The federal executive authority on transport shall exercise state supervision of:

observance of international treaties of the Russian Federation pertaining to merchant shipping and laws of the Russian Federation on merchant shipping;

safety of life at sea;

licensing of crew members with the exception of crew members of vessels used in the harvest of water biological resources;

state registration of vessels and rights to them;

pilot service and system of vessel traffic service in seaports;

marine rescue service and its cooperation with other rescue services;

condition of sea routes;

protection of the marine environment.

3. The federal executive authority on fishery shall exercise state supervision of:

observance of international treaties of the Russian Federation pertaining to merchant shipping and laws on merchant shipping of the Russian Federation in respect of fishing vessels;

safety of life at sea;

licensing of crew members of vessels used in the harvest of water biological resources;

state registration of fishery vessels and rights to them;

pilot service and system of vessel traffic service in fishing seaports.

4. State supervision of sporting and pleasure vessels shall be exercised in the order established by the Government of the Russian Federation

Article 7. Vessel

1. Under a vessel in this Code shall be understood any self-propelled or non-self-propelled floating construction used for the purpose of merchant shipping.

2. Under vessels of fish fleet in this Code shall be understood vessels in service for fishery complex, those used in the harvest of water biological resources, as well as transport, auxiliary vessels and vessels for special purposes.

Article 8. Shipowner

Under Shipowner in this Code shall be understood a person who operates the vessel in his own name, whether being the owner of it or on any other lawful basis.

Article 9. Seaports. Port authorities

1. Under a commercial seaport in this Code shall be understood a complex of installations located on a specially allotted territory and aquatorium designed for servicing vessels used for the purpose of merchant shipping, servicing passengers, carrying out cargo operations and other services usually rendered by a commercial seaport.

2. Under a fishing seaport in this Code shall be understood a complex of installations located on a specially allotted territory and aquatorium designed for principal activity of the comprehensive servicing of vessels of fish fleet.

3. Under a specialized seaport in this Code shall be understood a complex of installations located on a specially allotted territory and aquatorium designed for servicing vessels carrying specific kinds of cargo (timber, oil, etc.)

Specialized seaports also include ports designed for servicing sporting and pleasure vessels.

4. Under port authorities in this Code shall be understood the relevant administrations of seaports, exercising administrative and other kinds of authority vested to them by the Government of the Russian Federation.

5. The activities of seaports specified in paragraphs 1 to 3 of this Article shall be exercised in compliance with the law on the seaports of the Russian Federation.

Article 10. Vessel's tonnage

For the purpose of Articles 23, 27, 320, 326, 331 and 359 of this Code, vessel's tonnage shall be understood as its gross tonnage determined in accordance with the tonnage measurement rules contained in Annex 1 to the International Convention on Tonnage Measurement of Ships, 1969.

Article 11. Unit of account

1. The unit of account referred to in Articles 170, 190, 320, 331, 359 and 360 of this Code is the unit of Special Drawing Rights as defined by the International Monetary Fund.

2. In accordance with the value of rouble in terms of the Special Drawing Rights, conversion into roubles shall be calculated:

for amounts mentioned in Articles 170 and 190 of this Code – on the date of decision rendered by a court, arbitrazh court or arbitration tribunal or on the date agreed upon by the parties;

for amounts mentioned in Articles 320 and 331 of this Code – on the date of the creation of a liability limitation fund;

for amounts mentioned in Articles 359 and 360 of this Code – on the date of the creation of a liability limitation fund, the effecting of payment or furnishing of a security equivalent to the payment.

The value of the rouble in terms of Special Drawing Rights shall be calculated in accordance with the method of evaluation applied by the International Monetary Fund for its operations and transactions in effect at the relevant date.

Chapter II. VESSEL

§1. OWNERSHIP OF VESSEL

Article 12. Holders of right of ownership of vessels

1. Vessels may be in the ownership of:

citizens and legal entities;

the Russian Federation, subjects of the Russian Federation;

municipal authorities.

2. Nuclear-powered vessels may only be in the ownership of the Russian Federation.

Article 13. Rights of the owner of a vessel

Any owner of a vessel is entitled to perform, at his discretion, any acts in respect of the vessel which are consistent with laws and other legal acts of the Russian Federation and which do not infringe other persons' rights and interests protected by law, including alienating the vessel to the ownership to other persons, transferring to them rights of possession, enjoyment or disposition of the vessel, while remaining the owner of it, mortgaging the vessel or encumbering it by other methods or otherwise disposing of it.

Article 14. Transfer of a vessel in trust administration

1. The owner of a vessel shall be at liberty to transfer the vessel to a trustee under a contract of trust administration of the vessel, for a period not longer than 5 years so that the trustee for remuneration administer the vessel in the interests of the owner.

A vessel in economic management or operational administration may not be transferred in trust administration.

The transfer of a vessel in trust administration does not entail the transfer of the right of ownership of it to the trustee.

2. The transfer of the vessel in trust administration shall be subject to obligatory registration in the State Register of Ships or in a ship book.

3. The trustee may be an individual businessman competent in the management and operation of vessels or a commercial organization, except for a unitary enterprise.

4. The contract of trust administration shall contain the names of the parties to the contract, the rights and responsibilities of the trustee and the amount and form of his remuneration.

§2. FLAG AND NATIONALITY OF VESSEL

Article 15. Right to fly the State Flag of the Russian Federation

1. The right to fly the State flag of the Russian Federation shall be granted to vessels owned by:

citizens of the Russian Federation;

legal entities in accordance with the laws of the Russian Federation;

the Russian Federation, subjects of the Russian Federation;

municipal authorities.

2. On the basis of a decision by one of the federal executive authorities mentioned in paragraph 3 of this Article, the right to fly the State Flag of the Russian Federation may be granted temporarily to a vessel registered in a Register of Ships of a foreign state which has passed into the possession and enjoyment of a Russian charterer under a contract of the charter of vessel without crew (a bareboat charter), if:

the bareboat charterer of the vessel complies with the requirements to an owner of the vessel in accordance with paragraph 1 of this Article;

the owner of the vessel has given his written consent to the transfer of the vessel under the State Flag of the Russian Federation;

the holder of a mortgage on the vessel or of a charge of the same nature effected and registered in conformity with the laws of the state of the owner of the vessel, has given his written consent to the transfer of the vessel under the State Flag of the Russian Federation;

the laws of the state of the owner of the vessel does not forbid granting to the vessel the right to fly the State Flag of the Russian Federation;

the right to fly the foreign flag has been suspended or will be suspended at the time of granting to the vessel of the right to fly the State Flag of the Russian Federation.

3. A decision on the granting of the right to fly the State Flag of the Russian Federation to a vessel registered in a Register of Ships of a foreign state, with the exception of fishing vessels, shall be taken by the federal executive authority on transport and to a fishing vessel – by the federal executive authority on fishery provided that the requirements under paragraph 2 of this Article are observed.

The right to fly the State Flag of the Russian Federation may be granted to a vessel for a period of up to 2 years, with the right to subsequently extend it every 2 years, but not longer than the bareboat charter stays in effect. For the purpose of changing the flag, the period of the bareboat charter may not be less than one year.

When granting to a vessel the right to fly the State Flag of the Russian Federation, the federal executive authorities mentioned in subparagraph one of this paragraph shall determine what the name of the vessel shall be.

Confirmation of the termination of the decision to grant a vessel the right to fly the State Flag of the Russian Federation shall be made in the same order as the one of the decision.

Article 16. Genesis of the right to fly the State Flag of the Russian Federation

1. A vessel shall acquire the right to fly the State Flag of the Russian Federation from the time it is entered in one of the registers of ships of the Russian Federation enumerated in paragraph 1 of Article 33 of this Code.

2. A vessel acquired outside the Russian Federation shall enjoy the right to fly the State Flag of the Russian Federation from the time a temporary certificate is issued by a consulate of the Russian Federation confirming such right, which stays in effect until the vessel is entered in the State Register of Ships or in a ship book, but not longer than six months.

Article 17. Nationality of vessel

1. Any vessel with the right to fly the State Flag of the Russian Federation has the nationality of the Russian Federation.

2. Any vessel having the nationality of the Russian Federation shall fly the State Flag of the Russian Federation.

Article 18. Loss of the right to fly the State Flag of the Russian Federation

The vessel shall lose the right to fly the State Flag of the Russian Federation in the event that:

it ceases to comply with the requirements specified in paragraph 1 of Article 15 of this Code;

the period, for which the right to fly the State Flag of the Russian Federation in accordance with paragraphs 2 and 3 of Article 15 of this Code was granted, has expired, or the decision to grant this right to the vessel has been annulled.

Article 19. Temporary transfer of the vessel under the flag of a foreign state

1. If a vessel registered in the State Register of Ships or a ship book is put at the possession and enjoyment of a foreign bareboat charterer, such vessel may be temporarily transferred under the flag of the foreign state by the decision of one of the federal executive authorities enumerated in paragraph 2 of this Article, with the right to fly the State Flag of the Russian Federation suspended if:

the owner of the vessel has given a written consent to transfer the vessel under the flag of the foreign state;

in default of prior satisfaction of a mortgage on the vessel effected and registered in due order, the holder of the mortgage has given a written consent to transfer the vessel under the flag of the foreign state;

the laws of the state of the charterer do not contain regulations forbidding the granting to a vessel registered in the State Register of Ships or a ship book the right to fly the flag of this state or the return of the vessel under the flag of the Russian Federation, after the period of granting the right to fly the flag of that state expires.

2. A decision as to the transfer of a vessel, with the exception of a vessel of fish fleet, under the flag of a foreign state shall be taken by the federal executive authority on transport; the decision on the transfer of a vessel of fish fleet shall be taken by the federal executive authority on fishery, with the requirements stipulated in paragraph 1 of this Article observed and the opinion of the relevant all-Russia trade union taken into account.

The vessel may be transferred under the flag of a foreign state for a period not exceeding 2 years, with the right to subsequently extend it every 2 years, but not longer than the bareboat charter stays in effect. For the purpose of changing the flag the period of the bareboat charter may not be less than one year.

Confirmation of the termination of the decision to grant a vessel the right to fly the flag of the foreign state shall be made in the same order as the one of the decision.

§3. VESSEL IDENTIFICATION

Article 20. Name of vessel

1. A vessel subject to registration in the State Register of Ships or in a ship book must have a name.

The vessel's name shall be given to it by its owner according to the procedure established by the federal executive authority on transport by agreement with the federal executive authority on fishery and other interested federal executive authorities.

2. The vessel's name may be changed upon the transfer of the right of ownership of the vessel or in the view of other sufficient grounds.

The holders of registered mortgages on the vessel shall be entitled to immediate notice of the change of the vessel's name.

Article 21. Call signs

1. A vessel shall be assigned a call sign. Depending on the technical equipment of the vessel, it shall also be given the identification number of the satellite communication vessel terminal and the selective call number of the vessel station.

2. The procedure of giving the call sign is established by the federal executive authority on communications, while that of giving the identification number of the satellite communication vessel terminal and the selective call number of the vessel station – by an authorized body in the area of electronic and radio navigation and satellite communications.

§4. TECHNICAL SURVEY OF VESSELS AND SHIP PAPERS

Article 22. Authorities for the technical survey and classification of vessels

1. Technical survey of vessels listed in paragraph 2 of Article 23 of this Code and their classification shall be carried out by the Russian authorities in charge of technical survey and classification of vessels (hereinafter – technical survey and vessel classification authorities).

2. Technical survey and vessel classification authorities shall issue regulations on the classification and construction of vessels, survey of vessels in operation and manufacture of materials and articles for vessels.

Technical survey and vessel classification authorities shall be entitled in case of non-observance of the said regulations to prohibit the operation of vessels, ship machinery, equipment and other ship technical devices and to withdraw documents authorizing their operation previously issued by these authorities.

3. Technical survey and vessel classification authorities shall act on the basis of constitutive documents approved by the federal executive authority on transport.

Article 23. Technical survey of vessels

1. A vessel may only be permitted to sail after it has been established that it complies with the requirements of safe navigation.

2. Technical survey and vessel classification authorities in accordance with their authority shall carry out technical survey of passenger, cargo-passenger, oil tanker, towing and other self-propelled vessels with the main engines of not less than 55 kW power and non-self-propelled vessels of tonnage not less than 80 tonnes, except sporting and pleasure ships used for non-commercial purposes.

3. The technical survey of sporting and pleasure vessels, regardless of the main engines power and tonnage, as well as other vessels exempt from the application of regulations set out in paragraph 2 of this Article, shall be exercised by the technical survey authorities charged of such survey by the Government of the Russian Federation.

Article 24. Classification of vessels

Technical survey and vessel classification authorities in accordance with their authority assign a class to the vessels enumerated in paragraph 2 of Article 23 of this Code. The relevant class certificates attest the class assigned.

Article 25. Basic ship papers

1. A vessel must have the following principal papers:

- 1) a certificate of the right to fly the flag of the Russian Federation;
- 2) a certificate of the right of ownership of the vessel
- 3) a certificate of seaworthiness;
- 4) a passenger certificate (for passenger vessels);
- 5) a certificate of measurements;

- 6) a load-mark certificate;
- 7) an oil pollution prevention certificate;
- 8) a sewage pollution prevention certificate;
- 9) a garbage pollution prevention certificate;
- 10) a license to use a ship radio station and a wireless log (if the vessel has a ship radio station);
- 11) the ship's roll (crew list);
- 12) the ship's log;
- 13) the engine-room log (for vessels with mechanical engines);
- 14) the sanitary log;
- 15) the sewage record book;
- 16) the garbage record book;
- 17) the oil record book for vessels other than oil tankers;
- 18) the oil record book for oil tankers;
- 19) a ship sanitary certificate on the right to sail.

2. A vessel used for the purposes of sanitary, quarantine and other control need not have the load-mark certificate and the certificate of measurements. The tonnage of such vessels may be determined by a simplified method with the appropriate attestation issued.

A vessel sailing in coastal sea need not have a ship's log, an engine-room log or a sanitary log, unless otherwise established by the authorities carrying out technical survey in accordance with paragraph 3 of Article 23 of this Code.

Article 26. Additional ship papers

In addition to the papers listed in Article 25 of this Code, a vessel shall have other papers as set out in regulations issued by the authorities carrying out technical survey in accordance with paragraphs 2 and 3 of Article 23 of this Code.

Article 27. Ship papers for some categories of vessels

1. Sporting, pleasure and other self-propelled vessels with the main engines of less than 55 kW power and non-self-propelled vessels of tonnage less than 80 tonnes shall have the following ship papers:

- the ship's letter;
- a seaworthiness certificate;
- the ship's roll (crew list).

2. The ship's letter that the vessels enumerated in paragraph 1 of this Article are bound to have, shall certify the right to fly the State Flag of the Russian Federation, one's right of ownership to the vessel and the tonnage of the vessel.

Article 28. Ship papers for vessels of foreign voyage

Vessels departing on a foreign voyage shall, in addition to the papers listed in Articles 25 to 27 of this Code, have the papers provided for by international treaties of the Russian Federation.

Article 29. Authorities issuing ship papers

1. The certificate of the right to fly the State Flag of the Russian Federation, the ship's letter and certificate of the right of ownership to the vessel shall be issued by the authority in charge of the registration of the vessel.

2. A certificate of seaworthiness shall be issued by the authority carrying out technical survey of the vessel in accordance with paragraphs 2 and 3 of Article 23 of this Code.

3. The certificate of measurement, passenger certificate, load-mark certificate, oil pollution prevention certificate, garbage pollution prevention certificate and sewage pollution prevention certificate shall be issued by the technical survey and vessel classification authorities. Upon permission of these authorities some categories of vessels may lack certificate of measurements or load-mark certificate.

4. Vessels departing on a foreign voyage shall be supplied with papers specified in international treaties of the Russian Federation by the technical survey and vessel classification authority, which has been certified by a relevant international organization as to the conformity with the standards of International Standardisation Organization.

5. A license to use a ship's radio station shall be issued by the federal executive authority on communications.

6. The ship's sanitary certificate shall be issued by the Russian Federation authorities for the sanitary and epidemiological survey on water transport.

7. Fees fixed under the procedure established by the Government of the Russian Federation shall be charged for the issuance of the papers mentioned in this Article.

Article 30. Recognition of ship papers of a vessel flying a foreign flag

Recognition of the papers of a vessel flying a foreign flag and visiting seaports of the Russian Federation shall be granted on the basis of international treaties of the Russian Federation.

Article 31. Requirements relating to ship papers

Ship papers shall be kept on board the vessel in original, with the exception of the certificate of the right of ownership to the vessel and the ship's letter, copies of which shall be certified by the authority that issued these papers.

Article 32. Rules of keeping ship papers. Storage of the ship's log

1. The ship's roll and the vessels' logs mentioned in subparagraphs 12 to 18 of paragraph 1 of Article 25 of this Code, with the exception of logs of vessels of fish fleet, shall be kept according to the regulations established by the federal executive authority on transport; the ship's roll and the logs of vessels of fish fleet mentioned in subparagraphs 12 to 17 of paragraph 1 of Article 25 of this Code shall be kept according to the regulations established by the federal executive authority on fishery.

2. A ship's log shall be stored on board the ship for two years after the date of the last entry. After the expiry of this term the ship's log shall be passed for safe keeping to the authority where the vessel is registered.

3. A ship's log shall be submitted for inspection and copying to persons entitled to this information.

If a vessel is sold outside the Russian Federation, the ship's log shall be submitted for inspection and copying to persons entitled to this information for the period prior to the sale of the vessel.

Chapter III. REGISTRATION OF VESSELS AND RIGHTS TO VESSELS**Article 33. Registers of ships of the Russian Federation**

1. Any vessel shall be subject to registration in one of the registers of ships of the Russian Federation (hereinafter – registers of ships):

the State Register of Ships;

a ship book;

the bareboat charter register of ships.

2. The right of ownership and other property rights to the vessel, as well as restrictions (encumbrances) of the rights to the vessel (mortgage, trust administration and others) shall be subject to registration in the State Register of Ships or a ship book.

3. Registration of the vessel, the right of ownership or other property rights to the vessel, as well as restrictions (encumbrances) of the rights to the vessel in the State Register of Ships or a

ship book shall be deemed the only evidence of the existence of the registered right, which may be disputed only in court.

4. Registers of ships specified in paragraph 1 of this Article shall be kept according to the regulations set out in this Chapter.

Rules of registration of vessels and rights to them in commercial seaports shall be approved by the federal executive authority on transport, and those in fishing seaports – by the federal executive authority on fishery.

5. The vessels, technical survey of which is carried out by the technical survey and vessel classification authorities in accordance with paragraph 2 of Article 23 of this Code, shall be registered in the State Register of Ships.

The vessels, technical survey of which is carried out by other authorities in accordance with paragraph 3 of article 23 of this Code, shall be registered in ship books.

Boats and other floating means appertaining to a vessel shall be exempt from registration in the State Register of Ships.

6. The vessels temporarily granted the right to fly the State flag of the Russian Federation in accordance with paragraphs 2 and 3 of Article 15 shall be registered in the bareboat charter register of ships.

Article 34. Vessels used only for government non-commercial service

1. Registration of vessels owned or operated by the Russian Federation or by subjects of the Russian Federation and used only for government non-commercial service, with the exception of warships and naval auxiliary and frontier guard vessels, shall be made in the State Register of Ships or a ship book in accordance with the regulations set out in this Chapter.

2. The vessels registered in a way other than the one specified in paragraph 1 of this Article, may be re-registered according to the regulations set out in this Chapter in the event of the use of such vessels for commercial purposes.

Article 35. Authorities carrying out registration of vessels

1. The registration of vessels listed in paragraph 2 of Article 23 of this Code shall be carried out by the harbour master of a commercial seaport, with the exception of vessels of fish fleet registered by the harbour master of a fishing seaport.

2. The registration of vessels listed in paragraph 3 of Article 23 of this Code shall be carried out by authorities in charge of technical survey over such vessels.

Article 36. Registration fees

Fees fixed in the order established by the laws of the Russian Federation shall be charged for the registration of vessels in the State Register of Ships, a ship book or bareboat charter register of ships, as well as for any amendments entered therein.

Article 37. Conditions of registration of a vessel

1. A vessel may be registered in only one of the Registers of Ships.
2. A vessel registered in a foreign state's register of ships may be registered in the State Register of Ships or a ship book after it has been deregistered from the foreign state's register of ships and upon production a certificate to the effect that the vessel is deregistered from such register.

The registration of a vessel registered in the State Register of Ships or a ship book in a foreign state's register of ships shall not be recognized, unless the vessel is duly deregistered from the State Register of Ships or a ship book.

Article 38. The registration of a vessel in the bareboat charter register of ships

1. A vessel registered in a foreign state's register of ships shall be subject to registration in the bareboat charter register of ships within a month from the time of the decision taken to temporarily grant the vessel the right to fly the State Flag of the Russian Federation in accordance with paragraph 3 of Article 15 of this Code.

The registration of the vessel shall be carried out at the application of the vessel's bareboat charterer with all the papers necessary for registration enclosed:

an extract from the register of ships of a foreign state where the vessel was registered immediately before the change of flag with the owner of the vessel and the holder of a registered mortgage on the vessel or registered charge of the vessel of the same nature, if any, named;

a written consent of the owner of the vessel and the holder of a registered mortgage on the vessel or registered charge of the same nature thereon to the transfer of the vessel under the State Flag of the Russian Federation;

a document issued by competent authorities of the foreign state, where the vessel was registered immediately before the change of flag, confirming the suspending of the right to fly the flag of that State for the period of the right granted to the vessel to fly the State Flag of the Russian Federation;

the original and a copy of the bareboat charter;

a seaworthiness certificate;

a certificate of measurements;

a passenger certificate (for a passenger vessel);

information on the identification number of the vessel given to it by the International Maritime Organization;

a document confirming that the bareboat charterer of the vessel meets the requirements related to the owner of the vessel under paragraph 1 of Article 15 of this Code;

decision of a relevant federal executive authority as to the name of the vessel as specified in paragraph 3 of Article 15 of this Code.

2. At the registration of the vessel in the bareboat charter register of ships, a certificate shall be issued as to the right to fly the State Flag of the Russian Federation for the period of time provided in the decision to temporarily grant the vessel the right to fly the State Flag of the Russian Federation.

Article 39. Information subject to be entered in the State Register

of Ships or a ship book

1. Registration of vessels shall be carried out in the State Register of Ships or a ship book in the name of the owner of the vessel (co-owners).

2. The following basic data shall be entered in the State Register of Ships or a ship book:

the ordinal registration number of the vessel and the date of its registration;

the name (both the present and the former one) of the vessel, port (place) of former registration of the vessel and the date of the annulment of it (if any);

the name of the port (place) of registration of the vessel and identification number of the vessel given to it by the IMO;

the call sign of the vessel;

the name of the shipyard, place and year of construction of the vessel;

the type and purpose of the vessel, area of operation;

basic technical characteristics of the vessel, including tonnage (gross and net), gross carrying capacity and main dimensions of the vessel;

the name, citizenship and address of the owner (co-owners);

the respective share of each co-owner in the common share property, if there are several co-owners;

the title of the right of ownership of the vessel or of a part of it (contract of sale, contract for construction of a vessel and others);

the name and address of the shipowner, if he is not the owner of the vessel;
the name and address of the trustee where the vessel is transferred to his administration;
information on a registered mortgage on the vessel, if it has been effected in accordance with Articles 376 and 377 of this Code;

the reason and date of deregistration of the vessel from the State Register of Ships or a ship book.

3. In the event of the temporary transfer of the vessel under the flag of a foreign state, the following basic information shall be additionally entered into the State Register of Ships or a ship book:

an indication on the federal executive authority that took the decision on the transfer of the vessel under the flag of a foreign State, and the date of this decision taken;

the period of time for which the transfer of the vessel under the flag of a foreign state is permitted;

the name of the state whose flag the vessel is permitted to fly;

the name and address of the charterer of the vessel by demise;

the date of suspending of the right to fly the State Flag of the Russian Federation.

Article 40. Information subject to be entered in the bareboat

charter register of ships

1. Registration of vessels shall be carried out in the bareboat charter register of ships in the name of the bareboat charterer of the vessel.

2. The following basic information shall be entered into the bareboat charter register of ships:

the name of the vessel;

the name and address of the owner of the vessel;

the name and address of the bareboat charterer of the vessel;

the date of conclusion of the bareboat charter and its period of validity;

the date of expiry of the right to fly the State Flag of the Russian Federation;

information on the register of ships of the foreign state, where the vessel was registered immediately before the change of flag, with a note that the laws of the state keeping such register of ships is applicable in respect of the right of ownership of the vessel, as well as in respect of the mortgage on the vessel or charge of the same nature thereon, registered in that register of ships.

At the request of the holder of a mortgage on the vessel or charge of the same nature thereon, the name of the mortgagee and other information relating the mortgage on the vessel or charge of the same nature thereon registered in the register of ships of the foreign state before the change of flag, may be entered into the bareboat charter register of ships.

**Article 41. Obligation to notify about changes of information entered
in registers of ships**

The owner of the vessel or the bareboat charterer of the vessel must notify the authority, where the vessel is registered, about any changes of the information subject to be entered into the State Register of Ships or a ship book or the bareboat charter register of ships, within two weeks from the time, when such changes became known to them.

**Article 42. Initial registration of a vessel in the State Register of Ships
or a ship book**

The initial registration of a newly built vessel shall be carried out in the State Register of Ships or a ship book within a month from the day of launching; for a vessel acquired outside the Russian Federation – within a month from the arrival of it at a seaport of the Russian Federation.

Article 43. Change of the port (place) of registration

1. The port (place) of a vessel's registration may be changed at the request of the owner of the vessel. At the change of the port (place) of registration of the vessel, all information contained in the State Register of Ships or a ship book kept in the former port (place) of registration of the vessel, shall be entered in the State Register of Ships or a ship book kept in the new port (place) of registration of the vessel, on the basis of papers transferred by the harbour master of the vessel's former port (place) of registration.

2. Registration of the vessel in the State Register of Ships or a ship book kept in the new port (place) of registration of the vessel, shall be certified by a newly issued certificate of the right to fly the State Flag of the Russian Federation or the ship's letter.

Article 44. Re-registration of a vessel

Where, as a result of an incident or any other reason, the vessel ceases to correspond to the information previously entered in the State Register of Ships or a ship book, the vessel may be re-registered upon a survey made and a certificate of seaworthiness obtained.

Article 45. Loss of a vessel's papers confirming registration of it

1. In the event of loss of the certificate of the right to fly the State Flag of the Russian Federation or the ship's letter, duplicates of these papers shall be issued by the authority, where the vessel is registered.

2. In the event that the vessel's papers mentioned in paragraph 1 of this Article are lost when the vessel was outside the Russian Federation, a consulate of the Russian Federation at the application of the master of the vessel shall issue a temporary certificate of the right to fly the State Flag of the Russian Federation or a temporary ship's letter, which upon the arrival of the vessel at a port of the Russian Federation shall be surrendered within ten days to the authority, which has registered the vessel, in order to obtain duplicates of these papers.

Article 46. Refusal to register a vessel and the rights to it

Registration of the vessel and the rights to it may be refused in the event that:

the application for registration was made by a wrong person;

the requirements specified in subparagraph 1 of paragraph 2 of Article 37 of this Code on the deregistration of the vessel from the former register of ships have not been met;

the papers submitted for the registration of rights to the vessel do not comply with the requirements stipulated by the laws of the Russian Federation

the person who issued the document on the title of the right to the vessel is not entitled to dispose of the rights to the vessel;

the document on the title of the right to the vessel proves that the applicant has no right to the vessel;

the rights to the vessel, which the applicant requests to register, are not the rights subject to registration in accordance with this Code.

Article 47. Deregistration of a vessel from the State Register of Ships or a ship book

Compulsory deregistration from the State Register of Ships or a state book shall follow for a vessel which:

is sunk or missing;

is wrecked constructively;

has lost the qualities of a vessel as a result of reconstruction or other alterations;

has ceased to comply with the requirements specified in paragraph I of Article 15 of this Code.

Article 48. Missing vessel

A vessel shall be deemed missing if there has been no news heard from it for a period twice more than the period necessary in normal circumstances for the voyage from the place, where the last message about the vessel was received from, to the destination port. The period of time required for a vessel to be recognized as missing may not be less than one month and not be more than three months since the day of the last news about the vessel; in the circumstances of war this period may not be less than six months.

Article 49. Vessel constructively wrecked

A damaged vessel shall be considered constructively wrecked, if:

the vessel may not be restored neither in the place where the vessel is located nor in any other place where the vessel may be taken to;

the repair of the vessel is not economically viable.

Article 50. Open nature of registers of ships

Registers of ships shall be open for any persons interested in obtaining the information contained in them. Interested persons shall be entitled to obtain a duly drawn up extract from the registers of ships for a fee as per the tariff fixed according to the procedure established by the Government of the Russian Federation.

Article 51. Responsibility for violation of the regulations on the registration of vessels

A person evading the compulsory registration of a vessel, or who has registered it in one of the registers of ships with a breach of the established order or has violated the duty to advise about changes to the information entered into the registers of Ships shall bear the administrative responsibility in accordance with the laws of the Russian Federation.

Chapter IV. VESSEL'S CREW. MASTER OF VESSEL

§1. VESSEL'S CREW

Article 52. Vessel's crew complement

1. The crew of a vessel shall consist of the master, other officers and the ship's company.

2. The officers of the vessel other than the master shall be mates, engineers, electricians, radio specialists and doctors. The federal executive authority on transport, the federal executive authority on fishery and other federal executive authorities may put other specialists to the rank of officers.

3. The ship's company shall consist of those who are not officers of the vessel.

Article 53. Minimum complement of vessel's crew

1. Each vessel shall have aboard a crew whose members have the appropriate qualifications and whose numbers are adequate for:

ensuring safe navigation and protection of the marine environment;

meeting the requirements on work time on board the ship;

prevention of overcharging the crew members with work.

2. Depending on the type, purpose and area of operation of the vessel, the minimum complement of the vessel's crew, with the exception of vessels of fish fleet, shall be established by the federal executive authority on transport, and that of a vessel of fish fleet – by the federal executive authority on fishery, upon agreement with the relevant trade union body.

A certificate as to the minimum crew complement that ensures safe navigation shall be relatively issued by the harbour master of the commercial seaport or the harbour master of the fishing seaport who carried out the registration of the vessel.

When under control in commercial seaports and fishing seaports, the correspondence of the vessel's crew complement with the data contained in the certificate of minimum crew complement that ensures safe navigation shall be deemed to confirm the fact that the vessel is manned by a crew ensuring the vessel's safe navigation.

Article 54. Licensing of vessel's crew

1. Posts of members of a vessel's crew, with the exception of those on a vessel used for harvesting water biological resources, shall be filled by persons with licenses or qualification certificates provided for by the regulations on the licensing of vessels' crew members approved by the Government of the Russian Federation.

Posts of members of the crew of a vessel used for the harvest of water biological resources shall be filled by persons with licenses or qualification certificates provided for by the regulations approved by the Government of the Russian Federation on the licensing of crew members of the vessels used for the harvest of water biological resources.

2. Licenses and qualification certificates for the members of vessels' crews listed in paragraph 1 of this Article shall be respectively issued by the harbour masters of the commercial seaports and those of fishing seaports, given that those members of vessels' crews meet the requirements relating to the time of employment on a vessel, age, state of health, and professional

qualification, stipulated in the regulations mentioned in paragraph 1 of this Article, and upon the results of an examination of their knowledge and skill by a qualification commissions.

3. Licenses of masters and officers of vessels enumerated in the first subparagraph of paragraph 1 of this Article, licenses and qualification certificates of crew members of the vessels used for the harvest of water biological resources shall be deemed valid with an endorsement relatively issued by the harbour masters of commercial seaport or those of fishing seaports to certify that such licenses or qualification certificates have been issued in compliance with the provided requirements.

4. Licenses or qualification certificates may be withdrawn or annulled, or their effect may be suspended respectively by the federal executive authority on transport or the federal executive authority on fishery in cases of direct threat to human life or the preservation of property at sea, or that of causing damage to the marine environment due to the incompetence, acts or omissions of the vessel's crew members in discharge of their duties in accordance with their licenses or qualification certificates, as well as for the purpose of the prevention of fraud.

5. The endorsement stipulated in paragraph 3 of this Article shall be extinguished on the expiry of the period of effect of the endorsed licenses or qualification certificates, on the withdrawal or annulment of them, or suspension of their effect in accordance with paragraph 4 of this Article.

**Article 55. Requirements to the state of health of persons admitted
to work on board a vessel**

Persons admitted to work on board a vessel shall have certificates confirming their health fitness to such work.

