

MERCHANT SHIPPING CODE
OF THE RUSSIAN FEDERATION
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Chapter I. General Provisions

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

1. The present Code shall regulate relations arising in merchant shipping.

Relations arising from merchant shipping shall be regulated by other federal laws (hereinafter referred to as laws), decrees of the President of the Russian Federation and decisions of the Government of the Russian Federation (hereinafter referred to as other legal acts of the Russian Federation), which are issued in conformity with the present Code.

2. Property relations arising from merchant shipping and based on the equality, autonomous will and property self-sufficiency of their participants shall be regulated by this Code in keeping with the Civil Code of the Russian Federation. Property relations which are not regulated or regulated not in full by the Code shall be governed by the rules of the civil legislation of the Russian Federation.

Article 2. The Concept of Merchant Shipping

In the present Code merchant shipping shall be understood to mean the activity involved in the use of ships for:

- the carriage of cargoes, passengers and their luggage;
- the fishery of water biological resources;
- the prospecting and development of mineral and other inanimate resources of the sea bed and its subsoil;
- pilotage and ice-breaking pilotage;
- search, salvage and tow operations;
- the lifting of assets sunk at sea;
- hydrotechnical, underwater technical and other similar works;
- sanitary, quarantine and other control;
- protection and preservation of marine environment;
- maritime scientific research;
- for educational, sports and cultural purposes;
- for their purposes.

Article 3. The Sphere of the Application of the Code Rules

1. The rules established by this Code shall extend to:

sea-going ships during their voyage both by sea routes and inland waterways, unless otherwise stipulated by the Russian Federation's international agreement or law;

inland ships, and also mixed (river-sea) ships during their voyage by sea routes, and also by inland waterways during the carriage of cargoes, passengers and their luggage with a call at a foreign seaport, at a time of rescue operations and of a collision with a sea-going ship.

2. The rules of the present Code shall not extend to the following ships, with the exception of cases directly provided by it:

warships, auxiliary warships and other vessels owned by the State or operated by it and used for government non-profit services alone;

non-commercial cargoes owned by the State.

If this Code provides directly for the extension of its rules to the ships and cargoes indicated in this Item, such rules shall not be used as grounds for the seizure, arrest and detention of such ships and cargoes.

Article 4. Carriage and Towing in the Oversea Traffic Between Seaports of the Russian Federation

1. Carriage and towing in the oversea traffic between seaports of the Russian Federation (cabotage) shall be effected by ships sailing under the State Flag of the Russian Federation

2. In accordance with the international treaties and agreements of the Russian Federation or in cases and in the order established by the Government of the Russian Federation, carriage and towing in coasting trade may be effected by ships sailing under a foreign flag.

Article 5. State Administration in the Sphere of Merchant Shipping

1. State administration in the sphere of merchant shipping shall be effected by the federal executive body responsible for the transport, and also by the federal executive body responsible for fishing and by other federal executive bodies within their jurisdiction.

2. In accordance with the international treaties and agreements of the Russian Federation, the present Code, other laws and other legal acts of the Russian Federation the federal executive body responsible for the transport shall issue within its jurisdiction the rules and instructions binding on the organizations and individuals and other enactments containing the norms of law which regulate relations arising from merchant shipping.

3. In accordance with the international treaties and agreements of the Russian Federation, the present Code, other laws and other legal acts of the Russian Federation the federal executive body responsible for fishing shall issue within its jurisdiction the rules and instructions binding on the organizations and also individuals whose activities are connected with the use of the ships of the fishing fleet, and other enactments containing the norms of law which regulate relations arising in connection with the sea fishery of water biological resources.

4. The navigation and hydrographic support of sea routes shall be provided by the federal executive body responsible for defence.

Article 6. State Supervision over Merchant Shipping

1. State supervision over merchant shipping shall be exercised by the federal executive body responsible for the transport and the federal executive body responsible for the transport and the federal executive body responsible for fishing in accordance with Items 2 and 3 of this Article.

2. The federal executive body responsible for the transport shall exercise state supervision

over:

the observance of the international treaties and agreements of the Russian Federation dealing with merchant shipping and of the legislation of the Russian Federation on merchant shipping;

the protection of human life at sea;

the certification of ship crew members, except ship crew members used in the fishing of water biological resources;

the state registration of ships and rights to them;

the pilotage service and the system of traffic control of ships in seaports;

the salvage service and its cooperation with other rescue services;

the condition of sea routes;

the protection of the marine environment.

3. The federal executive body responsible for fishing shall exercise state supervision over:

the observance of the international treaties and agreements of the Russian Federation dealing with merchant shipping and of the legislation of the Russian Federation on merchant shipping relating to the fishery fleet;

the protection of human life at sea;

the certification of ship crew members used in the fishing of water biological resources;

the state registration of fishing ships and the rights to them;

the pilotage service and the system of traffic control of ships in sea fishery ports.

4. State supervision over sports sailing ships and pleasure boats shall be exercised in the order established by the Government of the Russian Federation.

Article 7. The Ship

1. In the present Code, the ship shall be understood to mean a self-propelled or a non-self-propelled floating facility used for merchant shipping purposes.

2. In the present Code, the fishing fleet shall be understood to mean the vessels serving the fishing ship complex and used for the fishing of water biological resources, and also receiving transport vessels, auxiliary vessels and specialized vessels.

Article 8. The Shipowner

In the present Code, the shipowner shall be understood to mean a person operating a ship on his behalf, regardless of the fact whether he owns the ship or uses it on any other legal basis.

Article 9. Seaports. Port Authorities

1. In the present Code, the sea trading port shall be understood to mean a complex of structures located on the specially allotted territory and water area and intended for the service of ships used for merchant shipping purposes, the service of passengers and freight operations and other services usually rendered in a sea trading port.

2. In the present Code, the sea fishing port shall be understood to mean a complex of structures located in specially allotted territory and water area and intended for the performance of the main type of activity - a comprehensive service of fishing vessels.

3. In the present Code, the sea specialized port shall be understood to mean a complex of structures located on the specially allotted territory and water area and intended for the service of ships carrying particular cargoes (timber, oil and others).

The sea specialized ports also include the ports designed to service sports sailing ships and

pleasure boats.

4. In the present Code, the port authorities shall be understood to mean the appropriate sea port administrations, which exercise the administrative and plenary and other powers vested in them by the Government of the Russian Federation.

5. The activity of the seaports indicated in Items 1-3 of this Article shall be carried out in accordance with the Law on the Seaports of the Russian Federation.

Article 10. Gross Tonnage

For the purposes of Article 23, 27, 320, 326, 331 and 359 of this Code the tonnage of the ship shall be understood to mean its gross tonnage, defined in accordance with the rules for the ship measurement, contained in Appendix 1 to the 1969 International Convention on Ship Measurement.

Article 11. Unit of Account

1. The unit of account, stipulated by Articles 170, 190, 320, 331, 359 and 360 of the present Code, shall be a unit of the special drawing right as defined by the International Monetary Fund.

2. In conformity with the value of the rouble in the units of the special drawing right the conversion into roubles shall be made on the following dates:

on the date of the delivery of a decision by a court of law, a court of arbitration or an arbitration tribunal or on the date fixed by the agreement of the parties - the amounts indicated in Articles 170 and 190 of the present Code;

on the date of setting up a fund for limiting liability the amounts indicated in Articles 320 and 331 of this Code;

on the date of setting up a fund for limiting liability, making payments or providing security equivalent to payments - the amounts indicated in Article 359 and 360 of this Code.

The value of the rouble in the units of the special drawing right shall be calculated in accordance with the method of estimating value, applied by the International Monetary Fund on the appropriate date for its operations and settlements.

Chapter II. The Ship

_ 1. The Ownership of a Ship

Article 12. The Subjects of the Right of Ownership of a Ship

1. Ships may be owned by:

individuals and legal entities;

the Russian Federation and the subjects of the Russian Federation;

municipal entities.

2. Ships with nuclear power plants may be owned by the Russian Federation alone.

Article 13. The Rights of the Shipowner

The shipowner shall have the right to perform any actions in respect of a ship, which do not contradict the law and any other legal acts of the Russian Federation and which do not infringe the rights and the law-protected interests of other persons, including the right to alienate a ship and transfer it into the ownership of other persons, to hand over to them the rights of possession,

use and disposal of a ship, while being its owner, to establish mortgage of ship, and to burden it by other methods or to dispose of it in any other way.

Article 14. The Transfer of a Ship into Trust Management

1. The shipowner shall have the right to transfer the ship to a trust manager under the contract of trust management of the ship for a term not exceeding five years in order to run the ship for reward in the interest of the owner.

A ship held in economic management or operative management may not be transferred into trust management.

The transfer of a ship into trust management shall not involve the passage of title to it to a trust manager.

2. The transfer of a ship into trust management shall be subject to obligatory registration in the State Register Book or the sheep book.

3. An individual entrepreneur or a profit-making organization, save a unitary enterprise, may be a trust manager of a ship, if he or it is competent in running ships or operating them.

4. The contract of trust management of a ship shall indicate the parties to such contract, the rights and duties of a trust manager, the size and form of the reward.

_ 2. The Flag and the Nationality of a Ship

Article 15. The Right of Sailing Under the State Flag of the Russian Federation

1. The right of sailing under the State Flag of the Russian Federation shall be granted to the ships owned by:

citizens of the Russian Federation;

legal entities under the legislation of the Russian Federation;

the Russian Federation and the subjects of the Russian Federation;

municipal entities.

2. On the basis of a decision taken by one of the federal executive body, referred to in Item 3 of this Article, the right of sailing under the State Flag of the Russian Federation may be granted provisionally to the ship, registered in the foreign register of ships and furnished for use and possession to a Russia character under the contract of bare-boat charter, if:

the ship character under the bare-boat charter meets the requirements made to the shipowner in keeping with Item 1 of this Article;

the shipowner has given his written consent to the placement of the ship under the State Flag of the Russian Federation;

the legislation of the shipowner's State does not prohibit the granting to the ship of the right of sailing under the flag of a foreign State;

the right of sailing under the flag of a foreign State is suspended or will be suspended at the time of the granting to the ship of the right of sailing under the State Flag of the Russian Federation.

3. A decision on the granting of the right of sailing under the State Flag of the Russian Federation to the ship registered in the foreign register of ships, except for a fishing vessel, shall be taken by the federal executive body responsible for fishing, with the observance of the requirements, provided for by Item 2 of the present Article.

The right of sailing under the State Flag of the Russian Federation may be granted to a ship

for term that does not exceed two years, with the right of its extension every two years, but for a not longer period of the validity of a bare-boat charter. For purposes of a change of the flag the validity term of a bare-boat charter may not be less than one year.

When a ship is granted the right of sailing under the State Flag of the Russian Federation, the federal executive bodies, indicated in the first paragraph of this item, shall determine the name of the ship.

The acknowledgement of the termination of the validity of a decision on granting to a ship of the right of sailing under the State Flag of the Russian Federation shall be taken in the same order as the decision itself is.

Article 16. The Emergence of the Right of Sailing Under the State Flag of the Russian Federation

1. A ship acquire the right of sailing under the State Flag of the Russian Federation since the time of its registration in one of the registers of ships of the Russian Federation, indicated in Item 1 of Article 33 of this Code.

2. A ship acquired beyond the bounds of the Russian Federation shall enjoy the right of sailing under the State Flag of the Russian Federation since the time of the issue by a consular office of the Russian Federation of an interim certificate that certifies such right and is valid until the registration of the ship with the State Register Book or the ship book but for not more than six months.

Article 17. The Nationality of a Ship

1. A ship enjoying the right of sailing under the State Flag of the Russian Federation shall have the nationality of the Russian Federation.

2. A ship that has the nationality of the Russian Federation shall be duty-bound to bear the State Flag of the Russian Federation.

Article 18. The Forfeit by a Ship of Its Right to Sail Under the State Flag of the Russian Federation

A ship shall forfeits the right of sailing under the State Flag of the Russian Federation, if:
it ceases to meet the requirements envisaged by Item 1 of Article 15 of this Code;
the term has expired, for which the ship was granted the right of sailing under the State Flag of the Russian Federation in accordance with Items 2 and 3 of Article 15 of this Code or the decision on granting such right to the ship has been cancelled.

Article 19. The Temporary Placement of a Ship Under the Flag of a Foreign State

1. When a ship registered with the State Register Book or the ship book is given for use and possession to a foreign charterer under a bare-boat charter, such a ship may be transferred provisionally under the flag of a foreign State on the basis of the decision by one of the federal executive bodies, referred to Item 2 of this Article, with the suspensive of the right of sailing under the State Flag of the Russian Federation, if:

the shipowner has given the written consent to the transfer of the ship under the flag of a foreign State;

the pledge of the hypothecation has given the written consent to the transfer of the ship under the flag of a foreign State in the absence of a preliminary satisfaction of the hypothecation

of the ship, established and registered in the statutory manner;

the legislation of the charterer's State does not contain provisions prohibiting the granting to the ship registered with the State Register Book or the ship book of the right of sailing under the flag of such a State and the return of the ship under the State Flag of the Russian Federation upon the expiry of the term of granting to the ship of the right of sailing under the flag of such a State.

2. A decision on the transfer under the flag of a foreign State of a ship, save a fishing vessel, shall be taken by the federal executive body responsible for the transport; a decision on the transfer of a fishing vessel under the flag of a foreign State shall be taken by the federal executive body responsible for fishing with the observance of the requirements, provided for by Item 1 of this Article and with due account of the opinion held by the all-Russia trade union of workers in the corresponding sphere of activity.

A ship may be transferred under the flag of a Foreign State for a term that does not exceed two years with the right of the subsequent prolongation of it every two years, but not more than the validity term of a bare-boat charter. The validity term of the bare-boat charter may not be less than one year for purposes of the change of the flag.

The acknowledgement of the termination of the validity of the decision on the transfer of a ship under the flag of a foreign State shall be taken in the same order as the decision itself is.

_ 3. The Identification of a Ship

Article 20. The Name of a Ship

1. A ship liable to registration in the State Register Book or the ship book shall have a name of its own.

The name shall be awarded to a ship by its owner in the order prescribed by the federal executive body responsible for the transport by agreement with the federal executive body responsible for fishing and other interested federal executive bodies.

2. The name of a ship may be changed upon the transfer of the right of ownership of the ship or in the presence of other sufficient grounds for this.

The pledges of the registered hypothecations of the ship shall be notified immediately about the change of its name.

Article 21. A Calling Signal

1. A calling signal shall be given to a ship. Depending on its technical rigging the ship shall be provided with an identification number of the its station of satellite communication and a number of the selective call of its station.

2. Procedure for giving a calling signal to a ship shall be established by the federal executive body responsible for communication, while procedure for giving an identification number of the ship's station of satellite communication and the numbers of the selective call of the ship's station shall be established by the authorized organization in the sphere of electro-radio navigation and satellite communication.

_ 4. Technical Supervision over Ships and Ships' Papers

Article 22. Technical Supervision and Vessels Rating

1. The technical supervision over ships, indicated in Item 2 of Article 23 of this Code, and their rating shall be carried out by the Russian technical supervision and vessels rating bodies

(hereinafter referred to as the technical supervision and vessels rating bodies).

2. The technical supervision and vessels rating bodies shall issue rules for the rating of vessels and their construction, the supervision over ships in service, and for the production of materials and products for ships.

The technical supervision and vessels rating bodies shall have the right to prohibit the running of ships, ship mechanisms, devices and other ship technical means in case of the non-fulfilment of said rules and to withdraw papers issued by such bodies to authorize their operation.

3. The technical supervision and vessels rating bodies shall act on the basis of constituent documents, approved by the federal executive body responsible for the transport.

Article 23. Technical Supervision over Ships

1. A ship may be admitted to sailing only after it well be established that it meets the requirements of shipping safety.

2. The technical supervision and vessels rating bodies shall exercise the technical supervision over passenger ships, passenger-cargo carriers, oil tankers and tag-boats in accordance with their powers, and also over other self-propelled vessels with the main 55 kW capacity engines and over non-self-propelled vessels of 80 tons of tonnage, except for the sports and pleasure boats used for non-profit purposes.

3. The technical supervision over sports and pleasure boats, regardless of the capacity of their main engines and tonnage, and over other ships, to which the rules established by Item 2 of this Article do not apply, shall be exercised by the technical supervision bodies, charged for this supervision by the Government of the Russian Federation.

Article 24. Vessels Rating

In accordance with their powers the technical supervision and vessels rating bodies shall class the vessels referred to in Item 2 of Article 23 of this Code. The conferring of a class to vessels shall be certified by rating certificates.

Article 25. Basic Ship Papers

1. A ship shall have the following basic papers:

- 1) a certificate of the right of sailing under the State Flag of the Russian Federation;
- 2) a certificate of the title to a ship;
- 3) a certificate of seaworthiness;
- 4) a passenger certificate (for a passenger ship);
- 5) a measurement certificate;
- 6) a load-line certificate;
- 7) a certificate of preventing oil spillage;
- 8) a certificate of preventing sewage pollution;
- 9) a certificate of preventing refuse pollution;
- 10) a license for a ship radio and a radio log (if the ship has its radio set);
- 11) a ship list;
- 12) a log book;
- 13) a log book of machine performance (for ships with a mechanical engine);
- 14) a sanitary journal;

- 15) a journal of sewage operations;
- 16) a journal of refuse operations;
- 17) a journal of oil operations for ships other than oil tankers;
- 18) a journal of oil operations for oil tankers;
- 19) a ship sanitary certificate of the right of sailing.

2. A ship used for sanitary, quarantine and other control may not have a load-line certificate and a measurement certificate. The tonnage of such a ship may be estimated by a simplified method with the issue of a relevant certificate.

A ship sailing in coastal shipping may not have a log book, a log book of machine performance and a sanitary journal, unless otherwise stipulated by the bodies exercising the technical supervision over ships in accordance with Item 3 of Article 23 of this Code.

Article 26. Additional Ship Papers

In addition to the papers, indicated in Article 25 of this Code, a ship shall have other documents provided for by the rules issued by the body exercising the technical supervision over ships in keeping with Items 2 and 3 of Article 23 of this Code.

Article 27. Ship Papers for Some Categories of Ships

1. Sports and pleasure boats and other self-propelled vessels with the main 55 kW capacity engines and non-self-propelled vessels of less than 80 tons of gross tonnage shall have the following ship papers:

- a ship card;
- a seaworthiness certificate;
- a shiplist.

2. The ship list that a vessel indicated in Item 1 of this Article should have shall certify the right of sailing under the State Flag of the Russian Federation, the ownership of the ship by a definite subject and the ship's tonnage.

Article 28. Ship Papers for Foreign-going Vessels

Foreign vessels set sailing shall have documents stipulated by the international treaties and agreements of the Russian Federation in addition to the papers indicated in Articles 25-27 of this Code.

Article 29. Authorities Issuing Ship Papers

1. A certificate of the right of sailing under the State Flag of the Russian Federation, a ship card and a certificate of the title to a ship shall be issued by the body registering this ship.

2. A seaworthiness certificate shall be issued by the body that exercise technical supervision over a ship in keeping with Items 2 and 3 of Article 23 of this Code.

3. A measurement certificate, a passenger certificate, a load-line certificate, a certificate of preventing oil spillage, a certificate of preventing refuse pollution shall be issued by technical supervision and vessels rating bodies. With the permission of such bodies some categories of ships may not have a measurement certificate or a load-line certificate.

4. For the foreign-going vessels set sailing the ship papers, provided for by the international agreements of the Russian Federation, shall be issued by the technical supervision and vessels rating body which has been certified by the respective international organization for compliance with the standards of the International Organization for Standardization.

5. A license for ship radio shall be issued by the federal executive body responsible for communication.

6. A ship sanitary certificate of the right of sailing shall be issued by the sanitary and epidemiological supervision bodies in the water transport of the Russian Federation.

7. Fees determined in the order prescribed by the Government of the Russian Federation shall be collected for the issue of papers indicated in this Article.

Article 30. The Recognition of the Ship Papers of a Ship Sailing under the Flag of a Foreign State

The ship papers of a ship sailing under the flag of a foreign State and calling at seaports of the Russian Federation shall be recognized on the basis of the international treaties and agreements of the Russian Federation.

Article 31. Requirements Made for Ship Papers

A ship shall possess the originals of ship papers, except for the certificate of the title to the ship and the ship card, the copies of which shall be certified by the body that issued such documents.

Article 32. The Rules for Keeping Ship Papers. The Safe Keeping of a Sea Log

1. The ship list and the ship journals, indicated in Subitems 12-18 of Item 1 of Article 25 of this Code, except for the journals of fishing vessels, shall be kept in accordance with the rules set by the federal executive body responsible for the transport; the ship list and the journals of fishing vessels, indicated in Subitems 12-17 of Item 1 of Article 25 of this Code, shall be kept in accordance with the rules set of the federal executive body responsible for fishing.

2. The sea log shall be kept in storage abroad the ship during two years since the day of entering the latest record to it. Upon the expiration of the said term the sea log shall be put in storage in the body which registered the ship.

3. The ship log shall be submitted for familiarization and making copies of it to the persons who have the right to receive relevant information.

In the event of the sale of a ship beyond the bounds of the Russian Federation the ship log shall be submitted for perusal and making copies of it to the persons who have the right to receive relevant information over the period that precedes the sales of the ship.

Chapter III. The Registration of Ships and the Rights to Them

Article 33. Register Books of the Russian Federation

1. A ship shall be liable to registration in one of the register books of the Russian Federation (hereinafter referred to as the register books):

- in the State Register Book;
- in the ship book;
- in the bare-boat charter register.

2. The right of ownership and other property rights to a ship, and also limitations (encumbrances) on it (hypothecation, trust management, etc.) shall be subject to registration in the State Register Book or the ship book.

3. The registration of a ship in the State Register Book or the ship book and of the right of ownership and other property rights to a ship, and also of the limitations (encumbrances) on the rights to it, is a single proof of the existence of the registered right that can be only disputed in due course of law.

4. Register books, provided for by Item 1 of this Article, shall be kept in accordance with the rules set by this Chapter.

The rules for the registration of ships and the rights to them in sea trading ports shall be approved by the federal executive body responsible for the transport, while the rules for the registration of ships and the rights to them in sea fishing ports shall be approved by the federal executive body responsible for fishing.

5. The ships supervised by the technical supervision and vessels rating bodies in accordance with Item 2 of Article 23 of this Code shall be registered in the State Register Book.

The ships technically supervised by other bodies in accordance with Item 3 of Article 23 of this Code shall be registered in ship books.

Launches and other crafts, which are the ship's accessories, shall not be registered in the State Register Book.

6. The ships, which are given the right of sailing under the State Flag of the Russian Federation in accordance with Items 2 and 3 of Article 15 of this Code, shall be registered in the bare-boat charter register.

Article 34. Ships Used Only for the Government Non-commercial Service

1. Ships owned by the Russian Federation and its subjects or operated by them and used only for the government non-commercial service, except for warships, auxiliary warships and frontier ships, shall be registered in the State Register Book or the ship book in accordance with the rules set by the present chapter.

2. Ships registered in the order other than that is provided for by Item 1 of this Article may be reregistered in accordance with the rules set by this Chapter in case of the use of such ships for commercial purposes.

Article 35. Bodies Responsible for the Registration of Ships

1. The registration of the ships indicated in Item 2 of Article 23 of this Code shall be carried out by the port master of a trading seaport, except for fishing vessels to be registered by the port master of a fishing seaport.

2. The registration of ships, indicated in Item 3 of Article 23 of this Code, shall be carried out by the technical supervision bodies.

Article 36. Fees for the Registration of Ships

Fees defined in the order established by the legislation of the Russian Federation shall be collected for the registration of ships in the State Register Book, the ship book and the bare-boat charter register and for any changes introduced in them.

Article 37. The Conditions for the Registration of Ships

1. A ship may only be registered in one of register books.

2. A ship registered in the register book of a foreign State may be registered in the State Register Book or the ship book after it is excluded from the register book of a foreign State and a certificate is submitted to witness that the ship has been excluded from such register book.

The registration of a ship registered in the State Register Book or the ship register and the register book of a foreign State shall not be recognized, unless the ship is eliminated in the statutory manner from the State Register Book or the ship book.

Article 38. The Registration of a Ship in the Bare-boat Charter Register

1. A ship registered in the register book of a foreign State shall be subject to registration in the bare-boat charter register during one month since the adoption of a decision on the temporary granting to such a ship of the right of sailing under the State Flag of the Russian Federation in keeping with Item 3 of Article 15 of this Code.

A ship shall be registered on the basis of the application of the ship's charterer under the bare-boat charter with the following appended documents needed for registration:

extracts from the register book of the foreign State in which the ship was registered immediately before the change of the flag, with an indication of the shipowner and the pledgee of the ship's registered hypothecation or the registered ship's encumbrance of the same character, if the hypothecation or the encumbrance is ascertained;

the written consent of the shipowner and the pledgee of the ship's registered hypothecation or the ship's registered encumbrance of the same character to the transfer of the ship under the State Flag of the Russian Federation;

the document issued by the competent authorities of the foreign State in which the ship was registered immediately before the change of the flag and confirming that the right to sail under the flag of such State has been suspended for the term of granting to the ship of the right to sail under the State Flag of the Russian Federation;

the original and a copy of the bare-boat charter;

the sea worthiness certificate;

the measurement certificate;

the passenger certificate (for a passenger ship);

information about the identification number of the ship conferred upon by the International Maritime Organization;

the document confirming that the charterer of the ship under the bare-boat charter meets the requirements made for the shipowner in accordance with Item 1 of Article 15 of this Code;

the decision on the ship's name taken by the respective federal executive body, indicated in Item 3 of Article 15 of this Code.

2. With the registration of the ship in the bare-boat charter register a certificate of the right to sail under the State Flag of the Russian Federation for the term indicated in the decision on the temporary extension to the ship of the right to sail under the State Flag of the Russian Federation.

Article 39. Information Subject to the Introduction to the State Register Book or the Ship Book

1. Ships shall be registered in the State Register Book or the ship book in the name of the shipowner (shipowners).

2. The following basic information shall be introduced to the State Register Book or the ship book:

the ordinal registration number of a ship and the date of its registration;

the name of a ship (the present and former one), the port (place) of the previous registration of a ship and the date of its annulment (if any);

the name of the port (place) of the registration of a ship and its identification number

awarded by the International Maritime Organization;

- the calling signal of a ship;
- the name of a shipyard, the place and the year of shipbuilding;
- the type and the function of a ship, the area of its sailing;
- the basic technical characteristics of a ship, including its tonnage (gross and net), the full carrying capacity and the main measurements of a ship;
- the name, citizenship and address of the shipowner (shipowners);
- the share of each co-owner in the joint property in shares, if there are several owners;
- the grounds for the accrual of the right of ownership of a ship or a part thereof (a contract of purchase and sale, a contract of shipbuilding, etc.);
- the name and address of the shipowner unless he is a ship holder;
- the name and address of the trust manager when the ship is transferred into his management;
- the data on the ship's registered hypothecation, if it is established in accordance with Articles 376 and 377 of this Code;
- the grounds and the date of the elimination of a ship from the State Register Book or the ship book.

3. When a ship is transferred provisionally under the flag of a foreign State the following basic information shall also be entered to the State Register Book or the ship book:

- the direction of the federal executive body that has taken a decision on the transfer of the ship under the flag of a foreign State and the date of the adoption of such a decision;
- the period of time for which the ship is allowed to be transferred under the flag of a foreign State;
- the name of the State under whose flag the ship is permitted to sail;
- the name and the address of the ship's charterer under the bare-boat charter;
- the date of the suspension of the right of sailing under the State Flag of the Russian Federation.

Article 40. Information Subject to the Introduction to the Bare-Boat Charter Register

1. Ships shall be registered in the bare-boat charter register in the name of the ship's charterer under the bare-boat charter.

2. The following basic information shall be entered in the bare-boat charter register:

- the name of a ship;
- the name and the address of the shipowner;
- the name and the address of the ship's charterer under the bare-boat charter; the date of the conclusion of the bare-boat charter and its validity term;
- the date of the end of the time for which the ship is granted the right to sail under the State Flag of the Russian Federation;
- information about the register book of a foreign State, in which the ship was registered immediately before the change of the flag, with an indication of the fact that the legislation of the State in which such register is kept shall apply to the right of ownership of the ship, and also to the hypothecation of the ship and the encumbrance of the ship of the same character, registered in such register.

At the request of the pledgee of the ship's hypothecation or encumbrance of the same character it is possible to enter to the bare-boat charter register the name of the pledgee and other

data dealing with the ship's hypothecation or encumbrance of the same character, registered in the register book of a foreign State before the change of the ship's flag.

Article 41. The Duty of Informing the Registrar About the Change of Information Entered in Register Books

The shipowner or the charterer of the ship under the bare-boat charter shall be obliged to inform the body which registered the ship about any change of information entered in the State Register Book, the ship book or the bare-boat charter register during two weeks since the day when they got to know about such change.

Article 42. The Original Registration of a Ship in the State Register Book or the Ship Book

The original registration of a built ship shall be carried out in the State Register Book or the ship book during one month since it was launched and the original registration of a ship acquired beyond the bounds of the Russian Federation shall be carried out during one month since it arrived at a seaport of the Russian Federation.

Article 43. The Change of the Port (Place) of the Registration of a Ship

1. The port (place) of the registration of a ship may be changed at the request of the shipowner. With the change of the port (place) of the registration of a ship all information contained in the State Register Book or the ship book kept in the former port (place) of the registration of the ship shall be entered in the State Register Book or the ship book, kept in a new port (place) of the registration of the ship, on the basis of the documents handed over by the port master of the former port (place) of the registration of the ship.

2. The Registration of a ship in the State Register Book or the ship book, kept in the new port (place) of the ship's registration, shall be certified by a newly-issued certificate of the right to sail under the State Flag of the Russian Federation or the ship card.

Article 44. The Repeated Registration of a Ship

If as a result of an incident or for any other reason the ship ceases to correspond to the information entered earlier in the State Register Book or the ship book, it is possible to carry out a repeated registration of the ship after its survey and the receipt of a seaworthiness certificate.

Article 45. The Loss of Ship's Papers Confirming the Registration of the Ship

1. In the event of the loss of a certificate of the right to sail under the State Flag of the Russian Federation or of a ship card the duplicates of such ship's papers shall be issued by the body that registered the ship.

2. If the ship's papers, indicated in Item 1 of this Article, are lost during the stay of the ship beyond the bounds of the Russian Federation, the consular office of the Russian Federation shall issue, on the basis of the ship master's application, an interim certificate of the right to sail under the State Flag of the Russian Federation or a temporary ship card, which upon the arrival of the ship at a port of the Russian Federation shall be handed over to the registration body during 10 days in order to get the duplicates of such ship's papers.

Article 46. The Refusal to Register a Ship and the Rights to It

The registration of a ship and the rights to it may be denied in cases, if:

- a not right person has applied for registration;
- the requirements, stipulated by the first paragraph of Item 2 of Article 37 of this Code, for the exclusion of a ship from the previous register book have not been met;
- the documents submitted for the registration of the rights to a ship do not meet the requirements, provided for by the legislation of the Russian Federation;
- the person who has issued a right-proclaiming document on the ship is not authorized to dispose of the rights to the ship;
- the right-proclaiming document on a ship testified to the absence of the rights of the applicant to the ship;
- the rights to a ship, the registration of which is requested by the applicant, are not the rights subject to registration in conformity with the present Code.

Article 47. The Exclusion of a Ship from the State Register Book or the Ship Book

The following ships shall be subject to obligatory exclusion from the State Register Book or the ship book:

- a lost or missing ship;
- a constructively lost ship;
- a ship that has lost its qualities as a result of its rebuilding or of any other changes;
- a ship that ceased to conform with the requirements, specified by Item 1 of Article 15 of this Code.

Article 48. A Missing Ship

A ship shall be deemed to be missing, if no news has been received from it during the time exceeding twice the time needed in normal conditions for the sea passage from the place from which the latest news about the ship was received to the place of its destination. The period of time needed for the recognition of a ship as missing may not be less than one month and more than three months since the day of the latest news about the ship. During hostilities this period of time may not be less than six months.

Article 49. A Constructively Lost Ship

A damaged ship shall be considered to be constructively lost, if:

- it cannot be registered either in the place where it is to be found or in any other place to which it can be delivered;
- the repair of the ship is economically inexpedient.

Article 50. The Open Character of Register Books

Register books shall be open to any persons interested in obtaining relevant information. The interested persons shall have the right to receive the properly completed extract from register books for a charge at the rate fixed in the order prescribed by the Government of the Russian Federation.

Article 51. Responsibility for Breaking the Rules for the Registration of Ships

A person who evades the obligatory registration of his ship or has it registered in one of

register books with the contravention of the set order, or has violated the duty of informing authorities about the change in the information to be entered in register books, shall bear administrative responsibility in accordance of the legislation of the Russian Federation.

Chapter IV. The Ship Crew. The Ship Master

_ 1. The Ship Crew

Article 52. The Composition of the Ship Crew

1. The crew of a ship consists of the ship master and other commanding officers and the ship's company.

2. The commanding officers of a ship include, besides the ship master, the mates, mechanics, electric mechanics, radio specialists and physicians. The federal executive body responsible for the transport, the federal executive body responsible for fishing and the federal executive bodies may also assign other specialists to the commanding officers of a ship.

3. The ship's company consists of persons who do not belong to its commanding staff.

Article 53. The Minimum Composition of the Ship's Crew

1. Each ship shall have on board a crew whose members have proper qualifications and are sufficient for the tackling of the following tasks:

the provision of safety of ship sailing and the protection of the marine environment;
the fulfilment of the requirements for the observance of working time aboard the ship;
the non-admission of overwork for the crew members.

