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If a whole or part of a section has been amended, the date of the amending law appears in square brackets at the end of the section. If a whole section, paragraph or clause has been deleted, the date of the deletion appears in square brackets beside the deleted section, paragraph or clause.

The *Saeima*¹ has adopted and
the President has proclaimed the following Law:

Maritime Code

Part A General Provisions

Chapter I General Provisions for Applicability of the Maritime Code

Section 1. Scope of the Maritime Code

The Maritime Code (hereinafter – Code) regulates the administrative and private legal relations which arise between legal entities in the field of legal relations connected with maritime matters.

Section 1.¹ Ship

A ship, unless specified otherwise in this Code, is any vessel – engineering technical device, which is structurally designed for navigation. The rights and responsibilities of the ship shall be implemented by the shipowner, master, as well as the operator or charterer of the ship.

[10 January 2013]

Section 2. Applicability of the Code

(1) This Code shall be applied to all ships that are located in waters under the jurisdiction of Latvia (hereinafter – Latvian waters), all Latvian ships, as well as other legal entities which are associated with Latvian ships or navigation in Latvian waters, unless it is otherwise provided for in this Code.

(2) This Code does not apply to warships and the personnel thereof unless specified otherwise by this Code or other laws and regulations.

[22 May 2014]

¹ The Parliament of the Republic of Latvia

Section 3. Applicability of Norms of International Law and Other Latvian Laws and Regulations

(1) If the norms of international law which are binding on the Republic of Latvia provide for provisions other than those contained in this Code and other Latvian laws and regulations, the norms of international law shall be applied.

(2) Other Latvian laws and regulations shall be applied to such issues associated with maritime matters as are not regulated by this Code.

Chapter II Nationality of Ships

Section 4. Provisions Regarding Nationality

(1) A ship shall be regarded as a Latvian ship, if it has been registered in the Latvian Ship Register (hereinafter – Ship Register) of the State joint stock company “Maritime Administration of Latvia” (hereinafter – Maritime Administration of Latvia) or the State joint stock company “Road Traffic Safety Directorate” (hereinafter – Road Traffic Safety Directorate) Register.

(2) The nationality markings of Latvian ships shall be the following:

1) the national flag of Latvia;

2) the State registration number;

3) a call sign;

4) the national yachting symbol “LAT” for the Republic of Latvia allocated by the International Sailing Federation and the digit or combination of digits allocated by the Maritime Administration of Latvia;

5) the port of registry.

(3) A ship shall be released from the use of the marking or any of the markings referred to in Paragraph two of this Section, if the grounds for this are a technical reason or design of the ship.

(4) [10 January 2013]

[22 December 2005; 10 January 2013]

Section 5. Conditions for Technical Management of Ships

(1) A ship belonging to a body registered in Latvia (merchant, association, co-operative society, etc.), as well as a Latvian citizen, a Latvian non-citizen or a person who has received a residence permit, Certificate of Registry or permanent residence permit in Latvia, the ship being subject to the requirements of the International Management Code for the Safe Operation of Ships and for Pollution Prevention (hereinafter – ISM Code), shall be registered in the Ship Register provided that its technical management is performed by the shipowner or the shipowner assigns the performance thereof to a legal person registered in Latvia or another European Union Member State on the basis of the ship management agreement referred to in Section 13 of this Code.

(2) A ship belonging to a foreigner, which is subject to the requirements of the ISM Code, shall be registered in the Ship Register provided that its technical management is performed by a legal person registered in Latvia on the basis of the ship management agreement referred to in Section 13 of this Code. If a shipowner is registered in a European Union Member State or is a citizen of a European Union Member State, technical management of the ship may also be performed by a legal person registered in the European Union Member State on the basis of the ship management agreement.

(3) A person who performs the technical management of ships referred to in Paragraphs one and two of this Section shall be certified according to the requirements of the ISM Code, and it shall be certified by the Maritime Administration of Latvia or an organization recognized by the Maritime Administration of Latvia (classification society).

(4) A ship which is not subject to the requirements of the ISM Code shall be registered in the Ship Register without conditions regarding its technical management. The ship shall be registered in the Road Traffic Safety Directorate Register without conditions on its technical management.

[10 January 2013]

Section 6. Name of Ship

(1) Every ship which is registered in the Ship Register shall have a name which shall be chosen by its owner. The name of the ship may consist of one or two words or a combination of a word and digits, and it shall be clearly distinguishable from the names of the other ships registered in the relevant Ship Register Book. Only letters of Latvian or Latin alphabet shall be used in the spelling of the name of the ship, and it shall not be in contradiction with moral principles. Ships belonging to the same owner may have the same name within the framework of one Ship Register Book, if it is supplemented with a distinguishing number. A name is not mandatory for fishing boats registered in the Ship Register and ships registered in the Road Traffic Safety Directorate Register.

(2) The shipowner has the right to request to register a change of the name of the ship in the Ship Register. If the ship has mortgage creditors and holders of rights, the name of the ship may be changed only with the consent of the referred-to creditors or holders of rights.

(3) Upon a contract to buy or to build a ship being entered into, the person acquiring the ship or the builder may reserve the name of the ship by lodging a relevant submission to the Maritime Administration of Latvia. The name of the ship may also be reserved in the Ship Register in other cases upon request from an interested person for a time period of up to one year. The name that has been reserved in the Ship Register as the name of the ship shall have the same protection under law as the name of the ship that has already been registered in the Ship Register.

[10 January 2013]

Section 7. Port of Registry

The shipowner shall choose any of the ports of Latvia as a port of registry for his or her ship prior to registering the ship in the Ship Register.

[10 January 2013]

Part B

Registration of Ships and Rights Associated Therewith

Chapter III Ship Register

Section 8. Ships to be Registered

(1) The purpose of the registration of ships is to protect the rights related to ships and to provide State control over compliance of ships with the navigation safety requirements.

(2) In Latvia ships shall be registered as follows:

1) in the Ship Register:

a) cargo ships, passenger ships, pleasure ships (ships carrying less than 12 passengers), special purpose ships (tugs, icebreakers, pilot ships, rescue ships, training and research ships, cable-laying vessels, dredgers, barges, support vessels, floating cranes, etc.) and State service ships (guarding of the State border, environmental protection, prevention of accidents, etc.),

b) ships under construction,

c) recreational craft – sailing yachts with the maximum length over 2.5 metres, motoryachts with the maximum length 12 metres or more, as well as motoryachts with the length less than 12 metres, if they are used for commercial activities (carrying of passengers, etc.),

d) fishing vessels and fishing boats, which are used in industrial fishing in territorial waters and economic zone waters;

2) in the Road Traffic Safety Directorate Register:

a) floating craft with maximum length less than 12 metres, except those used for commercial activity at sea and in ports,

b) the following recreational craft: craft intended for water sports and pleasure (also jet-skis), the maximum length of which is less than 12 metres, except for yachts.

(3) The Cabinet shall determine procedures for the registration of the floating craft referred to in Paragraph two, Clause 2 of this Section, as well as regulations regarding traffic of all floating craft in the inland waters.

(4) The technical supervision and classification requirements of Latvian ships shall be as determined by the Maritime Administration and Marine Safety Law.

(5) [22 December 2005]

(6) The ships referred to in Paragraph two, Clause 1, Sub-clause “a” of this Section shall be registered, if they are not more than 23 years old at the time of registration. Such restriction shall not apply to ships, which only are engaged in cabotage in Latvia, to passenger ships which are engaged in voyages between the Baltic Sea ports, and ships, which are intended for the carrying out of the functions of State services.

[22 December 2005; 22 March 2007; 15 May 2008; 10 January 2013]

Section 8.¹ Floating Structures

(1) Floating structure is a technical engineering installation, which is structurally intended for use on water, but is not to be considered as a ship within the meaning of this Code.

(2) Floating structures (floating docks, floating workshops, floating fuel stations, jetties, cargo pontoons) shall be registered in the Ship Register, and the norms applicable to ships in accordance with the laws and regulations of Latvia shall apply thereto.

(3) Registration of such floating structures designed for performing specific work on water, but are not the structures referred to in Paragraph two of this Section, is not mandatory. If the displacement of such floating structures without cargo exceeds 10 tonnes, they may be registered in the Ship Register on the basis of a submission of the owner, if they are completely located in the territory of Latvia. The sole purpose of such registration is to protect the rights related to floating structures. In case of registration the conditions referred to in Sections 9, 10 (except the conditions referred to in the first sentence of Section 10, Paragraph three), 11, 12, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 30, 31, 32, 33, 34, 35, 36, 37, 41, 43, 45, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 56.¹, 56.² and 57 of this Code shall be applied to such structures.

[10 January 2013]

Section 9. Procedures for Maintaining the Ship Register

(1) The Ship Register is an electronic database in which Ship Register Books are maintained electronically. The Ship Register shall be maintained by the Maritime Administration of Latvia authorised therefor by law. Registers in the Ship Register Books shall be publicly reliable.

(2) The Ship Register shall contain six journals of the Ship Register, in which the following shall be registered:

1) the first – the ships referred to in Section 8, Paragraph two, Clause 1, Sub-clause “a” of this Code, the floating structures referred to in Section 8.¹ and the fixed installations referred to in Section 29, Paragraph two;

2) the second – ships on the basis of Bareboat Charter Agreements entered into;

3) the third – ship encumbrances;

4) the fourth – the ships referred to in Section 8, Paragraph two, Clause 1, Sub-clause “b” of this Code and the fixed installations referred to in Section 29, Paragraph one;

5) the fifth – the ships referred to in Section 8, Paragraph two, Clause 1, Sub-clause “c” of this Code;

6) the sixth – the ships referred to in Section 8, Paragraph two, Clause 1, Sub-clause “d” of this Code.

(3) Each ship registered in the Ship Register shall have a ship’s file in which all documents related to this ship shall be kept.

(4) Everybody has the right to become acquainted with entries in the Ship Register Books. After lodging a relevant written submission everybody has the right to receive an extract from the Ship Register. The correctness of the extract shall be certified by the signature of an official of the unit – Ship Register – of the Maritime Administration of Latvia (hereinafter – Ship Registrar) and stamp bearing the lesser State coat of arms of Latvia and an inscription “LATVIJAS KUĢU REĢISTRĀ” [Ship Register of Latvia] in Latvian and English.

(5) The Cabinet shall lay down the procedures for maintaining the Ship Register and files of ships, the requirements pertaining to the information to be entered in the Ship Register Books, as well as the amount of information to be included in an extract from the Ship Register.

[22 December 2005; 22 March 2007; 15 May 2008; 10 January 2013]

Section 10. Documents to be Submitted

(1) Documents which are the basis for the registration of a ship in the Ship Register shall be submitted to the Maritime Administration of Latvia. The Cabinet shall specify the documents to be submitted and the procedures for their certification in order to register a ship in the Ship Register, the documents that shall be issued by the Maritime Administration of Latvia, shall approve the sample forms, determine the amount of the State registration fee and the procedures for collection thereof. The consent of the mortgage creditor for discharge of the ship mortgage, as well as a submission regarding exclusion of the ship from the Ship Register, shall be drawn up in accordance with notarial deed procedures except for the case referred to in Section 12, Paragraph four of this Code.

(2) The lodged documents shall be kept in the relevant ship’s file. If registration must be performed urgently, fax copies or copies of electronic mail documents may be used, receiving a guarantee letter from the submitter that the originals will be lodged immediately after receipt thereof, but not later than within 10 days after the day when the copy was sent.

(3) In order to register a ship in the Ship Register, its technical condition and equipment shall conform to the requirements of the norms of international law and Latvian laws and regulations in relation to navigation safety, human life, health and the environment protection. Procedures for technical inspection of the ship and tariffs of paid services shall be determined

in accordance with the procedures set out in the Maritime Administration and Marine Safety Law.

