



14 May 2026

Ref : Chans advice/268

To: Transport Industry Operators

New PRC Maritime Code

The new Maritime Code of the People's Republic of China has been effective from 1 May 2026, replacing the old Maritime Code (effective from 1 July 1993). In this issue, we are going to discuss the major changes in terms of the carriage of goods by sea from the perspective of the liability of the Non Vessel Owning/Operating Carrier (NVOCC):

<u>Old Maritime Code</u>	<u>New Maritime Code</u> (English translation by Shanghai Maritime University)
<p><u>Article 51 (2)</u> The carrier shall not be liable for the loss of or damage to the goods occurred during the period of carrier's responsibility arising or resulting from fire, unless caused by the actual fault of the carrier;</p>	<p><u>Article 52 (2)</u> During the period of responsibility, the carrier shall not be liable for any loss of or damage to, or delay in the delivery of the goods, arising from fire on board, unless caused by the actual fault or privity of the carrier;</p>
<p><u>Article 55</u> The amount of indemnity for the loss of the goods shall be calculated on the basis of the actual value of the goods so lost, while that for the damage to the goods shall be calculated on the basis of the difference between the values of the goods before and after the damage, or on the basis of the expenses for the repair. The actual value shall be the value of the goods at the time of shipment plus insurance and freight. From the actual value referred to in the preceding paragraph, deduction shall be made, at the time of compensation, of the expenses that had been reduced or avoided as a result of the loss or damage occurred.</p>	<p><u>Article 56</u> The amount of compensation for the loss of the goods shall be assessed on the basis of their actual value; the amount of compensation for damage to the goods shall be assessed according to the difference between their actual value before and after the damage or, alternatively, the cost of repair. The actual value of the goods shall be determined according to the market price at the place and time of delivery. Where such market price cannot be ascertained, the value shall be determined on the basis of the value of the goods at the time of loading together with the insurance premium and freight. The amount of compensation shall be reduced by any expenses saved or avoided as a</p>

	<p>consequence of the loss of or damage to the goods, from the actual value of the goods as specified in the preceding paragraph.</p>
<p><u>Article 86</u> If the goods were not taken delivery of at the port of discharge or if the consignee has delayed or refused the taking delivery of the goods, the Master may discharge the goods into warehouses or other appropriate places, and any expenses or risks arising therefrom shall be borne by the consignee.</p>	<p><u>Article 93</u> Where no one takes delivery of the goods at the port of discharge, the master may discharge the goods into a warehouse or other appropriate place, and the expenses and risks arising thereby shall be borne by the shipper, provided that the shipper shall be notified without delay. Where the consignee has exercised its rights under the contract of carriage of goods by sea but delays or refuses to take delivery of the goods, the master may deal with the goods in accordance with the preceding paragraph, and the expenses and risks arising thereby shall be borne by the consignee.</p>
<p><u>Article 267</u> The limitation of time shall be discontinued as a result of bringing an action or submitting the case for arbitration by the claimant or the admission to fulfill obligations by the person against whom the claim was brought up. However, the limitation of time shall not be discontinued if the claimant withdraws his action or his submission for arbitration, or his action has been rejected by a decision of the court. Where the claimant makes a claim for the arrest of a ship, the limitation of time shall be discontinued from the day on which the claim is made. The limitation period shall be counted anew from the time of discontinuance.</p>	<p><u>Article 294</u> The limitation period shall be interrupted where the claimant: submits a request for performance; institutes legal proceedings; applies for arbitration; or where the respondent agrees to perform the obligation. Where the claimant applies for the arrest of the ship, the limitation period shall be interrupted from the date on which the application for arrest is filed. The limitation period shall recommence from the time on which the interruption ceases or the relevant procedure is terminated.</p>
<p><u>Article 269</u> The parties to a contract may choose the law applicable to such contract, unless the law provides otherwise. Where the parties to a contract have not made a choice, the law of the country having the closest connection with the</p>	<p><u>Article 295</u> The parties to a contract may choose the law applicable to the contract, unless otherwise stipulated by law. Where the parties to the contract have not made a choice, the law of the State having the closest and most real</p>

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

Regarding the carrier's exemption of liability for the cargo loss or damage caused by fire, the new Maritime Code makes it clear that this liability exemption only applies to those fires that happen on board. So the carrier can no longer rely on the Maritime Code to deny liability for the fire case that happens on land e.g. in a warehouse.