2. Depending on the type and purpose of a ship, the area of navigation, the minimum crew of this ship, except for a fishing vessel, shall established by the federal executive body responsible for the transport and the minimum crew of a fishing vessel shall be established by the federal executive body responsible for fishing by agreement with the respective trade union body.

A certificate of the minimum composition of the crew of a ship that sustain its safety shall be issued accordingly by the sea trading port master and by the sea fishing port master, who carried out the registration of the ship.

When control is exercised in sea trading ports and sea fishing ports the correspondence of the ship's crew to the data contained in the certificate of the minimum composition of the ship's crew that support its safety is the confirmation of the fact that the ship is staffed by the crew making for the safety of sailing.

Article 54. The Certification of the Ship's Crew Members

1. Persons who have diplomas and qualifying certificates, established by the Certification of the Ship's Crew Members, approved by the Government of the Russian Federation, shall be admitted to hold the posts of the ship's crew members, except for the posts of the crew members of the ship used for fishing water biological resources.

Persons who have diplomas and qualifying certificates, established by the Government-approved Regulations for the certification of the crew Members of the ships used for fishing water biological resources, shall be admitted to hold the posts of the crew members of the ship for fishing water biological resources.

2. Diplomas and qualifying certificates shall be given to the crew members of the ships,

indicated in Item 1 of this Article, by the port masters of sea trading ports and the port masters of sea fishing ports accordingly, provided that the ship crew members meet the requirements for the length of service on board a ship, the age, the health condition, occasional training, set by the Regulations indicated in Item 1 of this Article, and according to the results of the verification of their knowledge by a board of experts.

3. Diplomas of ship masters and diplomas of the commanding officers of the ship, indicated in the first paragraph of Item 1 of this Article, diplomas and qualifying certificates of the crew members of the ships used for fishing water biological resources shall be valid, given the confirmations made by the ship masters of sea fishing ports, who certify the issue of such diplomas and qualifying certificates in accordance with the set requirements.

4. Diplomas and qualifying certificates may be withdrawn or cancelled, or suspended by the federal executive body responsible for the transport and the federal executive body responsible for fishing, respectively, in cases of a direct threat to human life, the safe keeping of property at sea or of the infliction of damage to the marine environment due to the incompetent actions or inaction of ship crew members when they discharge their duties in line with their diplomas or qualifying certificates, and also for the purpose of preventing frauds.

5. Confirmations, provided for by Item 3 of this Article, become invalid upon the expiration of the validity terms of the confirmed diplomas or qualifying certificates, their seizure or cancellation, or the suspension of their validity in accordance with Item 4 of this Article.

Article 55. Requirements for the Health State of Persons Admitted to Works Aboard the Ship

Only persons who have certificates of fitness for such works may be admitted according to the state of their health to the works aboard the ship concerned.

Article 56. The Citizenship of the Ship Crew Members

1. Besides citizens of the Russian Federation, the crew of the ship sailing under the State Flag of the Russian Federation may include foreign nationals and stateless persons, who may not hold the posts of the ship master, the first mate, the senior mechanic and the radio specialist.

2. The terms on which foreign nationals and stateless persons may become members of the crew of a ship, except for a fishing vessel, shall be determined by the federal executive body responsible for the transport, while the terms on which foreign national and stateless persons may become members of the crew of a fishing vessel shall be determined by the federal executive body responsible for fishing in accordance with the legislation of the Russian Federation on the employment of foreign nationals and stateless persons in the Russian Federation.

Article 57. Labour Relations Aboard the Ship

1. Procedure for the employment of ship members, their rights and duties, labour conditions and remuneration rates. and also procedure for their dismissal shall be determined by the labour legislation of the Russian Federation, the present Code, the service rules aboard ships and disciplinary rules, the general and branch agreements on wage rates, collective agreements and labour contracts.

2. No ship crew member may be employed to serve aboard the ship without the ship master's consent.

3. Service rules aboard ships, except for fishing vessels, shall be approved by the federal executive body responsible for the transport, while service rules aboard fishing vessels shall be approved by the federal executive body responsible for fishing, and disciplinary rules shall be endorsed by the Government of the Russian Federation.

Article 58. The Repatriation of Ship Crew Members

1. Crew members of a ship shall have the right of repatriation in cases of:

1) the expiry beyond the bounds of the Russian Federation of the validity term of a labour contract concluded for definite period of time or for a definite voyage;

2) the dissolution of a labour contract at the initiative of the shipowner or a ship crew member upon the expiry of the term indicated in the notice made in keeping with the labour contract;

3) a shipwreck;

4) a disease or an injury requiring medical treatment outside a ship;

5) the impossibility of the discharge by the shipowner of his duties in respect of the ship crew members, stipulated by the law or other legal acts of the Russian Federation or by labour contracts, due to bankruptcy, sale of a ship or the change of the State of registration of a ship;

6) the direction of a ship without the ship crew members' consent to a zone of hostilities or a zone of epidemiological danger;

7) the expiry of the maximum term of work of a crew member aboard the ship, fixed by a collective agreement;

2. The repatriation of a crew member at his will shall be carried out in the State where he resides to the port in which he was employed or which is indicated in the respective collective agreement or to any other point indicated at the time of hire of the crew member concerned.

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

4. The expenses on repatriation shall be borne by the shipowner.

The repatriation expenses include:

1) the charge for:

the ride of a crew member to the place of repatriation, indicated in Item 2 of this Article;

food for, and residing of, a crew members from the time when a crew member leaves the ship to the time when he arrives at the place of repatriation;

the medical treatment of a crew member, if this is necessary until the time when he is fit to drive to a place of repatriation;

the carriage of the luggage of a crew member of 30 kilograms in weight to the place of repatriation;

2) the wage or salary and benefits from the time a crew member leaves the ship to the time when he arrives at the place of repatriation, if this is stipulated by the collective agreement concerned.

5. If reasons causing the repatriation of a crew member has arisen through the fault of the crew member during the time of the discharge of his labour duties, the shipowner shall have the right to the reimbursement of the repatriation expenses in accordance with the labour legislation of the Russian Federation.

Article 59. The Effects of a Ship Crew Member

In case of a loss of effects owned by a crew member or of damage to such effects owing to

an incident with the ship the shipowner shall be obliged to compensate for the infliction of damage to the crew member. Damage caused to the effects of a crew member guilty of the incident with a ship shall not be compensated.

Article 60. The Duties of a Shipowner

1. A shipowner shall be obliged to provide the ship crew members with the following:
safe labour conditions;
protection of their health;
salvage appliances;
uninterrupted supply of food and water;
fitting premises (cabins, canteens, bath-rooms and toilets, first-aid stations and rooms for rest and leisure);
cultural and consumer services.
2. A shipowner shall be obliged to insure:
wages, salaries and other payments due to crew members, including repatriation charges;
the lives and health of the crew members when they discharge labour duties.

_ 2. The Ship Master

Article 61. The Management of a Ship and Other Duties of the Ship Master

The ship master shall be charged with the management of the ship, including navigation, the adoption of measures to provide safety for ship sailing, to protect the marine environment, to maintain order aboard the ship, and to prevent the infliction of damage to the ship and to people and cargo aboard the ship.

Article 62. The Duty of Assisting Any Person in Distress at Sea

1. The ship master shall be obliged to assist any person in distress at sea, if he can do this without any serious danger to his ship and the people aboard it.
2. The ship master shall bear criminal responsibility for breaking the duty, referred to in Item 1 of this Article, in accordance with the criminal legislation of the Russian Federation.

Article 63. The Duty of Rendering Assistance After the Collision of Ships

1. The ship master of each colliding ship shall be obliged to assist other ship, its passengers and crew members after the collision of the ships, if he can do this without a serious threat to his passengers and crew members and to his ship.
2. The ship masters shall be obliged, if his is possible, to inform each other about the names of their ships, the ports of their registration, and also the ports of departure and destination.
3. The shipowner shall not later responsibility for the breach by the ship master of his duties, referred to in Items 1 and 2 of this Article.

Article 64. The Duty of the Ship Master to Render First Medical Aid

If a person aboard the ship is in need of first medical aid that cannot be rendered during the stay of the ship at sea, the ship master shall be obliged to call at the nearest port or to take measures to deliver such a person to the nearest port with the notification of the shipowner about this; when a ship calls at a foreign port or such a person is delivered to a foreign port, the ship

master shall also be obliged to notify about this the respective consular agency of the Russian Federation.

Article 65. The Duty of the Ship Master to Take Pertinent Measures in Case of Hostilities or in Any Other Cases of Military Danger

In case of hostilities in the area of the location of a port of departure or a port of destination or in the area through which the ship is to pass, and also in other case of military danger the ship master shall be obliged to take all due measures to prevent the destruction, damage or seizure of the ship, the people aboard it, documents, cargo and other property.

Article 66. Abandonment of a Ship by Its Crew

If in the opinion of the ship master, the ship is threatened with an imminent ruin, he shall permit the crew members to abandon the ship after the adoption of all possible measures to salvage the ship passengers. The ship master shall abandon the ship list, after the adoption of all due measures to save the sea log, the log book of machine performance, the radio journal, the voyage maps, tapes of navigation instruments, documents and valuables.

Article 67. The Maintenance of Order Aboard a Ship

1. The orders of the ship master taken within his terms of reference shall be executed by all the persons to be found aboard the ship.

2. The ship master shall have the right to use incentives for, and impose disciplinary penalties on, crew members in cases and in the order stipulated by the code of discipline.

In case of necessity the ship master shall have the right to remove any crew member from his post. In such case he shall apply the rules set by Article 58 of this Code.

3. The ship master shall have the right to isolate a person whose actions do not contain elements of crime envisaged by the criminal legislation of the Russian Federation but create a danger to the ship's safety or that of people and property turning up there.

Article 68. Mutual Relations Between the Ship Master, the other Crew Members and the Consular Offices of the Russian Federation

Mutual relations between the ship master, the other crew members and the consular offices of the Russian Federation shall be determined by the Consular Statute of the Russian Federation.

Article 69. The Ship Master as Agency of Inquiry

1. In the event of the discovery aboard a sailing ship of the elements of crime, provided for by the criminal legislation of the Russian Federation, the ship master shall discharge the functions of an agency of inquiry, being guided by the criminal procedure legislation of the Russian Federation, and also by the Instructions on the Conduct of Inquiry Aboard sailing ships, approved by the Procurator General by agreement with the federal executive body responsible for the transport and the federal executive body responsible for fishing.

The instructions referred to in the first paragraph of this Item shall stipulate the rights and duties of the ship master in respect of inquiry proceedings, providing the person suspected of a crime with the possibility to defend himself with statutory means and methods, to protect his personal and property rights, and also the grounds and the order of detaining a person suspected of a crime, and the conditions for his custody aboard a ship.

2. The ship master shall have the right to detain a person suspected of a crime, provided for

by the criminal legislation of the Russian Federation, before he is handed over to competent authorities in the first port of the Russian Federation at which the ship calls. In case of necessity the ship master shall send such a person together with inquiry materials to the Russian Federation aboard a different ship sailing under the State Flag of the Russian Federation.

The ship master may turn over to the competent bodies of a foreign State, if this is stipulated by the international agreement of the Russian Federation, a person in respect of whom the ship master has reasonable grounds to hold that he has committed an offence against the safety of sea shipping, with the exception a citizen of the Russian Federation, and also stateless persons who have their permanent place of residence in the Russian Federation. In this case the ship master is duty-bound, if this is practicable, to send his notice of the intention to turn over such a person as far as possible before the ship enters the territorial sea of a foreign State and to reveal the reasons for his transfer, and also to submit available evidence to the said bodies.

3. In the event of the discovery of elements of crime, stipulated by the criminal legislation of the Russian Federation, during the stay of the ship in a port of the Russian Federation, the ship master shall be obliged to immediately inform the competent bodies about this.

Article 70. The Duties of the Ship Master in cases of Making out a Will, Giving Birth to a Child Aboard a Ship and Registering Death Aboard a Ship

1. The ship master shall have the right to certify the will of a person aboard a ship during its sailing. The will certified by the ship master shall be equated to the notarial will.

2. The ship master is duty-bound to make a record in the log-book about each case of the birth of a child aboard a ship and about each case of death aboard a ship.

3. The ship master is duty-bound to notify one of the close relatives of the deceased person or the deceased person's spouse about his death and to take measures to preserve his body and to dispatch it to the homeland. In the absence of such possibility the ship master is duty-bound to commit the body to the grave or to cremate it and send the urn with ashes to the homeland.

In exceptional cases, if the ship is to sail in the high seas for a long time and the body of the deceased cannot be preserved, the ship master shall have the right to consign the deceased person's body to the sea according to sea customs, with drawing up a report on this.

4. The ship master shall be responsible for the drawing up of an inventory and for the safety of the belongings of the deceased person before they are turned over as per the inventory to the port master of the first port of the Russian Federation at which the ship will call.

Article 71. The Ship Master as a Representative of the Shipowner and the Cargo Owner

The ship master by reason of his service rank shall be recognized as a representative of the shipowner and the cargo owner in respect of the deals needed to meet the ship's requirements and bearing on the cargo or navigation, and also of claims for the property entrusted to the ship master, unless there are no representatives of the shipowner or the cargo owner on the spot.

Article 72. The Urgent need for Money to Continue Navigation

1. If there is an urgent need for money to continue navigation during the voyage, to repair the ship or to support the crew members, materially, the ship master shall have the right to sell the part of the property entrusted to him which is not necessary for continued navigation, when he has neither the possibility nor time for the receipt of the shipowner's order.

The ship master is duty-bound to choose the method of acquiring money for continued

navigation that is the least unprofitable for the shipowner or the cargo owner.

2. The shipowner shall compensate for the cost of the sold cargo to its owner, except for cases when the losses caused by the sale of cargo fall under the signs of the general average or cargo was only sold for its own benefit.

Article 73. The Charge of the First Mate with the Ship Master's Duties

In the event of death, illness or for any other reason, which prevent the ship master from the discharge of his official duties, the ship master's duties shall be vested to his first mate pending the order of the shipowner.

Chapter V. State Port Control

Article 74. The Seaport Master

1. The seaport master shall perform the functions of ensuring the safety of sea shipping and the order in a seaport.

2. The seaport master shall act in accordance with the Regulations for the Seaport Master, approved by the federal executive body responsible for the transport, while the seaport master shall act in accordance with the Regulations for the Sea Fishing Port Master, approved by the federal executive body responsible for fishing by agreement with the federal executive body responsible for the transport.

Article 75. The Subordination of Seaport Masters

A seaport master shall be directly subordinate to the federal executive body responsible for the transport, while a sea fishing port master shall be directly subordinate to the federal executive body responsible for fishing.

Article 76. The Functions of the Sea Trading Port Master and the Sea Fishing Port Master

The sea trading port master and the sea fishing port master, respectively, shall be charged with the following functions to ensure the safety of sea shipping and the order in said ports:

control over the observance of the international treaties and agreements of the Russian Federation dealing with merchant shipping and of the legislation of the Russian Federation on merchant shipping;

the registration of ships and the issue of appropriate ship's papers;

the registration of the right of ownership of sailing ships and ships under construction, the hypothecation of a sailing ship or a ship under construction and of other rights to them and the issue of appropriate documents;

the issue of diplomas, qualifying certificates, confirmations of their issue and of sailor's passports to ship crew members;

the verification of ship's papers, diplomas, qualifying certificates and confirmations of the issue of diplomas and qualifying certificates;

control over the observance of requirements for the calls of ships at ports and for the departure from ports,

the registration of the calls of ships at ports and of the departure from ports. If a sea trading port and a sea fishing port have adjoining water areas, the port master of a sea trading port shall register the calls of ships at this sea trading port and the departures from it, exception being made

for ships used for fishing water biological resources; the port master of a sea fishing port shall register the calls of ships used for fishing water biological resources at the sea fishing port and the departures of such ships from it;

control over the activity of pilotage service and the ships traffic control system;

control over the ice-breaking pilotage at port approaches and within the port water area;

the issue of permits for the salvaging of sunken property at sea and the performance of building, hydrotechnical and other works in the port;

the investigation of ship accidents. Ship accidents shall be investigated in accordance with the regulations, approved by the federal executive body responsible for the transport by agreement with the Procurator-General of the Russian Federation, the federal executive body responsible for fishing and the federal executive body responsible for defence.

Article 77. The Functions of Sea Specialized Port Masters

Masters of sea specialized ports, except for masters of ports meant for the service of sports and pleasure boats, shall discharge the functions, indicated in Article 76 of this Code, within the limits set by the federal executive body in charge of the transport.

Article 78. Orders of a Seaport Master

The orders of a seaport master with regard to his powers in the sphere of shipping safety and order in the seaport shall be binding on all ships, organizations and individuals to be found in the part.

Article 79. Control over ships

1. Control over the ships which are putting out to sea shall be exercised by a seaport master with the aim of verifying the presence of ship's papers, the compliance of the main characteristics of ships to their papers and the satisfaction of the requirements for the staffing of ship crews.

2. In the absence of ship's papers or in the presence of sufficient grounds to believe that the ship does not meet the shipping safety requirements the seaport master may subject the ship to inspection.

3. In order to verify the removal of the shortcoming which prevent the issue of a permit for putting out to sea from a seaport, the seaport master may carry out a control survey of the ship concerned.

Article 80. A Permit for Putting out to Sea from a Seaport

1. before leaving a seaport each ship is duty-bound receive from the seaport master a permit for putting out to sea.

The seaport master shall have the right to refuse to issue a permit for sailing from the seaport in cases of:

1) the unseaworthiness of a ship, the violation of the requirements for loading, the supply of a ship, the staffing of the ship's crew or the presence of other ship's shortcomings creating a threat to its safe sailing, the lives or health of people aboard the ship or a threat of causing damage to the marine environment;

2) the violation of the requirements for ship papers;

3) the instructions of the sanitary-quarantine and migration services, customs and frontier agencies and other state bodies authorized therefor;

4) the non-payment of port dues.

2. Expenses made by the seaport master on the exercise of his rights, stipulated by this Article (survey examination, etc.) shall be borne by the shipowner concerned.

Article 81. The Detention of a Ship and Cargo by Port Authorities

1. At the request of a person who has claims arising from rescue operations, the collision of ships, the damage of port facilities, water basins, waterways and navigation instruments or from other infliction of damage may detain a ship and its cargo pending the submission of sufficient security by the shipowner and the cargo-owner.

Liability for the losses caused by the unwarranted detention of a ship and its cargo shall be borne by the person at whose demand the ship and its cargo were detained.

2. The order of the port authorities to detain a ship and its cargo at the demands listed in Item 1 of this Article shall be valid during 72 hours, except for the days which are official days off. If during the said time no decision has been passed on the attachment of a ship and its cargo by a court of law, a court of arbitration or by an arbitration tribunal authorized by law to distrain in naval affairs, the ship and its cargo shall be released immediately.

Article 82. Construction in the Zone of the Operation of Navigation Instruments

Construction in the zone of the operation of instruments of navigation in sea routes shall be agreed upon with the federal executive body in charge of the transport and the federal executive body responsible for defence and in cases, provided for by the tenth paragraph of Article 76 of this Code, with the ship master of the respective seaport.

Article 83. The Utilization of Ships in the Rescue of People and the Salvage of Ships

At the seaport master's request the ships to be found in a seaport are duty-bound to take part in the rescue of people and the salvage of ships in distress within the port's water area.

Article 84. Responsibility for Breaking the Shipping Safety and the Port Order

The seaport master shall have the right to impose administrative penalties for breaking the shipping safety rules and the port order in accordance with the legislation of the Russian Federation.

Chapter VI. Sea Pilots

_ 1. Pilotage

Article 85. The Sphere of Application of the Rules Set by the Present Chapter

The pilotage at the approaches to seaports, within the water area of seaports, between seaports, and also in the high seas shall be carried out in accordance with the rules established by the present Chapter.

Article 86. The Purposes of Pilotage

The pilotage shall be carried out for the following purposes:

the safety of sailing of ships and the prevention of incidents with ships.
the protection of the marine environment.

Article 87. Sea Pilots

1. Pilotage shall be carried out by sea pilots who have pilot certificates of the right to pilotage in certain regions, issued by seaport masters.

Sea pilots shall represent citizens of the Russian Federation who meet the requirements of the regulations for sea pilots, approved by the federal executive body in charge of the transport by agreement with the federal executive body responsible for defence and the federal executive body in charge of fishing.

2. A sea pilot (hereinafter referred to as a pilot) shall be a worker of the pilotage service of a governmental organization.

Non-governmental pilotage organizations shall set up with an eye to specific features defined by decisions of the Government of the Russian Federation and to the requirements of this Code and other legal acts of the Russian Federation.

A list of ports in which the activity of non-governmental pilotage organizations is allowed shall be established by the Government of the Russian Federation.

Article 88. State Supervision over the Activity of the Pilotage Organizations

1. State supervision over the pilotage services of governmental organizations and the activity of the non-governmental pilotage organizations within their jurisdiction shall be exercised by the federal executive body in charge of the transport and the federal executive body in charge of fishing.

2. The federal executive body in charge of the transport and the federal executive body in charge of fishing, respectively, shall have the right to take the following decisions during the exercise of state supervision over the activity of the non-governmental pilotage organizations:

the decision on the obligatory pilotage by pilots of such organizations in the respective region and on its scope;

the decision on the cessation of the activity of such organizations, which do not meet the requirements for their equipment, the numerical strength and qualification of their workers for the purposes of pilotage, determined by Article 86 of this Code.

Article 89. The Establishment of Areas of Obligatory and Optional Pilotage

By agreement with the federal executive body responsible for defence and the federal executive body in charge of fishing the federal executive body in charge of the transport shall establish areas of obligatory and optional pilotage and shall bring such areas to public notice through compulsory decisions in seaports, sailing directions and in The Notifications for Seafarers.

Article 90. Obligatory Pilotage

1. In areas of obligatory pilotage the ship master shall have no right to sail without a pilot, except for the cases when the ship belongs to the category of ships released from obligatory pilotage or when the ship master is given the right to sail without a pilot by the seaport master on the statutory manner.

The ship master who has violated the rule specified by this item shall bear administrative responsibility in keeping with the legislation of the Russian Federation.

2. Categories of ships to be released from obligatory pilotage shall be established by seaport masters and shall be brought to public notice through compulsory decisions in seaports.

3. Pilotage order in a sea trading port and a sea fishing port, which have adjacent water areas, shall be established by the master of the sea trading port by agreement with the master of the sea fishing port.

Article 91. Optional Pilotage

1. In areas where pilotage is optional, the ship master may take up a pilot, if there is a need for this.

2. In areas where pilotage is optional, the seaport master may prescribe the obligatory pilotage of ships, which:

themselves or the cargoes they carry may threaten to inflict damage to the marine environment. Categories of such shall be brought to public notice through obligatory decisions in seaports, sailing instructions and the Notifications for Seafarers.

have serious damages done to the ship's hull, mechanisms or equipment, which fact may substantially influence sea shipping safety in a port. In such a case the ship master shall be notified about the fact that his ship should follow under pilotage.

Article 92. The Performance of Public-law Duties by a Pilot

During the pilotage of a ship the pilot shall be obliged to inform the seaport master about:

any changes in the fairways which may threaten shipping safety;

any incidents with the ship for which the pilot carries on pilotage and with other vessels in the area he serves;

the non-fulfilment by the master of the ship whose pilotage he carries on of the rules for the sailing of ships and the rules for the prevention of oil spillage, hazardous pollutant, sewage and refuse pollution.

_ 2. Mutual Relations Between the Pilot and the Ship Master

Article 93. Pilot Certificate

1. A pilot who has arrived in a ship shall be obliged to produce his pilot certificate to the ship master.

2. The ship master shall have no right to take up as a pilot a person without a pilot certificate.

Article 94. Safe Embarkation and Safe Disembarkation of a Pilot

1. The ship master shall be obliged to ensure a safe embarkation and safe disembarkation of a pilot, and also to provide him with a separate accommodation and food during the pilotage.

2. The rules established by Item 1 of his Article shall be applied to a probationer, if for purposes of undergoing practice he accompanies the pilot.

Article 95. Declaration of Data on a Ship by the Ship Master

1. The ship master shall declare to the pilot the exact data on the ship's draft, width and tonnage, which shall be entered in the pilot's bill to be signed by the ship master.

The pilot shall have the right to demand that the ship master should declare other data on the ship (manoeuvrable characteristics, etc.), which are necessary to the pilot to carry out the ship's pilotage.

2. The ship master shall bear administrative responsibility in keeping with the legislation of the Russian Federation for the non-declaration or the wrong declaration of data on the ship, provided for by Item 1 of this Article.

Article 96. Mutual Relations Between the Ship Master and the Pilot

For the purpose of sailing safety the ship master shall follow the pilot's recommendations and shall not interfere in his work without sufficient grounds.

Article 97. The Pilot's Orders for the Helmsman

The ship master may instruct the pilot to give orders on the ship's navigation and manoeuvring directly to the helmsman, which fact shall not absolve the ship master from his responsibility for the ensuring consequences.

Article 98. The Provisional Leaving of the Bridge by the Ship Master

If during pilotage the ship master is compelled to leave the bridge provisionally, he shall notify about this the pilot and indicate the person who is responsible for the management of the ship in his absence.

Article 99. The Suspension of Pilotage by the Pilot

If this is necessary for the ship's sailing safety, the pilot shall have the right to suspend the pilotage until the onset of circumstances which make it possible to carry out its safe navigation.

Article 100. The Abandonment of the Ship by the Pilot

The pilot shall not have the right to abandon the ship without the ship master's consent before he anchors, moors the ship in a safe place, put out it to sea or is replaced by another pilot.

Article 101. The Return of the Pilot

1. The ship master shall not have the right to take away the pilot beyond the confines of the area the latter serves.

2. If the pilot is taken away by the ship which he piloted beyond the limits of the area he serves, the ship master shall be obliged to return the pilot to the place of his permanent location at the ship's expense.

The organization that employs the pilot shall have the right to recover the damages caused by the detention of the pilot, unless this detention was caused by force majeure.

Article 102. The Responsibility of the Pilot and the Ship Master

1. The presence of the pilot aboard a ship shall not absolve the ship master's responsibility for the management of the ship.

In the presence of sufficient grounds for doubts about the pilot's recommendations the ship master shall have the right to renounce the services of this pilot. If pilotage is obligatory, the ship master shall demand that the pilot should be replaced.

2. The pilot guilty of improper pilotage may be deprived of his pilot certificate.

_ 3. Liability for Improper Pilotage. Pilotage Dues

Article 103. Liability for Improper Pilotage

The organization that employs the pilot who piloted the ship shall bear liability for the losses caused to the ship as a result of improper pilotage through the fault of the pilot.

Article 104. The Limitation of Liability and the Forfeit of the Right to Limit Liability

1. The organization that employs the pilot who piloted the ship may limit its liability, provided for the Article 103 of this Code, with the amount of money equal to 10 multiples of the pilotage dues due to for pilotage.

2. The organization that employs th pilot who piloted the ship shall forfeit its right to the limitation of the liability provided for by Item 1 of this Article, if it is provided that the losses caused to the ship due to improper pilotage were the result of his action or inaction, committed deliberately or by gross negligence.

Article 105. Liability to Third Parties

the organization that employs the pilot who piloted the ship shall not bear liability to third parties for the losses caused as a result of improper pilotage.

Article 106. Pilotage Dues

Pilotage dues shall be collected from the ships using the services of pilots. The amount of pilot dues, the procedure for their collection and the categories of vessels exempted from pilot dues shall be determined in the order prescribed by the legislation of the Russian Federation.

Chapter VII. Sunken Property

Article 107. The Sphere of Application of the Rules Set by the Present Chapter

1. The rules set by the present Chapter shall apply to the salvaging, removal and destruction of property items sunk within the internal sea waters or the territorial sea of the Russian Federation.

2. Sunken property includes ships suffering wrecks, their wreckage, equipment, cargoes and other objects regardless of the fact whether they are floating or under water, at the bottom or jettisoned on shallows or on seashore.

3. The rules set by the present Chapter shall not apply to:
the salvaging of sunken sea property of a cultural nature of prehistoric, archeologic or historic significance, if such property is to be found at the bottom.

4. If the salvage, removal or destruction of sunken property is regarded as a salvage operation in accordance with the rules set by Chapter XX of this Code, such rules shall apply to remuneration and special compensation of salvors, regardless of the rules set by the present Chapter.

Article 108. The Salvaging of Sunken Property by Its Owner

1. The owner of sunken property, if he intends to salvage the sunken property, shall inform about this the ship master of the nearest sea trading port or the ship master of the nearest sea

fishing port during one year since the day when this property sank.

2. During three months since the receipt of the application of the owner of sunken property the ship master of a sea trading port or the ship master of a sea fishing port shall establish the order of salvaging of sunken property, but for not less than one year since the day of the receipt by the owner of the notification of the ship master of the sea trading port or the ship master of the sea fishing port about the order and period of time for the salvaging of the sunken property.

Article 109. The Duty of the Shipowner to Salvage Sunken Property

1. If sunken property threatens sea shipping safety, inflicts damage to the marine environment by pollution or prevents the fishing of water biological resources, the functioning of a seaport and the works (hydrotechnical and other works) therein, the owner of sunk property shall be obliged to salvage sunken property at the request of the ship master of a sea trading port or the ship master of a fishing port within the fixed period of time and in case of need to remove or destroy it.

2. If the owner of sunken property is known, the ship master of a sea trading port or the ship master of a sea fishing port shall notify him about his decision.

If the owner of sunken property is not known, the ship master of a sea trading port or the ship master of a sea fishing port shall make a publication about the time-limits fixed for the salvaging of sunken property in The Notification for Seafarers. If the flag of a sunken ship is known, the ship master of a sea trading port or the ship master of a sea fishing port shall also send the appropriate notification to the federal executive body in the sphere of relations of the Russian Federation with foreign States.

Article 110. The Rights of a Shipowner to Sunken Property

If the owner of sunken property fails to make a statement according to Item 1 of Article 108 of this Code or fails to salvage property within the time fixed in accordance with Item 2 of Article 108 of this Code, the rights of the owner to sunken property shall be determined in keeping with the legislation of the Russian Federation.

Article 111. The Salvaging, Removal or Destruction of Sunken Property by Port Authorities

1. Port authorities shall have the right to salvage sunken property and, if need, to remove or destroy it in the following cases:

When the owner of sunken property is duty-bound to salvage sunken property and perforce to remove or destroy it in accordance with Item 1 of Article 109 of this Code, but the owner of sunken property is not ascertained or he failed to salvage sunken property and perforce did not remove or destroy it with the fixed period of time;

When the sunken property creates a serious and direct threat to shipping safety or a direct danger of inflicting considerable damage to the marine environment but pollution and largely hinders the fishing of water biological resources, the functioning of the port and the performance of works (hydrotechnical and other works) therein;

When there are sufficient grounds not to authorize the owner of sunken property to salvage, remove or destroy it with his own means or the means of the salvaging organization chosen by him.

2. The sunken property shall be salvaged, removed or destroyed at the expense of its owner in cases stipulated by Item 1 of this Article.

Article 112. The Reclamation of Salvaged Sunken Property by Its Owner

Sunken property, salvaged in keeping with Item 1 of Article 111 of this Code, may be reclaimed by its owner after the reimbursement by him of the expenses on the salvaging of sunken property and of other expenses incurred in this connection, provided that not more than one year has passed since the time of the salvage of the sunken property.

Article 113. The Right of Port Authorities to the Full Reimbursement of the Expenses Sustained by Them

If sunken property was salvaged, removed or destroyed in keeping with Item 1 of Article 111 of this Code, the port authorities shall have the right upon the expiry of the time provided for by Article 112 of this Code:

to sell the salvaged sunken property or a part thereof in the order prescribed by the legislation of the Russian Federation and to obtain the compensation for the expenses incurred on its salvage and for other expenses sustained in this connection from the amount of money received from its property;

to receive from the owner of sunken property the compensation for the expenses not covered by the amount of money gained from its sale and in case of the destruction of sunken property to receive the compensation for the expenses borne in connection with the destruction of such property.

Article 114. Sunken Property Salvaged by Chance

Sunken property salvaged by chance in internal sea waters, in the territorial sea of the Russian Federation or in the high seas during the merchant shipping operations shall be handed over in the nearest sea trading port or the nearest sea fishing port. In such case remuneration shall be paid out in the amount of one-third of the value of the delivered property.

Chapter VIII. The Contract of Carriage of Cargo by Sea

_ 1. General Provisions

Article 115. The Definition and Types of the Contract of Carriage of Cargo by Sea

1. Under the contract of carriage of cargo by sea the carrier shall undertake to deliver the cargo that was given or will be given to it by the consignor to the port of destination and to release it to the person authorized to receive cargo (hereinafter referred to as the consignee) and the consignor or the charterer shall pledge to pay for the carriage of cargo a fixed foreign charge.

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

1) subject to the submission for the carriage of cargo by sea of the entire ship, a part thereof or of definite ship cargo compartment (chapter);

2) without such proviso.

3. The carrier shall be represented by the person who has concluded a contract of carriage of cargo by sea with the consignor or the charterer, or the person on behalf of whom such contract has been concluded.

4. The charterer shall be represented by the person who has concluded a contract of carriage of cargo by sea, indicated in Subaccount 1 of Item 2 of this Article.

5. The charterer shall be represented by the person who has concluded a contract of carriage of cargo by sea, indicated in Subitem 2 of Item 2 of this Article, and also by any person who has delivered cargo to the carrier on his behalf.

Article 116. The Application of the Rules Set by This Chapter

The rules set by the present Chapter shall apply, unless the contrary follows from the agreement of the parties. In cases expressly indicated in the present Chapter the agreement of the parties that does not comply with the rules set by this Chapter shall be null and void.

