

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

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

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

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

3. Legal relations incident to collision, salvage remuneration, the removal of property sunk in internal waters or territorial waters of any country, the law of that country shall be applied.

Legal relations incident to collision or salvage occurred on the high seas governed by the law of the country whose arbitration court or court deals with the dispute.

Legal relations incident to collision between the ships of the same nationality occurred on the high seas or in the internal waters and territorial waters of a country, the law of the flag State shall be applied.

4. Legal relations incident to the contract of carriage of cargo shall be governed by the law of the country where the goods are delivered or would have been delivered according to the contract.

Article 4. The rights to agreements in contracts

1. Parties to the contracts shall have the right to reach any agreement provided that this Code does not restrict.

2. Parties to the contracts, provided whereof at least one party is a foreign organization or individual, may determine by mutual consent the law or international shipping custom to govern their legal contractual relations and to submit their disputes to an Arbitration or Court in either of their countries or in a third country.

3. Where, by provisions in this Code or by virtue of the contract, the legal contractual relations incident to maritime shipping are subject to foreign law, that law shall be applied in Viet Nam provided that it is not contrary to basic principles of the law of Vietnam.

Article 5. Principles of maritime activities

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

2. Maritime activities shall ensure maritime safety, safeguard of national security and defense and protection of interests, sovereignty, and sovereign rights and jurisdiction of the Socialist Republic of Viet Nam.

3. Maritime activities shall be in compliance with the strategy of socio-economic development of the country and the strategy, the Master plan and plans for the development of the transport sector.

4. Maritime activities must ensure economic efficiency linked with protection, regeneration and sustainable development of environment and natural landscape.

Article 6. Maritime development policies

1. The State gives priority to the development of seaport infrastructure to serve the socio-economic development of the whole country or inter-regions; enhancing the transport capacity of Viet Nam sea-going ship fleet and transfer and application of advanced maritime sciences and technologies.

The State has policies to encourage all organizations and individuals of Viet Nam and foreign countries to invest in development of Viet Nam sea-going ship fleet, seaport infrastructure and other maritime activities in Viet Nam.

Article 7. Rights of cabotage

1. Priority is granted to Vietnamese sea-going ships in the carriage of cargo and of passengers and luggage between Vietnamese seaports.

2. Where Vietnamese sea-going ships are not in a position to do it, foreign sea-going ships may be permitted to perform this carriage only in the following cases:

a. Carriage of over-length cargo, over-weight cargo or other types of cargo by specialized sea-going ships;

b. For prevention and overcoming of natural disasters, epidemic or for urgent humanitarian relieves;

c. Carriage of passengers and luggage from tourist passenger ships to shore and vice versa;

3. The Minister of Transport shall determine for the cases as provided for in item a and item b, paragraph 2 of this Article.

Director of the Maritime Port administration shall determine for the case as provided for in item c, paragraph 2 of this Article.

Article 8. Responsibility of maritime State administration

1. The Government shall exercise the maritime State administration;
2. The Ministry of Transport shall be responsible to the Government for exercising the functions of maritime State administration;
3. Ministries, ministry-level agencies within the scope of their respective functions, duties and powers shall coordinate with the Ministry of Transport in carrying out maritime State administration;
4. People's Committees of all levels within the scope of their respective functions, duties and powers shall exercise maritime State administration at their localities.

Article 9. Maritime inspection

1. The Maritime Inspectorate under the Inspectorate of the Ministry of Transport shall carry out the functions of maritime inspection.
2. The provisions of this Code and the legislation on inspection shall apply to organization, functions, duties and responsibilities of the Maritime Inspectorate.

Article 10. Acts prohibited in maritime activities

1. Acts that prejudices or threatens to prejudice the sovereignty and security of the Socialist Republic of Viet Nam.
2. Carrying on board the ship persons, cargo, luggage, weapons, radioactive substance, toxic wastes and drugs in contravention of the provisions of law.
3. Intentional erection of obstacles that endanger or cause hindrance to shipping traffic.
4. Usage and operation of sea-going ships without registration and classification or overdue registration and classification and or forged registration and classification.
5. Refusal of involvement in search and rescue operations at sea in a possible circumstance.
6. Causing of environmental pollution.
7. Infringement of life, health, honour, human dignity on board the ship; seizing of and intentional damage to or destruction of property on board the ship; running away after causing maritime accidents.
8. Creating public disorder and refraining from or combating of performance of duties of civil servants on board the ship or in the seaport.
9. Abusing power or exceeding Administration of the competent person to act against the provisions on maritime management; protection of any act of violence against the laws in respect of maritime.

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

Chapter II
SEA-GOING SHIPS

Section 1

General Provisions

Article 11. Sea-going ship

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

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

Article 12 Vietnamese sea-going ship

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

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

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

Article 13. Shipowner

1. Shipowner means the owner of the ship.

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

SECTION 2: REGISTRATION OF SHIPS

Article 14 Principles of registration of ships

Registration of ships shall comply with the following principles:

a. Registration of Vietnamese sea-going ships owned by Vietnamese organizations or individuals in the Viet Nam National Register of Ships shall consist of the registration of nationality of ships and the registration of ownership.

Sea-going ships owned by foreign organizations or individuals that meet the requirements stipulated in Article 16 of this Code shall be allowed to enter in the Viet Nam National Register of Ships. The registration may include both the registration of ownership and the registration of nationality of ships or only the registration of nationality of ships.

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

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

c. The registration of ships shall be publicly handled by the Registrar of Vietnamese Ships against payment of a certain fee. Organizations, individuals may request a certified copy or duplicate copy of a ship registration entry from the Vietnam National Register of Ships against payment of a fee.

2. Sea-going ships owned by the Vietnamese organizations or individuals may enter in the register of ships of a foreign country.

Article 15. The ships subject to registration

1. The following ships shall enter in the Viet Nam National Register of Ships:

a. A ship with main engine capacity of 75 KW and above;

b. A non self-propelled ship of 50 GT and above or a non self-propelled ship of 100 DWT and above or a non self-propelled ship of 20 meter in length and above.

c. A ship, even smaller than the ships referred to in item a and item b of this paragraph, operating in international routes.

2. Registration of ships other than the ships referred to in paragraph 1 of this Article shall be stipulated by the Government.

Article 16. Requirements for the registration of ships in Viet Nam

1. Sea-going ships shall meet the following requirements to be allowed to enter in the Viet Nam National Register of Ships:

a. Possessing legal documents to give evidence of the ownership status.

b. Possessing tonnage certificate, classification certificate

c. Name of the ship accepted by the Viet Nam Ship Registrar

d. Possessing certificate of deletion or suspension or its previous registration

e. The shipowner has its main office or branch office or representative office in Viet Nam

f. Age of certain types of foreign second hand tonnage registered first time in Viet Nam shall be in accordance with regulations of the Government of Viet Nam.

g. Having paid fees, charges in accordance with laws and regulations.

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

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

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

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

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

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

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

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

Article 18 Registration of ship under construction

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

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

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

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

c. Having been laid on keel.

Article 19 Main contents of Viet Nam National Register of Ships

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

a. The previous name and the new name of the ship; name and principal place of business of the shipowner; foreign shipowner's branch office or representative office in Viet Nam; the name and place of business of the bareboat charterer, hire purchaser; the name of the ship's operator if any; type of ship and the purpose of usage of the ship;

b. The port of registration,

c. The registration number of the ship

d. The date of registration;

e. The place of build and year of building of the ship;

f. The main technical characteristics of the ship;

g. The status of the ownership of the ship and its relevant changes;

h. The date of deletion and ground for the deletion of registration of the ship.

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

Article 20. Deletion of Vietnamese ship's registration

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

a. Has been destroyed or sunk;

b. Has been missing;

c. Lost her grounds to sail under the Vietnamese national flag;

e. Lost her characteristics of a ship.

f. Upon the request of shipowner or the person who, in his name, has registered the ship.

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

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

Article 21. Detailed provisions on registration of ships

The Government shall stipulate detailed provisions on organization and activities of the Vietnam Registrar of Ships; formalities and procedures for registration of ships in Vietnam; cases for sea-going ships owned by Vietnamese organizations or individuals to be allowed to register in a foreign country and cases for sea-going ships owned by foreign organizations or individuals to be allowed to enter in the Viet Nam National Register of Ships.

Article 22 Registration of public service ships

Public service ship means any ship only used for public purpose not for commercial purpose.

The provisions of this Section shall apply to registration of public service ships.

Section 3

Classification of Vietnamese ships

Article 23. Classification of Vietnamese ships

1. Vietnamese ships shall be surveyed, classified, issued technical certificates on maritime safety, maritime security and environment pollution prevention by Viet Nam register or a foreign classification society authorized by the Minister of Transport of Viet Nam in accordance with Vietnamese laws or international treaties to which the Socialist Republic of Viet Nam is a contracting party.

2. Minister of Transport shall stipulate provisions on standards for maritime safety, maritime security and environmental pollution prevention; regulations on survey and classification of ships in Viet Nam.

Article 24. Survey and technical supervision of Vietnamese ships

1. Ship under construction, modification, reconstruction or repairs shall be subject to survey and supervision on quality, technical safety in conformity with approved design in order to be issued relevant certificates by classification society.

2. During operation period, a ship shall be subject to the periodic survey on quality and technical safety conducted by classification society.

Article 25. Classification of public service ships

The provisions of this Section shall apply to the classification of public service ships.

Section 4

Certificates and documents of ships

Article 26. Ship's certificates and documents

1. A sea-going ship shall have the ship registration certificate and other certificates of maritime safety, maritime security and prevention of

environmental pollution in accordance with laws and regulations of Viet Nam and international treaties to which Viet Nam is a Contracting Party.

Minister of Transport shall stipulate detailed regulations on certificates and documents of Vietnamese ships

2. The certificates of maritime safety, maritime security and prevention of environmental pollution shall clearly indicate their validity period. This period may be automatically extended by a period of time not exceeding ninety days if the ship is actually unable to call for the periodical inspection at the port indicated and if her technical conditions prove to be safe. Such automatically extended period expires immediately on the ship's arrival at the port indicated for inspection.

3. The certificates of maritime safety, maritime security and prevention of environmental pollution shall be invalid if its changes adversely affect her capacity to ensure maritime safety, maritime security and prevention of environmental pollution.

4. Where it has well-founded grounds to suspect the technical conditions of the ship adversely affecting maritime safety, maritime security and environmental pollution prevention, the Maritime Safety Inspectorate, port administration shall have the right to temporally cease her operation. The agencies could inspect the ship's technical conditions by themselves or request the Viet Nam classification society to do so despite that she has certificates of maritime safety, maritime security and prevention of environmental pollution.

Article 27. Sea-going ship's tonnage certificate

1. Vietnamese or foreign sea-going ships when operating in waters belonging to Vietnamese seaport areas and in Vietnam sea waters shall have tonnage certificate issued by the Vietnam classification organization or a foreign competent classification society. The tonnage certificate must be in conformity with the Vietnamese laws and regulations or international treaties to which the Socialist Republic of Viet Nam is a contracting party.

2. If the competent Administration has reasonable grounds to doubt the correctness of the tonnage certificate, the competent Administration may by itself or designate a relevant organizations, individuals to inspect the ship. Where the result of remeasurement is not the same as stated in the Tonnage Certificate the shipowner shall have to pay the incurred fees. Where the result of remeasurement is the same as stated in the Tonnage Certificate, the competent Administration who has inspected the ship or organization, individuals who have requested the inspection shall have to pay the incurred fees.

Section 5

MARITIME SAFETY AND SECURITY AND

PREVENTION OF ENVIRONMENTAL POLLUTION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Article 30. Maritime search and rescue

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

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

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

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

Article 31. Investigation of maritime accidents

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

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

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

Section 6

Transfer of ownership and mortgages of ships

Article 32. Transfer of the ownership of a ship

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

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

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

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

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

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

Article 33. Mortgages of Vietnamese ships

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

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

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

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

Article 34. Principles for mortgages of Vietnamese ships

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

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

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

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

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

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

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

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

Article 35 Registration of mortgages of Vietnamese ships

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

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

b. The name and nationality of the mortgaged ship;

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

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

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

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

Section 7

MARITIME LIENS

Article 36. Maritime liens

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

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

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

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

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

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

5. Maritime lien shall not be extinguished by virtue of the change of the shipowner, the demise charterer, the operator of the ship whether the buyer of the ship has the knowledge of or without the knowledge of the ship in connection to a maritime claim secured by a maritime lien.