(4) Each ship which is referred to in Section 8, Paragraph two, Clause 1 and the floating structures referred to in Section 8.¹, Paragraph two of this Code shall be applied for registration in the Ship Register within a month from the day when a contract on the alienation of the ship is entered into or from the day when the ship is deleted from the Ship Register of another state, or also from the day of entering into a Bareboat Charter Agreement, or from the day when a court judgment has entered into effect, by which the ownership right of the acquired ship is recognised, or from the day when a document certifying the right of the heir to acquire the ship by way of inheritance is issued, or from the day when a builder's certificate is issued.

[22 March 2007; 10 January 2013; 22 May 2014]

Section 11. Procedures for Registering a Ship in the Ship Register and for Issuing Ship Certificates

(1) A ship shall be registered in the Ship Register on the basis of:

- 1) documents, which are the basis for acquiring the ownership rights of the ship;
- 2) a Bareboat Charter Agreement;
- 3) a statement issued by a State institution, which certifies that the ship is in the

balance sheet of a relevant State authority.

(2) If a ship is a State property, it shall be registered in the Ship Register in the name of the State represented by the relevant State authority.

(3) After registering the ship in the Ship Register the shipowner shall be issued a Certificate of Ownership and Certificate of Registry, as well as other certificates in accordance with the provisions of this Code. Owners of the floating structures referred to in Section 8.¹, Paragraph three of this Code and of the fixed installations referred to in Section 29, Paragraph two shall be issued only the ownership certificate.

(4) If the ship is registered in the Ship Register on the basis of a Bareboat Charter Agreement, the Certificate of Registry shall be issued to the bare boat charterer, but the ownership certificate shall not be issued.

(5) If the ship does not conform to the conditions of Section 10, Paragraph three of this Code, it shall not be registered in the Ship Register, except a ship which is in the Republic of Latvia and belongs to a legal person registered in the European Union, a citizen of a European Union Member State, a Latvian non-citizen or a person who has received a residence permit, Certificate of Registry or permanent residence permit in Latvia. In such case the shipowner shall be issued the Certificate of Registry of the ship when non-conformities of the ship with the stipulated requirements are rectified.

(6) The Ship Registrar shall take a decision to register a ship in the Ship Register or to refuse to register a ship, as well as sign the ship's certificates and other documents related to the registration of the ship and the rights pertaining thereto. If necessary, copies of the ship certificates shall be approved by the relevant consular official of Latvia abroad after harmonisation with the Ship Registrar.

[10 January 2013]

Section 12. Deletion of a Ship from the Ship Register and Term of Validity of Documents

(1) A ship shall be deleted from the Ship Register on the basis of a submission from the shipowner if:

- 1) destruction of the ship has occurred;
- 2) there has been an accident at sea in which the ship has sustained significant damage and the shipowner has decided not to restore the ship;

- 3) the ship has disappeared without trace;
 - 4) the operation of the ship has been terminated;
 - 5) the ship has been reregistered in the Ship Register of another state.
- (2) The shipowner has a duty to submit documents, which are the basis for deletion of a ship from the Ship Register, within six months from the day when the conditions referred to in Paragraph one, Clauses 1, 2, 3 and 4 of this Section have set in. If a ship is re-registered in the Ship Register of another state, first it must be deleted from the Ship Register. The shipowner has a duty to fulfil all the obligations to the Maritime Administration of Latvia until the time when the ship is deleted from the Ship Register. Upon deleting a ship from the Ship Register the shipowner shall be issued with a certificate regarding the deletion of the ship from the Ship Register.
- (3) The Ship Registrar shall cancel all certificates of the ship and delete the ship from the Ship Register if it is determined that:
- 1) the ship is already registered in the Ship Register of another state;
 - 2) the nationality markings of the ship are being hidden;
 - 3) the requirements of international legal norms binding to Latvia and of regulatory legal acts of Latvia are not conformed to in relation to the ship.
- (4) A ship, which is registered in the Ship Register on the basis of a Bareboat Charter Agreement, shall be deleted from the Ship Register on the basis of a submission of the bare boat charterer. The ship may also be deleted on the basis of a submission of the shipowner, if the term of validity of the Bareboat Charter Agreement has expired or the Bareboat Charter Agreement provides for such right for the shipowner, or the Bareboat Charter Agreement is terminated according to the procedures laid down in the contract. The Ship Registrar has the right to delete such ship from the Ship Register, which has been registered therein on the basis of a Bareboat Charter Agreement, also if a submission has not been received, but the term of validity of the Bareboat Charter Agreement and the term of validity of Certificates of Registry issued on the basis thereof have expired. Upon deleting a ship from the Ship Register, the bare boat charterer of the ship or the shipowner shall be issued a certificate regarding deletion of the ship from the Ship Register.
- (4¹) [10 January 2013]
- (5) [10 January 2013]
- [22 December 2005; 22 March 2007; 15 May 2008; 10 January 2013]*

Section 13. Bareboat Charter Agreement and Ship Management Agreement

- (1) A Bareboat Charter Agreement is an agreement between the shipowner and the bare boat charterer regarding the transferring of the actual possession of the ship to the bare boat charterer for the time period laid down in the contract, during which the ship has a parallel registration in Latvia and abroad. In order to register a ship in Latvia on the basis of a Bareboat Charter Agreement, the bare boat charterer must be a natural person or legal person registered in Latvia.
- (2) A ship registered abroad may be registered in Latvia in accordance with a Bareboat Charter Agreement, if the registration of the ship in the Ship Register is provided for in the concluded Bareboat Charter Agreement. Only the features laid down in Section 4, Paragraph two of this Code may be used as the nationality markings of the ship during such registration.
- (3) A ship management agreement is an agreement between the shipowner and the operator of the ship regarding technical management of the ship, which contains mandatory provision regarding the transfer of the technical management of the ship (it shall include safe ship management in conformity with the requirements of the ISM Code) to the operator of the ship for the time period, during which the ship is registered in the Ship Register.

(4) The requirements of laws and regulations of Latvia regarding implementing the flag State supervision of a ship shall be applied to a foreign ship registered in the Ship Register on the basis of a Bareboat Charter Agreement.

[10 January 2013]

Section 14. Temporary Change of Flag

If, on the basis of a Bareboat Charter Agreement, a ship registered in Latvia is permitted to temporarily fly under the flag of another state or a ship registered in another state is temporarily allowed to fly under the Latvian flag, the following provisions shall be observed in relation to such ship:

1) in recognising registered mortgage and other rights regarding the ship, the laws and regulations of the state in which the mortgage regarding the ship is registered shall be applied;

2) the state under the flag of which the ship is temporarily permitted to fly, or the initial state of registration of the ship if the ship is permitted to temporarily fly under the Latvian flag shall be entered in the Ship Register;

3) a Latvian ship may not be given permission to temporarily fly under the flag of another state if all of the registered ship mortgages and other rights have not been discharged, or the consent of all the mortgage creditors and holders of other encumbrances has not been obtained;

4) a notice from a bailiff regarding the forced sale (auction) of a ship shall also be sent to the authority responsible for the registration of ships of the state under the flag of which the ship is temporarily permitted to fly;

5) after the Certificate of Deletion of a ship specified in Section 56, Paragraph three of this Code is issued, the Ship Registrar, at the request of the purchaser, shall issue a certificate that in regard to a ship that was permitted to temporarily fly under the Latvian flag, such rights have been annulled.

[22 December 2005]

Chapter IV

Establishment of Rights Associated with a Ship

Section 15. Ship and the Rights Associated Therewith

(1) A ship and the rights associated therewith, as well as amendments and annulments of such rights, shall be registered in the Ship Register. Rights associated with a ship shall be ownership rights to a ship, as well as securities and restrictions of such rights.

(2) Registration of ownership rights to a ship, mortgages, securities and prohibitions of such rights in the Ship Register shall be mandatory. If a ship is registered in the Ship Register on the basis of a Bareboat Charter Agreement, the rights associated with the ship (except Bareboat Charter Agreement), as well as amendments, annulments, securities, restrictions and prohibitions of such rights shall be registered in the primary registration State ship register.

(3) The rights associated with a ship as ownership rights shall be established and binding on third parties only after the registration of such rights in the Ship Register. If registration of a ship has been carried out as a matter of urgency using fax copies or copies of electronic mail documents, new rights shall not be registered until receiving the originals of documents and examining the conformity thereof.

[10 January 2013]

Section 16. Ownership Rights to a Ship

(1) The person who has been registered in the Ship Register as the owner of a ship and has acquired an ownership certificate shall be recognised as the owner of the ship.

(2) The basis for the acquisition of ownership rights to a ship shall be:

1) an alienation contract and a ship transfer-receipt deed;
2) a document, which confirms the right to acquire ship ownership by means of inheriting, on the basis of which the heir may acquire through prescription also the property of other persons comprised by the estate;

3) a court adjudication which has come into legal effect by which the ownership rights of the acquirer (including the person who himself or herself has constructed the ship) are recognised;

4) if a new ship has been built – a builder's certification (certificate) in which the acquirer of the ship is indicated;

5) a certificate of deletion issued by the Ship Register of another state or by an equivalent authority, the owner indicated in which is entitled to register the ownership rights in the Ship Register.

(3) In order to register the ownership rights to a ship in the Ship Register, the documents attached to the submission regarding registration of ownership rights shall certify the transfer of such rights.

(3¹) If a ship is a joint property, all joint owners and the undivided share belonging to them shall be indicated in the ownership certificate of the ship. One of the joint owners shall be indicated in the Certificate of Registry of the ship who is the only one entitled to represent joint owners in relationship with the Maritime Administration of Latvia according to a written agreement of all joint owners.

(4) If the registered legal address or address of the declared place of residence of the shipowner is not in the Republic of Latvia, the shipowner shall have a representative in Latvia for accepting the claims thereto, executing them and communicating with the Maritime Administration of Latvia. The referred-to requirement shall not apply to ships which are registered on the basis of a Bareboat Charter Agreement.

(5) The Cabinet shall lay down the duties of the representative of the shipowner referred to in Paragraph four of this Section, as well as the minimum amount of authorisation and the requirements to be set for him or her.

[22 December 2005; 10 January 2013; 22 May 2014]

Section 17. Recognition of Ownership Rights

(1) If the submitter of a submission cannot submit to the Maritime Administration of Latvia documents which may serve as a basis for the registration of ownership rights to a ship, a court judgment by which ownership rights are recognised may serve as the basis for the registration of the ship in the Ship Register.

(2) In preparing a matter for adjudication, the court shall publish in the newspaper *Latvijas Vēstnesis* [the official Gazette of the Government of Latvia] an announcement in which persons having any objections against the claim are invited to submit such objections within the time period specified by the court.

[22 December 2005]

Section 18. Registration of Voluntary Rights

Voluntary rights may be registered in the Ship Register only if these rights have been established by the shipowner himself or herself or by a person authorised by himself or herself.

Section 19. Priority

- (1) Registered rights have priority in relation to rights not registered, except for maritime liens.
- (2) If a conflict exists regarding priority of registered rights, those rights that were registered first shall have priority. Rights registered simultaneously shall have equal priority.

Section 20. Exceptions in Relation to the Conditions of Priority

- (1) Unregistered rights which were acquired earlier shall have priority over registered rights acquired later if the latter are voluntarily acquired and the person that is acquiring the rights knew or should have known about the rights acquired earlier.
- (2) Rights prescribed by law are not affected by registration unless the law provides otherwise.
- (3) Encumbrances, which are transferred from the Ship Register of a foreign state in accordance with Section 44 of this Code, shall have priority in relation to other rights and shall retain their priority in accordance with the original registration in the Ship Register of the foreign state.
- (4) In the case of the cession of a mortgage of a ship the cessionary shall retain the priority prescribed in Section 19 of this Code.