Article 56. Citizenship of a vessel's crew members

1. The crew of a vessel flying the State Flag of the Russian Federation may include, besides citizens of the Russian Federation, foreign citizens and stateless persons, who may not fill the posts of master, chief mate, chief engineer or radio specialist.

2. The conditions on which foreign citizens and stateless persons may enter into the crew of a vessel, with the exception of vessels of fish fleet, shall be determined by the federal executive authority on transport, and into the crew of a vessel of fish fleet – by the federal executive authority on fishery in accordance with the laws of the Russian Federation on the intake and use of foreign citizens and stateless persons' labour in the Russian Federation.

Article 57. Labour relations on board a vessel

1. The procedure of the employment of a vessel's crew members, their rights and duties, the conditions of service and payment for it, as well as the procedure and grounds for discharge of them shall be determined by the labour legislation of the Russian Federation, by this Code, by the statutes of service on vessels, by statutes on discipline, by general and branch tariff agreements, collective agreements and labour contracts.

2. No member of a vessel's crew may be employed to work on board the vessel without the consent of the master of the vessel.

3. Statute of service on vessels, with the exception of vessels of fish fleet, shall be approved by the federal executive authority on transport, and that of service on the vessels of fish fleet – by the federal executive authority on fishery; the statutes on discipline – by the Government of the Russian Federation.

Article 58. Repatriation of a vessel's crew members

1. Crew members of a vessel shall enjoy the right to repatriation in the event of:

1) expiry, outside the Russian Federation, of the term of the employment contract concluded for a fixed period of time or for a certain voyage;

2) termination of the contract of employment at the initiative of the shipowner or a member of the vessel's crew upon the expiry of the term indicated in the notice provided in accordance with the employment contract;

3) shipwreck;

4) disease or injury requiring treatment outside the vessel;

5) the inability of the shipowner to perform his duties owed to the members of the vessel's crew under the laws or other legal acts of the Russian Federation or employment contracts due to bankruptcy, sale of the vessel or a change of the state of the vessel's registration;

6) the vessel directed into a zone of acts of war or that of an epidemic danger, without the consent of the vessel's crew;

7) expiry of the maximum term of the work of a crew member on board the vessel specified in the collective agreement.

2. Repatriation at the wish of the crew member is made to the state where he lives, to the port where he was employed to work on board the vessel, or to the port which is named in the collective agreement, or to any other place stipulated at the time of employment of the vessel's crew member.

3. The shipowner shall be obliged to organize a proper and quick repatriation. The repatriation shall be effected by air transport.

4. The shipowner shall bear all the expenses of repatriation.

The expenses on repatriation include:

1) the cost of:

journey of the vessel's crew member to the place of repatriation, specified in paragraph 2 of this Article;

accommodation and nourishment of the vessel's crew member from the time he leaves the vessel till the time he arrives at the place of repatriation;

medical treatment of the vessel's crew member if necessary and until he is fit to go to the place of repatriation;

carriage of 30 kg of luggage of the vessel's crew member to the place of repatriation.

2) wages and benefits from the time the crew member leaves the vessel till the moment he arrives at the place of repatriation, if so provided by the collective agreement.

5. Where the reasons that caused repatriation of the vessel's crew member have arisen at his fault in the discharge of his duties, the shipowner shall be entitled to compensation of the costs of repatriation in accordance with the labour legislation of the Russian Federation.

Article 59. Property of a crew member of a vessel

In the event of loss of property of a vessel's crew member or damage to such property resulting from an incident to the vessel, the shipowner shall be bound to compensate the damage caused to the vessel's crew member. No damage shall be compensated if caused to the property a vessel's crew member guilty of the incident to the vessel.

Article 60. Duties of shipowner

1. The shipowner must provide to the vessel's crew members:

safe working conditions;

protection of their health;

availability of life-saving appliances;

regular supply of provisions and water;

availability of appropriate accommodation (cabins, mess-rooms, sanitary rooms, medical stations and recreation rooms);

cultural and welfare facilities.

2. The shipowner is bound to insure:

wages and other sums due to the vessel's crew members, including the repatriation expenses;

life and health of the vessel's crew members in the discharge of their duties.

§2. MASTER OF VESSEL

Article 61. Management of the vessel and other duties of the master

1. The master of the vessel shall be charged with the management of the vessel, including navigation, with taking measures to ensure the safety of the vessel's navigation, the protection of the marine environment, maintenance of order on board the vessel, prevention of damage to the vessel, as well as to people and cargo on board the vessel.

Article 62. Obligation to render assistance to any person in distress at sea

1. The master shall be obliged, insofar as he can do this without serious peril to his vessel and people on board, to render assistance to any person in distress at sea.

2. Breach of the duty specified in paragraph 1 of this Article shall render the master responsible under the criminal legislature of the Russian Federation.

Article 63. Obligation to render assistance upon a collision of vessels

1. The masters of each of the vessels collided shall be obliged after the collision, insofar as he can do this without serious peril to his passengers, crew members or vessel, to render assistance to the other vessel, its passengers and members of the crew.

2. The masters of the vessels shall be obliged, as far as possible, to inform each other of the names of their vessels, their ports of registration and ports of departure and destination.

3. The shipowner is not responsible for a breach by the master of the vessel of the obligations specified in paragraphs 1 and 2 of this Article.

Article 64. Obligation of the master to render urgent medical aid

Where a person on board the vessel needs urgent medical aid which may not be rendered while the vessel is at sea, the master shall be obliged to enter the nearest port or take other measures to deliver that person to the nearest port, with notification of the shipowner thereof; when calling at a foreign port or in the event of delivery of such a person to a foreign port, with notification thereof of the consulate of the Russian Federation.

**Article 65. Obligation of the master in event of an act of war
or in other cases of military danger**

In case of an act of war in the area of the vessel's port of departure or port of destination, or in the area where the vessel is to pass through, as well as in other cases of military danger, the master shall be obliged to take every measure to avoid the destruction, damaging or seizure of the vessel, the people on board the vessel, documents, cargo and other property.

Article 66. Abandonment of the vessel by its crew

Where, in the opinion of the master, the vessel is threatened by an inevitable loss, the master after taking every measure for saving passengers shall permit the vessel's crew to leave the vessel. The master shall be the last to leave the vessel, having taken measures within his power to save the vessel's log, the engine log, the wireless log, charts of this voyage, tapes of navigational appliances, documents and valuables.

Article 67. Maintenance of order on the vessel

1. The orders of the master, within the scope of his authority, shall be obeyed by every person on board the vessel.

2. The master shall be entitled to apply encouragement measures and impose disciplinary penalties on the members of the vessel's crew in cases and according to procedures provided for in the statute on discipline.

The master shall be entitled, when necessary, to suspend any member of the vessel's crew from exercise of his official duties. In this event, the regulations set out in Article 58 of this Code shall respectively apply.

3. The master shall be entitled to isolate a person, whose actions do not contain elements of crime as specified in the criminal legislation of the Russian Federation, but endanger the safety of the vessel or of the people and property on board the vessel.

**Article 68. Interrelationship between the master or other members of the
vessel's crew and consulates of the Russian Federation**

Interrelationship between the master or other members of the vessel's crew and consulates of the Russian Federation shall be governed by the Consular Statute of the Russian Federation.

Article 69. The master as an authority of inquest

1. In the event of the occurrence on board a vessel of elements of crime as specified in the criminal law of the Russian Federation, the master shall perform the functions of an authority of inquest in accordance with the Criminal Procedure Code of the Russian Federation and with the

Instruction on conducting an inquest on board a vessel at sea, approved by the Procurator-General of the Russian Federation by agreement with the federal executive authority on transport and federal executive authority on fishery.

The Instruction mentioned in the first part of this paragraph shall contain provisions on the rights and duties of the master in respect of the procedure of inquest, on ensuring for the person suspected of committing a crime a possibility to defend by means and remedies provided by law, on the protection of his personal and property rights, as well as the grounds and procedure of detention of the person suspected of committing the crime and conditions of his custody on board the vessel.

2. The master shall be entitled to take into custody a person suspected of committing a crime, specified in the criminal law of the Russian Federation, until the transfer of him to the competent authorities in the first port of the Russian Federation at which the vessel calls. If necessary, the master of the vessel shall send such a person together with the materials of inquest to the Russian Federation on another vessel flying the State Flag of the Russian Federation.

The master may hand over to the competent authorities of a foreign state, if stipulated in an international treaty of the Russian Federation, a person, in respect of whom the master has reasonable grounds to presume that this person has committed a crime against the safety of navigation at sea, except a citizen of the Russian Federation or a stateless citizen who is a permanent resident of the Russian Federation. In this case, the master shall be obliged, insofar it is practically possible, before the vessel has entered the territorial waters of a foreign state, to forward to its competent authorities a notice of his intention to hand over such person to them and of the reasons for such handing over, together with the evidence currently available.

3. In the event of elements of a crime specified in the criminal law of the Russian Federation discovered on board a vessel, during its sojourn in a port of the Russian Federation, the master shall be obliged to immediately notify thereof the competent authorities.

**Article 70. Duties of the master in cases of making a will, birth
of a child or death on board the vessel**

1. The master shall be entitled to attest the will of a person present on board the vessel during voyage. A will attested by the master of the vessel shall be deemed equal in force and effect to a notarially attested will.

2. The master shall be obliged to make an entry into the ship's log concerning every case of birth of a child on board the vessel or every case of death on board the vessel.

3. The master shall be obliged to inform one of the close relatives or the spouse of the deceased of his death and take measures to preserve and sending of the body of the deceased to the motherland. In default of this possibility, the master shall be obliged to commit the body of the deceased to the earth or cremate it and send the urn with the ashes to the motherland.

In the exceptional case, where a vessel is to remain at sea for a long period, and the body of the deceased cannot be preserved, the master shall be entitled to commit the body of the deceased to the sea under marine customs, an appropriate document being drawn up.

4. The master shall ensure that an inventory be drawn up and the storage be safe of the belongings of the deceased on board the vessel until such belongings are handed over under the inventory to the harbour master of the first port of the Russian Federation at which the vessel calls.

Article 71. The master as the representative of the shipowner and cargo owner

The master, by virtue of his official position, shall be deemed to be the representative of the shipowner and cargo-owner with regard to transactions required by needs of the vessel, its cargo or navigation, as well as actions affecting property entrusted to the master, if there are no other representatives of the shipowner or cargo owner present at the place.

Article 72. Urgent need for money for continuation of the voyage

1. The master having encountered during the voyage an urgent need for money to continue to sail, in particular to repair the vessel or to maintain the members of the vessel's crew, shall be entitled, if there is no possibility or time to obtain orders from the shipowner, to sell part of the property entrusted to him not needed to continue the voyage.

The master shall be obliged to select the method for raising funds for the continuation of the voyage which is the least prejudicial to the shipowner or the cargo-owner.

2. The value of the cargo sold shall be compensated to its owner by the shipowner, unless the loss therefrom occasioned in a general average, unless the sale of cargo was made in the interests of the cargo only.

Article 73. Charging the chief mate with the duties of the master

In the event of death, illness or any other reason preventing the master from the discharge of his duties, the duties of the master, until an order of the shipowner is received, shall be vested in the chief mate.

Chapter V. PORT STATE CONTROL

Article 74. Harbour master of a seaport

1. The harbour master of a seaport shall execute functions of ensuring safe navigation and order in a seaport.

2. The harbour master of a seaport shall act in accordance with the Regulations on the Harbour Master of the Seaport, approved by the federal executive authority on transport, and those for the harbour master of the fishing seaport, approved by the federal executive authority on fishery by agreement with the federal executive authority on transport.

Article 75. Subordination of the harbour master of a seaport

The harbour master of a seaport shall be directly subordinate to the federal executive authority on transport, and the harbour master of a fishing seaport - to the federal executive authority on fishery.

Article 76. Functions of the harbour master of a seaport and the harbour master of a fishing seaport

The following functions for ensuring safe navigation and order in the said ports shall be respectively vested in the harbour master of the seaport and harbour master of the fishing seaport:

supervision of the observance of international of the Russian Federation, relating to merchant shipping and the legislation of the Russian Federation on merchant shipping;

registration of vessels and the issuance of appropriate ship papers;

registration of the right of ownership of vessels and vessels under construction, mortgages on a vessel or a vessel under construction and other rights in them and the issuance of the appropriate documents;

issuance of licenses, qualification certificates and confirmations of their issuance; issuance of seaman's passports to members of vessel's crews;

inspection of ship papers, licenses, qualification certificates and confirmations of their issuance;

supervision of compliance with the requirements relating to the order of vessels' calling at and leaving the port;

processing of the arrivals of vessels into the port and their departure from the port. Where a commercial seaport and a fishing seaport have adjacent aquatoria, the harbour master of the commercial seaport shall process vessels' arrival at and departure from the commercial seaport, with the exception of vessels used for the harvest of water biological resources; the harbour master of the fishing seaport shall process arrival at and departure from the fishing seaport of vessels used for the harvest of water biological resources;

supervision of activities of pilot service and the vessels traffic control system;

supervision of ice-breaker assistance for convoy at approaches to the port and within the limits of the port aquatorium;

issuance of permits for the raising of sunken property and the performance of constructional, hydrotechnical and other works;

investigation of wreck incidents to vessels. Investigation of wreck incidents to vessels shall be carried out in compliance with regulations approved by the federal executive authority on transport by agreement with the Prosecutor-General of the Russian Federation, the federal executive authority on fishery and the federal executive authority on defence.

Article 77. Functions of harbour masters of specialized seaports

Harbour masters of specialized seaports, with the exception of harbour master of ports designed for servicing sporting and pleasure ships, shall exercise the functions specified in Article 76 of this Code within the scope set out by the federal executive authority on transport.

Article 78. Orders of the harbour master of a seaport

Orders of the harbour master of a seaport issued within the scope of his authority to ensure safe navigation and order in the seaport shall be binding on all vessels, organizations and persons present in the port.

Article 79. Supervision of vessels

1. Supervision of vessels which set for sail at sea shall be carried out by the harbour master of the Seaport for the purpose of verification of the availability of the ship papers, correspondence of the vessels' principal characteristics with the ship papers, and of compliance with the requirements relating to manning of vessels.

2. In default of the ship papers, or if there are sufficient reasons to suspect that the vessel does not comply with the requirements of safe navigation, the harbour master of the seaport may render the vessel subject to inspection.

3. For the purpose of verification that the defects preventing the issuance of a permit for the vessel to leave the seaport, have been remedied, the harbour master of the Seaport may carry out a control inspection of the vessel.

Article 80. Permit for a vessel to leave the seaport

1. Each vessel prior to leaving the seaport shall be bound to obtain the permit of the harbour master of the seaport to leave the seaport.

The harbour master of the seaport shall be entitled to refuse the issuance of the said permit in event of:

1) unfitness of the vessel for navigation, violation of requirements on loading, supply or manning and if there are other defects of a vessel creating a threat to the safety of navigation, to the life or health of people on board the vessel or a threat of inflicting damage to marine environment;

2) a violation of the requirements relating to the ship papers;

3) a directive of sanitary-quarantine and immigration services, customs, frontier guard and other state authorities empowered thereto;

4) failure to pay the established port fees.

2. Costs connected with the exercise by the harbour master of the seaport of the rights provided for in this Article (to inspection, survey and other) shall be charged to the shipowner.

Article 81. Detention of a vessel and cargo by port authorities

1. At the request of a person having a claim arising out of carrying out of salvage operations, a collision of vessels, damage to port installations, water basins, navigation routes and navigational aids, or in connection with other damage caused, the port authorities may detain the vessel and its cargo until the shipowner and cargo-owner furnishes a sufficient security.

Liability for losses incurred by the groundless detention of a vessel shall lie with the person, at whose request the detention was effected.

2. The order of the port authorities on detention of the vessel and its cargo under claims enumerated in paragraph 1 of this Article shall be valid for the period of 72 hours, with the exception of days officially regarded as non-working days. In event that a ruling on arrest of the vessel and its cargo by a court, arbitrazh court or marine court of arbitration authorized by law to

administer arrest has not been rendered within the said period of time, the vessel and its cargo shall be subject to immediate release.

Article 82. Construction in navigational area

Construction in the navigational area shall be agreed with the federal transport body and the federal authority on defence in cases mentioned in the tenth paragraph of Article 76 of this Code, and with the harbour master of the relevant seaport.

Article 83. Engagement of vessels in salvage of people or vessels

Upon the demand of the harbour master of the seaport, vessels currently present in the seaport shall be bound to participate in the salvage of people or vessels in distress in the aquatorium of the port.

Article 84. Responsibility for violation of the regulations on safe navigation and order in port

The harbour master of the seaport shall be entitled to impose administrative penalties under the legislation of the Russian Federation for the violation of regulations on safe navigation and order in the port.

Chapter VI. MARITIME PILOTS

§1. PILOTAGE

Article 85. Scope of application of regulations set out in this Chapter

Pilotage at approaches to seaports, in the limits of the aquatorium of seaports, between seaports and in high seas shall be exercised in accordance with the regulations set out in this Chapter.

Article 86. Purposes of pilotage

Pilotage shall be exercised for the following purposes:

ensuring safe navigation and preventing accidents to vessels;
protection of the marine environment.

Article 87. Maritime pilots

1. Pilotage shall be exercised by maritime pilots having pilot's licenses certifying the right to exercise pilotage in certain areas issued by the harbour masters of seaports.

Maritime pilots shall be citizens of the Russian Federation meeting the requirements of the regulations on maritime pilots approved by the federal executive authority on transport at

agreement with the federal executive authority on defence and the federal executive authority on fishery.

2. The maritime pilot (hereinafter – pilot) shall be a servant of the pilot service of a state organization.

Non-state pilotage organizations may be established, taking into account distinctions determined by act of the Government of the Russian Federation and the requirements stipulated in this Code and other legal acts of the Russian Federation.

The list of ports, where the activities of non-state pilotage organizations are permitted, shall be approved by the Government of the Russian Federation.

Article 88. State supervision of the activities of pilotage organizations

1. State supervision of the activities of the pilot services of state organizations and those of non-state pilotage organizations shall be exercised by the federal executive authority on transport and the federal executive authority on fishery within the scope of their authority.

2. In the course of state supervision of the activities of non-state pilotage organizations, the federal executive authority on transport and the federal executive authority on fishery, respectively, shall be entitled to take decisions on:

provision of compulsory pilotage by pilots of these organizations in the relevant area and extent;

termination of the activities of such organizations if they do not comply with the requirements on equipment, the number and qualifications of their servants for the purposes of pilotage stated in Article 86 of this Code.

Article 89. Establishment of areas of compulsory and optional pilotage

The federal executive authority on transport by agreement with the federal executive authority on defence and the federal executive authority on fishery shall establish areas of compulsory and optional pilotage and shall bring such areas to public notice in compulsory acts of seaports, in sailing directions and in Notices to Mariners.

Article 90. Compulsory pilotage

1. In the areas of compulsory pilotage the master shall not be entitled to sail without a pilot, with the exception of cases where the vessel belongs to a category of vessels exempt from compulsory pilotage, or if the master is granted the right to navigate without a pilot by the harbour master of the seaport under the procedure prescribed.

The master in breach of the rule set out in this paragraph shall bear administrative responsibility under the legislature of the Russian Federation.

2. Categories of vessels exempt from compulsory pilotage shall be established by the harbour master of seaports, and brought to public notice in compulsory acts of seaports.

3. The order of pilotage in a commercial seaport and a fishing seaport having adjacent aquatorium shall be established by the harbour master of the commercial seaport by agreement with the harbour master of the fishing seaport.

Article 91. Optional pilotage

1. In areas of optional pilotage the master may take a pilot on the vessel, if he finds it necessary.

2. In areas of optional pilotage the harbour master of the seaport may prescribe a compulsory pilotage to vessels:

which by themselves or by the nature of their cargo may present a threat of inflicting damage to the marine environment. The categories of such vessels shall be brought to public notice in compulsory acts of seaports, in sailing directions and in Notices to Mariners;

which have serious damage to the hull, machinery or equipment, what may seriously affect the safe navigation in the port. In such cases, the master shall be notified that his vessel is subject to a compulsory pilotage.

Article 92. Execution of public duties by a pilot

During the piloting of a vessel, the pilot shall immediately inform the harbour master of the seaport of:

any changes on the waterways which may present a threat to safe navigation;

any incidents to the vessel piloted by him or other vessels in the area of his service;

non-performance by the master of the vessel piloted by him of regulations of navigation and regulations of preventing oil pollution from vessels, noxious substances, waste waters or garbage.

§2. INTERRELATIONSHIP BETWEEN THE PILOT AND THE MASTER

Article 93. Pilot license

1. Upon arriving on board a vessel the pilot shall be obliged to produce his pilot's license to the master of the vessel.

2. The master of the vessel shall not be entitled to take on board the vessel as a pilot a person without such pilot's license.

Article 94. Ensuring safe embarkation and safe disembarkation of the pilot

1. The master shall be bound to provide for a safe embarkation and safe disembarkation of the pilot and avail to him free of charge of an individual compartment and nourishment during the period of pilotage.

2. The regulations set out in paragraph 1 of this Article shall apply to an apprentice pilot, if he accompanies the pilot for training purposes.

Article 95. Statement of the vessel's data by the master

1. The master shall state to the pilot exact data on the draught, length, breadth and tonnage of the vessel, which are then entered into the pilotage receipt to be signed by the master.

The pilot shall be entitled to demand other data concerning the vessel (manoeuvre characteristics and other) necessary to the pilot to exercise pilotage.

2. For failure to state or inaccurate statement of the data specified in paragraph 1 of this Article the master shall bear administrative responsibility under the laws of the Russian Federation.

Article 96. Interrelationship between the master and the pilot

For the purposes of safe navigation of the vessel the master of the vessel shall follow the reasonable recommendations of the pilot and not interfere with his work without grounds sufficient thereto.

Article 97. Pilot's orders to the helmsman

The master of the vessel may charge the pilot to give direct orders to the helmsman on the navigation and manoeuvring of the vessel, which does not exonerate the master from liability for consequences which may result from such orders.

Article 98. Temporary leaving bridge by the master

Where during a pilotage the master has to leave the bridge temporarily, the master shall be bound to inform the pilot thereof and indicate to him the person in charge of the management of the vessel in the absence of the master.

Article 99. Suspension of pilotage by the pilot

In cases where it is necessary for the purposes of safe navigation, the pilot shall be entitled to suspend pilotage pending the circumstances which permit its safe navigation.

Article 100. Leaving the vessel by the pilot

The pilot shall not be entitled to leave a vessel without the consent of the master until he anchors the vessel, moors it in a safe place, brings the vessel into the high seas or is replaced by another pilot.

Article 101. Return of the pilot

1. The master shall not be entitled to take the pilot outside the limits of the area of the pilot's service.

2. Where the pilot has been taken by the vessel piloted by him beyond the limits of the area of his service, the master of the vessel shall be bound to ensure the return of the pilot to the place of his permanent location at the expense of the vessel.

The organization employing the pilot shall be entitled to compensation for losses incurred by the detention of the pilot, if the detention has not resulted from force majeure.

Article 102. Liability of the pilot and the master

1. The presence of the pilot on the vessel shall not exonerate the master of the liability for the management of the vessel.

In the presence of sufficient grounds for doubt in the correctness of recommendations of the pilot, the master, for the purposes of safe navigation, shall be entitled to refuse the service of that pilot. Where pilotage is compulsory, the master must demand that the pilot be replaced.

2. A pilot guilty of improper pilotage may be deprived of his pilot's license.

§3. LIABILITY FOR IMPROPER PILOTAGE. PILOTAGE FEE

Article 103. Liability for improper pilotage

The organization employing the pilot exercising pilotage shall be liable for losses incurred by a vessel resulting from improper pilotage at the pilot's fault.

Article 104. Limitation of liability and loss of the right to limit liability

1. The organization employing the pilot exercising pilotage may limit its liability stipulated as in Article 103 of this Code to the amount of ten pilotage fees due for the pilotage.

2. The organization employing the pilot exercising pilotage shall lose the right to limit liability as provided for in paragraph 1 of this Article, if it is proved that the losses caused to the

vessel by improper pilotage have resulted from his personal act or omission committed with intent or by grave negligence

Article 105. Liability to third parties

The organization employing the pilot exercising pilotage shall not be liable to third parties for losses caused as the result of improper pilotage.

Article 106. Pilotage fee

Pilotage fee shall be raised from vessels enjoying the services of pilots. The amount of the pilotage fee to be raised, the order of its raising and the categories of vessels exempt from the payment of pilot fee shall be determined in the order established in the legislation of the Russian Federation.

Chapter VII. SUNKEN PROPERTY

Article 107. Scope of application of regulations set out in this Chapter

1. The regulations set out in this Chapter shall apply to the raising, removal and destruction of property sunken within the internal sea waters or the territorial sea of the Russian Federation.

2. Sunken property shall cover wrecked vessels, their wreckage, equipment, cargoes and other articles, regardless of whether they are afloat or under water, sunken to the sea bed or cast up on shoals or onto the coast.

3. The regulations set out by this Chapter shall not apply to:
raising, removal and destruction of military property;
raising of sunken marine property of a cultural nature, having prehistoric, archeological or historical value, if such property is found on the sea bed.

4. Where the raising, removal and destruction of sunken property is considered as a salvage operation in accordance with the regulations set out in Chapter XX of this Code, these regulations shall apply to the reward and special compensation of salvors, regardless of the regulations set out in this Chapter.

Article 108. Raising of sunken property by its owner

1. The owner of sunken property, if he intends to raise the property, must notify thereof the harbour master of the nearest commercial seaport or the harbour master of the nearest fishing seaport within a period of one year from the day the property sank.

2. The harbour master of the commercial seaport or the harbour master of the fishing seaport within a period of three months from the day of receiving the application of the owner of sunken property shall establish the order of raising, as well as the period of time sufficient therefor, but not less than one year from the day of obtaining by the owner of a notice from the harbour master of the commercial seaport or harbour master of the fishing seaport on the order and time of the raising of sunken property.

**Article 109. Obligation of the owner of sunken property
to raise the sunken property**

1. Where sunken property presents a threat to safe navigation, or of inflicting damage to the marine environment, or hinders the harvest of water biological resources, functioning of the port or carrying out works (hydrotechnical or other) in the port, the owner of the sunken property shall be bound to raise the sunken property upon the demand of the harbour master of the commercial seaport or the harbour master of the fishing seaport within a period of time established by him, and where necessary to remove or destroy it.

2. Where the owner of the sunken property is known, the harbour master of the commercial seaport or the harbour master of the fishing seaport shall notify the owner of his decision.

Where the owner of the sunken property is unknown, the harbour master of the commercial seaport or the harbour master of the fishing seaport shall publish an announcement in the Notices to Mariners on the period of time established for raising the sunken property. Where the flag of the sunken vessel is known, the harbour master of the commercial seaport or the harbour master of the fishing seaport shall also forward an appropriate notice to the federal executive body on foreign relations of the Russian Federation.

Article 110. Rights of the owner to sunken property

In cases where the owner of sunken property does not make a statement according to paragraph I of article 108 of this Code or does not raise the sunken property during the period of time established in accordance with paragraph 2 of article 108 of this Code, the rights of the owner to the sunken property shall be specified in accordance with the legislation of the Russian Federation.

Article 111. Raising, removal or destruction of sunken property by port authorities

1. Port authorities shall be entitled to raise sunken property and, if necessary, to remove or dispose of it in cases where:

the owner of sunken property is obliged to raise the sunken property and remove or dispose of it, if necessary, in accordance with paragraph 1 of Article 109 of this Code, but the owner of sunken property has not been established, or has not raised the sunken property where necessary removed or destroyed it within the due period of time;

sunken property presents a serious and immediate threat to safe navigation or immediate threat of causing considerable damage to the marine environment by contamination, or seriously hinders the harvest of water biological resources, functioning of the port and carrying-out of works (hydrotechnical or other) in the port;

upon sufficient grounds, the owner of sunken property is not permitted to raise, remove or destroy it by his own means or by the means of a ship-raising organization he chose.

2. Raising, removal or destruction of sunken property in the cases specified in paragraph 1 of this Article shall be carried out at the expense of the owner of such property.

Article 112. Claiming of sunken property by its owner

Sunken property raised in accordance with paragraph 1 of Article 111 of this Code may be claimed by its owner after payment of all costs of raising sunken property and other costs caused in connection therewith, provided that not more than one year has passed from the time of raising.

Article 113. Right of port authorities to full compensation for costs incurred

Where raising, removal or destruction of sunken property has been carried out in accordance with paragraph 1 of Article 111 of this Code, upon the expiry of the period of time specified in Article 112 of this Code the port authorities shall be entitled to:

sell the raised sunken property in whole or in part according to the procedure established in the legislation of the Russian Federation, and receive from the proceeds of its sale compensation for the costs of raising and other costs caused in connection therewith;

recover from the owner of sunken property compensation for costs not covered by the proceeds of the sale of it, and where the sunken property is destroyed, compensation for costs incurred in connection with the destruction of such property.

Article 114. Sunken property raised accidentally

Sunken property raised accidentally within the internal sea waters or the territorial sea of the Russian Federation, in the course of operations connected with merchant shipping, shall be surrendered to the nearest commercial seaport or the nearest fishing seaport. In this case, remuneration shall be paid in the amount of one third of the value of the surrendered property.

Chapter VIII. CONTRACT OF CARRIAGE OF GOODS BY SEA

§1.GENERAL PROVISIONS

Article 115. Definitions and types of contracts of carriage of goods by sea

1. Under a contract of carriage of goods by sea, the carrier undertakes to carry goods which were handed over or will be handed over to him by the shipper, to the port of destination, and to hand them over to a person entitled to take delivery of the goods (hereinafter – consignee), the shipper or charterer undertakes to pay an agreed payment for the carriage (freight).

2. A contract of carriage of goods by sea may be concluded:

1) with a clause of availing of the entire vessel, part of it or a certain ship spaces for carriage of goods by sea (charter-party);

2) without such clause.

3. The Carrier is the person who concluded a contract of carriage of goods by sea with a shipper or charterer, or on behalf of whom such a contract was concluded.

4. The charterer is the person who concluded a contract of carriage of goods by sea, mentioned in subparagraph I of paragraph 2 of this Article.

5. The Shipper is the person who concluded a contract of carriage of goods by sea, mentioned in subparagraph 2 of paragraph 2 of this Article, as well as any person, who handed over the goods to the carrier in his name.

Article 116. Application of the regulations set out in this Chapter

The regulations set out in this Chapter apply, unless otherwise provided by an agreement of the parties. In the cases directly specified in this Chapter, an agreement between parties inconsistent with the regulations set out in this Chapter, shall be null and void.

Article 117. Form of contract of carriage of goods by sea

1. A contract of carriage of goods by sea shall be concluded in writing.

2. The presence and contents of a contract of carriage of goods by sea may be proved by charter-party, bill of lading and other written evidence.

Article 118. Long-term contract for arrangement of carriage of goods by sea and its correlation with a contract of carriage of goods by sea

1. The carrier and owner of the goods if carrying out systematic carriage of goods by sea may conclude long-term contracts for the arrangement of carriage of goods by sea.

When concluding a long-term contract for the arrangement of carriage of goods by sea, the carriage of each consignment shall be carried out under a contract of carriage of goods by sea concluded on the basis of such long-term contract.

2. Terms for the carriage of cargo agreed in the long-term contract for the arrangement of carriage of goods by sea are deemed to be incorporated in the contract of carriage of goods by sea, unless otherwise agreed by the parties.

Where the terms of the contract of carriage of goods by sea are inconsistent with the terms of the long-term contract for the arrangement of carriage of goods by sea, those of the contract of carriage of goods by sea shall apply.

The terms of the long-term contract for the arrangement of carriage of goods by sea, not included in the bill of lading, shall not be binding on a third party, unless being a Charterer.

Article 119. Correlation between a charter-party and a bill of lading

Relationship between the carrier and a consignee, who is not a party to the contract of carriage of goods by sea, shall be governed by the bill of lading. The terms of the charter-party shall be binding on the consignee, if the bill of lading has a reference thereto.

Article 120. Contents of a charter-party

A charter-party shall contain the names of the parties, the name of the vessel, statement of the type and character of the goods, the amount of freight, the name of the place of loading, as well as name of the place of destination or route of the vessel. By agreement of the parties any other terms or clauses may be included in the charter-party. The charter-party shall be signed by the carrier and charterer or representatives thereof.

Article 121. Assignment of rights by a charter-party

When goods are carried by a charter-party, the charterer shall be entitled, upon the consent of the carrier, to assign his rights under the contract of carriage of goods by sea to third parties. The charterer, as well as the third person, to whom he has assigned his rights shall be jointly and severally liable to the carrier for a failure to perform the contract of carriage of goods by sea.