Article 37. The maritime claims secured by a maritime lien on the ship

1. Claims for wages and other sums due to Master, officers and other members of the ship's complement, including costs of repatriation and social insurance contribution payable on their behalf

2. Claims in respect of loss or personal injury occurring in the operation of the ship

3. Claims for ship's tonnage dues, maritime safety fees, pilotage dues, harbour dues and other port charges.

4. Claims for reward for the salvage of the ship

5. Claims based on tort arising out of loss or damage caused by the operation of the ship.

Article 38. Priority ranking of maritime liens

1. The maritime liens set out in Article 37 of this Code shall rank in the order listed, provided that maritime liens securing claims for reward for the salvage of the ship shall take priority over all other maritime liens which have attached to the ship prior to the time when the operations giving rise to the said liens were performed.

2. The maritime liens set out in each paragraph of Article 37 of this Code shall rank *pari passu* as between themselves. Where they could not be paid in full, the debts in the same paragraph shall be paid in proportion.

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

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

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

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

Article 39. Extinction of maritime liens by lapse of time

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

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

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

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

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

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

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

Section 8

ARREST OF SHIPS

Article 40. Arrest of ships

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

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

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

Article 41. Maritime claims giving rise to arrest of ships

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

1. Maritime claims listed in Article 37 of this Code;
2. Damage or threat of damage caused by the ship to the environment, coastline or related interests; measures taken to prevent, minimize, or remove such damage; compensation for such damage; costs of reasonable measures of reinstatement of the environment actually undertaken or to be undertaken; loss incurred or likely to be incurred by third parties in connection with such damage, and damage, cost, or loss of a similar nature to those identified in this paragraph;
3. Cost or expenses relating to the raising, removal, destruction or the rendering harmless of a ship which is sunk, wrecked, stranded or abandoned, including anything that is or has been onboard such ship, and costs or expenses relating to the preservation of an abandoned ship and maintenance of her crew;
4. Any agreement relating to the use or hire of the ship, whether contained in a charter party or otherwise;
5. Any agreement relating to the carriage of goods or passengers on board the ship, whether contained in a charter party or otherwise;
6. Loss of or damage to or in connection with goods (including luggage) carried on board the ship;
7. General average;
8. Towage;
9. Pilotage;
10. Goods, materials, provisions, bunkers, equipment (including containers) supplied or services rendered to the ship for her operation, management, preservation or maintenance;
11. Construction, reconstruction, repair, converting or equipping of the ship;
12. Disbursements incurred on behalf of the ship or her owners;
13. Insurance premiums (including mutual insurance calls) in respect of the ship, payable by or on behalf of the ship-owner or demise charterers;

14. Any commissions, brokerages or agency fees payable in respect of the ship by or on behalf of the ship-owner or demise charterers;

15. Any dispute as to ownership or possession of the ship;

16. Any dispute between co-owners of the ship as to the employment or earning of the ship;

17. A mortgage on the ship;

18. Any dispute arising out of a contract for the sale of the ship;

Article 42. Exercise of right of arrest

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

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

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

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

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

e. the claim is secured by a maritime lien.

2. Arrest is also permissible of any other ship or ships which, when the arrest is effected, is or are owned by the person who is liable for the maritime claim and who was, when the claim arose:

a. owner of ship in respect of which the maritime claim arose.

b. demise charterer, time charterer or voyage charterer of that ship.

3. The provisions of paragraph 2 of this Article do not apply to claims in respect of ownership or possession of a ship.

Article 43. Financial security for arrest of ships

1. As a condition of the arrest of a ship, the claimant who seeks to arrest the ship has to provide security of a kind and for an amount as may be determined by the court, correspondent to the extent of the liability of the claimant for loss or damage caused by the wrongful arrest of a ship.

2. The claimant shall be liable for loss or damage caused by the wrongful arrest of a ship.

Article 44. Release from arrest

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

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

3. A sea-going ship may be released at the application made by those who themselves had made application for her seizure. The charges incurred shall be paid by such persons.

Chapter III SHIPCREW

Article 45. Shipcrew

Shipcrew shall be persons within the ship's complement, consisting of Master, officers and other ranks arranged for working on board the ship, hereinafter referred to as crew.

Article 46 Crew working on board Vietnamese sea-going ships

1. Crew are persons meeting the required conditions and standards to undertake their ranks on board Vietnamese sea-going vessels.

2. Crew working on board Vietnamese sea-going ships shall meet the following conditions:

a. Being Vietnamese citizens or foreign citizens permitted to work on board Vietnamese sea-going ships;

b. Meeting standards of health, working ages and competency, and having certificates of competency as required;

c. Being arranged for undertaking the ranks on board;

d. Holding of a seaman book.

e. Holding a valid crew passport available for immigration clearance if he is arranged for working on board a sea-going ship trading internationally.

3. Vietnamese citizens meeting the required conditions may be permitted to work on board foreign sea-going ships.

4. The Minister of Transport shall provide in detail for crew's ranks and duties, minimum safety manning, competencies and certificates of competency, registration, passports and seaman books and conditions for Vietnamese crew permitted to work on board foreign sea-going ships and conditions for foreign crew permitted to work on board Vietnamese sea-going ships.

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

Article 47. Obligations of Crew

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

a. Strict compliance with the Vietnamese legislation and International Treaties to which the Socialist Republic of Viet Nam is also a contracting party, and the law of the country where Vietnamese sea-going ships are trading.

b. Due diligent performance of duties in conformity with their ranks and responsibility for their duties to the shipmaster;

c. Timely, strict and precise performance of the orders given by the Master;

d. Prevention of accidents and incidents to the ship, cargo, persons and luggage on board. When danger is discovered, immediate notice should be given to the Master or officers on watch and necessary measures should be taken to prevent accidents and incidents arising from such danger;

e. Keeping in custody and use of certificates, documents, equipment, tools and other property of the sea-going ship under his responsibility;

f. Performance of other statutory duties.

2. Vietnamese crew working on board foreign ships shall be bound to carry out the agreements concluded with the shipowners or foreign employers.

Article 48. Labour regime and rights of crew

1. Labour regime and rights of Vietnamese crew working on board Vietnamese sea-going ships are subject to the laws in force in Viet Nam.

2. In case Vietnamese crew must leave the ship as ordered by the shipowner or the shipmaster, the shipowner shall be bound to cover living and traveling costs necessary for sending back crew to the place laid down in the crew agreement or to the port where crew joined the ship unless otherwise stipulated in the crew agreement. Where crew leaves the ship by the order of the Master, he must report to the shipowner.

3. When the loss of or damage to the legitimate own property of crew is caused by accident occurred to the ship, the shipowner shall be bound to compensate such property as per market price ruling at the place and time where the accident is settled. If the accident has occurred by approximate cause on the part of crew, they lose the right to claim for loss or damage.

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

Article 49. Legal status of the Master

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

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

Article 50. Duties of the Master

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

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

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

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

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

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

7. In case the ship is threatened with sinking or with destruction the Master shall be bound to take all available measures to save first the passengers and then the crew.

The Master is the last to leave the ship after he has made use of all means possible to save the logbook, charts and other important documents of the ship.

8. The Master must not leave the ship which is in danger unless that is required by an absolute necessity.

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

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

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

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

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

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

Article 51. Rights of the Master

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

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

3. The Master shall be entitled not to let the ship commence the voyage if he has grounds to ascertain that the ship under his command has insufficient necessary conditions of maritime safety, maritime security and prevention of environmental pollution.

4. The Master shall be empowered to keep the crew under his command to follow the disciplines or to give the reward to them; to refuse to recruit or to force to leave his ship those crew who are unqualified in ranks assigned to them or who have breached the laws.

5. If necessary, the Master of a ship, while away from the home port, is empowered to loan in credit terms, or in the name of the shipowner to borrow cash but only within the limits of sufficiency to repair the ship, to complement

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

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

7. During a voyage, if means necessary for its completion cannot be obtained in any other way, the Master after having, by all means, sought instructions from the charterers and the shipowner but failed shall be entitled to pledge or even sell a part of the cargo. In so doing, the Master shall be bound to narrow at the lowest level, the prejudice to the shipowner, the charterers and the parties having interests in the cargo.

8. Where on a ship, while on voyage, the reserved provisions and foods have run out, the Master has the right to requisite a part of cargo being provisions and foods carried on board, and in the case of utmost necessity, to requisite provisions and food from persons on board. This requisition should be inserted in a writing protocol. The shipowner shall be bound to compensate for the food and provisions requisited

9. The Master of a ship being in sea distress has the right to demand his ship be saved, and after consultation with ships which answered his call for assistance, to indicate which ship is to render him salvage.

Article 52. The Master's obligations on birth and death on board

1. In respect of each case of birth or death or other occurrences on board the ship during the voyage, the Master shall be bound to make an entry in the ship's logbook and draw up a protocol in presence of ship's medical person and two witnesses. The Master shall be bound to make an inventory list of property left by the person died on board and put this property under his custody.

2. The Master shall be bound to report births or deaths occurring on board and deliver testaments, inventory list of property of the deceased to the Competent Registrar Office in the first Vietnamese port at which the ship called, or the authorized diplomatic representative or consulate of Viet Nam abroad if this port is a foreign port.

3. After having tried to seek all means possible to ask for instructions from the shipowner and for opinion of the relatives of the deceased the Master, in the name of the shipowner, pursue funeral procedures and bury the dead. All the relevant fees are paid in conformity with the provisions of law.

Article 53. Obligations of the Master on acts of criminal offences on board

1. In the event of criminal offences committed on board, the Master shall be bound to:

a. Take all the necessary means for preventing, draw up files as provided for by law;

b. Secure evidence and, according to the specific circumstance, to hand over the offender against criminal law together with the relevant documents to the competent Administration of Viet Nam at the first Vietnamese port the ship has called, or while on a voyage, to a public service ship of the Vietnamese Armed Forces encountered on sea, or to inform the authorized diplomatic representative or consulate of Viet Nam abroad and to act according to the instruction given by them.

2. If necessary, the Master shall be empowered to confine to a separate compartment any person whose conduct on board endangers the safety and public order of the ship and persons on board and cargo carried on board.

Article 54. Obligation to notice diplomatic or consular mission of Viet Nam

1. On arrival of the ship at a foreign port, the Master shall be bound to advise the authorized diplomatic or consular mission of Viet Nam at the nearest place in case of need.

2. The Master shall be to produce, on demand by the authorized diplomatic or consular mission of Viet Nam stationed in that country, the ship's certificates, and documents.

Article 55. Report of the Master on maritime accident occurrence

Immediately after the occurrence of a maritime accident to his ship or detection of a marine accident or other incidents relating to maritime navigation safety in the area where the ship is operating, the Master shall be bound to report same to the competent authorities of the nearest place and make the report on the maritime accident as provided for.

Article 56. Sea protests

1. A sea protest is a protest filed by the Master, stating circumstances encountered by the ship and measures taken by the Master to overcome such circumstances, to avert losses and damages and to protect the right and legal interest of the shipowner and parties involved.

2. When the ship, persons or cargo carried on board are damaged or lost on account of accident or when having grounds for suspecting the occurrence of such damage or loss, the Master shall be bound to file a sea protest, and latest within twenty four hours of an accident which has occurred in port, or within twenty four hours of the ship's arrival at the first port, the Master shall be bound to submit the sea protest to the competent Administration as provided in paragraph 3 of this Article for certifying this submission.

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

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

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

Article 57. Crew agreement

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

2. The main contents of a crew agreement include:

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

Article 58. Shipowner's obligations to crew

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

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

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

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

CHAPTER IV

SEAPORT

Article 59. Seaport

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

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

Port water area is a restricted water area for establishing a waterfront of wharves, ship manoeuvre area, anchorage and lighterage area, storm shelter area, pilot boarding area and quarantine area; it also includes an area used for construction of port access channel and other auxiliary works or facilities.