Article 117. The Form of the Contract of carriage of cargo by Sea

1. A contract of carriage of cargo by sea shall be concluded in writing.
2. The presence and the content of a contract of carriage of cargo by sea may be confirmed by a charter, a bill of lading or other written evidence.

Article 118. The Long-term Agreement on the Organization of Cargo Carriage by Sea and Its Relationship with the Contract of Cargo Carriage by Sea

1. While being engaged in systematic carriage of cargo by sea, the carrier and the cargo owner may conclude long-term agreements on the organization of cargo carriage by sea.

With the conclusion of a long-term agreement on the organization of cargo carriage by sea the transportation of a specific consignment shall be effected in keeping with the contract of cargo carriage by sea, concluded on the basis of such a long-term agreement.

2. The terms of cargo carriage, agreed upon in a long-term agreement on the organization of cargo carriage by sea shall be deemed to be included in the contract of cargo carriage by sea, unless the parties have reached an agreement on the contrary.

If the terms of the contract of cargo carriage by sea contradict the terms of the long-term agreement on the organization of cargo carriage by sea, the terms of the contract of cargo carriage by sea shall apply.

The terms of the long-term agreement on the organization of cargo carriage by sea, which are not included in a bill of lading, shall not be binding on a third party, unless the latter is a charterer.

Article 119. The Correlation of the Charter and the Bill of Lading

The relations between the carrier and the consignee that is not a party to the contract of cargo carriage by sea shall be defined by a bill of lading. The terms of the charter shall be binding on the consignee, if the bill of lading makes a reference to them.

Article 120. The Content of a Charter

A charter shall contain the names of the parties, the name of a ship and a reference to the type and kind of cargo, the amount of freight, the name of the loading place, and also the name of the place of destination or sending the ship. By agreement of the parties different terms and provisos may be included in the charter. The charter shall be signed by the carrier and the charterer or by their representatives.

Article 121. The Cession of Rights Under a Charter

In case of cargo carriage under a charter the charterer shall be the right to cede his rights

under a contract of cargo carriage by sea to third parties with the consent of the carrier. The charterer, and also the third party to whom he has ceded his rights shall bear the joint responsibility to the carrier for the failure to implement the contract of cargo carriage by sea.

Article 122. The Application of the Rules Set by the Present Chapter to Coastal Cargo Carriage

The rules set by the present Chapter shall apply to coastal cargo carriage, the exception being made for the rules established by Articles 167, 170 and Item 2 of Article 171 of this Code.

Article 123. The Temporary Termination or Restriction of the Acceptance of Cargo for Carriage

1. In cases of natural disasters, shipwrecks and accidents, which caused interruptions in the traffic, and of the announcement of quarantine the acceptance of cargo may be terminated provisionally or restricted by order of the port authorities with the immediate notification of either the federal executive body in charge of the transport or the federal executive body in charge of fishing, which fix the validity term of the provisional termination or restriction of the acceptance of cargo for carriage.

2. The port authorities shall at once notify cargo consignors about the temporary termination or the restriction of the acceptance of cargo for carriage. When cargo is carried in direct mixed or in direct water traffic. These authorities shall notify about this transport organizations of different types.

_ 2. Placement of a Ship for Loading

Article 124. The Seaworthy Condition of a Ship

1. The carrier shall bring the ship into a seaworthy condition well in advance, before its cargo trip: ensure the technical seaworthiness, supply properly the ship, staff it with a crew and furnish all essential things, and also bring the cargo holds and other ship's cargo premises into a condition that ensures the requisite acceptance, carriage and safety of cargo.

2. The carrier shall not bear responsibility for the unseaworthiness of the ship, if it proves that this condition of the ship was caused by the shortcomings which could not be discovered, should they show due care (by hidden defects).

3. The agreement of the parties that contradicts Item 1 of this Article shall be null and void, if cargo carriage is effected on the basis of a bill of lading or if a bill of lading is issued in accordance with the charter and regulated relations between the carrier and the holder of the bill of lading, who is not a charterer.

Article 125. The Replacement of a Ship

If cargo is to be carried by a definite ship, it may be delivered on board another ship only with the consent of the charterer or the consignor, exception being made for the transshipment of cargo due to the technical need that arose after the loading had begun.

Article 126. The Loading Port

1. The carrier shall be obliged to place a ship for loading in the loading port, indicated in the charter, or in the port indicated by the charterer in keeping with the charter terms. The charterer shall indicate a safe loading port.

2. If a loading port is not indicated by the charterer or is indicated untimely, or is indicated without safety, the carrier shall have the right to renounce the implementation of the contract cargo carriage by sea and claim damages.

Article 127. The Loading Place

1. When cargo is carried under a charter, the carrier shall be obliged to place a ship for loading in the loading place indicated by the charterer. The charterer shall indicate a safe place suitable for loading, which the respective ship may reach out of danger, in which it may stay, being on the float, and from which it may put out to sea with cargo. If the charterer has indicated the place not fit for loading or if several charterers have indicated different loading places, the carrier may deliver the ship for loading in the place which is usually used in the given port.

The charterer may demand that the ship should be delivered to another place for loading at his expense.

2. When cargo is carried in long-haul traffic, the loading place shall be determined by the carrier. The carrier shall notify the consignor about the loading place, if loading is carried out in the loading place that is unusual for the given port.

Article 128. Time for Placing a Ship for Loading

When cargo is carried under a charter, the carrier shall be obliged to place a ship at the time specified by the charter. In case of failure to place a ship at the stipulated time the charterer shall have the right to renounce the contract of cargo carriage by sea and claim damages.

Article 129. Notice of Readiness for Loading

1. When cargo is carried under a charter, the carrier shall be obliged to notify in writing the charterer or the consignor, if the latter is indicated by the charterer to the effect that a ship is or will be ready for loading at requisite time. Such notice may be delivered only in case if the ship is to be found in the loading port or in the place of waiting that is usual for the given port.

2. The day and hour of placing a ship in the notice, indicated in Item 1 of this Article shall be determined by the agreement between the parties; in the absence of such agreement the day and hour of placing a ship shall be determined by the customs in the given port.

3. If a ship is not ready for cargo loading at the time specified in the notice, the notice of the ship's readiness for loading shall be deemed to be non-submitted, and the losses caused to the charterer on this connection shall be compensated by the carrier.

Article 130. Lay Time

1. The time during which the carrier places a ship for loading and keeps it under loading without payments supplementary to freight (lay time) shall be determined by agreement between the parties; in the absence of such agreement lay time shall be determined by the periods usually accepted in the loading port.

2. Lay time shall be reckoned in working days, hours and minutes beginning with the next day, after the submission of a notice of the ship's readiness for loading.

3. Lay time does not include the time during which loading has not been carried out for reasons beyond the carrier's control or due to force majeure or hydrometeorological conditions threatening the safety of cargo or holding up its safe loading.

The time during which loading has not been carried out for reasons beyond the charterer's control shall be included in lay time.

4. If loading began before the running of lay time, the time actually spent on loading shall not be counted in lay time.

5. The rules introduced by the present Article shall be applied accordingly in unloading in the port of cargo discharge.

Article 131. Demurrage Time

1. At the end of lay time the parties to the agreement may fix additional time for waiting (demurrage). In the absence of the agreement between the parties concerned the duration of demurrage shall be determined by time-limits usually accepted in the loading port.

2. Demurrage shall be reckoned in calendar days, hours and minutes since the end of lay time.

3. Demurrage includes Sundays and official holidays, the non-working time in the given port, and also breaks in loading time caused by force majeure or hydrometeorological conditions threatening cargo safety or hindering cargo safe loading. The time during which loading was not carried out for reasons under the carrier's control shall not be included in demurrage.

4. The rules set by the present Article and by Articles 132, 133 and 135 of this Code shall apply accordingly during the unloading in the port of cargo disembarkation.

Article 132. Demurrage

The amount of the charge due to the carrier for the ship's demurrage time shall be determined by the agreement of the parties in the absence of the agreement according to the rates usually accepted in the respective port. In the absence of such rates the amount of demurrage shall be determined by the expenses on the maintenance of the ship and its crew.

Article 133. Dispatch Loading

The agreement of the parties may provide for a bonus to the charterer for cargo loading before the lapse of lay time (dispatch). In the absence of such agreement the amount of dispatch shall be reckoned at the rate of half demurrage.

Article 134. The Right of the Carrier to Sail a Ship Upon the Expiry of Demurrage Time

1. Upon the expiry of demurrage time the carrier shall have the right to send a ship for sailing, even if the entire stipulated cargo is not loaded on board ship for reasons beyond the carrier's control. In this case the carrier shall retain the right to receive full freight.

2. In the event of affording the entire ship for cargo carriage the carrier shall have no right to refuse to accept cargo delivered before the end of lay or demurrage time in the presence of the agreement on such time, although the acceptance and the stowage of cargo may detain the ship over fixed time.

3. If not the whole of the ship is afforded for cargo carriage, the carrier shall have the right, before the expiry of lay or demurrage time and in the presence of such agreement on such time, to refuse to accept cargo that may be properly loaded on board ship due to its late presentation and without damage to the rest of cargo only with the detention of the ship. In this case the carrier shall retain the right to receive full freight.

Article 135. The Repayment of Losses for the Detention of a Ship

The charterer shall be obliged to compensate for the losses incurred by the carrier for the

detention of a ship over demurrage time, if the detention of the ship took place for the reasons beyond the carrier's control.

Article 136. The Anticipatory Dispatch of a Ship for Sailing at the Request of the Charterer

If the charterer has been given the entire ship for cargo carriage, the carrier shall be obliged at the charterer's demand to dispatch the ship for sailing, even if not the whole of cargo has been loaded on board ship. In this case the carrier shall retain the right to full freight.

Article 137. The Removal of Strange Cargo

1. In the event of affording the entire ship, its part or certain ship premises for cargo carriage the consignor may demand that strange cargo be removed from the ship, its part or ship premises in the port of departure; in the event of affording the entire ship for cargo carriage the consignor may demand that outside cargo be removed in any port of call.

2. If cargo has not been removed in good time from the ship, its part or from ship premises, the charterer shall have the right to demand a relevant diminution of freight, and also claim the damages caused to the charterer.

Article 138. Deck Cargo

1. The carrier shall have the right to carry cargo on deck only under the agreement concluded between the carrier and the consignor and in accordance with the law and other legal acts of the Russian Federation or with the customs of business turnover.

2. If the carrier and the consignor have reached agreement to the effect that federal executive body should or could be carried on deck, the carrier shall be obliged to indicate that such agreement was reached in a bill of lading or in any other document that confirms the contract of cargo carriage by sea. If the carrier fails to indicate this, he shall prove that the agreement on cargo carriage on deck was concluded by him with the consignor. The carrier, however, shall have no right to refer to such agreement in respect of the third party who has acquired the bill of lading in good faith, including with regard to the consignee.

3. If cargo was carried on deck with the contravention of the rules set by Item 1 of this Article or in keeping with Item 2 of this Article, the carrier may not refer to the agreement on cargo carriage on deck and the carrier shall bear liability for the loss or damage of cargo or for a delay in its delivery, caused solely by the carriage of cargo on deck despite the rules set by Articles 166 and 167 of this Code.

The limit of the carrier's liability shall be determined in accordance with the rules, set by Article 170 or Article 172 of this Code, depending on circumstances.

4. Cargo carriage on deck, if there is agreement on the carriage of cargo in the hold of a ship, shall be regardless as the carrier's action or inaction that involves the forfeit by the carrier or his right to the limitation of liability in keeping with Article 172 of this Code.

Article 139. Cargo Packing and Marking

1. Cargo that needs tare and packing for its full safety during carriage shall be presented for carriage in suitable tare and packing. Tare and packing which have state standards and for which specifications have been introduced shall correspond to them. Such requirements shall also apply to the containers presented by the consignor.

2. The consignor shall be obliged to properly mark cargo and submit the necessary

information about it to the carrier. If cargo calls for special handling, the consignor shall be obliged to inform the carrier about the cargo properties and the order of handing it.

Article 140. Replacement of Cargo

Cargo whose type or kind is defined in a charter may be replaced by cargo of a different type or kind only with the consent of the carrier.

Article 141. Cargo-carrying Documents

The consignor shall give in good time to the carrier all the documents required in keeping with port, customs sanitary and other administrative rules dealing with cargo and shall bear liability to the carrier for the losses caused by the untimely passage of such documents, their uncertainty or incompleteness.

_ 3. The Bill of Lading

Article 142. The Issue of a bill of lading

1. After cargo is accepted for carriage, the carrier shall be obliged to issue a bill of lading to the consignor at the latter's request.

A bill of lading shall be drawn up on the basis of the document, signed by the consignor, which shall contain the data indicated in Subitems 3-8 of Item 1 of Article 144 of this Code.

2. The consignor shall guarantee for the carrier the authenticity of the data submitted for the inclusion in the bill of lading and shall bear liability for the losses caused to the carrier due to the unreliability of such data.

The right of the carrier to the compensation for the losses sustained by the consignor shall not absolve the carrier's liability under a contract of cargo carriage by sea to any person other than the consignor.

Article 143. The Issue of Another Document in Lien of a Bill of Lading

The consignor shall have the right to demand that the carrier should issue a consignment note or another document that confirms the acceptance of cargo in lien of a bill of lading. Such documents shall be subject to the rules set by the present paragraph, with the exception for the rules dealing with the bill of lading as a document of title to goods and the rules set by the second paragraph of Item 2 of Article 144, Articles 146-148 and Item 2 of Article 149 of this Code.

Article 144. The Content of the Bill of Lading

1. The bill of lading shall include the following data:
 - 1) the name of the carrier and the place of its location;
 - 2) the name of the loading port according to the contract of cargo carriage by sea and the date of the acceptance of cargo by the carrier in the loading port;
 - 3) the name of the consignor and the place of its location;
 - 4) the name of the discharging port according to the contract of cargo carriage by sea;
 - 5) the name of the consignee, if it is indicated by the consignor;
 - 6) the name of cargo, the basic necessary for the identification of cargo, reference in appropriate cases to the dangerous character or special properties of cargo, the number of pieces of cargo or objects and the package mass and the quantity of cargo designated in any other way.

All these data shall be indicated in the way they were submitted by the consignor;

7) the external condition of cargo and its packing;

8) the freight in the amount subject to payment by the consignee or a different reference to the effect that the freight shall be paid by it;

9) the time and place of the issue of the bill of lading;

10) the number of the originals of the bill of lading, if they are in excess of one;

11) the signature of the carrier or of the person acting on its behalf.

Other data and clauses may be included in the bill of lading by agreement between the parties.

The bill of lading signed by the ship master shall be deemed to be signed in the name of the carrier.

2. After cargo is loaded on board ship, the carrier shall issue to the consignor at its request its on-board bill of lading, in which it shall indicate in addition to the data provided for by Item 1 of this Article that cargo is on board a ship or ships, and also the date or dates of cargo loading.

If before cargo loading on board a ship the carrier issued to the consignor a bill of lading on cargo or another documents of title to this cargo, the consignor shall return such a document at the request of the carrier in lieu of an on-board bill of lading.

The carrier may satisfy the demands of the consignor to the on-board bill of lading by supplementing any document issued earlier, provided that the supplemented document includes all the data that shall be contained in the on-board bill of lading.

Article 145. Claused Bill of Lading. The Probative Value of the Bill of Lading

1. If the bill of lading contains data which indicate the name of cargo, its basic marks, the number of pieces of cargo or objects, the package mass or the quantity of cargo and in respect of which the carrier or any other person issuing a bill of lading in its name know or have sufficient grounds to know that such data do not correspond to the actually accepted cargo or the loaded cargo at the time of the issue of the on-board bill of lading, or the carrier or any other person had no reasonable possibility of checking the indicated data, the carrier or any other such person shall enter in the bill of lading the clause that pinpoints inaccuracies and grounds for assumptions or the absence of a reasonable possibility of checking the said data.

2. If the carrier or any other person who issues a bill of lading on its behalf does not indicate in this bill of lading the external condition of cargo, the bill of lading shall be deemed to indicate a good external condition of cargo.

3. With the exception of the data in respect of which a clause has been introduced that is admissible in conformity with Item 1 of this Article, the bill of lading shall certify, unless the opposite is proved, the acceptance of cargo by the carrier for carriage, as it is described in the bill of lading. Proof of quite another thing by the carrier shall not be allowed, if the bill of lading is passed to a third party, which acted in good faith proceeding from the description of cargo in the bill of lading.

Article 146. Types of the Bill of Lading

A bill of lading may be issued in the name of a definite recipient (straight bill of lading), by order of the consignor or consignee (order bill of lading) or to bearer. The order bill of lading that does not contain a reference to its issue by order of the consignor or consignee shall be deemed to be issued by order of the consignor.

Article 147. Plurality of Copies of the Bill of Lading

At the desire of the consignor he may be given several copies (originals) of the bill of lading. The number of available originals of the bill of lading is noted in each copy. After cargo is released on the basis of the first presented original of the bill of lading, all the rest of its originals shall become invalid.

Article 148. The Transfer of a Bill of Lading

A bill of lading shall be transferred with the observance of the following rules:
a straight bill of lading may be transferred according to special endorsements or in any other form in keeping with the rules set for the assignment of a claim.
an order bill of lading may be transferred according to special or blank endorsements;
a bill of lading to bearer may be transferred by means of handing it.

Article 149. The Right of Disposal of Cargo

1. The consignor shall have the right of disposal of cargo before it is issued to the consignee concerned or to transfer such right to the consignee or a third party. When the right of disposal of cargo is transferred to the consignee concerned or a third party, the consignor shall be obliged to notify the consignor about this.

2. The consignor shall have the right to demand a reverse release of cargo in the place of sailing before the departure of a ship, the release of cargo in an intermediate port or the release of it not to the consignee which is indicated in a documents of carriage, provided that all the originals of the bill of lading issued tot he consignor are produced or appropriate security is provided and that the rules established by Articles 155 and 156 of this Code are observed.

_ 4. The Implementation of a Control of Cargo Carriage by Sea

Article 150. The Duties of the Carrier in Respect of Cargo

1. From the time of accepting cargo for carriage to the time of its release the carrier shall properly and painstakingly load, handle, stow, carry and keep in store, take care of it and disembark it.

2. If cargo accepted for carriage calls for special handling by reason of its properties and instructions are given in a contract of cargo carriage by sea and in packages, the carrier shall take care of cargo in accordance with such instructions.

3. Any agreement that contradicts Item 1 of this Article shall be null and void.

Article 151. Dangerous Cargo

1. If inflammable explosive or dangerous goods are delivered under wrong names and during the acceptance of cargo the carrier could not assure itself of its properties by external inspection, such cargo may be disembarked, destroyed or rendered harmless by the carrier without compensating the consignor's losses at any time, depending on circumstances.

The consignor shall bear liability to the carrier for the losses caused to it as a result of loading such cargo.

The freight for such cargo carriage shall not be returned. If at the shipment of cargo the freight has not been paid, the carrier shall have the right to recover it in full.

2. If goods indicated in Item 1 of this Article, loaded with the knowledge and the consent of

the carrier, become dangerous for the ship, for other goods or people on deck, the carrier shall have the right to disembark, destroy or render harmless such cargo depending on circumstances without compensating for the consignor's losses, except for general average.

The carrier shall have the right to freight in the amount proportional to the distance actually covered by a ship with such cargo.

Article 152. The Time and Route of Cargo Haul

The carrier shall be obliged to deliver cargo on time and by the route, which are established by the parties' agreement at the stated time that is reasonable to demand from an attentive carrier, with an account of concrete circumstances, and by a usual route.

Article 153. Obstacles to the Ship's Call at a Port of Destination

1. If owing to the ban imposed by appropriate authorities, natural disasters or for any other reasons beyond the carrier's control a ship cannot call at a port of destination, the carrier shall be obliged to immediately inform the consignor or the charterer about this or the person who is authorized to dispose of cargo, when such person is well known to the carrier.

2. If the whole ship is afforded for cargo carriage and during the reasonable time since the dispatch of a notice by the carrier no order has been received from the consignor or the charterer, or the person authorized to dispose of cargo to the effect how to behave towards this cargo, the ship master shall have the right to discharge cargo in one of the nearest ports at his discretion or to return cargo to the port of departure, depending on the fact that, in the opinion of the ship master, is more profitable for the consignor or the charterer, or the person authorized to dispose of cargo.

3. If not the whole ship is afforded for cargo carriage, the ship master shall discharge cargo that cannot be delivered to a port of destination in another port in keeping with the order of the consignor or the charterer, or the person authorized to dispose of cargo. In the event of the non-receipt of such order within three days since the time of sending a notice by the carrier the ship master shall have the right to discharge cargo in one of the nearest ports at his discretion and to inform about this the consignor or the charterer, or the person authorized to dispose of cargo. The ship master shall have the right to behave so also in case if the received order cannot be performed without detriment to the owners of cargoes to be found on board the ship.

4. The carrier shall have the right to compensation for the expenses associated with the waiting for the consignor's or the charterer's order, or that of a person authorized to dispose of cargo during a reasonable period of time, and the expenses on cargo, and also on freight in the amount proportional to the distance covered by the ship concerned.

_ 5. The Termination of Obligations Under a Contract of Cargo Carriage by Sea

Article 154. The Refusal of the Carrier to Implement a Contract of Cargo Carriage by Sea

If the cost of loaded cargo does not cover the freight and other expenses of the cargo carrier and the consignor or the charterer has not contributed the full freightage before the departure of a ship and has not submitted extra security, the carrier shall have the right to refuse to implement the contract of cargo carriage by sea before the ship is put out to sea and to demand the payment of half the full freightage when there are demurrage and compensation for other expense made

by the carrier at the expense of cargo. The disembarkation of cargo shall be carried out at the expense of the consignor or the charterer.

Article 155. The Refusal of the Consignor or the Charterer to Execute a Contract of Cargo Carriage by Sea

1. When the entire ship is afforded for cargo carriage, the consignor or the charterer shall have the right to refuse to execute a contract of cargo carriage by sea in case of payment of:

1) half the full freightage, in presence of demurrage paid by the carrier at the expense of cargo and the expenses not included in the sum of freightage, if the refusal of the consignor or the charterer has commenced before the expiry of lay or demurrage time fixed for cargo loading prior before the ship was put out to sea, depending on the fact which of the said moments has set in earlier;

2) the full freightage and other sums of money, referred to in Subitem 1 of this Item, if the refusal of the consignor or the charterer set in after one of the moments indicated in Subitem 1 of this Item, and a contract of cargo carriage by sea is concluded for one voyage;

3) the full freightage for the first voyage and other sums of money, referred to in Subitem 1 of this Item, and half the freightage for other voyages, if the refusal of the consignor or the charterer set in after one of the moments indicated in Subitem 1 of this Item, and a contract of cargo carriage by sea is concluded for several voyages.

In case of the refusal of the consignor or the charterer to implement a contract of cargo carriage by sea before the ship is put out to sea the carrier shall be obliged to release cargo to the consignor or the charterer, even if the discharge of cargo can obtain the ship for more than the fixed time.

In case of the refusal of the consignor or the charterer to execute a contract of cargo carriage by sea during the ship's voyage the consignor or the charterer shall have the right to demand the release of cargo in the port at which the ship should call in accordance with the contract of cargo carriage by sea or has called out of necessity.

2. If not the whole ship has been afforded for cargo carriage, the consignor or the charterer may refuse to execute a contract of cargo carriage by sea, provided they paid the full freightage and in the presence of downtime the demurrage and compensation for the expenditures made by the carrier at the expense of cargo and not included in the freightage. The carrier shall be obliged to release cargo before it is delivered to a port of destination at the request of the consignor or the charterer only, unless this inflicts damage to the carrier or other consignor or charterer.

Article 156. The Refusal by Each of the Parties to Execute a Contract of Cargo Carriage by Sea

1. Each of the parties to a contract of cargo carriage by sea shall have the right to refuse to execute it without compensation of the losses of the other party with the onset of the following circumstances before the ship leaves the loading place:

1) hostilities or other actions threatening the seizure of the ship or its cargo;

2) blockade of the place of departure or the place of destination;

3) the detention of the ship by order of appropriate authorities for reasons beyond the control of the parties to the contract of cargo carriage by sea;

4) the utilization of the ship to meet state needs;

5) the prohibition of the appropriate authorities to carry cargo outwards from the place of departure or the to bring cargo into the place of destination.

The circumstances stipulated by Subitems 3 and 5 of this Item may not serve as a ground for the refusal to execute a contract of cargo carriage by sea without compensation of the losses of the other party, if the detention of the ship is foreseen as of short duration.

With the onset of the circumstances specified by this Item the carrier shall not bear expenses on the discharge of cargo.

2. Each of the parties to a contract of cargo carriage by sea shall have the right to refuse to implement it due to the onset of any of the circumstances provided for by Item 1 of this Article, and also during a voyage. In this case the consignor or the charterer shall compensate all the expenses on cargo, sustained by the carrier, including the expenses on its discharge, and also the freightage in the amount proportional to the distance actually covered by a ship.

Article 157. The Termination of a Contract of Cargo Carriage by Sea Owing to the Impossibility of Its Implementation

1. A contract of cargo carriage by sea shall be terminated without the duty of one party to this contract to compensate the losses of the other party, caused by the termination of the contract, if after its conclusion and before the departure of a ship from the loading place owing to the circumstances beyond the control of the parties:

the ship will be lost or seized by force;

the ship will be recognized as non-navigable;

the individually defined cargo will be lost;

the cargo with generic features will be lost after it is delivered for loading and the consignor will not have time to deliver another cargo for loading.

2. A contract of cargo carriage by sea shall be terminated owing to the circumstances indicated in Item 1 of this Article and during a voyage; in this case the carrier is to receive the freightage in the amount proportional to the distance covered by the ship on the basis of the quantity of salvaged and delivered cargo.

_ 6. The Discharge and Release of Cargo

Article 158. Persons with the Right to Receive Cargo

1. Cargo carried on the basis of a bill of lading shall be released in a port of discharge upon the production of the originals of the bills of lading:

a straight bill of lading - to the consignee indicated in the bill of lading or to the person to whom the bill of lading has been given according to special endorsement or in any other form in keeping with the rules set for the assignment of a claim;

an order bill of lading - to the person by order of whom the bill of lading was drawn up in the presence in the bill of lading of endorsements to the person indicated in the last endorsement from among the continuous series of endorsements, or to the holder of the bill of lading with the last blank endorsement;

a bill of lading to bearer - to the bearer of the bill of lading.

2. If cargo is carried on the basis of a sea bill of lading or on the basis of another similar document, the carrier may release cargo to the consignee indicated in such a document or to the consignee indicated by the consignor concerned.

Article 159. The Delivery of Cargo for Storage

1. If not the whole ship is afforded for cargo carriage and in the port of discharge the

consignee has not claimed goods or has repudiated them, or has detained their acceptance that cargo could not be discharge at the fixed time, the carrier shall the right to store cargo in a warehouse or in any other safe place at the expense and at the risk of the person authorized to dispose of this cargo with the notification about this of the consignor or the charterer, and also of the consignee when the latter is known to the carrier.

2. When the whole ship is afforded for cargo carriage, the discharge and the putting cargo in storage shall be effected by the carrier upon the expiry of lay or demurrage time and under the condition that during the lay or demurrage time no other order of the consignor or the charterer, or the person authorized to dispose of cargo has been received. The time spent by the carrier on the delivery of cargo for storage shall be regarded as detention.

3. If during two months since the day of the arrival of a ship at a port of discharge the cargo turned in for storage is not claimed and the consignor or the charterer, or the person authorized to dispose of cargo does not make to the carrier all the payments due to the carrier for the given cargo carriage, the carrier shall have the right to sell this cargo in the established order. The unclaimed perishable cargo, and also cargo the expenses on whose storage exceed its value, may be sold before the expiry of the said time, but not earlier than the time of cargo delivery.

4. The sm of money gained from cargo sale minus payments due to the carrier and the expenses on cargo storage and sale shall be turned over by the carrier to the consignor or the charterer.

If the sum of money gained from cargo sale is insufficient to cover the payments due to the carrier and the expenses on the storage and sale of cargo, the carrier shall have the right to recover the sum of money short-received by him from the consignor or the charterer.

Article 160. Payments at the Release of Cargo to a Consignee. The Right of Retention of Cargo

1. When cargo is released to a consignee, he shall be obliged to compensate for the expenses made by the carrier at the expense of cargo, to pay a charge for demurrage in a port of discharge, and also to pay the freightage and to pay for demurrage in a port of loading, if this is provided for by a bill of lading or any other document, on the basis of which cargo was carried; in case of general average the consignee shall be obliged to make an average payment or to submit proper security.

2. The carrier shall have the right to retain cargo pending the payment of sums of money or the submission of security, indicated in Item 1 of this Article.

If cargo is turned in for storage in a warehouse that does no belong to the consignee, the carrier shall preserve the right of cargo retention subject to the immediate notification of the warehouse owner about this.

3. After cargo is released to the consignee the carrier shall forfeit the right to claim from the consignor or the charterer sums of money that were not paid by the consignee, unless the carrier could exercise the right of cargo retention in circumstances beyond his control.

4. The claims of the carrier retaining cargo shall be met at the expense of its cost in the volume and in the order established by the civil legislation of the Russian Federation.

5. The amount of money, gained from cargo sale with the deduction of the sums of money due to the carrier in keeping with Item 1 of this Article and associated with cargo sale and of reasonable expenses, shall be turned over to the consignee.

If the amount of money gained from cargo sale is insufficient for the payment of the sums due to the carrier in keeping with Item 1 of this Article, the carrier shall have the right to recover

the short-received sum from the consignor or the charterer.

Article 161. Inspection of Cargo and Checking of Its Condition

In case of actual or expected loss of, or damage to, cargo the consignee and the carrier shall be obliged to provide to each other the possibility of inspecting cargo or checking its condition before the release of this cargo to the consignee. Expenses on the inspection of cargo or the checking of its condition shall be borne by the person who demanded inspection or check. If as a result of the inspection or the checking of cargo, carried out on demand of the consignee, the consignee establishes the loss of, or damage to, cargo, the liability for which is borne by the carrier, the expenses on the inspection of cargo and the checking of its condition shall be reimbursed by the carrier.

Article 162. Notice of the Loss of, or Damage to, Cargo

1. If before the release of cargo or during the release of cargo of consignor did not make a written statement to the carrier about the loss of, or damage to, cargo and failed to indicate the general character of the loss of, damage to, cargo, the cargo shall be deemed to be received in accordance with the terms of a bill of lading in the absence of proof about the contrary.

2. If the loss of, or damage to, cargo could be ascertained with the usual method of its receipt, the statement to the carrier may be made by the consignee during three days after the release of cargo.

3. The consignee may not make a statement, indicated in Item 1 of this Article, if he inspected cargo and checked its condition together with the carrier during the release of cargo.

_ 7. Freightage

Article 163. Payments for Cargo Carriage

All the payments due to the carrier shall be made by the consignor or the charterer. In cases provided for by the agreement between the consignor or the charterer and the carrier and with the inclusion of data on the inclusion of data on this in a bill of lading it is possible to transfer payments into the consignee's account.

Article 164. The Amount of Freightage

1. The amount of freightage shall be established by agreement of the parties. In the absence of agreement between the parties the amount of freightage shall be counted on the basis of the rates applicable in the place of loading and during loading.

2. If cargo is loaded aboard a ship on larger quantity than it is provided for by a contract of cargo carriage by sea, the amount of freightage shall be increased accordingly. 3. If a different cargo is shipped in lieu of cargo provided for by a contract of cargo carriage by sea, whose amount of freightage is greater than that stipulated by the contract of cargo carriage by sea, the freightage shall be paid for the carriage of the actually loaded cargo.

3. If the amount of freightage for carriage of the actually loaded cargo is less than the freightage for cargo carriage, provided for by the contract of cargo carriage by sea, it is necessary to pay the freightage stipulated by the contract of cargo carriage by sea.

Article 165. Freightage for Cargo Lost During Its Carriage

1. No freightage shall be collected for cargo lost during its carriage. If it is paid in advance,

it shall be returned. If the lost cargo proves to be salvaged later on, the carrier shall have the right to freightage in the amount proportional to the distance covered by a ship.

When freightage is calculated for the distance actually covered by a ship, it is necessary to take into account the correlation between the part of the route covered by the ship with cargo and the length of the entire route of the stipulated voyage of the ship, and also the correlation between general expenses, hourly costs and labour inputs, hazards associated with the distance covered by the ship with cargo and all those expenses usually falling on the remaining part of the route.

2. Freightage shall be paid in full for the cargo that was lost or damaged owing to its natural properties or the circumstances within the consignor's control.

_ 8. The Liability of the Carrier, Consignor and Charterer

Article 166. The Liability of the Carrier

1. The carrier shall not be liable for the loss of, or damage to, cargo accepted for carriage or for delay in its delivery, if it proves that the loss, damage or delay in delivery has taken place due to the following phenomena:

- 1) force majeure;
- 2) hazards or pure chances at sea and in other shipping waters;
- 3) any measures of saving people or reasonable measures of salvaging property at sea;
- 4) fire that occurs not through the fault of the carrier;
- 5) actions or order of the respective authorities (detention, arrest, quarantine, etc.);
- 6) hostilities and peasant unrest;
- 7) action or inaction by the consignor and the consignee;
- 8) latent defects of cargo and its properties or natural loss;
- 9) externally imperceptible defects of tare and cargo packing;
- 10) insufficiency or indistinctness of marks;
- 11) strikes and other circumstances which caused the suspension or limitation of works in full or in part;
- 12) other circumstances arising not through the fault of the carrier, its workers or agents.

2. The carrier shall be deemed to have delayed the delivery of cargo, unless cargo was released in the port of discharge, specified by the contract of cargo carriage by sea, on time, which has been fixed by the agreement of the parties; in the absence of such agreement the carrier shall be recognized as the one who has delayed the delivery of cargo unless it was released in the port of discharge within the reasonable period of time that is required of the considerate carrier with due account of concrete circumstances.