Section 21. Protection in Cases of Insolvency

In order that voluntarily established rights in a case of insolvency be protected, they must be registered in the Ship Register not later than the day before the commencement of insolvency proceedings, except for the cases that are referred to in Section 20, Paragraphs three and four of this Code.

Section 22. Priority if Error Allowed in Registration

If a right has been registered erroneously in the Ship Register or has not been registered within 15 days from the time application is made therefor, a court may specify that priority shall be given to voluntarily established rights that were registered later in the following cases:

- 1) the acquirer of the later registered rights was acting in good faith in registering such rights in the Ship Register;
- 2) if the later registered rights are not given priority, the shipowner may suffer unfair loss in relying on the Ship Register;
- 3) if the later registered rights are not given priority, the loss of the shipowner may substantially exceed the loss of the other person, or it may significantly affect rights registered later.

Chapter V

Deletion from the Ship Register and Prescriptive Periods

Section 23. Deletion of a Ship from the Ship Register and Retention of Encumbrances

- (1) A ship may not be deleted from the Ship Register without the written consent of the holder of the encumbrances of the ship. If the written consent of the holder of the encumbrances is not obtained, an entry shall be made in the Ship Register regarding the receipt of a submission

for the deletion of a ship, but the ship shall not be deleted from the Ship Register. In such case, the encumbrances shall retain their priority, but new rights may not be registered.

(2) If the written consent of the holder of encumbrances referred to in Paragraph one of this Section is obtained, the ship shall be deleted from the Ship Register and the Ship Registrar shall issue a certificate of deletion of a ship, wherein all the encumbrances of the ship shall be indicated in order of priority.

(3) Temporary suspension of the operation of a ship shall not affect the ownership rights to the ship and its encumbrances.

[22 December 2005]

Section 24. Deletion of Encumbrances

(1) A ship mortgage or other encumbrances shall be deleted from the Ship Register on the basis of a court judgment or a written consent of the holder of encumbrances to the deletion of the ship mortgage or other encumbrances.

(2) In the case of a forced sale (auction) of a ship, all the ship mortgages or other registered rights, except those that with the consent of the holder of such rights have been assumed by the purchaser, as well as all maritime liens and any other type of encumbrance shall cease to have effect in relation to the ship, on the following conditions:

1) at the time of the sale the ship is located in Latvia;

2) the sale is conducted in accordance with laws and regulations.

(3) The registered ship mortgage and other encumbrances shall also cease to have effect if the forced sale of the ship is conducted in a foreign state and such forced sale is recognised in Latvia.

(4) If an encumbrance has erroneously been deleted, the provisions of Section 22 of this Code shall be applied.

(5) A prohibition endorsement in relation to a ship shall be deleted in the cases prescribed by the Civil Procedure Law.

[22 December 2005; 15 May 2008]

Section 25. Prescriptive Period

(1) Encumbrances of a ship shall be considered to have ceased to be in effect and they may be deleted from the Ship Register when the prescriptive period of the actions by the holder of encumbrances has expired if the documents on the basis of which the encumbrances have been registered in the Ship Register do not provide otherwise.

(2) The registration of cessions in relation to a previously established encumbrance of a ship shall not interrupt the prescriptive period of the claim provided that the transaction, on the basis of which cession takes place, does not contain a manifest novation of the establishment of the encumbrance. An increase in the amount of the ship's debt obligations shall be considered as such manifest novation. From the date of entry of the novation a new prescriptive period commences, the length of which is the same as the original one.

(3) In the cases specified in Section 12, Paragraph one, Clause 1, 2 or 3 of this Code, the Ship Registrar shall simultaneously with deletion of the ship from the Ship Register delete all the registered encumbrances of the ship. If encumbrances have erroneously been deleted, the provisions of Section 22 of this Code shall be applied.

Section 26. Ships that are not Repairable

If it is not useful to restore a ship, the shipowner may submit an application to the court, pursuant to notification procedures, in respect of the discharge of a third person's unregistered rights in relation to the ship.

Chapter VI

Registration of Ships under Construction in the Ship Register and Deletion Therefrom

Section 27. Registration of a Ship under Construction in the Ship Register

(1) A ship under construction may be registered in the Ship Register on the basis of the ship building contract. Registration of a ship under construction in the Ship Register shall protect the rights of the acquirer from the time of commencement of building of the ship. A notification by a shipbuilder of a decision to build a ship on his or her own account within the meaning of this Section shall be considered as equivalent to a ship building contract for the funds of the acquirer.

(2) The Cabinet shall determine which ships shall be considered as ships under construction.

Section 28. Deletion of a Ship under Construction from the Ship Register or the Relevant Ship Register Book

(1) A ship under construction shall be deleted from the Ship Register on the basis of a submission of the builder or acquirer. In order to re-register a ship that has been registered as a ship under construction in another Ship Register Book, it must be ready for operation and meet the requirements of Section 10, Paragraph three of this Code.

(2) In order to re-register a ship for which encumbrances have been registered in another Ship Register Book, a written consent of the holder of the right for re-registration must be submitted. After a ship under construction is re-registered in another Ship Register Book, the registered encumbrances shall retain their priority.

[10 January 2013]

Chapter VII

Installations for the Extraction of Seabed Resources

Section 29. Fixed Installations and Their Systems

(1) Fixed installations under construction and which are intended for use in the exploration, extraction, storage of underwater natural resources, or similar types of activities, on the basis of the building contract of the fixed installation may, upon a submission by the owner, be registered in the Ship Register if such installations will be constructed or they are constructed in Latvia, and if such registration is not in contradiction to the norms of international law binding on Latvia. Systems of fixed installations, on the basis of the building contract of such systems, may be registered in the Ship Register if such systems will be constructed or they are constructed in Latvia.

(2) Fixed installations which are used for the investigation, storage of underwater natural resources, or similar types of activities, may, on the basis of a submission by the owner, be registered in the Ship Register if they are fully or partially located in Latvian territory or on Latvia's continental shelf, and if such registration is not in contradiction to the norms of international law binding on Latvia.

(3) The provisions of this Part and Sections 30, 31 and 32 of this Code shall be applied to fixed installations where necessary. Upon pledging of such installations also auxiliary devices and equipment may be pledged.

(4) Fixed installations or systems of fixed installations under construction which are registered in the Ship Register may be pledged if these installations or systems of installations are registered in conformity with Paragraph one of this Section. The second sentence of

Section 31, Paragraph two of this Code does not apply to fixed installations and systems of installations.

[22 December 2005; 10 January 2013]

Part C **Encumbrances on Ships and Arrest of Ships**

Chapter VIII **Ship Mortgages**

Section 30. Mortgage on a Ship or Part Thereof

(1) If the ownership rights to a ship or part thereof are registered in the Ship Register, this ship or part thereof may be used as security for a claim, drawing up a debt obligation on the ship. A debt obligation on a ship or part thereof shall become a ship mortgage and shall come into effect as of the time of its registration in the Registration Book of Encumbrances of the Ship Register. Information regarding the creditor of the ship and the amount of the secured claim shall be included in the debt obligation on the ship.

(2) The Ship Registrar shall register debt obligations on ships in such order as they are presented, and on each debt obligation shall indicate the day and hour when the relevant entry was made. The priority of the mortgage creditors of a ship shall be determined by the order of registration of the debt obligations in the Registration Book of Encumbrances of the Ship Register. Transfer of or change in the right of claim shall not affect priority of the ship mortgage. If mortgage has been registered for a ship or part thereof, the change in the ownership right may be registered only with a consent of the mortgage creditor.

(3) A mortgage creditor of a ship may not be considered as the shipowner or of part thereof on the basis of the mortgage, and similarly it may not be considered that a mortgage debtor has lost ownership rights to a ship on such basis, except in cases where the pledged ship or part thereof is sold in order to discharge the mortgage debt on the ship.

(4) A ship under construction may be pledged by the builder (if the ship is built on the account of the builder), the commissioning party (if the ship is built using the means of the commissioning party) or upon a mutual agreement between the builder and the commissioning party. A debt obligation of the ship jointly entered into by the builder and the commissioning party shall be considered as a certification of such agreement.

[22 December 2005; 10 January 2013]

Section 31. Pledging of Ships under Construction

(1) If a contract does not specify otherwise, the pledging of a ship under construction or which is to be built in Latvia shall also apply to the ship's main engines and larger parts of the hull if the engines or parts of the hull referred to are being built or are located in the territory of the shipyard of the main builders. If such parts are being built by other Latvian shipbuilders, it may be agreed that the pledging also applies to such parts.

(2) If a contract does not specify otherwise, the pledge rights shall also apply to the materials and equipment which are located in the territory of the shipyard of the main builders, or in the shipyards where the main engines or any other large part of the hull are being built, provided that the materials and equipment are clearly identifiable by their markings or in another way.

Section 32. Appurtenances

(1) The pledging of a ship and other encumbrances thereof which are or may be registered in the Ship Register, shall also relate to each separate part of the ship and all appurtenances

which are located on the ship or have been temporarily relocated elsewhere. Separate rights shall not be established regarding such appurtenances and parts of a ship. Fuel and other consumable stores shall not be considered to be such appurtenances.

(2) The provisions of Paragraph one of this Section do not apply to those appurtenances that belong to a third person, and to appurtenances leased by the shipowner.

Chapter IX Maritime Liens

Section 33. Claims which are Secured by Maritime Liens

(1) Maritime liens in respect of a shipowner, bare boat charterer or ship operator shall secure claims:

1) associated with employment on the ship of the master of the ship, officers and other members of the crew of the ship, including cost of repatriation and social insurance contributions payable on their behalf;

2) in relation to loss of human life or harm caused to his or her health (including claims regarding recovery of means of support) on water or on land in connection with the operation of the ship;

3) associated with reward for the salvage of a ship;

4) associated with payments for the use of ports, canals and other waterways and pilotage services;

5) arising out of loss of or damage to property or destruction thereof caused by the operation of the ship other than loss of or damage to cargo, containers and passenger belongings carried on the ship.

(2) A maritime lien does not secure the claims referred to in Paragraph one, Clauses 2 and 5 of this Section if they arise:

1) from loss which is associated with the carriage by sea of oil or other hazardous or noxious substances if laws and regulations provide for strict liability and compulsory liability insurance or other security;

2) from the radioactive properties of substances or the combination of radioactive substances with toxic, explosive or other hazardous nuclear fuel, or from hazardous radioactive products or wastes.

Section 34. Priority of Maritime Liens

(1) The maritime liens specified in Section 33 of this Code shall take priority in relation to claims arising from mortgage and other encumbrances on a ship. The requirements specified in Section 56, Paragraph two, Clauses 1 and 2 of this Code shall take priority over the maritime liens specified in Section 33 of this Code, as well as in accordance with the mortgages and other encumbrances on a ship which are registered in accordance with this Code.

(2) A maritime lien associated with reward for salvage of a ship shall take priority over those maritime liens which were created before the operations occurred which gave rise to claims associated with reward for salvage of the ship.

(3) Claims, which are secured by maritime liens that are associated with reward for ship salvage, shall be satisfied in inverse order taking into account the time when such maritime liens were created. Such maritime liens are created on the date when each salvage measure (operation) is completed.

(4) The maritime liens referred to in Section 33 of this Code shall be ranked in the order prescribed in this Section, taking into account the provisions in Paragraph two of this Section.