A seaport has one or a number of berths. A berth has one or a number of wharves. A berth includes wharves, warehouses, workshops, offices, service bases, and transport, communications, electricity and water system, access channel and other auxiliary works or facilities. A wharve is a fixed structure belonging to the berth, which is used for ships' anchorage, loading or discharging of cargo, embarkation or disembarkation of passengers and other services.

2. Seaport infrastructure includes berth infrastructure and public infrastructure of the seaport.

Berth infrastructure includes wharves, waterfront of wharves, warehouses, yards, workshops, offices, service bases, and a transport, communications, electricity and fresh water system, seaport sub-channel and other auxiliary works which are built and installed in fixed position in the port land premise and waterfront of wharves.

Public infrastructure of the seaport includes access channel, navigation aids system and other auxiliary works or facilities.

3. Port access channel means the limit of water area from the sea to the port, which is defined by a navigation aids system and auxiliary works in order to permit the safe reception of sea-going ships and other waterway facilities.

Sub-port access channel means the limit of water area from the port access channel to the berth, which is defined by a navigation aids system and auxiliary works in order to permit the safe reception of sea-going ships and other waterway facilities.

4. Military ports, fishery ports and inland waterway ports and berths located in the water area of a seaport shall be under the State administration on maritime safety, maritime security and prevention of environmental pollution in accordance with the provisions of this Code.

Article 60. Category of seaports

Seaports are grouped into the following categories:

1. Seaports under Class I mean those ports which are especially important seaports with sizeable scope to serve the socio-economic development of the whole country or of the inter-regions;

2. Seaports under Class II mean those ports which are important seaports with medium scope to serve the socio-economic development of the region or localities.

3. Seaports under Class III mean those ports which are seaports with small scope to serve activities of enterprises.

Article 61. Functions of seaports

1. To guarantee ships' safety on entering, leaving and during her operation at port.

2. To provide necessary facilities and equipment for ships to berth and to load or unload cargo and to embark or disembark passengers.

3. To provide services for transport, handling, storage and care of cargo within the port.

4. To provide ships and other means of waterway transport with shelter, repairs and maintenance works or carrying out necessary services in case of emergency.

5. To supply other services to sea-going ships, persons and cargo

Article 62. Announcement of closure and opening of seaports and port water areas

1. The Government shall provide for conditions and procedures for closure and opening of seaports and port water areas, and for management of maritime access channel and maritime activities at seaports.

2. The Minister of Transport, in consultation with the People Committee of the Province or the City under the central government where the port exists, shall make public closure and opening of seaports, port water areas and areas under the management of the Maritime Port Administration.

3. Director of the Maritime Port Administration shall determine temporary suspension of port entry or departure of ships.

Article 63. Planning for seaport development

1. Master plan for seaport development shall proceed from the strategy of national socio-economic development, the national defense and security and the Master plans for transport development, other sectors and localities, and trend of international maritime development.

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

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

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

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

1. Investment in construction of seaports and port access channels must be in compliance with the Master plan for development of the seaport and port access channel system and provisions of the laws and regulations on investment and construction and other relevant legislations.

2. Local organizations and individuals, and foreign organizations and individuals shall be entitled to invest in construction of seaports and port access channels in accordance with the existing laws and regulations.

The organizations and individuals who invest in construction of seaports and port access channels shall determine modalities of managing and operating the seaports and port access channels.

3. The Government shall provide in detail for construction investment, management and operation of seaports and port access channels.

Article 65. Maritime safety, maritime security and prevention of environmental pollution at seaports

All organizations and individuals who operate at seaports shall fully comply with the Vietnamese law and the international treaties on maritime safety, maritime security and prevention of environmental pollution, to which the Socialist Republic of Viet Nam is a contracting party.

Article 66. Maritime Port Administration

1. The Maritime Port Administration is the body carrying out the State administration on maritime at seaports and port water areas.

2. Director of the Maritime Port Administration is the person who exercises the highest command of the Maritime Port Administration.

3. The Ministry of Transport shall determine organization and activities of the Maritime Port Administration.

Article 67. Duties and powers of Director of the Maritime Port Administration

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

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

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

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

5. To exercise the detention of sea-going ships in conformity with the provisions of Article 68 of this Code.

6. To organize search and rescue of persons in distress in the port water area; to mobilize all human resources and appropriate facilities to carry out the search and rescue or to solve the environmental pollution incidents.

7. To exercise the implementation of the registration of sea-going ships and crew; to carry out the collection, management and use of all port charges and fees in accordance with the provisions of the laws and regulations.

8. To carry out maritime safety inspection; to investigate and handle within his power marine accidents at the seaport and the area under his management.

9. To chair and run the co-ordination of activities between the State Authorities at the seaport.

10. To impose, within his power and responsibilities, maritime administrative fines.

11. To carry out other duties and powers in conformity with the provisions of law.

Article 68. Detention of sea-going vessels

1. Detention of a sea-going ship shall be effected in the following cases:

a. The ship is not seaworthy in respect of maritime safety, maritime security and prevention of environmental pollution;

b. The ship is in the process of maritime accident investigation;

c. The remittance of maritime fees and charges by the ship has not been fully effected;

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

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

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

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

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

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

Chapter V

CONTRACT OF CARRIAGE OF GOODS BY SEA

Section 1

GENERAL PROVISIONS

Article 70 Contract of carriage of goods by sea

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

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

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

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

Contracts of carriage of goods by sea are made up of the following types:

1. Transport document contract means the contract concluded between a carrier and a shipper under which instead of allowing for the goods the whole cargo space of the ship, or a definite part thereof, the carrier will perform the carriage on the basis of their kind, quantity, measurement or weight.

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

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

Voyage charter party shall be made in writing.

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

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

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

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

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

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

Article 73 Transport documents

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

2. Bill of lading means a document which evidences that the carrier has received the goods with quantity, kinds, and in conditions as specified therein for carriage to the place of discharge; is a document of title for disposing of the goods and for taking delivery thereof; and which evidences a contract for carriage of goods by sea.

3. Sea through bill of lading means the bill of lading in which it is stated that the carriage of goods by sea is to be performed by more than one sea carrier.

4. "Sea way bill" means any document which evidences that the carrier has received the goods as specified therein, and which evidences a contract for the carriage of goods by sea, however it shall not be negotiable.

5. Other similar transport document means any document with similar contents and effects agreed between the carrier and shipper.

Section 2

TRANSPORT DOCUMENT CONTRACTS

Article 74. Period of responsibility

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

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

3 The carrier is deemed to have delivered goods by:

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

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

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

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

b. The carriage of live animals;

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

Article 75 Obligations of the carrier

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

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

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

Article 76. Deck cargo

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

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

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

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

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

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

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

Article 78. Exemption of liability for carrier

1. The carrier shall not be liable for loss or damage arising or resulting from unseaworthiness unless caused by want of due diligence on the part of the carrier to make the ship seaworthy, and to secure that the ship is properly manned, equipped and supplied, and to make the holds, refrigerating and cool chambers and all other parts of the ship in which goods are carried fit and safe for their reception, carriage and preservation in accordance with the provisions of paragraph 1 of Article 63 of this Code. Whenever loss or damage has resulted from unseaworthiness the burden of proving the exercise of due diligence shall be on the carrier or other person claiming exemption under this article.

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

a. Act, neglect, or default of the Master, other members of the crew, pilot, or servants of the carrier in the navigation or in the management of the ship;

b. Fire, unless caused by the actual fault or privity of the carrier;

c. Perils or accidents on the sea, or in navigable waters;

d. Force majeure;

đ. Act of War;

e. Hostilities, actions hostile to public welfare order;

g. Acts or restraint of authorities or people, or court seizure for legal process;

h. Quarantine restriction;

i. Act or omission of the shipper or owner of the goods, his agent or representative;

k. Strikes or lock-outs or other similar circumstances from whatever cause which hold up or restrain work in general or in part;

l. Riots and civil commotions;

m. Saving or attempting to save life or property at sea;

n. Wastage in bulk or weight or any other loss or damage arising from quality, inherent defects, or vice of the goods;

o. Insufficiency of packing;

p. Insufficiency or inadequacy of marking of the goods;

q. Latent defects not discoverable in spite of exercising due diligence;

r. Any other cause arising without the actual fault or privity of the carrier nor the fault or neglect of the agents or servants of the carrier.

If by virtue of statute or contract anybody is entitled to the benefit of the aforesaid complete exemption of the carrier, the burden of proof shall be on him to show that neither the actual fault or privity of the carrier nor the fault or neglect of the agents or servants of the carrier contributed to the loss or damage.

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

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

Article 79. Limitation of liability

1. Unless the nature and value of such goods have been declared by the shipper before shipment and inserted in the bill of lading, the carrier shall in any event be or become liable for any loss or damage to or in connection with the goods in an amount exceeding the equivalent of 666.67 units of account per package or unit or 2 units of account per kilo of gross weight of the goods lost or damaged, whichever is the higher.

The unit of account means the monetary unit determined by the International Monetary Fund (IMF) and called the Special Drawing Right (SDR).

The total amount recoverable shall be converted into Vietnamese currency according to the official rate of exchange at the time of compensation.

2. Where a container, pallet or similar article of transport is used to consolidate cargo, the number of packages or units enumerated in the bill of lading as packed in such article of transport shall be deemed the number of packages or units for the purpose of this paragraph as far as these packages or units are concerned. Except as aforesaid such article of transport shall be considered the package or unit.

3. Where the kind and the value of the goods have been declared by the shipper before their loading and have been accepted and inserted by the carrier in the bill of lading, way bill or other similar way bill, the carrier is obliged to compensate for loss of or damage to the goods on the basis of so declared value and on the following principles:

- a) As to goods lost, by the value declared;
- b) As to goods damaged, by the difference between the value declared and the value remained of the goods.

The remaining value of the goods shall be fixed according to the market price at the place and time at which the goods are discharged or should have been discharged, where such value of the goods are unable to be ascertained it is based on the market price at the place and time at which the goods have been loaded plus the costs and charges connected with the delivery of goods up to the port of destination.

4. The carrier is liable for any economic loss caused by delay in delivery up to two and a half times of the freight payable for the delayed cargo, however in no case exceeding the total freight stipulated in the contract of goods by sea.

Article 80 Loss of benefit of the limitation of liability

1. The carrier shall not be entitled to the benefit of the limitation of liability provided for in Article 79 of this Code if it is proved by claimant that the damage resulted from an act or omission of the carrier done with intent to cause damage or delay of delivery, or recklessly and with knowledge that damage or delay of delivery would probably result.

2. A servant or agent of the carrier shall not be entitled to the benefit of the limitation of liability provided for in this Section, if it is proved that the damage or delay of delivery resulted from an act or omission of the servant or agent done with intent to cause damage or delay of delivery or recklessly and with knowledge that damage or delay of delivery would probably result.

Article 81 Obligations of the shipper and consignor

1. The goods should be packed and have a suitable marking on it in conformity with rules and regulations in force. The carrier is entitled to refuse the loading of the goods which have insufficiency or inadequacy of packing.

2. As regards easily inflammable, explosive or otherwise dangerous goods or goods which should be handled in a particular manner during loading, carriage, preservation and discharge, the shipper is bound to furnish in due time to the carrier the documents and necessary guidelines pertaining to the goods.

The shipper is liable for damages resulting from the delay in delivery of such necessary documents and guidelines and from irregularities or inaccuracies thereof.

3. Where it is deliberately or unintentionally, the shipper or consignor is liable to the carrier as well as to passengers, crew and owners of other goods for damages caused by an inaccurate or untrue declaration regarding the goods if the carrier proves such losses are caused through their fault.

Article 82. Carriage of dangerous goods

1. The carrier, while retaining his right to the full freight, is entitled, at his discretion, to discharge the goods from the ship, destroy or render it innocuous without any obligation to make compensation where the goods being easily inflammable, explosive or otherwise dangerous have been incorrectly declared or where during the loading the carrier has not been warned about and could not ascertain the goods dangerous nature on the basis of a common operational knowledge.