3. A person who has the right to present his demand to the carrier in connection with the loss of his cargo and may deem it to be lost, unless it is released in a port of discharge to the person authorized to receive this cargo during 30 calendar days upon the expiry of the time of cargo release, fixed by Item 2 of this Article.

4. The carrier shall be liable for the loss of, or damage to, cargo accepted for carriage or for the delay in its delivery from the time of accepting it for carriage to the time of its release.

Article 167. A Navigation Error

The carrier shall not be liable for the loss of, or damage to, the cargo accepted for carriage,

or for the delay in its delivery, except for cargo carried in coastal traffic, if it proves that the loss, damage or delay took place due to action or inaction in navigations or in ship management by the ship master, other crew members or the pilot (navigations error).

Article 168. The Absolution of the Carrier from Liability in the Presence of Signs Testing to the Safety of Cargo

The carrier shall not be liable for the loss of, or damage to, the cargo accepted for carriage, arrived at a port of destination in serviceable cargo premises with serviceable lead seals of the consignor and delivered in tare in good condition, without any trace of opening en route, and also carried, being accompanied by the representative of the consignor or the consignee, unless the consignee proves that the loss of, or damage to, the cargo accepted for carriage took place through the fault of the carrier.

Article 169. The Determination of the Scope of Liability of the Carrier for the Loss of, or Damage to, Cargo

1. The carrier shall be liable for the loss of, or damage to, the cargo accepted for carriage in the following amounts:

- 1) for the loss of cargo - in the amount of the value of lost cargo;
- 2) for the damage to cargo - in the amount of money by which its value was lowered;
- 3) in case of the loss of cargo accepted for carriage with cargo value notice the consignor or the consignee shall pay an additional charge whose amount is determined by a contract of cargo carriage by sea.

The carrier shall also return the received freightage, if the latter is not a part of the value of the lost or damaged cargo.

2. The total sum of money subject to compensation shall be calculated proceeding from the value of cargo in the same place and on the day in which cargo was discharged or should have been discharged from a ship in keeping with the contract of cargo carriage by sea.

The value of cargo shall be determined proceeding from its price in a commodity exchange or of there is no such price proceeding from the existing market price. and if there is neither price proceeding from the usual value of cargoes of the same type and quality.

Expenses on the cargo carriage (freightage, duties, etc.), which should have been made by the cargo owner, but owing to the loss of, or damage to, cargo were not made, shall be deducted from the sum of money subject to compensation for the loss of, or damage to, cargo.

Article 170. The Limitation of the Carrier's Liability

1. If the sort and type, and also the value of cargo were not declared by the consignor before cargo loading and were not entered in a bill of lading, the liability of the carrier for the loss of, or damage to, the cargo accepted for carriage may not exceed 666.67 of unit of account for space for cargo or another unit of shipment or two units of account for one kilogram of gross mass of the lost or damaged cargo depending on which sum of money is higher.

2. The liability of the carrier for delay in delivery of cargo accepted for carriage may not exceed the amount of freightage subject to payment under a contract of cargo carriage by sea.

3. The total sum of money subject to compensation by the carrier on the basis of Items 1 and 2 of this Article may not exceed the limit of liability that would be set in keeping with Item 1 of this Article for the full loss of cargo, in respect of which such liability has arisen.

4. If a container, pallet or other packing case is used for cargo carriage, the number of

packages or units of shipment listed in a bill of lading as carried in such packing case shall be deemed for purposes of this Article to be the number of packages or units of shipment. Such packing case shall be deemed to be a space for cargo or a cargo unit.

5. The parties to a contract of cargo carriage by sea may establish in their agreement the limits of liability that exceed those stipulated by Items 1-3 of this Article.

Article 171. Requirements for the Carrier, Its Workers and Agents

1. The rules for the liability of the carrier and the rules for its limitation, set by Articles 166 and 170 of this Code, shall apply to any requirement for the carrier in connection with the loss of, or damage to, cargo accepted for carriage or a delay in its delivery covered by the contract of cargo carriage by sea, regardless of the fact whether this requirement follows from the contract or obligations in consequence of the infliction of damage.

2. If the requirement is made for a worker or agent of the carrier in connection of the loss of, or damage to, cargo accepted for carriage or of a delay in its delivery, such a worker or agent shall have the right to make use of the rules for liability and the rules for limiting it, to which the carrier has the right to refer, if he proves that he acted within the limits of his duties (powers).

3. With the exception of the case provided for by Article 172 of this Code, the amounts of money that can be collected from the carrier, his workers and agents shall not exceed in totality the limits of liability, stipulated by Article 170 of this Code.

Article 172. The Forfeit of the Right to Limit Liability

1. The carrier shall not have the right to limit the liability stipulated by Article 170 of this Code, if it is proved that the loss of, or damage to, cargo accepted for carriage or the delay in its delivery were the result of his own action or inaction, committed intentionally or by gross negligence.

2. A worker or agent of the carrier shall have no right to be limited in their liability as envisaged by Item 2 of Article 171 of this Code, if it is proved that the loss of, or damage to, cargo accepted for carriage or the delay in its delivery were the result of their actions or inaction, committed intentionally or by gross negligence.

Article 173. The Liability of the Actual Carrier

1. If the carriage of cargo or its part is entrusted to the actual carrier, even if this is admissible by the terms of a contract of cargo carriage by sea, the carrier nevertheless shall be liable for the entire carriage of cargo in keeping with the rules set by the present paragraph. In respect of cargo carriage effected by the actual carrier the carrier shall be liable for actions or inaction of the actual carrier, his workers and agents who acted within their duties or powers.

Any person when the carrier charged with the carriage of cargo or its part any other person who is charged with such cargo carriage shall be actual carries.

2. In accordance with the agreement between the carrier and the actual carrier the rules set by the present paragraph about the carrier's liability shall also apply to the liability of the actual carrier for his cargo carriage.

The rules set by Items 2 and 3 of Article 171 and by Item 2 of Article 172 of this Code shall apply in case of achievement of the agreement provided for by the first paragraph of this Item, and also when demands are made for a worker or agent of the actual carrier.

3. Any agreement, under which the carrier assumes the obligations not stipulated by the rules established in the present Chapter or repudiates the rights provided by the rules established

in the present Chapter, shall apply to the actual carrier only in case if he has given his consent with this in writing. Whether there is or there is not such consent from the actual carrier, the carrier nevertheless shall remain to be bind by his obligations or by the repudiation of the rights that follow from such agreement.

4. If the carrier and the actual carrier bear their liability, the latter shall be joint.

5. Sums of money which can be recovered from the carrier and the actual carrier for the loss of, or damage to, cargo accepted for carriage or for delay on its delivery shall not in totality exceed the limits of liability provided for by this paragraph.

6. The rules set by this paragraph shall not affect the right of recourse of the carrier and the actual carrier to each other.

Article 174. Through Shipments of Cargo

1. If the carrier issues a through bill of lading, which provides that part of cargo carriage should be realized not by the carrier but by another person, the thorough bill of lading shall stipulate that the carrier is not liable for the loss of, or damage to, cargo accepted for carriage or for delay in its delivery, caused by the circumstances that took place at a time when cargo was under the authority of another person when he realized the part of cargo carriage. The duty of proving that the loss of, or damage to, cargo accepted for carriage or the delay in its delivery were caused by such circumstances shall lie with the carrier.

2. A person realizing a part of cargo carriage shall be liable for the loss of, or damage to, cargo accepted for carriage or for the delay in delivery, caused by the circumstances which took place during the time when cargo was under his authority, in accordance with the rules set by the present paragraph on the carrier's liability.

Article 175. Agreement on the Absolution of the Carrier from Liability or the Reduction of His Liability

1. If cargo is carried on the basis of a bill of lading or of the bill of lading which is issued in accordance with a charter and which regulates between the carrier and the holder of the bill of lading who is not a charterer, the agreement on the release of the carrier from liability or the reduction of his liability, provided for the rules set by the present paragraph, shall be null and void.

2. Notwithstanding the rules set by Item 1 of this Article the carrier shall have the right to conclude agreement on the release of him from liability or the reduction of the limits of his liability, stipulated by the rules set by the present paragraph:

1) from the time of acceptance of cargo to its loading aboard a ship and after its discharge until it is handed over;

2) if a bill of lading is not issued and coordinated terms of cargo carriage are included in a document that is not a document of title to goods and contains a note about this. The rules set by the present Subitem shall apply to the carriage of definite cargo, if the sort or type of cargo, its condition and cargo should be carried, justify the conclusion of a special agreement.

Article 176. The Liability of the Consignor and the Charterer

The consignor and the charterer shall bear liability for the losses caused to the carrier, unless they prove that the losses were caused through no fault of their and not through the fault of the persons for whose actions or inaction they are liable.

Chapter IX. The Contract of Passenger Carriage by Sea

Article 177. The Definition of the Contract of Passenger Carriage by Sea

1. Under a contract of passenger carriage by sea the carrier shall be undertake to carry a passenger to a point of destination and in case of booking by a passenger of his luggage to deliver it to a point of destination as well and to issue it to the person authorized to get luggage; the passenger shall undertake to pay the charge specified for the travel and the charge for the carriage of his luggage.

2. The carrier shall be a person who has concluded a contract of passenger carriage by sea or on behalf of whom such contract has been concluded, regardless of the fact whether the passenger carriage is realized by the carrier or the actual carrier.

The actual carrier shall be a person other than the carrier, a person who, being a shipowner or using the ship on a different legal basis, in fact carries the passenger or only realizes a part of this carriage.

3. The passenger shall be any person who is carried aboard a ship under the contract of passenger carriage by sea or with the consent of the carrier for the purpose of accompanying a motor vehicles or animals under the contract of cargo carriage by sea.

Article 178. The Application of the Rules Set by the Present Chapter

The rules set by the present Chapter shall apply, unless otherwise stipulated by the agreement of the parties. In cases expressly indicated in this Chapter any agreement of the parties that does not correspond to the rules set by the present Chapter shall be null and void.

Article 179. Documents of Carriage

The conclusion of a contract of passenger by sea shall be certified with a ticket, while the booking of luggage shall be certified with a luggage ticket.

Article 180. Luggage and Cabin Luggage

For purposes of the present Chapter:

any object or any motor vehicle carried by the carrier under a contract of passenger carriage by sea or a motor vehicle which are carried under a contract of cargo or animal carriage by sea;

luggage that is to be found in the passenger's cabin or in held by him in any luggage. Cabin luggage includes luggage which the passenger has in his motor car or on it with the exception of cases of the application of the rules set by Article 182 and Items 2-5 of Article 190 of this Code.

Article 181. The Passenger's Fare and Luggage Freight Charge

1. The passenger's fare and the luggage freight charge shall be determined by the agreement of the parties.

The passenger's fare and the luggage freight charge by the public transport shall be estimated on the basis of tariffs endorsed in the order established by the legislation of the Russian Federation.

2. The passenger shall have the right:

to carry with himself or herself in foreign traffic - in conformity with a reduced rate for one child at the age of two years without a separate seat or berth. Other children below two years of age, and also children at the age from two twelve years shall be carried in keeping with the preferential rate, with separate seats or berths;

to carry with himself or herself cabin luggage free of charge within the fixed norm.

Article 182. Periods of Passenger Carriage

The carriage of passengers includes the following periods:

in respect of a passenger or his cabin luggage - the period during which a passenger and/or his cabin luggage are to be found aboard the ship, the period of boarding and disembarkation of a passenger, and also the period during which a passenger and his cabin luggage are delivered by a waterway from the coast to a ship or vice versa, if the value of such carriage is included in the ticket value or the ship used for such auxiliary carriage is given by the carrier at the passenger's disposal. In respect of a passenger the carriage shall not include the period during which he stay in a sea terminal, moorage or in any other port facility;

in respect of cabin luggage - also the period during which a passenger stays in a sea terminal, moorage or in any other port structure or on it, if this luggage has been accepted by the carrier, his worker or agent and has not been given to the passenger;

in respect of other luggage that is not cabin luggage - the period from the time of acceptance of such luggage by the carrier, his worker or agent a shore or on board the ship to the time of the issue of such luggage by the carrier, his worker or agent to a passenger.

Article 183. The Repudiation by a Passenger of a Contract of Passenger Carriage by Sea

1. Before the departure of a ship, and also after the voyage is begun in any port at which the ship will call for the boarding or disembarkation of passengers, a passenger shall have the right to waive the passenger carriage contract by sea.

2. If a passenger repudiates the passenger carriage contract by sea within the time fixed by the rules for the passenger carriage by sea, approved by the federal executive body in charge of the transport or failed to appear by the departure of a ship due to his illness or before the ship's departure waived the passenger carriage contract owing to his illness or for reasons within his control, the whole fare and luggage freight charge paid by him shall be returned to the passenger.

Article 184. The Refusal by the Carrier to Implement a Contract of Passenger Carriage by Sea

1. The carrier shall have the right to refuse to implement a contract of passenger carriage by sea upon the onset of the following circumstances which are beyond the carrier's control:

- 1) hostilities or other actions threatening with the seizure of a ship;
- 2) blockade of a point of departure or a point of destination;
- 3) the detention of a ship by order of the appropriate authorities for reasons beyond the control of the parties to the agreement;
- 4) the utilization of a ship for state needs;
- 5) the loss of a ship or its seizure;
- 6) the recognition of a ship as non-navigable.

When the carrier refuses to implement a contract of passenger carriage by sea before the departure of a ship, the entire fare of a passenger and the luggage freight charge shall be returned to the passenger; when the carrier refuses to implement such contract after the voyage is begun, the passenger shall receive a part of the fare and charge in the amount proportional to the distance for which the carriage of the passenger has not been realized.

2. The carrier who refused to implement a contract of passenger carriage by sea with the onset of circumstances provided for by this Article shall be obliged to deliver the passenger concerned at the latter's request and at his expense to the point of departure or to compensate for the expenses borne by the latter.

Article 185. A Change in the Contract of Passenger Carriage by Sea

1. The carrier shall have the right to detain the departure of a ship, to change the route of the passenger carriage, the place of boarding and/or disembarkation of a passenger, if such actions are necessary due to natural disasters, unfavourable sanitary and epidemiological conditions in the point of departure, the point of destination or en route of the passenger carriage, and also due to other circumstances that are beyond the carrier's control.

In cases indicated in the present Item the carrier shall be obliged to deliver a passenger at the latter's request and at his expense to the point of departure or to compensate for the passenger's expenses borne by him in reality.

2. The rules set by Item 1 of this Article shall not affect the right of a passenger to repudiate a contract of passenger carriage by sea.

Article 186. The Liability of the Carrier

1. The carrier shall be responsible for the passenger's death and for injury to his health, and also for the loss of his luggage or for damage to it, if the incident that has inflicted damage to the passenger took place during the carriage of the passenger and his luggage through the fault of the carrier, his workers or agents acting within their duties or powers.

The loss of a passenger's luggage or the damage to it includes the damage inflicted by the fact that his luggage was not issued to him within reasonable period of time after the arrival of the ship which carried or should have carried his luggage.

2. The duty of proving the fact that the incident that inflicted damage to a passenger took place during the carriage of the passenger and his luggage, and also the amount of the damage done to him shall be carried by the claimant.

3. The guilt of the carrier, his workers or agents acting within their duties or powers shall be implied, unless otherwise proved, in cases when the death of a passenger or the impairment of his health, or the loss of, or damage to, cabin luggage took place as a result of a shipwreck, the collision of ships or the running aground, and explosion of a fire aboard the ship or of defects of the ship or in connection with the shipwreck, the collision of ships, the running aground, the explosion or the fire on board the ship or with defects of the ship. The guilt of said persons shall be implied in respect of the loss of, or damage to, other luggage that is not cabin luggage, unless otherwise proved, regardless of the nature of the incident that caused the loss of, or damage to, such luggage. In other cases the duty of proving guilts lies with the claimant.

Article 187. The Actual Carrier

1. If the passenger carriage or its part is entrusted to the actual carrier, the carrier nevertheless shall bear liability in accordance with the rules set by the present Chapter for the entire carriage of a passenger. In this case the actual carrier shall bear his duties and have the rights stipulated by the rules set by this Chapter in respect of the part of the passenger carriage realized by himself.

2. In respect of the passenger carriage realized by the actual carrier, the carrier shall bear liability for the actions or inaction of the actual carrier, his workers or agents acting within their

duties or powers.

3. Any agreement to the effect that the actual carrier assumes the duties that are not vested on him by the rules set by this Chapter or repudiates the rights granted by such rules shall have legal force for the actual carrier only given his consent with this in writing.

4. If the liability is borne by the carrier and the actual carrier and their liability is joint.

5. The rules set by this Chapter shall not affect the right of recourse of the carrier and the actual carrier to each other.

Article 188. The Loss of, and Damage to, Valuables

The carrier shall not be liable for the loss of, or damage to, money, securities, gold, silver articles, jewels, ornaments, works of art or other valuables, only if such valuables have not been put in storage to the carrier who agreed to preserve them safe and sound. The carrier shall be liable for the valuables put in storage below the limit envisaged by Item 4 of Article 190 of this Code, if in accordance with Article 191 of this Code unless a higher limit of liability was approved.

Article 189. Malicious Intent or Gross Negligence on the Part of a Passenger

If the carrier proves that the intent or gross negligence of a passenger was the cause for the passenger's death or the impairment of his health, or facilitated the loss of his luggage or the damage to his luggage, the carrier may be absolved from liability in full or in part.

Article 190. The Limits of the Carrier's Liability

1. The carrier's liability for the injury caused to the life or health of a passenger shall not exceed 175,000 units of account in respect of the carriage as a whole. If the injury is compensated in the form of periodical payments, the corresponding total sum of such payment shall not exceed the said limit of the carrier's liability.

2. The carrier's liability for the loss of, or damage to, cabin luggage shall not exceed 1,800 units of account per passenger in respect of the carriage as a whole.

3. The carrier's liability for the loss of, or damage to, the motor vehicle, including luggage carried by it or on it, shall not exceed 10,000 units of account for the motor car in respect of the carriage as a whole.

4. The carrier's liability for the loss of, or damage to, luggage other than that indicated in Items 2 and 3 of this Article shall not exceed 2,700 units of account per passenger in respect of the carriage as a whole.

5. The carrier and the passenger concerned may conclude agreement on the vesting of liability with the carrier minus franchise that does not exceed 300 units of account in case of damage done to the motor vehicle and does not exceed 135 units of account per passenger in case of the loss of, or damage to, other luggage. In this case the said sums of money shall be deducted from the amount of the damage caused to a passenger as a result of using or damaging a motor car or any other luggage.

6. Interest accrued on the sum of the compensation for the damage done and legal costs shall not be included in the limits of liability, provided for by Items 1-5 of this Article.

Article 191. The Enhancement of the Limits of the Carrier's Liability

The carrier and the passenger concerned may establish in their written agreement higher

limits of the carrier's liability than those stipulated by Items 1-5 of Article 190 of this Code.

Article 192. The Application of Liability Limits

1. If a claim for damages is laid to a workers or an agent of the carrier or the actual carrier in keeping with the rules set by the present Chapter, the worker or the agent, once he proves that he acted within his terms of reference, shall have the right to avail himself of the liability limits, provided for by the rules of this Chapter for the carrier and the actual carrier.

2. The liability limits of the carrier, stipulated by Items 1-5 of Article 190 of the present Code, shall apply to a totality of amounts subject to compensation for all the claims which have arisen in connection with the death of one passenger or with the injury to the health of one passenger, or with the loss of, or damage to, his luggage.

3. In respect of the transportation of a passenger by the actual carrier the totality of sums of money subject to compensation by the carrier or the actual carrier, and also by their workers or agents who acted within their terms of reference may not exceed the largest amounts of compensation that under the rules set by the present Chapter may be exacted from the carrier or the actual carrier. In this case not a single said person shall bear liability above the liability limit subject to the application to them.

4. If the worker or the agent of the carrier or the actual carrier has the right to make use in keeping with Item 1 of this Article of the liability limits of the carrier, stipulated by Items 1-5 of Article 190 of this Code, the totality of sums of money subject to compensation by the carrier or by the actual carrier in the appropriate case, the worker or the agent of the carrier or the actual carrier shall not exceed the said limits.

Article 193. The Forfeit of the Right to Limit Liability

1. The carrier shall not have the right to avail himself of the carrier's liability limits, provided for by Items 1-5 of Article 190 and by Article 191 of this Code, if it is proved that the damage inflicted on a passenger resulted from his down action or inaction, committed intentionally or due to gross negligence.

2. The worker or the agent of the carrier or the actual carrier shall have no right to make use of the carrier's liability limits, provided for by Items 1-5 of Article 190 or by Article 191 of this Code in respect of the carrier, if it is proved that the damage inflicted on a passenger resulted from their own action or inaction, committed intentionally or due to their gross negligence.

Article 194. Claims for the Loss of, or Damage to, Luggage

1. A passenger shall send his claim in writing to the carrier or its agent in the following cases:

patent damage to cabin luggage - before or at the time of the disembarkation of a passenger, patent damage to other luggage - before or at the time of its issue;

implicit loss of, or damage to, luggage - during 15 days since the day of the disembarkation of a passenger or the issue of luggage, or since the time when the latter should be issued.

2. If a passenger fails to comply with the requirement of this Article, it shall be assumed unless otherwise proved that the passenger has received his luggage undamaged.

3. No claim shall be required from a passenger, if his luggage has been inspected or its state checked by the carrier together with the passenger at the time of his luggage's receipt.

Article 195. The Agreement on the Release of the Carrier from His

Liability or on the Reduction of His Liability Limits

The agreement on the release of the carrier from his liability or on the establishment of lesser liability limits than those provided by the rules of this Chapter, with the exception of the case stipulated by Item 5 of Article 190 of this Code, or on the transfer of the carrier's burden of proof, it is was concluded before the incident that was the cause of the passenger's death or the injury to his health, or of the loss of, damage to, his luggage, shall be void.

Article 196. The Carrier's Liability for a Delay in the Ship's Departure or for Its Arrival with a Delay

For a delay in the departure of the ship carrying a passenger or for its arrival with a delay at the point of destination the carrier shall pay to this passenger a fine in the amount of up to 50 per cent of the passenger's fare and his luggage charge, unless the carrier proves that the delay in the ship's departure or its arrival with the delay occurred due to the circumstances beyond the carrier's control.

Article 197. The Sphere of the Application of the Rules of This Chapter

1. The rules set by this Chapter on the carrier's liability for the harm inflicted on the file or the health of a passenger and on the reduction of such liability shall apply to the transportation of the passenger in oversea traffic, unless the carrier and the passenger are an organization or a citizen of the Russian Federation.

2. If the carrier and the passenger are an organization or a citizen of the Russian Federation, the liability for the injury caused to the life or the health of the passenger shall be determined in accordance with the rules of the civil legislation of the Russian Federation.

3. The rules set by the present Chapter on the carrier's liability for the loss of, or damage to, luggage and on the limitation of such liability shall not apply to its carriage in coastal shipping.

When luggage is carried in coastal shipping, the carrier's liability for the loss of, or damage to, luggage or for its delayed issue shall be determined in accordance with the rules of the civil legislation of the Russian Federation.

Chapter X. Time-charter

Article 198. The Definition of a Time-Charter

Under a time charter the shipowner shall undertake to give for use to the charterer a ship and the services of the ship's crew members for a stipulated freight over a definite period of time in order to carry cargo and passengers or to achieve other aims of merchant shipping.

Article 199. The Application of the Rules Set by the Present Chapter

The rules set by the present Chapter shall apply, unless otherwise stipulated by the agreement of the parties.

Article 200. The Content of a Time-charter

A time-charter shall indicate the names of the parties thereto, the name of the ship concerned, its technical and operational data (freight-carrying capacity, freight space speed, etc.) the area of navigation, the purpose of chartering, the time and place of the transfer and return of the ship, the freight rate, and the time-charter validity.

Article 201. The Form of a Time-charter

A time-charter shall be concluded in writing.

Article 202. The Subtime-charter

1. Unless the time-charter stipulates the contrary, the charterer may conclude, within the rights accorded by the time-charter, time-charters on his behalf with third parties for the entire validity period of the time-charter or for a part of such period (subtime-charter). The conclusion of a subtime-charter shall not absolve the charterer from the execution-charter shall not absolve the charterer from the execution by him of the time-charter concluded with the shipowner concerned.

2. The rules of this Chapter shall apply to the subtime-charter

Article 203. The Seaworthiness of a Ship

1. The shipowner shall be obliged to bring the ship concerned in a seaworthy condition by the time of its transfer to the charterer, to take measures to ensure its technical feasibility (its hull, engine and equipment) for chartering purposes, provided for by the time-charter, to complete the ship's crew, and to fit out this ship.

2. The shipowner shall not be liable, if he proves that the unseaworthy condition of the ship is due to the defects that could not be discovered despite he had displayed due care (that is, due to latent defects).

3. The shipowner shall also be obliged to maintain the ship in a seaworthy condition during the validity term of the time-charter, to pay the expenses on the insurance of the ship and on his responsibility, and also on the maintenance of the ship's crew members.

Article 204. The Charterer's Duties of the Commercial Use of a Ship and of Its Return

1. The charterer shall be obliged to make use of a ship and of the services of its crew members in conformity with the purposes and conditions of their provision, defined by a time-charter. The charterer shall pay the cost of a bunker and other expenses and dues connected with the commercial use of the ship.

Incomes received as a result of the use of the chartered ship and the services of its crew members shall be owned by the charterer, except for the incomes received from salvage, to be distributed between the shipowner and the charterer in keeping with Article 210 of this Code.

2. Upon the end of the time-charter's validity term the charterer shall be obliged to return the ship to the shipowner in the condition it was received by him, subject to the ship's normal wear.

3. If the ship is returned untimely, the charterer shall pay for the ship's delay at the freight rate stipulated by the time-charter or at the market freight rate, if it exceeds the freight rate provided for by the time-charter.

Article 205. The Charterer's Liability to the Shipowner

If a ship is given to the charterer for cargo carriage, the latter shall have the right to conclude contracts of sea carriage on his behalf, to sign charters and issue bills of lading, consignment notes and other documents of carriage. In this case the charterer shall be liable to the shipowner in accordance with the rules set by Article 166-176 of this Code.

Article 206. The Subordination of the Ship's Crew Members

1. The ship master and the other crew members shall obey the shipowner's orders on ship management, including navigation, routine and crew membership.

2. The orders of the charterer dealing with the commercial use of a ship shall be binding on the ship master and the other crew members.

Article 207. The Release of the Charterer from the Liability for Losses Caused by the Salvage and Wreck of and Damage to a Ship

The charterer shall not be liable for the losses caused by the salvage and wreck of or damage to, the chartered ship, unless it is proved that the losses were inflicted through the fault of the charterer.

Article 208. Payment of Freight

1. The charterer shall pay to the shipowner the freight in the order and in the terms provided for by the respective time-charter. The charterer shall be released from the payment of freight and the expenses on the ship concerned for the time during which it was unfit for operation due to its unseaworthy condition.

If a ship becomes unfit for use through the fault of the charterer, the shipowner shall have the right to freight as envisaged by the time-charter, regardless of the compensation by the charterer for the losses caused to the shipowner.

2. In case of default of freight on the part of the charterer for over 14 calendar days, the shipowner shall have the right to withdraw the ship from the charterer without notice and to recover the losses caused by such default.

Article 209. The Shipwreck and the Payment of Freight

In case of the shipwreck freight shall be paid from the day stipulated by the respective time-charter to the day of the shipwreck or, if it is impossible to establish this day, to the day of the receipt of the latest notice about the ship.

Article 210. Remuneration for Salvage Operations

Remuneration due to the ship for the salvage services rendered before the time-charter validity is over shall be distributed in equal shares between the shipowner and the charterer minus expenses on salvage and the share of remuneration to the ship's crew.

Chapter XI. The Bare-boat Charter

Article 211. The Definition of the Bare-boat Charter

Under the bare-boat charter the shipowner shall pledge to place for use and possession by the charterer for stipulated freight over a definite period of time the unmanned and unequipped ship for the carriage of cargo, passengers or for other purposes of merchant shipping.

Article 212. The Application of the Rules Set by the Present Charter

The rules set by the present Charter shall apply, unless otherwise stipulated by the agreement of the parties thereto.

Article 213. The Content of a Bare-boat Charter

A bare-boat charter shall indicate the names of the parties, the name of the ship concerned, its rating, flag, technical and operational data (freight-carrying capacity, freight space, speed, etc.), the quantity of fuel it spends, the area of navigation, the purpose of chartering, the time and place of the transfer and the return of the ship, the freight rate, and the bare-boat charter validity.

Article 214. The Form of a Bare-boat Charter

A bare-boat charter shall be concluded in writing.

Article 215. The Subbare-boat Charter

1. Unless a bare-boat charter stipulates otherwise, the charterer may conclude, within the framework of the rights accorded by the bare-boat charter, on his behalf bare-boat contracts with third parties for the entire period of the bare-boat charter's validity or for a part of this period (a subbare-boat charter). The conclusion of a subbare-boat charter shall not release the charterer from the execution of the bare-boat charter concluded with the shipowner.

2. The rules of the Chapter shall apply to the subbare-boat charter.

Article 216. The Seaworthiness of a Ship

1. The shipowner shall be obliged to bring the ship concerned in a seaworthy condition by the time of its transfer to the charterer, to take measures to ensure its technical feasibility (its hull, engine and equipment) for chartering purposes, provided for by the bare-boat charter.

2. The charterer shall be obliged to maintain the ship in a seaworthy condition during the validity term of the bare-boat charter, but it shall be the shipowner's duty to remove hidden defects in the ship.

Article 217. The Ship's Crew

The charterer shall recruit the ship crew members and shall have the right to staff the ship's crew with persons who earlier were not the members of this ship's crew or with persons who earlier were members of this ship's crew under the bare-boat charter terms, subject to the rules set by Article 56 of this Code. Notwithstanding the method of manning the ship's crew the ship master and the other crew members shall obey the charterer in all respects.

Article 218. The Charterer's Duties of Making Use of a Ship and of Its Return

1. The charterer shall make use of a ship in accordance with the bare-boat charter terms and bear all the expenses involved in this crew members. The charterer shall compensate for the expenses on the insurance of a vessel and of its liability, and also pay the dues collected from it.

2. As soon as the validity term of the bare-boat charter is over, the charterer shall be obliged to return the ship to the shipowner in the condition in which it was received, subject to the normal wear of the ship.

Article 219. The Liability of the Charterer to Third Parties

The charterer shall bear liability to third parties for any claims of them arising from the use of a vessel, with the exception of claims for damages by oil spillage from ships and by the sea carriage of dangerous and harmful pollutants.

Article 220. Losses Caused by the Salvage and Wreck of, or Damage to, a Ship

Losses inflicted by the salvage and wreck of, or damage to, a ship shall be borne by the charterer unless he proves that the losses were caused through no fault of his.

Article 221. Payment of Freight to the Shipowner

1. The charterer shall pay freight to the shipowner one month in advance at the rate agreed upon by the parties. The charterer shall be released from the payment of freight and the expenses on the ship concerned for the time during which it was unfit for operation due to its unseaworthy condition, unless the ship's unseaworthiness has set in through the fault of the charterer.

2. In case of default of freight for over 14 calendar days, the shipowner shall have the right to withdraw the ship from the charterer without notice, except for the case stipulated by Article 222 of this Code, and to recover from the charterer the losses caused by such default.

3. In case of a shipwreck freight shall be paid from the day stipulated by the bare-boat charter to the day of the shipwreck or, if it is impossible to establish this day, to the day of receipt of latest notice about the ship.

Article 222. The Inadmissibility of Withdrawing a Ship

Under a bare-boat charter on a buy-out basis and in conformity with Article 223 of this Code the shipowner shall have no right to withdraw the ship from the charterer in case of default of freight for over 14 calendar days, if such default has been caused by the circumstances beyond the charterer's control, but shall have the right to recover from the charterer the losses caused by this default.

Article 223. The Buy-out of a Ship

Under a bare-boat charter subject to the buy-out of a ship by the charterer and upon the expiration of the validity term of the bare-boat charter, the ship shall pass into the ownership of the charterer, if the charterer has fulfilled its obligations under the bare-boat charter and made the last payment of freight in accordance with Item 1 of Article 221 of this Code.

Article 224. Liability for the Defects of a Bought-out Ship

The shipowner shall bear liability for any defects of the ship bought out by the charterer, including for hidden defects, if the charterer proves that such defects arose before the ship was given to it or for reasons that emerged before its transfer.

Chapter XII. The Towing Contract

Article 225. The Definition of the Towing Contract

Under the towing contract the holder of one ship shall undertake to tow another vessel or any other floating facility at a definite distance away (sea towing) or to maneuver in the port's water area, in order to deliver a ship or any other floating facility to the port or to take them out from the port (port towing).

Article 226. The Use of the Rules Set by the Present Chapter

The rules set by the present Chapter shall apply, unless otherwise stipulated by the agreement of the parties thereto.

Article 227. The Form of a Towing Contract

1. A towing contract shall be concluded in writing.
2. A towing contract may be concluded by word of month.

Agreement on the assignment of towing management duties to the captain of a sea-going tug shall be concluded.

Article 228. The Duties of the Parties to a Towing Contract

1. Each party to a towing contract shall be obliged to bring its ship or any other floating facility into a condition fit for towing in good time.
2. Towing shall be carried out skilfully as required by circumstances, without a break and delays, with the exception of necessary impediments and in accordance with good maritime practice.
3. A ship or any other floating facility under the management of the master of another ship or the captain of any other floating facility shall also display care for a safe sailing of a towing train.