Article 122. Application of regulations set out in this Chapter to carriage of goods in cabotage

The regulations set out in this Chapter shall apply to the carriage of goods in cabotage, with the exception of the regulations set out in Articles 167, 170 and paragraph 2 of Article 171 of this Code.

Article 123. Temporary cessation or restriction on receipt of goods for carriage

1. In the event of natural phenomena, wrecks and incidents causing an interruption to traffic and upon an announcement of quarantine, receipt of goods may be temporarily stopped or restricted by the order of the port authorities with immediate notice to the federal executive authority on transport or federal executive authority on fishery, correspondingly, which determine the period of effect of temporary cessation or restriction of receipt of goods for carriage.

2. The port authorities shall immediately notify the shippers of goods on the temporary cessation or restriction of receipt of goods where carriage of goods is carried out in direct multimodal or direct water transport or other types of transport organization.

§2. BRINGING UP OF VESSEL AND LOADING OF GOODS**Article 124. Seaworthiness of the vessel**

1. The carrier shall be bound in advance, prior to the beginning of the voyage, make the vessel seaworthy, ensure technical readiness of the vessel for sailing, properly equip, man and supply the vessel, as well as make the holds and all other spaces of the vessel where goods are carried fit and safe for their receipt, carriage and preservation.

2. The carrier shall not be liable for unseaworthiness of the vessel, if he proves that the unseaworthiness of the vessel has been caused by defects, which could not be discovered by a due diligence exercised by him (latent defects).

3. An agreement of parties inconsistent with paragraph I of this Article shall be null and void, if the carriage of goods is carried out on the basis of a bill of lading, or if the bill of lading is issued under a charter-party and governs the relationship between the carrier and the holder of the bill of lading, who is not the charterer.

Article 125. Substitute of vessel

Where goods are to be carried on a certain type of vessel, the goods may be loaded to another vessel only upon the consent of the charterer or shipper, with the exception of transshipment of the goods resulting from technical necessity which arises after the loading has begun.

Article 126. Port of loading

1. The carrier shall be bound to bring the vessel to the port specified in the charter-party or the port specified by the charterer according to the terms of the charter-party. The charterer shall be bound to specify a safe port of loading.

2. Where the port of loading is not specified by the charterer or not specified in due time, or if the port specified is not safe, the carrier shall be entitled to refuse from performing the contract for the carriage of goods by sea and claim compensation for damages.

Article 127. Place of loading of the goods

1. Where goods are carried by a charter-party, the carrier is bound to bring up the vessel in the place the loading of the goods specified by the charterer. The charterer must specify a safe and actionable place for loading of the goods which the vessel may reach safely, where it can stay afloat, and from where it can depart with the goods. Where an unsuitable place for loading of the goods is specified by the charterer, or where several charterers specify different places for loading of the goods, the carrier may bring up the vessel in the place for loading of goods normally used in the port.

The charterer may require that the vessel be moved at his expense to another place of loading of goods.

2. Where the goods is carried in line traffic, the place of loading shall be determined by the carrier. The carrier shall inform the shipper of the place for the loading of the goods, if loading of the goods is carried out in an unusual for that port place of loading.

Article 128. Time for bringing up the vessel

Where goods are carried by a charter-party, the carrier shall be bound to bring up the vessel within the time stipulated by the charter-party. In the case of a failure to bring up the vessel in the time provided, the charterer shall be entitled to repudiate the contract of carriage of goods by sea and claim for compensation for damages.

Article 129. Notice of the vessel's readiness for loading

1. Where goods are carried by a charter-party, the carrier shall be bound to notify the charterer or shipper, if named by the charterer, that the vessel is ready or will be ready for loading the goods at a certain time. Such notice may be made only when the vessel is in the port of loading or in the place of waiting usual for this port.

2. Day and hour of making the notice mentioned in paragraph 1 of this Article shall be agreed by the parties, and in default of such agreement, by the normal practice of that port.

3. Where the vessel is not ready for loading the goods at the time indicated in the notice, the notice of readiness for loading the goods shall not be deemed to have made, and the damages caused to the charterer in this connection shall be compensated by the carrier .

Article 130. Lay time

1. The period of time for which the carrier avails of the vessel for loading of goods and keeps it under loading without payments in addition to the freight (lay time) shall be determined by an agreement of the parties, and in default of such agreement, according to a normal practice of the port of loading.

2. The lay time shall be calculated in working days, hours and minutes starting from the day after the notice of readiness for loading the goods was given.

3. The lay time does not include the time when loading of goods was not carried out for reasons within the control of the carrier, or due to force majeure or hydrometeorological conditions creating a threat to the safety of the goods or preventing a safe loading of them.

The time when loading was not carried out for reasons within the control of the charterer shall be included in the lay time.

4. Where loading started before the lay time began to pass, the time actually spent on loading of the goods shall be included to the lay time.

5. The regulations set out by this Article shall correspondingly apply to the discharge of the goods in the port of discharge.

Article 131. Demurrage time

1. On the expiry of the lay time an additional waiting time (demurrage time) may be set forth by an agreement of the parties. In default of agreement, the length of demurrage time shall be determined according to a normal practice of the port of loading.

2. The demurrage time shall be calculated in calendar days, hours and minutes from the moment of expiry of the lay time.

3. In the demurrage time shall be included Sundays and official holidays, time declared as non-working in the port, as well as interruptions in loading the goods caused by force majeure or hydrometeorological conditions creating a threat to the safety of the goods or preventing a safe loading of them. The time when loading was not carried out for reasons within the control of the carrier shall not be included in the demurrage time.

4. The regulations set out by this Article and Articles 132, 133 and 135 of this Code shall correspondingly apply to the discharge of the goods in the port of discharge.

Article 132. Payment for demurrage time

Amount of payment due to the carrier for the demurrage of the vessel during demurrage time (demurrage) shall be determined by an agreement of the parties, and in default of agreement, in accordance with the rates normally used in the relevant port. In default of such rates the amount of payment for demurrage shall be determined by the cost of the maintenance of the vessel and its crew.

Article 133. Remuneration for early completion of loading

Agreement of the parties may stipulate a remuneration for the charterer for an early completion of loading before the expiry of the lay time (dispatch). In default of such agreement, the amount of the dispatch shall be calculated as one half of the payment for demurrage.

Article 134. The right of a carrier to set the vessel for sail upon the expiry of demurrage time

1. The carrier shall be entitled to set the vessel for sail before the expiry of the demurrage time, even if all the agreed goods are not loaded on the vessel yet for reasons not within the control of the carrier. In this case, the carrier shall retain the right to receive the freight in full.

2. Where availing of an entire vessel for carriage, the carrier shall not be entitled to refuse to receive goods delivered before the expiry of lay time or demurrage time, with an agreement made thereon, even though receipt and stowage of the goods may delay the vessel above the stated time.

3. Where less than the entire vessel is availed for the carriage of goods, the carrier shall be entitled, before the expiry of the lay time or demurrage time, with an agreement made thereon, to refuse to receive the goods, which, due to the delay of handing them over, may be loaded on the vessel properly and without damage to the rest of goods only by delaying the vessel. In this case, the carrier shall retain the right to receive the freight in full.

Article 135. Compensation for losses caused by delaying the vessel

For delaying the vessel beyond the demurrage time the charterer shall be bound to compensate the losses caused, if the delay of the vessel occurred due to reasons not within the control of the carrier.

Article 136. Early departure of the vessel upon the demand of the charterer

Where the entire vessel is availed to the charterer for carriage of goods, the carrier shall be obliged depart at the first demand of the charterer, even if not all the goods have been loaded. In this case, the carrier shall retain the right to receive the freight in full.

Article 137. Removal of extraneous goods

1. Where an entire vessel, its part or certain spaces are availed for the carriage of goods, the shipper may require a removal of extraneous goods from the vessel, its part or the ship spaces in the port of departure, and in case of availing the entire vessel for the carriage of goods, in any port of call.

2. Where such goods have not been in time removed from the vessel, its part or the ship spaces, the charterer shall be entitled to require a corresponding reduction of the freight, as well as compensation for losses incurred by the charterer.

Article 138. Deck cargo

1. The carrier shall be entitled to carry goods on deck only in accordance with an agreement between the carrier and shipper, the laws and other legal acts of the Russian Federation or business customs.

2. Where the carrier and shipper have agreed that goods shall or may be carried on deck, the carrier shall be bound to insert in the bill of lading or other document evidencing the contract of carriage of goods by sea a statement to this effect. Where the carrier fails to insert such a statement, he shall prove that an agreement with the shipper for carriage of goods on deck has been entered into. But the carrier shall not be entitled to invoke such an agreement against a third party, including a consignee, who has acquired the bill of lading in good faith.

3. Where goods has been carried on deck contrary to the regulations set out in paragraph 1 of this Article or in accordance with paragraph 2 of this Article the carrier is not entitled to invoke an agreement for carriage of goods on deck, the carrier shall be liable for the loss of or damage to the goods, as well as for delay in delivery of them, resulting solely from the carriage of goods on deck, notwithstanding the regulations set out in Articles 166 and 167 of this Code.

The limit of liability of the carrier shall be determined in accordance with the regulations set out in Article 170 or Article 172 of this Code, in dependence on circumstances.

4. Carriage of goods on deck with an agreement for carriage of goods in the holds present shall be deemed as an act or omission of the carrier, leading to the loss by the carrier of the right to limit liability in accordance with Article 172 of this Code.

Article 139. Packing and marking of goods

1. Goods requiring a receptacle or packaging to ensure their full safety in carriage shall be presented for carriage in a receptacle in good repair and packaged. The receptacle and packaging,

for which state standards and technical requirements are established, shall conform to them. Such requirements also apply to containers presented by the shipper.

2. The shipper must duly mark the goods and present to the carrier the necessary information about it. Where the goods need special handling, the shipper must inform the carrier on the peculiarities of the goods and the way they are to be handled.

Article 140. Replacement of Goods

Goods, whose sort or type is determined in the charter-party, may be replaced by goods of another sort or type only upon the consent of the carrier .

Article 141. Cargo documents

The shipper shall be bound to hand over to the carrier all the cargo documents required under with port, customs, sanitary and other administrative regulations, and shall be liable to the carrier for losses incurred in the event of a late handing, inaccuracy or incompleteness of such documents.

§3. BILL OF LADING

Article 142. Issuance of bill of lading

1. After goods has been received for carriage, the carrier, upon the demand of the shipper, must issue to the shipper the bill of lading.

The bill of lading shall be made up on the basis of a document, signed by the shipper, and containing the information listed in subparagraphs 3 to 8 of paragraph 1 of Article 144 if this Code.

2. The shipper shall guarantee to the carrier the accuracy of the particulars presented to be inserted in the bill of lading and shall be liable for losses incurred by the carrier due to the inaccuracy of this information.

The right of the carrier to compensation for losses by the shipper shall not remove the liability of the carrier under the contract of carriage of goods by sea to any person other than the shipper.

Article 143. The issuance of another document instead of a bill of lading

The shipper shall be entitled to demand the carrier to issue, instead of a bill of lading, a maritime Waybill or other document evidencing the receipt of goods for carriage. To such documents the regulations set out in this paragraph shall apply, with the exception of the regulations concerning the bill of lading as the document of title, and set out in the second

subparagraph of paragraph 2 of Article 144, Articles 146 to 148 and paragraph 2 of Article 149 of this Code.

Article 144. Contents of bill of lading

1. The bill of lading shall include the following particulars:

- 1) name and location of the carrier ;
- 2) name of the port of loading as provided by the contract of carriage of goods by sea and date of receipt of the goods by the carrier in the port of loading;
- 3) the name and location of the shipper;
- 4) the name of the port of discharge as provided by the contract of carriage of goods by sea;
- 5) the name of the consignee, if named by the shipper;
- 6) the name of the goods, the leading marks necessary for identification of the goods, a statement, where necessary, as to the dangerous character or special features of the goods, the number of packages or pieces and the weight of the goods or their quantity otherwise expressed. All such particulars shall be presented as furnished by the shipper;
- 7) the apparent condition of the goods and its packing;
- 8) the freight to the extent payable by the consignee or other indication that freight is payable by him;
- 9) place and date of issuance of the bill of lading;
- 10) number of originals of the bill of lading, if more than one;
- 11) signature of the carrier or the person acting on his behalf.

By agreement of the parties, other particulars and clauses may be included in the bill of lading.

A bill of lading signed by the master of the vessel is deemed to have been signed on behalf of the carrier .

2. After the goods has been loaded on board the vessel, the carrier , upon the demand of the shipper, shall issue to him a Shipped bill of lading which, in addition to the particulars required under paragraph 1 of this Article, shall state that the goods on board a named vessel or vessels; and the date or dates of loading shall be given.

Where the carrier has previously issued to the shipper a bill of lading for the goods received for carriage or any other document of title with respect to the goods, on request of the carrier, the shipper shall surrender such document in exchange for a Shipped bill of lading.

The carrier may amend any previously issued document in order to meet the requirements of the shipper to a Shipped bill of lading if, as amended, such document includes all the information required to be contained in a Shipped bill of lading.

Article 145. Reservations to bill of lading. Evidentiary effect of bill of lading

1. Where a bill of lading contains particulars concerning the name, leading marks, number of packages or pieces, weight or quantity of the goods which the carrier or other person issuing the bill of lading on his behalf knows or has reasonable grounds to suspect do not accurately represent the goods actually taken over or, where a Shipped bill of lading is issued, loaded, or if he had no reasonable means of checking such particulars, the carrier or such other person must insert in the bill of lading a reservation specifying these inaccuracies, grounds of suspicion or the absence of reasonable means of checking.

2. Where the carrier or other person issuing the bill of lading on his behalf fails to note on the bill of lading the apparent condition of the goods, he is deemed to have noted on the bill of lading that the goods were in apparent good condition..

3. Except for particulars in respect of which a reservation permitted under paragraph 1 of this Article has been entered, the bill of lading is evidence, unless proved otherwise, of the receipt by the carrier of goods for carriage as they are described in the bill of lading. Proof to the contrary by the carrier is not admissible if the bill of lading has been transferred to a third party including a consignee who in good faith acted in reliance on the description of the goods therein.

Article 146. Types of bill of lading

The bill of lading may be issued in the name of a specific consignee (Straight bill of lading), to the order of the shipper or consignee (Order bill of lading), or to a bearer. The Order bill of lading without an instruction for its issuance to the order of the shipper or consignee shall be deemed to have been issued to the order of the Consignor.

Article 147. Plurality of bill of lading copies

At the wish of the shipper, several copies (originals) of the bill of lading may be issued to him, with the number of available copies of the bill of lading stated in each of them. After the goods are handed over against the first of the originals of the bill of lading presented, the other copies shall be no longer in force.

Article 148. Handing over of bill of lading

The bill of lading is handed over subject to the following rules:

the Straight bill of lading may be handed over by a special endorsement or in other form in accordance with the regulations set out for assignment of a claim;

the Order bill of lading may be handed over by a special or blank endorsement;

the Bearer bill of lading may be handed over by simple delivery.

Article 149. Right of disposition of goods

1. The shipper shall be entitled to disposition of goods until they are handed over to the consignee or to transfer such right to the consignee or a third person. On the transfer of the right of disposition of goods to the consignee or a third person the shipper shall be bound to inform the carrier thereof.

2. The shipper shall be entitled to demand the return of the goods in the place of departure before the vessel departs, to release the goods in an interim port, or to release it to a consignee other than the one stated in the document of carriage, given that all the originals of the bill of lading issued to the shipper are presented or an appropriate security is furnished, subject to the regulations set out by Articles 155 and 156 of this Code.

§4. PERFORMANCE OF CONTRACT OF CARRIAGE OF GOODS BY SEA

Article 150. Duties of the carrier in respect of goods

1. The carrier, from the time of taking over the goods to the time of their delivery, shall with due care and diligence load, handle, stow, carry and store the goods, take care of them and discharge them.

2. Where the goods taken over for carriage, owing to its features, requires special handling, and relevant statements are contained in the contract of carriage of goods by sea and at places of loading, the carrier shall take care of the goods in accordance with such statements.

3. Any agreement of the parties inconsistent with paragraph 1 of this Article shall be null and void.

Article 151. Dangerous Goods

1. Where goods of an inflammable, explosive or dangerous nature was handed over under an inaccurate name, and the carrier could not make sure of their character at the receipt of the goods by direct external inspection, such goods may at any time be unloaded, destroyed or rendered innocuous as the circumstances may require without compensation for loss to the shipper.

The shipper shall be liable to the carrier for the loss resulting from the loading of such goods.

The freight for the carriage of such goods shall not be returned. Where the freight has not been paid at the shipment of the goods, the carrier shall be entitled to recover it in full.

2. Where the goods specified in paragraph 1 of this Article loaded with the knowledge and consent of the carrier becomes dangerous for the vessel, other goods or people on board the vessel, the carrier shall be entitled to unload, destroy or render such goods innocuous as the circumstances may require without compensation for loss to the shipper, except for general average.

The carrier shall be entitled to the freight to the extent proportion to the distance actually covered by the vessel with such goods.

Article 152. Time and route for carriage of goods

The carrier shall be bound to deliver goods within the time and by the route set out by agreement of the parties, and in default of agreement, within the time, which is reasonable to require from a diligent carrier, taking into account actual circumstances and by the usual route.

Article 153. Bar of the vessel's call at the port of destination

1. Where, due to a prohibition by the relevant authorities, natural phenomena or other reasons without the control of the carrier, the vessel may not enter the port of destination, the carrier shall be bound to immediately notify the shipper or charterer or the person authorized to dispose of the goods, if known by the carrier .

2. Where the entire vessel is chartered for the carriage of the goods, and for a reasonable period of time from the day of providing the notice by the carrier no order has been received from the shipper or charterer or the person authorized to dispose of the goods as to what to do with the goods, the master of the vessel shall be entitled either to discharge the goods in any of the nearest ports at his discretion or to return the goods to the port of departure, whichever the master of the vessel considers to be more profitable for the shipper or charterer or the person authorized to dispose of the goods.

3. Where less than the entire vessel is chartered for carriage of the goods, the master of the vessel shall discharge the goods, which can not be delivered to the port of destination, in another port in accordance with the instructions of the shipper or charterer or the person authorized to dispose of the goods. In default of such instructions within three days from the day of providing the notice by the carrier, the master of the vessel shall be entitled to discharge the goods in any of

the nearest ports at his discretion and notify the shipper or charterer or the person authorized to dispose of the goods thereof. The master shall be entitled to act so where the instructions received by him cannot be carried out without causing damage to the owners of other goods on board the vessel.

4. The carrier shall be entitled to compensation for costs, connected with waiting for the instructions of the shipper or charterer or the person authorized to dispose of the goods during a reasonable time, as well as the expenses on the goods and freight to the extent in proportion to the distance actually covered by the vessel.

§5. TERMINATION OF OBLIGATIONS UNDER A CONTRACT OF CARRIAGE OF GOODS BY SEA

Article 154. Denial by the carrier to perform the contract of carriage of goods by sea

Where the value of the loaded goods does not cover the freight and other expenses of the carrier on the goods and the shipper or charterer did not pay the freight in full prior to the departure of the vessel or did not furnish an additional security, the carrier shall be entitled before the vessel sets for the voyage to deny the performance of the contract of carriage of goods by sea and demand for the payment of half of the full freight, demurrage payment if demurrage of the vessel has occurred, and compensation for other expenses incurred by the carrier at the cost of the goods. The discharge of the goods shall be carried out at the expense of the shipper or charterer.

Article 155. Denial by the shipper or charterer to perform the contract of carriage of goods by sea

1. If the entire vessel was availed for the carriage of goods, the shipper or charterer shall be entitled to deny to perform the contract of carriage of goods by sea provided that the payment is made of:

1) a half of the full freight, and demurrage payment if demurrage of the vessel has occurred, other expenses incurred by the carrier at the cost of the goods and not included in the amount of freight, if the denial by the shipper or charterer is made before the expiry of lay time or demurrage time established for the loading of the goods, or before the vessel sets for a voyage, whichever time of the two came first;

2) the freight in full and other sums mentioned in subparagraph 1 of this paragraph, if the denial by the shipper or charterer is made after one of the dates stipulated in subparagraph 1 of this paragraph, and the contract of carriage of goods by sea was concluded for one voyage;

3) the freight in full for the first voyage and other amounts stipulated in subparagraph 1 of this paragraph, and a half of the freight for the other voyages if the denial by the shipper or charterer is made after one of the dates stipulated in subparagraph 1 of this paragraph, and the contract of carriage of goods by sea was concluded for several voyages.

At the denial to perform the contract of carriage of goods by sea by the shipper or charterer before the vessel sets for a voyage, the carrier shall be bound to release the goods to the shipper or charterer, even if the discharge of the goods may delay the vessel beyond the fixed time.

At the denial to perform the contract of carriage of goods by sea by the shipper or charterer during the voyage, the shipper or charterer shall be entitled to demand the release of the goods only in the port where the vessel shall call in accordance with the contract of carriage of goods by sea, or where it has called due to a necessity.

2. If less than the entire vessel availed for the carriage of goods, the shipper or the charterer deny to perform the contract of carriage of goods by sea, provided that the freight in full, demurrage payment if demurrage of the vessel has occurred, compensation for expenses incurred by the carrier at the cost of the goods and not included in the amount of freight are paid. The carrier shall be bound, upon the demand of the shipper or charterer, to release the goods before delivery of them to the port of destination, only if no damage is caused thereby to the carrier or other shipper or charterer.

**Article 156. Denial by each parties to perform the contract of carriage
of goods by sea**

1. Each of the parties to the contract of carriage of goods by sea shall be entitled to deny from it without compensating the other Party's losses if, before the departure of the vessel from the place of loading, the following circumstances occurred:

- 1) military or other actions presenting the danger of seizure of the vessel or its goods;
- 2) blockade of the place of departure or place of destination;
- 3) detention of the vessel by order of the relevant authorities for reasons not within the control of the parties to the contract of carriage of goods by sea;
- 4) enlisting the vessel for the services of the State;

5) prohibition by the relevant authorities to export the goods intended for carriage from the place of departure or to import the goods to the place of destination.

The circumstances specified in subparagraphs 3 and 5 of this paragraph cannot serve as a basis for recession from the contract of carriage of goods by sea without compensation of losses to other Party, if the detention of the vessel is anticipated to be short.

Where the circumstances specified in this paragraph occurred, the carrier shall not bear the costs of the discharge of the goods.

2. Each of the parties to the contract of carriage of goods by sea shall also be entitled to deny it as the result of any of the circumstances specified in paragraph 1 occurring during the voyage. In this case, the shipper or charterer shall compensate all costs of the goods to the carrier, including the costs of its discharge and the freight in an amount proportional to the distance covered by the vessel.

Article 157. Termination of the contract of carriage of goods

by sea due to impossibility to perform it

1. The contract of carriage of goods by sea shall be terminated with no duty of one of the parties to compensate the other the loss arising out of the termination of the contract if, after it has been concluded and before the vessel departs from the place of loading of the goods, due to circumstances not within the control of the parties:

the vessel is lost or is seized by force;

the vessel is found unseaworthy;

the specific goods perish;

the generic goods perish after they are handed over for loading, and the shipper fails to hand over other goods of the same kind for loading.

2. The contract of carriage of goods by sea shall be terminated due to the circumstances enumerated in paragraph I of this Article occurring during the voyage whereupon the carrier shall be entitled to the freight to the extent in proportion to the actual distance covered by the vessel depending on the quantity of goods saved and delivered.

§6. DISCHARGE AND RELEASE OF THE GOODS

Article 158. Person entitled to receive goods

1. The goods, the carriage of which is carried out on the basis of a bill of lading, shall be released by the carrier in the port of discharge upon production of the original bill of lading:

Straight bill of lading – to the consignee named in the bill of lading or the person to which the bill of lading has been handed over by a special endorsement or otherwise in accordance with the regulations set out for the assignment of a right;

Order bill of lading – to the person to whose order the bill of lading is made up, in the presence of endorsements in the bill of lading, to the person named in the last of a continuous list of endorsements or to a bearer of the bill of lading with a final blank endorsement;

Bearer bill of lading – to the bearer of the bill of lading.

2. Where carriage of goods is carried out on the basis of a maritime waybill, or on the basis of another similar document, the carrier may release the goods to the consignee named by the shipper in such document.

Article 159. Placing goods in storage

1. Where less than the entire vessel is chartered for the carriage of goods, and the consignee did not claim the goods or refused to receive it in the port of discharge, or delayed the receipt so that the goods could not be discharged in the specified time, the carrier shall be entitled to place the goods in storage with a warehouse or other safe place at the expense and the risk of the person authorized to dispose of the goods, with notifying thereof the shipper or charterer, as well as the consignee if known to the carrier .

2. If the entire vessel is chartered for carriage of the goods, the discharge and placing of the goods in storage shall be carried out by the carrier upon the expiry of lay time and demurrage time, and on the condition that during lay time or demurrage time no other instruction of the shipper or charterer or the person authorized to dispose of the goods have been received. The time spent by the carrier in placing goods in storage shall be deemed demurrage.

3. If within two months from the day of arrival of the vessel at the port of discharge, the goods placed in storage are not claimed, and if the shipper or charterer or the person authorized to dispose of the goods do not pay to the carrier all the payments due for the carriage of the goods, the carrier shall be entitled to sell the goods in accordance with an established procedure. Unclaimed perishable goods, as well as goods, in respect of which the costs of storage exceed their value, may be sold before the expiry of the specified period of time, but not earlier than the date for the delivery of the goods.

4. The proceeds from the sale of the goods less the payments due to the carrier and costs of the storage and sale of the goods shall be transferred by the carrier to the shipper or charterer.

Where the proceeds from the sale of the goods is insufficient for covering the payments due to the carrier and costs of the storage and sale of the goods, the carrier shall be entitled to recover the sum unpaid from the shipper or charterer.

Article 160. Payments on release of the goods to the consignee.

Right of retention of the goods

1. The consignee, at the delivery of goods, shall be obliged to compensate for all the expenses incurred by the carrier at the cost of the goods, make demurrage payment for the demurrage in the port of discharge, as well as to pay the freight and demurrage payment for the demurrage in the port of loading, if so provided in the bill of lading or other document under which the goods were carried, in event of general average, the consignee shall provide the general average deposit or furnish an adequate security

2. The carrier shall be entitled to retain possession of the goods until the amounts are paid or a security is furnished, as specified in paragraph I of this Article.

In event of placing the goods in storage with a warehouse not owned by the consignee, the carrier reserves the right to retain the goods, provided that an immediate notice thereof is given to the owner of the warehouse.

3. After the goods are released to the consignee, the carrier shall forfeit the right to demand from the shipper or charterer amounts not paid by the consignee, unless the carrier could not carry out the right of retention for reasons beyond his control.

4. The claims of the carrier retaining the goods shall be satisfied at the cost of their value to the extent and in the order established in the civil legislature of the Russian Federation

5. The proceeds from the sale of the goods, less amounts due to the carrier in accordance with paragraph 1 of this Article and reasonable expenses arising out of the sale of the goods, shall be transferred to the consignee.

Where the proceeds from the sale of the goods is insufficient for the payment of amounts due to the carrier in accordance with paragraph I of this Article, the carrier shall be entitled to recover the sum unpaid from the shipper or charterer.

Article 161. Survey of goods or inspection of their condition

In event of an actual or suspected loss of or damage to goods the consignee and carrier shall be bound to grant each other an opportunity of making a survey of goods or inspection of their condition prior to the release of it to the consignee. The costs of survey of goods or inspection of their condition shall be borne by that demanding the survey or inspection. Where,

as a result of the survey of goods or inspection of their condition upon the demand of the consignee, a loss of or damage to the goods is discovered, for which the carrier is liable, the costs of survey of goods or inspection of their condition shall be compensated by the carrier .

Article 162. Statement of loss of or damage to the goods

1. Where, prior to the release of the goods or in course of the release of the goods, the consignee did not state to the carrier in writing on the loss of or damage to the goods nor did specify the general character of the loss or damage, the goods shall be deemed to have been received in compliance with the terms of the bill of lading, unless otherwise proved.

2. Where the loss of or damage to the goods could be discovered by a normal way of the receipt of it, the statement to the carrier may be made by the consignee within three days after the release of the goods.

3. The consignee need not make any statement specified in paragraph I of this Article, if he, together with the carrier, inspected the goods or checked their condition during the release of the goods.

§7. FREIGHT

Article 163. Payments for carriage of goods

All the payments due to the carrier shall be paid by the shipper or charterer. In cases stipulated in the agreement between the shipper or charterer and the carrier, and where information thereon is included into the bill of lading, the transfer of the duty to make payments to the consignee shall be allowed.

Article 164. Amount of Freight

1. The amount of freight shall be fixed by an agreement of the parties. In default of agreement of the parties, the amount of freight shall be calculated according to the rates used at the place of loading of the goods at the time of loading.

2. Where the quantity of the goods actually loaded onto the vessel exceeds that specified in the contract of carriage of goods by sea, the amount of freight shall be increased correspondingly.

3. Where, instead of the goods specified in the contract of carriage of goods by sea, other goods are loaded in respect of which the amount of freight is greater than that of the goods specified in the contract of carriage of goods by sea, freight shall be paid for the carriage of the goods actually loaded.

Where the amount of freight for carriage of the goods actually loaded is less than that of the goods specified in the contract of carriage of goods by sea, the freight shall be paid as specified in the contract of carriage of goods by sea.

Article 165. Freight for goods lost during carriage

1. For the goods lost during carriage, freight shall not be taken and shall be returned if paid in advance. Where the lost goods then turn out to have been salvaged, the carrier shall be entitled to freight to the extent in proportion to the distance actually covered by the vessel.

When calculating the freight for the distance actually covered by the vessel, the ratio shall be taken into account between the distance covered with the goods and the full length of the route of the agreed voyage, as well as the ratio between the expenses, efforts put and time spent, perils in connection with the distance actually covered by the vessel with the goods and those which would have normally occurred during the remainder of the voyage.

2. For the goods lost or damaged due to their natural properties or due to the circumstances within the control of the shipper freight shall be paid in full.

§8. LIABILITY OF THE CARRIER, SHIPPER OR CHARTERER

Article 166. Liability of the carrier

The carrier shall not be liable for the loss of or damage to goods taken over for carriage or for the delay of their delivery, if he proves that loss, damage or delay resulted from:

- 1) force majeure;
- 2) perils and accidents at sea or other navigable waters;
- 3) any measures taken to save life or reasonable measures taken to save property at sea;
- 4) fire, unless caused by the fault of the carrier ;
- 5) actions or orders by the relevant authorities (detention, arrest, quarantine and others);
- 6) act of war or civil commotions;
- 7) acts or omissions of the shipper or consignee;
- 8) latent defects of goods, its qualities or natural wastage;
- 9) defects in receptacle or packaging not discoverable from apparent condition;
- 10) insufficiency or inadequacy of marks;
- 11) strikes or other circumstances, causing a full or partial stoppage or restraint of work;
- 12) any other cause arising without the fault of the carrier, his servants or agents.

2. The carrier shall be deemed as having delayed delivery of goods, if the goods is not released in the port of discharge specified in the contract of carriage of goods by sea within the period of time fixed by the agreement of the parties, and in default of such agreement, during a reasonable period of time required from a diligent carrier with regard to the actual circumstances.

3. The person entitled to make a claim to the carrier in connection with loss of goods, may consider the goods lost, if the goods has not been released in the port of discharge to a person authorized to receive the goods, within thirty days from the expiry of the period of time established in paragraph 2 of this Article for the release of goods.

4. The carrier shall be liable for the loss of or damage to the goods taken over for carriage or the delay in their delivery from the time of taking over the goods for carriage till the time of its release.

Article 167. Navigational error

The carrier shall not be liable for the loss of or damage to goods taken over for carriage or the delay in their delivery, with the exception of goods carried in cabotage, if he proves that the loss, damage or delay has occurred as a result of an act or omission of the master, other members of the vessel's crew or the pilot in navigation or management of the vessel (navigational error).

Article 168. Exoneration of the carrier from liability against evidence of safety of the goods

The carrier shall not be liable for the loss of or damage to goods taken for carriage, which arrived at the port of destination in cargo spaces in good condition with the intact seals of the shipper, delivered in undamaged receptacle with no traces of being tampered during voyage, as well as goods accompanied by a representative of the shipper or consignee, unless the consignee proves that the loss of or damage to the goods taken over for carriage occurred with the fault of the carrier.