The shipper is liable for losses resulting from such goods.

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

A distance freight is the amount due for the carriage calculated in the proportion of the whole agreed voyage distance to the part of the voyage actually covered by the goods, as well as in the proportion of the costs and time, perils or troubles on the average connected with the part of the voyage covered to what falls to the remaining part of the voyage to be completed.

Article 83. Liability exemption of the shipper

The shipper is not obliged to compensate the loss of or damage to the ship or the carrier if he proves that neither his privity nor his agents or servants have caused the action, neglect or fault contributed to the loss or damage.

Article 84. Payment of freight

1. Upon taking delivery of the goods, the consignee is bound to pay to the carrier the freight, and all other charges due to him by way of the carriage of the goods unless these amounts of money have been paid to the carrier.

2. The carrier may refuse to deliver the goods and retain it until the shipper and the consignee have fully paid or properly secured the amounts being owing to the carrier.

The debts as above mentioned in paragraph 1 will include the contribution of the goods in general average and salvage remuneration falling on the goods.

The interest, base on the ruling rates announced by the relevant transaction bank, is charged in addition to the debts not payable within falling due.

Article 85. Freight in the case of loss or damage to the goods

1. No freight is due on goods lost during the carriage through any accident whatsoever, and the freight paid in advance is subject to refund. Where the goods lost has subsequently been saved or recovered, the carrier has the right only to the distance freight if the party interested in the goods has gained no benefit from the goods having been carried over a part of the voyage.

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

Article 86. Issue of bill of lading

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

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

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

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

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

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

Article 87. Contents of bill of lading

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

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

b) The designation of the shipper;

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

d) The name of the ship;

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

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

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

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

i) Place of loading and port of loading;

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

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

m) The date and the place of issue of the bill of lading;

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

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

2. Where the carrier has not been named in the bill of lading, it is assumed that the ship-owner is the carrier. Where in the bill of lading made out in accordance with paragraph 1 of this Article, the carrier has been named inaccurately or falsely, the ship-owner is liable to compensate for any loss resulting there from and then has a recourse claim against the carrier.

Article 88. Notes in the transport documents

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

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

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

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

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

Article 89. Transfer of bill of lading

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

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

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

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

The carrier and shipper may agree to substitute the bill of lading by the sea waybill or other similar waybill and agree on the content, validity of these documents in conformity with international maritime shipping custom.

Article 91. Applying to the sea through bill of lading

Subject to the exceptions provided for by other regulations and laws, the provisions on the bill of lading stipulated in this Code are also applicable to the sea through bill of lading issued by the sea carrier.

Article 92. Rights of the shipper to dispose of the goods

1. The shipper has the right to dispose of the goods until its delivery to the entitled consignee if this right has not been vested to any other person; and before the commencement of the voyage he may demand redelivery of the goods at the loading port, and after the commencement of the voyage alter his original indications as to the consignee and the port of destination-against compensation for all losses and expenses connected therewith. The carrier is bound to follow such instructions of shipper only all copies of the original bill of lading issued have been surrendered.

2. The rights determined in paragraph 1 of this Article shall not be applied if the execution thereof would cause a considerable delay in commencing the voyage, unless the carrier has given his consent thereto.

Article 93. Delivery Obligation

The carrier is bound to deliver the goods at the port of destination to the legitimate consignee holding even a single original of the bill of lading or the waybill or other similar waybill as determined in Article 89 of this Code. After the delivery of the goods by the carrier against one original copy, all the other copies of the bill of lading stand null and void.

Article 94. Detention of goods

1. Where the consignee does not claim delivery, or refuses to take delivery of the goods, or delays the discharge, the carrier is entitled to discharge the goods and place it in custody at a safe and suitable place and notify the consignee thereof. All costs and charges connected therewith and losses resulting there from are borne by the consignee.

2. Where at the same time several holders of the original bill of lading or waybill or other similar waybill claim delivery of the goods, the carrier is entitled to act in the same manner determined in paragraph 1 of this Article.

3. The indemnity to the carrier for detention of the ship caused by discharging the goods and their placing in custody, as laid down in paragraph 1 of this Article shall also be applied on the same manner as for the detention of the ship during loading.

4. Where, within sixty days from the day of the ships arrival at the port of destination, the goods placed in custody has not been collected or the consignee has failed to pay in full the outstanding debts or to make an adequate security thereof, the carrier has the right to sell the goods by public auction. Such goods may be sold even before the expiration of the sixty day period where the goods incurs a risk of deterioration or their putting in custody involves costs in excess of their actual value.

The carrier is bound to notify the shipper of the cases referred to in paragraphs 1,2 and 4 of this Article and also his intention to sell the goods for clearing debts as determined in paragraph 4 of this Article.

5. Goods detained by carrier in Viet Nam ports shall be dealt with in accordance with the relevant regulations of the Government.

Article 95. Proceeds obtained from the public auction of the goods

1. Out of the proceeds obtained from the public auction of the goods, the carrier covers the amounts due to him from the consignee in connection with the costs of placing goods in custody and effecting public auction as stipulated in Article 94 of this Code of which the balance is placed by him in a bank deposit with a view to such sum being paid to the party entitled thereto.

2. Where the proceeds obtained from the public auction of the goods are not sufficient to cover in full the amounts due to the carrier as mentioned in paragraph 1 of this Article, the carrier has the right to full claim thereof from the parties involved.

3. Where within a period of one hundred and eighty days from the date of public auction of the goods, nobody claims for the outstanding balance, the carrier will transfer it to the State Treasure in conformity with statutory procedures.

Article 96. Survey and notice of loss of or damage to the goods and delay of delivery

1. The consignee, as well as the carrier, may before taking delivery of the goods demand that a survey thereof be carried out. Costs connected with the survey are borne by the party who has ordered the survey, however the party shall have the right to recover the cost from the person who cause damages.

2. It is presumed that the consignee has fully and completely taken delivery of the goods in conformity with the contents of the bill of lading unless he has given in writing notice to the carrier of losses or damages at latest at time of taking delivery, and in the case of damages externally imperceptible-at latest within three days of taking delivery of the relevant goods. The notice in writing is superfluous if the goods have been surveyed as stipulated in paragraph 1 of this Article.

Any agreement contrary to this provision shall be invalid.

3. The consignee shall be entitled to give notice of loss if the consignee has not received the goods within 60 days since the date the goods should have been delivered in accordance with the concluded contract.

4. No compensation shall be payable for loss resulting from delay in delivery unless a notice has been given in writing to the carrier within 60 consecutive days after the day when the goods should have been handed over to the consignee.

Article 97. Time-bar for action in respect of damage, loss of goods

Any action in respect of damage to, or loss of the goods carried under a bill of lading or similar waybill is time-barred at the expiration of one year from the day on which the goods has been or should have been delivered to the consignee.

SECTION 3

VOYAGE CHARTER PARTY

Article 98. Use of ship in the voyage charter party

The carrier is bound to use the ship identified in the voyage charter party to carry the goods, except with the consent of the charterer, the carrier may substitute the contract identified ship by another.

Article 99. Transfer of rights in voyage charter party

The charterer may, without the carrier's consent, transfer to a third party his rights under the voyage charter party, however, and the charterer remains responsible for the performance of the concluded contract.

Article 100. Issue of bill of lading in the voyage charter party

In the case of bill of lading issued under or pursuant to a charter party, and the holder of the bill of lading is not the charterer, the obligation and rights of the carrier and the holder of the same shall be governed by the provisions of the bill of lading. If the provisions of the voyage charter party have been inserted in the bill of lading, such provisions shall be applied.

Article 101. Loading port and loading place

1. The carrier is bound to direct the ship, being ready to load, to the determined place and time; to place her at the loading place as per conditions agreed in the contract of carriage of goods.

2. Where the carriage is based on a voyage charter party, the carrier will direct the ship to the charterers indicated place which is safe accessible without difficulty for the ship to reach, to call at and to leave unhindered with the goods. Where there several charterers who have not agreed among them

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

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

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

Article 102. Loading time

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

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

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

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

Article 103. Demurrage

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

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

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

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

Article 104. Notice of readiness

1. The carrier is bound to notify the charterer or the shipper in writing of having the ship available at the loading place in readiness to commence the loading, such a notification hereinafter is referred to as the “Notice of readiness”.

2. The days and hours in which the “Notice of readiness” is deemed to have been effected are agreed by and between the parties concerned in the voyage charter party; in the absence of such provision, by local custom in respect of such acts are applicable.

3. The “Notice of readiness” which at the time of its receipt by the charterer is not true to the facts, is deemed as not having been effected and the carrier is liable for the loss resulting therefrom.

Article 105. Change of goods

1. The charterer shall have the right to supply, instead of the goods specified in the contract-another goods with same characteristics, the carriage of which will not affect the interests of the carrier and of other charterers.

2. The freight due to the carrier for the carriage of such goods shall not be lower than the agreed freight.

Article 106. Loading and Stowage

1. The goods shall be stowed on board the ship in accordance with the cargo plan approved up by the Master. Stowage of goods on deck requires the charterer consent in writing.

2. The carrier shall be bound to exercise due diligence in loading, stowage, lashing and separation of goods on board. The relevant costs are to be agreed upon by the parties concerned in the contract.

Article 107. Leaving loading port

1. After the expiration of the loading and demurrage time as provided for in the voyage charter party, or after the expiration of the date for supplying the goods, as fixed in the booking contract, the carrier is entitled to let his ship leave the loading place even though the whole agreed goods or part thereof has not been loaded onto the ship by way of causes on the part of the charterer. In this case the carrier maintain his right to the full freight including the freight falling also on the goods not loaded, which hereinafter is referred to as dead freight.

2. Where according to the contract the charterer has at his disposal the whole space of the ship, the carrier while maintaining his right to full freight-is, on the charterer’s demand, bound to comply with the following requirements:

a) To commence the voyage even before the agreed date;

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

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

Article 108. Route and duration of voyage

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

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

Article 109. Alternative port

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

2. Where by virtue of contract the carrier allows for the goods the whole goods space of the ship the Master should, depending on the specific circumstances, ask for and follow the instructions of the charterer. Where it is impossible to follow the charterer's instructions or where the charterer's instructions have not been received in due time, the Master may discharge the goods or return it to the port of loading, which may, in his judgment, properly protect the interest of the charterer. The charterer shall be bound to pay the carrier the distance freight and costs connected therewith.

3. Where by virtue of contract the carrier allows for the goods a definite part of the ships space, the Master is also entitled to act as stipulated in paragraph 1 of this Article if the charterer's instructions have not been received within five days from the time when the notification for instructions has been sent or if it is impossible to follow the charterer's instructions. The charterer is liable to pay the carrier the full freight and costs connected therewith.

Article 110. Discharge and delivery of goods

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

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

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

Article 111. Freight

1. Where a larger quantity of cargo have been loaded upon the ship than provided for in the contract, the carrier is entitled to the freight also on the surplus according to the rates agreed in the contract.

2. In case cargo placed on board without permission of the carrier, the carrier shall be entitled to the double amount of freight due for the carriage from the loading port to the port of discharge, as well as to compensation for losses which the carrier has sustained by reason of such cargo having been placed on board without his permission. The carrier may discharge such cargo at any port whatever, if necessary.

3. Upon taking delivery of the cargo, the consignee is bound to pay to the carrier the freight, compensation money for detention of the ship and all other charges due to him relating to the carriage of the cargo unless these amounts of money have been paid to the carrier.

Article 112. Payment of freight, detention of goods and proceeds obtained from the public auction of the goods

The provisions on payment of freight, detention of goods and proceeds obtained from the public auction of the goods stipulated in Article 84, Article 85, Article 94 and Article 95 of this Code shall apply to the voyage charter party.

Article 113. Charter's right of termination of contract

1. The charterer has the right to rescind the contract in the following cases:

a) The carrier has failed to place the ship at the place of loading at the agreed date, or has delayed in loading the goods up to the ship or in commencement of the voyage; the charterer is entitled to the compensation for the damages resulting there from;

b) After the completion of the loading but still before the commencement of the voyage or during the voyage, the charterer may demand that the goods be discharged but he is bound to pay the full freight and costs connected therewith to the carrier.