Article 229. Responsibility for Sea Towing

1. Sea towing shall be carried out under the management of the captain of a sea-going tug. The responsibility for the damage caused to the sea-going tug during sea towing or to any other floating facility, or to people and property to be found on them shall be borne by the owner of the tug, unless he proves that damage was inflicted not through his fault.
2. The parties to a sea towing contract may charge the captain of a tug or any other floating facility with the duty of managing sea towing in their written agreement. In a such case the responsibility for the damage caused to the tug or to people or property to be found on it during sea towing shall rest with the holder of the tug or any other floating facility, unless he proves that the damage was caused through no fault of his.

Article 230. Liability for Port Towing

1. Port towing shall be carried out under the management of the captain of the towed vessel or of any other floating facility. The responsibility for the damage inflicted on the tug during towing or on people and property to be found on it shall be borne by the owner of the tug or any other floating facility, unless he proves that the damage was inflicted through no fault of his.
2. The parties to the port towing contract may charge the captain of the tug with the duty of managing port towing in their written agreement. In this case the responsibility for the damage caused to the towed vessel or any other floating facility, or to people or property to be found on them shall be borne by the holder of the tug, unless he proves that the damage was caused through no fault of his.

Article 231. The Liability for Towing in Ice Conditions

The holder of a tug shall not be liable for the damage caused during towing in ice conditions to the towed vessel or any other floating facility, or to people and property to be found on them, unless he proves that the damage was caused through no fault of his.

Chapter XIII. The Contract of Ships Agency Service

Article 232. The Definition of the Contract of Agency Service for Ships

Under the contract of agency service for ships the agent shall undertake to perform legal and other actions on the instruction and at the expense of the shipowner for pecuniary reward and on his own behalf or on behalf of the shipowner in a definite port or on a definite territory.

Article 233. The Application of the Rules Set by the Present Chapter

The rules set by the present Chapter shall apply, if the parties to their agreement stipulate otherwise.

Article 234. The Limitation of the General Powers of a Marine Agent

If the shipowner limits the general powers of a marine agent to make transactions on behalf of the shipowner, the transaction, concluded by the marine agent with a third party acting in good faith, shall be valid and create the rights and duties for the shipowner under the completed transaction, unless the third party has known about such limitation.

Article 235. The Actions of a Marine Agent in the Interests of Different Parties

A marine agent may perform legal or other actions with the consent of the shipowner and also in favour of the other party which authorized him to make such actions.

Article 236. The Contract of Subagency Service for Ships

For purposes of executing a contract of subagency service for ships the marine agent shall have the right to conclude contracts of subagency service for ships with other persons, while remaining to be responsible for the actions of the marine subagent to the shipowner. The marine subagent shall have no right to conclude transactions with third parties on behalf of the shipowner, unless the marine subagent acts on the basis of substitution.

Article 237. The Rights and Duties of a Marine Agent

1. The marine agent shall fulfil various formalities involved in the arrival of a ship at a port, its stay in a port and putting out to sea, render assistance to the respective ship master in getting in touch with the port and local authorities and in organizing the supply of the ship and its service in the port, complete cargo documents, collected freight amounts and other sums of money due to the shipowner according to the claims following from the contract of sea carriage of cargo, pay the amounts subject to disbursement in connection with the stay of the ship in the port according to the order of the shipowner and the ship master, attract cargo for line hauls, collect freight, dispatch cargo and perform other actions in the sphere of ships' agency service.

2. The marine agent shall be obliged:

to carry out his activity in the interest of the shipowner in good faith and in keeping with the practice of agency service for ships;

to act within his powers;

to keep a record of spent funds and to submit to the shipowner his reports in the order and the terms stipulated by the contract of ship's agency service.

Article 238. The Duties of a Shipowner

A shipowner shall be obliged:

to give to a marine agent funds sufficient to perform actions in accordance with the contract of ship's agency service;
to reimburse the marine agent's expenses;
to bear liability for the consequences of the marine agent's actions, if he performs on behalf of the shipowner and within his powers;
to pay to the marine agent remuneration in the amount and in the order established by the contract of ships' agency service.

Article 239. The Termination of the Contract of Ships' Agency Service

1. If a contract of ships' agency service is concluded for a definite period of time, the end of the validity term of such a contract shall involve its termination.

2. If a contract of ships' agency service is concluded for an indefinite period of time, each party thereto shall have the right to dissolve such a contract by notifying the other party about this at the latest three months before the date of the dissolution of the contract.

Chapter XIV. The Contract of Marine Brokerage

Article 240. The Definition of the Contract of Marine Brokerage

Under the contract of marine brokerage a marine broker shall pledge to render intermediary services on behalf and at the expense of the trustee at the time of concluding contracts of purchase and sale of ships, freight contracts and towing contracts, and also marine insurance contracts.

Article 241. The Application of the Rules Set by the Present Chapter

The rules set by the present Chapter shall apply, unless otherwise stipulated by the agreement of the parties thereto.

Article 242. The Performance by a Marine Broker of Actions of a Marine Agent

On the instruction of the trustee a marine broker may perform formalities associated with the call of a ship at a port, its stay in a port and departure from a port, and also other actions, usually performed by a marine agent in accordance with Article 237 of this Code. In such case the rules for the contract of ships' agency service, set by Articles 232-239 of this Code.

Article 243. The Marine Broker's Actions in the Interest of Both Parties

Upon the conclusion of contracts referred to in Article 240 of this Code, the marine broker may represent both parties to such contracts, if the parties have authorized him. In this case the marine broker shall be obliged to inform each party that he also represents the other party and shall be duty-bound to act in the interests of both parties.

Article 244. Remuneration for the Marine Broker's Services

The marine broker shall have the right to receive remuneration for rendered intermediary services upon the conclusion of the contracts referred to in Article 240 of this Code, if such contracts have been concluded as a result of the marine broker's efforts.

Article 245. The Duty of the marine Broker to Give an Account

Upon the execution of the trustee's instruction the marine broker shall be obliged to give an account for the sums of money received from the trustee.

Chapter XV. The Marine Insurance Contract

Article 246. The Definition of the Marine Insurance Contract

Under the marine insurance contract the insurer shall undertake to compensate for the losses incurred for a stipulated charge (insurance premium) with the coming of the hazards or chances to which an object of insurance (insured accident) is subjected. This compensation shall be paid to the insurant or any other person in favour of which such contract was concluded (beneficiary).

Article 247. The Application of the Rules Set by the Chapter

The Rules set by the present Chapter shall apply, unless otherwise stipulated by the agreement of the parties thereto. In cases expressly stated in the present Chapter the agreement of the parties that does not comply with the rules set by this Chapter shall be void.

Article 248. The Form of the Marine Insurance Contract

A marine insurance contract shall be concluded in writing.

Article 249. The Object of Marine Insurance

1. Any property interest associated with merchant shipping - a ship, a vessel under construction, cargo, freight, and also the passenger's fare, the charge for the use of a ship, the profit expected from cargo and other claims secured by a ship, cargo and freight, wages and salaries, and other sums of money due to the ship master and other crew members. including repatriation costs, the shipowner's liability and the risk assumed by the insurer (reinsurance).

2. The object of marine insurance shall be indicated in a contract of marine insurance.

Article 250. Information About Risk

1. Upon the conclusion of a contract of marine insurance the insurant shall be obliged to inform the insurer about the circumstances, which are essential relevance to the determination of a degree of risk, which are known or should be known to the insurant, and to provide information requested by the insurer.

The insurant shall be released from the duty of providing the insurer with information of common knowledge, and also with information that are known or should be known to the insurer.

2. If the insurant fails to inform for insurer about circumstances of essential importance for the determination of a degree of risk or if he supplies the insurer with wrong information, the insurer shall have the right to refuse to execute the respective contract of marine insurance. In this case the insurance premium shall be due to the insurer, unless the insurant proves that failure to inform the insurer or the provision of him with wrong information was not through his fault.

3. The insurer shall have no right to refuse to execute a contract of marine insurance, if the circumstances, which are of essential importance for the determination of a degree of risk and about which the insurant failed to inform, have fallen off.

4. If upon the conclusion of a contract of marine insurance the insurant failed to give replies to the questions associated with information requested by the insurer, the latter may not later on refuse to execute the marine insurance contract on the basis of the fact that such information was

not communicated to him.

Article 251. Insurance Policy and Insurance Terms

The insurer shall issue to the insurant the document that confirms the conclusion of a contract of marine insurance (insurance policy, insurance certificate or any other insurance document), and shall also hand over to the insurant the insurance terms.

Article 252. The Insurance Premium

The insurant shall be obliged to pay to the insurer an insurance premium within the time stipulated by the respective marine insurance contract. This contract shall come into force at the time of payment of the insurance premium.

Article 253. The Beneficiary

1. A contract of marine insurance may be concluded by the insurant in his favour or in favour of a beneficiary, regardless of the fact whether or not the name of the beneficiary is indicated in the contract of marine insurance.

2. Upon the conclusion of a marine insurance contract without an indication of the beneficiary's name the insurer shall hand over to the insurant an insurance policy or any other document to bearer.

Article 254. The Duties of the Insurant and the Beneficiary

In case of the conclusion of a marine insurance contract in favour of the beneficiary, the insurant shall bear all the duties under the contract. The beneficiary shall also bear the duties under the marine insurance contract, if the contract was concluded on behalf of him or without his order, but with the proviso that subsequently the beneficiary will give his consent with insurance.

Article 255. The Rights of the Insurant Under the Contract of Marine Insurance in Favour of the Beneficiary

In case of insurance in favour of the beneficiary the insurer shall enjoy all the rights under the marine insurance contract without the beneficiary's power of attorney.

Article 256. The Submission of an Insurance Policy When Insurance Indemnity Is Paid

Upon the payment of insurance indemnity the insurer shall have the right to demand an insurance policy or any other insurance document issued by the insurer.

Article 257. The Consequences of the Alienation of Insured Cargo

1. In case of the alienation of insured cargo the marine insurance contract shall retain its validity, all the rights and duties of the insurant shall pass to the acquirer of such cargo.

2. If before the alienation of insured cargo insurance premium was not paid out, the duty of its payment shall be borne both by the cargo insurant and its acquirer. The claim for the payment of insurance premium shall not relate to the holder of insurance policy or any other insurance document, in which there is no reference to the non-payment of insurance premium.

Article 258. The Consequences of the Alienation of an Insured Ship

1. In case of the alienation of an insured ship the marine insurance contract shall terminate since the time of the alienation of the ship. In case of the alienation of insured ship during its voyage the marine insurance contract shall remain in force at the request of the insurant until the end of the voyage, and all the rights and duties of the insurant shall pass to the acquirer of such ship.

The consequences provided for by the first paragraph of this item shall also set in in case of the transfer of the insured ship for use and possession by the charterer under the respective bare-boat charter.

2. The rules set by the present Article shall also apply to the contract of marine passenger of the shipowner's liability.

Article 259. The Insurance Sum

1. Upon the conclusion of a marine insurance contract the insurant shall be obliged to declare the sum of money by which it insures the appropriate interest (insurance sum).

2. Upon the insurance of a ship, cargo or any other property the insurance sum may not exceed their actual value at the time of the conclusion of the marine insurance contract (insurance cost). The parties may not dispute the insurance cost of property determined by the marine insurance contract, unless the insurer proves that he was intentionally deluded by the insurant.

3. If the insurance sum indicated in the marine insurance contract exceeds the insurance cost of property, the marine insurance contract shall be invalid to the extent of the insurance sum that exceeds the insurance cost.

4. If the insurance sum is announced to be below the insurance cost of property, the amount of insurance compensation shall be reduced in proportion to the ratio of the insurance sum to the insurance cost.

Article 260. Double Insurance

1. If a facility is insured by several insurers to the amounts which in the long run exceed its insurance cost (double insurance), all insurers shall only be liable for the amount of insurance cost; in this case each of them shall be liable for the amount proportional to the ratio of insurance sum under the concluded marine insurance contract tot he general insurance sum under all marine insurance contracts concluded in respect of the given facility.

2. If one and the same liability of a shipowner is insured by several insurers (double insurance), each insurer shall be liable to the extent that is equal to his liability in accordance with the marine contract concluded by him.

If with the onset of an insured accident the extent of the liability of the shipowner is less than the extent of the liability of all insurers, each insurer shall be liable to the extent proportional to the ratio of the extent of his liability to the extent of the liability of all insurers.

Article 261. The Occurrence of Losses before the Conclusion of a Marine Insurance Contract or Their Absence

1. A marine insurance contract shall retain its validity even if by the time of its conclusion there was no longer the possibility of the occurrence of losses subject to compensation, or such losses have originated. If the insurer knew or should have known upon the conclusion of a marine insurance contract that the possibility of an insured accident is out of the question, or the insurant or the beneficiary knew or should have known about the losses subject to compensation,

the execution of the marine insurance contract shall not be compulsory for the party which did not know about such circumstances.

2. Insurance premium shall be due to the insurer also in case if the execution of the marine insurance contract is not mandatory for him.

Article 262. General Policy

All cargoes or cargoes of some sort which the insurant receives or forwards during a certain period of time may be insured under a special agreement (general policy).

Article 263. Information About Cargo

1. The insurant shall be obliged to provide the insurer with necessary information about each dispatch of cargo that falls within the operation of a general policy immediately upon its receipt, in particular the name of the ship which carries this cargo, the route of cargo, and the insurance sum. The insurant shall not be released from such duty, even if he receives information about the dispatch of the cargo after it was delivered to a port of destination in good repair.

2. If the insurant fails to provide the necessary information or provides it untimely about particular shipments of cargo due to negligence, the insurer shall have the right to refuse to compensate for the losses incurred in respect of such shipments of cargo; in this case the insurer shall have the right to receive the entire sum of the insurance premium that he can receive in case of the timely and full provision of said information.

3. The insurer shall have the right to repudiate insurance under a general policy, if the insurant intentionally:

failed to provide the necessary information about particular shipments of cargoes or supplied such information untimely;

in correctly pinpointed the sort and type of cargo or its insurance sum.

In such cases the insurer shall have the right to receive the whole sum of the insurance premium which he could have received with the proper execution by the insurant of the marine insurance contract.

Article 264. Insurance Policies or Insurance Certificates of Particular Shipments of Cargoes

1. At the insurant's demand the insurer shall be obliged to issue insurance policies or insurance certificates of particular shipments of cargoes falling within the operation of a general policy.

2. In case of inconsistency of the content of an insurance policy or an insurance certificate of particular shipments of cargoes with the general policy, preference shall be given to the insurance policy or the insurance certificate.

Article 265. Intent and Gross Negligence on the Part of an Insurant and a Beneficiary

The insurer shall not be liable for the losses caused intentionally or due to gross negligence by the insurant or the beneficiary or by the latter's representative.

Article 266. The Release of the Insurer from Liability At the Time of the Insurance of a Ship

When the ship is being insured except for the cases indicated in Article 265 of this Code,

the insurer shall not be liable for the losses caused by:

the dispatch of the ship in the unseaworthy condition, unless this condition was caused by the ship's hidden defects;

the dilapidated state of the ship and its accessories and their wear and tear;

the loading of substances and objects which are dangerous in terms of a burst or self-ignition with the knowledge of the insurer or the beneficiary, or of the latter's representative but without the knowledge of the insurer.

Article 267. The Release of the Insurer From Liability at the Time of the Insurance of Cargo

When cargo or expected profit is insured, the insurer, with the exception of the cases indicated in Article 265 of this Code, shall not be liable for losses, if he proves that they were caused:

intentionally or due to the gross negligence on the part of the consignor or the consignee, or of its representative;

due to the natural properties of cargo (damage, natural loss, rust, mould, leakage, faults, self-ignition, etc.);

due to improper packaging.

Article 268. The Release of the Insurer from Liability at the Time of Freight Insurance

When freight is insured, use shall be made of the rules set by Articles 266 and 267 of this Code.

Article 269. Losses in Consequence of a Nuclear Incident

The insurer shall not be liable for losses in consequence of a nuclear blast, radiation or radioactive contamination, unless otherwise stipulated by the rules set by this Code.

Article 270. Losses Due to Hostilities or Other Actions

The insurer shall not be liable for the losses which have arisen due to hostilities or piracy, popular unrest, strikes, and also to the confiscation, requisition, arrest or destruction of a ship or cargo on the demand of appropriate authorities.

Article 271. The Consequences of the Changes of Risk

1. The insurer or the beneficiary shall be obliged immediately, as soon as he is informed, to notify the insurer about any substantial change in the object of insurance or with regard to it (transshipment, change in the method of cargo carriage, port of discharge, the deviation of a ship from the stipulated or usual route, the leaving of a ship for wintering etc.).

2. Any change that increases risk, unless it is caused by the rescue of people, the salvage of a ship or cargo, or by the need to continue safe voyage shall entitle the insurer to revise the terms of a marine insurance contract or to demand the payment of an additional insurance premium. Should the insurer disagree with this, the marine insurance contract shall be terminated since the time of such change.

3. The non-execution by the insurer or the beneficiary of the duty, established by Item 1 of this Article, shall release the insurer from the performance of the marine insurance contract since the time of the onset of the essential change that has taken place with the object of insurance or

in regard to this object.

The insurance premium shall remain with the insurer, unless the insurant or the beneficiary proves that the default on the said duty occurred not through the fault of his.

Article 272. The Prevention or Reduction of Losses

1. With the onset of an insured accident the insurant shall be obliged to take reasonable and attainable measures for the prevention or reduction of losses. The insurant shall immediately inform the insurer about the occurrence of an insured accident and follow the instructions of the insurer, if he issues such instructions.

2. The insurer shall be released from the liability for the losses which arose in consequence of the fact that the insurant or the beneficiary intentionally or due to gross negligence failed to take measures of preventing or reducing losses.

Article 273. The Provision of Security by the Insurer for General Average Contributions

The insurer shall be obliged to provide security in the amount of the insurance sum on the demand of the insurant or the beneficiary for the payment of contributions allowed in general average to be covered by insurance terms.

Article 274. The Protection of the Insurer's Interests At the Time of Making up an Average Statement

With the adjustment of a general average statement to be covered by passenger terms the insurant shall be obliged to protect the insurer's interests.

Article 275. The Reimbursement of the Insurant's Expenses

1. The insurer shall be obliged to reimburse the necessary expenses made by the insurant or the beneficiary for the following purposes:

the prevention or reduction of the losses for which the insurer is liable, even if measures taken by the insurant or the beneficiary to prevent or to reduce the losses have proved to be ineffective;

the compliance with the insurer's instructions in keeping with Article 272 of this Code;

the ascertainment and establishment of the extent of the losses subject to reimbursement by the insurer;

the adjustment of a general average statement.

2. Expenses provided for by Item 1 of this Article shall be reimbursed in the amount proportional to the ration of the insurance sum to insurance cost.

Article 276. The Insurer's Liability Over and Above the Insurance Sum

1. The insurer shall be liable for losses in the amount of the insurance sum, but the expenses indicated in Article 275 of this Code and also general average contributions shall be compensated by the insurer, regardless of the fact that they together with the losses subject to reimbursement may exceed the insurance sum.

2. For the losses caused by several succeeding insured accidents the insurer shall be liable, even if the total sum of such losses exceeds the insurance sum.

Article 277. The Loss of a Missing Ship

1. If a ship has been reported missing in the case indicated in Article 48 of this Code the insurer shall be liable in the amount of the whole insurance sum.

2. Under the marine insurance contract for a fixed term the insurer shall be liable for the loss of a missing ship, if the latest notice about the ship was received before the expiration by the validity term of the contract of marine insurance of the ship and unless the insurer proves that the ship was lost upon the expiration of the said term.

Article 278. Abandonment

1. If property is insured against its loss, the insurant or the beneficiary may state to the insurer that he renounces his rights to the insured property (abandonment) and to receive the entire insurance sum in the following cases:

- 1) the loss of the missing ship;
- 2) the destruction of the ship and/or its cargo (actual total loss);
- 3) the economic inexpediency of restoring or repairing the ship (constructive total loss);
- 4) the economic inexpediency of removing the troubles of the ship or of delivering cargo to a port of destination;
- 5) the seizure of the ship or its cargo insured against such danger, if the seizure lasts for more than six months.

In the above-said cases the following rights shall pass to the insurer:

all the rights to insured property in case of full value insurance of property;
the rights to a share of insured property in proportion to the ratio of the insurance sum to insurance cost in case of partial insurance of property.

2. Any agreement that contradicts the rules set by the present Article shall be void.

Article 279. The Statement of Abandonment

1. A statement of abandonment shall be made to the insurer during six months since the time of the end of the time or the coming of the circumstances indicated in Article 277 and 278 of this Code.

2. Upon the expiry of six months the insurant or the beneficiary shall forfeit the right to abandonment and may claim damages on a general basis.

3. The statement on abandonment shall be absolute and may not be withdrawn by the insurant or the beneficiary.

4. Any agreement that contradicts the rules set by the present Article shall be void.

Article 280. The Return of Insurance Indemnity

If upon the receipt of insurance indemnity the ship turns out to be not lost, the insurer may demand that the insurant or the beneficiary should return insurance indemnity, while reserving the property, minus the part of insurance indemnity that corresponds to the actual damage inflicted on the insurant or the beneficiary.

Article 281. The Passage to the Insurer of the Rights of the Insurant or the Beneficiary to the Compensation of Damage (Subrogation)

1. The right to the claim, which the insurant or the beneficiary has to the person liable for the inflicted damage, shall pass to the insurer who has paid insurance indemnity in the amount of the paid sum. Such right shall be implemented by the insurer with the observance of the order set for the person who has received insurance indemnity.

2. If the insurant or the beneficiary repudiated his right of claim to the person liable for the caused damage or if such right cannot be implemented through the fault of the insurant or the beneficiary, the insurer shall be released from the payment of insurance indemnity in full or in part.

Article 282. The Transfer of Document and Pieces of Evidence to the Insurer

In cases provided for by Articles 278 and 281 of this Code the insurant or the beneficiary shall be obliged to hand over to the insurer all documents, and pieces of evidence and provide the latter with all information needed for the implementation by the insurer of the rights that passed to him.

Article 283. The Consequences of the Compensation for Losses by Third Parties

In case of the compensation of losses to the insurant or the beneficiary by third parties the insurer shall only pay to the insurant or the beneficiary the difference between the amount of money subject to payment in accordance with the terms of a marine insurance contract and the amount of money received by the insurant or the beneficiary from third parties.

Chapter XVI. General Average

Article 284. The Concept of General Average and the Principles of Its Distribution

1. General average shall be deemed to be losses incurred due to the intentionally and reasonably made emergency expenses or sacrifices for the sake of general safety and for the purpose of preserving against common danger the property that participates in the joint marine venture - the ship, freight and cargo carried by this ship.

2. Only the losses that are the direct result of the actions indicated in Item 1 of this Article shall be deemed to be general average.

3. General average shall be distributed among the ship concerned, its cargo and freight in proportion to their cost at the time and in the place of the completion of common sea undertaking, which is determined in accordance with the rules set by Article 304 of this Code.

4. Joint marine venture shall also take place, if one or several vessels tow or push another vessel or other vessels, provided that all of them take part in the commercial activity but not in a salvage operation.

The rules set by this Chapter shall apply, if measures are taken to preserve ships and their cargoes, if there are any, against common peril.

A ship is not subjected to common danger together with another ship or other ships, if as a result of the simple detaching from another ship or other ships it is in a safe condition, If this disconnection is an act of general average, joint marine venture shall be continued.

Article 285. The Application of the Rules Set by the Present Chapter

1. The rules set by the present Chapter, with the exception of the rules established by Item 1 of Article 284 and by Articles 305-309 of this Code shall apply, unless otherwise stipulated by the agreement of the parties thereto.

2. If this is provided for by the agreement of the parties thereto, and also in cases of the

noncomplete law applicable for determining the kind of average and the measures of general average damages and for their distribution, it is necessary to apply the York and Antwerp Rules for general average and other international customs of merchant shipping.

3. The right to compensation for damages by way of distributing general average shall also be preserved in case if the danger causing emergency expenses or sacrifices has arisen through the fault of one of the parties to the contract of sea carriage of cargo or a third party. However such distribution shall not deprive the participants in general average of the right to recover the inflicted damages from a responsible person.

Article 286. General Average Caused by the Call of a Ship at a Place of Refuge

1. General average shall be understood to mean the expenses on the call of a ship at a port or any other place of refuge or on the return of a ship to a port or any other place of cargo loading due to an accident or any other emergency circumstance that necessitated such call or return for the sake of common safety.

2. In expenses on the recall of a ship at a place of refuge or on its return to a place of cargo loading are recognized as general average, the latter shall include expenses on the exit of such a ship with original cargo or with its part from such a place.

3. Expenses on wages and salaries and on the allowance of the ship's crew members, full and supplies, incurred in connection with the prolongation of a voyage as a result of the ship's call at a place of refuge or its return to a place of cargo loading under circumstances referred to in Item 1 of this Article, shall be recognized as general average.

4. The rules set by Items 13 of this Article shall apply accordingly to expenses on the movement of a ship from the place of refuge at which it called and in which it cannot be repaired to another port or another place, and also to expenses in connection with the temporary repair of a ship, its towing and the prolongation of its voyage.

Article 287. Expenses on the Transfer of Cargo, Fuel and Supplies Aboard a Ship and on the Discharge or Back Loading of Cargo, Fuel and Supplies

1. General average shall be understood to mean the expenses on the movement of cargo, fuel or supplies aboard a ship or on their discharge in the cargo loading place, the place of the ship's call or in the place of the ship's refuge, incurred for the sake of common safety with the aim of receiving the possibility of eliminating the ship's damage caused by an accident or other emergency circumstances, if their elimination is necessary for a safe continuation of its voyage.

Expenses on the handling aboard a ship of cargo, fuel or supplies or on their discharge shall not be recognized as general average, if:

expenses were made solely for the purpose of restowage of cargo, fuel or supplies, caused by their displacement during a voyage and such restowage was carried out not for the sake of common safety;

the need for the ship's repairs, revealed in the loading place was caused by its damage unrelated to any accident or any other emergency circumstances which took place during the given voyage.

2. Expenses on the back loading or the stowage of cargo, fuel or supplies, the discharge or transfer of which was carried out under the circumstances, indicated in the first paragraph of Item 1 of this Article, together with expenses on storage, including insurance, shall also be

recognized as general average.

The rules set by Article 289 of this Code shall apply to the expenses incurred in connection with the delay of a ship, caused by such back loading or by the stowage of cargo, fuel or supplies.

Article 288. Temporary Repairs of a Ship

Expenses on temporary repairs of a ship, carried out in a cargo loading place, a place of a ship's call or a place of a ship's refuge for the sake of common safety or for the purpose of eliminating damage in consequence of general average sacrifices, shall refer to general average. Expenses on the temporary elimination of accidental damage needed for the completion of the ship's voyage shall only be compensated to the amount of those averted expenses which would have been referred to general average, had not such elimination been carried out.

Article 289. Expenses Necessitated by a Delay of a Ship for the Sake of Common Safety

1. General average shall be understood to be expenses on the wages, salaries and allowance for the crew of a ship, caused by a delay of the ship in any port or place due to an accident, sacrifice or other emergency circumstance for the sake of common safety or for the purpose of eliminating damage caused by such accident, sacrifices or any other emergency circumstance, if such elimination is necessary for a safe continuation of the ship's voyage. Expenses on fuel, supplies and port charges, which have arisen during such delay, shall be compensated by way of distributing general average, exception being made for expenses on the elimination of the damage that is not referred to general average.

2. The rules set by Item 1 of this Article shall not apply to the expenses caused by a delay of the ship owing to the elimination of damage not connected with an accident or any other emergency circumstance which took place during the ship's voyage. Such expenses shall not be recognized as general average, even if the elimination of damage is necessary for a safe continuation of the ship's voyage.

Article 290. The Consequences of the Recognition of a Ship as Unseaworthy or of the Refusal by a Ship to Continue Its Voyage

If a ship is recognized as unseaworthy or if a ship refuses to continue its voyage, it is necessary to refer to general average out of the expenses on storage, insurance, wages and salaries for the crew members and their allowance, fuel, supplies and port charges, indicated in Item 2 of Article 287 and in Item 1 of Article 289 of this code, only the expenses made before the ship was recognized as unseaworthy or before the refusal of the ship to continue its voyage, or before the end of cargo discharge, provided cargo discharge is not over by the said time.

Article 291. General Average Caused by Salvage Costs

1. Expenses on salvage made by the parties to a joint marine venture, if salvage was carried out for the purposes, indicated in Item 1 Article 284 of this Code, shall be recognized as general average, regardless of the fact whether salvage was carried out on the basis of a contract or otherwise.

2. Expenses, indicated in Item 1 of this Article, shall include remuneration for salvage. While estimating the remuneration it is necessary to take into consideration the skill and efforts of salvors in the prevention or reduction of environmental damage, which are referred to in

Subitem 2 of Item 1 of Article 342 of this Code.

However, special compensation paid by the shipowner to a salvor in the amount stipulated by Item 4 of Article 343 of this Code shall not be deemed to be general average.

Article 292. General Average Caused by the Adoption of Salvage Measures

The following losses and costs shall be recognized among others as general average, given the signs indicated in Article 284 of this Code:

losses caused by the jettison of cargo, and also losses caused to a ship or its cargo owing to sacrifice for the sake of common safety, in particular owing to the penetration of water to the ship's hold through hatches opened for jettisoning or through other man-made holes;

losses caused to a ship or its cargo in connection with the extinguishment of a fire aboard the ship, including losses from casting a ship ashore or sinking a ship on fire;

losses caused to a ship or its cargo by grounding a ship intentionally, regardless of the fact whether the ship could be stranded itself;

losses caused to a ship by damaging its engines, other ship machines and boilers when it was floated.

extraordinary expenses on the relief of a stranded ship by the transshipment of cargo, fuel or supplies from a ship to lighters, on the hire of lighters and on the back loading of them on a ship, and also other losses sustained in consequences of this.

Article 293. Expenses Caused By Measures of Preventing or Reducing Damage to the Environment

Expenses caused by measures of preventing or reducing damage to the environment shall relate to general average, if they are made in one of the following cases or in all following cases:

as part of the operation that was carried out for the sake of common safety, which had it been undertaken by a party outside the joint marine venture would have entitled this party to receive remuneration for salvage;

if a ship calls at a port or is put out to sea from a port or a place under the circumstances provided for by Article 286 of this Code;

if a ship is detained in a port or a places under the circumstances stipulated by Article 286 of this Code. If in fact there is a leakage or a discharge of pollutants from a ship, the expenses, caused by necessary additional measures of preventing or reducing damage to the environment, shall not be recognized as general average;

in connection with the discharge, storage or back loading of cargo, if the expenses on said operations are recognized as general average.

Article 294. Losses from Damage to, or Loss of, Cargo, Fuel and Supplies

Losses from damage to, or loss of, cargo, fuel and supplies, caused as a result of their shifting aboard a ship, discharge and back loading and stowage, and also as a result of their storage, shall be recognized as general average in cases when expenses on said operations are regarded as general average.

Article 295. Damages from the Loss of Freight

The loss of freight caused by the loss of cargo shall be recognized as general average in

cases if the loss of cargo is reimbursed by way of distributing general average. In this case it is necessary to exclude from freight the expenses which would have been made by the shipowner for the sake of its receipt, but owing to a sacrifice have not been made.

Article 296. Substituted Expenses

Any additional expenses made in lieu of the other expenses which would be referred to general average (substituted expenses) shall be recognized as general average. Substituted expenses shall be compensated only in the amount of prevented expenses, regardless of saving received by any participant in general average as a result of such substituted expenses.

Article 297. Damages Which Are Non-recognizable (Particular Average)

1. Damages which do not fall within the signs of general average, stipulated by Item 1 of Article 284 of this Code, and also damages indicated in Item 1 of this Article, shall be recognized as particular average. Such damages shall not be subject to distribution between the ship concerned, cargo and freight. They shall be borne by those who sustained them or by those who are responsible for them.

2. The following damages shall not be recognized as general average even in the presence of the signs indicated in Item 1 of Article 284 of this Cargo:

- 1) the cost of the jettisoned cargo that was carried by a ship with the violation of the rules and merchant shipping customs;
- 2) damages caused in connection with the extinguishment of a fire aboard a ship owing to the impact of smoke or heating-up;
- 3) damages caused by chipping fragments or parts of a ship, which were drifted or actually lost due to sea peril;
- 4) damages caused by forcing the work of engines or by the work of the engines of other machines or boilers of a floating ship;
- 5) any damages or losses incurred by a ship or its cargo in consequence of the extended voyage (losses from demurrage, price changes, etc.).

Article 298. Losses from the Damage to a Vessel, Its Machines or Accessories

1. Losses from the damage to a vessel, its machines or accessories making up general average shall be estimated on the basis of the cost of repairs, mending or replacement of damaged or lost elements. In this case it is necessary to give allowance "for the new in lieu of the old" in accordance with the rules set by Article 299 of this Code.

2. If a ship was not repaired, losses from the damage to it shall be determined in the amount by which the cost the ship diminished as a result of breakage that is not higher than the cost of ship repairs according to an estimate.

Article 299. Allowances "For the New in Lieu of the Old"

1. If during repairs of a ship whose life service is 15 years the old materials or ship parts shall be replaced by new ones and the cost of repairs relating to general average in keeping with Article 298 of this Code shall be reduced by one third of the cost of repairs, except for the cases stipulated by Items 2-4 of this Article.

2. Allowances for the New in Lieu of the Old" shall not be made from the cost of the ship's temporary repairs that are recognized as general average in accordance with Article 298 of this

Code, and also from the cost of foodstuffs, supplies, anchors and anchor chains.