The maritime liens specified in Section 33, Paragraph one, Clauses 1, 2, 4 and 5 of this Code shall, within the scope of one group, be satisfied simultaneously and proportionally.

Section 35. Right of Retention

(1) Any natural or legal person shall have the right of retention in accordance with the Civil Law, if the ship is in the possession of the relevant person.

(2) The right of retention terminates, if a ship's being in possession is interrupted, except in the case when retention is interrupted by the arrest of the ship.

[22 December 2005]

Section 36. Characteristics of Maritime Liens

(1) A maritime lien is attached to a ship irrespective of the registration of ownership rights or change of flag, except in the cases specified in Section 56 of this Code.

(2) If a maritime lien, which secures a claim regarding which the alienor of a ship is not personally liable, ceases to exist or acquires a lower priority in case the ownership rights pass, the alienor referred to shall be liable to the ship's creditor whose claim is secured by the maritime lien, to such extent as the creditor does not receive satisfaction of his or her claim due to the transfer of these ownership rights.

Section 37. Cession of Maritime Liens

(1) The ceding of claims secured by maritime liens cause simultaneous ceding of the maritime liens themselves.

(2) Rights to insurance compensation may not be ceded to a plaintiff whose claim is secured by a maritime lien, and such compensation shall be paid to the shipowner in accordance with the insurance contract.

Chapter X Preferential Rights of Cargo

Section 38. Claims Secured by Preferential Rights of Cargo

Claims shall be secured by preferential rights of cargo in the following order:

1) claims, which are associated with reward for salvage and compensation for general average;

2) claims of the carrier of the cargo or the master, which have arisen in carrying out the rights specified by this Code, in entering into a contract or acting otherwise, or undertaking expenditures on the account of the owner of the cargo;

3) claims by the carrier of the cargo, which arise from a charter contract to the extent that such a claim may be brought against the consignee of the cargo.

Section 39. Privileges

(1) Preferential rights of cargo shall take priority over other encumbrances on cargo.

(2) Claims secured by preferential rights of cargo shall be satisfied in the order specified in Section 38 of this Code. Claims that are specified in one of the clauses of Section 38 of this Code are, as between themselves, equal. Of the claims that are specified in Section 38, Clauses 1 and 2 of this Code, the most recent claims have priority, if all these claims have not arisen from the same event.

Section 40. Delivery of Cargo and Prescriptive Period

- (1) Preferential rights of cargo shall cease to exist if the cargo is delivered, if it is sold by forced sale or if it is sold on the account of the owner of the cargo.
- (2) If a person, who knows or should have known that preferential rights of cargo apply to the cargo, delivers the cargo without the consent of the creditor, he or she shall become personally liable for the claim, except for that part of the claim which cannot be secured by the preferential rights of cargo.
- (3) If the consignee of the cargo is not personally liable for the claim, the consignee, in receiving the cargo and knowing of the existing claim in relation to such cargo, shall become liable to the extent that the claim is secured by the preferential rights regarding the received cargo.
- (4) Preferential rights of cargo terminate one year after the time they arose.

Chapter XI

Special Provisions in Relation to Encumbrances on Ships

Section 41. Transfer of Rights Associated with a Ship

If a claim is secured by ship mortgage or maritime lien, in the case of the transfer of rights associated with the ship, the person assuming the rights shall simultaneously assume such claim together with the ship mortgage or maritime lien.

Section 42. Insurance

A maritime lien does not apply to claims regarding insurance compensation in accordance with a contract of insurance. The holder of a maritime lien does not become insured in accordance with a contract of insurance for a ship.

Section 43. Bringing of a Claim

A claim which is secured by a maritime lien or preferential rights of cargo may be brought against the property encumbered or its owner. A claim, which is secured by preferential rights of cargo cannot be brought by shipowner against the master of the ship.

Section 44. Recognition of Registered Foreign Encumbrances

- (1) When registering a ship in the Ship Register, the previous registered foreign encumbrances shall be recognised as in effect if:
 - 1) the ship's encumbrances have been entered into the certificate of deletion of the ship or equivalent document, which has been issued by the previous ship register;
 - 2) copies of encumbrance documents that have been approved and legalised in accordance with the procedures specified by international agreements have been issued.
- (2) Encumbrances of a ship shall be registered in the Ship Register, preserving the priority thereof. If the encumbrances do not conform to the requirements, which have been specified in the laws and regulations of Latvia regarding the registration of the ship, the Ship Registrar shall specify for both parties 60 days in which to draw up the encumbrances in conformity with the requirements of the laws and regulations. The registration of the encumbrances shall be in effect until the end of the referred to time period.
- (3) On registration of a ship belonging to a foreign owner in the Ship Register on the basis of a Bareboat Charter Agreement, the previously registered foreign encumbrances on the basis of the documents issued by the base register shall only be entered in the bare boat Certificate of

Registry. The same shall refer also to encumbrances registered in the base register during the Bareboat Charter Agreement.

(4) Ownership rights to a ship which is being or is to be built in a foreign state, and encumbrances shall be recognised as in effect, if these rights have been registered in accordance with the laws and regulations of the state in which the ship is being built. The provisions of this Section shall apply to ships which have been built in foreign states and subsequently registered in the Ship Register.

[22 March 2007]

Section 45. Applicable Law

(1) Ship mortgages, maritime liens or retention rights regarding a ship shall be adjudicated in a Latvian court in accordance with Sections 14, 30-37, 41-43, 55 and 56 of this Code.

(2) The laws and regulations of the state where the ship is registered shall be applied if issues are adjudicated:

1) regarding the priority of registered encumbrances in relation to other registered encumbrances and the consequences in relation to the rights and duties of third persons, except for the priority of these encumbrances in relation to maritime liens and rights of retention;

2) regarding any encumbrances on a ship which are provided for by laws and regulations if the priority of these encumbrances ranks after registered encumbrances.

(3) The provisions of Paragraph two of this Section also apply to ships under construction. The priority of rights of retention and other encumbrances upon a ship to be built shall be adjudicated observing the laws and regulations of the state where the ship is being built.

Section 46. Forced Sale in a Foreign State

All maritime liens, registered mortgages and other encumbrances on a ship shall cease to be in effect after the forced sale of a ship in a foreign state if at the time of sale the ship was in the territory of the relevant state and the sale took place in accordance with the laws and regulations of such state, and the foreign court adjudication is recognised in Latvia.

[10 January 2013]

Chapter XII

Arrest of Ships as Means of Securing Maritime Claims

Section 47. General Provisions for Application of Arrest of Ships

(1) The provisions of Chapters 19 and 77 of the Civil Procedure Law shall be applied to the arrest of a ship insofar as they are not in contradiction with the provisions of this Chapter.

(2) Within the meaning of this Code, “arrests” [arrest] shall mean any detention of a ship or prohibition of its relocation in accordance with a court adjudication in order to secure maritime claims. Arrest does not mean attachment of a ship in order to implement a court judgment or use of other compulsory means, including the detention of a ship in accordance with administrative procedures, upon implementation of port state control and control of the navigation regime in Latvian waters.

(3) The provisions of this Chapter do not apply to the attachment of a ship's cargo, freight, fuel and reserve parts.

Section 48. Maritime Claims

(1) A maritime claim is a claim, which is brought in relation to:

- 1) loss or damage caused by the operation of the ship;
 - 2) loss of life or personal injury occurring, whether on land or on water, in direct connection with the operation of the ship;
 - 3) salvage operations or any salvage agreement, including, if applicable, special compensation relating to salvage operations in respect of a ship which by itself or its cargo threatened damage to the environment;
 - 4) damage or threat of damage caused by the ship to the environment (including coastline) or related interests; such reasonable and justified measures taken to minimize or prevent such damage; compensation for such damage; costs of such 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, loss, or costs of a similar nature to those identified in this Clause;
 - 5) costs or expenses relating to the raising, removal, recovery, destruction or the rendering harmless of a ship which is sunk, wrecked, stranded or abandoned, including anything that is or has been on board such ship, and costs or expenses relating to the preservation of an abandoned ship and maintenance of its crew;
 - 6) any agreement relating to the use or hire of the ship, whether contained in a charter party or otherwise;
 - 7) any agreement relating to the carriage of goods or passengers on board the ship, whether contained in a charter party or otherwise;
 - 8) loss of or damage to or in connection with goods (including luggage) carried on board the ship
 - 9) general average;
 - 10) towage;
 - 11) pilotage;
 - 12) goods, materials, provisions, bunkers; equipment (including containers) supplied or services rendered to the ship for its operation, management, preservation or maintenance;
 - 13) construction, repair, reconstruction, converting or equipping of the ship;
 - 14) dues and charges for the use of port, canal, dock and other waterway;
 - 15) remunerations and other sums due to the master, officers and other members of the ship's complement in respect of their employment on the ship, including costs of repatriation and social insurance contributions payable on their behalf
 - 16) disbursements incurred on behalf of the ship or its owners;
 - 17) insurance premiums (including mutual insurance calls) in respect of the ship, payable by or on behalf of the shipowner or demise charterer;
 - 18) any commissions, brokerages or agency fees payable in respect of the ship by or on behalf of the shipowner or demise charterer;
 - 19) any dispute as to ownership or possession of the ship;
 - 20) any dispute between co-owners of the ship as to the employment or earnings of the ship;
 - 21) a mortgage or a "hypothèque" or a charge of the same nature on the ship;
 - 22) any dispute arising out of a contract for the sale of the ship.
- (2) A maritime claim may be based on one or several circumstances referred to in Paragraph one of this Section.

Section 49. Pre-conditions for the Arrest of a Ship

- (1) A ship may be arrested or released from arrest only pursuant to a court adjudication. A ship may also be arrested prior to the bringing of an action to court.
- (2) In order to secure a maritime claim, a ship may also be arrested where, in accordance with contractual provisions regarding jurisdiction or arbitration court or the law to be applied, or on the basis of law, the maritime claim which is secured with the arrest of the ship comes within

the jurisdiction of another court or the court of another state or the matter is to be adjudicated in accordance with the laws and regulations of another state.

Section 50. Right to Arrest a Ship

(1) The arrest of any ship is allowed if a maritime claim exists in relation to this ship and if one of the following conditions is in effect:

1) the person who owned the ship at the time when the maritime claim arose is liable for the claim and is the shipowner at the time of arrest of the ship;

2) the person who was the bare boat charterer of the ship at the time when the maritime claim arose is liable for the claim and is the bare boat charterer or shipowner at the time of arrest of the ship;

3) the claim arises from a mortgage or other similar type of encumbrance on a ship;

4) the claim is in relation to the ownership or possession rights in a ship;

5) the claim is directed against the shipowner, bare boat charterer or ship's operator and this claim is secured by a maritime lien.

(2) Any other ship or ships may also be arrested which at the time of arrest are owned by such persons as are liable regarding a maritime claim and who at the time the claim arose were:

1) the owner of the ship in relation to which the maritime claim arose;

2) the bare boat, time or voyage charterer of such ship.

(3) The provisions of Paragraph two of this Section do not apply to claims that arise from rights of ownership or possession of a ship.

Section 51. Release of a Ship from Arrest

(1) A court shall revoke the arrest of a ship if appropriate security has been provided.

(2) If the parties cannot agree regarding the amount and type of security, it shall be determined by the court, not exceeding the value of the arrested ship.

(3) A request to release the ship from arrest against security shall not be considered as an admission of liability or a renunciation of defence or rights to limit liability.

(4) If a ship is arrested in another state and is not released from arrest even though security for the same claim has been submitted to a court in Latvia, the Latvian court shall revoke such security.