2. The carrier is entitled to refuse the charterer's demand to discharge the goods as mentioned in point b, paragraph 1 of this Article where such would cause a delay of the voyage or affect the interest of the parties concerned on account of the alteration of the fixed schedule.

3. Where by virtue of contract the charterer has at his disposal the whole space of the ship, he has the right to rescind the contract of carriage before the commencement of the voyage, however he is bound to compensate the costs arising therefrom and, depending on the moment of the rescission of the contract moreover to pay the freight on the following principles:

a) One half of the freight, where he rescinds the contract still before the agreed loading time to count.

b) The full freight, where he rescinds the contract after the agreed loading time to count or after the agreed time for demurrage to count if the contract has been concluded for a single voyage.

c) The full freight for the voyage, before the commencement of which he rescinds the contract, and plus one half of the freight for subsequent voyages if the contract has been concluded for a number of voyages.

4. Where the charterer has rescinded the contract in conformity with the provision laid down in paragraph 3 of this Article, the carrier is bound to detain the ship at the place of loading until the goods discharge has been completed even though this may detain the ship beyond the agreed loading and demurrage times.

5. Where by virtue of contract the charterer has at his disposal only a definite part of the ships goods space, he is entitled to rescind the contract and liable to compensate the costs connected therewith, and depends on the moment of the rescission of the contract, he is bound to pay the freight on the following principles:

a) One half of the freight where he rescinds the contract after the agreed time for supplying goods;

b) Full freight where he rescinds the contract during the voyage.

Article 114. Carrier's right of termination of contract

Where the goods has been loaded on board insufficiently as compared with the contracted quantity and the total value of the quantity of such loaded goods does not secure the freight and other amounts expended by the carrier on the goods, the carrier may rescind the contract before the commencement of the voyage, unless the charterer has paid the full freight or provided an

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

Article 115. Right of termination of contract without compensation

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

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

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

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

Article 116. Automatic termination of contract

1. Reciprocal obligation of the parties automatically extinguish where, after the conclusion of the contract and before the departure of the ship from the place of loading, by the following reasons for which neither party is responsible:

- a) The ship designated in the contract has been sunk, missing, captured;
- b) The goods specifically designated in the contract have been lost;
- c) The ship designated in the contract has been considered unfit for repairs or not worth repairing economically.

2. Where the circumstances as set out in paragraph 1 of this Article have occurred during the voyage, the carrier retains his right to the distance freight. Where only the ship has been damaged while the goods have been saved or returned, the carrier retains his right to the distance freight as to so saved or returned goods.

Article 117. Take care of goods after termination of contract

Where the contract has been terminated in conformity with the provisions laid down in this Section, the carrier is still liable to take care of

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

Article 118. Time-bar

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

SECTION 4

MULTIMODAL TRANSPORT CONTRACT

Article 119. Multimodal Transport Contract

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

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

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

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

Article 120. Responsibility of multimodal transport operator

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

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

Article 121. Limitation of liability of multimodal transport operator

1. If loss of or damage to the goods has occurred in certain section of the transport, the provisions of the relevant laws and regulations governing that specific section of the multimodal transport shall be applicable to matters

concerning the liability of the multimodal transport operator and the limitation thereof.

2. If the section of transport in which the loss of or damage to the goods occurred could not be ascertained, the multimodal transport operator shall be liable for compensation in accordance with the stipulations regarding the carrier's liability and the limitation thereof as set out in Article 78 and Article 79 of this Code.

Article 122. Detailed regulations on multimodal transport contract

The Government will promulgate detailed regulations on multimodal transport.

Chapter VI

CONTRACT OF CARRIAGE OF PASSENGERS AND THEIR LUGGAGE BY SEA

Article 123. Contract of carriage of passengers and luggage

1. Contract of carriage of passengers and luggage by sea is a contract concluded between a carrier and a passenger whereby a carrier agrees to carry a passenger by sea-going ship, in return for passage money to be paid to him by the passenger, from the port of embarkation to the port of destination.

2. Carrier means a person by or on behalf of whom a contract of carriage of passengers has been concluded.

3. Performing carrier means a person who has been authorized by the carrier to actually perform the whole or part of the carriage of passengers and their luggage.

4. Passenger means any person carried in a ship under a contract of carriage, or who with the consent of the carrier is accompanying a vehicle or live animals, which are covered by a contract for the carriage of goods.

5. Luggage means any article or vehicle carried by the carrier in connection with a contract of carriage of passenger by sea, excluding:

- a. Articles and vehicles carried under a contract for the carriage of goods.
- b. Live animals.

6. Cabin luggage means luggage which the passenger has in his cabin or otherwise in possession, custody or control.

Article 124. Documents for carriage of passengers and their luggage

1. Documents for carriage of passengers and their luggage include:

- a. The passenger's ticket is an evidence of the conclusion of the contract of carriage of passengers.

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

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

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

Article 125. Rights and obligations of passengers

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

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

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

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

Article 126. Rights and Obligations of the carrier

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

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

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

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

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

- b. Blockage of the place of embarkation or disembarkation.
- c. Ship is arrested, detained by the competent authorities without any fault of the parties of the contract of carriage.
- d. Mobilization of the ship for the national purpose
- e. There is an order on prohibition of leaving/calling ports of embarkation/disembarkation.

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

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

6. The carrier shall not refund the collected passage money if the passenger has not been present on board at the fixed time including the period the ship calls at en-route port during the voyage.

7. The carrier has the right to postpone the departure of the ship, to change the route, the place where to embark and disembark the passengers, if the sanitation conditions are not favorable at the place of departure, or arrival, or along the route, and or any other occurrence beyond his control. Upon the request of passenger, the carrier shall pay the costs for returning the passengers to the port of embarkation or to compensate the passengers for their reasonable and actual loss.

8. The provisions of paragraph 7 of this Article shall not limit the right of the passenger to stop the implementation of the contract of carriage of passenger.

Article 127. Responsibility between the carrier and the performing carrier

Responsibility between the carrier and the performing carrier shall be determined mutatis mutandis as stipulated by the provisions of Article 77 of this Code.

Article 128. Exemption of responsibility of the carrier on arrest of the passenger

The carrier shall be exempted from any responsibility if the passenger has been arrested by the competent authorities at en-route port or during the voyage due to the reasons caused by the passenger.

Article 129. Dealing with stowaway

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

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

3. The Master may disembark such person or transfer him onto a ship going to the port at which such person boarded the ship, the Master is bound to give the competent authorities information concerning the name, age, citizenship of that person, the port at which he boarded and concealed himself on the ship.

4. In case the stowaway is allowed to continue the voyage, the person shall buy ticket and have the rights and obligation as other passengers. .

Article 130. Liability of the carrier

1. The carrier shall be liable for the damage suffered as a result of the death of or personal injury to a passenger or other damage to health and the loss of or damage to luggage if the incident which caused the damage so suffered occurred in the course of the carriage and was due to the fault or neglect of the carrier or of his servants or agents acting within the scope of their employment.

Fault or neglect of the carrier or of his servants or agents acting within the scope of their employment shall be presumed, unless the contrary is proved, if the death of or personal injury to the passenger or the loss of or damage to cabin luggage arose from or in connection with the shipwreck, collision, stranding, explosion or fire, or defect in the ship.

In respect of loss of or damage to other luggage, such fault or neglect shall be presumed, unless the contrary is proved, irrespective of the nature of the incident which caused the loss or damage.

In all other cases the burden of proving fault or neglect shall lie with the claimant.

2. The burden of proof as to the loss or damage and the extent of the loss or damage arose from or in connection with collision, the shipwreck, destruction, stranding, explosion, fire or defect in the ship occurred in the course of the carriage shall lie with the claimant.

Article 131. The period of carriage of passenger and luggage

1. The carriage of passenger by sea covers the period from the embarkation to the disembarkation of the passenger, however, the carriage also covers the period during which the passenger is transported by water from land to the ship or vice-versa if this transport charge included in the fare.

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

Article 132. Limitation of the carrier's liability

1. The liability of the carrier for the death of or personal injury or any damage to health to a passenger shall in no case exceed 46,666 units of account per carriage and with the total compensation of not more than 25,000,000 units of account. Where in accordance with the law of the court seized of the case damages are awarded in the form of periodical income payments, the equivalent capital value of those payments shall not exceed the said limit.

2. The liability of the carrier for the loss of or damage to cabin luggage shall in no case exceed 833 units of account per passenger, per carriage.

3. The liability of the carrier for the loss of or damage to vehicles including all luggage carried in or on the vehicle shall in no case exceed 3,333 units of account per vehicle, per carriage.

4. The liability of the carrier for the loss of or damage to luggage other than that mentioned in paragraphs 2 and 3 of this Article shall in no case exceed 1,200 units of account per passenger, per carriage.

5. The carrier and the passenger may agree that the liability of the carrier shall be subject to a deductible not exceeding 117 units of account in the case of damage to a vehicle and not exceeding 13 units of account per passenger in the case of loss of or damage to other luggage, such sum to be deducted from the loss or damage.

Article 133. Loss of right to limit liability

1. The carrier shall not be entitled to the benefit of the liability prescribed in Article 132 of this Code, if it is proved that the damage resulted from an act or omission of the carrier with the intent to cause such damage, or recklessly and with knowledge that such damage would probably result.

2. The provisions of paragraph 1 of this Article shall also apply to the servant or agent of the carrier.

Article 134. Loss of and damage to the valuable articles and properties

The carrier shall not be liable for loss or damage to valuable articles, monies, bonds, works of art or other valuable property, unless their value were expressly stated by the passenger when such valuable property being deposited with the Master or the officer in charge of such luggage for the agreed purpose of safe-keeping.

Article 135. Possesory lien on luggage

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

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

Article 136. Notice of loss of and damage to luggage

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

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

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

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

2. If the passenger fails to comply with paragraph 1 of this Article, he shall be presumed, unless the contrary is proved, to have received the luggage undamaged.

3. The notice in writing needs not be given if the condition of the luggage has at the time of its receipt been the subject of joint survey or inspection by the carrier and passenger.

Article 137. Time-bar for actions relating to carriage of passengers and their luggage

1. Any action for damages arising out of the death of or personal injury or other damage to health to a passenger and for the loss of or damage to luggage shall be time - barred after a period of two years.

2. The limitation period as provided in paragraph 1 of this Article shall be calculated as follows:

a. In the case of personal injury, from the date of disembarkation of the passenger;

b. In the case of death occurring during carriage, from the date when the passenger should have disembarked, and in the case of personal injury occurring during carriage and resulting in the death of the passenger after disembarkation, from the date of death, provided that this period shall not exceed three years from the date of disembarkation;

c. In the case of loss of or damage to luggage, from the date of disembarkation, or from the date when disembarkation should have been taken place, whichever is later.

3. Despite of suspension or interruption of limitation on periods as provided for in paragraph 1 of this Article, in no case shall an action be brought after the expiration of a period of three years from the date of disembarkation of the passenger, or from the date when disembarkation should have taken place, whichever is later.

CHAPTER VII CHARTER PARTIES

Section 1

General provisions

Article 138. Charter party

Charter party means the contract concluded between shipowner and charterer, under which the shipowner agrees for remuneration to place at the disposal of a charterer an entire ship for a specified period of time for the purpose as provided for by the contract

Article 139. Forms of charter party

1. Charter party shall be concluded in the form of time charter parties or bareboat charter parties.
2. Charter party shall be concluded in writing.

Article 140. Subletting the ship

1. By the agreement provided in the contract, the charterer may sublet the ship to the third party, this, however, does not relieve the charterer of the obligation to execute the contract concluded by him with the shipowner.
2. When subletting the ship to the third party, the charterer shall be entitled to the benefit of the rights, and shall be bound to fulfill the obligations of the shipowner provided for in this Chapter.

Article 141. Basic principle of charter parties

The provisions concerning the rights and obligations of the shipowners and charterer in this Chapter shall apply only when there are no stipulations or no different stipulations in this regard in the charter party.