3. Expenses on a dry dock, building berths and the ship's movement shall fully relate to general average.

4. Expenses on the cleaning, painting and covering of the ship's hull during repairs shall be recognized as general average in the amount of 50 per cent, provided that the preceding painting and covering of the ship's hull took place in the last 12 months before the general average statement.

5. For the application of allowances "For the new in lieu of the old" the ship's service life shall be counted from December 31 of the year when it was built up to the day of the general average statement. It is necessary to take into account the actual service life of insulation, lifeboats and other ship's boats, communication facilities, navigation instruments and equipment, machines and boilers of the ship.

Article 300. Damages from the Loss of a Ship

If a ship is lost or is even buoyant, although the expenses on its repairs exceeded the ship's cost after the repairs (constructive total loss), the losses recognized as general average shall make a difference between the estimated cost of the ship in sound condition, minus the cost of eliminating damage as per the estimate that is not related to general average, and the amount of net proceeds, which could be obtained from the sale of the ship's remains.

Article 301. Losses from the Ruin of, or Damage to, Cargo

1. Losses from the ruin of, or damage to, cargo, which relate to general average shall be estimated in accordance with the cost of cargo at the time of its discharge, established on the basis of the trade bill made out to a payee or on the basis of the cost of cargo at the time of its shipment in the absence of a bill.

The cost of cargo at the time of its discharge includes expenses on insurance and freight, unless freight is at the risk of the cargo owner.

2. If damaged cargo is sold, the losses relating to general average shall make up a difference between the cost of cargo in a good state to be determined in keeping with Item 1 of this Article and the net proceeds from the sale of cargo.

3. Losses from the damage to, or the loss of, objects loaded aboard a ship without the knowledge of the shipowner or its agents, and also losses from the damage to, or the loss of, cargo, which is intentionally handed over for carriage with a wrong name, shall not be recognized as general average. If such property is salvaged, its owners shall be obliged to take part in general average contributions on the usual lines.

The owners of cargo whose cost at the time of its turn over is declared as below their actual value shall take part in general average contributions in accordance with the actual value of cargo but receive the compensation for damages only in conformity with the declared cost.

Article 302. The Granting of Funds for Expenses to Be Compensated by Way of Distributing General Average

1. A commission fee in the amount of 2 per cent, which also related to general average shall be charged to the amount of expenses to be compensated by way of distributing general average, except for wages, salaries and allowance for the ship's crew members, and also the cost of fuel and supplies which were not replaced during the ship's voyage.

2. The charges incurred for the receipt of funds needed for general average expenses by

means of the vessel bond, cargo sale or credit insurance shall be related to general average.

Article 303. Interest on Damages to Be Compensated by Way of Distributing General Average

During three months after the average adjustment seven per cent per annum shall be charged to the amount of expenses and other amounts to be compensated by way of distributing general average (losses). In this case it is necessary to take into account payments made at the expense of the parties participating general average cover or at the expense of funds deposited for its compensation.

Article 304. Contributory Value of Property

1. The total value of property (a ship, cargo and freight), in proportion to which contributions are made to cover losses to be compensated by way of distributing general average (contributory value of property), shall be estimated in accordance with the rules of the present Article and on the basis the actual net value of this property upon the end of the ship's voyage. It is necessary to add to such value the amount of money to be compensated by way of distributing general average for sacrificed property, unless this sum of money is included in it.

In estimating the contributory value of property it is necessary to deduct all additional expenses made in respect of the given property after a general average report, with the exception of such expenses that are recognized as general average or relate to a ship on the basis of a decision on the payment of a special compensation in accordance with Article 343 of this Code.

2. The contributory value of cargo shall be estimated at the time of cargo discharge on the basis of the value established by the trading bill made out to the consignee. In the absence of such bill, the contributory value of cargo shall be estimated on the basis of the value of cargo at the time of its shipment. The value of cargo includes expenses on insurance and freight, unless the freight is at the risk of the cargo owner.

It is necessary to deduct from the cost of cargo the amounts of all damages from the loss of, or trouble to, cargo before its discharge or during its discharge.

The contributory value of cargo sold near the place of destination shall be estimated on the basis of net proceeds from the sale of cargo, with the addition to it of the sum of money to be compensated by way of distributing general average.

3. The contributory value of a ship shall be estimated in disregard of the circumstance that at the time of drawing up a general average report the ship was chartered under a bare-boat or time charter.

4. Upon the estimation of the contributory value of property it is necessary to deduct from the freight and the fare of passenger, held at the risk of the shipowner, the expenses made for the purpose of receiving freight and the passengers' fare (including expenses on wages and salaries for the ship's crew members), which would not have been borne, if the ship and its cargo had lost under the circumstances that caused general average, and which may not be related to general average.

5. The luggage of passengers, including the accompanied cars and their personal belongings, which were not carried on the basis of a bill of lading, shall not be taken into account at the time of estimating the contributory value of property and of contributions to cover the losses to be compensated by way of distributing general average.

Article 305. Average Adjustment and Average Adjusters

General average shall be established upon the statement of interested persons and its distribution (average adjustment) shall be calculated by persons possessing knowledge and know-how in the sphere of maritime law (average adjusters).

Article 306. Evidence and Materials Underpinning Average Adjustment

1. The party demanding the distribution of general average shall be obliged to prove that stated damages shall be in fact recognized as general average.

2. A person whose interests may be affected by the average adjustment shall submit to an average adjuster his statement in writing about the losses and expenses the compensation of which he demands during 12 months since the day of the completion a joint marine venture.

If such statement is not filed or during 12 months after the inquiry about such statement a person fails to submit evidence in order to justify the stated claim or the data on the cost of property, the average adjuster shall have the right to make up the average on the basis of available information; in this case the average statement may be disputed only on the basis that it is wrong.

3. If during the adjustment of an average statement questions arise, the settlement of which requires special knowledge (in the sphere of navigation, shipbuilding, ship repairs, ship and cargo assessment, etc.) the average adjuster shall have the right to instruct the expert he has appointed to prepare an appropriate conclusion. Such conclusion shall be estimated by the average adjuster on a level with other pieces of evidence.

4. Materials underpinning the adjustment of an average statement shall be open for perusal and the average adjuster shall be obliged on the demand of interested persons to issue to them the certified copies of these materials at their expense.

Article 307. The Due for the Adjustment of an Average Statement

For the adjustment of an average statement it is necessary to collect the due to be included in the average statement and distributed among all the interested persons in proportion to the shares of their participation in general average.

Article 308. The Correction and the Contesting of an Average Statement

1. Errors in calculations detected in an average statement after its registration in the register of average statements may be corrected by an average adjuster at his initiative or upon a statement by persons between whom general average was distributed by means of compiling an addendum to the average statement, this addendum being its integral part.

2. Persons among whom general average has been distributed may dispute the average statement in court during six months since the day of receipt of the average statement or the addendum to it with obligatory notification the average adjuster about this by sending to him a copy of their statement of claim.

3. The average adjuster shall have the right or the duty to take part in the examination in court of a dispute over the average statement and give explanations on the merits of the case concerned.

4. The court that examines a dispute over the average statement may leave this statement in force, introduce amendments to it and commission the average adjuster to draw up a new average statement in line with the court's decision.

Article 309. The Execution of an Average Statement

If an average statement has not been disputed within the time provided for by Item 2 of Article 308 of this Code or has been disputed but left by the court in force, collection under it may be effected in the order established by the legislation of the Russian Federation.

Chapter XVII. The Compensation of Damages from the Collision of Ships

Article 310. The Sphere of the Application of the Rules Set by the Present Chapter

1. When sea-going ships, and also sea-going and inland ships collide, the losses inflicted on such ships, on people on them, and on cargo and other assets shall be compensated in accordance with the rules set by the present Chapter.

The said rules shall also apply in case if losses are caused by one ship to another ship or to people on them, and also to cargo and other assets by maneuvering or failure to maneuver, or by the non-observance of navigation rules, even if there was no collision of ships.

2. The rules set by the present Chapter shall also apply to ships owned by the Russian Federation and its subjects or operated by them and used at the time of the collision of ships only for the government non-profit service, except for warships, auxiliary warships and border ships.

Article 311. Circumstances Excluding Liability

1. If the collision of ships was accidental or caused by force majeure, or it is impossible to establish the reasons for their collision, the damages shall be borne by those who have sustained them.

2. The rule set by Item 1 of this Article shall also apply in case if ships or one of them lay at anchor at the time of collision or were fixed in any other way.

Article 312. The Fault of a Ship in Collision

If ships collided through the fault of one of the ships, the damages shall be borne by the ship which was responsible for the collision.

Article 313. The Fault of Two and More Ships in Collision

1. If ships collided through the fault of two or more ships, the liability of each of them for damages shall be determined in proportion to the degree of its fault. If it is impossible to establish the degree of fault of each ship on the basis of collision circumstances, the liability for damages shall be distributed among them in equal shares.

2. Owners of ship guilty of a collision shall be liable jointly to third parties for the damages inflicted as a result of the death or injury to the health of people. A shipowner who has paid the amount of money that is greater than the amount he right to pay in accordance with Item 1 of this Article shall have the right of recourse to other shipowners.

For the losses caused to the property of third persons the owners of ships guilty of a collision shall be liable in accordance with Item 1 of this Article.

Article 314. The Fault of a Pilot in a Collision of Ships

The liability established in Articles 312 and 313 of this Code shall also fall due in case if the collision of ships took place through the fault of a pilot, even if pilotage was compulsory.

Article 315. Presumption of Innocence of Ships

Not a single ship that participated in a collision of ships shall be to blame, unless the contrary is proved.

Chapter XVIII. Liability for Damage from Oil Spillage by Ships

Article 316. The Grounds of the Liability of a Shipowner

1. A shipowner shall be liable for any damage caused by oil spillage by its ship as a result of an incident since the time of its occurrence or, if the incident consists of several events of one and the same origin, since the first event, with the exception of cases provided for by Articles 317 and 318 of this Code.

2. In this Article and in the subsequent Articles of this Chapter:

1) "ship" means any vessel designed or used for the carriage of oil in tanks as cargo provided that a ship capable of oil carriage is regarded as such a vessel only when it in fact carries oil in bulk as cargo, and also during any voyage succeeding such carriage, unless it is proved the absence abroad the ship of the remains from such oil carriage in bulk;

2) "victim" means a citizen, legal entity, a State or any part thereof;

3) "shipowner" means a person registered as a holder of a ship. If a ship belongs to the State concerned and is operated by the organization that is registered as a shipowner, such organization shall be the owner of this ship;

4) "oil" means any persistent hydrocarbon mixture occurring naturally in the earth, such as crude oil, full oil, heavy diesel oil, lubricating oil, whether carried on board a ship as cargo or in the bunkers of such a ship;

5) "pollution damage" means loss or damage caused outside the ship carrying oil by continuation resulting from the escape or discharge of oil from the ship, wherever such escape or discharge may occur, if compensation for environmental damage, save lost profit as a result of the infliction of such damage is limited by expenses on reasonable restoration measures, which were in fact adopted or should be adopted;

expenses on preventive measures and subsequent damage inflicted by such measures;

6) "preventive measures" mean any reasonable measures taken by any person after an incident has occurred to prevent or minimize pollution damage;

7) "incident" means any occurrence or series of occurrences having the same origin, which have caused pollution damage or have created a serious and direct danger of such damage.

Article 317. The Exoneration of a Shipowner from Liability

A shipowner shall not be liable for pollution damage, if he proves that:

the damage resulted from an act of war, hostilities, insurrection or a natural calamity of an exceptional, inevitable and irresistible character;

the damage was wholly caused by an act or omission done with intent to cause damage by a third party;

the damage was wholly caused by the negligence or other wrongful act of any government or other authority responsible for the maintenance of lights or other navigational aids in the exercise of said function.

Article 318. Express Intent or Gross Negligence of a Victim

If the shipowner proves that the pollution damage resulted wholly or partially either from an

act done with intent to cause damage by the person who suffered the damage or from the negligence of this person, the shipowner may be exonerated wholly or partially from his liability to such person.

Article 319. The Joint and Several Liability of the Owners of Two and More Ships

1. When oil has been discharged from two or more ships and pollution damage has resulted therefrom, the owners of all the ships concerned, unless exonerated under Articles 317 and 318 of this Code, shall be jointly and severally liable for all such damage, which is not reasonably separable.

2. The owners of ships involved in an incident shall have the right to limit their liability, applicable to each of them under Article 320 of this Code.

3. The rules set by this Article shall not affect the right of recourse by one of the shipowners against any other shipowner.

Article 320. The limitation of the Shipowner's Liability

The owner of a ship shall be entitled to limit his liability in respect of one incident to an aggregate amount calculated in the following way:

3 million units of account for a ship with a tonnage of not more than 5,000 tons;

for a ship with a tonnage of over 5,000 tons 420 units of account shall be added to the sum indicated in the second paragraph of this Article for each subsequent ton of the ship's tonnage, unless the total sum in any circumstances exceeds 59.7 million units of account.

Article 321. The Forfeit of the Right to Limit Liability

The owner of a ship shall forfeit the right to limit liability, provided for by Article 320 of this Code, if it is proved that the pollution damage resulted from his own act or omission done with intent to cause damage or from his gross negligence.

Article 322. The Fund for Limiting Liability

1. For the purpose of availing himself of the benefit of limitation of liability for pollution damage in accordance with Article 320 of this Code the shipowner shall constitute a fund for the total sum representing the limit of his liability with a court of law or a court of arbitration in which action is brought for the compensation of pollution damage, or if such action is not brought, with a court of law or a court of arbitration in which it may be filed, Such fund may be constituted by depositing the sum with a court of law or a court of arbitration or by producing a bank guarantee or other financial security acceptable under the legislation of the Russian Federation and considered to be adequate by the court of law or the court of arbitration.

2. Expenses reasonably incurred and sacrifices reasonably made by the shipowner voluntarily to prevent or minimize pollution damage shall give to him such rights in respect of the liability limitation fund which other creditors have.

3. The insurer or other person providing financial security shall be entitled to constitute a fund for liability limitation in accordance with this Article on the same conditions and having the same effect as if it were constituted by the shipowner. Such a fund may be constituted, even if in conformity with Article 321 of this Code the shipowner may not limit his liability. In this case the constitution of such a fund shall not affect the rights of the victims in relation to the shipowner.

4. The rules for the distribution of the liability limitation fund, set by Article 364 of this Code, shall apply to the liability limitation fund constituted in accordance with Item 1 of this Article.

5. Where the shipowner, after an incident, has constituted a fund for liability limitation in accordance with this Article, and is entitled to limit his liability:

no person having a claim for pollution damage arising out of this incident shall be entitled to exercise any right to satisfy such a claim at the expense of any other assets of the shipowner;

the court of law or the court of arbitration shall order the release of any ship or other property belonging to the shipowner which has been arrested in respect of a claim for pollution damage arising out of that incident, and shall similarly release any bail or other security furnished to avoid such arrest.

The rules set by this item shall apply, if the person who claims compensation for pollution damage has access to a court of law or a court of arbitration administering the liability limitation fund, and such fund may be actually available in respect of his claim.

Article 323. Insurance or Other Financial Security of Liability

1. The owner of the ship that carries in bulk as cargo over 2,000 tons of oil shall, for covering his liability for pollution damage on the basis of the rules set by this Chapter, effect insurance or provide other financial security for liability (a bank guarantee or a guarantee by other credit organization) to the amount equal to the limit of his liability for pollution damage in accordance with Article 320 of this Code.

2. Any sum of money, the provision of which is guaranteed by insurance or other financial security in accordance with Item of this Article, shall be used solely for the satisfaction of claims made on the basis of the rules set by the present Chapter.

Article 324. A Certificate of Insurance or Other Financial Security of Civil Liability for Oil Pollution Damage

1. A certificate attesting that insurance or other financial security of civil liability for oil pollution damage (hereinafter referred to as a certificate) in accordance with the rules set by the present Chapter shall be issued to each ship by the respective registration body, if the requirements of Item 1 of Article 323 of this Code are complied with.

The certificate shall contain the following information:

the name of a ship and the port (place) of its registration;

the name and place of the principal activity of the shipowner;

the type of financial security of liability;

the name and the place of the principal activity of the insurer or other person who provided financial security and in appropriate cases the place in which insurance was effected or other financial security of liability was provided;

the validity term of the certificate that may not exceed the validity term of insurance or any other financial security of liability.

2. A certificate shall be made out in Russian and shall contain its translation into the English or French language.

3. A certificate shall be kept on board a ship and its copy shall be handed over for custody to the ship's registry body.

4. Insurance or any other financial security of liability shall not answer the requirements provided for by this Article, if such security may terminate for reasons other than the running of

the validity term or any other financial security of liability, indicated in the certificate in keeping with Item 1 of this Article, before the expiration of three months since the time of the notification of the ship's registry body about such termination, except for the cases of the cancellation of the certificate in the said period.

The rules set by the first paragraph of the present item shall apply to any change, as a result of which insurance or any other financial security of liability ceases to meet the requirements of this Article.

5. The conditions, the order of issue and verification of certificates indicated in the present Article shall be determined by the rules approved by the federal executive body dealing with the transport.

6. A ship owned by the State and in respect of which no insurance is required or any other financial security of liability is provided shall have a certificate issued by the respective ship's registry body. This certificate shall attest that the ship is owned by the State and that the State's liability for pollution damage is secured within the limits which are determined in accordance with Article 320 of this Code. The said certificate shall correspond, as far as possible, to the certificate that is provided for by Item 1 of this Article.

7. The ship to which the rules of this Chapter apply shall be forbidden to engage in profit-making activity, unless it has the certificate issued in compliance with Item 1 or 6 of this Article.

Article 325. Action for the Compensation for Pollution Damage

1. An action for the compensation for pollution damage may be filed to the shipowner only in accordance with the rules set by the present Chapter.

2. Subject to the observance of the rule set by Item 3 of this Article, an action for the compensation for pollution damage on the basis of the rules of this Chapter or on any other basis may not be filed:

- 1) to the workers, including the ship's crew members, or to the agents of the shipowner;
- 2) to the pilot or any other person who, while not being the ship's crew member, performs his work aboard the ship;
- 3) to any charterer, including the charterer under a bare-boat charter, and to a trust manager;
- 4) to any person who carries out salvage operations with the consent of the shipowner or according to the instruction of government and other authorities;
- 5) to any person who has taken preventive measures;
- 6) to the workers or agents of the persons indicated in Subitems 3, 4 and 5 of this item, unless the pollution damage resulted from their actions or omission, committed intentionally or due to gross negligence.

3. The rules set by the present Chapter shall not affect the right of recourse of the ship owner to third parties.

4. An action for the compensation of pollution damage may be filed directly to the insurer or to the person who provided a different financial security of the liability of the shipowner for pollution damage. In such case the defendant, even if the shipowner has no right to limit liability in accordance with Article 321 of this Code, may avail himself of the limits of liability set by Article 320 of this Code. The defendant may also raise the objections to which the shipowner could refer, the exception being made for references to bankruptcy or the liquidation of his organization. Moreover, the defendant may avail himself of the objection for his defence to the

effect that the pollution damage was inflicted by the shipowner himself and the defendant may not use any other remedy to which the defendant has the right to refer in the case brought against him by the shipowner. The defendant shall be entitled to demand in all cases that the shipowner should be involved in the participation in the case as a co-defendant.

Chapter XIX. Liability for Damage in Connection with the Carriage of Dangerous and Harmful Substances by Sea

Article 326. The Sphere of the Application of the Rules Set by the Present Chapter

1. The rules set by the present Chapter shall apply to the requirements for the compensation for the damage inflicted in connection with the carriage of dangerous and harmful substances by sea, with the exception of the requirements following from the contract of cargo affreightment and the contract of the sea carriage of passengers.

2. The rules set by the present Chapter shall not apply:

1) to pollution damage as it is defined in Subitem 5 of Item 2 of Article 316 of this Code, regardless of the fact whether compensation is paid for such damage under the rules of Chapter XVIII of this Code;

2) to damage caused by radioactive substance of class 7, indicated in the 1965 International Code of Carriage of Dangerous Cargo by Sea with amendments or addendum B to the 1965 Code of Safe Carriage of cargo in Bulk with amendments;

3) to ships with cargo capacity of 200 tons, which carry dangerous and harmful substances in packing, provided such ships run between the ports (installations) of the Russian Federation.

Article 327. Grounds for the Shipowner's Liability

1. The owner of a ship at the time of an incident, or where the incident consists of a series of occurrences at the time of the first occurrence, shall be liable for any pollution damage caused by dangerous and harmful substances in connection with their carriage by sea on board the ship, except for the cases provided for by Article 328 and 329 of this Code.

2. The present Article and the subsequent Articles of this Chapter lay down that:

1) the victim means an individual, legal person, a State or any component part thereof;

2) the shipowner means a person registered as the holder of the ship. If the ship belongs to the State and is operated by the organization registered as a shipowner, such organization shall be the holder of the ship;

3) dangerous and harmful substances mean the following substances, materials and products carried on board the ship as cargo:

oil carried in bulk, whose types are listed in Addendum 1 to Appendix 1 to the 1973 International Convention for the Prevention of Pollution from Ships, amended by the 1978 Protocol to it, with amendments;

harmful liquid substances carried in bulk and contained in Addendum II to Appendix II to the 1973 International Convention for the Prevention of Pollution from Ships, amended by the 1978 Protocol to it, with amendments, and also substances and mixtures, conditionally referred to the category of pollutants A,B,C and D in accordance with Rule 3(4) of the said Appendix II.

dangerous liquid substances carried in bulk and listed in Chapter 17 of the 1983 International Code of Building and Equipping Ships Carrying Dangerous Cargo in Bulk, with amendments, and also dangerous substances, the preliminary conditions for whose carriage are

established in accordance with Item 1.1.3 of the said Code;

dangerous and harmful substances, materials and products in packaged forms, established by the 1965 International Code of Dangerous Cargo Carriage by Sea, with amendments;

liquefied gases listed in Chapter 19 of the 1983 International Code of Building and Equipping Ships Carrying Condensed Gases in Bulk, with amendments, in respect of which preliminary carriage conditions are established in accordance with Item 1.1.6 of the said Code;

liquid substances carried in bulk, with a temperature of ignition of 60 Celsius (measured during testing in a closed melting pot);

hard materials with dangerous chemical properties contained in Addendum B to the 1965 Code of Safe Carriage of Cargo in Bulk, with amendments, to the extent such materials fall within the purview of the 1965 International Code of Dangerous Cargo Carriage by Sea, with amendments, if they are carried in package forms;

the remains of substances in the previous carriage in bulk, indicated in the second, third fourth, sixth, seventh and eight paragraphs of this subitem;

4) damage means:

the death and impairment of the health of any person, caused by dangerous and harmful substances on board the ship that carries such substances or outside such ship;

the loss of, or damage to, property, caused by dangerous and harmful substances outside the ship carrying such substances;

damage from environmental pollution, caused by dangerous and harmful substances, if compensation for environmental damage, save the lost profit as a result of the infliction of such damage, is limited by the expenses on reasonable restoration measure, which were in fact adopted or should be adopted;

expenses on preventive measures and subsequent damage inflicted by such measures.

The words "caused by dangerous and harmful substances" mean the infliction of damage by the hazardous properties of such substances. If it is impossible to separate reasonably the damage caused by dangerous and harmful substances from the damage caused by other circumstances, all such damage shall be deemed to be inflicted by the dangerous and harmful substances, even if the damage inflicted by other circumstances is not the damage indicated in Subitems 1 and 2 of Item 2 of Article 326 of this Code;

5) "preventive measures" mean any reasonable measures adopted by any person after an incident in order to prevent or minimize damage;

6) "incident" means any occurrence or a series of occurrences of one and the same origin, which resulted in damage or created a serious and direct threat of the infliction of damage;

7) "the carriage of dangerous and harmful substances" means the period from the time when dangerous and harmful entered any part of the ship's equipment during loading to the time when they ceased to be found in any part of the ship's equipment during discharge. If the ship's equipment is not used, the given period shall begin and end accordingly, when dangerous and harmful substances cross the ship's rails.

Article 328. The Exoneration of a Shipowner from Liability

A shipowner shall not be liable for the damage caused by dangerous and harmful substances, if he proves that:

the damage resulted from an act of war, hostilities, popular unrest or a natural disaster of an exceptional, inevitable and irresistible character;

the damage was wholly caused by an act or omission done with intent to cause damage by a

third party;

the damage was wholly caused by the negligence or other wrongful act of any government or other authority responsible for the maintenance of lights and other navigational aids in the exercise of this function;

failure to submit by a sender or any other person information about the dangerous and harmful character of substances loaded on board a ship wholly or partially inflicted damage or resulted in the fact that the shipowner had not received insurance in keeping with Article 334 of this Code. The shipowner may be exonerated from liability for damage on the basis of the rules set by the present paragraph, provided that neither the shipowner, not his workers and agents did not know and should not know under reasonable circumstances about the dangerous and harmful character of the loaded substances.

Article 329. Express Intent or Gross Negligence of a Victim

If the shipowner proves that the damage was wholly or partially caused with intent or due to gross negligence of the victim, the shipowner may be exonerated wholly or partially from liability to such person.

Article 330. The Joint and Several Liability of the Owners of Two and More Ships

1. Where damage is inflicted as a result of an incident with the involvement of two or more ships, each of which carries noxious or hazardous substances, the owner of each ship, unless he is exonerated from liability on the basis of Articles 328 and 329 of this Code, shall be liable for the damage. The owners of the ships shall bear joint and several liability for the damage that cannot be reasonably divided among them.

2. The owners of two or more ships involved in an incident shall be entitled to the limitation of the liability applicable to each of them in accordance with Article 331 of this Code.

3. The rules set by the present Article shall not affect the right of recourse of one of the shipowners against any other shipowner.

Article 331. The Limitation of the Liability of a Shipowner

A shipowner shall be entitled to limit his liability toward one incident by the total sum calculated in the following way:

10 million units of account for a ship with tonnage of not more than 2,000 tons;

for a ship with tonnage of over 2,000 tons it is necessary to add the following units of account to the amount, indicated in the second paragraph of this Article, for each subsequent ton of capacity:

for a ship from 2,001 to 50,000 tons - 1,500 units of account;

for a ship of over 50,000 tons - 360 units of account;

provided that the total sum under no circumstances exceeds 100 million units of account.

Article 332. The Forfeit of the Right to Limit Liability

A shipowner shall forfeit the right to limit liability, provided for by Article 331 of this Code, if it is proved that damage resulted from his own act or omission, committed with intent or due to gross negligence.

Article 333. The Fund for Limiting Liability

1. For the purpose of limiting his liability in accordance with Article 331 of this Code the shipowner shall constitute a fund for limiting liability to the total sum equal to the limit of his liability in the court of law or the court of arbitration in which the action for the compensation of damage is brought or, if such action is not brought, in the court of law or the court of arbitration in which an action may be filed. Such a fund may be constituted by depositing the sum with the court of law or the court of arbitration or by submitting a bank guarantee or any other financial security acceptable in accordance with the legislation of the Russian Federation and recognizable as sufficient by courts of law or courts of arbitration.

2. Expenses and sacrifices, inasmuch as they are reasonable and made by a shipowner voluntarily with the aim of preventing or minimizing damage, shall give to him such rights in respect of the fund for limiting liability as other creditors have.

3. The insurer or any other person who has submitted financial security shall have the right to constitute a fund for limiting liability in accordance with this Article on such conditions and of such importance as if this fund was set up by the owner of a ship. Such fund may be constituted, even if in keeping with Article 332 of this Code the shipowner may not limit his liability. In this case the creation of such fund shall not affect the rights of victims in relation to the shipowner.

4. The rules for the distribution of the fund for liability limitation, set by Article 364 of this Code, shall apply to the fund for liability limitation to be constituted in keeping with Item 1 of this Article.

Claims for the redress of injury caused to the life or health of any person shall be subject to primary satisfaction before other claims to the extent to which the aggregate sum of such claims does not exceed the total sum fixed by Article 331 of this Code.

5. If a shipowner after an incident constituted a fund for liability limitation in accordance with this Article and has the right to limit liability;

no person who claims for the compensation of the damage caused by a given incident shall have a right to get the satisfaction of such claim at the expense of any other assets of the shipowner;

a court of law or a court of arbitration shall pass a decision on the release of a ship or any other property that belongs to the shipowner, which were arrested according to the claim for the compensation of the damage caused by such an incident, and shall likewise return any bail or any other security, submitted in order to prevent such arrest.

The rules set by the present item shall apply in case if the person who claims for the compensation of damage has the right to defence in a court of law or a court of arbitration, which dispose of the liability limitation fund, and such fund may be in fact used to satisfy the claim of such person.

Article 334. Insurance or Any Other Financial Security of Liability

1. The owner of the ship actually carrying dangerous and harmful substances shall, for the purpose or covering his liability for damage on the basis of the rules set by the present Chapter, effect insurance or provide any other financial security of liability (a bank guarantee or a guarantee of any other credit organization) to the amount equal to the limit of his liability in accordance with Article 331 of this Code.

2. Any sums of money, the granting of which is guaranteed by insurance or any other financial security in keeping with Item 1 of this Article, shall be used exclusively for the satisfaction of claims made on the basis of the rules set by the present Chapter.

Article 335. A Certificate of Insurance or of Any Other Financial Security
of Liability for Damage Caused by Dangerous and Harmful Substances

1. A certificate of insurance or of any other financial security of liability for the damage caused by dangerous and harmful substances (hereinafter referred to as a certificate), which attests the existence of insurance or of any other financial security of liability and is valid under the rules set by the present Chapter, shall be issued to each ship by the respective registry body, if the requirements provided for by Item 1 of Article 334 of this Code are complied with.

The certificate shall contain the following information:

the name of a ship, its calling signal and the port (place) of registration;

the name and place of the principal activity of the shipowner;

the identification number of the ship awarded by the International Maritime Organization;

the type of the financial security of liability and its validity term;

the name and place of the principal activity of the insurer or of any other person who provided financial security and in appropriate cases the place in which insurance was effected or any other financial security of liability was provided;

the validity term of the certificate that may not exceed the validity term of insurance or any other financial security of liability.

2. A certificate shall be drawn up in Russian and shall contain a translation into the English, French or Spanish languages.

3. A certificate shall be kept on board a ship and its copy shall be handed over for custody to the ship's registry body.

4. Insurance or any other financial security of liability shall not satisfy the requirements of this Article, if the effect of such security may cease for other reasons than the validity term of insurance or of any other financial security of liability, indicated in the certificate in accordance with Item 1 of this Article, before the expiry of three months since the time of the notification of the ship's registry body about such cessation, except for the cases of the cancellation by such body of the certificate or of the issue of a new certificate in the said period.

The rules set by the first paragraph of this item shall also apply to any change, as a result of which insurance or any other financial security of liability ceases to meet the requirements of this Article.

5. The conditions, the order of issue and verification of certificates indicated in this Article shall be determined by the rules, approved by the federal executive body responsible for the transport.

6. The ship owned by the State and no insurance of it is required or no other financial security is provided shall have a certificate that was issued by the respective ship's registry body and that certifies that the ship is owned by the State and the State's liability for damage in connection with the carriage of dangerous and harmful substances by sea is secured within the limits defined in accordance with Article 331 of this Code. The said certificate shall, as far as, possible, correspond to the certificate provided for by Item 1 of this Article.

7. A ship to which the rules of this Chapter apply shall be prohibited to conduct commercial activity, if it does not have the certificate issued in keeping with Item 1 or 6 of this Article.

Article 336. Action for Compensation of Damage

1. An action for compensation of damage may be brought to a shipowner only in accordance with the rules set by the present Chapter.

2. Subject to the observance of the rule set by Item 3 of this Article, an action for

compensation of damage on the basis of the rules set by the present Chapter or on any other grounds may not be brought against the following persons:

- 1) the workers, including the ship's crew members, or agents of the shipowner;
- 2) the pilot or any other person who performs any work on board the ship, while not being its crew member;
- 3) any charterer, including a charterer under a bare-boat charter or trust manager;
- 4) any person who carries on salvage operations with the consent of the shipowner or on the instruction of government and other authorities;
- 5) any person who adopts preventive measures;
- 6) the workers or agents of the persons indicated in Subitems 3,4, and 5 of this item, unless the damage results from their own actions or omission, committed with intent or due to gross negligence.

3. The rules set by the present Chapter shall not affect the shipowner's right of recourse against any third party (including the sender or the consignee of dangerous and harmful substances) who has caused damage or against the persons referred to in Item 2 of this Article.

4. An action for the compensation of damage may be directly brought against the insurer or the person who has provided any other financial security of the liability of the shipowner for pollution damage. In such case the defendant, even if the shipowner has no right to limit his liability in accordance with Article 332 of this Code, may avail himself of the limits of liability, set by Article 331 of this Code. The defendant may also present the objections to which the shipowner himself has the right to refer, with the exception of references to bankruptcy or the liquidation of his organization. Moreover, the defendant may avail himself of the objection for his defence to the effect that the damage was inflicted with intent by the shipowner himself and the defendant cannot use any other remedy to which the defendant is entitled to refer in the case brought against him by the shipowner. In all cases the defendant has the right to demand that the shipowner should be involved in the participation in the action as a co-defendant.

Chapter XX. The Salvage of Ships and Other Assets

Article 337. The Sphere of the Application of the Rules Set by the Present Chapter

1. The rules set by the present Chapter shall apply to any salvage operations, unless the salvage agreement provides otherwise directly or indirectly.

The parties shall have no right to exclude by their agreement the application of Article 339 of this Code, and also the depart from the duties of preventing or mitigating the environmental damage, established by Article 340 of this Code.

2. For the purposes of this Chapter:

- 1) "salvage operation" means any action or any activity undertaken to render assistance to any ship or other assets endangered in any navigable or their waters;
- 2) "assets: means property, which is not attached to seaboard permanently and deliberately, and freight at risk;
- 3) "environmental substance" means considerable real damage caused to man's health or marine flora and fauna, or coastal and inland water resources, and also to adjacent areas by pollution, a fire, blast or other similar large incidents.