(5) If a ship, on the basis of appropriate security, has been released from arrest in another state, security for the same claim in Latvia shall be returned to the extent (applying the lowest amount) such that the total amount of security in both states does not exceed:

1) the claim regarding which the ship has been arrested;

2) the value of the ship.

(6) Release from arrest specified in Paragraph five of this Section may be requested if the provided security in the other state is accessible to the plaintiff and is freely obtainable.

(7) Persons who in accordance with Paragraph one of this Section provide security may at any time request the reduction, change or revocation of such security.

Section 52. Right to Repeated Arrest of a Ship

(1) If a ship has been arrested and the arrest has been revoked or other security has been provided in respect of the ship which secures a maritime claim, such ship may not be arrested again or arrested for the secured claim, except in the following cases:

1) the type and amount of security in relation to the same claim is insufficient, with the condition that the total amount of the security may not exceed the value of the ship;

2) the persons who have provided the security fully or partially are unable or will not be able to meet their obligations;

3) the arrested ship has been released or the previously provided security has been revoked:

a) pursuant to a request from the plaintiff or with the justified and reasonable consent of the plaintiff;

b) because the plaintiff, acting reasonably, was unable to stop the revocation of the arrest.

(2) Any other ship which may be arrested based upon the one and the same maritime claim, may not be arrested except in the following cases:

1) the type and amount of security in relation to the same claim is insufficient;

2) the provisions of Paragraph one, Clauses 2 and 3 of this Section are applicable.

(3) The term “kuģa atbrīvošana” [release of a ship] within the meaning of this Section does not mean unlawful release from or evasion of arrest.

Section 53. Protection of Owners and Bare Boat Charterers of Arrested Ships

(1) In order to arrest a ship or to preserve its arrest, a court may impose a duty upon the plaintiff who petitions for the arrest of the ship or on the basis of whose application the ship is arrested as security for a claim, to provide security of such type, in such amount and on such conditions as the court considers necessary for the compensation of any type of loss which may arise to the defendant due to the arrest of the ship and for which the plaintiff may be liable, including for such loss as may be caused to the defendant by the following:

1) unjustified or unlawful arrest of a ship;

2) requested and provided unreasonably large security.

(2) A court that has made an adjudication regarding the arrest of a ship may decide whether and to what extent the plaintiff is liable for the damage and loss which has arisen due to the arrest, including:

1) due to unjustified or unlawful arrest;

2) due to the requesting and provision of unreasonably large security.

(3) In determining the liability of a plaintiff in accordance with Paragraph two of this Section, Latvian laws and regulations shall be applied.

(4) If the matter is being in substance adjudicated in a court or arbitration court of another state in accordance with the provisions of Section 54 of this Code, judicial proceedings regarding the liability of the plaintiff in accordance with Paragraph two of this Section shall be stayed until an adjudication has been made by the foreign court.

(5) Persons who in accordance with Paragraph one of this Section have provided security may at any time request the court to reduce, change or revoke such security.

Section 54. Substantive Adjudication of a Matter

(1) If a ship has been arrested in Latvia or the arrest has been revoked against appropriate security, the matter shall be in substance adjudicated by a Latvian court, except in a case where the parties voluntarily agree to transfer the dispute for adjudication thereof to the court of another state which has consented to adjudicate the matter in substance, or to an arbitration court.

(2) A Latvian court shall not adjudicate a matter in substance if the substantive adjudication of the matter is within the jurisdiction of a court of another state.

(3) A Latvian court shall determine the time period for the plaintiff to submit a claim to a competent court or an arbitration court if the Latvian court has made an adjudication regarding the arrest of a ship or the replacement of arrest with another type of security, but:

1) is not entitled to adjudicate the matter in substance;

2) has refused to adjudicate the matter in substance, in accordance with Paragraph two of this Section.

(4) If the claim is not submitted within the time period prescribed in Paragraph three of this Section, a court at the request of an interested person shall decide regarding the revocation of the arrested ship or the provided security.

(5) In the case when the claim has been submitted within the time period prescribed in Paragraph three of this Section or when judicial proceedings have been commenced any adjudication by a foreign court that has legally come into effect in relation to the arrested ship or the provided security shall be recognised and executed if:

1) the defendant has been appropriately notified regarding such judicial proceedings and has been given an opportunity to participate in the court proceedings;

2) such recognition is not contrary to public policy of the State.

Section 55. Notification of the Forced Sale (Auction) of a Ship

(1) Prior to the forced sale (auction) of a ship, a bailiff shall prepare a notice regarding the forced sale (auction) of the ship and shall send it to the following persons:

1) Ship Registrar;

2) the holders of all those ship mortgages or other registered rights, which are not formed as bearer obligations;

3) the holders of all those ship mortgages or other registered rights which are formed as bearer obligations, as well as the holders of maritime liens specified in Section 33 of this Code, if such persons have informed the bailiff of their claims;

4) shipowners.

(2) The notice shall be sent 30 days prior to the date of the forced sale (auction) of a ship and the following information shall be included therein:

1) the time and place of the forced sale (auction) of the ship and other information that is necessary in order that the persons referred to in Paragraph one of this Section may defend their interests;

2) if the time and place of the forced sale (auction) of the ship cannot be specified precisely, notice shall be given of the approximate time and the intended place of the forced sale (auction) of the ship, as well as other information that is necessary in order that the persons referred to in Paragraph one of this Section may defend their interests.

(3) If a notice is sent in accordance with Paragraph two, Clause 2 of this Section, a repeated notice shall also be sent regarding the specific time and place of the forced sale (auction) of the ship. Such repeated notice shall be sent not later than seven days prior to the forced sale (auction) of the ship.

(4) The notice referred to in this Section shall be formed in writing and sent by registered mail, or other means of communication shall be used as ensure confirmation of receipt of the notice. Concurrently with sending of the notices referred to in Paragraphs two and three of this Section the bailiff shall publish these notices in the newspaper *Latvijas Vēstnesis*.

Section 56. Deletion of Claims in Case of Forced Sale (Auction) of a Ship

(1) In a case of forced sale (auction) of a ship, all mortgages and other encumbrances on the ship, except those that with the consent of the holders of such rights have been assumed by the purchaser, as well as all maritime liens and other claims shall be deleted if:

1) during the time of the sale (auction) the ship is located in territory within the jurisdiction of Latvia;

2) the sale (auction) has taken place in accordance with laws and regulations, including the provisions of Section 55 and this Section of this Code.

(2) Claims shall be satisfied from the income from the forced sale (auction) of a ship, in the following order:

- 1) claims regarding expenditures that are associated with the arrest of the ship and the forced sale (auction), including the costs of the maintenance of the ship and the ship's crew, remunerations and other costs referred to in Section 33, Paragraph one, Clause 1 of this Code;
 - 2) claims regarding expenditures that have arisen for a competent institution in the raising of a sunk ship or relocating of a ship damaged due to an accident, in order to ensure safety of navigation or to protect the sea environment;
 - 3) claims associated with payments of taxes and fees debts;
 - 4) claims associated with ship salvage, observing the provisions of Section 34, Paragraphs two and three of this Code;
 - 5) claims secured by maritime liens, except for claims associated with ship salvage;
 - 6) the claims of shipbuilders and ship repairers if they have used their rights of retention prior to the forced sale (auction) of the ship;
 - 7) claims associated with pledges, mortgages and other registered encumbrances;
 - 8) other maritime claims;
 - 9) other claims.
- (3) In case of a forced sale (auction) of a ship, the court shall approve a statement of auction and take a decision to register the ownership rights to the sold ship in the name of the buyer, as well as regarding deletion of ship mortgages, encumbrances, other claims registered in the Ship Register and maritime liens, except for those assumed by the buyer. On the basis of the court decision, the Ship Registrar shall delete all ship mortgages, encumbrances and other claims registered in the Ship Register, as well as register the ownership rights of the buyer to the ship or issue a certificate of deletion of the ship.
- (4) The bailiff shall ensure that any income from the forced sale (auction) is accessible and freely obtainable.

Chapter XII.¹ **Insurance of Ship for Maritime Claims** *[15 December 2011]*

Section 56.¹ General Requirements for the Obligation to have Insurance

- (1) If tonnage of a Latvian ship is 300 tonnage units or more, the shipowner, bare boat charterer or other person responsible for the operation of the ship has a duty to insure the ship for maritime claims, to which the limitations laid down in the 1976 Convention on Limitation of Liability for Maritime Claims as amended by the Protocol of 1996 (hereinafter – LLMC) are applicable thereto.
- (2) Within the meaning of this Chapter insurance is insurance with or without deductible, self-insurance, as well as other similar financial security.
- (3) The insurance referred to in Paragraph one of this Section shall be proved by a document issued by an insurer that certifies the existence of an insurance contract (hereinafter in this Section – document) and in which the following information shall be included:
 - 1) the name of the ship, the number of the International Maritime Organization (IMO) and the port of registry thereof;
 - 2) the given name, surname or name and principal place of commercial activities of the shipowner, bare boat charterer or other person responsible for the operation of the ship;
 - 3) the type and duration of insurance;
 - 4) the name, registered address (the seat or registration place) of the insurer and the place of entering into the insurance contract.
- (4) If a document is not in English, French or Spanish, translation in any of these languages shall be appended thereto. The document shall be kept on ship.
- (5) The provisions of this Chapter shall also be applied to foreign ships entering a Latvian port or berth or departing from it, as well as is in the territorial sea of Latvia.

(6) The provisions of this Chapter shall not be applied to State owned or operated ships which are used solely for needs of the State and non-commercial purposes.

Section 56.² Amount of Insurance

The amount of insurance referred to in Section 56.¹, Paragraph one of this Code for each ship in case of accident shall conform to the relevant maximum amount for the limitation of liability laid down in Section 69, Paragraphs one and two and Section 70, Paragraph one of this Code.

Part D Liability

Chapter XIII General Provisions Regarding Liability

Section 57. Liability of a Shipowner

(1) In accordance with the provisions of this Code, a shipowner shall be liable for loss caused due to the fault of the master, crew, pilot and other persons in his or her service in the performance of their work duties in connection with the relevant ship.

(2) A shipowner who is liable in accordance with Paragraph one of this Section, taking into account the provisions of Section 282 of this Code, may claim compensation for loss in the amount of the sum paid from the persons who have caused the loss. The provisions of Section 282 of this Code shall also be applied in relation to the other members of the crew of the ship.

Section 58. Nuclear Damage

The provisions of this Code shall not affect the liability of the owners (operators) of nuclear ships regarding nuclear damage, as provided for in other laws and regulations.

Chapter XIV Collisions

Section 59. Accidental Collisions

If a collision has occurred accidentally or due to *force majeure*, as well as if it is not possible to determine the causes of the collision, the loss shall be covered by those who have sustained them, including where the ships (or one of them) at the time of the accident were anchored or fastened in some other way.

Section 60. Collisions that have Arisen Due to the Fault of One Party or Both Parties

(1) If damage to a ship, cargo or persons has been caused due to a collision between ships and the fault lies only on one party, it shall cover all loss.

(2) Liability for loss that has been caused to ships, cargo, crew and passengers due to a collision between ships, as well as for damage done to property belonging to third persons shall be determined in conformity with the degree of fault of each ship involved in the collision.

(3) If it is not possible to determine the degree of fault of each ship, or the fault of the ships involved in the collision is equal, liability between them shall be divided equally.

(4) In respect of loss caused due to loss of human life or harm caused to his or her health, the owners of the ships to be blamed, in conformity with the degree of fault of each, shall be liable both jointly and separately to third persons; moreover, the owner of the ship who in accordance with Paragraphs two and three of this Section has paid a larger amount than is due, shall have a right of claim by way of subrogation in relation to the other owner of the ship to be blamed or other owners of the ships to be blamed.