Article 169. Calculation of the amount of liability of carrier for loss of or damage to goods

1. The carrier shall be liable for the loss of or damage to goods taken over for carriage in the following amounts:

- 1) for the loss of goods – in the amount of the value of the lost goods;
- 2) for damage to the goods – in the amount by which its value has been depreciated;

3) in case of the loss of goods taken over for carriage with a stated value – in the amount of the stated value. For the carriage of goods with a stated value an additional payment shall be taken, the amount of which is fixed by the contract of carriage of goods by sea.

The carrier shall also return the freight he received, unless the freight is included to the cost of the lost or damaged goods.

2. The aggregate due to compensation shall be calculated on the basis of the value of the goods in the place where and at the day when the goods were discharged or were to be discharged from the vessel in accordance with the contract of carriage of goods by sea.

The value of the goods shall be determined on the basis of price at the commodity exchange, or in default of such price, on the basis of the existing market price, and in default of both prices – on the basis of the usual value of goods of the actual kind and quality.

From the amount due to compensation for the loss of or damage to goods, the costs of carriage of the goods (freight, duties and others) shall be deducted which should have been paid by the carrier, but were not paid due to the loss of or damage to goods.

Article 170. Limitation of liability of the carrier

1. Where the nature and type as well as the value of goods were not stated by the shipper before loading of the goods and were not entered in the bill of lading, the liability of the carrier for the loss of or damage to the goods taken over for carriage shall not exceed 666,67 units of account per one package or other unit of shipment or two units of account per one kilogram of gross weight of the lost or damaged goods, whichever of the amounts is the higher.

2. Liability of the carrier for delay in delivery of goods taken over for carriage may not exceed the amount of freight payable according to the contract of carriage of goods by sea.

3. The aggregate recoverable from the carrier under paragraphs 1 and 2 of this Article may not exceed the limit of liability established in accordance with paragraph 1 of this Article for a complete loss of goods, in regard of which such liability has arisen.

4. Where a container or pallet or other article of transport is used to consolidate goods, the number of packages or units enumerated in the bill of lading as carried in such article of transport, shall be deemed for the purposes of this Article as the quantity of packages or shipping units. With the exception of this case, such an article of transport is usually deemed to be a package or a shipping unit.

5. The parties to the contract of carriage of goods by sea may by an agreement set out the limits of liability exceeding those stipulated in paragraphs 1 to 3 of this Article.

Article 171. Claims to the carrier, his servants and agents

1. The regulations on liability of the carrier and regulations on the limitation thereof set out by Articles 166 and 170 of this Code, shall apply to any claim to the carrier in connection with the loss of or damage to goods taken over for carriage or delay in their delivery, within the scope of the contract of carriage of goods by sea, regardless of whether this claim stems from a contract or a tort.

2. Where a claim in connection with the loss of or damage to goods taken over for carriage or delay in their delivery is made against a servant or agent of the carrier, such servant or agent shall be entitled to avail himself of the regulations on liability and those on its limitation, which the carrier is entitled to invoke, if he proves that he acted within the scope of his employment.

3. With the exception of the case mentioned in Article 172 of this Code, the amounts recoverable from the carrier, his servants and agents, shall not exceed the limits of liability provided for in Article 170 of this Code.

Article 172. Loss of right to limit liability

1. The carrier shall not be entitled to the benefit of the limitation of liability provided for in Article 170 of this Code, if it is proved that the loss of or damage to goods taken over for carriage or delay in their delivery resulted from his personal act or omission, committed with intent, or by a grave negligence.

2. The servant or agent of the carrier shall not be entitled to limit liability provided for in paragraph 2 of Article 171 of this Code, if it is proved that the loss of or damage to goods taken over for carriage or delay in their delivery resulted from his personal act or omission, committed with intent, or by a grave negligence.

Article 173. Liability of the actual carrier

1. Where the performance of the carriage of goods or part thereof has been entrusted to an actual carrier, whether in pursuance of a liberty under the contract of carriage of goods by sea to do so, the carrier shall nevertheless be liable for the entire carriage of goods in accordance with the regulations set out in this section. In respect of carriage of goods performed by the actual carrier, the carrier shall be liable for the acts or omissions of the actual carrier and of his servants and agents, acting within the scope of their employment.

The actual carrier is any person, to whom the performance of the carriage of goods or part thereof has been entrusted by the carrier, or any other person, to whom such performance has been entrusted.

2. In accordance with the agreement between the carrier and the actual carrier, the regulations set out in this section on liability of the carrier shall also apply to the liability of the actual carrier for the carriage performed by him.

The regulations set out in paragraphs 2 and 3 of Article 171 and paragraph 2 of Article 172 shall apply in case of the agreement reached which is specified in the first subparagraph of this paragraph, and if a claim is made to a servant or agent of the actual carrier .

3. Any agreement under which the carrier assumes obligations not imposed by the regulations set out in this Chapter, or waives rights conferred by the regulations set out in this Chapter, shall affect the actual carrier only if agreed to by him in writing. Whether or not the actual carrier has so agreed, the carrier shall nevertheless remain bound by the obligations or waivers resulting from such agreement.

4. Where both the carrier and the actual carrier are liable, their liability shall be joint and several.

5. The aggregate of the amounts recoverable from the carrier and actual carrier for the loss of or damage to goods taken over for carriage or delay in their delivery shall not exceed the limits of liability provided for in this section.

6. The regulations set out in this section shall not prejudice the right of recourse as between the carrier and the actual carrier .

Article 174. Through carriage of goods

1. Where the carrier issues a Through bill of lading which provides that a part of the carriage of goods is to be performed by a person other than the carrier, the Through bill of lading may provide that the carrier shall not be liable for the loss of or damage to the goods taken over for carriage or delay in their delivery, caused by an occurrence which takes place while the goods are in the charge of the other person during such part of the carriage of goods. The burden of proof that the loss of or damage to the goods taken over for carriage or delay in their delivery were caused by such occurrence rests upon the carrier .

2. The person performing the part of carriage of goods shall be liable for the loss of or damage to the goods taken over for carriage or delay in their delivery caused by an occurrence which takes place while the goods are in his charge in accordance with regulations on liability of the carrier set out by this section.

**Article 175. Agreement to exonerate the carrier from liability
or reduction of the limits of his liability**

1. Where carriage of goods is performed on the basis of bill of lading or the bill of lading which is issued in accordance with a charter-party and governs the relationship between the carrier and the holder of the bill of lading other than the charterer, the agreement to exonerate the carrier from liability or reduction of limits of his liability established in this section shall be null and void.

2. Notwithstanding the regulations set out in paragraph 1 of this Article, the carrier shall be entitled to conclude an agreement on exoneration from his liability or the reduction of the limits of his liability specified by the regulations set out in this section:

1) from the time of receiving goods to the time of loading them on the vessel and after discharge of the goods until they are handed over;

2) if a bill of lading is not issued and the agreed terms of carriage of the goods are entered in a document which is not a document of title and contains a statement thereof. The regulations set out in this subparagraph shall apply to the carriage of specific goods, if the kind or type of the goods, their condition, terms of carriage of the goods, and conditions on which the carriage of goods is to be performed justify the conclusion of a special agreement.

Article 176. Liability of the shipper and charterer

The shipper and charterer shall be liable for losses incurred by the carrier, unless they prove that the losses are caused not by their fault or the fault of other persons, for whose acts or omissions they are liable.

Chapter IX. CONTRACT OF CARRIAGE OF PASSENGER BY SEA

Article 177. Definition of a contract of carriage of a passenger by sea

1. By a contract of carriage of a passenger by sea, the carrier shall undertake to carry the passenger to the port of destination and, if the passenger has registered his luggage, to deliver the luggage to the port of destination and hand it over to the person authorized to receive it; the passenger shall undertake to pay the fare of his carriage and, if he has registered the luggage, to pay for the carriage thereof.

2. Carrier is the person by or on behalf of whom the contract of carriage of passenger by sea has been concluded, whether the carriage is actually performed by the carrier or by the performing carrier .

Performing carrier is a person other than the carrier who, being the owner of the vessel or using the vessel on another lawful basis, who actually performs the whole or a part of the carriage of passenger.

3. Passenger is any person, carriage of whom is performed under the contract of carriage of a passenger by sea, or with the consent of the carrier to accompany a vehicle or animals under a contract of carriage of goods by sea.

Article 178. Application of the regulations set out in this Chapter

The regulations set out in this Chapter shall apply, unless otherwise set out in an agreement of the parties. In the cases directly specified in this Chapter, an agreement of the parties inconsistent with the regulations set out in this Chapter shall be null and void.

Article 179. Documents of carriage

Conclusion of the contract of carriage of a passenger by sea shall be certified by a ticket, and registration of the luggage – by a luggage receipt (ticket).

Article 180. Luggage and cabin luggage

For the purposes of this Chapter:

luggage means any article or vehicle the carriage of which is performed by the carrier under a contract of carriage of a passenger by sea, excluding articles or vehicles, carriage of which is performed under a contract of carriage of goods or animals by sea;

cabin luggage means luggage which the passenger has in his cabin or is otherwise in his possession, custody or control. Cabin luggage includes luggage which the passenger has in his vehicle or on it, with the exception of cases where the regulations set out by Article 182 and paragraphs 2 to 5 of Article 190 of this Code apply.

Article 181. Passenger's fare and payment for the carriage of his luggage

1. A passenger's fare and payment for the carriage of his luggage shall be fixed by agreement of the parties.

A passenger's fare and payment for the carriage of luggage by public transport shall be fixed according to the tariffs adopted in the order established by the laws of the Russian Federation.

2. The passenger shall be entitled:

to carry free of charge, during a foreign travel under a discount tariff, one child aged up to two years without a separate place availed. Other children aged up to two years as well as those from two to twelve years old are carried in accordance with a discount tariff with separate places availed to them;

to carry cabin luggage free of charge within the limits of a fixed norm.

Article 182. Periods of carriage of a passenger

The carriage of a passenger shall cover the following periods:

with regard to the passenger and his cabin luggage, the period during which the passenger and/or his cabin luggage are on board the vessel or in the course of embarkation and disembarkation, and the period during which the passenger and his cabin luggage are transported by water from land to the vessel or vice-versa, if the cost of such transportation is included in the fare or if the vessel used for this purpose of such auxiliary transport has been put at the disposal of the passenger by the carrier . With regard to the passenger, carriage does not include the period during which the passenger is in a marine terminal or on quay or in or on any other port installation;

with regard to cabin luggage, also the period during which the passenger is in a marine terminal or on quay or in or on any other port installation, if that luggage has been taken over by the carrier or his servant or agent and has not been re-delivered to the passenger;

with regard to other luggage which is not cabin luggage, the period from the time of its taking over by the carrier or his servant or agent on shore or on board the vessel until the time of its re-delivery to the passenger by the carrier or his servant or agent.

Article 183. Refusal by the passenger from the contract of carriage of a passenger by sea

1. A passenger shall be entitled to refuse from the contract of carriage of a passenger by sea before the departure of the vessel, as well as after the voyage has begun in any port, where the vessel calls for embarkation or disembarkation of passengers.

2. Where the passenger refused from the contract of carriage of a passenger by sea not later than the period of time expires which is established by the regulations for the carriage of a passenger by sea, adopted by the federal executive authority on transport, or did not arrive at the time of departure due to illness, or refused from the contract of carriage of passenger by sea before the time of departure due to illness or for reasons within the control of the carrier, both the fare and payment for carriage of luggage shall be returned to the passenger.

**Article 184. Refusal by the carrier from the contract of carriage
of a passenger by sea**

1. The carrier shall be entitled to refuse from the contract of carriage of a passenger by sea where the following circumstances not within the control of the carrier occur :

- 1) act of war or other acts creating a threat of seizure of the vessel;
- 2) blockade of the place of departure or place of destination;
- 3) detention of the vessel under the order of relevant authorities for reasons not within the control of the parties to the contract;
- 4) enlisting the vessel for the services for the state;
- 5) wreckage or seizure of the vessel;
- 6) recognition of the vessel as unseaworthy.

Where the carrier refuses to perform the contract of carriage of a passenger by sea before the vessel's departure, both the fare and payment for carriage of luggage shall be returned to the passenger, after the voyage has begun, their part to the extent in proportion to the distance, to which the carriage of passenger was not performed.

2. The carrier, who has refused to perform the contract of carriage of a passenger by sea in the face of circumstances specified in this Article, shall be bound, at his expense, to deliver the passenger, at his demand, to the port of departure or compensate the passenger for losses actually incurred.

Article 185. Modification of a contract of carriage of a passenger by Sea

1. The carrier shall be entitled to delay departure of the vessel, alter the route of carriage of the passenger, the place of embarkation and/or disembarkation, if such acts are necessary due to natural phenomena, unfavourable sanitary and epidemiological conditions in the place of departure, the place of destination or along the route of carriage of the passenger, as well as other circumstances not within the control of the carrier .

In cases specified in this paragraph the carrier shall be bound, at his expense, to deliver the passenger, at his demand, to the port of departure or compensate the passenger for losses actually incurred.

2. The regulations set out in paragraph I of this Article shall not prejudice the right of the passenger to refuse from the contract for the carriage of a passenger by sea.

Article 186. Liability of the carrier

1. The carrier shall be liable for the death of or personal injury to a passenger, as well as for the loss of or damage to the passenger's luggage, if the incident which causes the damage so suffered by the passenger occurred in the course of the carriage and was due to the fault of the carrier or his servants or agents acting within the scope of their employment.

A loss of or damage to the passenger's luggage shall include damage caused by not re-delivery of the luggage to the passenger within a reasonable time after the vessel's arrival, on which the luggage was carried or should have been carried.

2. The burden of proving that the incident which caused the loss or damage occurred in the course of the carriage of the passenger and his luggage, and the extent of the loss or damage caused shall lie with the claimant.

3. Fault of the carrier or of his servants or agents acting within the scope of their employment shall be presumed, unless contrary is proved, if the death of or personal injury to the passenger or the loss of or damage to cabin luggage resulted from shipwreck, collision, stranding, explosion or fire or defect in the vessel. In respect of loss of or damage to luggage other than cabin luggage, the fault of the said persons is presumed, unless the contrary is proved, irrespective of the nature of the incident which caused the loss of or damage to such luggage. In other cases the burden of proving fault shall lie with the claimant.

Article 187. Performing carrier

1. Where the performance of the carriage or part thereof has been entrusted to a performing carrier, the carrier shall nevertheless remain liable for the entire carriage of the passenger in accordance with the regulations set out in this Chapter. In addition, the performing carrier shall be subject and entitled to the regulations set out in this Chapter for the part of the carriage performed by him.

2. In respect of the carriage of a passenger performed by the performing carrier, the carrier shall be liable for the acts and omissions of the performing carrier or his servants and agents acting within the scope of their employment.

3. Any agreement under which the performing carrier assumes obligations not imposed on him by the regulations set out in this Chapter, or waive the rights conferred by such rules, shall affect the performing carrier only if agreed by him in writing.

4. Where liability both the carrier and the performing carrier are liable, their liability shall be joint and several.

5. The regulations set out in this Chapter shall not prejudice the right of recourse as between the carrier and the performing carrier.

Article 188. Loss of and damage to valuables

The carrier shall not be liable for the loss of and damage to monies, negotiable securities, gold, silverware, jewellery, ornaments, works of art or other valuables, except where such valuables have not been deposited with the carrier for safe-keeping. For deposited valuables the carrier shall be liable up to the limit of liability provided for in paragraph 4 of Article 190 of this Code, unless a higher limit is agreed in accordance with Article 191 of this Code.

Article 189. Intent or grave negligence of a passenger

Where the carrier proves that the death of or personal injury to a passenger was caused or contributed to or the loss of or damage to the passenger's luggage was contributed to by intent or grave negligence of a passenger the carrier may be exonerated wholly or partially from his liability.

Article 190. Limits of liability of the carrier

1. The liability of the carrier for damage caused by loss of life or personal injury of the passenger shall not exceed 175 thousand units of account in respect of the entire carriage. Where the damage is compensated in the form of periodical payments, the equivalent capital value of those payments shall not exceed the said limit of liability of the carrier .

2. The liability of the carrier for the loss of or damage to cabin luggage shall not exceed 1.8 thousand units of account per passenger in respect of the entire carriage.

3. The liability of the carrier for the loss of or damage to a vehicle, including to the luggage carried in or on it, shall not exceed 10 thousand units of account per vehicle in respect of the entire carriage.

4. The liability of the carrier for the loss of or damage to luggage other than that mentioned in paragraphs 2 and 3 of this Article, shall not exceed 2,7 thousand units of account per passenger in respect of the entire carriage.

5. The carrier and passenger may conclude an agreement on imposing liability on the carrier subject to a deductible not exceeding 300 units of account in the case of damage to a vehicle, and not exceeding 135 units of account per passenger in the case of loss of or damage to other luggage. In so doing, the said sums shall be deducted from the amount of damage caused to the passenger as a result of the loss of or damage to the vehicle or other luggage.

6. Interests on damages and legal costs shall not be included in the limits of liability prescribed in paragraphs 1 to 5 of this Article.

Article 191. Increase in the limits of liability of the carrier

The carrier and passenger may agree in writing to higher limits of liability for the carrier than those prescribed in paragraphs 1 to 5 of Article 190.

Article 192. Application of the limits of liability

1. Where a claim for compensation for damage in accordance with the regulations set out in this Chapter is made to a servant or agent of the carrier or the performing carrier, the servant or agent, if he proves that he acted within the scope of his employment, shall be entitled to avail himself of the limits of liability prescribed in respect of the carrier and the performing carrier by the regulations set out in this chapter.

2. The limits of liability prescribed in paragraphs 1 to 5 of Article 190 of this Code shall apply to the aggregate of the amounts recoverable in all claims arising out of the death of or personal injury to damage to any one passenger, or the loss of or damage to his luggage.

3. In respect of the carriage of a passenger performed by the performing carrier, the aggregate of the amounts recoverable from the carrier and the performing carrier and from their servants or agents acting within the scope of their employment shall not exceed the highest amount of compensation, which may be recovered from the carrier or the performing carrier, according to the regulations set out in this Chapter. In this case none of the persons mentioned shall be liable for a sum in excess of the limit of liability applicable to him.

4. Where a servant or agent of the carrier or the performing carrier is entitled, in accordance with paragraph 1 of this Article, to avail himself of the limits of liability of the carrier prescribed in paragraphs 1 to 5 of Article 190 of this Code, the aggregate of the amounts recoverable from the carrier or the performing carrier as the case may be, and from that servant or agent of the carrier or the performing carrier, shall not exceed the said limits.

Article 193. Loss of the right to limit liability

1. The carrier shall not be entitled to the benefit of the limits of liability of the carrier prescribed in paragraphs 1 to 5 of Article 190 and article 191 of this Code, if it is proved that the damage caused to the passenger resulted from an act or omission of the carrier done with intent or by grave negligence.

2. The servant or agent of the carrier or the performing carrier shall not be entitled to the benefit of the limits of liability of the carrier prescribed in paragraphs I to 5 of Article 190 and article 191 of this Code, if it is proved that the damage caused to the passenger resulted from their personal acts or omissions done with intent or by grave negligence.

Article 194. Notice of loss of or damage to luggage

1. The passenger shall give written notice to the carrier or his agent in the following cases:
apparent damage to cabin luggage, before or at the time of disembarkation of the passenger;

apparent damage to other luggage, before or at the time of its re-delivery to the passenger;

a loss of or damage to luggage, which is not apparent, within fifteen days from the date of the disembarkation of the passenger or the re-delivery of the luggage, or from the time when such re-delivery should have taken place.

2. Where the passenger fails to comply with the requirement, set forth in this Article, he shall be presumed, unless the contrary is proved, to have received the luggage undamaged.

3. The passenger's notice in writing need not be given if the condition of the luggage has at the time of its receipt been the subject of joint survey or inspection.

Article 195. Agreement to exonerate the carrier from liability or reduce the limits of his liability

An agreement, concluded before the incident occurred which caused the death of or personal injury to the passenger or the loss of or damage to his luggage, on exoneration of the carrier from liability or reduction of the limits of his liability in comparison with those prescribed in the regulations set out in this Chapter, with the exception of the case specified in paragraph 5 of Article 190 of this Code, or on transfer of the burden of proving which lies with the carrier, shall be null and void.

Article 196. Liability of the carrier for delay of the vessel's departure or late arrival

The carrier shall pay to the passenger a fine in an amount of up to fifty percent of the passenger's fare and payment for carriage of his luggage for a delay of vessel's departure or late arrival, unless it is proved that the delay of vessel's departure or late arrival occurred due to circumstances not within the control of the carrier .

Article 197. Scope of application of the regulations set out in this Chapter

1. The regulations on liability of the carrier for damage caused by the death of or personal injury to the passenger and on the limitation of such liability, set out in this Chapter, shall apply to the carriage of passengers in foreign travel, only if the carrier and passenger are not organizations or citizens of the Russian Federation.

2. Where the carrier and passenger are organizations or citizens of the Russian Federation, liability of the carrier for damage caused by the death of or personal injury to the passenger shall be determined in accordance with the regulations of the civil legislature of the Russian Federation.

3. The regulations set out in this Chapter on the liability of the carrier for the loss of or damage to luggage and on the limitation of such liability shall not apply to the carriage of it in cabotage.

With regard to the carriage of luggage in cabotage, the liability of the carrier for the loss of or damage to luggage shall be determined in accordance with the regulations of the civil legislature of the Russian Federation.

**Chapter X. CONTRACT OF CHARTERING VESSEL FOR
A TIME (TIME CHARTER)****Article 198. Definitions of a time charter**

By a contract of chartering a vessel for a time (time charter) the shipowner shall undertake to avail to the charterer for a fixed period of time, against a fixed payment (freight), of a vessel and the services of the members of its crew to use for the carriage of goods, passengers or for other purposes of merchant shipping.

Article 199. Application of the regulations set out in this Chapter

The regulations set out by this Chapter shall apply, unless otherwise is provided by an agreement of the parties.

Article 200. Contents of a time charter

A time charter shall contain the names of the parties, the name of the vessel, its technical and operational particulars (tonnage, cargo capacity, speed and others), area of operation, the purpose of chartering, the time and place of handing over and return of the vessel, freight rate and period of validity of the time charter.

Article 201. Time charter form

The time charter shall be concluded in writing.

Article 202. Sub-time charter

1. Unless otherwise is provided in the time charter, the charterer, within the scope of the rights conferred by the time charter, may conclude in his name contracts of chartering of the vessel for a time with a third party for the whole period of validity of the time charter, or for a part thereof (sub-time charter). Conclusion of a sub-time charter shall not exonerate the charterer from performing the time charter concluded by him with the shipowner.

2. The regulations set out in this Chapter shall apply to the sub-time charter.

Article 203. Seaworthiness of a vessel

1. The shipowner shall make the vessel seaworthy to the time of its handing over to the charterer, that is, he shall take measures to ensure the vessel's fitness (its hull, engines and equipment) for the purposes of chartering specified in the time charter, as well as those to man and properly equip the vessel.

2. The shipowner shall not be liable, if he proves that the unseaworthiness of the vessel has been caused by defects which could not be discovered by his due diligence (latent defects).

3. The shipowner shall also be bound for the period of validity of the time charter to maintain the seaworthiness of the vessel, pay expenses on insurance of the vessel and of his liability as well as those on providing for the members of the vessel's crew.

**Article 204. Duties of a charterer in the commercial use of the vessel
and the return of it**

1. The charterer shall be bound to use the vessel and services of the members of the vessel's crew in accordance with the purposes and terms of availing of them as specified in the time charter. The charterer shall pay the cost of bunkering and other costs and dues in connection with the commercial use of the vessel.

Incomes earned as a result of the use of the chartered vessel and the services of its crew members, shall be the property of the charterer, except for incomes earned from salvage, which shall be apportioned between the shipowner and charterer in accordance with Article 210 of this Code.

2. Upon the expiry of the period of validity of the time charter, the charterer shall be bound to return the vessel to the shipowner in the same condition he received it, taking into account a normal wear and tear.

3. In event of a late return of the vessel, the charterer shall pay for the delay in return at the rate of freight specified in the time charter or by the market rate of freight, if it exceeds the rate of freight specified in the time charter.

Article 205. Liability of the charterer to the cargo owner

Where the vessel is availed to the charterer for the carriage of goods, he shall be entitled to conclude in his name contracts of carriage of goods, sign charters, issue bills of lading, maritime waybills, and other transportation documents. In this case the charterer shall be liable to the cargo owner in accordance with the regulations set out by Articles 166 to 176 of this Code.

Article 206. Subordination of the vessel's crew members

1. The master and other members of the vessel's crew shall obey orders of the shipowner, relating to the management of the vessel including navigation, its daily routine and the vessel's crew complement.

2. The orders of the charterer relating to the commercial operation of the vessel shall be binding on the master and other members of the vessel's crew.

Article 207. Exoneration of the charterer from liability for losses caused by salvage, wreckage or damage to the vessel

The charterer shall not be liable for losses caused by salvage, wreckage or damage to the vessel, unless it is not proved that the losses were caused at the fault of the charterer.

Article 208. Payment of freight

1. The charterer shall pay the freight to the shipowner in the order and within periods of time specified in the time charter. The charterer shall be exonerated from the payment of the freight and the expenses on the vessel for the time during which the vessel was not fit for operation due to its unseaworthiness.

When a vessel becomes unfit for operation at the fault of the charterer, the shipowner shall be entitled to the freight specified in the time charter, irrespective of compensation by the charterer for losses suffered by the shipowner.

2. In the case of delay in the payment of freight by the charterer for more than fourteen calendar days, the shipowner shall be entitled, without notice, to withdraw the vessel from the charterer and recover the losses incurred by this delay.

Article 209. Wreck of the vessel and payment of freight

In the case of wreck of the vessel, the freight shall be paid from the day specified in the time charter until the day of wreck of the vessel, and if this day is impossible to determine, until the day of the last report about the vessel received.

Article 210. Reward for rendering salvage services

The reward due to the vessel for salvage services, rendered before the expiry of the time charter, shall be apportioned in equal shares between the shipowner and charterer, less the expenses on the salvage and a share of the reward due to the vessel's crew.

**Chapter XI. CONTRACT FOR CHARTERING A VESSEL
WITHOUT CREW (BAREBOAT CHARTER)****Article 211. Definition of a bareboat charter**

By a contract of chartering a vessel without crew (bareboat charter) the shipowner shall undertake to avail to the charterer to use and possession for a fixed period of time, against a fixed payment (freight), of an unmanned and unequipped vessel for the carriage of goods, passengers or for other purposes of merchant shipping.

Article 212. Application of regulations set out in this Chapter

The regulations set out by this Chapter shall apply, unless otherwise is provided by an agreement of the parties.

Article 213. Contents of a bareboat charter

A bareboat charter shall contain the names of the parties, the name of the vessel, its class, flag, its technical and operational particulars (tonnage, cargo capacity, speed and others), fuel consumption, area of operation, the purpose of chartering, the time and place of handing over and return of the vessel, freight rate and period of validity of the time charter.

Article 214. Bareboat charter Form

The bareboat charter shall be concluded in writing.

Article 215. Sub-bareboat charter

1. Unless otherwise is provided in the bareboat charter, the charterer, within the scope of the rights conferred by the bareboat charter, may conclude in his name contracts of chartering of the vessel without crew with a third party for the whole period of validity of the bareboat charter, or for a part thereof (sub-bareboat charter).

Conclusion of a sub-time charter shall not exonerate the charterer from performing the bareboat charter concluded by him with the shipowner.

2. The regulations set out in this Chapter shall apply to the sub-bareboat charter.

Article 216. Seaworthiness of a vessel

1. The shipowner shall make the vessel seaworthy to the time of its handing over to the charterer, that is, he shall take measures to ensure the vessel's fitness (its hull, engines and equipment) for the purposes of chartering specified in the bareboat charter.

2. The charterer shall be bound for the period of validity of the bareboat charter, to maintain the seaworthiness of the vessel, but rectification of latent defects shall be a duty of the shipowner.

Article 217. Vessel's crew

The charterer shall arrange for manning of the vessel. The charterer shall be entitled to man the vessel with persons other than those who have previously been members of that vessel's crew, or in accordance with the terms of the bareboat charter, with persons, who have previously been members of that vessel's crew, subject to the regulations set out in Article 56 of this Code. Regardless of the method of manning the vessel, the master and other members of the vessel's crew shall be subordinate to the charterer in every respect.

Article 218. Duties of the charterer in operation of the vessel and the return of it

1. The charterer shall operate the vessel in accordance with the terms of the bareboat charter and shall bear all expenses in connection with its operation, including the expenses on providing for the vessel's crew members. The charterer shall pay up expenses on insurance of the vessel and of his liability, as well as paying all dues recovered from the vessel.

2. Upon the expiry of the period of validity of the time charter, the charterer shall be bound to return the vessel to the shipowner in the same condition he received it, taking into account a normal wear and tear.

Article 219. Liability of the charterer to third parties

The charterer shall be liable to third parties for any claim arising out of operation of the vessel, except for claims for compensating for damage caused by oil pollution from vessels and damage in connection with the carriage of hazardous and noxious substances.

Article 220. Losses caused by salvage, wreck of or damage to the vessel

Losses caused by salvage, wreck of or damage to the vessel shall be borne by the charterer, unless he proves that the losses were caused not at his fault.

Article 221. Payment of freight to the shipowner

1. The charterer shall pay the freight to the shipowner for a month in advance by the rate agreed by the parties. The charterer shall be exonerated from the payment of the freight and the expenses on the vessel for the time during which the vessel was not fit for operation due to its unseaworthiness, unless the unseaworthiness has arisen at the fault of the charterer.

2. In the case of delay in the payment of freight by the charterer for more than fourteen calendar days, the shipowner shall be entitled, without notice, to withdraw the vessel from the charterer, with exception of the case stipulated in Article 222 of this Code, and to recover the losses incurred by this delay.

3. In event of the wreck of the vessel, freight shall be paid from the day specified in the bareboat charter until the day of the wreck of the vessel, and, if this day is impossible to determine, until to the day of the last report about the vessel received.

Article 222. Inadmissibility of withdrawal of the vessel

Under the bareboat charter, with the clause of redemption of the vessel in accordance with Article 223 of this Code, the shipowner shall not be entitled to withdraw the vessel from the charterer in the case of a delay in paying freight of more than fourteen calendar days, if this delay resulted from occurrences not within the control of the charterer, but he shall be entitled to recover from the charterer the losses incurred by this delay.

Article 223. Redemption of the vessel

Under the bareboat charter, with the clause of redemption of the vessel, upon the expiry of the period of validity of the bareboat charter the vessel shall be passed into the ownership of the charterer, provided the latter has performed his duties under the bareboat charter and has made the last payment of freight in accordance with paragraph I of Article 221 of this Code.

Article 224. Liability for defects of the redeemed vessel

The shipowner shall be liable for any defects in the vessel redeemed by the charterer, including latent defects, if the charterer proves that such defects have arisen before the vessel was handed over to him or for reasons that arose before its handing over.

Chapter XII. TOWAGE CONTRACT

Article 225. Definition of the towage contract

Under the towage contract, the owner of one vessel undertakes against a remuneration to tow another vessel or other floating object over a specified distance (marine towage) or for performing manoeuvres in the aquatorium of the port, including bringing a vessel or other floating object to port or taking them out of the port (port towage).

Article 226. Application of regulations set out in this Chapter

The regulations set out in this Chapter shall apply, unless otherwise provided in an agreement of the parties.

Article 227. Form of the towage contract

1. The contract of marine towage shall be concluded in writing.
2. The contract of port towage may be concluded orally. The agreement to place the duties of managing towage on the master of the towing vessel shall be concluded in writing.

Article 228. Duties of parties to the towage contract

1. Each party of the towage contract shall be obliged in good time to bring the vessel or other floating object in a condition fit for towage.
2. Towage shall be exercised with the skill required by the circumstances, without breaks and delays, except those necessary, and in accordance with good sailing practice.
3. The vessel or other floating object under management of the master of another vessel or other floating object shall also exercise diligence in respect of the safe sailing of the tow.

Article 229. Liability in marine towage

1. Marine towage shall be exercised under the management of the master of the towing vessel.

Liability for damage caused during marine towage to the towed vessel or other floating object, or to people or property thereon, shall lie with the shipowner of the towing vessel, unless he proves that the damage has not been caused at his fault.

2. The parties to the marine towage contract may, by an agreement in writing, place on the master of the towed vessel or other floating object the duty of management of marine towage.

In this case, the liability for damage to the towing vessel, or to people or property thereon, caused by sea towage, shall lie with the shipowner of the towed vessel or other floating object, unless he proves that the damage has been caused not at his fault.