Article 142. Time-bar for action

Any action arising from a charter party is time-barred at the expiration of two years from the day on which the contract expired.

Section 2

Time charter party

Article 143. Time charter party

1. A time charter party is a charter party under which the shipowner provides a designated manned ship to the charterer.
2. A time charter party contains the following contents:
 - a) name of the shipowner, the name of the charterer;
 - b) the name, nationality, class, tonnage, capacity of main engine, GT, speed and fuel consumption of the ship;
 - c) the trading area of the ship; the agreed service, the contractual period;
 - d) the time, place and conditions of delivery and redelivery of the ship;
 - e) the hire and the way of its payment;
 - f) other relevant matters.

Article 144. Obligations of the shipowner in time charter party

1. The shipowner is bound to deliver to the charterer at the right agreed place and on the right agreed date the ship in a seaworthy condition, properly supplied and adapted for the purposes of employment determined in the charter party.
2. The shipowner is also bound to supply a complement of crew qualified for the purposes of employment determined in the charter party and to pay the wages and secure the other legitimate interests of crew during the period of the charter.

Article 145. Rights of time charterer

1. The charterer is entitled to dispose of the entire space in the ship appropriated for the carriage of goods and for the accommodation of passengers and luggage.
2. Without the shipowner's consent, the charterer is not entitled to dispose of the other space on board the ship for the purposes set out in paragraph 1 of this Article.

Article 146. Obligations of time charterer

1. The charterer is obliged to employ the ship for the purposes as determined in the contract and to take due care of the shipowner's interests.
2. The charterer shall guarantee that the ship shall be employed to carry the lawful merchandise, passengers and luggage.
3. When the period for time charter has terminated, the charterer is obliged to redeliver the ship to the shipowner at the agreed place and time and

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

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

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

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

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

Article 148. Salvage remuneration in the time charter party

If during the time of the time charter party the ship involves in salvage services, the remuneration due to her is divided equally between the shipowner and the charterer after deducting, first, the sum covering losses caused through salvage and, then, the share of remuneration due to the crew.

Article 149. Overdue redelivery in the time charter party

If, on the basis of a reasonable calculation, a ship may be able to complete its last voyage around the time of redelivery specified in the charter party and probably thereafter, the charterer is entitled to continue to use the ship in order to complete that voyage even if its time of redelivery will be overdue. During the extended period, the charterer shall pay the hire at the rate fixed by the charter, and, if the current market rate or hire is higher than that specified in the charter, the charterer shall pay the hire at the current market rate.

Article 150. Payment in the time charter party

1. The charterer is obliged to pay charter hire until the redelivery of the ship to the shipowner.

2. Under the time charter party, the charterer is relieved of the obligation to pay to the shipowner the charter hire for any period during which the ship is unfit for operation on account of technical breakdown and or lacking supplies, or on account of the crew being incompetent. In this case the charterer is also relieved of the obligation to pay the costs of the ships operation.

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

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

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

Article 151. Termination of time charter party

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

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

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

Section 3

Bareboat charter party

Article 152. Bareboat charter party

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

2. A bareboat charter party contains the following contents:

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

i. other relevant matters.

Article 153. Obligations of the shipowner in bareboat charter party

1. The shipowner shall take due diligence to deliver the seaworthy ship and her certificates to the charterer at the port or place and time as stipulated in the charter party.

2. During the bareboat charter period, the shipowner shall not establish any mortgage of the ship without the prior consent in writing by the charterer.

Where the shipowner acts against the provisions of the preceding paragraph and thereby causes losses to the charterer, the shipowner shall be liable for compensation.

3. Should the ship be arrested due to any disputes over its ownership or debts owed by the shipowner, the shipowner shall guarantee that the interest of the charterer is not effected. The shipowner shall be liable for compensation for any losses suffered by the charterer thereby.

Article 154. Obligations of the bareboat charterer

1. The charterer is obliged to carry out the maintenance of the ship as well as of the other equipments on board during the bareboat charter period.

2. The charterer during the currency of the bareboat charter party is also obliged to repair the damages of the ship and to keep the shipowner advised thereof. The shipowner is liable to refund the repair costs occurred beyond the scope of the charterer's liability.

3. During the bareboat charter period, the ship shall be insured, at the value agreed upon in the charter and in the way consented to by the shipowner, by the charterer at his expense.

4. During the bareboat charter period, if the charterer's possession, employment or operation of the ship has affected the interests of the owner of the ship or caused any losses thereto, the charterer shall be liable for eliminating the harmful effect or compensating for the losses.

Article 155. Redelivery obligation, overdue redelivery and termination of the bareboat charter party

Redelivery obligation, overdue redelivery and termination of the bareboat charter party shall apply mutatis mutandis the provisions stipulated in paragraph 3 of Article 146, Article 149 and Article 151 of this Code.

Article 156. Payment of hire in bareboat charter party

The charterer shall pay the hire as stipulated in the charter. Should the ship be lost or missing, payment of hire shall cease from the day when the ship was lost or last heard of. Any hire paid in advance shall be refunded in proportion.

Article 157. Hire purchase

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

CHAPTER VIII

SHIP AGENCY AND MARITIME BROKING

Section 1

Ship Agency

Article 158. Ship Agency

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

Article 159. Ship Agent

1. Ship agent is a person appointed by the principal to act as his representative to undertake ship agency services on his authorization at the seaport.

2. The ship agent may also act on behalf of the charterer or other contracting parties with the shipowner or the ship operator to undertake ship agency, provided that the shipowner or the ship operator has given his consent thereto.

Article 160. Contract of ship agency

Contract of Ship Agency is a contract concluded in writing between the principal and the ship agent by which the principal authorizes the ship agent to perform services connected with a certain call or for a specific period of time.

Article 161. Obligations of the ship agent

1. The ship agent shall undertake necessary activities to care for the legal rights and interests of the principal; comply with his orders and instructions; render him immediately the necessary information about relevant

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

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

Article 162. Obligations of the principal

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

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

Article 163. The ship agent's remuneration

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

Article 164. Time - bar for action.

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

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

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

Section 2

Maritime broking

Article 166. Maritime broking and shipbroker

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

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

Article 167. Rights and obligations of a shipbroker

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

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

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

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

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

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

Article 168. Time-bar for action

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

CHAPTER IX

MARITIME PILOTAGE

Article 169. Viet Nam maritime pilotage regime

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

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

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

Article 170. Maritime pilotage organizations

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

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

Article 171. Legal status of a maritime pilot

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

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

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

Article 172. Professional requirements for a maritime pilot

A maritime pilot shall be:

1. A Vietnamese citizen;
2. Fit for the required standards of health;
3. Possessing a maritime pilot competent license;
4. Piloting the ship in the maritime pilotage areas compatible with the maritime pilot license issued to him;
5. Under the management and employment of a maritime pilotage organization.

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

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

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

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

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

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

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

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

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

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

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

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

Article 176. Detailed provisions on maritime pilotage

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

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

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

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

CHAPTER X

MARITIME TOWAGE SERVICES

Article 178. Maritime towage

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

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

Article 179. Maritime towage contract

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

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

Article 180. Command of a maritime towage

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

2. The commander of the maritime towage team is determined by agreement between the parties to the maritime towage contract, in the absence thereof he is determined by custom.

3. The command in the assistance of a ship within port waters shall be under the Master of the assisted ship.

Article 181. Obligations of the parties in the contract of maritime towage

1. The ship's operator who has undertaken to perform the maritime towage service shall be bound to provide, at the agreed time and place, a towing ship fit to perform the contracted services.

2. The towed shipowner shall be obliged to make sure the safety of his ships in accordance with the provisions of the contract of maritime towage.

Article 182. Liability of compensation for losses and damages during the maritime towage

1. The operator of a ship whose Master is in navigational command of the maritime towage team shall be liable for damages done to another ship in the team as well as to persons and properties on board the later, unless he proves damages have occurred beyond the scope of his responsibility.

2. A ship which is under the navigational command of the Master of another ship is not relieved of the obligation to exercise care for the safety of the maritime towage team and marine navigation; the ship's operator is liable

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

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

Article 183. Time-bar for action

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

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

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

CHAPTER XI

MARITIME SALVAGE

Article 185. Maritime salvage

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Article 187 - Entitlement to salvage reward

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

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

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

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

Article 188. Principles of determining the salvage reward

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

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

a) The value of the ship and property salvaged;

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

4. The amount of the remuneration may be reduced or disallowed where the salvor has by his fault caused the necessity of salvage or where he has committed theft, cheating or fraudulent act when performing the salvage agreement.

Article 189. Special remuneration for maritime salvage

1. If the salvor has carried out salvage operations in respect of a ship which by itself or its cargo threatened damage to the environment and failed to earn a reward defined under Article 188, paragraphs 1 and 2, of this Code, he shall be entitled to special remuneration from the owner of that ship.

2. The special remuneration set out in paragraph 1 of this Article payable by the shipowner to the salvor shall not exceed 30% of the expenses incurred by the salvor. However, in case of taking action, the court or the arbitration, if it deems it fair and reasonable and bearing in mind the provisions set out in Article 188, paragraph 1, of this Code, may increase such special remuneration, but in no event shall the total increase be more than 100% of the expenses incurred by the salvor.

3. The salvor's expenses as provided for in paragraphs 1 and 2 of this Article mean expenses reasonably incurred by the salvor directly and other fair expenses for equipment and personnel actually and reasonably used in the salvage operation; taking into consideration the provisions set out in Article 188, paragraphs 2(h), (i) and (k), of this Code.

4. In all cases, the total special remuneration under this Article shall be paid only if and to the extent that such remuneration is greater than any reward recoverable by the salvor under Article 188 of this Code and is a difference between the special remuneration and the salvage remuneration.

5. If the salvor has been negligent and has thereby failed to prevent or minimize damage to the environment, he may be deprived of a part or the whole of any special remuneration due under this Article.

6. Nothing in this Article shall affect any right of recourse on the part of the owner of the ship.

Article 190. Principle of determining the value of the ship or the property salvaged

The value of the ship or the property salvaged shall be the actual value at the place in which they were after the salvage is conclusive or the proceeds obtained from the sale, the assessment of the property in either case after deduction of public charges, costs of preservation and public auction, and other similar expenses.

Article 191. Reward for salvage of persons in the remuneration

1. Persons whose lives have been saved shall not be bound to pay any money for their rescue.

2. A salvor of human life shall be entitled to a fair share of the salvage remuneration or the special remuneration, if his salvage operations have been connected with the accident giving rise to the salvage of such property.

Article 192. The salvage remuneration on the other cases

Whoever has by a contract undertaken to render pilot or towage services for ship on the sea is entitled to a remuneration for salvage, provided that he has rendered to her exceptional services beyond the scope of the contract for salvage of this very ship.

Article 193. Apportionment of salvage remuneration

1. The salvage remuneration are divided equally between the shipowner and the crew of the salving ship after deduction of expenses incurred and damages suffered by the ship as well as expenses and losses of the shipowner or of the crew as caused by the salvage.

This provision shall not be applicable to a remuneration due to a ship exclusively employed for professional salvage.

2. When there are many salvors, the apportionment of a reward for salvage shall be carried out in accordance with the provisions of paragraph 2, Article 188 of this Code.

3. The Minister of Transport shall determine the principles of division of the salvage remuneration among the crew of Vietnamese ships.

Article 194. Maritime lien on the ship or property salvaged

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

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

Article 195. Time-bar for action

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

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

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

CHAPTER XII

REMOVAL OF PROPERTY FROM THE SEA

Article 197. Properties sunken

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

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

Article 198. Obligations of the owner of property sunken

1. The owner of property sunken shall be obliged to recover his property sunken and bear all the relevant costs incurred, except the case as provided for in paragraph 2 of this Article. Where he fails to do the removal or recover the property not within a period fixed, the competent Administration as provided for in Article 205 of this Code shall decide the removal of such property.

2. Where the property sunken is a ship, cargo or other object from the ship, the shipowner shall be obliged to recover the property sunken and bear the costs. The manager and the operators of the ship shall be severally and jointly liable for the removal of property sunken and pay for all expenses in respect of the handling of the property sunken.