(5) Persons against whom such subrogation action has been brought may use the right to limit their liability or to be released from liability in accordance with law or contract in the same way as if this action had been brought by an injured party. Such limitation of liability or release from liability may not limit liability or release from liability to a greater degree than is specified in Chapters XV, XVI and XVII of this Code or the relevant foreign law which is applicable in accordance with the norms of international private law.

(6) The right to compensation for loss arising due to a collision does not depend upon the submission of a protest or the execution of any other claim.

Section 61. Liability for Collision the did not Take Place Encounters not Resulting in Actual

If collision does not occur, while ship is performing a manoeuvre or not performing it or observing collision prevention regulations, liability for loss that has nevertheless been caused to the ships involved in an accident, to property or persons, shall be determined in accordance with Section 60 of this Code.

Section 62. Collision of Ships with other Objects

The provisions of this Chapter shall also be applied where a ship collision has occurred with any other object.

Section 63. Duty to Render Assistance

(1) Following collision of ships, the master of each ship, as far as possible without subjecting his or her ship, crew and passengers to serious danger, shall:

1) prepare to provide assistance to the other ship until he or she is not convinced that it does not require assistance;

2) make every effort to rescue human lives in danger;

3) notify the name and port of registry of his or her ship to the master of the other ship, as well as port of departure and the port of destination of the ship.

(2) If the master of a ship without justified reason fails to fulfil the duties referred to in Paragraph one of this Section, he or she shall be liable in accordance with laws and regulations.

Chapter XV Limitations of Liability

Section 64. Persons who have the Right to Limit Liability

(1) Shipowners and salvors in accordance with the provisions of this Chapter and the LLMC may limit their liability in relation to claims which are provided for in Section 65 of this Code.

(2) Within the meaning of this Chapter, the term “kuģa īpašnieks” [shipowner] relates to a shipowner, charterer, manager or operator.

(3) If any of the claims specified in Section 65 of this Code is brought against any person, for whose action or inaction a shipowner or salvor is liable, such person has the right to use the limitations of liability provided for in this Chapter.

(4) In this Chapter, the term “kuģa īpašnieka atbildība” [liability of shipowner] means liability in those cases where the action is brought against a ship.

(5) Liability insurers have the right to use the privileges provided for in this Chapter to the same extent as it is available to the insurer if it is related to claims for which limitations of liability are applicable in accordance with the provisions of this Chapter.

(6) A petition regarding limitation of liability shall not be construed as an admission of liability.

[15 December 2011]

Section 65. Claims Subject to Limitation of Liability

(1) In conformity with Sections 66 and 67 of this Code, limitations of liability shall be applied to the following:

1) claims in respect of loss of life or personal injury or loss of or damage to property (including damage to harbour works, basins and waterways and aids to navigation), occurring on board or in direct connexion with the operation of the ship or with salvage operations, and consequential loss resulting therefrom;

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 other loss resulting from unlawful acts (delicts), occurring in direct connexion with the operation of the ship or salvage operations;

4) claims in respect of 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 on board such ship);

5) claims in respect of the removal, destruction or the rendering harmless of the cargo of the ship;

6) any other claims associated with loss, which is the basis for the claims referred to in Clauses 1-5 of this Paragraph and in relation to which the persons liable for the loss may limit their liability.

(2) The limitation of liability in relation to the claims referred to in Paragraph one of this Section shall also be applied if they are brought by way of subrogation procedure or in order to receive compensation in accordance with a contract or otherwise. The limitation of liability in relation to the claims referred to in Paragraph one, Clauses 4, 5 and 6 of this Section shall not be applied, if they relate to compensation arising from a contract entered into with the person liable for the loss.

Section 66. Claims in Relation to which Limitation of Liability shall not Apply

The provisions of this Chapter shall not be applied in relation to:

1) claims, which are associated with reward for salvage, including claims (if any) for special compensation in accordance with Article 14 of the International Convention on Salvage 1989, as amended, or contributions in the case of general average;

2) claims associated with loss caused by oil pollution within the meaning of the 1992 Protocol regarding amendments to the International Convention on Civil Liability for Oil Pollution Damage;

3) requirements of any international conventions or Latvian laws and regulations, which regulate or prohibit limitations of liability in respect of loss caused by nuclear damage;

4) claims against masters of nuclear ships in respect of loss caused by nuclear damage;

5) claims submitted by employees of the shipowner or salvor whose duties are connected with the operation of the ship or with salvage operations, including their heirs or other persons, who have the right to bring such actions, if in accordance with laws and regulations which relate to employment legal relations between the shipowner or a salvor and his or her employee, the shipowner or salvor does not have the right to limit their liability or he or she may limit their liability only by an amount which is larger than that prescribed in Section 69 of this Code.

[15 December 2011]

Section 67. Actions regarding which Limitation of Liability not Allowed

A person who is liable for loss is not entitled to limit his or her liability if it is proven that the loss was caused due to action or inaction by this person, the purpose of which was to cause such loss, or this person, being aware of the probability of such loss, nevertheless acted negligently.

Section 68. Counterclaims

If persons who has the right to limit his or her liability in accordance with the provisions of this Chapter have a counterclaim, arising from the same event, against a plaintiff, their relevant claims shall be mutually set off, and the provisions of this Chapter shall be applied in relation to the remainder, if any.

Section 69. General Limits of Liability

(1) The limits of liability in relation to claims associated with the loss of human life or harm caused to his or her health, in respect of each particular case, except the claims referred to in Section 70 of this Code, shall be determined in the following amount:

1) two million Units of Account for a ship with a tonnage not exceeding 2000 tonnage units;

2) for a ship with a tonnage exceeding 2000 tonnage units, the following shall be added to the amount referred to in Clause 1 of this Paragraph:

a) if the tonnage is from 2001 to 30 000 tonnage units – 800 Units of Account for each unit;

b) if the tonnage is from 30 001 to 70 000 tonnage units – 600 Units of Account for each unit;

c) for each unit which exceeds 70 000 tonnage units – 400 Units of Account.

(2) The limits of liability in relation to any other type of claims, in respect of each particular case, except the claims referred to in Section 70 of this Code, shall be determined in the following amount:

1) one million Units of Account for a ship with a tonnage not exceeding 2000 tonnage units;

2) for a ship with a tonnage exceeding 2000 tonnage units, the following shall be added to the amount referred to in Clause 1 of this Paragraph:

a) if the tonnage is from 2001 to 30 000 tonnage units – 400 Units of Account for each unit;

b) if the tonnage is from 30 001 to 70 000 tonnage units – 300 Units of Account for each unit;

c) for each unit which exceeds 70 000 tonnage units – 200 Units of Account.

(3) If the amount which is calculated in accordance with Paragraph one of this Section is insufficient in order to fully satisfy the relevant claims, the amount which is calculated in accordance with Paragraph two of this Section shall be used to compensate for the unpaid

remainder in respect of the claims referred to in Paragraph one of this Section and such unpaid remainder is equal to the claims referred to in Paragraph two of this Section.

(4) The limits of liability for a salvor shall be calculated in the same way as for a ship with a tonnage of 1500 tonnage units if the salvage operations are not carried out from a ship or are carried out directly on that ship to which the salvor provides salvage services.

(5) Within the meaning of this Code, the term “kuģa tilpības vienība” [tonnage unit of a ship] is a unit of the gross tonnage of a ship, which is determined in accordance with the 1969 International Convention on Tonnage Measurement of Ships.

[15 December 2011]

Section 70. Limitation of Liability in Relation to Claims of Passengers

(1) The amount which is the limitation of liability of the shipowner in connection with the claims of passengers of the ship regarding loss of life or injury caused to his or her health, caused by an individual event, shall be 175 000 Units of Account multiplied by the number of passengers which the ship is authorized to carry according to the certificate of passenger ship safety.

(2) In this Section the term “kuģa pasažieru prasības par cilvēka dzīvības zaudēšanu vai viņa veselībai nodarīto kaitējumu” [claims of ships passengers for loss of life or injury caused to his or her health] shall mean any claims brought by or on behalf of any person carried in that ship:

1) under a contract of passenger carriage;

2) 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.

[15 December 2011]

Section 71. Recalculation of Units of Account into Latvian Currency

(1) The term “norēķina vienība” [unit of account] referred to in Sections 69 and 70 of this Code shall mean special drawing rights which are determined by the International Monetary Fund.

(2) The amounts laid down in Sections 69 and 70 of this Code shall be recalculated into euro in conformity with the foreign currency exchange rate to be used in accounting on the day when the fund amount is paid in or appropriate security is provided.

[19 September 2013]

Section 72. Joinder of Claims

The limitations of liability provided for in Sections 69 and 70 of this Code shall be applied to the aggregate claims which have been caused by an individual event and which are directed against the shipowner and any person for whom the shipowner is liable.

Chapter XVI Limitation of Liability Fund

Section 73. Precondition for Limitation of Liability

If any of the claims prescribed in Section 65 of this Code has been brought to court against the shipowner, the shipowner has the right to limit his or her liability by establishing a Fund for Limitation of Liability (hereinafter in this Part – General Fund).

Section 74. Establishment of a General Fund

- (1) A court shall adopt an adjudication regarding establishment of the General Fund pursuant to the application of a person against whom an action has been brought in the relevant court. The General Fund shall be established taking into account the limits specified in Sections 69 and 70 of this Code, as well as interest in connection with it which shall be calculated for the time period from the date when the event occurred which gave rise to the liability until the date when the General Fund was established. Any fund, which has been established in such a way, shall be used solely for the satisfaction of those claims to which limitation of liability may be applied.
- (2) The General Fund which has been established by one of the persons referred to in Section 72 of this Code or their insurer, shall be considered as a fund which has been established by all of the persons referred to in such Section.

Section 75. Distribution of the General Fund

- (1) Observing the provisions of Sections 69 and 70 of this Code, the General Fund shall be distributed to plaintiffs in proportion to satisfied claims.
- (2) If the person liable for loss or the insurer has paid the amount of the claim which may be satisfied from the General Fund before the Fund is distributed, such person shall acquire rights to claim in the amount of the paid amount, which the person who received the paid amount would have been able to use in accordance with this Chapter.
- (3) The transfer of the right of claim provided for in Paragraph two of this Section may also be used by other persons in relation to any compensation for loss, which they have paid.
- (4) If the person liable for loss or any other person determines that he or she will be required to pay compensation for loss in relation to which he or she may be able to use the transfer of the right of claim provided for in Paragraphs two and three of this Section, if the compensation for loss had been paid before the distribution of the Fund, the court by the adjudication of which the General Fund has been established may adopt an adjudication regarding the separation of such amount, which would make it feasible for this person to later submit a claim which may be satisfied from the General Fund.

Section 76. Prohibition in relation to Other Actions

- (1) If the General Fund has been established in accordance with Section 74 of this Code, a person who has brought an action which may be satisfied from the General Fund, is prohibited from directing recovery against any other property of the person who has established the Fund or in whose name the Fund was established.
- (2) Any ship or other property that belongs to the person who has established the General Fund or in whose name the General Fund was established, and which, on the basis of a claim which may be satisfied from the General Fund, is under arrest or attachment in any LLMC member state may be released from arrest or attachment by a court adjudication. Such release shall be applied if the General Fund is established on the basis of an adjudication of a court, which has jurisdiction over the following:
 - 1) the port in which the event occurred, or the port of call if it occurred outside of a port;
 - 2) a port where passengers disembark (in relation to claims in respect of the loss of human life or harm caused to his or her health);
 - 3) the port of unloading (in relation to claims associated with damaged cargo);
 - 4) the state in which arrest was imposed upon the ship or other property.
- (3) The provisions in Paragraphs one and two of this Section shall be applied only if the plaintiff may bring an action, that can be satisfied from the General Fund, to the court by the

adjudication of which the Fund referred to was established, and if this Fund is freely accessible to the plaintiff.
[15 December 2011]

Section 77. Establishment and Distribution of the General Fund

The establishment and distribution of the General Fund performed by a court of the Republic of Latvia, shall take place in accordance with the provisions of Chapter XVIII of this Code.