Article 230. Liability in port towage

1. Port towage shall be exercised under the management of the master of the towed vessel or other floating object.

Liability for damage caused during port towage to the towing vessel, or to people or property thereon, shall lie with the shipowner of the towed vessel or other floating object, unless he proves that the damage has not been caused through his fault.

2. The parties to the port towage contract may, by an agreement in writing, to place on the master of the towing vessel the duty of management of port towage. In this case, the liability for damage to the towed vessel or other floating object, or to people or property thereon, caused by port towage, shall lie with the shipowner of the towing vessel, unless he proves that the damage has not been caused at his fault.

Article 231. Liability in towage in ice-covered waters

The shipowner of the towing vessel shall not be liable for damage caused to the towed vessel or other floating object, or to people or property thereon when towed in ice-covered waters, unless it is proved that the damage has been caused at his fault.

Chapter XIII. CONTRACT OF MARINE AGENCY

Article 232. Definition of the contract of marine agency

Under the contract of marine agency the marine agent undertakes to perform, against a remuneration on the instructions of the shipowner and at his expense, legal and other actions in his own name or on behalf of the shipowner in a specified port or within a specified area.

Article 233. Application of the regulations set out in this Chapter

The regulations set out in this Chapter shall apply, unless otherwise provided by an agreement of the parties.

Article 234. Limitation of general powers of the marine agent

In the event of limitation by the shipowner of general powers of the marine agent to exercise transactions on behalf of the shipowner, any transaction entered by the marine agent with a third party who acted in good faith shall be deemed valid and shall entail rights and duties

in respect of the transaction effected for the shipowner, unless the third party knew of such limitation.

Article 235. Actions of the marine agent in the interests of different parties

The marine agent may likewise, with the consent of the shipowner, perform legal and other actions in favour of another party, which authorized him to perform such actions.

Article 236. Contract of marine sub-agency

The marine agent shall be entitled, for the purposes of performing the contract of marine agency, to conclude contracts of marine sub-agency with other persons, remaining liable to the shipowner for actions of a marine sub-agent. The marine sub-agent shall not be entitled to enter transactions with third parties on behalf of the shipowner, unless the marine sub-agent acts under a transfer of trust.

Article 237. Rights and duties of the marine agent

1. The marine agent shall exercise various formalities, connected with the vessel's arrival to, sojourn in and departure from the port, render assistance to the master in establishing contacts with port and local authorities, in the organization of supply and servicing of the vessel in the port, drawing up documents on cargo, encash freight amounts and other amounts due to the shipowner on claims arising from the contract of carriage of goods by sea, pay out upon the order of the shipowner or the master, amounts due for payment in connection with the ship's sojourn in the port, booking cargo for line shipping, arrange collection of freight and cargo forwarding and exercise other actions within the scope of marine agency.

2. The marine agent shall be bound to:

exercise his functions in the interests of the shipowner in good faith and in accordance with the practice of marine agency;

act within the scope of his authority;

keep records of expenditure and present reports to the shipowner in the order and time specified in the contract of marine agency.

Article 238. Duties of the shipowner

The shipowner shall be bound to:

provide the marine agent with funds sufficient for exercising actions in accordance with the contract of marine agency;

compensate the marine agent for expenses incurred by him;

be liable for the consequences of actions of the marine agent, performed on behalf of the shipowner and within the scope of his authority;

pay to the marine agent a fee in the amount and order specified in the contract of marine agency.

Article 239. Termination of contract of marine agency

1. Where the contract of marine agency is concluded for a fixed period of time, the expiry of this period shall entail termination of the contract.

2. Where the contract of marine agency is concluded for an indefinite period of time, each of the parties shall be entitled to terminate such contract, having notified the other party not later than three months before the date of termination of the contract.

Chapter XIV. CONTRACT OF MARINE BROKERAGE

Article 240. Definition of the contract of marine brokerage

Under the contract of marine brokerage the broker (marine broker) undertakes, on behalf of and at the expense of the principal, to render brokerage services in concluding contracts of sale of vessels, contracts of chartering or towage of vessels, as well as marine insurance contracts.

Article 241. Application of the regulations set out in this Chapter

The regulations set out in this Chapter shall apply, unless otherwise provided by an agreement of the parties.

Article 242. Marine broker performing marine agent's actions

The marine broker, on behalf of the principal, may exercise carry formalities connected with the vessel's arrival to, sojourn in or departure from the port, and other actions usually performed by the marine agent in accordance with Article 237 of this Code. In this case, the regulations on the contract of marine agency stipulated in Articles 232 to 239 shall apply.

Article 243. Actions of the marine broker in interests of both parties

At the conclusion of the contracts mentioned in Article 240 of this Code, the marine broker may represent both parties to such contracts, if the parties have authorized him to do so. In such case, the marine broker shall be bound to notify each party, that he also represents the other party, and when rendering brokerage services shall be bound to act in the interests of both parties.

Article 244. Remuneration for services of a marine broker

The marine broker shall be entitled to a remuneration for rendering brokerage services at the conclusion of contracts specified in Article 240 of this Code, if such contracts were concluded as a result of efforts of the marine broker.

Article 245. The marine broker's duty to report

After performing instructions of the principal, the marine broker shall be bound to give account of amounts received from the principal.

Chapter XV. CONTRACT OF MARINE INSURANCE

Article 246. Definition of the contract of marine insurance

Under the contract of marine insurance the insurer undertake, against a specified payment (insurance premium), if the perils or accidents covered by the contract of marine insurance occur, to which the object of insurance is exposed (insured event), to indemnify the insured or other person, to whose benefit the contract was concluded (beneficiary), for losses incurred.

Article 247. Application of the regulations set out in this Chapter

The regulations set out in this Chapter shall apply, unless otherwise provided by an agreement of the parties. In cases directly mentioned in this Chapter, an agreement of the parties inconsistent with these regulations shall be null and void.

Article 248. Form of the contract of marine insurance

The contract of marine insurance shall be concluded in writing.

Article 249. Objects of marine insurance

1. Any property interest connected with merchant shipping may be the object of marine insurance such as a vessel, a vessel under construction, cargo, freight, passenger fare, rent, profit anticipated from the cargo and other claims secured by the vessel, cargo and freight, wages and other amounts due to the master and other members of the vessel's crew, including repatriation costs, liability of the shipowner and risks assumed by the insurer (reinsurance)

2. The object of marine insurance shall be specified in the contract of marine insurance.

Article 250. Information on risks

1. At the conclusion of a contract of marine insurance, the insured shall inform the insurer of circumstances essential for the assessment of the level of risks, which are known or should be known by the insured, as well as provide data demanded by the insurer.

The insured shall be exonerated from the duty to provide the insurer with information of common knowledge, as well as information which is known or should be known by the insurer.

2. Where the insured has failed to present to the insurer information on circumstances essential for the assessment of the level of risks, or where inaccurate information has been presented, the insurer shall be entitled to deny to perform the contract of marine insurance. In this case the insurance premium shall be due to the insurer, unless the insured proves that he failed to present the information or presented inaccurate information not by his personal fault.

3. The insurer shall not be entitled to deny to perform the contract of marine insurance, if the circumstances essential for the assessment of the level of risks, about which the insured failed to inform the insurer, have disappeared.

4. Where, at the conclusion of the contract of marine insurance, the insured has failed to answer questions of the insurer on information required by the insurer, the insurer may not subsequently deny to perform the contract of marine insurance for the reason that such information was not given to him.

Article 251. Insurance policy and terms of insurance

The insurer shall issue to the insured a document evidencing the conclusion of the contract of marine insurance (insurance policy, insurance certificate or other insurance document), and shall provide him with the insurance terms and conditions.

Article 252. Insurance premium

The insured shall pay to the insurer the insurance premium at the time stipulated by the contract of marine insurance. The contract of marine insurance shall enter into force and effect at the time of payment of the insurance premium.

Article 253. Beneficiary

1. The contract of marine insurance may be concluded by the insured to his own benefit or to the benefit of the beneficiary, irrespective of whether the name of the beneficiary is indicated in the contract of marine insurance or not.

2. At the conclusion of the contract of marine insurance that does not contain the name of the beneficiary, the insurer shall issue to the insured an insurance policy or other insurance document to the benefit of the bearer.

Article 254. Duties of the insured or the beneficiary

Where the contract of marine insurance is concluded to the benefit of the beneficiary, the insured shall bear all duties under the contract. The beneficiary shall likewise bear all duties under the contract of marine insurance, if the contract was concluded by his commission or without a

commission but on a condition that the beneficiary subsequently expresses his consent to the insurance.

Article 255. Rights of the insured under the contract of marine insurance to the benefit of the beneficiary

In case of insurance to the benefit of a beneficiary, the insured shall enjoy all rights under the contract of marine insurance without any power of attorney from the beneficiary.

Article 256. Production of the insurance policy at the time of payment of an insurance indemnity

At the time of payment of an insurance indemnity, the insurer shall be entitled to demand the insurance policy or other insurance document issued by the insurer to be produced.

Article 257. Effects of an alienation of insured cargo

1. In the event of an alienation of insured cargo, the contract of marine insurance shall remain in force, all rights and duties of the insured thereunder being transferred to the acquirer of the cargo.

2. Where, the insurance premium has not been paid prior to cargo alienation, the duty to pay it shall be borne by both the insured of the cargo and the acquirer of it. A demand to pay the insurance premium shall have no force against the holder of the insurance policy or other insurance document bearing no indication that the insurance premium has not been paid.

Article 258. Effects of an alienation of an insured vessel

1. In event of alienation of an insured vessel, the contract of marine insurance shall be terminated from the time of the alienation of the vessel. In event of an alienation of an insured vessel during a voyage upon the demand of the insured the contract of marine insurance shall remain in force until completion of the voyage and all the rights and duties of the insured shall transfer to the acquirer of the vessel.

The effects prescribed in the first subparagraph of this paragraph shall likewise apply in event of transferring an insured vessel to the use and possession of a charterer under a bareboat charter.

2. The regulations set out in this Article shall likewise apply to the contract of marine insurance of the shipowner's liability.

Article 259. Insured amount

1. When concluding the contract of marine insurance the insured shall be obliged to announce the amount, for which he is insuring the interest concerned (insured amount).

2. Where a vessel, cargo or other property is insured, the insured amount may not exceed their actual value at the time of concluding the contract of marine insurance (insurable value) The parties may not challenge the insurable value of property, specified in the contract of marine insurance, unless the insurer proves that he has been intentionally misled by the insured.

3. Where the insured amount specified in the contract of marine insurance exceeds the insurable value of the property, the contract of marine insurance shall be null and void in the part of the insured amount which in excess of the insurable value.

4. Where the insured amount announced is less than the insurable value of property, the amount of insurance indemnity shall be decreased in proportion to the ratio of the insured amount to the insurable value.

Article 260. Double insurance

1. Where the object is insured by several insurers for amounts whose total exceeds its insurable value (double insurance), all insurers shall be liable only in the amount of the insurable value, each of them being liable in the amount proportional to the ratio of the insured amount under the contract of marine insurance concluded by him to the total insured amount under all contracts of marine insurance concluded in respect of the said object.

2. Where the same liability of the shipowner is insured by several insurers (double insurance), each of the insurers shall be liable in the amount equal to his liability the contract of marine insurance concluded by him.

If when the insured event occurred the amount of liability of the shipowner is less than the total amount of liability of all the insurers, each of the insurers shall be liable in the amount proportional to the ratio of the amount of his liability to the total amount of liability of all insurers.

Article 261. Occurrence of losses prior to the conclusion of the contract of marine insurance or absence of them

1. The contract of marine insurance shall retain force, even though if by the time of its conclusion, the possibility of losses subject to indemnification has already disappeared, or if such losses have already occurred. Where the insurer, at the conclusion of the contract of marine insurance, knew or ought to have known that the possibility of the insured event ever happening was ruled out, or if the insured or beneficiary knew or ought to have known about incurred losses subject to indemnification due by the insurer, the performance of the contract of marine insurance shall not be binding on the party who did not know of such circumstances.

2. The insurance premium shall be also due to the insurer in case where the performance of the contract of marine insurance is not binding on him.

Article 262. General insurance policy

All goods or goods of a certain type received or shipped by the insured within a specified period of time, may be insured under a special agreement (general insurance policy).

Article 263. Information on cargo

1. The insured shall be obliged, with regard to each shipment of cargo covered by the general insurance policy, to provide the insurer with all the necessary information immediately upon the receipt of the cargo, in particular, the name of the vessel carrying the cargo, the route of the cargo and the insured amount. The insured shall not be exonerated from such duty, even though he receives the information about the cargo shipment after it has been delivered undamaged to the port of destination.

2. If the insured fails to provide or provides untimely the required information about separate shipments of cargo by negligence, the insurer shall be entitled to refuse indemnification of losses in respect of such shipments of cargo, the insurer remaining entitled to the full amount of the insurance premium, which he may receive, has the said information been conveyed in full and in due time.

3. The insurer shall be entitled to refuse from insurance under the general insurance policy, if the insured intentionally:

has failed to provide necessary information on separate shipments of cargo or provided it untimely;

wrongly specified the type and sort of cargo or its insured amount.

In such cases, the insurer shall be entitled to the full amount of the insurance premium, which he could have obtained had in the insured performed the contract of marine insurance with good faith.

Article 264. Insurance policies or insurance certificates of separate shipments of cargo

1. Upon the demand of the insured, the insurer shall be obliged to issue insurance policies or insurance certificates for separate shipments of cargo within the scope of effect of the general insurance policy.

2. Where there is an inconsistency between the contents of the insurance policy or insurance certificate for separate shipments of cargo and that of the general insurance policy, insurance policies and insurance certificates shall prevail.

Article 265. Intent or grave negligence of the insured or beneficiary

The insurer shall not be liable for losses caused intentionally or by grave negligence of the insured or beneficiary or of his representative.

Article 266. Exoneration of the insurer from liability in insurance of a vessel

Where a vessel is insured, the insurer shall not be liable, except in the cases mentioned in Article 265 of this Code, for losses resulting from:

sailing of the vessel in a condition of unseaworthiness, unless the unseaworthiness of the vessel derived from latent defects thereof;

dilapidation of the vessel or its adjuncts, their wear and tear;

loading, with the knowledge of the insured or beneficiary or his representative, but without the knowledge of the insurer, of substances and objects dangerous in respect of explosion and self-combustion.

Article 267. Exoneration of the insurer from liability in insurance of cargo

Where cargo or a profit anticipated therefrom is insured, the insurer shall not be liable, except in the cases specified in Article 265 of this Code, for losses if he proves that they were caused:

intentionally or by grave negligence of the shipper or consignee or his representative;

as the result of inherent characteristics of the goods (damage, deterioration, rust, mildew, leakage, breakage, self-combustion and others);

as the result of improper packing.

Article 268. Exoneration of the insurer from liability in insurance of freight

Where freight is insured, the regulations set out in Articles 266 and 267 shall apply.

Article 269. Losses due to a nuclear incident

The insurer shall not be liable for losses resulting from a nuclear explosion, radiation or radioactive contamination unless otherwise stipulated in the regulations set out by this Code.

Article 270. Losses due to act of war or other acts

The insurer shall not be liable for losses resulting from acts of war or piracy, civil commotions, strikes, nor from the confiscation, requisition, arrest or destruction of the vessel or cargo on demand of the appropriate authorities.

Article 271. Effects of a change in risks

1. The insured or beneficiary shall be obliged immediately as soon as it becomes known to him to inform the insurer of any essential change having occurred to the object of insurance or in respect of the object of insurance (transshipment, change of transport mode, change of port of discharge, deviation from the specified or usual route, placing of the vessel for wintering and others).

2. Any change increasing the risks, unless caused by the salvage of life or vessel or goods, or by the necessity for the safe continuation of the voyage, shall render the insurer entitled to reconsider the terms of the contract of marine insurance or demand an additional insurance premium to be paid. If the insured does not consent to it, the contract of marine insurance shall be terminated from the time of such change occurred.

3. Where the insured or beneficiary fails to perform the duty set out in paragraph I of this Article, the insurer shall be released from the performance of the contract of marine insurance from the time of a substantial change occurred to the object of insurance or in respect of the object of insurance.

The insurance premium remains in full due to the insurer unless the insured or beneficiary proves that the failure to perform the said duty did not occurred at his fault.

Article 272. Prevention or minimizing of losses

1. Where the insured event occurs, the insured shall take measures which are reasonable and feasible in the circumstances to prevent or minimize losses. The insured shall immediately notify the insurer of occurrence of the insured event and follow the instructions of the insurer, if any.

2. The insurer shall be exonerated from liability for losses incurred due to the failure of the insured or beneficiary intentionally or by grave negligence to take measures to prevent or minimize losses.

Article 273. Securing by the insurer of general average contributions

The insurer shall be bound upon the demand of the insured or beneficiary to furnish, within the limits of the insured amount, security for payment of general average contributions covered by the terms of the insurance.

**Article 274. Protection of the insurer's interests when drawing
up an average statement**

When drawing up an average statement covered by the terms of the insurance, the insured shall protect the interests of the insurer.

Article 275. Compensation for the insured's expenses

1. The insurer shall be bound to compensate the insured or beneficiary for necessary expenses made by him for:

prevention or minimizing of losses, for which the insurer is liable, even if the measures taken by the insured or beneficiary to prevent or minimize losses proved to be unsuccessful;

carrying out the insurer's instructions in accordance with Article 272 of this Code;

ascertaining and assessing the extent of losses due for compensation by the insurer;

drawing up a general average statement.

2. The expenses specified in paragraph I of this Article shall be compensated in the amount proportional to the ratio of the insured amount to insurable value.

Article 276. Liability of the insurer in excess of the insured amount

1. The insurer shall be liable for losses within the limits of the insured amount, but the expenses mentioned in Article 275 of this Code, as well as general average contributions shall be compensated by the insurer, irrespective of whether those losses, together with the losses due for indemnification, exceed the insured amount or not.

2. The insurer shall be liable for losses caused by several insured events occurring in succession, even if the total of such losses exceeds the insured amount.

Article 277. A missing vessel

1. In event of a missing vessel, stipulated in Article 48 of this Code, the insurer shall be liable in the amount of the full insured sum.

2. Under the contract of marine insurance for a fixed period, the insurer shall be liable for a missing vessel, if the latest news about the vessel has been received before the period of validity of the contract of marine insurance of the vessel expired, and unless the insurer proves that the vessel perished after the expiry of the said period.

Article 278. Abandonment

1. Where property is insured against loss, the insured or beneficiary may notify the insurer of the waiver of his rights to the insured property (abandonment) and obtain the full insured amount, in event of:

- 1) the vessel missing;
- 2) destruction of the vessel and (or) goods (total actual loss);
- 3) economic inexpedience of restoration or repair of the vessel (total constructive loss);
- 4) economic inexpedience of repair of damage to the vessel or the delivery of goods to the port of destination;
- 5) seizure of the vessel or goods insured against such peril, if the seizure lasts more than six months.

In the above cases, the insurer shall obtain:

- all rights to the insured property in full value insurance;
- rights to a share of the insured property in proportion to the ratio between the insured amount to the insurable value in partial insurance.

2. An agreement of the parties inconsistent with the regulations set out in this Article shall be null and void.

Article 279. Notice of abandonment

1. The notice of abandonment shall be made to the insurer within six months after the expiry of the period or occurrence of circumstances specified in Articles 277 and 278 of this Code.

2. On the expiry of the period of six months, the insured or beneficiary shall lose the right to abandonment and may demand indemnification for losses on common grounds.

3. The notice of abandonment shall be unconditional and may not be revoked by the insured or beneficiary.

4. An agreement of the parties inconsistent with the regulations set out in this Article shall be null and void.

Article 280. Return of insurance indemnity

Where, after obtaining insurance indemnity, the vessel turns out not to have perished, the insurer may demand that the insured or beneficiary, having retained the property, return the insurance indemnity less that part thereof which corresponds to actual damage incurred by the insured or beneficiary.

Article 281

Transfer of rights of the insured or beneficiary to the insurer (subrogation)

1. Upon payment of insurance indemnity the insurer shall be subrogated, to the extent of the amount paid, to the right of claim, which the insured or beneficiary has in respect of the person liable for the damage caused. The insurer shall exercise this right subject to a procedure established for a person who obtained the insurance indemnity.

2. Where the insured or beneficiary has waived his right of claim against the person liable for the caused damage, or if the exercise of such right is impossible through the fault of the insured or beneficiary, the insurer shall be exonerated from the payment of the insurance indemnity in full or in a respective part.

Article 282. Transfer of documents and evidence to the insurer

In the cases specified in Articles 278 and 281 of this Code, the insured or beneficiary shall be obliged to transfer all documents and evidence to the insurer, and convey to the latter all information necessary for exercising by the insurer of the rights passed to him.

Article 283. Effects of indemnification for losses by third parties

Where indemnification for losses to the insured or beneficiary is provided by third parties, the insurer shall pay to the insured or beneficiary only the difference between the amount payable under the contract of marine insurance and the amount obtained by the insured or beneficiary from the third parties.

Chapter XVI. GENERAL AVERAGE

Article 284. Notion of general average and principles of its adjustment

1. General average means any extraordinary sacrifice or expenditure which is made intentionally and reasonably for the purpose of common safety or for preserving from peril the property involved in a common maritime adventure – the vessel, freight and goods carried by the vessel.

2. Only such losses, which are the direct consequence of acts mentioned in paragraph I of this Article, shall be allowed as general average.

3. General average shall be adjusted among the vessel, goods and freight upon the basis of their value at the time and place when and where the common maritime adventure ends, such value shall be determined in accordance with the regulations set out in Article 304 of this Code.

4. There is also a common maritime adventure when one or more vessels are towing or pushing another vessel or vessels, provided that they are all involved in commercial activities and not in a salvage operation.

The regulations set out in this Chapter shall apply in cases where measures are taken to preserve vessels and their cargoes, if any, from common peril.

A vessel is not in common peril with another vessel or vessels if by simply disconnecting from the other vessel or vessels it is in safety. But if the disconnection is in itself a general average act, the common maritime venture continues.

Article 285. Application of the regulations set out in this Chapter

1. The regulations set out in this Chapter, exception for those set out in paragraph 1 of Article 284 and Articles 305 to 309 of this Code, shall apply, if not otherwise provided by an agreement of the parties.

2. Where it is specified in an agreement of the parties, as well as in cases of the incompleteness of the law to be applied in matters of assessment of the kind of average, adjustment of general average losses and their distribution, the York-Antwerp Rules on general average and other international customs of merchant shipping shall apply.

3. Rights to contribution in general average shall not be affected, though the event, which gave rise to extra expenses and sacrifice, may have been due to the fault of one of the parties to the adventure. But this shall not prejudice the right of the parties in general average to recover incurred damages from the person liable.

Article 286. General average caused by a vessel calling at a place of refuge

1. Expenses occasioned by a vessel entering a port or other place of refuge, or returning to the port or other place of loading of cargo in consequence of an accident or other extraordinary circumstances which render it necessary such call or return for the common safety, shall be admitted as general average.

2. Where the expenses of a vessel calling at a place of refuge or returning to its place of loading cargo are admitted as general average, the expenses connected with leaving that place with its original cargo or part thereof shall likewise be admitted as general average.

3. Expenses on wages and maintenance for the crew, on fuel and stores incurred due to the prolongation of a voyage resulted from the vessel entering a place of refuge or returning to its place of loading under circumstances specified in paragraph 1 of this Article are admitted as general average.

4. The regulations set out in paragraphs 1 to 3 of this Article shall correspondingly apply to expenses relating to the removal of the vessel from the place of refuge which it entered and

where its repair cannot be carried out, including expenses in connection with temporary repairs and towage and the prolongation of the voyage.

**Article 287. Cost of handling on board or discharging or transshipment
of cargo, fuel or stores**

1 The cost of handling cargo, fuel or stores on board a vessel or discharging them in the place of loading cargo, at a place of call or place of refuge, incurred for common safety or to enable damage to the vessel caused by accident or other extraordinary circumstances being repaired, if the repairs are necessary for the safe prosecution of the voyage, shall be admitted as general average.

The cost of handling cargo, fuel or stores on board a vessel shall not be admitted as general average, if:

incurred solely for the purpose of restowage due to shifting during the voyage, unless such restowage is necessary for common safety;

necessity of repair of the vessel becoming apparent in the place of loading cargo is as a result of damage not connected with the incident or other extraordinary circumstances which occurred during the voyage.

2. Expenses relating to the transshipment or stowage of cargo, fuel or stores, discharge or transferring of which was carried out under circumstances described in the first subparagraph of paragraph 1 of this article, together with storage expenses, including their insurance, shall be also admitted as general average.

The regulations set out in Article 289 of this Code shall apply to expenses in connection with the detention of the vessel caused by such transshipment or stowage of cargo, fuel or stores.

Article 288. Temporary repairs to a vessel

The cost of temporary repairs to a vessel carried out in the place of loading cargo, place of call or place of refuge, for the common safety, or for the elimination of damage caused by a general average sacrifice shall be admitted as general average. The cost of temporary repairs of accidental damage necessary to enable the voyage to be completed shall be compensated only in expenses which would have been incurred and allowed in general average, if such repairs had not been effected.

**Article 289. Expenses caused by a delay of the vessel for reasons
of the common safety**

1. Where a vessel was delayed in any port or place as a consequence of accident, sacrifice or other extraordinary circumstances which render such delay necessary for reasons of common safety, or to enable damage to the vessel caused by sacrifice or accident being repaired, if the repairs are necessary for the safe continuation of the voyage, expenses relating to the wages and maintenance of the crew shall be admitted as general average. Expenses relating to fuel, stores and port expenses, which accrue during such a delay, shall be compensated in the order of general average adjustment, less the expenses on the repair of damage not admitted as general average.

2. The regulations set out in paragraph I of this article shall not apply to expenses incurred by a delay of the vessel for the purpose of the elimination of damage not connected with an incident or other extraordinary circumstances occurring during the voyage. Such expenses shall not be admitted as general average, even if the elimination of damage is necessary for the safe continuation of the voyage.

Article 290. Effects of the condemnation of a vessel as being unfit for navigation or refusal of a vessel to continue its voyage

Where a vessel is condemned as unfit for navigation or does not proceed on its original voyage, from the expenses relating to the storage, insurance, wages and maintenance of the crew, fuel, stores and the port dues specified in paragraph 2 of Article 287 and paragraph 1 of Article 289, only the expenses incurred before the condemnation of the vessel as unfit for navigation or its refusal to continue voyage or before the date of completion of discharge of cargo provided that the discharge was not completed before that date, shall be admitted as general average.

Article 291. General Average caused by expenses on salvage

1. Expenditure incurred by the parties to the adventure in the nature of salvage, whether under contract or otherwise, shall be allowed in general average, provided that the salvage operations were carried out for the purposes mentioned in paragraph 1 of Article 284 of this Code.

2. Expenditure referred to in paragraph 1 of this Article shall include salvage reward in which the skill and efforts of the salvors in preventing or minimizing damage to the environment such as stated in paragraph 4 of Article 342 of this Code have been taken into account.

However, special compensation payable to the salvor by the owner to the extent specified by paragraph 4 of article 343 of this Code shall not be allowed as general average.

Article 292. General average caused by taking salvage measures

Among others the following losses shall be allowed in general average, the characteristics specified in Article 284 of this Code being present:

losses caused by the jettison of cargo, as well as losses inflicted to the vessel or cargo in consequence of a sacrifice made for reasons of the common safety, in particular, owing to water penetrating into vessel's open hatches or other opening made for the purpose of making a jettison;

losses caused to the vessel or cargo in extinguishing a fire on board a vessel, including damage by beaching or scuttling a burning vessel;

losses are caused to the vessel or cargo when a vessel is intentionally grounded, whether or not it might have been driven to a ground itself;

losses are caused to a vessel by damage to its engines and other machinery or to the boilers when the vessel is refloated;

extraordinary expenditure is incurred when reducing the weight of a vessel which has run aground by the discharge of cargo, fuel and stores on lighters, on lighters' hire and reshipping (if incurred), and other losses are suffered in consequence of this.

**Article 293. Expenditure caused by measures undertaken to prevent
or minimize damage to the environment**

Expenses caused by measures undertaken to prevent or minimize damage to the environment shall be allowed as general average, when incurred in any or all of the following circumstances:

as a part of an operation performed for reasons of the common safety which, had it been undertaken by a party outside the common maritime adventure, would have entitled the party to a salvage reward;

as a condition of entry into or departure from any port or place in the circumstances prescribed in Article 286 of this Code;

as a condition of remaining at any port or place in the circumstances prescribed in Article 286 of this Code; provided that when there is an actual escape or discharge of pollutant substances, the cost of any additional measures required on that account to prevent or minimize pollution or environment damage shall not be allowed as general average;

in connection with the discharge, storage or transhipment of cargo, whenever the cost of those operations is admissible as general average.

Article 294. Losses arising out of loss of or damage to cargo, fuel or stores

Losses arising out of damage to or loss of cargo, fuel or stores sustained in consequence of their handling, discharging, storing, transhipment and stowing shall be made good as general average, when the cost of those measures respectively is admitted as general average.

Article 295. Losses arising out of loss of freight

Loss of freight caused by a general average act shall be allowed in general average when the damage to or loss of cargo is made good as general average. In this case, deduction shall be made from the freight of the charges, which the shipowner thereof would have incurred to earn such freight, but has, in consequence of sacrifice, not incurred.

Article 296. Replacement expenses

Any additional expense incurred in place of another expense, which would have been allowable as general average, shall be deemed a general average (replacement expenses). Replacement expenses shall be compensated regardless of the saving, if any, to other interests, but only up to the amount of the general average expense avoided

Article 297. Losses not allowed as general average (particular average)

1. Losses which do not fall within the features of general average specified in paragraph 1 of Article 284 of this Code, as well as losses specified in paragraph 2 of this Article shall be deemed a particular average. Such losses shall not be subject to adjustment between the vessel, cargo and freight, and shall be borne by the person who has lost them, or who is liable for causing the losses.

2. The following losses shall not be allowed as general average, even in the presence of features prescribed in paragraph 1 of Article 284 of this Code:

- 1) cost of jettisoned cargo carried on the vessel in violation of the regulations and customs of the trade;
- 2) losses incurred by smoke or heat when extinguishing a fire;
- 3) losses sustained by cutting away parts of the vessel which have been previously been carried away or are effectively lost as a consequence of danger at sea;
- 4) losses caused by the operation of engines, forced or otherwise, of other machinery or boilers of the vessel while afloat;
- 5) any damage or loss sustained by the vessel or cargo in consequence of the prolongation of the voyage (losses from demurrage, loss of market, etc.)

Article 298. Losses from damage caused to the vessel, its machinery and equipment

1. Losses from damage caused to the vessel, its machinery and equipment and allowed as general average shall be assessed on the basis of the actual cost of repairing or replacing the lost property. "New for old" deductions, in accordance with regulations specified in Article 299 of this Code, shall be made.

2. Where the vessel has not been repaired, the losses from damage to the vessel are assumed in the amount at which the value of the vessel has depreciated as the result of damage, and which according to the estimate would not exceed the cost of repairs to the vessel.

Article 299. "New for old" deductions

1. In event of repairs made to a vessel under fifteen years old, where old material or parts are replaced by new, the cost of repairs allowed in general average in accordance with Article 298 of this Code shall be deducted by one third, with the exception of the cases specified in paragraphs 2 to 4 of this Article.

2. No "new for old" deductions shall be made from the cost of temporary repairs allowable as general average in accordance with Article 298 of this Code, nor from the cost of provisions, stores, anchors and chain cables.

3. Drydock and slipway dues and costs of shifting the vessel shall be allowed in full as general average.

4. The cost of the cleaning, painting or coating of the vessel's hull during its repair shall be allowed as general average in the amount of fifty percent and where the hull has been painted or coated within twelve months prior to the general average act.

5. For the purpose of the application of "new for old" deductions, the age of the vessel shall be calculated from the 31st December of the year of completion of construction to the day of the general average act. As regards insulation, life and similar boats, communications and navigational apparatus and equipment, machinery and boilers, their actual age shall be counted.

Article 300. Losses arising out of the loss of a vessel

Where a vessel is in total loss or where the cost of the repairs to the damage would exceed the value of the vessel when repaired (total constructive loss), the amount to be allowed as general average shall be the difference between the estimated sound value of the vessel after deducting therefrom the estimated cost of repairing damage which is not general average and the value of the vessel in its damaged condition which may be measured by the net proceeds of sale, if any.