3. Where the property sunken has caused environmental pollution, the owner of property shall take all possible measures to mitigate loss and

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

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

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

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

2. The competent Administration as provided for in Article 205 of this Code, within 30 days of the date in which the notice was received, determines the intended period for the completion of removal or fixes for the owner a time to complete the removal. The period for the removal should not be more than a year.

Article 200. Removal of endangered property sunken

1. The owner of endangered property sunken shall be obliged to give an immediate notice to Director of the Maritime Administration at the nearest place of the occurrence and to do the removal or destroy such property within the period of time fixed by the Minister of Transport. Where the owner fails to do the removal or the person assigned by the owner is not able to ensure the removal on the fixed time, the Minister of Transport may order the removal, fixing for him a period for reimbursement of the costs incurred.

The owner of property shall be also liable for relevant losses and subject to statutory penalty, even when he lost the ownership of the property as provided in paragraph 1, Article 202 of this Code

2. Where the owner fails to claim delivery of the property after 30 days of his having been advised of the removal or to pay the costs involved in the fixed period, the Minister of Transport shall have the right to sell the recovered property by public auction. The Minister of Transport shall have the right to sell the recovered property by public auction after the removal when endangered property sunken is easy to be destroyed or when expenses incurred for preservation of the property are too high against the recovered property value. The public auction shall be done in accordance with statutory procedures.

3. Out of the proceeds obtained from the sale, the balance shall be placed in bank deposit account at the bank after deducting the costs of removal, expenses for the preservation of the property and for the carrying out of the sale on public auction as well as other appropriate expenses in connection with the property as provided for in paragraph 2 of this Article, and the owner

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

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

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

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

Article 202. Loss of the ownership in property sunken

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

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

3. The owner of the endangered property sunken, who lost the right of ownership as provided for by paragraph 1 of this Article, shall still be liable for compensation for the losses and subject to statutory penalty.

Article 203. Handling of property sunken with the incidental removal

1. The incidental removal of property belonging to another, sunken in Vietnamese inland waters and in the Vietnamese territorial waters, or the transportation thereof to Vietnamese inland waters or to the Vietnamese territorial waters should be immediately reported by the recoverer to the competent Administration as provided for in Article 205 of this Code as to the time, place and circumstances of the removal of property; and the owner should also, as far as possible, be notified thereof, while the property should be properly preserved until the delivery thereof to the owner or the State competent Administration.

2. For the recovered property, as provided for in paragraph 1 of this Article, is easy to be destroyed or the expenses for its reservation are too high, the recoverer shall be entitled to handle the property in accordance with the provisions of paragraphs 2 and 3 of Article 200 of this Code.

3. Where within fifteen days of his having been advised of the removal, the owner fails to claim delivery of the property or to pay the amount due to the recoverer, the recoverer is bound to deliver the recovered property to the competent Administration as provided for in Article 205 of this Code

4. Where the owner of the property as provided in paragraph 3 of this Article within a period of 60 days of the date of his being noticed, fails to have any actions to protect his interest, the competent Administration as provided for in Article 205 of this Code shall be entitled to handle the recovered property in accordance with the provisions of paragraphs 2 and 3, Article 200 of this Code.

5. For the provisions in paragraph 1 of this Article, the recoverer shall be entitled to the reimbursement of costs and expenses as well as to a remuneration, the amount of which is determined by applying the provisions concerning salvage.

6. Where the owner of the property sunken is not defined, the handling of the property shall be done in accordance with the existing laws.

Article 205. Power to handle property sunken.

1. The Ministry of Transport shall preside the organizing of handling endangered property sunken.

2. The Ministry of Culture and Information shall preside the organizing of handling property sunken that is cultural heritage.

3. The Ministry of National Defense shall preside the organizing of handling property sunken relating to national defence and security, and property sunken in the military area

4. Provincial People's Committee and City under the Central Government shall preside the organizing of handling property sunken other than those provided for in paragraphs 1, 2 and 3 of this Code

5. The Government shall provide in detail for dealing with property sunken at sea.

CHAPTER XIII

COLLISION

Article 206: Collision

1. Collision means an accident arising from a collision between sea-going ships, or between a sea-going ship and a ship of inland navigation, or between a sea-going ships and a hovercraft, or between other floating structures on the sea or in seaport waters.

Article 207. Obligations of the Master on collision occurrence

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

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

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

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

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

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

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

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

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

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

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

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

Article 210. Indirect collision

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

Article 211. Time-bar for action

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

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

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

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

**CHAPTER XIV
GENERAL AVERAGE**

Article 213. General average

1. General average means the extraordinary sacrifice or expenditure intentionally and reasonably made or incurred for the common safety for the purpose of preserving from a common peril the ship, the cargo, the freight or the passage money for the carriage of the passengers.

2. Only losses, damages, or expenses which are the direct consequence of the general average act shall be allowed as general average.

3. In no case shall there be any allowance in general average for losses, damages or expenses incurred in respect of damage to the environment or in consequences of the escape or release of pollutant substances from the property involved in the common maritime adventure.

4. Demurrage and any loss or damage sustained or expense incurred reason of delay, whether on the voyage or subsequently and any indirect loss whatsoever shall not be admitted as general average.

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

Article 214. General Average Adjustment

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

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

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

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

Article 215. General average adjustment of goods loaded without the knowledge of the shipowner

Any damage to or loss of the cargo loaded without the knowledge of the shipowner, or wrongly declared as to its kind and value shall not be allowed as general average; however, such cargo, if saved from the peril, shall contribute to general average in accordance with the corresponding adjustment.

Article 216. Particular Average

Any damages to or losses of the ship, the cargo or the freight which are not allowed as general average in accordance with the provisions of Article 213 of this Code are particular averages. They are borne by the suffering party unless he proves that the other party is responsible for their occurrence.

Article 217. General average declaration and appointment of General Average Adjuster

1. Establishing whether there is a general average, the assessment of the amount of general average losses and also their apportionment are carried out by the general average adjusters on the order of the shipowner.

2. The shipowner shall be the only one who has the right to declare a general average and appoint his general average adjuster not later than 30 days after the general average has been declared.

Article 218. Time-bar for action

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

CHAPTER XV

LIMITATION OF CIVIL LIABILITY FOR MARITIME CLAIMS

Article 219. Persons entitled to limitation of Civil Liability

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

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

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

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

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

Article 220. Maritime claims subject to limitation of civil liability

1. Claims in respect of loss of life or personal injury or health damage, or loss of or damage to property including damage to harbour works, basins, waterways and aids to navigation occurring on board or in direct connection with the operation of the ship or with salvage operation, and consequential loss resulting there from.

2. Claims in respect of loss resulting from delay in the carriage by sea of cargo, passengers or their luggage.

3. Claims in respect of loss resulting from infringement of rights other than contractual rights, occurring in direct connection with the operation of the ship or salvage operation.

4. Claims in respect of the raising, removal, destruction or the rendering harmless of a ship which is sunk, wrecked or abandoned including anything that is or has been on board such ship.

5. Claims in respect of the removal, destruction or the rendering harmless of the cargo of the ship.

6. Claims of a person other than the person liable in respect of measures taken in order to avert or minimize loss for which the person liable may limit his liability and further loss caused by such measures.

Article 221. Maritime claims excepted from limitation of civil liability

1. Claims for salvage remuneration or contribution in general average.
2. Claims for oil pollution damage.
3. Claims for nuclear damage.

4. Claims by servants of the shipowner, or salvor whose duties have direct connection with the operation of the ship or salvage operation; claims of their heirs, dependants or other persons entitled to make such claims, if under the law governing the contract of service between the shipowner or salvor and such servants, the shipowner or salvor is not entitled to limit his civil liability in respect of such claims, or he is by such law only permitted to limit his liability to an amount greater than that provided for in Article 222 of this Code.

Article 222. Limits of civil liability

1. In respect of maritime claims for loss of life or personal injury, or health damage occurred to passengers and their luggage carried by sea, the limits of liability for maritime claims shall be applied in accordance with the provisions set out in Article 132 of this Code.

2. In respect of other maritime claims for loss of or personal injury, or health damage occurred to persons other than passengers the limits of liability for maritime claims shall be calculated as follows:

- a. 167,000 units of account for a ship with a tonnage up to 300 GT;
- b. 333,000 units of account for a ship with a tonnage from 300GT to 500 GT;
- c. A ship with a tonnage in excess of 500 GT, the following amount in addition to that mentioned in (b): For each ton from 501 to 3,000 GT: 500 units of account; for each ton from 3,001 to 30,000 GT: 333 units of account; for each ton from 30,001 to 70,000 GT: 250 units of account; for each ton from 70,001 GT and over: 167 units of account

3. In respect of any other maritime claims:

- a. 83,000 units of account for a ship with a tonnage not exceeding 300 GT;
- b. 167,000 units of account for a ship with a tonnage from over 300 GT to 500 GT;

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

4. Where the total amount calculated as per paragraph 2 of this Article is insufficient for payment of the claims mentioned above the total amount calculated in accordance with paragraph 3 shall be available for payment of the unpaid balance of the maritime claims under paragraph 2 of this Article, and such unpaid balance shall rank rateably with the claims set out under paragraph 2 of this Article.

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

6. The limitation of liability for any salvor not operating from any ship or any salvor operating slovenly on the ship to, or in respect of which, he is rendering salvage services, shall be calculated according to a gross tonnage of 1,500 GT.

7. The limitations of the liability under this Article shall apply to the aggregate of all claims which arise on any distinct occasion.

8. The limitation of civil liability determined in this Article shall be converted into Vietnamese currency according to the official exchange rate announced by the State Bank of Vietnam at the time of payment.

9. Ship gross tonnage (GT) shall be determined in accordance with the International Convention on Ship Gross Tonnage, 1999.

Article 223. Compensation Fund

1. A person entitled to limitation of civil liability under the provisions of this Code may constitute a Compensation Fund for settlement of the maritime claims that he is entitled to limitation of liability in the sum of such of the amounts set out in Article 222 together with interest thereon from the date of occurrence giving rise to maritime claims until the date of the constitution of the Compensation Fund.

2. The Compensation Fund shall be available exclusively for satisfaction of maritime claims in appropriate proportion to the established claims and the total amount of the Compensation Fund.

3. Compensation Fund is constituted either by depositing the sum or by producing other financial guarantee by the shipowner which are accepted by the court where the claim is lodged.

4. Where the Compensation Fund has been constituted, nobody is entitled to infringe upon the interests and property of the person liable. The

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

5. Where before the Compensation Fund is distributed, the person liable or other person entitled to limitation of civil liability under the provisions of this Code has settled a maritime claim against the Compensation Fund such person shall, up to the amount he has paid, enjoy by subrogation the rights to the Compensation Fund with regard to the settled claim.

6. The constituting of the Compensation Fund shall not be considered as the admission of civil liabilities by the shipowner.

CHAPTER XVI

CONTRACT OF MARINE INSURANCE

Section 1

General provisions

Article 224: Contract of Marine Insurance.

1. A contract of marine insurance is a contract whereby the insurer undertakes to indemnify the assured, in manner and to the extent thereby agreed, against marine losses, that is to say, the losses incident to marine adventure.

Maritime perils mean the perils consequent on, or incident to, the navigation of the sea, that is to say, perils of the sea, fire, war perils, pirates, thieves, captures, seizures, jettisons, barratry, or any other perils of the like kind or which may be designated by the policy.

2. A contract of marine insurance may by its express terms, or by usage of trade, be extended so as to protect the insured against losses on inland waters, on roads or on railways which may be incidental to the same sea voyage.

3. The Contract of Marine Insurance should be made in writing.

Article 225. Subject-matter insured

A subject-matter insured may be every property interest incident to the maritime shipping activities and appraisable in terms of money, such as any ship, a ship in course of building, cargo, freight, passage money for the carriage of passengers, charter-hire, hire and purchase money, expected profit on cargo, commission, general average costs, obligations arising under civil liability and the security for the ship, cargo or freight.

Article 226. Insurable Interest Defined

1. A person has an insurable interest who is interested in a marine adventure.

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

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

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

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

Article 227: Reinsurance.