Section 78. Applicability

- (1) The provisions of this Chapter shall be applied if any person referred to in Section 64 of this Code wishes to limit his or her liability in a court of the Republic of Latvia or to attain the release of a ship or other property from seizure or the revocation of other security.
- (2) The provisions of this Chapter shall not be applied to:
 - 1) hovercrafts;
 - 2) floating platforms built for exploration and extraction of sea bottom natural resources or researching of soil.

Chapter XVII Liability for Pollution Caused by Oil

Section 79. Liability of the Shipowner

- (1) Irrespective of the degree of fault, a shipowner is liable for loss caused by oil pollution.
- (2) Loss caused by oil pollution are:
 - 1) harm or loss which is caused by the escape outside of the ship or discharge from the ship of oil, as well as the costs of the measures that are necessary and are performed or will be performed in order to restore the polluted environment;
 - 2) the costs of pollution rectification measures and further loss, which may be caused due to the pollution rectification measures.
- (3) A ship within the meaning of this Chapter is a floating construction, which is constructed or adapted to carry oil in holds, except those referred to in Section 96, Paragraph one of this Code. A ship that can carry oil and other cargoes shall be considered as a ship only when she is carrying oil and in the subsequent voyage after this carriage, except in a case where it is proven that there are no oil product carriage residues in her holds.
- (4) Oil within the meaning of this Chapter is any permanent hydrocarbon mineral oil (crude oil, fuel oil, heavy diesel oil or lubricating oil) irrespective of whether it is being carried in the ship's cargo tanks as cargo or in tanks as fuel.
- (5) A shipowner within the meaning of this Chapter is a person or persons who are registered as shipowners or, if the registration has not taken place, a person who owns a ship. If the ship is state property, but it is used by a ship's operator, the ship's operator shall be considered to be the shipowner within the meaning of this Chapter.
- (6) For loss caused by pollution, the person who was the shipowner at the time of the accident which caused the pollution or, if such accident consists of a series of several events, at the time of the first event, shall be liable, except for the cases referred to in Section 80 of this Code.
- (7) The Liability Convention referred to in this Chapter is the 1992 International Convention on Civil Liability for Oil Pollution Damage.
- (8) The Fund Convention referred to in this Chapter is the 1992 International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage.

Section 80. Circumstances Excluding Shipowner Liability

(1) A shipowner shall not be liable if he or she proves that the loss was caused:

1) due to an act of war or similar armed conflict, civil war or insurrection, or due to the *force majeure* of a natural phenomenon;

2) only as a result of the actions of a third person if his or her purpose was to cause loss;

3) only due to the fault of such institution which is responsible for the maintenance of navigational technical aids.

(2) If a owner of a ship proves that the person suffering damage in bad faith or by negligence facilitated the cause of the loss, the owner may be fully or partially released from the obligation to compensate for the loss.

Section 81. Liability of Persons Associated with an Accident

(1) Claims for compensation for loss caused by oil pollution, other than those referred to in this Chapter, may not be brought against a shipowner. A claim in relation to compensation for loss caused by oil pollution, in accordance with this Chapter or in other cases, may not be brought against:

1) shipowner representatives or employees, or crew members of a ship;

2) pilots or other persons who, not being crew members, perform their duties on the ship;

3) any charterer (including bare boat charterers), managers or operators of the ship;

4) any person who performs salvage measures (operations) with the consent of the shipowner or on the basis of the orders of a competent institution;

5) any persons who perform measures to rectify loss;

6) all employees or representatives of the persons referred to in Clauses 3, 4 or 5 of this Paragraph, provided that the loss has not been caused due to their action or inaction the purpose of which was to cause loss, or due to negligence, being aware that such loss could occur.

(2) A subrogation action regarding compensation for loss caused by pollution may not be brought against persons who are referred to in Paragraph one, Clauses 1, 2, 4, 5 or 6 of this Section, provided that such persons have not caused the loss in bad faith or through gross negligence, being aware that such loss could occur.

Section 82. Limitations of Liability

(1) The liability of a shipowner in respect of one accident in accordance with the provisions of this Chapter shall be limited to the total amount, which shall be calculated as follows:

1) 4,51 million Units of Account for ships the tonnage of which does not exceed 5000 tonnage units;

2) for ships the tonnage of which is from 5001 to 140 000 tonnage units – for each additional tonnage unit 631 Units of Account shall be added to the amount referred to in Clause 1 of this Paragraph;

3) 89,77 million Units of Account for ships the tonnage of which exceeds 140 000 tonnage units.

(2) Limitations of liability shall apply to liability for pollution in one accident or in an accident, which consists of a series of several events. Limitations shall not be applied to the liability of a shipowner for late-payment interest or costs of judicial proceedings.

(3) A shipowner does not have a right to limitations of liability referred to in this Chapter if it is proven that the loss caused by the pollution was caused by his or her action or inaction, the

purpose of which was to cause loss, or through negligence being aware that such loss could occur.

(4) The unit of account is the unit specified in Section 71 of this Code. The tonnage of a ship is the gross tonnage, which is calculated in accordance with the calculation provisions contained in Annex One of the 1969 International Convention on Tonnage Measurement of Ships.

Section 83. Liability Convention Fund and Liability Limitation Procedure

(1) A shipowner who wishes to limit his or her liability in accordance with Section 82 of this Code, shall submit an application regarding establishment of the Liability Convention Fund in the court in which court proceedings have been commenced or may be commenced in accordance with the jurisdiction specified in Section 91, Paragraph one of this Code regarding the recovery of loss in accordance with Section 79 of this Code. After the Liability Convention Fund is established, the shipowner or the person suffering damage may bring an action regarding the distribution of the Fund in accordance with the provisions of Chapter XVIII of this Code.

(2) The Liability Convention Fund shall be distributed to all claims the basis of which is one accident or an accident which consists of a series of several events, in proportion to the amount which is due to each plaintiff, observing the provisions of Chapter XVIII of this Code.

(3) A claim that has arisen in connection with the costs which a shipowner has undertaken voluntarily in order to limit or impede pollution shall be equal to other claims.

(4) The establishment and distribution of the Liability Convention Fund which is performed by a Latvian court shall take place in accordance with the provisions of Chapter XVIII of this Code.

(5) If a shipowner has established a Liability Convention Fund in accordance with the Liability Convention in another member state of this Convention, such Fund in relation to the rights of a shipowner to limit liability is equivalent to a fund which has been established by an adjudication of a Latvian court.

Section 84. Revocation of Ship's Arrest

(1) If a shipowner has the right to limit liability in accordance with the provisions of Section 82 of this Code and he or she has established a Liability Convention Fund in accordance with Section 83 of this Code, claim proceedings which may be taken against the Liability Convention Fund may not be taken against the ship or other property that belongs to the shipowner. If a ship or other property have been arrested in relation to such claim or the shipowner has provided other security in order to avoid arrest, the arrest or other security shall be revoked.

(2) The provisions of Paragraph one of this Section shall be applied analogously if the shipowner has established the Liability Convention Fund in accordance with the Liability Convention in another member state of this Convention with the condition that the plaintiff has the right to bring an action to a court by the adjudication of which the Liability Convention Fund was established, and such fund is accessible to the plaintiff.

Section 85. Duty of Insurance, and Certificate

(1) A Latvian shipowner whose ship can carry more than 2000 tons of oil has a duty to compulsory insure his or her own civil liability or to obtain other security for financial liability in compliance with the provisions of Sections 79, 80, 81 and 82 of this Code. Such

insurance or other security for financial liability shall be certified in a certificate issued by the Ship Registrar. Without such a certificate, the ship may not fly under the Latvian flag.

(2) The provisions provided for in Paragraph one of this Section, shall be applied in respect of foreign ships which enter or leave a port or other loading or unloading location in Latvia and carry more than 2000 tons of oil. If a ship is registered in a state which is a member state of the Liability Convention, it is necessary for it to have a certificate in conformity with the requirements of this Convention regarding compulsory civil liability insurance or other security for financial liability.

Section 86. State Ships

The provisions provided for in Section 85, Paragraph one of this Code shall be applied to ships belonging to the Latvian State which can carry more than 2000 tons of oil, but instead of the compulsory civil liability insurance or security for financial liability the ship may have a certificate issued by the Ship Registrar regarding the fact that the ship belongs to the State and that liability is covered up to the limitation amount. The Minister for Transport may specify the form of the certificate.

Section 87. Consequences of Failure to Comply with Provisions

If a ship does not have a certificate regarding compulsory civil liability insurance or other security for financial liability, or a certificate referred to in Section 86 of this Code, port State control inspectors may prohibit the ship from leaving a Latvian port, entering another loading or unloading location in Latvia or leaving it, or require the ship to unload her cargo or to leave Latvian waters.

Section 88. Claims against the Insurer or Provider of Security for Financial Liability

(1) Claim for compensation of loss caused by pollution may be brought directly against the insurer or any person who provides security for financial liability in relation to the shipowner's liability regarding loss caused by pollution (hereinafter in this Chapter – provider of financial security). In such case the provider of financial security is entitled to limit his or her liability in conformity with the requirements of Section 82, Paragraph one of this Code also in those cases when the shipowner in accordance with the provisions of Section 82, Paragraph three of this Code is not entitled to use limitation of his or her liability.

(2) A provider of financial security is entitled to use the same evidence of defence as may be used by a shipowner, except for the evidence of defence arising from the bankruptcy or liquidation of the shipowner.

(3) A provider of financial security is entitled to defend himself or herself by submitting evidence that the shipowner has in bad faith caused the loss caused by pollution.

(4) A provider of financial security is not entitled to use for his or her defence evidence which arises from the mutual contractual relations of him or her and the shipowner.

(5) The provider of financial security is entitled to request that the court invite the shipowner as a participant in the matter.

(6) In accordance with Section 83 of this Code, a Liability Convention Fund established by a provider of financial security shall have the same judicial consequences as a fund established on the same conditions by a shipowner. Such fund may be established even when the shipowner does not have the right to limit his or her liability, but this fact shall not limit creditor claims against the shipowner.

Section 89. International Compensation Fund

(1) In addition to the compensation for loss which the persons suffering damage may recover in accordance with Sections 79-84 and 88 of this Code, they also have a right to compensation for loss in accordance with the provisions of the Fund Convention.

(2) Section 81, Paragraph two of this Code shall be applied to International Compensation Fund claims for compensation from persons who are not shipowners or providers of financial security.

Section 90. Contributions to the International Compensation Fund

(1) Contributions to the International Compensation Fund shall be made by the importer if oil in Latvia is supplied by sea, observing the requirements of the Fund Convention, and the total volume of oil import in a calendar year exceeds 150 000 tons. The amount of contribution shall be determined by the Assembly of the International Compensation Fund.

(2) The persons referred to in Paragraph one of this Section shall every year by 1 February inform the Ministry of Transport on the volume of oil import in the previous calendar year. This information shall be sent to the International Maritime Organization in accordance with the Law On the 1992 Protocol regarding Amendments to the 1971 International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage.

(3) Any official (employee) is prohibited from disclosing the information referred to in Paragraph two of this Section which has become known to them performing his or her service duties, unless specified otherwise in this Code or other laws and regulations. Officials (employees) at fault for the disclosure of information shall be held to liability as prescribed by law.