Article 301. Losses arising from the loss of or damage to cargo

1. The amount to be made good as general average for damage to or loss of cargo shall be assessed in accordance with the value of the cargo at the time of discharge, ascertained from the commercial invoice rendered to the consignee or, if there is no such invoice, from the shipped value.

The value of the cargo at the time of discharge shall include the cost of insurance and freight, unless the freight is not at the risk of the Cargo owner.

2. When cargo so damaged is sold, the loss to be made good in general average shall be the difference between the net sound value as calculated in paragraph 1 of this Article and the net proceeds of sale.

3. Losses from damage or loss caused to goods loaded without the knowledge of the shipowner or his agent or to a cargo willfully misdescribed at the time of shipment shall not be allowed as general average. But such property shall remain liable to contribution by its owners, if salvaged.

Damage or loss caused to cargo which has been wrongly declared on shipment at a value which is lower than its real value shall be contributed for by the owners at the declared value, but such cargo shall contribute upon its actual value.

Article 302. Provision of funds for compensation of general average disbursements

1. A commission of 2 per cent on general average disbursements, other than the wages and maintenance of the crew and fuel and stores not replaced during the voyage, shall be allowed in general average.

2. Expenses sustained for the purpose of raising funds to defray general average disbursements by lien on the vessel, selling cargo or insurance of credit, shall be admitted as general average.

Article 303. Interest on losses made good in general average

Interest shall be allowed on expenditure and other amounts, made good in general average (losses), at the rate of 7 per cent per annum, until three months after the date of issue of the general average adjustment, due allowance being made for any payment on account by the contributory interests or from the general average deposit fund.

Article 304. Contributory value of property

1. The total value of property (the vessel, cargo and freight), in proportion to which contributions allowed in general average are adjusted (contributory value of property), shall be determined in accordance with the regulations set out in this Article upon the actual net value of

the said property at the termination of the vessel's voyage. To these values shall be added the amount made good as general average for property sacrificed, if not already included.

In determining the contributory value of property, deduction shall be made from the value of the property of all extra charges incurred in respect thereof subsequently to the general average act, except such charges as are allowed in general average or fall upon the vessel by virtue of an award for special compensation in compliance with Article 343 of this Code.

2. The contributory value of cargo shall be determined by its value at the time of discharge ascertained from the commercial invoice rendered to the consignee or, if there is no such invoice, from the shipped value. The value of cargo shall include the cost of insurance and freight except insofar as such freight is at the risk of the cargo owner.

Deductions shall be made from the value of cargo for any loss or damage suffered by the cargo prior to or at the time of discharge.

The contributory value of cargo sold short of its destination shall be determined upon the actual net proceeds of sale, with the addition of any amount made good as general average.

3. The contributory value of the vessel shall be assessed without taking into account the fact that the vessel, at the time of general average, was chartered under a bareboat charter or time charter.

4. In assessing the contributory value of the property, deduction shall be made from the freight and passage money at the risk of the shipowner, of such charges (including crew's wages) as would not have been incurred in earning the freight had the vessel and cargo been totally lost in the circumstances that caused the general average, and have not been allowed as general average.

5. Passengers' luggage, including accompanied private vehicles and other personal effects, that was not covered by the bill of lading shall not be taken into account in the assessment of the contributory value of the property and contributions in adjustment of the general average.

Article 305. Average statement and average adjusters

A presence of general average shall be established and its distribution calculation (average statement) shall be made by persons skilled and experienced in maritime law (average adjusters) at application by the parties concerned.

Article 306. Evidence and documents for making up an average statement

1. 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.

2. A person whose interests may be affected by the average statement shall give notice in writing to an average adjuster of the loss or expense in respect of which they claim contribution within 12 months of the date of the termination of the common maritime adventure.

Failing such notification, or if within 12 months of a request for the same the said person fail to supply evidence in support of a notified claim or particulars of the property value, the average adjuster shall be at liberty to make the average statement on the basis of the information available to him, which estimate may be challenged only on the ground that it is manifestly incorrect.

3. If, during the preparation of the average statement, questions arise which require special knowledge (in the areas of navigation, shipbuilding, ship repairs, assessment of vessels and cargo, etc.), the average adjuster shall be at liberty to charge an expert with the preparation of the relevant conclusion. The average adjuster shall assess such conclusion together with other evidence.

4. All documents on the basis of which the average statement had been made shall be open to inspection, and the average adjuster shall be bound, upon the demand of interested persons, to furnish them with attested copies of such documents.

Article 307. Duty for making up an average statement

A duty shall be charged for making up an average statement, which is included in the average statement and distributed among all parties concerned in proportion to their shares of participation in the general average.

Article 308. Amending and challenging an average statement

1. Errors in calculation found in the average statement after its registration in the register of average statements may be rectified by the average adjuster at his personal initiative or at application of the parties to the general average adjustment by making an addendum to the average statement which shall form a constituent part of the statement.

2. The parties participating in general average may challenge the average statement in court within six months from the receipt of the said statement or addendum thereto, with mandatory notice to the average adjuster, by forwarding him a copy of the statement of claim.

3. The average adjuster shall be at liberty or, if necessary, be bound to participate in the court hearings of a dispute as to the average statement and testify to the matter of the case.

4. A court hearing a dispute as to the average statement may leave the average statement valid, enter amendments therein or cancel it and entrust the average adjuster to make a new average statement in compliance with the court decision.

Article 309. Execution of an average statement

If an average statement has not been challenged within the period of time specified by paragraph 2 of Article 308 of this Code or where challenged but left valid by the court, the due recovery may be executed in the order established by the legislation of the Russian Federation.

Chapter XVII. COMPENSATION FOR DAMAGES CAUSED

BY COLLISION OF VESSELS

Article 310. Scope of application of the regulations set out by this Chapter

1. In the event of a collision between sea-going vessels or between seagoing vessels and vessels of internal waters navigation, damages caused to such vessels, persons on board thereof, as well as to cargoes or other property shall be made good in compliance with the regulations set out in this Chapter.

These regulations shall also apply in cases where damages were caused by one vessel to another vessel, or persons on board thereof, as well as to cargo or other property either by the execution or non-execution of a manoeuvre or by the non-observance of navigation rules, even if no collision between vessels had actually taken place.

2. The regulations set out in this Chapter shall also extend to vessels owned or operated by the Russian Federation, subjects of the Russian Federation and used at the time of collision only for governmental non-commercial service, with the exception of warships, naval auxiliary ships and frontier guard vessels.

Article 311. Circumstances precluding liability

1. Where a collision occurred accidentally or is caused by force majeure, or it is impossible to determine the causes of the collision, the damages are borne by those who have suffered them.

2. The regulation set out in paragraph 1 of this Article is applicable notwithstanding the fact that the vessels, or any one of them, may be at anchor or otherwise made fast at the time of the collision.

Article 312. Fault of one of the vessels in a collision

If the collision is caused by the fault of one of the vessels, the damages shall be borne by that at whose fault the collision occurred.

Article 313. Fault of two or more vessels in a collision

1. If two or more vessels are in fault in the collision, the liability of each vessel for the damages caused shall be determined in proportion to the degree of its fault. If having regard to the circumstances it is not possible to establish the degree of the respective fault of each vessel, the liability for the damages caused is apportioned between them equally.

2. The shipowners of the vessels in fault are jointly as well as severally liable to third parties for damages caused by death or personal injuries, without prejudice however to the right of the shipowner who has paid a larger sum than that which in accordance with the first paragraph of this Article he ought to pay to obtain a contribution from the other shipowners.

In respect of damages caused to the property of third parties, the shipowners of the vessels in fault shall be liable in accordance with the first paragraph of this Article.

Article 314. Fault of a pilot in the collision of vessels

The liability stipulated in Articles 312 and 313 of this Code shall attach in cases where the collision occurred by the fault of a pilot even where the pilotage was compulsory.

Article 315. Presumption of innocence of vessels

No vessel involved in the collision shall be deemed guilty unless the contrary is proved.

Chapter XVIII. LIABILITY FOR DAMAGE OF OIL

POLLUTION FROM VESSELS

Article 316. Grounds for liability of the vessel's owner

1. The owner of a vessel at the time of an incident or, where the incident consists of a series of occurrences of the same origin, at the time of the first such occurrence, shall be liable for any pollution damage caused by the vessel as the result of the incident, with the exception of the cases specified in Articles 317 and 318 of this Code.

2. In this Article and further on in this Chapter:

1) a vessel shall be deemed any vessel intended or used for the carriage of oil in bulk as cargo, provided that a vessel capable of carrying oil is regarded as a vessel only when it is actually carrying oil in bulk as cargo, as well as during the voyage following such carriage, unless it is proved that it has no residues of such carriage of oil in bulk aboard;

2) the person who suffered the damage shall be a citizen, legal entity, a state or any of its constituent subdivisions;

3) the owner of a vessel shall be a person registered as the owner of the vessel. In the case of a vessel owned by a state and operated by a company registered as the shipowner, the owner of the vessel shall be such company.

4) oil shall be any persistent hydrocarbon mineral oil such as crude oil, fuel oil, heavy diesel oil and lubricating oil, whether carried on board a vessel as cargo or in the bunkers of such a vessel;

5) pollution damage shall mean:

damage caused outside the vessel by contamination resulting from the escape or discharge of oil from the vessel, wherever such escape or discharge may occur, provided that compensation for impairment of the environment other than loss of profit from such impairment shall be limited to costs of reasonable measures of reinstatement actually undertaken or to be undertaken;

costs of preventive measures and further damage caused by such measures;

6) preventive measures shall be any reasonable measures taken by any person after an incident has to prevent or minimize pollution damage;

7) an incident shall be any occurrence or a series of occurrences having the same origin, which causes pollution damage or creates a grave and imminent threat of causing such damage.

Article 317. Exoneration of the owner of the vessel from liability

No liability for pollution damage shall attach to the owner if he proves that the damage resulted from an act of war, hostilities, civil commotions or a natural phenomenon of an exceptional, inevitable and irresistible character;

the damage was wholly caused by an act or omission done with intent to cause pollution damage by a third party;

the damage was wholly caused by the negligence or other wrongful act of any public authority responsible for the maintenance of lights or other navigational aids in the exercise of that function.

Article 318. Intent or grave negligence of the person who suffered the damage

If the owner of a vessel proves that the pollution damage resulted wholly or partially either from intent or grave negligence of the person who suffered the damage, the owner may be exonerated wholly or partially from his liability to such person.

Article 319. Joint and several liability of owners of two or more vessels

1. Where an incident involving two or more vessels occurs and pollution damage results therefrom, the owners of all the vessels concerned, unless exonerated from liability under Articles

317 and 318 of this Code, shall be jointly and severally liable for all such pollution damage, which is not reasonably separable.

2. The owners of the vessels involved in the incident shall be entitled to limits of liability applicable to each of them under Article 320 of this Code.

3. The regulations set out in this Article shall not prejudice the right of recourse of any of the owners against any other owner.

Article 320. Limitation of liability of a vessel's owner

The owner of a vessel shall be entitled to limit his liability in respect of one incident to an aggregate amount, calculated as follows:

3 million units of account for a vessel not exceeding 5.000 tonnes;

for a vessel with a tonnage in excess thereof, for each additional unit of tonnage, 420 units of account in addition to the amount mentioned in the second subparagraph of this Article, provided that this aggregate amount shall not in any event exceed 59.7 million units of account.

Article 321. Loss of the right of limitation of liability

The owner of a vessel shall lose the right of limitation of liability stipulated in article 320 of this Code if it is proved that the pollution damage resulted from his personal act or omission, committed either with the intent to cause such damage, or by a grave negligence.

Article 322. Liability limitation fund

1. For the purpose of availing himself of the benefit of limitation of his liability for pollution damage in accordance with Article 320 of this Code, the owner of a vessel shall constitute the liability limitation fund for the total sum representing the limit of his liability with the court or arbitrazh court in which action is brought for compensation of the pollution damage, or if no such action is brought, with the court or arbitrazh court in which an action can be brought. Such fund can be constituted either by depositing the sum with the court or arbitrazh court, or by providing a bank guaranty or other financial security, acceptable under the laws of the Russian Federation and considered to be adequate by the court or arbitrazh court.

2. Expenses and donations, insofar as they are reasonable and made by the owner voluntarily to prevent or minimize pollution damage, shall give the owner the rights against the liability limitation fund, which rank equally with those of other claimants.

3. The insurer or another person providing financial security shall be entitled to constitute the liability limitation fund in accordance with this Article on such conditions and having the same effect as if the fund were constituted by the owner of the vessel. Such a fund may be

constituted even if, in accordance with Article 321 of this Code, the owner of the vessel may not limit his liability. The constitution of such a fund shall not in that case prejudice the rights of persons who suffered damage against the owner of the vessel.

4. The regulations on the distribution of the liability limitation fund set out in Article 364 of this Code shall apply to the liability limitation fund constituted in accordance with paragraph 1 of this Article.

5. Where the owner of a vessel, after an incident, has constituted the liability limitation fund in accordance with this Article and is entitled to limit his liability,

no person having a claim for pollution damage arising out of that incident shall be entitled to exercise any right against any other assets of the owner in respect of such claim;

a court or arbitrazh court shall order the release of any vessel or other property belonging to the owner which has been arrested in respect of a claim for pollution damage arising out that incident, and shall similarly release any bail or other security furnished to avoid such arrest.

The regulations set out in this paragraph shall apply if the person claiming for pollution damage has access to the court or arbitrazh court administering the liability limitation fund, and this fund is actually available to satisfy the claim of such person.

Article 323. Insurance or other financial security of liability

1. The owner of a vessel carrying more than 2.000 tonnes of oil in bulk as cargo shall, to cover his liability for pollution damage under the regulations set out in this Chapter, be required to maintain insurance or other financial security of liability (the guarantee of a bank or other credit organization) in the amount representing the limit of his liability for pollution damage in accordance with Article 320 of this Code.

2. Any sums the provision of which is guaranteed by insurance or by other financial security of liability maintained in accordance with paragraph 1 of this Article, shall be available exclusively for the satisfaction of claims brought under the regulations set out in this Chapter.

**Article 324. Certificate of insurance or other financial security
of civil liability for pollution damage**

1. A certificate of insurance or other financial security of civil liability for pollution damage (hereinafter – certificate) attesting that the insurance or other financial security of liability is in force in accordance with the regulations set out in this Chapter, shall be issued to each vessel by the authority of the vessel’s registration, after determining that the requirements specified in paragraph 1 of Article 323 of this Code have been complied with.

The certificate shall contain the following particulars:

name of vessel and its port (place) of registration;

name and principal place of business of vessel's owner;

type of financial security of liability;

name and principal place of business of insurer or other person giving financial security and, where appropriate, the place of business where the insurance or other financial security of liability is established;

period of validity of the certificate, which shall not be longer than the period of validity of the insurance or other financial security of liability.

2. The certificate shall be issued in Russian and shall include translation into English or French.

3. The certificate shall be carried on board the vessel and a copy shall be deposited with the authority of the vessel's registration.

4. An insurance or other financial security of liability shall not satisfy the requirements specified in this Article if it can cease, for reasons other than the expiry of the period of validity of the insurance or other financial security of liability specified in the certificate under paragraph 1 of this Article, before three months have elapsed from the date on which notice of its termination is given to the authority of the vessel's registration unless the certificate has been annulled by this authority or a new certificate has been issued within the said period.

The regulations set out in the first subparagraph of this paragraph shall similarly apply to any modification which results in the insurance or other financial security of liability no longer satisfying the requirements specified in this Article.

5. The conditions, procedure of issuance and inspection of certificates mentioned in this Article shall be determined by regulations approved by the federal executive authority on transport.

6. A vessel owned by the state, and in respect of which it is not required to maintain insurance or other financial security of liability, shall have a certificate issued by an appropriate vessel's registration authority, certifying that the vessel is owned by the state, and liability of the state for pollution damage is covered in the limits to be fixed according to Article 320 of this Code. Such a certificate shall, as far as possible, correspond to the certificate specified in paragraph 1 of this article.

7. A vessel, to which the regulations set out in this Chapter apply, may not be engaged in commercial activities unless it has a certificate issued under paragraphs 1 or 6 of this Article.

Article 325. Claim for compensation for pollution damage

1. No claim for compensation for pollution damage shall be made against the owner of the vessel otherwise than in accordance with the regulations set out in this Chapter.

2. Provided the regulations set out in paragraph 3 of this Article are observed, no claim for compensation for pollution damage under the regulations set out in this Chapter or on other grounds, may be brought against:

1) the servants, including members of the vessel's crew, or agents of the owner of the vessel;

2) the pilot or other person who, without being a member of the vessel's crew, performs services on board the vessel;

3) any charterer, including a bareboat charterer, and a trustee;

4) any person performing salvage operations with the consent of the owner of the vessel or on the instructions of public authorities;

5) any person taking preventive measures;

6) servants or agents of persons mentioned in subparagraphs 3, 4 and 5 of this paragraph, unless the pollution damage resulted from their personal acts or omissions, committed with intent to cause such damage or by a grave negligence.

3. The regulations set out in this Article shall not prejudice the right of recourse of the vessel's owner against third parties.

4. A claim for compensation for pollution damage may be brought directly against the insurer or the person providing other financial security for the liability of the owner of the vessel for pollution damage. In such case the defendant may, even if the vessel's owner is not entitled to limit the liability in accordance with Article 321 of this Code, avail himself of the limits of liability prescribed in Article 320 of this Code. The defendant may further avail himself of the defences, which the vessel's owner himself would have been entitled to invoke, other than the bankruptcy or winding up of his entity. Furthermore, the defendant may avail himself of the defence that the pollution damage resulted from the wilful misconduct of the vessel's owner himself but the defendant shall not avail himself of any other defence which he might have been entitled to invoke in proceedings brought by the vessel's owner against him. The defendant shall

in any event be entitled to require the vessel's owner to be joined in the proceedings as a co-defendant.

**Chapter XIX. LIABILITY FOR DAMAGE IN CONNECTION
WITH THE CARRIAGE OF HAZARDOUS
AND NOXIOUS SUBSTANCES BY SEA**

Article 326. Scope of application of the regulations set out by this Chapter

1. The regulations set out in this Chapter shall apply to claims for compensation for damage in connection the carriage of hazardous and noxious substances by sea, with the exception of claims arising from a contract of carriage of goods by sea and a contract of carriage of a passenger by sea.

2. The regulations set out by this Chapter shall not apply:

1) to pollution damage as defined in subparagraph 5 of paragraph 2 of Article 316 of this Code, whether or not compensation is payable in respect of it under the regulations set out in Chapter XVIII of this Code;

2) to damage caused by a radioactive material of class 7 as specified in the International Maritime Dangerous Goods Code, 1965, as amended, or in appendix B of the Code of Safe Practice for Solid Bulk Cargoes, 1965, as amended;

3) to vessels which do not exceed 200 gross tonnage and carry hazardous and noxious substances only in packaged form, provided that such vessels are engaged on voyages between ports (facilities) of the Russian Federation.

Article 327. Grounds for liability of a vessel's owner

1. A vessel's owner, at the time of an incident or, if the incident consists a series of occurrences having the same origin, at the time of the first such occurrence, shall be liable for damage caused by hazardous and noxious substances in connection with their carriage by sea on board the vessel, with the exception of the cases specified in Articles 328 and 329 of this Code.

2. In this article and the following articles of this chapter it is stated that:

1) the person who suffered the damage shall be a citizen, legal entity, a state or any of its constituent subdivisions;;

2) the owner of a vessel shall be a person registered as the owner of the vessel. In the case of a vessel owned by a state and operated by a company registered as the shipowner, the owner of the vessel shall be such company;

3) hazardous and noxious substances mean the following substances, materials and articles carried on board a vessel as cargo:

oils carried in bulk, listed in appendix I of Annex I to the International Convention for the Prevention of Pollution from Ships, 1973, as modified by the Protocol of 1978 relating thereto, as amended;

noxious liquid substances carried in bulk referred to in appendix II of Annex II to the International Convention for the Prevention of Pollution from Ships, 1973, as modified by the Protocol of 1978 relating thereto, as amended, as well as those substances and mixtures provisionally categorized as falling in pollution category A, B, C or D in accordance with regulation 3(4) of the said Annex II;

dangerous liquid substances carried in bulk listed in chapter 17 of the International Code for the Construction and Equipment of Ships Carrying Dangerous Chemicals in Bulk, 1983, as amended, and the dangerous products for which the preliminary conditions for the carriage have been prescribed in accordance with paragraph 1.1.3 of the said Code;

hazardous and harmful substances, materials and articles in packaged form covered by the International Maritime Dangerous Goods Code, 1965, as amended;

Liquefied gases as listed in chapter 19 of the International Code for the Construction and Equipment of Ships Carrying Liquefied Gases in Bulk, 1983, as amended, for which preliminary conditions for the carriage have been prescribed in accordance with paragraph 1.1.6 of said Code;

liquid substances carried in bulk with a flashpoint not exceeding 60° C (measured by a closed cup test);

solid bulk materials possessing chemical hazards covered by appendix B to the Code of Safe Practice for Solid Bulk Cargoes, 1965, as amended, to the extent that these substances are also subject to the provisions of the International Maritime Dangerous Goods Code, 1965, as amended, when they are carried in packaged form;

residues from the previous carriage in bulk of substances referred to in the second, third, fourth, sixth, seventh and eighth subparagraphs above;

4) damage means:

loss of life or personal injury on board or outside the vessel carrying the hazardous and noxious substances caused by those substances;

loss of or damage to property outside the vessel carrying the hazardous and noxious substances caused by those substances;

damage by contamination of the environment caused by the hazardous and noxious substances, provided that compensation for impairment of the environment other than loss of profit from such impairment shall be limited to costs of reasonable measures of reinstatement actually undertaken or to be undertaken;

cost of preventive measures and further damage caused by such measures.

In this subparagraph the words "caused by the hazardous and noxious substances" mean caused by the hazardous and noxious nature of the said substances. Where it is not reasonably possible to separate damage caused by the hazardous and noxious substances from that caused by other factors, all such damage shall be deemed to be caused by the hazardous and noxious substances, even if the damage caused by other factors is not damage of a type referred to in subparagraphs 1 and 2 of paragraph 2 of Article 326 of this Code;

5) preventive measures mean any reasonable measures taken by any person after an incident has occurred to prevent or minimize damage;

6) incident means any occurrence or series of occurrences having the same origin, which causes damage or creates a grave and imminent threat of causing damage.

7) carriage of hazardous and noxious substances by sea means the period from the time when the hazardous and noxious substances enter any part of a vessel's equipment, on loading, to the time they cease to be present in any part of the vessel's equipment, on discharge. If no vessel's equipment is used, the said period begins and ends respectively when the hazardous and noxious substances cross the vessel's rail.

Article 328. Exoneration of the owner of the vessel from liability

No liability for damage caused by the hazardous and noxious substances shall attach to the owner if he proves that

the damage resulted from an act of war, hostilities, civil commotions or a natural phenomenon of an exceptional, inevitable and irresistible character;

the damage was wholly caused by an act or omission done with intent to cause pollution damage by a third party;

the damage was wholly caused by the negligence or other wrongful act of any public authority responsible for the maintenance of lights or other navigational aids in the exercise of that function.

The failure of the shipper or any other person to furnish information concerning the hazardous and noxious nature of the substances shipped either has caused the damage wholly or

partially, or has led the owner not to obtain insurance in accordance with Article 334 of this Code. The owner may be exonerated wholly or partially from the liability for the damage under the regulations set out by this subparagraph, provided that neither the owner nor its servants or agents knew or ought reasonably to have known of the hazardous and noxious nature of the substances shipped.

Article 329. Intent or grave negligence of the person who suffered the damage

If the owner of a vessel proves that the pollution damage resulted wholly or partially either from intent or grave negligence of the person who suffered the damage, the owner may be exonerated wholly or partially from his liability to such person.

Article 330. Joint and several liability of owners of two or more vessels

1. Whenever damage has resulted from an incident involving two or more vessels each of which is carrying hazardous and noxious substances, the owner of each vessels, unless exonerated from liability under Articles 328 and 329 of this Code, shall be liable for such damage. The owners shall be jointly and severally liable for all such damage which is not reasonably separable.

2. The owners of the two or more vessels involved in the incident shall be entitled to limits of liability applicable to each of them under Article 320 of this Code.

3. The regulations set out in this Article shall not prejudice the right of recourse of any of the owners against any other owner.

Article 331. Limitation of liability of the vessel's owner

The owner of a vessel shall be entitled to limit liability in respect of any one incident to a aggregate amount, calculated as follows:

10 million units of account for a vessel not exceeding 2.000 tonnes;

for a vessel with a tonnage in excess thereof, the following amount in addition to that mentioned in paragraph 2 of this article:

for each tonne from 2.001 to 50.000 tonnes, 1.500 units of account;

for each tonne in excess of 50.000 tonnes, 360 units of account;

provided that this aggregate amount shall not in any event exceed 100 million units of account.

Article 332. Loss of the right to limit liability

The owner of the vessel shall lose the right to limit liability provided in Article 331 of this Code, if it is proved that the damage resulted from the personal act or omission of the owner his own, committed with the intent to cause such damage or by grave negligence.

Article 333. Liability limitation fund

1. For the purpose of benefitting from the limitation of liability in accordance with Article 331 of this Code, a vessel's owner shall constitute the liability limitation fund for the total sum representing the limit of liability with a court or arbitrazh court, in which action for compensation of damage is brought or, if no such action is brought, with a court or arbitrazh court in which action can be brought. Such fund can be constituted either by depositing the sum with the court or arbitrazh court, or by producing a bank guaranty or other financial security, acceptable under the laws of the Russian Federation and considered to be adequate by the court or arbitrazh court.

2. Expenses and donations, insofar as they are reasonable and made by the owner voluntarily to prevent or minimize pollution damage, shall give the owner the rights against the liability limitation fund, which rank equally with those of other claimants.

3. The insurer or another person providing financial security shall be entitled to constitute the liability limitation fund in accordance with this Article on such conditions and having the same effect as if the fund were constituted by the owner of the vessel. Such a fund may be constituted even if, in accordance with Article 332 of this Code, the owner of the vessel may not limit his liability. The constitution of such a fund shall not in that case prejudice the rights of persons who suffered damage against the owner of the vessel.

4. The regulations on the distribution of the liability limitation fund set out in Article 364 of this Code shall apply to the liability limitation fund constituted in accordance with paragraph 1 of this Article.

Claims for compensation for death or personal injury have priority over other claims save to the extent that the aggregate of such claims exceeds the total amount specified in Article 331 of this Code.

5. Where the owner of a vessel, after an incident, has constituted the liability limitation fund in accordance with this Article and is entitled to limit his liability,

no person having a claim for damage arising out of that incident shall be entitled to exercise any right against any other assets of the owner in respect of such claim;

a court or arbitrazh court shall order the release of any vessel or other property belonging to the owner which has been arrested in respect of a claim for damage arising out that incident, and shall similarly release any bail or other security furnished to avoid such arrest.

The regulations set out in this paragraph shall apply if the person claiming for damage has access to the court or arbitrazh court administering the liability limitation fund, and this fund is actually available to satisfy the claim of such person.

Article 334. Insurance or other financial security of liability

1. The owner of a vessel actually carrying hazardous and noxious substances shall, to cover his liability for damage under the regulations set out in this Chapter, be required to maintain insurance or other financial security of liability (the guarantee of a bank or other credit organization) in the sums representing the limit of his liability in accordance with Article 331 of this Code.

2. Any sums the provision of which is guaranteed by insurance or by other financial security of liability maintained in accordance with paragraph 1 of this Article, shall be available exclusively for the satisfaction of claims brought under the regulations set out in this Chapter.

**Article 335. Certificate of insurance or other financial security of civil liability
for damage caused by hazardous and noxious substances**

1. A certificate of insurance or other financial security of civil liability for damage caused by hazardous and noxious substances (hereinafter – certificate) attesting that the insurance or other financial security of liability is in force in accordance with the regulations set out in this Chapter, shall be issued to each vessel by the authority of the vessel's registration, after determining that the requirements specified in paragraph 1 of Article 334 of this Code have been complied with.

The certificate shall contain the following particulars:

name of vessel, its call sign and port (place) of registration;

name and principal place of business of vessel's owner;

IMO ship identification number;

type and duration of financial security of liability;

name and principal place of business of insurer or other person giving financial security and, where appropriate, the place of business where the insurance or other financial security of liability is established;

period of validity of the certificate, which shall not be longer than the period of validity of the insurance or other financial security of liability.

2. The certificate shall be issued in Russian and shall include translation into English, French or Spanish.

3. The certificate shall be carried on board the vessel and a copy shall be deposited with the authority of the vessel's registration.

4. An insurance or other financial security of liability shall not satisfy the requirements specified in this Article if it can cease, for reasons other than the expiry of the period of validity of the insurance or other financial security of liability specified in the certificate under paragraph I of this Article, before three months have elapsed from the date on which notice of its termination is given to the authority of the vessel's registration unless the certificate has been annulled by this authority or a new certificate has been issued within the said period.

The regulations set out in the first subparagraph of this paragraph shall similarly apply to any modification which results in the insurance or other financial security of liability no longer satisfying the requirements specified in this Article.

5. The conditions, procedure of issuance and inspection of certificates mentioned in this Article shall be determined by regulations approved by the federal executive authority on transport.

6. A vessel owned by the state, and in respect of which it is not required to maintain insurance or other financial security of liability, shall have a certificate issued by an appropriate vessel's registration authority, certifying that the vessel is owned by the state, and liability of the state for damage in connection with the carriage of hazardous and noxious substances by sea is covered in the limits to be fixed according to Article 331 of this Code. Such certificate shall, as far as possible, correspond to the certificate specified in paragraph 1 of this article.

7. A vessel, to which the regulations set out in this Chapter apply, may not be engaged in commercial activities unless it has a certificate issued under paragraphs 1 or 6 of this Article.

Article 336. Claim for compensation for damage

1. No claim for compensation for damage shall be made against the owner of the vessel otherwise than in accordance with the regulations set out in this Chapter.

2. Provided the regulations set out in paragraph 3 of this Article are observed, no claim for compensation for damage under the regulations set out in this Chapter or on other grounds, may be brought against:

- 1) the servants, including members of the vessel's crew, or agents of the owner of the vessel;
- 2) the pilot or other person who, without being a member of the vessel's crew, performs services on board the vessel;
- 3) any charterer, including a bareboat charterer, and a trustee;
- 4) any person performing salvage operations with the consent of the owner of the vessel or on the instructions of public authorities;
- 5) any person taking preventive measures;
- 6) servants or agents of persons mentioned in subparagraphs 3, 4 and 5 of this paragraph, unless the damage resulted from their personal acts or omissions, committed with intent to cause such damage or by a grave negligence.

3. The regulations set out in this Article shall not prejudice the right of recourse of the vessel's owner against any third party (including the shipper and the receiver of the hazardous and noxious substances) that caused damage or against those enumerated in paragraph 2 of this Article.

4. A claim for compensation for damage may be brought directly against the insurer or the person providing other financial security for the liability of the owner of the vessel for damage. In such case the defendant may, even if the vessel's owner is not entitled to limit the liability in accordance with Article 332 of this Code, avail himself of the limits of liability prescribed in Article 331 of this Code. The defendant may further avail himself of the defences, which the vessel's owner himself would have been entitled to invoke, other than the bankruptcy or winding up of his entity. Furthermore, the defendant may avail himself of the defence that the damage resulted from the wilful misconduct of the vessel's owner himself but the defendant shall not avail himself of any other defence which he might have been entitled to invoke in proceedings brought by the vessel's owner against him. The defendant shall in any event be entitled to require the vessel's owner to be joined in the proceedings as a co-defendant.

Chapter XX. SALVAGE OF VESSELS AND OTHER PROPERTY

Article 337. Scope of application of the regulations set out by this Chapter

1. The regulations set out in this Chapter shall apply to any salvage operation unless a contract of salvage provides otherwise expressly or by implication.

The parties shall not be entitled to preclude by their contract the application of Article 339 of this Code and recede from the duty to prevent or minimize damage to the environment stipulated by Article 340 of this Code.

2. For the purposes of this Chapter.

1) salvage operation means any act or activity undertaken to assist a vessel or other property in danger in navigable or in any other waters whatsoever;

2) property means any property not permanently and intentionally attached to the shoreline and includes freight at risk;

3) damage to the environment means substantial physical damage to human health or to marine life or resources in coastal or inland waters or areas adjacent thereto by pollution, contamination, fire, explosion or other similar major incidents.

3. The regulations set out in this Chapter, with the exception of the rule set out in paragraph 1 of Article 345 of this Code, shall also extend to:

warships, naval auxiliary vessels and other vessels owned or operated by the Russian Federation or by the subjects of the Russian Federation and used at the time of salvage operations being carried out only for governmental non-commercial service;

non-commercial cargoes owned by the state.