According to the old Maritime Code, the compensation amount for the cargo loss is based on the value of the cargoes at the time of shipment plus insurance and freight (the CIF value). The new Code has changed the basis of the compensation amount to the market price of the cargoes at the place and time of delivery, which normally should be higher than the CIF value.

Regarding the uncollected cargoes' extra costs, the new Code does not change the position of the carrier (including the NVOC) much.

According to the new Code, the shipper is to be liable to the carrier for the uncollected cargoes' extra costs unless the consignee has exercised its rights under the contract of carriage of goods by sea. However, the carrier could only claim against the shipper for the uncollected cargoes' extra costs in the past even the old Code stated that the consignee should be the liable party for such costs. One of the reasons was that the consignee was usually not in China and was not bound by the Maritime Code. Moreover, the consignee was not even a party to the bill of lading contract (As it did not present the bill of lading to the carrier and so it did not admit its capacity of being consignee). After all, it was the shipper that asked the carrier to do the shipment and gave the name of the consignee to the carrier. The consignee would only become a party to the bill of lading contract when it presented the bill of lading to the carrier for taking delivery of the cargoes.

If the carrier is an NVOC, there is one more bill of lading to be involved i.e. the master bill of lading issued by the NVOC's subcontractor e.g. a shipping company. Normally speaking, the NVOC is the shipper and the NVOC's agent is the consignee under the master bill of lading. So the NVOC is in fact both the shipper and consignee under the master bill of lading, and is liable to the shipping company for the uncollected cargoes' extra costs no matter under the old Code or the new Code.

Regarding the suit time interruption, the new Code has made a big change. The claimant can interrupt the one year suit time by asking the party being claimed to settle the claim, and the one year suit time will start to count again from the date of interruption. It has been a universal customary practice in the shipping industry that the carrier quite often relies on the one year suit time under the international conventions e.g. the Hague Visby Rules or the national maritime laws to reject the cargo claim. However, the carrier can no longer "time bar" the cargo claim under the new Code because the claimant can send a claim letter to the carrier every several months to interrupt the suit time so that the cargo claim will never be time barred.

Regarding the compulsory application of the new Code's Chapter IV (Contract of Carriage of Goods by Sea) to the contract of the international carriage of goods by sea in which either the port of loading or the port of discharge is in China, this should not make much difference to the carrier's position. The PRC Court all along regarded itself as having jurisdiction over the shipment to or from China and applied the Maritime Code even in the old Code's time on the grounds that the foreign jurisdiction clause in the bill of lading was some "formatted clause" and legally invalid.

Overall speaking, the carrier has to bear more liability under the new Code, and should have a good transport liability insurance to safeguard its liability position by transferring the risks to its insurer.

Please feel free to contact us if you have any questions on the new Maritime Code or if you would like to have a copy of it.

Simon Chan
Director
E-mail: simonchan@smicsl.com

Richard Chan
Director
E-mail: richardchan@smicsl.com

23/F, Excel Centre, 483A Castle Peak Road, Lai Chi Kok, Kowloon, Hong Kong
香港九龍荔枝角青山道 483A 卓匯中心 23 樓 Tel: 2299 5566 Fax: 2866 7096

E-mail: gm@smicsl.com Website: www.sun-mobility.com

CIB A MEMBER OF THE HONG KONG CONFEDERATION OF INSURANCE BROKERS

香港保險顧問聯會會員



If you would not like to receive our future monthly newsletters, kindly return the fax to us and mark "unsubscribe" in the heading and please state your fax number for us to remove you from our distribution list.