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

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

Article 228: Marine Policy and Marine Insurance Certificate.

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

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

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

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

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

The settlement of the constructive total loss shall be based on the value fixed by the policy and on the provisions of paragraph 1, Article 254 of this Code, unless otherwise provided by the policy.

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

3. The marine policy must specify:

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

b. The subject-matter insured;

c. Condition of insurance;

d. Insurance period;

e. The sum or sum insured;

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

g. The signature and the confirmation of the insurer;

4. The form and main contents of a marine policy shall all apply for a marine insurance certificate.

Article 229: Obligations of the Assured

1. The assured is obliged to inform the insurer about all circumstances which are known to him or should have been known to him in connection with the conclusion of the contract of insurance, and are of essential significance to the assessment by the insurer relative to the risk, to the decision as to whether the proposal should be accepted or not, and to the terms of the contract, except circumstances which are common knowledge or have been known or should be known to the insurer.

2. The obligations of the assured set out in paragraph 1 of this Article is also applied to his representatives duly authorized by the assured.

Article 230. Invalidation of contract of marine insurance.

A contract of marine insurance shall invalidate where at the time of its conclusion the peril covered by insurance has already occurred, or where the possibility of its occurring has not existed without compensation the insurer retains, however, the right to the premium against the contract, unless when concluding the contract, he knew of the circumstances causing its invalidity.

Article 231. Right to rescind the contract of marine insurance.

1. If the assured intentionally commits a breach of his obligation set out in Article 229 of this Code, the insurer has the right to rescind the contract concluded. When the assured fails to provide information or to provide inaccurate information according to the provisions of Article 229 of this Code, through no fault of his, the insurer has no right to rescind the contract, but to request a reasonable increase of the insurance premium.

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

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

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

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

Section 2

Insurable value and amount insured

Article 232. Insurable value.

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

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

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

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

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

Article 233. Amount insured

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

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

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

Article 234. Double insurance

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

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

Section 3

Transfer of rights under the contract of marine insurance

Article 235. Transfer of a marine policy

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

2. A person not interested in the subject-matter insured shall have no right to transfer the policy.

Article 236. Way of transfer of a marine policy.

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

Section 4

Floating Insurance

Article 237. Floating insurance

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

In a floating insurance the insurer is bound to issue, on demand of the assured, a policy or a certificate of insurance for each declared shipment or each declared cargo.

Article: 238. Performance of floating policy.

1. The assured, who has concluded a contract of floating insurance, is bound to notify to the insurer immediately upon receipt of information concerning the despatch or receipt of the cargo and to specify each case the name of the ship, the route, the cargo and the amount insured, even when the notice reached the insurer, the cargo may have been despatched or have arrived at the port of discharge.

2. Where the assured has willfully or through his gross negligence failed to fulfill the obligation defined in paragraph 1 of this Article, the insurer may rescind the contract, retaining the right to insurance premium to which he would have been entitled had the contract been properly performed by the assured.

Article 239. Termination of floating policy

A contract of floating insurance may be terminated by either party subject to a ninety-day prior notice.

Section 5

Performance of contract of marine insurance

Article 240. Payment of premium.

Unless otherwise agreed, the assured is bound to pay the premium to the insurer immediately after the conclusion of the contract or the issue of the marine policy.

Article 241. Notification of increased risks.

1. The assured is bound to notify immediately to the insurer any the change of perils which the subject-matter insured is exposed after the contract of marine insurance has been concluded if such change would increase risks.

2. If the assured commits breach of the provisions set out in paragraph 1 of this Article, the insurer has the right to refuse compensation of a part or the total amount insured.

Article 242. Obligation of the assured on occurrence of loss

1. Where an accident causing loss incidental to the perils insured has occurred, the assured is bound to take all necessary measures available to him for the purpose of averting the loss or lessening its extent as well as to secure indemnity claims against the parties responsible for the loss. When carrying out this obligation, the assured should follow the instruction of the insurer.

2. When the assured willfully or through gross negligence has not carried out the obligation set forth in this Article, the insurer is free from liability for losses caused thereby.

Article 243. Obligation of the insurer on refunding

The insurer is bound to refund to the assured all dispensable and reasonable expenses incurred for the purpose of averting the loss or lessening its extent as well as other expenses incurred in accordance with the instruction by the insurer as provided for in Article 242 of this Code, or expenses incurred for ascertaining the character and extent of the loss under the liability of the insurer; and expenses contributed to the general average. These expenses are refunded in such proportion as the amount insured bears to the insurable value.

Article 244. Obligation of the insurer on indemnifying the assured

1. Within limit of the amount insured, the insurer is liable for losses resulting directly from the peril insured and is also bound to refund the expenses as defined in Article 243 of the Code even though the aggregate amount to be paid to the assured may exceed the insured amount.

2. The insurer is not liable for losses arising from an intentional fault or a gross negligence of the assured, but the insurer is liable for losses caused by negligence or fault of the Master who is also insured in navigation and management of the ship as well as losses caused by fault of another member of the crew, and or the maritime pilot.

3. The hull policy may be extended to further compensate losses and damages occurred in the event of a collision, a part from his liability to compensate the assured for losses or damages of the subject of insurance is bound to be responsible for loss of or damage to the third party for which the assured is liable even though the aggregate amount of indemnity exceeds the amount insured.

4. Where the risks insured occur, the insurer may indemnify the assured the total amount insured against the exemption of all responsibilities as agreed in the contract. In this event, the insurer must advise the assured of his intention to do so within a period of seven days from the date on which he has received the information from the assured about occurrence of the risks and their consequences, the insurer is not entitled to the ownership of the subject of insurance where the amount insured is less than the insured value.

In addition to the indemnity of the total amount insured, the insurer is also liable for refunding expenses incurred for the purpose of averting the loss or lessening its extent, as well as repairing and recovering the subject of insurance which the assured had paid before he received the advice from the insurer.

Article 245. Indemnity for losses resulting from several successive accidents

1. Unless the contract otherwise provides, the insurer is liable for losses resulting from several successive accidents covered by the insurance, even though the aggregate amount of losses may exceed the amount insured.

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

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

Article 246. The insurer's exemption from liability

1. Unless otherwise agreed in the contract, in the insurance of a ship and freight, the insurer is not liable for losses arising from:

a. The ship being not seaworthy at the beginning of the voyage, unless this is due to latent defects of the ship or caused by circumstances which could not have been prevented in spite of due diligence being exercised by the assured;

b. Loading on board the ship of explosive or easily inflammable materials or other dangerous cargoes without compliance with provisions obligatorily applicable to the carriage of cargoes of that kind, with the privity of the assured but without the privity of the insurer.

2. Unless otherwise agreed in the contract, in the insurance of cargo, the insurer is not liable for losses arising from:

a. Nature of the cargo;

b. Ordinary leakage, ordinary wear and tear;

c. Improper packing of the cargo;

d. Delay in its supply;

3. Unless otherwise agreed in the contract, the insurer is not liable for losses sustained by the subject-matter insured arising from war or military activities of any nature and their consequences; from being condemned to appropriate as prize; from civil commotions, strikes or from confiscation, requisition, seizure or destruction of the ship or cargo according to military orders, and or orders of civil authorities.

Section 6

Subrogation

Article 247. Subrogation

Where the insurer has indemnified the assured, he is entitled to recourse against the person whose fault resulted in loss, that is to say, the third party the liability for loss within the amount paid. The insurer exercises his right in accordance with the provisions defined for the assured.

Article 248. Obligation of the assured on recourse against the third party

1. The assured is bound to provide the insurer with all information, documents as well as proofs and to take necessary measure to enable the insurer to exercise the right to recourse against the third party.

2. Where the assured does not exercise the obligations defined in paragraph 1 of this Article or he is at fault that makes the insurer's right to recourse impractical, the insurer is totally exempted from the payment of indemnity or reduced in proportion.

3. If the assured has received the indemnity for losses from the third party, the insurer is bound to pay only the difference between the indemnity amount according to the contract of insurance and the amount of money the assured received from the third party.

Article 249. General average warranties

1. Unless the policy otherwise provides, the insurer must arrange warranty for general average contribution subject to the undertaking of the assured for general average contribution.

2. On establishing the General Average Adjustment, the assured is bound to pay due attention to the insurer's interests.

Section 7

Abandonment of subject-matter insured

Article 250. Right to abandonment of subject-matter insured

1. The assured has the right to declare abandonment of the subject-matter insured and surrender to the insurer of his rights and obligations to the subject-matter insured against payment of indemnity for total loss where the total loss of the subject-matter insured is inevitable, or that averting it would entail expenditure so high in relation to the value of the subject-matter insured.

2. The right to abandonment of the subject-matter insured may be applicable where the ship has sunk, condemned to appropriate, or has met with an accident in consequence of which she has become unfit for repairs, or cost worth repairing economically or costs of removal uneconomical.

3. The provision of this paragraph 2 of the Article is also applied to cargo, even where the costs of its repair and delivery to the port of discharge would exceed its market value at the port of discharge.

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

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

2. The declaration of abandonment must be given to the insurer in due time, but not later than one hundred and eighty days of the date on which the assured has learned of the circumstances justifying the abandonment, or within sixty days of the date on which the insurance has expired where the ship or cargo has been taken as prize or where possession of the ship or cargo has been lost to the assured by other causes. After these periods of time, the assured loses the right to the abandonment but still has the right to demand from the insurer the indemnity for loss.

3. The abandonment of the subject-matter insured is not attached any conditions. Where the abandonment has been accepted, neither the insurer nor the assured can change his decision.

Article 252. The assured's obligation when declaring abandonment of subject-matter insured

When declaring the abandonment, the assured is bound to inform the insurer of any real rights encumbering the subject-matter insured and of other insurances pertaining to it, as well as of any limitation known to the assured.

Article 253. Time fixed for acceptance or refusal of abandonment of subject-matter insured by the insurer

1. Within the period of thirty days, counting from the date on which he received the declaration of abandonment, the insurer is bound to notify the assured of his acceptance or refusal of the abandonment. The insurer loses the right to refuse to accept the abandonment after the expiration of that period.

2. The rights and obligations to the subject-matter insured pass to the insurer on his making the declaration that he accepts the abandonment. The insurer may not demand these rights and obligations.

3. Where the notification of abandonment is done as defined but the insurer refuses the acceptance of abandonment, the assured also retains the right to an insurance indemnity.

Article 254. Indemnity for total loss

1. There is a constructive total loss where the ship, cargo is damaged that the actual total loss appears to be unavoidable or the ship is so damaged that the cost of repairing the damaged would exceed the value of the ship when repaired, or the cost of repairing the cargo would exceed the market value of the cargo at the port of discharge. In this event, the assured must give notice

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

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

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

Article 255. Refunding the indemnity paid

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

Section 8

Settlement of Indemnity

Article 256. Responsibility for settlement of indemnity

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

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

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

CHAPTER XVIII

SETTLEMENT OF MARITIME DISPUTES

Article 258. Maritime disputes

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

Article 259. Principle of settlement of maritime disputes

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

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

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

1. Where a contract has at least one party being a foreign organization or individual, the contracting parties may agree to refer their disputes to a foreign arbitration or court.

2. If, parties involved in maritime disputes are foreign organizations or individuals who have had an agreement, in writing, providing for the settlement of disputes to be handled by arbitrations of Vietnam, the arbitrations of Vietnam shall have the right to settlement of such disputes even the place where the dispute occurred is outside the territory of Vietnam.

3. Maritime disputes as provided in paragraph 2 of this Article may be settled at courts of Vietnam when ground, change and termination of relationship between the parties involved in maritime disputes is subject to the laws of Vietnam or properties in connection with such relationship are in Vietnam.

CHAPTER XVIII

IMPLEMENTATION PROVISIONS

Article 261. Entry into force

This Code shall take effect from the 1st January 2006.

This Code shall supersede the Vietnamese Maritime Code of 1990.

This Code was passed on 14 June 2005 by the National Assembly of the Socialist Republic of Viet Nam, 11th Legislature, at its 7th Section.

Chairman of the National Assembly

Signed: Nguyen Van An