4. The regulations set out in this Chapter shall not apply to:

fixed or floating platforms or mobile offshore drilling units when such platforms or units are on location engaged in the exploration, exploitation or production of sea-bed mineral resources;

maritime property of a cultural nature, having prehistoric, archaeological or historical value, if such property is located on the sea-bed.

Article 338. Salvage contracts

The master shall have the authority to conclude contracts for salvage operations on behalf of the shipowner. The master or the shipowner of the vessel shall be entitled to conclude such contracts on behalf of the owner of the property on board the vessel.

Article 339. Nullity of contracts or their modification

A contract or any terms thereof may be recognised as void or modified, if:

the contract has been entered into under undue influence or the influence of danger and its terms are inequitable;

the payment under the contract is in an excessive degree too large or too small for the services actually rendered.

Article 340. Duties of the salvor, the shipowner and the master of the vessel

1 . The salvor shall owe a duty to the owner of the vessel or other property in danger:

to carry out the salvage operations with due care;

in performing the duty specified in the second subparagraph of this paragraph, to exercise due care to prevent or minimize damage to the environment;

whenever circumstances reasonably require, to seek assistance from other salvors;

to accept the intervention of other salvors when reasonably required to do so by the owner or master of the vessel in danger or the owner of other property in danger, provided that the amount of his reward shall not be prejudiced should it be found that such a request was unreasonable.

2. The shipowner and master of the vessel or the owner of other property in danger shall owe a duty to the salvor

to co-operate fully with him during the course of the salvage operations;

in performing the duty specified in the second subparagraph of this paragraph, to exercise due care to prevent or minimize damage to the environment;

to accept the vessel or other property when it has been brought to a place of safety, if the salvor reasonably requests to do so.

Article 341. Conditions for reward

1. Salvage operations, which have had a useful result give right to a reward.

2. No payment is due under the regulations set out in this Chapter if salvage operations have had no useful result, except for the case specified in Article 343 of this Code.

Article 342. Criteria for fixing the reward

1. Reward shall be fixed with a view to encouraging salvage operations, taking into account the following criteria without regard to the order in which they are presented below:

1) the salvaged value of the vessel and other property;

2) the skill and efforts of the salvors in preventing or minimizing damage to the environment;

3) the measure of success obtained by the salvor;

- 4) the nature and degree of the danger;
- 5) the skill and efforts of the salvors in salvaging the vessel, 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 the use of vessels or other equipment intended for salvage operations;
- 10) the state of readiness and efficiency of the salvor's equipment and the value thereof.

2. The reward fixed according to paragraph 1 of this Article shall be paid by all the persons with interests in the vessel or other property in proportion to their respective salvaged values.

3. The reward, exclusive of any interest and recoverable legal and arbitration costs that may be payable thereon, shall not exceed the salvaged value of the vessel and other property.

4. A court, arbitrazh court or arbitration tribunal shall not be obliged to fix a reward in accordance with this Article in the amount of the maximum salvaged value of the vessel and other property, before a special compensation payable under Article 343 of this Code has been set.

Article 343. Special compensation

1. If the salvor has carried out salvage operations in respect of a vessel which by itself or its cargo threatened damage to the environment and has failed to earn a reward under Article 342 of this Code at least equivalent to the special compensation assessable in accordance with this Article, he shall be entitled to special compensation from the owner of that vessel equivalent to his expenses as defined in paragraph 3 of this Article.

2. If in the circumstances set out in paragraph 1 of this Article, the salvor by his salvage operations has prevented or minimized damage to the environment, the special compensation payable by the owner to the salvor under paragraph 1 of this Article may be increased up to a maximum of 30 % of the expenses incurred by the salvor. A court, arbitrazh court or arbitration tribunal if it deems it fair and just to do so and bearing in mind the relevant criteria set out in paragraph 1 of Article 342 may increase such special compensation further, but in no event shall the total increase be more than 100 % of the expenses incurred by the salvor.

3. For the purposes of paragraph 1 and 2 of this article, salvor's expenses mean the out-of-pocket expenses reasonably incurred by the salvor in the salvage operation and a fair rate for equipment and personnel actually and reasonably used in the salvage operation, taking into

consideration the criteria set out in subparagraphs 8, 9 and 10 of paragraph 1 of Article 342 of this Code.

4. The total special compensation under this Article shall be paid only if and to the extent that such compensation is greater than any reward recoverable by the salvor under Article 342 of this Code.

5. 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 due under this Article.

6. The regulations set out in this Article shall not affect the right of recourse on the part of the owner of the vessel against third parties.

Article 344. Apportionment of the reward between salvors

The apportionment of the reward fixed under Article 342 of this Code between salvors shall be made on the basis of the criteria contained in the said article.

Article 345. Apportionment of the reward between the ship owner and crew of the vessel

1. Apportionment between the shipowner and crew members of the vessel of any reward earned as by a salvage operation in accordance with the regulations set out in this Chapter shall be made after the deduction of expenses incurred by the owner and crew members in connection with carrying out the salvage operation, as follows:

three fifths net reward shall be due to the owner, while two fifths net reward shall be apportioned between the crew members of the vessel;

the share due to the crew members in accordance with the second subparagraph of this paragraph shall be apportioned between them regarding the efforts exercised in carrying out the salvage operation and the wages of each.

Exceptions to the regulations of the apportionment of the reward set out in subparagraph 2 and 3 of this paragraph may be allowed only in view of special circumstances.

2. The regulations set out in paragraph I of this Article shall not apply to the apportionment of the reward earned by carrying out of a salvage operation by vessels executing such operations as their professional activities.

Article 346. Salvage of life

1. No reward is due from persons whose lives are saved.

2. Salvors of life who have taken part in the services rendered on the occasion of the incident causing a necessity of salvage are entitled to a fair share of the amount awarded to the salvors for salving the vessel or other property or preventing or preventing or minimizing damage to the environment.

Article 347. Services rendered under existing contracts

No payments is due under the regulations set out in this Chapter unless the services rendered exceed what can be reasonably considered as due performance of a contract entered into before the danger arose.

Article 348. The effects of salvor's misconduct

A salvor may be deprived of the whole or part of the reward or special compensation due under the regulations set out in this Chapter to the extent that the salvage operations have become necessary or more difficult because of fault on his part or that the salvor has been guilty of fraud or other dishonest conduct.

Article 349. Prohibition of salvage operations

Services rendered notwithstanding the express and reasonable prohibition of the shipowner or master of the vessel in danger or the owner of any other property in danger which is not and has not been on board the vessel shall not give the right to payment under the regulations set out in this Chapter.

Article 350. Vessels belonging to the same shipowner

The regulations set out in Articles 342 to 349 of this Code are applicable in the case where the salvaged and the salvaging vessels belong to the same shipowner.

Article 351. Duty to provide security for salvor's claim

1. Upon the request of the salvor a person liable for the payment of the reward or special compensation under the regulations set out in this Chapter shall provide satisfactory security for the claim of the salvor including interest and legal or arbitration costs.

2. Without prejudice to paragraph 1, the shipowner of the salvaged vessel shall put all his efforts to ensure that the owners of the cargo provide satisfactory security for the claims against them including interest and legal and arbitration costs before the cargo is released.

3. The salvaged vessel 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 vessel or property.

Article 352. Interim payment

1. A court, arbitrazh court or arbitration tribunal may, by interim decision, order that the salvor shall be paid on account such amount as seems fair and just, and on such terms (including terms as to security where appropriate) as may be fair and just according to the circumstances of the case.

2. In the event of an interim payment made under this Article the security for the salvor's claim provided under Article 351 of this Code shall be reduced accordingly.

Article 353. Salvage operations controlled by public authorities

1. Where salvage operations are exercised by public authorities or under their control, the salvors carrying out such operations may avail themselves of the rights and remedies provided for in this Chapter.

2. Public authorities under a duty to perform salvage operations may avail themselves of the rights and remedies provided for in this Chapter, if carrying out salvage operations is not within the compass of their standard duties.

Chapter XXI. LIMITATION OF LIABILITY FOR MARITIME CLAIMS

Article 354. Persons entitled to limit liability

1. In accordance with the regulations set out in this Chapter, the liability of the shipowner and salvor shall be limited for claims stipulated in Article 355 of this Code.

For the purposes of the application of the regulations set out in this Chapter, a salvor means any person rendering services in direct connection with salvage operations, including operations referred to in subparagraph 4 of paragraph 1 of Article 355 of this Code.

2. In case of any of the claims specified in Article 355 of this Code is made against a person for whose acts or omissions the persons mentioned in paragraph 1 of this article are liable, such person shall be entitled to avail himself of the limitation of liability in accordance with the regulations set out in this Chapter.

3. The insurer of liability for claims specified in Article 355 of this Code shall be entitled to avail himself of the limitation of liability in accordance with the regulations set out in this Chapter to the same extent as the person whose liability is insured.

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

Article 355. Claims subject to limitation of liability

1. Subject to the regulations set out in Articles 356 and 357 of this Code the following claims, whatever the basis of liability may be, shall be subject to limitation of liability:

1) claims in respect of loss of life or personal injury, or loss of or damage to property, including those in connection with damage to port installations, water basins, navigable routes and navigational aids, which occurred on board the vessel or in direct connection with the operation of the vessel or salvage operations, as well as claims of compensation for any consequential loss resulting therefrom;

2) claims of compensation for loss resulting from delay in delivery during the carriage by sea of goods, passengers or their luggage;

3) claims of compensation for other loss resulting from the infringement of any rights other than contractual rights, occurring in direct connection with the operation of the vessel or salvage operations;

4) claims of a person other than the person liable for damage caused by the measures he has taken to prevent or minimize loss, for which the person liable for the loss may limit his liability in accordance with the regulations set out in this Chapter, and the further loss caused by such measures.

2. Claims specified in paragraph 1 of this Article shall be subject to limitation of liability, even if they are made in recourse or on the basis of guarantees under a contract or otherwise. Claims specified in subparagraph 4 of paragraph 1 of this Article shall not be subject to limitation of liability to the extent they relate to remuneration under a contract concluded with the person liable for damage.

Article 356. Exceptions from the scope of limitation of liability

The regulations set out in this Chapter shall not apply to claims for:

reward for carrying out a salvage operation, including the payment of a special compensation in accordance with Article 343 of this Code or contribution in general average;

compensation for damage from oil pollution from vessels, as defined in subparagraph 5 of paragraph 2 of Article 316 of this Code;

compensation for damage in connection with the carriage of hazardous and noxious substances by sea, as defined in subparagraph 1 of paragraph 2 of Article 326 of this Code;

compensation for nuclear damage;

in connection with the raising, removal or destruction of a sunken vessel including everything it has or had on board;

in connection with the raising, removal and destruction or rendering harmless of the cargo of the vessel;

compensation for damage caused to human life, health or property of the servants of the shipowner or salvor, whose obligations are connected with the vessel or salvage operations, as well as the heirs of the said servants, persons dependent on them or having the right to maintenance from them, if the labour contract between the shipowner or salvor and such servants is governed by the laws of the Russian Federation;

compensation for loss of life or personal injury of the vessel's passengers where the shipowner and passenger are entities or citizens of the Russian Federation;

compensation for damage caused to the life, health or property of a person in direct connection with the operation of the vessel or salvage operations where the shipowner and the person or the salvor and the person are entities or citizens of the Russian Federation.

Article 357. Conduct barring limitation of liability

A person liable for loss shall not be entitled to limit liability if it is proved that the loss resulted from his personal act or omission, committed either with intent to cause such damage or by grave negligence.

Article 358. Counterclaim

Where a person entitled to limit liability in accordance with the regulations set out by this Chapter brings a counterclaim arising out of the same occurrence against the person who made a claim against him, the initial and counter claims shall be set off and the regulations set out in this Chapter shall only apply to the balance, if any.

Article 359. General limits of liability

1. The limits of liability for claims, other than those mentioned in Article 360 of this Code and which have arisen from the same incident, shall be calculated as follows:

I) as to claims for loss of life or personal injury:

2 million units of account for vessels with tonnage not exceeding 2.000 tonnes;

for vessels with a tonnage exceeding 2.000 tonnes, the following amount for each tonne in excess thereof in addition to that mentioned in the second subparagraph of this paragraph:

from 2.001 to 30.000 tonnes – 800 units of account;

from 30.001 to 70.000 tonnes – 600 units of account;

in excess of 70.000 tonnes – 400 units of account;

2) in respect of any other claims:

1 million units of account for vessels with tonnage not exceeding 2.000 tonnes;

for vessels with a tonnage exceeding 2.000 tonnes, the following amount for each tonne in excess thereof in addition to that mentioned in the second subparagraph of this paragraph:

from 2.001 to 30.000 tonnes – 400 units of account;

from 30.001 to 70.000 tonnes – 300 units of account;

in excess of 70.000 tonnes – 200 units of account.

2. Where the amount calculated on claims for compensation for loss of life or personal injury in accordance with subparagraph 1 of paragraph 1 of this Article is insufficient to pay the said claims in full, the amount calculated on any other claims in accordance with subparagraph 2 of paragraph 1 of this Article shall be available for payment the unpaid balance of claims for compensation for loss of life or personal injury, which shall rank rateably with any other claims.

3. The limit of liability of any salvor operating outside the vessel or exclusively on board the vessel to which or in respect of which the salvor renders salvage services, is calculated out of the vessel's tonnage of 2.000 tonnes.

4. The limit of liability for a vessel with a tonnage not exceeding 300 tonnes is calculated under the requirements provided in subparagraph 2 of paragraph 1 of this Article in the sum equal to one sixth of the limit of liability fixed for a vessel with a tonnage not exceeding 2.000 tonnes.

Article 360. Limit of liability for passenger claims

1. For claims for compensation for loss of life or personal injury to passengers of a vessel, if they have arisen from the same incident, the limit of liability of the shipowner shall be the amount at 175 thousand units of account multiplied by the number of passengers which the vessel is authorized to carry according to the passenger certificate.

2. For the purposes of this Article, claims for compensation for loss of life or personal injury to the passengers of a vessel mean claims made by or on behalf of any person carried in that vessel:

under a contract of carriage of a passenger by sea;

with the consent of the carrier is accompanying a vehicle or animals, carriage of which is performed under a contract of carriage of goods by sea.

Article 361. Aggregation of claims

1. The limits of liability determined in accordance with Article 359 of this Code shall apply to the aggregate of all claims arising on any distinct occasion against:

the shipowner or any other person, for whose act or omission the shipowner is liable;

the shipowner of the vessel rendering salvage services from the said vessel, the salvor or salvors operating from the said vessel, as well as any other person, for whose act or omission the shipowner or salvor or salvors are liable;

the salvor or salvors who are not operating from the vessel or who are operating solely on board the vessel to which the salvage services are being rendered as well as any other person, for whose act or omission the salvor or salvors are liable.

2. The limits of liability determined in accordance with Article 360 of this Code shall apply to the aggregate of all claims which may arise from the same incident against the shipowner of the vessel mentioned in Article 360 of this Code or any other person, for whose act or omission the shipowner is liable.

Article 362. Limitation of liability without constitution of a liability limitation fund

1. A shipowner and salvor are entitled to limit their liability in accordance with the regulations set out in this Chapter without constitution of a liability limitation fund provided in Article 363 of this Code.

2. Where limitation of liability is invoked without constitution of the liability limitation fund, the regulations of Article 364 of this Code shall apply correspondingly.

Article 363. Constitution of a liability limitation fund

1. A person who may be imposed liability may constitute a liability limitation fund with the court or arbitrazh court, where an action is brought against him on the claim in respect of which the liability of this person may be limited.

2. The liability limitation fund shall be constituted in the amount calculated in accordance with Articles 359 and 360 of this Code, with interest on this amount from the day of the incident giving rise to the liability to the day of constitution of such fund. Any fund constituted thereby is intended to be available only to pay claims in respect of which the liability may be limited.

3. The liability limitation fund may be constituted by depositing the amount mentioned in paragraph 2 of this Article with the court or arbitrazh court or by producing a bank guaranty or

other financial security, acceptable in accordance with the laws of the Russian Federation and considered to be adequate by the court or arbitrazh court.

4. Where several shipowners or salvors are entitled to limit liability on claims arising out of the same incident, the liability limitation fund constituted by one of these persons shall be deemed constituted by all shipowners or salvors.

Article 364. Distribution of the liability limitation fund

1. The court or arbitrazh court where the liability limitation fund is constituted shall be the only competent to decide all matters relating to the distribution of such fund.

2. The liability limitation fund shall be distributed among the persons having claims in proportion to the amounts of their established claims to the fund respectively.

3. If before the liability limitation fund is distributed, the person liable for the claim or his insurer has paid compensation for the claim to the fund, such person shall, acquire by subrogation, to the extent of the amount that person has paid, the rights which the person so compensated would have enjoyed under the regulations set out in this Chapter,.

4. Where the person liable for a claim establishes that the said person may be compelled to pay at a later date, in whole or in part, such amount of compensation with regard to which the said person might avail himself of the right of subrogation in accordance with paragraph 3 of this Article, then, had the compensation been paid before the liability limitation fund is distributed, the court or arbitrazh court where the liability limitation fund has been constituted may order that a sufficient sum shall be provisionally set aside to enable such person at such later date to enforce the claim against the fund.

Article 365. Bar to other actions

Where a liability limitation fund has been constituted, no person whose claims the fund is intended to be available to satisfy shall be entitled to exercise, upon such claims, any right against any other assets of the person or persons who constituted the liability limitation fund. After the liability limitation fund has been constituted, the vessel or other property owned by the said person or persons and arrested in respect of claims which may be made against the fund or the security furnished shall be released by an order of the court or arbitrazh court where the liability limitation fund was constituted. The rule set out in this Article shall apply in the case where a person having a claim has access to the court or arbitrazh court administering such fund, and the fund is actually available to satisfy such claim.

Article 366. Scope of application of the regulations set out by this Chapter

1. The regulations set out by this Chapter shall likewise extend to:

vessels owned or operated by the Russian Federation or the subjects of the Russian Federation and used at the time of the claim arising only for governmental non-commercial service, except for warships, naval auxiliary vessels and frontier guard vessels;

vessels constructed or adapted for drilling works and carrying out such works.

2. The regulations set out by this chapter shall not apply to:

air-cushion vehicles;

floating platforms constructed for the exploration and exploitation of mineral and other non-living resources of the sea bed or subsoil thereof.

Chapter XXII. MARITIME LIEN ON A VESSEL. MORTGAGE ON A VESSEL OR A VESSEL UNDER CONSTRUCTION

§1. MARITIME LIEN ON A VESSEL

Article 367. Claims secured by a maritime lien on a vessel

1. The following claims against the owner of the vessel shall be secured by maritime lien on a vessel if they relate to:

1) wages and other sums due to the master and other members of the vessel's complement in respect of their employment on the vessel, including costs of repatriation and social insurance contributions payable on behalf of the master and other members of vessel's complement;

2) compensation for loss of life or personal injury of a citizen occurring, whether on land or on water, in direct connection with the operation of the vessel;

3) reward for the salvage of the vessel;

4) payment of port, canal, and other waterway dues and pilotage dues;

5) compensation for physical damage caused by the operation of the vessel as a result of loss of or damage to property other than cargo, containers and passengers' effects carried on the vessel.

2. No maritime lien shall attach to a vessel to secure claims as set out in subparagraphs 2 and 5 of paragraph 1 of this Article, which arise out or result from:

causing of damage by oil pollution from a vessel in the meaning of the regulations established in Chapter XVIII of this Code or damage in connection with the carriage of hazardous or noxious substances by sea in the meaning of the regulations established in Chapter XIX of this Code;

effect of the radioactive properties of nuclear fuel or radioactive products and wastes or the effect of a combination of radioactive properties with toxic, explosive and other hazardous properties of nuclear fuel or radioactive products and wastes.

Article 368. Priority of claims secured by maritime lien on a vessel

Claims secured by maritime lien on a vessel set out in paragraph 1 of Article 367 shall take priority over claims arising from the obligations secured by a registered mortgage on the vessel. No claims shall take priority over the said claims secured by maritime lien on a vessel, except for those specified in paragraph 3 of Article 386 of this Code.

Article 369. Ranking of claims secured by maritime lien on a vessel

1. Claims secured by maritime lien on a vessel in accordance with paragraph 1 of Article 367 of this Code shall rank in the order listed in that paragraph. Claims for reward for the salvage of the vessel shall take priority over all other claims secured by maritime lien on the vessel, which have attached to the vessel prior to the time when the salvage operations giving right to the maritime lien on the vessel were performed.

2. Claims secured by maritime lien on the vessel in accordance with subparagraphs 1, 2, 4 and 5 of paragraph 1 of Article 367 of this Code shall rank within each priority queue in proportion to the amount of claims.

3. Claims for reward for the salvage of the vessel secured by maritime lien on the vessel in accordance with subparagraph 3 of paragraph 1 of Article 367 of this Code shall rank within each priority queue in the inverse order of time when the claims secured thereby accrued. Such claims shall be deemed to have accrued on the date on which each salvage operation was terminated.

Article 370. Characteristics of maritime lien on the vessel

With the exception of the compulsory sale of the vessel, maritime lien on the vessel shall follow the vessel notwithstanding any change of ownership or of registration or of flag.

Article 371. Extinction of maritime lien on the vessel

1. Maritime lien on a vessel shall be extinguished after a period of one year since the date when the claims secured thereby and set out in paragraph 1 of Article 367 of this Code accrued, unless, prior to the expiry of such period, the vessel has been arrested, such arrest leading to a forced sale of the vessel.

2. The period of time set out in paragraph 1 of this Article shall commence:

1) with respect to the claims secured by maritime lien on the vessel in accordance with subparagraph 1 of paragraph 1 of Article 367 of this Code – upon the discharge from the vessel of a member of the vessel’s complement, who has such a claim;

2) with respect to the claims secured by maritime lien on the vessel in accordance with subparagraphs 2 to 5 of paragraphs 1 of Article 367 of this Code – when the claim secured thereby arise.

The said period of time shall be suspended for the time that the arrest of the vessel is not permitted by law.

Article 372. Assignment or subrogation of claims

1. The assignment of or subrogation to claims secured by a maritime lien on a vessel entails the simultaneous assignment of or subrogation to such a maritime lien.

2. A person holding a maritime lien on the vessel may not be subrogated to claims in respect of compensation for loss of life or personal injury of a citizen as well as claims for the payment of the insurance indemnity due to the owner of the vessel under a marine insurance contract.

Article 373. Right of retention of a vessel or a vessel under construction

1. To secure claims arising in connection with the building of a vessel, as well as repair of a vessel, including reconstruction, a shipbuilding or shiprepairing organization enjoy the right of retention in respect of such a vessel while it is in the possession of the said organizations.

2. The right of retention of a vessel set out in paragraph 1 of this Article shall be extinguished when the vessel or the vessel under construction ceases to be in the possession of the shipbuilding or shiprepairing organization, otherwise than in consequence of an arrest of it.

3. In case of the forced sale of a vessel or a vessel under construction the shipbuilding or shiprepairing organization are entitled to obtain satisfaction of their claims out of the proceeds of sale of this vessel in accordance with paragraph 4 of Article 386 of this Code.

§2. MORTGAGE ON A VESSEL OR A VESSEL UNDER CONSTRUCTION

Article 374. Effecting of a mortgage on a vessel or a vessel under construction

1. A mortgage on a vessel or vessel under construction shall be effected to secure a pecuniary obligation by a contract of the owner of the vessel or vessel under construction (mortgagor) and a creditor (mortgagee) with its consequent registration in accordance with Articles 376 and 377 of this Code.

2. A person holding the right of economic management of the vessel or vessel under construction may also be the mortgagor of it upon the consent of its owner.

Article 375. Object of the mortgage of a vessel or vessel under construction

1. Unless otherwise provided in a contract, the mortgage on a vessel shall attach to adjuncts of the vessel owned by the same owner as the one of the vessel and to the insurance indemnity due under the contract of marine insurance of the vessel on the conditions of liability for wreck of or damage to the vessel. The mortgage on a vessel does not extend to the freight.

2. Unless otherwise provided in a contract, the mortgage on a vessel under construction shall attach to materials and equipment intended for the construction of it, located at the shipbuilding organization's place of business and distinctly identified by marking or other means, as well as the insurance indemnity due to him under the contract of marine insurance of the vessel under construction on the conditions of liability for wreck of or damage to the vessel under construction.

3. When two or more vessels or vessels under construction are the objects of a mortgage, each of them separately or, in default of an agreement on the respective amount of security for the claim furnished by each vessel, all of them together serve as security for the claim in full.

Article 376. Registration of a mortgage on a vessel or vessel under construction

1. A mortgage on a vessel shall be registered in the same register where the vessel is registered.

2. A mortgage on a foreign vessel to which the right to fly the State flag of the Russian Federation is granted temporarily in accordance with paragraphs 2 and 3 of article 15 of this Code, as well as a mortgage on a vessel being constructed for a foreign purchaser, may not be registered in the Russian Federation.

3. A mortgage on a vessel under construction shall be registered in the Register of Vessels under Construction where the right of ownership of the vessel under construction is registered.

The right of ownership of the vessel under construction may be entered in the Register of Vessels under Construction, given that the keel was laid or an equivalent constructional work confirmed by an expert's opinion has been performed. Upon the registration of the right of ownership of the vessel under construction a relevant certificate shall be issued.

4. The Register of Vessels under Construction which, upon completion of construction, are deemed to be sea-going vessels, shall be kept accordingly at the commercial seaports or fishing seaports located nearby shipbuilding organizations.

The regulations of registration of the rights to vessels under construction in commercial seaports are subject to approval of the federal executive authority on transport, while those in respect of vessels under construction in sea fishing seaports are subject to approval of the federal executive authority on fishery.

**Article 377. Procedure for the registration of a mortgage on a vessel
or vessel under construction**

1. A mortgage on a vessel or vessel under construction is registered upon an application of the Mortgagor after the registration of the right of ownership of the vessel or vessel under construction.

2. In the application form for the registration of a mortgage on the vessel or vessel under construction the following information shall be given:

data identifying the vessel (name of the vessel, port or place of the registration of it, registration number, type and class, tonnage) or the vessel under construction (place where the construction is being made, yard number, type of the vessel, keel length and other basic dimensions, registration number);

name and address of the mortgagor;

name and address of the mortgagee or the indication that the mortgage has been effected to bearer;

maximum amount of the liability secured by the mortgage, and when the mortgage is effected with respect to two or more vessels or vessels under construction – the respective amount of liability secured by each vessel separately under the agreement thereof;

date of termination of the mortgage on the vessel or vessel under construction.

The application form for the registration of a mortgage on the vessel or vessel under construction shall have enclosed the contract on the mortgage on the vessel or vessel under construction with documents referred to therein.

3. Prior to the registration of the mortgage on the vessel or vessel under construction a legal examination of documents required for the registration of the mortgage shall be made.

The body registering the mortgage on the vessel or vessel under construction shall be at liberty to deny the registration if the contract on the mortgage on the vessel or vessel under construction or the documents enclosed to the contract do not meet the requirements for registration of the mortgage on the vessel or vessel under construction

4. The mortgage on the vessel or vessel under construction shall be registered on the day of receipt of the application form for registration.

All information contained in the application form for registration in accordance with paragraph 2 of this Article shall be entered in the State Register of Ships, ship book or Register of Vessels under Construction.

The body registering the mortgage on the vessel or vessel under construction shall issue to the mortgagor and mortgagee a certificate of registration of the mortgage on the vessel or vessel under construction in a standard form in accordance with the entries contained in the State Register of Ships, ship book or Register of Vessels under Construction.

5. A fee for the registration of the mortgage on the vessel or vessel under construction and the procedure for submitting information in accordance with paragraph 6 of this article shall be determined by the Government of the Russian Federation.

6. The State Register of Ships, ship book or Register of Vessels under Construction, where the mortgage on the vessel or vessel under construction is registered and any other documents subject to submitting to the body of registration, shall be open and any party interested shall be entitled to obtain extracts and copies of such documents.

7. Upon the registration of the mortgage of the vessel no entries in this respect are required to be made in the ship papers.

**Article 378. Protection of the interests of the mortgagee of a vessel
or vessel under construction**

It shall be presumed that a mortgage registered in the State Register of Ships, Ship book or Register of Vessels under Construction is effected indeed in favour of the person, in favour of whom the mortgage is actually registered, and all the entries in the State Register of Ships, Ship book or Register of Vessels under Construction are valid unless otherwise registered.

**Article 379. Priority of claims arising out of duties secured by
a mortgage on vessel or vessel under construction**

1. No claims, except for those secured by a maritime lien on the vessel in accordance with paragraph 1 of Article 367 of this Code, shall take priority over claims arising out of duties secured by a registered mortgage on the vessel, with the exception of claims specified in paragraphs 3 and 4 of Article 386 of this Code.

2. No claims shall take priority over those arising out of duties secured by a mortgage on the vessel under construction, with the exception of claims specified in paragraph 4 of article 386 of this Code.

**Article 380. Ranking of claims arising out of duties secured by
a mortgage on vessel or vessel under construction**

1. Where two or more mortgages are registered on the same vessel or vessel under construction, the ranking of claims arising out of duties secured by the mortgage between themselves shall be determined as to the dates of their registration. The mortgage registered earlier shall have priority over the mortgage registered later. Mortgages registered on the same day shall have equal force.

2. The ranking of claims arising out of duties secured by a mortgage on a vessel or vessel under construction set out in paragraph 1 of this Article may be changed by agreement between the mortgagor and mortgagees. Such agreement is subject to registration in the State Register of Ships, Ship book or Register of Vessels under Construction.

Article 381. Assignment of the mortgage on a vessel or vessel under construction

1. A Mortgagee shall be at liberty to assign the mortgage on the vessel or vessel under construction to another party, only together with the pecuniary duty secured thereby. The assignment of one without the other shall not be permitted.

2. In the event of an assignment of the mortgage on the vessel or vessel under construction, an entry on the date of the assignment and the name of the person in favour of whom the assignment was effected shall be made in the State Register of Ships, Ship book or Register of Vessels under Construction.

**Article 382. Preservation of a vessel or vessel under construction
secured by a mortgage**

A mortgagor shall be obliged to take appropriate measures for the preservation and maintenance of the vessel or vessel under construction secured by the mortgage. If a non-fulfilment of this obligation results in a considerable depreciation of the vessel or vessel under construction, the mortgagee shall be entitled to compulsorily effect a mortgage on the vessel or vessel under construction even before the time the duty to be performed.

**Article 383. Transfer of the right of ownership of a vessel or vessel
under construction or change of registration**

1. With the exception of the forced sale of a vessel or vessel under construction in accordance with Articles 385 and 386 of this Code, in all other cases that entail the deregistration of the vessel from the State Register of Ships or ship book, or the deregistration of the right of ownership of the vessel under construction from the Register of Vessels under Construction, the authority in charge of registration may not deregister the vessel or the right of ownership of the vessel under construction from relevant registers, unless all the registered mortgages of the vessel or vessel under construction have been previously redeemed or a written consent of all holders of the mortgages has been obtained.

2. In cases where the deregistration of the vessel or vessel under construction from the State Register of Ships or ship book, or deregistration of the right of ownership of the vessel under construction from the Register of Vessels under Construction is obligatory otherwise than as a result of a voluntary sale, the authority in charge of registration shall notify the mortgagees about the pending deregistration of the vessel or the right of ownership of the vessel under construction from the relevant registers in order to enable the mortgagees to take appropriate actions to protect their interests. If their consent is not obtained, the vessel or the right of ownership of the vessel under construction shall be deregistered from the relevant registers after a lapse of a reasonable period of time which shall not be less than three months after the relevant notification to the mortgagees.

Article 384. Grounds for the forced sale of a vessel or vessel under construction

Where a mortgagor has failed to perform his duty to pay a debt, the vessel or vessel under construction charged with a mortgage may be sold under a court decision at the place of location of the arrested vessel or vessel under construction.

Article 385. Notice of the forced sale of a vessel or vessel under construction

1. Prior to the forced sale of a vessel or vessel under construction the court shall be obliged to provide a notice thereof to:

the authority in charge of registration of the vessel or the authority in charge of registration of the right of ownership of the vessel under construction;

all the mortgagees of the registered mortgages of the vessel or vessel under construction which have not been issued to bearer;

all the mortgagees of the registered mortgages of the vessels or vessels under construction issued to bearer and all holders of maritime lien on the vessel in respect of the claims set out in paragraph 1 of Article 367 of this Code, provided that they have notified the court of their respective claims;

the registered owner of the vessel or vessel under construction;

the authority in charge of registration of the vessel in the state whose flag the vessel is temporarily permitted to fly.