3. The rules set by the present Chapter, except for the rule set by Item 1 of Article 345 of this Code, shall also apply:

warships and their auxiliary vessels and other ships owned by the Russian Federation or by the subjects of the Russian Federation, or those ships, operated and used by them at the time of salvage operations only for the government non-commercial service;

non-commercial cargoes owned by the State.

4. The rules set by the present Chapter shall not apply:

to stationary or floating platforms or marine movable drilling rigs, if such platforms or rigs carry on in their places of location the prospecting, development or extraction of mineral resources of the sea bed;

marine assets of a cultural character of prehistoric, archaeological or historic importance, if they are to be found on the sea bed.

Article 338. Salvage Agreements

The ship master shall have the right to conclude salvage agreements in order to carry out salvage operation on behalf of the shipowner. The ship master or the shipowner shall have the right to conclude such agreements on behalf the holder of the assets to be found on board the ship.

Article 339. Invalidity of Agreements or Their Modification

An agreement or any its terms may be invalidated or modified, if:

the agreement has been concluded under the excessive impact or under the influence of danger and its terms are unjust;

the charge stipulated by the agreement is set too high or understated in relation to the actually rendered services.

Article 340. The Duties of the Salvor, Shipowner and Ship Master

1. In respect of the owner of a ship to be in danger or of the owner of other assets to be in danger the salvor shall be obliged:

to carry out salvage operations with due care;

to display due care for the prevention or mitigation of the environmental damage during the performance of the duty, stipulated by the second paragraph of this item;

to turn to other salvors for help when this is reasonably required by circumstances;

to consent to the participation of other salvors when this is reasonably demanded by the master of the ship to be in danger or by its owner, or the owner of other assets to be in danger, provided that this does not influence the amount of remuneration for a salvor and that it is recognized that such demand is unreasonable.

2. In respect of a salvor the master of the ship to be in danger and its owner or the owner of other assets to be in danger shall be obliged:

to cooperate with him in full measure in the course of salvage operations;

to display due care for the prevention or mitigation of the environmental damage during the discharge of the duty, stipulated by the second paragraph of this item;

to accept the ship or other assets after they are delivered to a safe place, if this is reasonably demanded by the salvor.

Article 341. Remuneration Terms

1. Salvage operations with useful results shall entitle salvors to receive remuneration.

2. No charge is due pursuant to the rules set by the present Chapter, if salvage operations

had no useful result, except for the case envisaged by Article 343 of this Code.

Article 342. Criteria for the Institution of Remuneration

1. Remuneration shall be instituted for the purpose of encouraging salvage operations with account of the following criteria, regardless of the sequence in which they are indicated:

- 1) the salvaged cost of a ship and other assets,
- 2) the skill and efforts of salvors in the prevention or mitigation of environmental damage;
- 3) the degree of success achieved by salvors;
- 4) the character and degree of danger;
- 5) the workmanship and efforts of salvors in the salvage of a ship, other assets and people;
- 6) the time spent by salvors and the incurred expenses and losses;
- 7) the risk of responsibility and other risks jeopardizing salvors or their equipment;
- 8) the speed of rendering services;
- 9) the availability and use of vessels or other equipment designed for salvage operations;
- 10) the salvor's equipment in trim and the cost of such equipment.

2. Remuneration fixed in accordance with Item 1 of this Article shall be paid by all persons interested in a ship and other assets in proportion to the respective salvaged cost of the ship and other assets.

3. Remuneration, except for any interest and compensated legal and arbitration costs, which may be paid in connection with remuneration, shall not exceed the salvaged cost of the ship and other assets.

4. A court of law, a court of arbitration or an arbitration tribunal shall not be obliged to institute remuneration pursuant to this Article in the amount of the maximally salvaged cost of the ship and other assets before the determination of a special compensation subject to payment as per Article 343 of this Code.

Article 343. Special Compensation

1. If the salvor carried out salvage operations in respect of the ship which itself or its cargo had threatened to cause damage to the environment and could not gain remuneration pursuant to Article 342 of this Code that is equal at least to special compensation to be estimated in accordance with this Article, he shall have the right to receive from the owner of such ship, special compensation that is equal to the salvor's expenses, as they are determined in Item 3 of this Article.

2. If in the presence of the circumstances provided for by Item 1 of this Article the salvor has prevented or minimized the environmental damage as a result of the salvage operation carried out by him, special compensation to be paid by the owner pursuant to Item 1 of this Article to the salvor may be increased at most to 30 per cent of the expenses incurred by him. A court of law, a court of arbitration or an arbitration tribunal may, subject to the corresponding criteria, stipulated by Item 1 of Article 342 of this Code, if it deems to be just and reasonable, increase such special compensation, but total increase may not exceed 100 per cent of the expenses incurred by the salvor.

3. For purposes of Items 1 and 2 of this Article the salvor's expenses shall represent the actual expenses reasonably incurred by the salvor during the salvage operation, and the just payment for the equipment and the personnel, actually and reasonably used in the course of the salvage operation, subject to the criteria stipulated by Subitems 8, 9 and 10 of Item 1 of Article 342 of this Code.

4. General special compensation shall be paid pursuant to this Article only in such case and in such amount in which such compensation exceeds any remuneration that may be received by the salvor as per Article 342 of this Code.

5. If the salvor displayed carelessness and because of this could not prevent or minimize the environmental damage, he may be wholly or partially deprived of special compensation due to him as per the present Article.

6. The rules set by this Article shall not affect the shipowner's right of recourse against third persons.

Article 344. The Distribution of Salvage Remuneration Among Salvors

Salvage remuneration, fixed pursuant to Article 342 of this Code shall be distributed among salvors subject to the criteria of the said Article.

Article 345. The Distribution of Salvage Remuneration Between the Shipowner and the Ship's Crew Members

1. The distribution of any salvage remuneration, earned in a salvage operation in accordance with the rules set by the present Chapter, shall be effected between the shipowner and the ship's crew members after the deduction of the expenses incurred by the shipowner and the ship's crew members in connection with the salvage operation in the following way:

three-fifths of net remuneration shall be due to the shipowner and two-fifths of net remuneration shall be distributed among the ship's crew members;

the share due to the ship's crew members in accordance with the second paragraph of this item shall be distributed among them with due account of the efforts made during the salvage operation and of the wage or salary of each of them.

An exception from the rules for the salvage remuneration distribution, set by the second and third paragraphs of this item may be made only given special circumstances.

2. The rules set by Item 1 of this Article shall not apply to the distribution of salvage remuneration earned in the salvage operation by vessels carrying out such operations as professional activity.

Article 346. The Rescuing of People

1. No salvage remuneration shall be due from the rescued people.

2. Rescuers of people who have taken part in rendering services in connection with the occurrence necessitating the rescue shall have the right to an equitable share of the sum of money awarded to the salvors for the salvage of a ship or any other assets or for the prevention or minimization of environmental damage.

Article 347. Services Rendered in the Course of the Execution of the Agreement

No charge shall be paid out in accordance with the rules set by the present Chapter, only if the rendered services do not surpass what can be reasonable regarded as a proper execution of the agreement concluded before the rise of danger.

Article 348. The Consequences of the Wrong Behaviour of a Salvor

A salvor may be wholly or partially deprived of salvage remuneration or special compensation due to under the rules set by this Chapter to the extent to which salvage operations

proved to be necessary or more difficult through the fault of his or to which a salvor is guilty of fraud or any other dishonest behaviour.

Article 349. The Prohibition of Salvage Operations

Services rendered in spite of the direct and reasonable prohibition of the owner of the ship in danger or of its ship master, or the owner of any other endangered assets, which are not or were not on board the ship, do not give the right to a charge in accordance with the rules set by the present Chapter.

Article 350. The Belongingness of Ships to One and the Same Owner

The rules set by Articles 342-349 of this Code shall also apply in case if the salvaged ship and the vessel that carried out salvage operations belong to one and the same owner.

Article 351. The Duty of Providing the Security for the Salvor's Claim

1. At the request of a salvor the person responsible for the payment of salvage money or special compensation in accordance with the rules set by this Chapter shall provide proper security for the salvor's claim, including interest and legal or arbitration costs.

2. Notwithstanding the rule set by Item 1 of this Article, the owner of the salvaged ship shall make every effort to enable the cargo owners to provide proper security for claims to them, including interest and legal or arbitration costs, before the issue of cargo.

3. Without the consent of the salvor the salvaged ship and other assets may not be moved from the port or place in which such ship and assets were delivered initially, after the completion of salvage operations until the time when proper security is to be provided for the salvor's claim to the corresponding ship or assets.

Article 352. Interim Payment

1. A court of law, a court of arbitration or an arbitration tribunal may rule by passing an interim decision that an advance sum of money should be paid to the salvor, being regarded as equitable and reasonable and provided on such conditions (in case of the need to secure the claim as well), which are equitable and reasonable in the light of the circumstances of a special case.

2. In an interim payment is made in keeping with this Article, the security for the salvor's claim, provided in accordance with Article 351 of this Code, shall be reduced accordingly.

Article 353. Salvage Operations Controlled by Government and Other Authorities

1. If salvage operations are carried out by government and other authorities or under their control, the salvors may avail themselves of the remedies provided for by this Chapter.

2. Government and other authorities, which are duty-bound to carry on salvage operations, may avail themselves of the rights and remedies, stipulated by the present Chapter, unless the conduct of salvage operations implies the execution by them of their customary duties.

Chapter XXI. The Limitation of Liability for Marine Claims

Article 354. Persons Entitled to Limited Liability

1. In accordance with the rules set by this Chapter it is necessary to limit the liability of a shipowner and a salvor for the claims stipulated by Article 355 of this Code.

For the purposes of the application of the rules set by this Chapter the salvor represents any person who provides services in direct connection with salvage operations, including operations referred to in Subitem 4 of Item 1 of Article 355 of this Code.

2. If any claim from among those provided for by Article 355 of this Code is brought against the person for the actions or inaction of whom the liability is borne by the persons indicated in Item 1 of this Article, this person shall have the right to avail himself of the limitation of liability in accordance with the rules set by the present Chapter.

3. The insurer of liability for the claims provided for by Article 355 of this Code shall have the right to avail himself of the limitation of liability in accordance with the rules set by the present Chapter to the extent to which the person whose liability is insured have the right as well.

4. Any action aimed at limiting liability shall not mean the recognition of liability.

Article 355. Claims for Which Liability May Be Limited

1. Subject to the observance of the rules set by Articles 356 and 357 of this Code, the following claims shall fall within the limitation of liability, regardless of the grounds for liability:

1) claims arising in connection with the death of, or injury to, the health of an individual, or with the loss of, or damage to, property, including with the damage to port installations, water basins, navigable waterways and navigational aids, inflicted on board a ship or in direct connection with the operation of a ship or salvage operations, and also claims for the compensation for any subsequent damage caused by this;

2) claims for the compensation damage resulted from the delayed delivery in marine carriage of cargoes, passengers or their luggage;

3) claims for the compensation of other damage resulted from the violation of any rights which arise not out of an agreement, but in direct connection with the operation of a ship or salvage operations;

4) claims of a person other than the person responsible for the damage caused by the measures adopted by him to prevent or minimize the damage, in respect of which the person responsible for the damage may limit his liability in accordance with the rules set by the present Chapter and the subsequent damage caused by such measures.

2. Claims stipulated by Item 1 of this Article shall fall within the limitation of liability, even if they are brought by way of recourse or on the basis of the guarantees which have arisen from an agreement or in any other way. Claims stipulated by Subitem 4 of Item 1 of this Article shall not fall within the limitation of liability to the extent to which they deal with salvage remuneration under the agreement concluded with the person responsible for damage.

Article 356. Exceptions from the Limitation of Liability

The rules set by the present Chapter shall not apply to the claims for:

remuneration for a salvage operation, including payment of special compensation in accordance with Article 343 of this Code, or general average contribution;

compensation for the pollution damage caused by oil discharged from ships, as it is defined in Subitem 5 of Item 2 of Article 316 of this Code;

compensation for damage in connection with the carriage of dangerous and harmful substances by sea, as it is defined in Subitem 1 of Item 2 of Article 326 of this Code;

compensation for nuclear damage;

in connection with the salvaging of a sunken ship, the removal or destruction of this ship, including everything that is or was to be found on board of such a ship;

in connection with the removal, destruction or the rendering harmless of ship cargo;
the redress of the injury caused to the lives, health or property of the workers of a shipowner or a salvor whose duties are associated with the ship or salvage operations, and also of the heirs of said workers, the persons who are dependent on them, if the legislation of the Russian Federation applies to the labour contract concluded between the shipowner or the salvor and such workers;

the redress of the injury caused to the lives and health of the ship's passengers, if the shipowner and passengers are the organization and citizens of the Russian Federation;

the redress of the injury caused to the life, health or property of an individual in direct connection with the operation of a ship or with salvage operations, if the shipowner and the individual or the salvor and the individual are the organization and the citizen of the Russian Federation.

Article 357. Conduct Preventing the Limitation of Liability

A person responsibility for damage shall have no right to limited liability, if it is proved that the damage resulted from his own action or omission, committed with intent or due to gross negligence.

Article 358. A Counter Claim

Where a person having the right to limited liability in accordance with the rules set by the present Chapter lays a counter claim that arises from the same occurrence to the person who lodged his claim to him, the initial and counter claim shall be subject to offset, and the rules set by the present chapter shall apply to the remaining sum, if it formed.

Article 359. General Liability Limits

1. The limits of liability for claims other than those which are indicated in [Article 360](#) of this Code and which have arisen from one and the same occurrence shall be calculated in the following way:

1) for claims to redress the injury caused to the life or health of an individual:

2 million payment units - for a ship with a tonnage of about 2,000 tons;

the following payment units shall be added to the amount, indicated in the second paragraph of this subitem, for a ship with a tonnage of over 2,000 tons per each subsequent ton of capacity:

for a ship of 2001 to 30,000 tons - 800 payments units;

for a ship of 30,001 to 70,000 tons - 600 payments units;

for a ship of over 70,000 tons - 400 payments units;

2) for any other claims:

one million payment units - for a ship a tonnage of about 2,000 tons;

the following payment units shall be added to the amount indicated in the second paragraph of this subitem for a ship with a tonnage of over 2,000 tons per each subsequent ton:

for a ship of 2001 to 30,000 tons - 400 payments units;

for a ship of 30,001 to 70,000 tons - 300 payments units;

for a ship of over 70,000 tons - 200 payments units;

2. Where the amount of money, calculated according to the claims for the redress of injury caused to the life or health of an individual in accordance with Subitem 1 of Item 1 of this Article, is insufficient for the full payment of such claims, the amount computed according to

any other claims in accordance with Subitem 2 of Item 1 of this Article shall be used to reimburse the unpaid remainder according to the claims for the redress of injury caused to the life or health of an individual, which is satisfied on a proportional basis together with any other claims.

3. The limits of liability of any salvor who acts not from a ship or who acts solely on board the ship, to which or in respect of which the salvor provides salvage services, shall be computed on the basis of the ship's tonnage of 2,000 tons.

4. The limit of liability for a ship with tonnage of less than 300 tons shall be computed according to the claims, provided for by Subitem 1 of Item 1 of this Article, in amount equal to one-sixth of the liability limit established for a ship with a tonnage of 2,000 tons.

Article 360. The Liability Limit According to Passengers' Claims

1. For claims for the redress of injury caused to the lives and health of the ship's passengers, if they arose from one and the same occurrence, the shipowner's limit of liability shall be the amount of 175,000 payment units, multiplied by the number of passengers, which the ship is allowed to carry in accordance with a passenger certificate.

2. For the purposes of this Article the claims brought by any person or on behalf of any person transported on such ship shall be the claims for the redress of injury caused to the lives and health of the ship's passengers:

under the contract of sea carriage of passengers;

with the consent of the carrier for the accompaniment of a motor car or animals whose transportation is effected under the contract of sea carriage of cargo.

Article 361. Consolidation of Claims

1. Liability limits defined in accordance with Article 359 of this Code shall apply to the totality of all claims which arose from any occurrence and in relation to:

the shipowner, and also any person, for the action or omission of whom the shipowner is liable;

the shipowner who renders services for the salvage of a given ship, the salvor or salvors who act from such ship, and also any person, for the action or omission of whom the shipowner or the salvor or salvors are liable;

the salvor or salvors who act not from a ship or solely on board a ship, to which salvage services are provided, and also any person, for the action or omission of whom the salvor or salvors are liable.

2. Liability limits defined in accordance with Article 360 of this Code shall apply to the totality of all claims which can arise from any one occurrence and in relation to the shipowner indicated in Article 360 of this Code, and also to any person, for the action or omission of whom the shipowner is liable.

Article 362. Liability Limitation Without the Constitution of a Fund for Liability Limitation

1. A shipowner and a salvor shall have the right to limit their liability in accordance with the rules set by the present Chapter without constituting a fund for liability limitation, provided for by Article 363 of this Code.

2. Where the liability is limited without constituting a fund of liability limitation, the rules of Article 364 of this Code shall apply accordingly.

Article 363. The Constitution of a Fund for Liability Limitation

1. A person who can be charged with liability may constitute a fund for liability limitation in a court of law or a court of arbitration in which an action is brought against him under the claim, according to which the liability of this person can be limited.

2. A fund for liability limitation shall be constituted in the amount, calculated in accordance with Article 359 and 360 of this Code, together with interest on this amount from the day of the occurrence that involved liability to the day of constituting such a fund. Any fund constituted in this way shall only be intended for the payment of claims by which liability may be limited.

3. A fund for liability limitation may be constituted by placing the amount indicated in Item 2 of this Article on the deposit of a court of law or a court of arbitration or by granting a bank guarantee or any other financial security acceptable under the legislation of the Russian Federation and recognizable as adequate by a court of law or a court of arbitration.

4. Where several shipowners or salvors have the right to limited liability for the claims which have arisen from one and the same occurrence, the fund for liability limitation, constituted by one such person, shall be deemed to be constituted by all shipowners or salvors.

Article 364. The Distribution of the Fund for Liability Limitation

1. Only a court of law or a court of arbitration in which a fund for liability limitation is constituted shall be competent to settle all the questions of the distribution of such a fund.

2. A fund for liability limitation shall be distributed among the persons having claims fixed in proportion to the amounts of claims of such persons to the fund concerned.

3. If before the distribution of the fund for liability limitation a person liable under a claim and his insurer have paid compensation on a claim to this fund, such a person shall acquire, within the limits of the sum paid by him, and by way of subrogation, the rights which the person who received compensation would have on the basis of the rules set by the present Chapter.

4. If a person liable under a claim ascertains that subsequently the given person may be obliged to pay wholly or partially such a sum of compensation in relation to which the given person could avail himself of the right of subrogation in accordance with Item 3 of this Article, provided that compensation is paid before the distribution of the liability limitation fund, the court of law or the court of arbitration, in which this fund was constituted, may rule to the effect that an adequate amount of money should be reserved for the time being to satisfy at a later date the claims of such a person to the fund.

Article 365. Hindrances for Other Actions

Where a fund for liability limitation is constituted, not a single person, for the satisfaction of whose claims this fund is designed, shall have the right to exercise on such claims any rights in respect of any other property of a person or persons who constituted the fund for liability limitation. After the constitution of the fund for liability limitation, the ship or any other assets belonging to the said person or persons and arrested on claims which can be brought to the fund, or the submitted security shall be exonerated by the ruling of the court of law or the court of arbitration in which the fund for liability limitation was constituted. The rule set by the present Article shall apply, if a person having a claim may bring the claim to the fund for liability limitation to the court of law or the court of arbitration, which dispose of such fund, and the fund may be actually used to satisfy such claim.

Article 366. The Sphere of the Application of the Rules Set by the Present Chapter

1. The rules set by the present Chapter shall also apply to:
 - ships owned by the Russian Federation, the subjects of the Russian Federation or operated by them and used at the time of the rise of a claim only for the government non-commercial service, with the exception for warships and their support vessels and border ships;
 - ships built or adapted to drilling works and engaged in such works.
2. The rules set by this Chapter shall not extend to:
 - hovercrafts;
 - floating platforms intended for prospecting or developing mineral and other inanimate resources of the sea bed or its subsoil.

Chapter XXII. Maritime Mortgage
Mortgage on a Ship or a Ship Under Construction

_ 1. Maritime Mortgage

Article 367. Claims to Be Secured by Maritime Mortgage

1. Maritime mortgage shall secure claims to the shipowner in respect of:
 - 1) wages and salaries and other sums of money due to the ship master, including expenses on repatriation and social insurance premiums paid on behalf of the ship master and other crew members;
 - 2) the redress of injury caused to the life or health of an individual on land and sea in direct connection with the use of the ship;
 - 3) remuneration for the ship salvage;
 - 4) payment of port and canal dues, dues on other navigable waterways and pilot dues;
 - 5) compensation for the actual damage caused during the operation of the ship as a result of the loss of, or damage to, assets other than cargoes, containers and passenger luggage, carried by the ship.
2. Maritime mortgage shall not secure the claims stipulated by Subitems 2 and 5 of Item 1 of this Article, if such claims arise as a result of:
 - the infliction of oil pollution damage from ships in terms of the rules, set by Chapter XVIII of this Code, or the infliction of damage in connection with the carriage of dangerous and harmful substances by sea in terms of the rules set by Chapter XIX of this Code;
 - the impact of the radioactive properties of nuclear fuel or radioactive products and waste or the impact of the radioactive properties in combination with toxic, explosive or other hazardous properties of nuclear fuel or radioactive products and waste.

Article 368. Prior Satisfaction of Claims Secured by Maritime Mortgage

Claims secured by maritime mortgage in accordance with Item 1 of Article 367 of this Code shall be subject to prior satisfaction to the claims following from the liabilities secured by the registered mortgage on the ship. No claims shall be subject to prior satisfaction to the said claims secured by maritime mortgage, with the exception of the claims provided for by Item 3 of Article 386 of this Code.

Article 369. The Sequence of the Satisfaction of Mutual Claims Secured

by Maritime Mortgage

1. Claims secured by maritime mortgage in accordance with Item 1 of Article 367 of this Code shall be satisfied in turn, as they follow in the said item. Claims for salvage remuneration shall be satisfied before all the other claims secured by maritime mortgage, which arose earlier than the salvage maritime lien operations were carried out.

2. Claims secured by maritime mortgage in accordance with Subitems 1, 2, 4 and 5 of Item 1 of Article 367 of this Code shall be satisfied within the limits of each turn in proportion to the extent of claims.

3. Claims for salvage remuneration secured by maritime mortgage in accordance with Subitem 3 of Item 1 of Article 367 of this Code shall be satisfied within sequence in the reverse order to the time of the emergence of such claims. A claim shall be deemed to arise at the time of the end of a salvage operation.

Article 370. A Special Feature of Maritime Mortgage

With the exception of compulsory sale of a ship, maritime mortgage shall continue to encumber a ship, regardless of the passage of title to the ship, of the change of its registration or of the ship's flag.

Article 371. The Termination of Maritime Mortgage

1. Maritime mortgage shall terminate upon the expiry of one year since the day of the emergence of claims secured by maritime mortgage and stipulated by Item 1 of Article 367 of this Code, unless before the expiry of the said term the ship was subjected to the arrest that leads to a compulsory sale of the ship.

2. The period of time fixed by Item 1 of this Article shall be reckoned:

1) by claims secured by maritime mortgage in keeping with Subitem 1 of Item 1 of Article 367 of this Code - since the time of the dismissal from the ship of one crew member having such a claim;

2) by claims secured by maritime mortgage in keeping with Subitems 2-5 of Item 1 of Article 367 of this Code - since the time of the emergence of such a claim.

The said period of time shall be suspended for the time for which the arrest of a ship is not allowed by reason of law.

Article 372. Assignment or Transfer of Claims

1. Assignment or transfer of claims secured by maritime mortgage leads simultaneously to assignment or transfer of maritime lien.

2. The transfer of claims for the redress of injury caused to the life or health of an individual and of claims for the payment of insurance indemnity due to the shipowner under a marine insurance contract to a person who has maritime lien on a ship shall not be allowed.

Article 373. The Lien on a Ship or a Ship Under Construction

1. To secure claims arising in connection of the building or repairs of a ship, including its reconstruction, the shipbuilding or the shiprepair organizations shall have a lien on such a ship in the period when the said organizations are in possession of it.

2. The lien on a ship, stipulated by Item 1 of this Article, shall terminate at a time when the ship or the ship under construction retires from the possession of a shipbuilding or a shiprepair organization, unless this is the aftermath of its arrest.

3. If a ship or a ship under construction are sold under compulsion, the shipbuilding and the shiprepair organizations shall have the right to the satisfaction of its claims at the expense of the sum of money received from the sale of such a ship in accordance with Item 4 of Article 386 of this Code.

2. Mortgage on a Ship or a Ship Under Construction

Article 374. The Establishment of Mortgage on a Ship or a Ship Under Construction

1. Mortgage on a ship or a ship under construction shall be established for the purpose of securing a pecuniary liability by a contract between the owner of a ship or a ship under construction (mortgagor) and the creditor (mortgage) with its subsequent registration in conformity with Articles 376 and 377 of this Code.

2. A person who has the right of economic management of a ship or a ship under construction may also be a mortgagor of this ship with the consent of its owner.

Article 375. The Subject-matter of the Mortgage on a Ship or a Ship Under Construction

1. Unless otherwise stipulated by a contract, the mortgage on a ship shall extend to its accessories belonging to the same owner, and also to insurance indemnity due to under the contract of the ship's marine insurance on the terms of liability for the loss of, or damage to, the ship. The mortgage on a ship shall not extend to freight.

2. Unless otherwise stipulated by a contract, the mortgage on a ship under construction shall extend to the materials and equipment which are designed for its construction, are situated in the place of location of a shipbuilding organization, clearly identified by marking or in any other way, and also to insurance indemnity due to under the contract of marine insurance of the ship under construction on the terms of liability for the loss of, and damage to, the ship under construction.

3. If two or more ships or ships under construction are the subject-matter of a mortgage, each of them separately or in the absence of an agreement on the amount of security of the liability by each ship separately all of them shall serve as full security of the liability.

Article 376. The Registration of the Mortgage on a Ship or a Ship Under Construction

1. The mortgage of a ship shall be registered in the same register in which this ship is registered.

2. The mortgage of the foreign ship which has been given the right to sail under the State Flag of the Russian Federation in accordance with Items 2 and 3 of Article 15 of this Code, and also the mortgage of the ship being built for a foreign recipient, may not be registered in the Russian Federation.

3. The mortgage of a ship under construction shall be registered in the register of ships under construction, which has registered the right of ownership of the ship under construction.

The right of ownership of a ship under construction may be registered in the register of ships under construction, provided that the ship's keel was laid or construction works of equal value were carried out and confirmed by an expert. A relevant certificate shall be issued upon the registration of the right of ownership of the ship under construction.

4. The register of ships under construction, which are deemed to be sea-going vessels, shall be kept in maritime trading and fishing ports situated near shipbuilding organizations.

The rules for the registration of rights to ships under construction in maritime trading ports shall be confirmed by the federal executive body responsible for transport and the rules for the registration of rights to ships under construction in maritime fishing ports shall be confirmed by the federal executive body responsible for fishing.

Article 377. Procedure for the Registration of the Mortgage of a Ship Under Construction

1. The mortgage of a ship or a ship under construction shall be registered on the basis of the mortgagor's application after the registration of the right of ownership of the ship or the ship under construction.

2. The application for the registration of the mortgage of a ship or a ship under construction shall indicate.

the data identifying a ship (its name, the port or place of its registration, the register member, the type and class and tonnage of a ship) or a ship under construction (the place where the ship is being built, the construction number and the type of a ship, the keel's length and other basic measurements, and the register number);

the name and address of the mortgage;

the name and address of the mortgagor or information about its issue to bearer;

the maximum amount of the liability secured by mortgage;

in case of establishing mortgage for two or more ships or ships under construction, the amount in which the liability is secured by each ship separately in the presence of the agreement on this;

the date of the end of the mortgage of a ship or a ship under construction.

The agreement on the mortgage of a ship or a ship under construction with appended documents shall be enclosed with application for the registration of the mortgage of the ship or the ship under construction.

3. A legal expert examination of documents needed for the mortgage registration shall be carried out before the registration of the mortgage of a ship or a ship under construction.

The body of registry of the mortgage of a ship or a ship under construction shall be entitled to refuse to register the mortgage, unless the agreement on the mortgage of a ship or a ship under construction or the documents appended to such agreement correspond to the requirements of the registration of the mortgage of the ship or the ship under construction.

4. The mortgage of a ship or a ship under construction shall be registered on the day of receipt of an application for registration.

All information indicated in the application for registration shall be entered in the State Ships' Register, the ship's log book or the register of ships under construction in accordance with Item 2 of this Article.

The body of registry of the mortgage of a ship or a ship under construction shall issue to the mortgagor and mortgagee a certificate of registration of the mortgage of a ship or a ship under construction of standard form in accordance with the records in the State Ships' Register or the register of ships under construction.

5. A charge for the registration of the mortgage of a ship or a ship under construction and the procedure for the supply of information in keeping with Item 6 of this Article shall be established by the Government of the Russian Federation.

6. The State Ships' Register, the ship's log book or the register of ships under construction, in which the mortgage of a ship or a ship under construction is registered, and any documents subject to the passage to the registry body shall be open, and any interested person shall have the right to receive extracts from them and copies of such documents.

7. No records shall be required to be entered in the ship's documents upon the registration of the ship's mortgage.

Article 378. Protection of the Interests of the Mortgagee's Ship or Ship Under Construction

It shall be presumed that the mortgage, registered in the State Ship's Register, the ship's log book or the register of ships under construction, is in fact established in favour of the person for the benefit of whom such mortgage is actually registered, and all records in the State Ship's Register, the ship's log book and the register of ships under construction are valid, unless the contrary is registered.

Article 379. Prior-Satisfaction of Claims Following From the Liabilities Secured by the Mortgage of a Ship or a Ship Under Construction

1. No claims, except for the claims secured by maritime mortgage in accordance with Item 1 of Article 367 of this Code, shall be subject to prior satisfaction to the claims following from the liabilities secured by the registered mortgage of a ship, except for the claims stipulated by Items 3 and 4 of Article 386 of this Code.

2. No claims shall be subject to prior satisfaction to the claims following from the liabilities secured by the registered mortgage of a ship under construction, except for the claims provided for by Item 4 of Article 386 of this Code.

Article 380. Sequence of Mutual Satisfaction of Claims Following from the Liabilities Secured by the Mortgage on a Ship or a Ship under Construction

1. Where two or more mortgages are registered on one and the same ship or ship under construction, the sequence of the mutual satisfaction of claims following from the liabilities secured by the mortgage shall be determined by the date of their registration. The mortgage registered earlier shall have a priority to the mortgage registered later. Mortgages registered on one day shall be equally authentic.

2. The sequence of satisfying claims following from the liabilities secured by the mortgage of a ship or a ship under construction, stipulated by Item 1 of this Article, may be modified by the agreement concluded between the mortgagor and the mortgagees. Such agreement shall be registered with the State Ship's Register, the ship's log book or the register of ships under construction.

Article 381. Assignment of the Mortgage of a Ship or a Ship Under Construction

1. The mortgagee shall have the right to assign the mortgage of a ship or a ship under construction to another person only together with the pecuniary liability secured by it.

2. In case of assignment of the mortgage of a ship or a ship under construction a record on the date of assignment and the name and address of the person in whose favour this assignment was made shall be entered as registered in the State Ship's Register, the ship's log book or the register of ships under construction, for the benefit of which the assignment was made.

Article 382. The Preservation of a Ship or a Ship Under Construction
Secured by Mortgage

The mortgagor shall be obliged to take appropriate measures for the preservation and maintenance of a ship or a ship under construction, secured by mortgage.

If the default on such obligation leads to a considerable devaluation of the ship or the ship under construction, the mortgagee shall have the right to realize by force the mortgage on the ship or the ship under construction, even if the date of the execution of the obligation has not set in.

Article 383. Transfer of the Title to a Ship or a Ship Under Construction
or Change of Registration

1. Except for the compulsory sale of a ship or a ship under construction in accordance with Articles 385 and 386 of this Code, in all other cases involving the exclusion of a ship from the State Ships' Register or the ship's log book or of the title to a ship under construction from the register of ships under construction, the registry body shall have no right to exclude a ship or the title to a ship under construction from corresponding registers, unless all the registered mortgages on a ship or a ship under construction are satisfied in advance or the consent of all mortgagees in writing has been received.

2. If the exclusion of a ship from the State Ships' Register or the ship's log book, or of the title to a ship under construction from the register of ships under construction is obligatory, except for cases of voluntary sale, the registry body shall notify the mortgagees about the forthcoming exclusion of a ship or the title to a ship under construction from corresponding registers so that the mortgagees adopted proper measures for the protection of their interests. Upon the non-receipt of their consent a ship or the title to a ship under construction shall be excluded from the corresponding registers after the expiry of a reasonable period, but at least in three months following the notification of the mortgagees.

Article 384. Grounds for the Compulsory Sale of a Ship or a Ship Under
Construction

Upon the default by a mortgagor of the obligation to pay the debt, a ship or a ship under construction, encumbered with mortgage, may be sold on the basis of a court decision in the place of location of the arrested ship or the arrested ship under construction.