2. The person applying for the forced sale of the vessel or vessel under construction shall be obliged to present to the court an extract from the relevant register of ships or register of vessels under construction with the names and addresses of the mortgagees of the registered mortgages of the vessel or vessel under construction enclosed.

3. The notice of the forced sale of a vessel or vessel under construction shall be provided not less than thirty days prior to the forced sale and shall contain:

information on the time and place of the forced sale and such particulars concerning the forced sale or the proceedings leading to the forced sale and which the persons entitled to notice need to know to protect their interests;

if the time and place of the forced sale cannot be determined with certainty, information on the approximate time and anticipated place of the forced sale and such particulars concerning the forced sale, which are sufficient to protect the interests of persons entitled to notice;

In cases where notice is provided in accordance with this paragraph, additional notice of the actual time and place of the forced sale shall be provided when known but not less than seven days prior to the forced sale.

4. The notice of the forced sale shall be provided to authorities and persons enumerated in paragraph 1 of this Article by registered mail or given by any electronic or other appropriate means of communication which provide confirmation of receipt. In addition, the notice may be published in the mass media in the place where the forced sale is conducted or, at the discretion of the authority conducting such sale, in other press publications.

Article 386. Effects of the forced sale of a vessel or vessel under construction

1. In the event of the forced sale of the vessel or vessel under construction, all registered mortgages of the vessel or vessel under construction, except those assumed by the purchaser with the consent of the mortgagees, all liens and other encumbrances of whatsoever nature shall cease to attach to the vessel or vessel under construction.

2. Expenses arising out of the arrest and subsequent sale of the vessel or vessel under construction shall be paid first out of the proceeds of sale. Such expenses include, inter alia, the costs for the upkeep of the vessel and the crew as well as wages, other sums and costs referred to in subparagraph 1 of paragraph 1 of Article 367 of this Code incurred from the time of arrest. The balance of the proceeds from the sale of the vessel or vessel under construction shall be distributed in accordance with the regulations set out in this Chapter, to the extent necessary to satisfy the respective claims. Upon satisfaction of all claimants, the residue of the proceeds, if any, from the sale of the vessel or the vessel under construction, shall be paid to the owner of the vessel or vessel under construction and shall be freely transferable.

3. In the case of the forced sale of a sunken vessel, the raising of which is carried out by port authorities in the interest of safe navigation or protection from pollution of the marine environment, the costs of the raising of the sunken vessel shall be paid out of the proceeds of the sale of it, before any other claims secured by a maritime lien on the vessel.

4. In a case where, at the time of the forced sale, the vessel or vessel under construction is in the possession of a shipbuilding or shiprepairing organization which enjoy a right of retention, such organization must surrender possession of the vessel or the vessel under construction to the purchaser but is entitled to obtain satisfaction of its claim out of the proceeds of sale of the vessel or the vessel under construction. In the presence of claims secured by a maritime lien on the vessel in accordance with paragraph 1 of Article 367 of this Code, this right of the shiprepairing organization arises after the said claims have been satisfied

5. In the event of the forced sale of a vessel or vessel under construction, the competent authority shall, at the request of the purchaser, issue a certificate to the effect that the vessel or vessel under construction is sold free of all registered mortgages except those assumed by the purchaser with the consent of the mortgagees.

Upon production of such certificate, the authorities which have made the registration of the mortgage of the vessel or the vessel under construction shall be bound to delete all registered mortgages on the vessel or the vessel under construction from the relevant register of ships or register of vessels under construction, except those assumed by the purchaser.

Where the purchaser of the vessel or vessel under construction is a citizen of the Russian Federation or a legal entity in accordance with the laws of the Russian Federation, the vessel or the right of ownership of the vessel under construction shall be registered in the name of this purchaser in the relevant register in the Russian Federation. Where the vessel or the right of

ownership of the vessel under construction is registered in the relevant register in the Russian Federation and the purchaser of such vessel is a foreign citizen or foreign legal entity, the authority in charge of registration of the vessel or the authority in charge of registration of the right of ownership of the vessel under construction shall be bound to issue to the purchaser a certificate of deregistration of the vessel from the State Register of Ships, Ship book or the deregistration of the right of ownership of the vessel under construction from the Register of Vessels under Construction for the purpose of registration of the vessel or the right of ownership of the vessel under construction in the relevant register of a foreign state.

Article 387. Termination of the mortgage on a vessel or vessel under construction

1. A mortgage on a vessel or vessel under construction shall be terminated in the event of:
redemption of a pecuniary debt;

termination of a pecuniary duty by a way other than redemption of a debt (forced sale and others);

wreck of the vessel or vessel under construction, with the exception of cases where the holder of the mortgage on the vessel or vessel under construction may implement his claim for the insurance indemnity due to him in connection with the wreck of the vessel or vessel under construction under the contract of marine insurance.

2. Upon production of evidence for the termination of the mortgage of the vessel or vessel under construction, in cases specified in paragraph 1 of this Article, the authority in charge of registration shall make an entry on the termination of the mortgage of the vessel or vessel under construction in the relevant register of ships or register of vessels under construction.

Chapter XXIII. ARREST OF A VESSEL

Article 388. Authority to arrest a vessel

1. For the purposes of this chapter, the arrest of a vessel means any detention or restriction in movement of a vessel, within the jurisdiction of the Russian Federation, carried out on under a decision by a court, arbitrazh court or marine arbitration court authorized by law to impose arrest on the vessel to secure a maritime claim as defined in Article 389 of this Code, with the exception of the seizure of a vessel in execution of a decision of a court, arbitrazh court or arbitration tribunal which have come into legal force.

2. A vessel may be put under arrest only by a maritime claim.

3. A vessel may be put under arrest even when it is ready to sail.

4. A vessel may be put under arrest in order to obtain a security, regardless of the fact that, in accordance with a jurisdictional clause or arbitration clause specified in a corresponding agreement or otherwise, the maritime claim in respect to which the vessel is put under arrest is subject to be heard in a court or arbitration body of another state.

5. The regulations set out in this chapter shall not affect the right of the harbour master of a seaport to refuse to issue permission to the vessel to leave the seaport in accordance with Article 81 of this Code, the right of the port authorities for detention of the vessel and its cargo under the claims specified in article 81 of this Code, or the right of government authorities to arrest a vessel and its cargo, as stipulated by laws of the Russian Federation.

Article 389. Maritime claim

A maritime claim shall be deemed any claim arising out of:

damage caused during the operation of a vessel;

loss of life or personal injury of a citizen occurring, whether on land or on water, in direct connection with the operation of a vessel;

carrying-out of a salvage operation or any contract on salvage;

expenses on the measures taken by any person to prevent or minimize damage, including damage to the environment, if such a claim arises out of an international treaty of the Russian Federation, law or any agreement, as well as damage which has been caused or might have been caused by such measures;

expenses for the raising, removal and destruction of a sunken vessel or its cargo;

any contract for use of a vessel;

any contract relating to the carriage of goods by sea or contract of carriage of a passenger by sea on the vessel;

loss of or damage to goods, including baggage carried in a vessel;

general average;

pilotage;

towage;

supply of provisions, materials, fuel, stores, equipment, including containers, for the purposes of the operation and maintenance of a vessel;

construction, repair, modernization or reequipment of a vessel;

port and canal and other waterway dues charges;

wages and other sums due to the master and other members of the vessel's complement in respect for their employment on the vessel, including costs of repatriation and social insurance contributions payable on behalf of the master of the vessel and other members of the vessel's complement;

disbursement expenses, incurred in respect of a vessel;

insurance premium, including mutual insurance contributions payable by the owner of a vessel or its charterer by demise or on their behalf;

commission, broker's or agent's remuneration payable by the owner of a vessel or its charterer by demise or on their behalf;

any disputes as to the right of ownership or possession of a vessel;

any disputes between two or more co-owners of a vessel as to the use of the vessel and the apportionment of earnings;

a registered mortgage on a vessel or registered charge of the same nature;

any dispute arising out of a contract of sale of a vessel.

Article 390. Vessel liable to arrest

1. A vessel in the respect of which a maritime claim has arisen may be arrested in circumstances where:

1) the maritime claim against the owner of the vessel is secured by maritime lien and is among the claims enumerated in paragraph 1 of Article 367 of this Code;

2) the maritime claim is based on the mortgage on the vessel or a charge of the same nature, registered according to the due procedure;

3) the maritime claim relates to the right of ownership or possession of the vessel;

4) the maritime claim does not fall under paragraphs 1, 2 and 3 of this Article, but the person to whom the vessel belongs by the right of ownership at the time the maritime claim arises is liable in respect of such a claim, and is its owner at the moment of beginning of the procedure connected with the arrest of the vessel, or the charterer of the vessel by demise at the time the maritime claim arises is liable in respect of such a claim, and at the moment of beginning of the procedure connected with the arrest of the vessel is its charterer by demise or its owner.

2. Any other vessel or vessels may also be put under arrest, if at the moment of beginning of the procedure connected with their arrest the vessels are owned by the person liable under a maritime claim who was, at the moment of the claim arising, the owner of the vessel relating to

which a maritime claim has arisen, or the charterer by demise, time charter or voyage charter of such a vessel.

The rule set out in this paragraph shall not apply to a claim relating the right of ownership or possession of the vessel.

Article 391. Release of a vessel from arrest

1. A vessel may be released from arrest only on the basis of a decision of a court, arbitrazh court or arbitration tribunal referred to in paragraph 1 of Article 388 of this Code, upon sufficient security in an acceptable form being furnished.

2. In default of agreement between the parties as to the form and amount of the security, a court or arbitrazh court or arbitration tribunal referred to in paragraph 1 of article 388 of this Code shall determine the form of security and the amount of it, which shall not exceed the value of the vessel.

3. Any request to release the vessel from arrest against a security being furnished shall not be construed as an acknowledgement of liability or as a waiver of defences or the benefit of the legal limitation of liability.

4. The person furnishing security in accordance with paragraph 2 of this Article may apply to any time to a court, arbitrazh court or arbitration tribunal referred to in paragraph 1 of Article 388 of this Code with a request for the reduction, alteration or revocation of this security.

Article 392. Recurring and frequent arrest of a vessel

1. Where a vessel is arrested for the purpose of securing maritime claim or if the security is given to prevent a vessel's arrest or to release it from arrest, such a vessel shall not be arrested again or arrested in respect of the same maritime claim, unless:

1) the amount of the security furnished in respect of the same maritime claim is insufficient, provided that the total amount of the security shall not exceed the value of the vessel;

2) the person who has furnished the security is not able to perform his obligations in full or in part;

3) the vessel under arrest or the security furnished has been released:

on the request or with the consent of the person having the right of maritime claim and if this request or consent are reasonably grounded;

due to inability of the person having the right of maritime claim to prevent the release of the vessel by taking reasonable measures.

2. Where a vessel is arrested to secure a maritime claim or if the security is given to prevent the arrest of the vessel or to release its from arrest, any other vessel which may have been arrested in respect of the same maritime claim shall be not liable to arrest only unless:

1) the amount of security already obtained in respect of the same maritime claim is insufficient;

2) the regulations set out in subparagraphs 2 and 3 of paragraph 1 of this Article apply;

3. The regulations set out in this Article shall not apply in respect of any unlawful release of a vessel from arrest or its departure from arrest.

Article 393. Protection of the shipowner of the arrested vessel

1. A court or arbitrazh court or arbitration tribunal referred to in paragraph 1 of Article 388 of this Code may, as a condition to the arrest of a vessel or prolongation of an earlier imposed arrest of a vessel, bind the person requiring arrest of the vessel or prolongation of arrest of the vessel to provide a security in the volume and on the terms which may be stipulated by a court or arbitrazh court or arbitration tribunal referred to in paragraph 1 of article 388 of this Code in respect of any damages which may be sustained as a result of the vessel's arrest, including those resulting from an unlawful or unfounded arrest or the demand for and obtaining of an excessive security, for which the said person may bear liability.

The regulations set out in subparagraph 1 of this paragraph shall not apply to the person requiring the arrest of the vessel or the prolongation of the vessel's arrest under the claim specified in the sixteenth subparagraph of Article 389 of this Code.

2. A court, arbitrazh court or arbitration tribunal mentioned in paragraph 1 of Article 388 of this Code, under a decision of which the arrest of the vessel was imposed or the security for preventing the vessel's arrest was provided, shall be entitled to prescribe the amount of liability of the person, upon whose demand the vessel was arrested or the security provided, for any losses incurred including those which may be sustained as a result of the unlawful or ungrounded arrest of the vessel or the demand for and obtaining of an excessive security.

3. Where security is provided in accordance with paragraph I of this Article, the person who has provided the security may at any time apply to a court or arbitrazh court or arbitration tribunal mentioned in paragraph 1 of Article 388 of this Code with a request for the reduction, alteration or revocation of the security.

Chapter XXIV. SEA PROTESTS

Article 394. Sea protest

1. Where, either at sea or at its moorings, an incident occurs which may form a basis for bringing property claims against the shipowner, the master of the vessel shall, for the purposes of securing evidence, make a statement of sea protest.

2. Sea protest shall be intended to provide, as far as possible, full information concerning the circumstances of the incident and the reasons causing it, including information on the damage and the measures undertaken to prevent or minimize damage.

Article 395. Statement of sea protest

A statement of sea protest shall be made:

in a port of the Russian Federation, to a notary;

in a foreign port, to an official of the consulate of the Russian Federation or to a competent official of the foreign state, in the procedure established by the laws of such state.

Article 396. Period of statement of sea protest

A sea protest shall be made if the incident occurred:

in a port, within 24 hours from the time of incident;

during navigation of the vessel, within 24 hours from the time of arrival of the vessel or the master of the vessel to the first port after the incident.

Article 397. Statement of sea protest with delay

1. Where an incident occurred during navigation, the statement may be made at the time of arrival of the vessel or the master of the vessel to a port which is not the first port after the incident, so to avoid considerable loss of time and expenses connected with the call at the first port after the incident.

2. If it proves impossible to make the sea protest within the period established in Article 396 of this Code, the reasons therefor shall be specified in the statement of sea protest.

Article 398. Statement of sea protest with regard to damage caused to cargo

Where there are reasons to suppose that damage to the cargo on board the vessel has been caused resulting from the incident, the statement of sea protest shall be made prior to the opening of the hatches. Discharge of the cargo on board the vessel before the statement of sea protest may be commenced only in case of emergency.

Article 399. Evidence

1. As confirmation to the circumstances described in the statement of sea protest, the master shall, when making the statement or within not more than seven days from the time of his

arrival or the arrival of the vessel in a port or that of the incident, if it occurred in the port, be obliged to submit to a notary or an official of a consulate of the Russian Federation or a competent official of a foreign state for inspection the ship's log and an extract therefrom certified by the master.

2. In the event of the loss of the ship's log, the statement of sea protest shall contain the circumstances of and the reasons for the loss of the ship's log.

Article 400. Drawing up a sea protest document

A notary or an official of a consulate of the Russian Federation, on the basis of the master's statement, of data from the ship's log, of questioning the master and, if necessary, other members of the vessel's crew, shall draw up a sea protest document and certify it with his signature and official seal.

Article 401. Drawing up of sea protest documents by consular authorities of foreign states

Acceptance of statements of sea protests from masters of foreign vessels and drawing up sea protest documents may be carried out by the consular authorities of foreign states in the Russian Federation on condition of reciprocity.

Chapter XXV. CLAIMS AND ACTIONS. LIMITATION OF ACTIONS

§1. CLAIMS AND ACTIONSS

Article 402. Attesting of circumstances which may serve the basis for liability of participants in the carriage of goods by sea

1. Circumstances, which may serve the basis for liability of carriers, shippers, consignees or passengers shall be attested by commercial documents or by documents of a general form. In foreign ports such circumstances shall be attested in accordance with the regulations in force in the port concerned.

2. A commercial document shall be drawn up to attest to:

unconformity between the description, weight or quantity of units of goods or luggage in kind and the particulars entered in the document of carriage;

damage to goods or luggage;

discovery of goods or luggage without documents, as well as documents without goods or luggage;

return of stolen goods or luggage to the carrier .

The forms of documents, the procedure for drawing them up and the procedure for attesting to circumstances which do not require drawing up documents shall be established in regulations issued in accordance with paragraph 2 of Article 5 of this Code.

Article 403. Claims to the carrier

1. Prior to bringing an action against a carrier arising out of the carriage of goods in cabotage, presentation to the carrier of a claim shall be mandatory.

2. Claims shall be made against the carrier who performed the carriage of goods, and, if the said carriage was not performed, against the carrier who under the contract of carriage of goods by sea, was bound to perform it.

Claims arising out of the carriage of goods in multimodal transport shall be made against the carrier who delivered the cargo to place of destination

Article 404. Transfer of the right to make claims and bring actions

1. The right to make claims and bring actions may not be transferred to other organizations or citizens, save that such right may be transferred the by the shipper to the consignee or vice versa, as well as by the shipper or consignee to the forwarding agent or insurer.

2. Transfer of the right to lodge a claim and action shall be attested an endorsement on the bill of lading or other document of carriage.

Article 405. Procedure for making a claim

1. A claim shall be made in writing.

A claim as to the loss of or damage to cargo shall be supplemented, besides the documents of carriage, with documents evidencing the right to make claims and those attesting the quantity and value of the shipped cargo.

Documents of carriage shall be produced in original only.

2. The carrier shall be entitled to return the claim without consideration within two weeks after the receipt of it, if the documents specified in paragraph I of this Article are not enclosed to the claim. If the carrier does not return within the said period to the claimant the claim improperly drawn up, the claim shall be presumed to have been accepted.

**Article 406. Time for making a claim arising out of the contract
of carriage of goods by sea**

A claim against a carrier arising out of the contract of carriage of goods by sea may be made within the limitation period of actions.

**Article 407. Consideration period of a claim arising out of the contract
of carriage of goods by sea**

1. A carrier shall be bound to consider a claim arising out of the contract of carriage of goods by sea within thirty days from the day of receipt of it and notify the claimant whether it is satisfied or rejected.

2. The running of the limitation period for actions shall be suspended from the day a claim arising out of the contract of carriage of goods is made against the carrier by sea until an answer to the claim is obtained or until the period established for such answer expires.

§2. LIMITATION OF ACTIONS

**Article 408. Limitation period for claims arising out of the contract
of carriage of goods by sea**

1. One year limitation period shall apply to claims arising from the contract of carriage of goods by sea.

2. The above period shall be calculated for claims for:

compensation for damages resulting from the loss of goods, upon expiration of thirty days from the day when the goods should have been released, and in multimodal transport, upon the expiration of four months from the day of taking over the goods for carriage;

compensation for damages resulting from damage to goods, delay in their delivery and the return of surcharge or recovery of arrears of payments for carriage, from the day of the release of the goods, and, where the goods were not released, from the day when they should have been released;

compensation for losses for non-arrival or late arrival of the vessel for loading, demurrage payment, bonuses for loading or discharge ahead of schedule, from the day when the month expires following that in which the carriage of the goods was or should have been commenced;

in all other cases, from the day of occurrence of the event which served the basis for making the claim.

Article 409. Limitation period for other claims

1. A two-year limitation period shall apply to claims arising out of the contract of carriage of a passenger by sea in a foreign travel, except in the case specified in paragraph 1 of Article 197

of this Code, the contract of marine insurance, as well as a collision of vessels and carrying-out of salvage operations.

The said period shall be calculated:

1) for claims arising out of the contract of carriage of a passenger in a foreign travel, except the case specified in paragraph 1 of Article 197 of this Code:

in event of personal injury to the passenger, from the day of disembarkation of the passenger;

in event of the death of the passenger having occurred during the carriage, from the day when the passenger should have disembarked;

in event of personal injury during the carriage resulting in the death of the passenger after his disembarkation, from the day of his death, provided the said period does not exceed three years from the day of the disembarkation of the passenger;

in event of loss of or damage to the passenger's luggage, from the day when the luggage was or should have been discharged, whichever is the later;

2) for claims arising out of the contract of marine insurance, from the day the right to bring the action arose;

3) for claims for compensation of losses arising out of a collision of vessels, from the day of the collision;

4) for claims arising out of salvage operations, from the day of termination of the salvage operation.

2. A one-year limitation period shall apply to claims arising out of the contracts of towage, marine agency, marine brokerage, time charter and bareboat charter and general average.

The said period shall be calculated:

1) for claims arising out of the contracts of towage, marine agency, marine brokerage, time charter and bareboat charter, from the day the right to bring the action arose;

2) for claims arising out of general average, from the day of the drawing-up of the average statement.

3. A one-year limitation period, calculated from the day of payment of the appropriate amount, shall apply to claims of recourse specified in Article 313 of this Code.

**Article 410. Limitation of claims for compensation for damage of oil pollution
from vessels and damage in connection with the carriage
of hazardous and noxious substances by sea**

Claims compensation for damage of oil pollution from vessels and damage in connection with the carriage of hazardous and noxious substances by sea shall be acquitted within three years from the day when the person who suffered damage learned or should have learned about such damage. But claims for compensation for damage of oil pollution from vessels may not be made after expiration of six months from the day of the incident causing oil pollution from the vessel; claims for compensation for damage in connection with the carriage of hazardous and noxious substances by sea, after expiration of ten years from the day of the incident causing such damage.

Article 411. Application of general limitation periods

General limitation periods established by the civil legislation of the Russian Federation shall apply to claims for which this Code does not provide limitation periods, unless other limitation periods for such claims are provided for by an international treaty of the Russian Federation.

Article 412. Suspension of the limitation period in case of general average

Where calculation of the amount of the claim depends on a general average adjustment payments, the limitation period shall be suspended from the day when the general average adjuster issues the statement on the presence of general average event until the day when the person concerned receives the said statement.

Article 413. Interest for the use of another person's funds

1. When satisfying claims arising out of the relations governed by this Code, an interest in the amount of the bank discount rate in effect in the creditor's place of residence or, if the creditor is a legal entity, in the place of its location, shall be added to the amount paid.

2. The interest shall accrue from the day the claim for payment of the appropriate sum is made in writing till to the day it is paid.

3. The regulations set out in this Article shall not apply to claims for compensation for losses in general average adjustment.

Chapter XXVI. APPLICABLE LAW

**Article 414. Establishing of law to be applied to relations arising out
of merchant shipping with the participation of foreign
citizens or foreign legal entities or complicated by
a foreign element**

1. The law to be applied to relations arising out of merchant shipping with the participation of foreign citizens or foreign legal entities or complicated by a foreign element, including where the object of civil rights is located outside the Russian Federation, shall be established in accordance with international treaties of the Russian Federation, this Code, other laws and customs of merchant shipping recognized in the Russian Federation.

2. The parties to a contract specified in this Code may, when concluding the contract or subsequently choose, by mutual agreement, which law is to apply to their rights and duties under that contract. In default of agreement of the parties as to the law to be applied, the regulations of this Code shall apply; the existence of such agreement may not entail exoneration or reduction of liability which, in accordance with this Code, the carrier shall bear for loss of life or personal injury caused to a passenger or loss of or damage to goods or luggage or delay in their delivery.

Article 415. Right of ownership and other property rights

1. The right of ownership and other property rights, as well as arising, transfer and termination of such rights, are stipulated by the law of the state of the vessel's flag.

2. In respect of the property rights in the vessel, which is temporarily granted the right to fly the flag of another state, the law of the state where the vessel is registered actually before the change of the flag, shall apply.

3. Rights in a vessel under construction shall be stipulated by the law of the state where the vessel is accepted for construction or is being constructed, unless otherwise provided by the contract of construction of vessel.

Article 416. Legal status of members of a vessel's crew

1. The legal status of members of a vessel's crew and the relationship between the members of the crew deriving from the operation of the vessel shall be stipulated by the law of the state of the vessel's flag.

2. Relationship between the shipowner and the members of the vessel's crew shall be governed by the law of the state of the vessel's flag, unless otherwise provided by a contract regulating the relationship between the shipowner and members of the vessel's crew who are foreign citizens.

The choice, by the parties to the labour contract, of the law to be applied to relationship between the shipowner and the members of the vessel's crew shall not entail a deterioration in the working conditions of the crew members in comparison with the norms of the state which shall govern the said relationship in default of agreement of the parties as to the law to be applied.

Article 417. Rights to sunken property

1. The rights to the property sunken in internal sea waters or territorial sea, as well as relations arising in connection with sunken property shall be governed by the law of the state where the said property sank.

2. In respect of vessels sunk in high seas, or the goods and other property thereon, the law of the state of the vessel's flag shall apply.

Article 418. Relations arising out of merchant shipping contracts

1. Relations arising out of the contract of carriage of goods by sea, contract of towage, contract of marine agency, contract of marine brokerage, contract of marine insurance, time charter or bareboat charter shall be regulated by the law of the state specified by agreement of the parties, and out of the contract of carriage of a passenger by sea, by the law of the state specified in the passenger's ticket.

2. In default of agreement of the parties as to the law to be applied, relations between the parties arising out of contracts shall be governed by the law of the state of establishment or of the principal place of business or place of residence of the party who is:

the carrier, in the contract of carriage of goods by sea;

the shipowner, in the contract of marine agency, time charter or bareboat charter;

the shipowner of the towing vessel, in the contract of towage;

the principal, in the contract of marine brokerage;

the insurer, in the contract of marine insurance.

Article 419. General average

1. In default of agreement of the parties as to the law to be applied, relations arising out of general average shall be governed by the law of the state in whose port the vessel terminated its voyage after the incident causing the general average.

In cases where all the parties concerned belong to the same state, the law of such state shall apply.

2. The order of general average adjustment, if distributed in the Russian Federation, shall be determined by the regulations set out in Chapter XVI of this Code.

Article 420. Relations arising out of collision of vessels

1. Relations arising out of collision of vessels in internal sea waters or territorial sea shall be governed by the law of the state on the territory of which the collision occurred.

2. Where the collision occurred in the high seas and the dispute is heard in the Russian Federation, the regulations set out in Chapter XVII of this Code shall apply.

3. In respect of relations arising out of a collision of vessels flying the flag of the same state, the law of such state shall apply, irrespective of the place of collision.

Article 421. Relations arising out of causing damage by oil pollution from vessels

Where damage by oil pollution from vessels is caused, the regulations set out in Chapter XVIII of this Code shall apply to:

damage by oil pollution from vessels caused within the territory of the Russian Federation, including the territorial sea and the exclusive economic zone of the Russian Federation;

measures for preventing or minimizing such damage, wherever taken.

Article 422. Relations arising out of damage caused in connection with carriage of hazardous and noxious substances by sea

Where damage in connection with carriage of hazardous and noxious substances by sea is caused, the regulations set out in Chapter XIX of this Code shall apply to:

any damage caused within the territory of the Russian Federation including territorial sea;

pollution damage to the environment caused in the exclusive economic zone of the Russian Federation;

damage other than pollution damage to the environment caused outside the territory of the Russian Federation including territorial sea, if the said damage was caused by hazardous and noxious substances carried on board a vessel flying the State Flag of the Russian Federation;

measures for preventing and minimizing damage, wherever taken

Article 423. Relations arising out of salvage of vessel or other property

1. In default of agreement of the parties as to the law to be applied to relations arising out of the salvage of vessel or other property in internal sea waters and territorial sea, the law of the state where the salvage took place shall apply, and, if the salvage is carried out in the high seas and the dispute is heard in the Russian Federation, then the regulations set out in Chapter XX of this Code shall apply.

2. Where the salvaging and salvaged vessels are flying the flag of the same state, the law of the state of the vessel's flag shall apply, irrespective of the place of salvage.

3. In respect of the apportionment of the reward between the shipowner of the salvaging vessel, its master and other members of its crew, the law of the state of the vessel's flag shall

apply and, if the salvage was carried out not from the vessel, the law shall apply under the effect of which the contract regulating relations between the salvor and his servants falls.

Article 424. Maritime lien on a vessel

In respect of a maritime lien on a vessel and the ranking of claims secured by the maritime lien on the vessel, law of the State in a court of which the dispute is heard shall apply.

Article 425. Mortgage on a vessel or vessel under construction

Effecting of a mortgage on a vessel or vessel under construction and the ranking of claims arising out of the obligations secured by the registered mortgage on the vessel or vessel under construction shall be regulated by law of the state where the mortgage is registered.

Article 426. Limits of the shipowner's liability

The limits of the shipowner's liability shall be stipulated by law of the state of the vessel's flag .

Article 427. International treaties of the Russian Federation

Where by an international treaty of the Russian Federation, regulations other than those specified in this Code are set out, the provisions of the international treaty shall apply.

Chapter XXVII. FINAL CLAUSES

Article 428. Entry into force of this Code

1. This Code shall enter into force and effect as from 1 May 1999.

2. Paragraph 8 (in part regarding provisions of the Merchant Shipping Code of the USSR) of the ruling of the Supreme Soviet of the Russian Federation of 3 March 1993 4604-1 "On Certain Issues of Application of Legislation of the USSR on the Territory of the Russian Federation" (Records of the Congress of People's Deputies of the Russian Federation and the Supreme Soviet of the Russian Federation, 1993, 11, art. 393; The Collection of Legislation of the Russian Federation, 1996, 5, art. 411; 1997, 12, art. 1383) shall be deemed invalid as from 1 May, 1999.

3. From 1 May, 1999, the following legislation shall not apply on the territory of the Russian Federation:

the Decree of the Presidium of the Supreme Soviet of the USSR of 17 September 1968, 3095-VII "On Approval of the Merchant Shipping Code of the USSR" (Records of the Supreme Soviet of the USSR, 1968, 39, art. 351);

the USSR Law of 13 December 1968, N 3404-VII "On Approval of the Decree of the Presidium of the Supreme Soviet of the Russian Federation "On Approval of the Merchant Shipping Code of the USSR" (Records of the Supreme Soviet of the USSR, 1968, 5 I, art 488);

the Decree of the Presidium of the Supreme Soviet of the USSR of 20 May 1974, 6001-VIII "On Introduction of Amendments into the Merchant Shipping Code of the USSR" (Records of the Supreme Soviet of the USSR, 1974, 22, art. 324);

subparagraph 7 of the USSR Law of 26 July 1974, 6-IX "On Approval of the Decrees of the Presidium of the Supreme Soviet of the USSR Concerning Certain Amendments and Additions to the Legislation of the USSR" (Records of the Supreme Soviet of the USSR, 1974, 31, art. 471);

the Decree of the Presidium of the Supreme Soviet of the USSR of 27 July 1982, 7599-X "On Introduction of Amendments in and Additions to the Merchant Shipping Code of the USSR" (Records of the Supreme Soviet of the USSR, 1982, 31, art. 588);

subparagraph 10 of the USSR Law of 24 November 1982, N 8323-X "On Approval of the Decrees of the Presidium of the Supreme Soviet of the USSR on Certain Amendments in and Additions to Certain Legal Acts of the USSR" (Records of the Supreme Soviet of the USSR, 1982, 48, art. 896);

paragraph 2 of the Decree of the Presidium of the Supreme Soviet of the USSR of 2 December 1987, 8089-XI "On Introduction of Amendments in and Additions to Certain Legal Acts of the USSR in Connection with the USSR Law 'On a State Enterprise (Association)'" (Records of the Supreme Soviet of the USSR, 1987, 49, art. 791).

4. Pending the adjustment of the laws and other legal acts regulating relations in the sphere of merchant shipping which are in force and effect on the territory of the Russian Federation in conformity with this Code, the laws and other legal acts of the Russian Federation, as well as the legal acts of the USSR in force and effect on the territory of the Russian Federation in the limits and order stipulated in the legislation of the Russian Federation, shall apply insofar as they do not contradict this Code.

Legal acts of the President of the Russian Federation and legal acts of the Government of the Russian Federation issued prior to the entry into force of this Code, as well as rulings of the Government of the USSR applicable on the territory of the Russian Federation in respect of matters which under to this Code are subject to regulation only by federal laws, shall be valid pending the enactment of appropriate laws.

Article 429. Application order of the regulations set out in this Code

1. The regulations set out in this Code shall apply to relations arising out of merchant shipping after its entry into force.

In respect of relations arising out of merchant shipping prior to the entry into force of this Code, regulations set out in this Code shall apply to those rights and duties, which will arise after its entry into force.

2. The regulations set out in this Code and determining the contents of contracts of certain kinds, shall apply to contracts concluded after the entry into force this Code.

Article 430. Adjustment of legal acts in conformity with this Code

The President of the Russian Federation shall be advised and the Government of the Russian Federation shall be commissioned to adjust their legal acts in conformity with this Code.

President
of the Russian Federation

Moscow, the Kremlin
April 30 1999

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