Article 385. The Notice About the Compulsory Sale of a Ship or a Ship
Under Construction

1. Before the compulsory sale of a ship or a ship under construction the court of law shall send its notice about this:

to the body of registry of a ship or the body of registry of the title to a ship under construction;

to all the mortgagees of the registered mortgages of a ship or a ship under construction, which are not ascertained to bearers.

to all the mortgagees of the registered mortgages on a ship or a ship under construction, ascertained to bearers and to all maritime mortgages on a ship according to the claims, stipulated by Item 1 of Article 367 of this Code, if they have notified the court about their claims.

to the registered owner of a ship or a ship under construction;

to the body of registry of a ship in the State under the flag of which the ship is allowed to

sail for the time being.

2. A person who demands that a ship or a ship under construction should be sold by compulsion shall present to the court of law an extract from the appropriate register of ships or the register of ships under construction with the enclosure of the names and addresses of the mortgagees of the registered mortgages on a ship or a ship under construction.

3. The notice about the compulsory sale of a ship or a ship under construction shall be sent at least 30 days before the compulsory sale and shall contain:

information about the time and place of compulsory sale and information about compulsory sale or the procedures leading to compulsory sale, which persons entitles to receive such notice shall know for the purpose of protecting their interests;

if the time and place of compulsory sale may not be defined exactly, information about the approximate time and the anticipated place of compulsory sale and other information about compulsory sale, which is sufficient for the protection of the interest of persons entitles to receive notices.

If the notice is sent in keeping with this item, an additional notice about the actual time and place of compulsory sale shall be sent after they become known, but not later than seven days before the compulsory sale.

4. The notice about compulsory sale shall be sent to the bodies and persons, indicated in Item 1 of this Article, by registered post or by using any electronic or other relevant aids, which ensure the service of the notice. Moreover, the notice may be published in mass media in the place when the compulsory sale takes place or in other printed publications at the discretion of the body that carries out such sale.

Article 386. The Consequences of the Compulsory Sale of a Ship or a Ship Under Construction

1. In case of the compulsory sale of a ship or a ship under construction all the registered mortgages on a ship or a ship under construction, except for those assumed by the buyer with the consent of their mortgagees, all mortgages and other encumbrances of any kind shall cease to be valid in relation to a ship or a ship under construction.

2. Expenses incurred in connection with the arrest and the subsequent sale of a ship or a ship under construction shall be reimbursed in the first place from the amount of money received from their sale. Such expenses include, in particular, the expenses incurred since the time of the arrest of the ship on the maintenance of the ship and its crew members, and also on wages and salaries, other amounts and expenses, referred to in Subitem 1 of Item 1 of Article 367 of this Code. The remaining sum of money received from the sale of a sale or a ship under construction shall be distributed in accordance with the rules set by the present Chapter to the extent to which it is necessary for the satisfaction of appropriate claims. After the satisfaction of the claims of all persons who brought them, the amount of money received from the sale of a ship or a ship under construction, if it remains, shall be repaid to the owner of the ship or the ship under construction and may be remitted freely.

3. In case of the obligatory sale of a sunken ship whose salvaging is undertaken by port authorities for the purpose of ensuring the seafaring safety or protecting the marine environment against pollution, the expenses on the salvaging of the sunken ship shall be reimbursed from the sum of money received from its sale until the satisfaction of any claims secured by the mortgage on the ship.

4. If at the time of the compulsory sale a ship or a ship under construction is in possession

by a shipbuilding or a ship-repair organization having the right of lieu on it, such an organization shall give up the possession of the ship or the ship under construction in favour of a buyer; in this case it shall have the right to the satisfaction of its claim from the sum of money received from the sale of the ship or the ship under construction. In the presence of the claims secured by the mortgage on the ship in accordance with Item 1 of Article 367 of this Code, such right arises for the shipbuilding organization after the satisfaction of said claims.

5. In case of the compulsory sale of a ship or a ship under construction the competent body shall, at the buyer's request, issue a document that certifies that the ship or the ship under construction was sold, being encumbered by no mortgages, with the exception of those assumed by the buyer with the consent of the mortgagees.

When such a document is presented, the bodies which have registered the mortgage on a ship or a ship under construction shall be obliged to exclude from the appropriate register of ships or the register of ships under construction all the mortgages registered on the ship or the ship under construction, with the exception of those mortgages which were assumed by the buyer.

If a citizen of the Russian Federation or a legal entity under the legislation of the Russian Federation is a buyer of a ship or a ship under construction, the ship or the right of ownership of the ship under construction shall be registered in the name of such a buyer in the appropriate register of the Russian Federation. If the ship or the right of ownership of the ship under construction has been registered in the appropriate register of the Russian Federation and a foreign legal entity or a foreign national is a buyer of such ship or the ship under construction, the body of registry of the ship or the body of registry of the right of ownership of the ship under construction shall be obliged to issue to such a buyer a certificate of the exclusion of the ship from the State Ships' Register, the ship's log book or of the exclusion of the right of ownership of the ship under construction from the register of ships under construction for the purpose of registering the ship or the right of ownership of the ship under construction in the appropriate register of a foreign State.

Article 387. The Termination of a Mortgage on a Ship or a Ship Under Construction

1. The mortgage on a ship or a ship under construction shall terminate in the following cases:

the redemption of a money debt;

the discontinuance of a pecuniary obligation by methods other than the redemption of a debt (by compulsory sale, etc.);

the loss of a ship or a ship under construction, except for cases when the mortgagee of a ship or a ship under construction may realize his claim to insurance indemnity due to in connection with the loss of the ship or the ship under construction in accordance with the marine insurance contract.

2. When evidence of the termination of the mortgage on a ship or a ship under construction is submitted in cases stipulated by Item 1 of this Article, the registry body shall enter a record on the termination of the mortgage on the ship or the ship under construction in the appropriate register of ships or the register of ships under construction.

Chapter XXIII. The Arrest of a Ship

Article 388. The Powers of Putting a Ship under Arrest

1. For the purposes of the present Chapter the arrest of a ship means any detention or limitation of the movement of a ship during its location within the jurisdiction of the Russian Federation, which are realized on the basis of a decision of a court of law, a court of arbitration or a maritime arbitration tribunal authorized to put a ship under arrest for the satisfaction of a maritime claim, as it is defined in Article 389 of this Code, except for the detention of a ship for the enforcement of the decision of the court of justice, the court of arbitration or the arbitration tribunal, which has come into legal force.

2. A ship may be arrested by a maritime claim alone.

3. A ship may be arrested even when it is about to sail.

4. A ship may be arrested for the receipt of security, regardless of the fact that in accordance with the jurisdiction clause or the arbitration clause, provided for by the relevant agreement or in any other way, the maritime claim under which the ship is put under arrest is subject to examination by a court of justice or a court of arbitration of another State.

5. The rules set by the present Chapter shall not affect the right of the seaport master to refuse to issue a permit to a ship for putting out to sea in accordance with Article 80 of this Code, the right of the port authorities to detain a ship and its cargo according to the claims stipulated by Article 81 of this Code, and also the right of government bodies to arrest a ship and its cargo as envisaged by the legislation of the Russian Federation.

Article 389. Maritime Claim

Maritime claim means any claim in connection with:

the infliction of damage during the operation of a ship;

the redress of injury to the life or health of an individual on land or at sea in direct connection with the operation of a ship;

a salvage operation or any salvage agreement;

expenses on the adoption by any person of measures for the prevention or minimization of damage, including environmental damage, if such a claim arises from the international treaty or agreement of the Russian Federation, the law or any agreement, and also in connection with the damage caused or may be caused by such measures;

the expenses on the salvaging, removal or destruction of sunken ship or its cargo;

any contract for the use of a ship;

any contract of sea carriage of cargo or a contract of sea carriage of passengers aboard a ship;

the loss of, or damage to, cargo, including luggage carried by a ship;

general average;

pilotage;

towage;

the provision of foodstuffs, materials, fuel, stocks, equipment, including containers, for the operation of a ship or its maintenance;

the building, repair, modernization or re-equipment of a ship;

port and canal dues and dues on other navigable waterways;

wages and salaries and other sums of money due to the ship master and other crew members for their work aboard the ship, including the expenses on repatriation and social insurance contributions paid on behalf of the ship master and other crew members;

disbursement expenses made in respect of a ship;

the insurance premium which includes mutual insurance contributions and which is paid by the owner of a ship or its charterer under the bare-boat charter or on their behalf;
the commission, brokerage or agent's fee paid by the owner of a ship or its charterer under the bare-boat charter or in their behalf;
any dispute over the right of ownership of a ship or of its possession;
any dispute between two or several shipowners over the use of a ship and the distribution of profit;
the registered mortgage of a ship or the registered encumbrance of a ship of the same character;
any dispute that arises from a contract of purchase and sale of a ship.

Article 390. A Ship That May be Arrested

1. A ship, in respect of which a maritime claim has arisen, may be arrested, provided that:

- 1) the maritime claim to the shipowner is secured by the mortgage on the ship and related to the claims provided for by Item 1 of Article 367 of this Code;
- 2) the maritime claim is based on the mortgage on the ship or the encumbrance of the ship of the same character, which have been registered in the statutory manner;
- 3) the maritime claim concerns the right of ownership of the ship or of its possession;
- 4) the maritime claim does not fall within Subitems 1, 2 and 3 of this item, but the person who holds the ship by right ownership at the time of the rise of the maritime claim is liable for such claim and its holder at the time of the started procedure associated with the arrest of the ship, or the charterer of the ship under a bare-boat charter at the time of the rise of the maritime claim is liable and at the time of the started procedure of the arrest of the ship is its charterer under bare-boat charter or its owner.

2. Any other ship or any other ships may also be arrested, if at the time of the launched procedure of their arrest the ship are owned by the person who is liable for a maritime claim and was at the time of the rise of the claim the owner of the ship, in respect of which the maritime claim arose, or was the charter under a bare-boat charter, time-charter or voyage charter of such ship.

The rule set by this item shall not apply to the claim concerning the right of ownership of a ship or its possession.

Article 391. The Release of a Ship from the Arrest

1. A ship may be released from the arrest only by decision of a court of justice or a court of arbitration or an arbitration tribunal indicated in Item 1 of Article 388 of this Code when adequate security is presented in acceptable form.

2. In the absence of agreement of the parties on the form and amount of security the court of justice, the court of arbitration or the arbitration tribunal, indicated in Item 1 of Article 388 of this Code, shall determine the form of security, and also the amount of security that shall not exceed the value of a ship.

3. Any request for the release of a ship from the arrest in connection with the provision of security does not mean the recognition of liability, the repudiation of remedies or of the right to limited liability.

4. A person who has submitted security in accordance with Item 2 of this Article may apply at any time to a court of justice, a court of arbitration or an arbitration tribunal, indicated in Item 1 of Article 388 of this Code with a request for the reduction, change or repeal of such security.

Article 392. The Repeated and Multiple Arrest of a Ship

1. If a ship is arrested to secure a maritime claim or if security is provided to prevent the arrest of a ship or to release it from the arrest, such ship may not be arrested once again or arrested according to the same maritime claim, only if:

1) the amount of the security received at the same maritime claim is inadequate, provided the total amount of security cannot exceed the cost of a ship;

2) the person who has provided security is unable to perform its obligations in full or in part;

3) the arrested ship or the provided security has been released:

at the request or with the consent of the person who has the right to a maritime claim and in the presence of reasonable grounds for such request or consent;

in connection with the impossibility of the person who has the right to a maritime claim to impede the release of a ship by means of reasonable measures.

2. If a ship is arrested to secure a maritime claim or security is provided to avert the arrest of a ship or to release it from the arrest, any other ship that could be arrested at the same maritime claim shall not be arrested only if:

1) the amount of the received security at the same maritime claim is inadequate;

2) the rules set by Subitems 2 and 3 of Item 1 of this Article shall be applied.

3. The rules set by this Article shall not apply to any illegal release of a ship from the arrest or to its departure from the arrest.

Article 393. The Protection of the Owner of the Arrested Ship

1. The court of justice, the court of arbitration or the arbitration tribunal, indicated in Item 1 of Article 388 of this Code, may as a proviso for the arrest of a ship or for the extension of the earlier laid-on arrest of a ship, oblige the person who calls for the arrest of the ship or for the prolongation of this arrest to provide security in the amount and on the conditions which may be determined by the court of justice, the court of arbitration or the arbitration tribunal, indicated in Item 1 of Article 388 of this Code, in connection with any damages, which can be caused as a result of the arrest of the ship, including as a result of the illegal or unwarranted arrest of the ship or the claim for security and the receipt of the excessive security, and for which such person may be liable.

The rules set by the first paragraph of this Item shall not apply to the person who demands the arrest of a ship or the extension of the arrest of a ship according to the claim provided for by the 16th paragraph of Article 389 of this Code.

2. The court of justice, the court of arbitration or the arbitration tribunal, indicated in Item 1 of Article 388 of this Code, by decision of which a ship has been put under arrest or security has been provided for the prevention of the arrest of the ship, shall have the right to determine the extent of liability of the person, at the demand of who, the ship was arrested or security provided, for any inflicted losses, including the losses which can be caused as a result of the illegal or unwarranted arrest of the ship or of the claim for security and the receipt of the excessive security.

3. If in conformity with Item 1 of this Article security is provided, the person who has provided such security may at any time apply to the court of justice, the court of arbitration or the arbitration tribunal, indicated in Item 1 of Article 388 of this Code with a request for the reduction, change or repeal of the security.

Chapter XXIV. Sea Protests

Article 394. A Sea Protest

1. If during the navigation or moorage of a ship there was an accident which can be a ground for the presentation of property claims, the ship's master shall note a protest in order to provide evidence of it.

2. The ship's protest shall aim at providing, as far as possible, full information about the circumstances of the accident and the reasons for it, including information about the damage done and about the measures taken to prevent or mitigate the damage.

Article 395. The Declaration of a Protest by the Ship Master

The declaration of a protest by the ship master shall be made:

at a port of the Russian Federation - to a notary;

at a foreign port - to an official of the consular office of the Russian Federation or to a competent official of a foreign State in the order prescribed by the legislation of the respective State.

Article 396. The Term for the Declaration of a Sea Protest

The declaration of a sea protest shall be made, if an accident took place:

at the port during 24 hours since the accident;

during the ship's navigation during 24 hours since the time of the arrival of the ship or the ship master at the first port after the accident.

Article 397. The Declaration of a Sea Protest with Delay

1. If an accident took place during navigation, the declaration of a sea protest may be made at the time of the ship's arrival or the ship master at the port that is not the first seaport after the accident in order to avoid the considerable loss of time and expenses on the call at the first port after the accident.

2. If it is impossible to note a sea protest within the time, fixed by Article 396 of this Code, the reasons for this shall be stated in the declaration of the sea protest.

Article 398. The Declaration of a Sea Protest About the Infliction of Damage to Cargo

If there are reasons to believe that an accident has caused damage to the cargo on board a ship, the declaration of a sea protest shall be made before the opening of the ship's hatches. The discharge of cargo from the ship before the declaration of a sea protest may be launched only in case of emergency.

Article 399. Evidence

1. In support of the circumstances set forth in his declaration of a sea protest the ship master shall, simultaneously with the declaration or within the time of seven days since his arrival or the arrival of his ship at the port of the accident, if the latter took place in the port, be obliged to submit the ship's log book and the extract from this log book, certified by the ship master, to a notary or an official of the respective consular office of the Russian Federation or to a competent official of the respective foreign State for perusal.

Article 400. The Compilation of an Act of Sea Protest

On the basis of the statement by the ship master, of the data of a log book, the inquiry of the ship master and, in case of necessity, of other crew members the notary or the official of the respective consular office of the Russian Federation shall compile and act of sea protest and certify it with his signature and the stamp.

Article 401. The Compilation of Acts of Sea Protest by the Consular Offices of Foreign States

The acceptance of a declaration of sea protest from the captains of foreign ships and the compilation of acts of sea protest may be effected by the consular offices of foreign State in the Russian Federation on the basis of reciprocity.

Chapter XXV. Claims and Actions. Limitation of Actions

_ 1. Claims and Actions

Article 402. The Witnessing of the Circumstances Which Can Serve as a Ground for the Liability of the Participants in the Carriage of Cargo by Sea

1. The circumstances which can serve as a ground for the liability of carriers, consignors, consignees and passengers shall be witnessed by commercial reports or reports of general form. In foreign ports, the said circumstances shall be witnessed in accordance with rules existing in the given port.

2. A commercial report shall be drawn up to witness:

the inconsistency between the name, mass of cargo and quantity of space for cargo or luggage in kind and the data indicated in the documents of carriage;

damage to cargo or luggage;

the discovery of cargo or luggage without documents, and also documents without cargo or luggage;

the discovery of cargo or luggage without documents, and also documents without cargo or luggage;

the return to the carrier of stolen cargo or luggage.

Forms of reports, the order of drawing them up and the order of certifying circumstances which do not require the making of reports shall be established by the rules issued according to Item 2 of Article 5 of this Code.

Article 403. Claims to the Carrier

1. Before an action is brought against the carrier in connection with the transportation of cargo in coastal shipping, the presentation of a claim to the carrier shall be compulsory.

2. Claims shall be presented to the carrier who carried cargo, and, of cargo was not handed, to the carrier who under the contract of sea carriage of cargo was duty-bound to carry it.

Claims following from the carriage of cargo in mixed traffic shall be presented to the carrier who delivered cargo to the final point of carriage.

Article 404. The Transfer of the Right to Present Claims and Bring Actions

1. The transfer of the right to present claims and bring actions to other organizations or individuals shall not be allowed, except for the cases of the transfer of such right by the consignor to the consignee and vice versa, and also by the consignor or the consignee to the forwarding agent or the insurer.

2. The transfer of the right to present a claim and to bring an action shall be certified by the assignment endorsement on a bill of lading or on any other document of carriage.

Article 405. Procedure for Presenting a Claim

1. A claim shall be presented in writing.

A claim for the loss of, or damage to, cargo shall be enclosed with documents confirming the right to present a claim and documents certifying the quantity and cost of dispatched cargo in addition to documents of carriage.

Documents of carriage shall be produced in the original.

2. The carrier shall have the right, within two weeks after the receipt of a claim, to return it without its examination, unless the documents, stipulated by Item 1 of this Article, are appended to the claim. If the carrier does not return to the applicant the improperly drawn up claim in the said period of time, this claim shall be deemed to be accepted for consideration.

Article 406. Limitation Period for Presenting a Claim Following from a Contract of Sea Carriage of Cargo

A claim to the carrier that follows from a contract of sea carriage of cargo may be presented during the period of limitation.

Article 407. Limitation Period for Considering a Claim Following from a Contract of Sea Carriage of Cargo

1. The carrier shall be obliged to consider a claim following from a contract of sea carriage of cargo during 30 days since the day of its receipt and to notify the applicant about the satisfaction or repudiation of this claim.

2. Since the day of the presentation to the carrier of the claim that follows from a contract of sea carriage of cargo, the running of the limitation period shall be suspended until the receipt of a reply to the claim or the expiry of the period of time fixed for the answer.

_ 2. Limitation of Actions

Article 408. Limitation Period for Claims Following from a Contract of Sea Carriage of Cargo

1. One-year limitation period shall apply to claims following from a contract of sea carriage of cargo.

2. The said period shall be reckoned for the following claims:

compensation for damage caused by the loss of cargo - upon the of 30 days since the day when cargo should be released and in mixed traffic - upon the expiry of four months since the day of the acceptance of cargo for transportation;

compensation for damage to cargo, for delays in its delivery and the return of the surcharge or the recovery of the short collection of carriage payments - since the day of the release of cargo and, if cargo was not released, since the day when it should be released;

compensation for losses in connection with the non-placement of a ship for loading or for

its placement with delay; the charge for demurrage and bonuses for early cargo loading or unloading - since the day of the end of the month that succeeds the month in which cargo carriage began or should have begun;

in all other cases - since the day when the event that served as a basis for presenting a claim set in.

Article 409. Limitation of Actions for Other Claims

1. A two-year period of limitation shall apply to claims following from a contract of sea carriage of passengers in foreign transportation service, except for the case provided for by Item 1 of Article 197 of this Code, from a marine insurance contract, and also from the collision of ships and salvage operations.

The said period of limitation shall be reckoned:

1) according to claims following from a contract of carriage of passengers in foreign transportation service, except for the case stipulated by Item 1 of Article 197 of this Code:

in case of injury to the health of a passenger - since the day of the disembarkation of the passenger;

in case of the passenger's death during the time of his carriage since the day when the passenger should have gone ashore;

in case of injury to man's health during his carriage, which caused the passenger's death after his disembarkation - since the day of his death, provided that the given period of time does not exceed three years since his disembarkation;

in case of the loss of, or damage to, the passenger's luggage - since the day of the discharge of the luggage or the day when the luggage should be discharged, depending on which data is subsequent;

2) according to claims following from a marine insurance contract - since the day of the emergence of the right to bring an action;

3) according to claims for damages in connection with a collision of ships - since the day of the collision of ships;

4) according to claims arising from salvage operations - since the day of the end of a salvage operation.

2. One-year limitation period shall apply to the claims following from a towing contract, a contract of agency service for ships, a marine agency agreement, a time-charter or a bare-boat charter and general average;

The said limitation period shall be reckoned:

1) according to claims following from a towing contract, a contract of agency service for ships, a marine agency agreement, a time-charter and bare-boat charter - since the day of the emergence of the right to bring an action;

2) according to claims arising from general average - since the day of drawing up an average statement.

3. One-year limitation period, calculated since the day of payment of an appropriate sum of money shall apply to claims for exoneration, stipulated by Article 313 of this Code.

Article 410. Limitation of Actions on Claims for Compensation for Damage by Oil Pollution from Ships and for Damage Caused by the Sea Carriage of Dangerous and Harmful Substances

Actions for compensation for damage by oil pollution from ships and for damage caused by

the sea carriage of dangerous and harmful substances shall be extinguished during three years since the day when the person suffering damage learned or should have learned about the infliction of such damage. But actions for compensation for damage by oil pollution from ships may not be brought upon the expiry of six years since the day of the incident that caused the oil pollution from ships; actions for compensation for the damage caused by the sea carriage of dangerous and harmful substances may not be brought upon the expiry of 10 years since the day of the incident that caused such damage.

Article 411. The Application of General Period of Limitation

General periods of limitation, established by the civil legislation of the Russian Federation, shall apply to the claims for which the present Code does not provide limitation period, unless the respective international agreement of the Russian Federation stipulates different limitation periods.

Article 412. The Suspension of Limitation Period in Case of General Average

If the calculation of the amount of a claim depends on computations of general average, the running of the limitation period shall be suspended for the time from the day the average adjuster passed a decision on general average to the day of the receipt of the average statement by the interested person.

Article 413. Interest on Used Cash Resources Belonging to Other People

1. When it is necessary to satisfy claims following from the relations stipulated by this Code, interest shall be cost on the paid sum of money in the amount of the bank rate of interest that exists in the place of residence of a creditor, or, if a legal entity is a creditor, in the place of his location.

2. Interest shall be added from the day of the presentation in writing of the claim for the payment of the relevant sum of money to the day of its payment.

3. The rules set by the present Article shall not apply to claims for the compensation of losses by way of distributing general average.

Chapter XXVI. Applicable Law

Article 414. The Determination of Law Subject to Application to the Relations Arising from Merchant Shipping with the Participation of Foreign Nationals or Foreign Legal Entities or to the Relations Complicated with a Foreign Element.

1. The law subject to application to the relations arising from merchant shipping with the participation of foreign nationals or foreign legal entities or to the relations complicated with a foreign element, including the situation when the object of civil rights is located beyond the confines of the Russian Federation, shall be determined in accordance with the international agreements of the Russian Federation, the present Code, other laws and merchant shipping customs recognized in the Russian Federation.

2. The parties to the agreement stipulated by this Code may, upon the conclusion of the agreement or subsequently, choose by mutual consent the law that is subject to application to their rights and duties under the given agreement. In the absence of an agreement between the

parties on applicable law the rules of this Code shall apply; the presence of such agreement may not involve the removal or mitigation of the liability which under this Code the carrier should bear for the injury caused to the life or health of a passenger, for the loss of, damage to, cargo and luggage or for the delay of their delivery.

Article 415. The Proprietary and Other Real Rights to a Ship

1. The proprietary right and other real rights to a ship, and also the rise, transfer and termination of such rights shall be determined by the law of the State of the ship's flag.

2. The law of the State, in which a ship was registered directly before the change of its flag, shall apply to real rights to the ship which has been given the right of sailing under the flag of another State.

3. The rights to a ship under construction shall be determined by the law of the State in which the ship was accepted for construction or is being under construction, unless otherwise stipulated by the agreement on the building of the ship.

Article 416. The Legal Status of the Ship's Crew Members

1. The legal status of the crew members of a ship and the relations among them bearing on the operation of the ship shall be determined by the law of the State of the ship's flag.

2. The relations between the shipowner and the crew members shall be regulated by the law of the State of the ship's flag, unless otherwise stipulated by the contract regulating the relations between the shipowner and the crew members who are foreign nationals.

The choice by the parties to the respective labour contract of the law that is subject to application to the relations between the shipowner and the crew members shall not worsen the labour conditions of the ship's crew members as compared with the norms of the law of the State, which should regulate these relations in the absence of an agreement between the parties an applicable law.

Article 417. The Rights to Sunken Assets

1. The rights to the assets sunken in inland sea waters or in a territorial sea, and also relations arising in connection with the sunken property shall be determined by the law of the State in which the assets sank.

2. The law of the State of the ship's flag shall apply to the ships sunken in the high seas, to their cargo and other assets.

Article 418. Relations Arising from Contracts Concluded in the Sphere of Merchant Shipping

1. Relations arising from a contract of sea carriage of cargo, a towing contract, a contract of agency service for ships, an agreement of marine agency, a contract of marine insurance, a time charter and a bare-boat charter shall be regulated by the law of the State, provided for by the agreement of the parties, while relations arising from a contract of sea carriage of passengers shall be regulated by the law of the State indicated in the passenger's ticket.

2. In the absence of an agreement between the parties in applicable law, the relations of these parties arising from agreements shall be regulated by the law of the State in which the party concerned is founded, has its basic place of activity or place of residence and acting as:

a carrier - in a contract of sea carriage;

a shipowner - in a contract of agency for ships, a time charter and a bare-boat charter;

an owner of a tug boat - in a towing contract;
a trustee - in a marine agency contract;
an insurer - in a marine insurance contract.

Article 419. General Average

1. In the absence of an agreement between the parties on applicable law, the relations arising from general average shall be regulated by the law of the State in whose port the ship concluded its voyage after the accident that had caused general average.

In cases where all persons whose interests are affected by general average belong to one and the same State, the law of this State shall apply.

2. Procedure for the distribution of general average, if it is distributed in the Russian Federation, shall be regulated by the rules set by Chapter XVI of this Code.

Article 420. Relations Arising from a Collision of Ships

1. Relations arising from a collision of ships in inland sea waters and in the territorial sea shall be regulated by the law of the State on whose territory the collision have taken place.

2. In case where a collision of ships have taken place in the high seas and the dispute is under consideration in the Russian Federation the rules set by Chapter XVII of this Code shall apply.

3. Relations arising from a collision of ships sailing under the flag of one State shall be governed by the law of this State, regardless of the place of the collision of ships.

Article 421. Relations Arising from Damage Caused by Oil Pollution from Ships

The rules set by Chapter XVIII of this Code shall apply in case of the infliction of damage by oil pollution from ships to:

the damage from oil pollution from ships, caused on the territory of the Russian Federation, including in the territorial sea and in the exclusive economic zone of the Russian Federation;

precautionary measures for the prevention or mitigation of such damage wherever they have been taken.

Article 422. Relations Arising from the Infliction of Damage in Connection with Sea Carriage of Dangerous and Harmful Substances

In case of the infliction of damage in connection with sea carriage of dangerous and harmful substances the rules set by Chapter XIX of this Code shall apply to:

any damage caused on the territory of the Russian Federation, including its territorial sea;

damage resulted from environmental pollution and caused in the exclusive economic zone of the Russian Federation;

damage other than damage resulted from environmental pollution and caused beyond the territory of the Russian Federation, including its territorial sea, if such damage was inflicted by dangerous and harmful substances carried on board a ship sailing under the State flag of the Russian Federation;

precautionary measures for the prevention or mitigation of damage where they have been taken.

Article 423. Relations Arising from the Salvage of a Ship and Other

Assets

1. In the absence of an agreement between the parties on applicable law to the relations arising from the salvage of a ship and other assets in inland waters and the territorial sea, the law of the State in which the salvage took place shall apply, and, if salvage was carried out in the high seas and the dispute is under consideration in the Russian Federation, the rules, set by Chapter XX of this Code shall apply.

2. In case where the salvaging ship and the salvaged ship sail under the flag of one State, the law of the State of the ship's flag shall apply, regardless of the place where the salvage took place.

3. The law of the State of the ship's flag shall apply to the distribution of the salvage remuneration among the owner of the salvaging ship, his captain and other crew members and, if salvage was carried out not from a ship, the law within whose purview the contract falls as it regulates the relations between the salvor and its workers.

Article 424. Mortgage on a Ship

The law of the State whose court of justice examines the dispute shall apply to the emergence of a mortgage on a ship and to the sequence of the satisfaction of claims secured by maritime mortgage.

Article 425. Mortgage on a Ship or a Ship Under Construction

The establishment of a mortgage on a ship or a ship under construction and of the sequence of the satisfaction of claims following from the liabilities secured by the registered mortgage of the ship or the ship under construction shall be regulated by the law of the State of mortgage registration.

Article 426. Liability Limits of a Shipowner

The liability limits of a shipowner shall be determined by the law of the State of the ship's flag.

Article 427. International Treaties and Agreements of the Russian Federation

If the respective international treaty or agreement of the Russian Federation establishes rules other than those envisaged by the present Code, the rules of the international treaty or agreement shall apply.

Chapter XVII. Concluding Provisions

Article 428. The Entry of this Code in Force

1. To carry into effect this Code since May 1, 1999.

2. To recognize as invalid since May 1, 1999 Item 8 (in respect of the application of the provisions of the Merchant Shipping Code of the USSR) of the Resolution of the Supreme Soviet of the Russian Federation No. 4604-1 of March 3, 1993 on Some Questions of the Application of the Legislation of the USSR on the Territory of the Russian Federation (Gazette of the Congress of People's Deputies of the Russian Federation and the Supreme Soviet of the Russian Federation, No. 11, 1993, item 393; Collected Legislation of the Russian Federation, No. 5,

1996, items 411; No. 12, 1997, item 1383).

3. The following normative acts shall not apply on the territory of the Russian Federation since May 1, 1999:

the Decree of the Presidium of the Supreme Soviet of the USSR No. 3095-VII of September 17, 1968 on the Approval of the Merchant Shipping Code of the USSR (Gazette of the Supreme Soviet of the USSR, No. 39, 1968, item 351);

the Law of the USSR No. 3404-VII of December 13, 1968 on the Confirmation of the Decree of the Presidium of the Supreme Soviet of the USSR on the Approval of the Merchant Shipping Code of the USSR (Gazette of the Supreme Soviet of the USSR, No. 51, 1968, item 488);

the Decree of the Presidium of the Supreme Soviet of the USSR No. 6001-VIII of May 20, 1974 on the Introduction of Addenda to the Merchant Shipping Code of the USSR (Gazette of the Supreme Soviet of the USSR, No. 22, 1974, item 324);

the seventh paragraph of the USSR Law No. 6-IX of July 26, 1974 on the Approval of the Decrees of the Presidium of the Supreme Soviet of the USSR on the Introduction of Some Amendments and Addenda to the Legislation of the USSR (Gazette of the Supreme Soviet of the USSR, No. 31, 1974, item 471);

the Decree of the Presidium of the Supreme Soviet of the USSR No. 7599-X of July 27, 1982 on the Introduction of Amendments and Addenda to the Merchant Shipping Code of the USSR (Gazette of the Supreme Soviet of the USSR, No. 31, 1982, item 588);

the tenth paragraph of the USSR Law No. 8323-X of November 24, 1982 on the Approval of the Decrees of the Presidium of the Supreme Soviet of the USSR on the Introduction of Amendments and Addenda to Some Legislative Acts of the USSR (Gazette of the Supreme Soviet of the USSR, No. 48, 1982, item 896);

Item 2 of the Decree of the Presidium of the Supreme Soviet of the USSR No. 8089-XI of December 2, 1987 on the Introduction of Amendments and Addenda to Some Legislative Acts of the USSR in Connection with the USSR Law on the State Enterprise (Association) (Gazette of the Supreme Soviet of the USSR, No. 49, 1987, item 791).

4. Pending the adjustment of the laws and other normative legal acts regulating relations in the sphere of merchant shipping and operative on the territory of the Russian Federation to the present Code, the laws and other normative legal acts of the Russian Federation, and also the legislative acts of the USSR effective on the territory of the Russian Federation within the limits and in the order provided for by the legislation of the Russian Federation, shall apply inasmuch as they do not contradict the present Code.

The normative legal acts of the President of the Russian Federation and the normative legal acts of the Government of the Russian Federation, issued before the enforcement of this Code, and also the decisions of the Government of the USSR applicable on the territory of the Russian Federation on the questions which pursuant to this Code may be regulated by federal laws alone, shall be valid until the time of the enforcement of relevant laws.

Article 429. Procedure for the Application of the Rules Set by the Present Code

1. The rules established by this Code shall apply to the relations which arose from merchant shipping after its enforcement.

As for the rules which arose from merchant shipping before the entry into force of this Code, the rules established by it shall apply to those rights and duties which will make their

appearance after it is carried into effect.

2. The rules which are established by this Code and which determine the content of contracts of certain types shall apply to the contracts to be concluded after the entry of this Code in force.

Article 430. The Adjustment of the Normative Legal Acts to the Present Code.

The President of the Russian Federation shall be proposed and the Government of the Russian Federation shall be instructed to bring their normative legal acts into conformity with the present Code.

President of the Russian Federation

Boris Yeltsin

Moscow, the Kremlin