Section 91. Jurisdiction of Claims

(1) Claims against a shipowner or his or her provider of financial security regarding loss caused by oil pollution shall be brought to a Latvian court on the basis of the location where the loss was caused, if the loss is caused in Latvia or in Latvia's exclusive economic zone, or if measures are taken in order to rectify or limit the loss caused by pollution in Latvia or its exclusive economic zone.

(2) A court which has the jurisdiction of a claim in accordance with Paragraph one of this Section may adjudicate all claims which arise from the accident or accidents which have one cause. This applies also to claims for compensation for loss caused by pollution outside of Latvia if the accident has occurred in Latvia or in its exclusive economic zone.

(3) Claims for the distribution of the Liability Convention Fund provided for in Section 83 of this Code may be brought to a Latvian court only if the Liability Convention Fund has been established by an adjudication of a Latvian court. An action shall be brought in the court by the adjudication of which the Liability Convention Fund was established.

Section 92. Claims Relating to the International Compensation Fund

(1) Claims in accordance with the Fund Convention may be brought to a Latvian court in the cases referred to in Section 91, Paragraph one of this Code only if an action has not been brought against a shipowner or his or her provider of financial security regarding the same loss in another member state of the Fund Convention.

(2) If an action against a shipowner or his or her provider of financial security is brought in accordance with Section 91, Paragraph three of this Code, an action against the International Compensation Fund for the same loss may be brought only to the court where the claim regarding the distribution of the Liability Convention Fund is adjudicated. An action against

the Fund may be brought to the court which has jurisdiction over the claim in accordance with Section 91 of this Code.

(3) The International Compensation Fund as a participant in the matter may participate in any matter regarding recovery of loss which is brought against a shipowner or his or her provider of financial security in accordance with this Section. The judgment proclaimed in a matter is binding upon the International Compensation Fund.

(4) Upon request of any participant in the matter, a court shall inform the International Compensation Fund regarding the action brought and shall invite the Fund to participate in the proceedings if necessary. A court judgment is binding upon the International Compensation Fund if the Fund is invited to participate in the proceedings as a participant in the matter. Depending upon the circumstances of the matter, a court shall decide regarding the procedural status of the Fund.

Section 93. Recognition and Execution of Foreign Court Judgments

(1) A final judgment against a shipowner or his or her provider of financial security shall be recognised in Latvia and may be executed if the matter was adjudicated and the court judgment was made in a member state of the Liability Convention, and the jurisdiction over matters specified in Article 9 of the Liability Convention was observed.

(2) The provisions of Paragraph one of this Section shall be applied if a judgment in respect of the International Compensation Fund is pronounced in a member state of the Fund Convention or in a state in which the International Compensation Fund has its own representation, if the claim is within the jurisdiction of the relevant court in accordance with Article 7, Paragraph one or three of the Fund Convention.

Section 94. Applicability of the Liability Convention

(1) The liability for loss caused by oil pollution referred to in Sections 79-84 and 88 of this Code shall be applied in relation to:

- 1) the loss caused in Latvia or its exclusive economic zone;
- 2) the loss caused in a member state of the Liability Convention, or its exclusive economic zone;
- 3) expenditures associated with operations carried out for the rectification or limitation of loss caused by oil pollution, irrespective of where such operations are carried out.

(2) If a state which is referred to in Paragraph one, Clause 2 of this Section has not declared an exclusive economic zone, this zone shall be attributed to the sea territory of the state, which has declared it in accordance with international law but not further than 200 nautical miles from the base line.

(3) Sections 79-93 of this Code shall not be applied to ships owned or operated by a State and used, at the time of the spill or unloading of oil, only on government non-commercial service.

Section 95. Exception in Relation to Applicability of the Liability Convention

If actions are brought to a Latvian court regarding compensation for loss caused by oil pollution, moreover, a ship has caused this pollution in a state which is not a member state of the Liability Convention, or in the open sea, as well as regarding compensation for expenses associated with activities which are performed in order to rectify or limit loss, the liability of the shipowner, in accordance with Section 82, Paragraphs two and four of this Code, may not exceed 59,7 million Units of Account.

Section 96. General Limitations in Relation to Oil Spills

(1) If loss has been caused to Latvia or to part of Latvia's continental shelf by pollution from a ship that does not conform to the definition in Section 79, Paragraph three of this Code, or a drilling rig, the provisions of Sections 79 and 80 of this Code shall correspondingly be applied. They shall also be applied if expenses have arisen in relation to activities which are performed in order to rectify or limit the loss.

(2) Liability in conformity with Paragraph one of this Section shall be limited in accordance with the provisions of this Chapter, taking into account Sections 323 and 324 of this Code.

(3) The provisions of Paragraphs one and two of this Section shall also be applied to other persistent oil products that are not referred to in Section 79, Paragraph four, non-persistent oil products and mixtures containing oil irrespective of whether the ship or the installation conforms to the definition provided in Section 79, Paragraph three of this Code.

Section 97. Impact of Latvia's International Obligations

The provisions of Sections 79-96 of this Code shall not be applied if they are in contradiction to Latvia's international obligations in respect of states which are not member states of the Liability Convention.

Chapter XVIII Limitation of Liability Procedure

Section 98. General Provisions for the Limitation of Liability Procedure

(1) The provisions of this Chapter shall be applied to the General Fund established in accordance with Section 74 of this Code and the Liability Convention Fund established in accordance with Section 83 of this Code.

(2) A fund that is established in accordance with Section 95 of this Code shall be deemed to be a General Fund.

Section 99. Determination of Amounts of the General Fund and the Liability Convention Fund

(1) The General Fund shall be applied to:

1) the total amount which in accordance with Section 69 of this Code is the limitation of liability for claims in relation to which limitation of liability is applied and which arise from one and the same event;

2) lawful interest on the total amount referred to in Paragraph one, Clause 1 of this Section in respect of the period from the time of the event until the time the General Fund is established.

(2) A fund that is established in accordance with Section 95 of this Code shall conform to the liability amounts specified in Paragraph one of this Section.

(3) A Liability Convention Fund shall conform to the liability amounts specified in Section 82 of this Code.

Section 100. Application to Establish a Fund

(1) A person who wishes to establish a General Fund or a Liability Convention Fund (hereinafter in this Chapter - Fund) shall submit an application to a court indicating reasons for establishment of the Fund, ship's particulars (in order to calculate the amount of the Fund), as well as information on possible claims against the Fund.

(2) Person referred to in Paragraph one of this Section shall pay the amount of fund into a bailiff's office deposit account or provide such security as determined by the court taking into account the possibility of the enforcement of the court judgment.

Section 101. Establishment of a Fund

(1) A court shall decide regarding the establishment of a Fund, its amount or the security to be provided.

(2) A court shall decide on paying additional amounts or providing appropriate security in order to cover the costs of judicial proceedings and the costs of establishment and administration of the Fund.

(3) If the payment into the Fund is made or the security provided prior to the decision of the court, it shall be deemed that the Fund is established on the day the decision is taken by the court, but if the actions referred to are performed after the taking of the court decision – from the day when the payment is made or the security provided.

Section 102. Notification

(1) A court shall invite, in accordance with Section 100 of this Code, potential plaintiffs to submit their claims against the Fund within two months from the day notification is received, observing the provisions of Sections 74 and 105 of this Code.

(2) A notification on establishment of a Fund and the invitation addressed to plaintiffs shall be published, at the expense of the applicant, in the newspaper *Latvijas Vēstnesis* and notification may additionally be given otherwise, at the discretion of the court. If necessary, the notification shall also be published in other states.

(3) Persons who have applied for the establishment of a Fund, and all known plaintiffs shall be informed on the establishment of the Fund by a notification sent as registered postal item.

Section 103. Fund Administrator

A court at its discretion may appoint a Fund administrator. The appointment and replacement of a Fund administrator, administration of the Fund, the arrangement for payment of expenses and the submission of report by the administrator shall be regulated by the provisions of Chapter 46 of the Civil Procedure Law.

Section 104. Submission of Claims

(1) After receipt of a notification in accordance with Section 102 of this Code the plaintiff shall submit a statement of claim in accordance with the procedures set out in the Civil Procedure Law.

(2) If the plaintiff before the establishment of the Fund has submitted a statement of claim to another court, upon finding out about the establishment of the Fund in accordance with Section 102 of this Code, he or she shall notify the court by the adjudication of which the Fund is established thereof.

Section 105. Rejection of Claims

A claim regarding which a court was not informed prior to distribution of the Fund in a court of first instance may be satisfied only in accordance with the provisions of Section 111, Paragraph two of this Code.

Section 106. Payments from a Fund

Payments from a Fund may be made only after deadline set for the submission of claims has ended and consent has been given by the person who applied for the establishment of the Fund, and all plaintiffs who have submitted claims against the Fund.

Section 107. Preparing a Matter for Adjudication

- (1) A court, in preparing a matter for adjudication, shall decide on convening a Fund meeting.
- (2) The court shall invite to the Fund meeting the persons who have applied for the establishment of the Fund, plaintiffs who have submitted their claims, as well as the Fund administrator.

Section 108. Fund Meeting

- (1) Issues on the right of the person who has applied for the establishment of the Fund to limit liability, the liability amount and submitted claims shall be considered at the Fund meeting.
- (2) Prior to the Fund meeting the administrator shall prepare and issue to the participants in the matter his or her recommendations regarding the issues to be examined.
- (3) If in the Fund meeting agreement is achieved regarding the distribution of the Fund, the court shall distribute the Fund on the basis of the settlement confirmed in the meeting. The settlement shall be confirmed, disputed or set aside in accordance with the provisions of Chapter 46 of the Civil Procedure Law.

Section 109. Settlement of Disputes

Disputes on the right to limit liability, on the liability amount or claims in respect of which no settlement has been reached may be adjudicated by the court as separate claims.

Section 110. Partial Payment of the Fund Amount

The court may decide on partial payment of the Fund amount to satisfy those claims in respect of which settlement has been reached.

Section 111. Distribution of the Fund

- (1) A court shall distribute the Fund in accordance with the provisions of Sections 75, 83, 92, 108, 109 and 110 of this Code.
- (2) The Fund shall also be distributed where a person who has applied for the establishment of the Fund does not have the right to limit liability. In such case, the distribution of the Fund does not restrict the rights of the plaintiff to the satisfaction of the claim to full extent.

Part E
Carriage of Cargo and Passengers

Chapter XIX
General Provisions for Carriage of Cargo

Section 112. Regulation of Legal Relations

(1) Legal relations which arise in the performance of the carriage of cargo by ship (hereinafter in this Part – carriage of cargo) shall be determined by the parties, in compliance with the provisions of this Code.

(2) The provisions of this Part shall also be applied to such carriage of cargo regarding which a bill of lading is not issued.

(3) The mutual legal relations between a carrier, consignor and consignee of cargo shall be determined by a bill of lading or other similar transportation document. The conditions of a contract of carriage by sea which are not referred to in the bill of lading or other similar document on transportation of cargo by ship are mandatory for a consignee if the document where they are set out is mentioned in the bill of lading or other transportation document.

(4) The interests of a shipowner, charterer, operator of a ship, master of a ship or another legal or natural person responsible for the ship (hereinafter – authorising person) in accordance with the specified authorisation thereof may be represented in a port by the ship's agent. Agency services of the ship shall be performed by a commercial company, which in the name of the authorising person and in the interests thereof shall deal with all the matters associated with the ship's entry and movement in a port and departure to sea, provide services to the ship while in port and number of other activities specified by the authorising person (hereinafter – ship agency services). Third persons may not request a commercial company carrying out ship agency services to perform duties that have not been provided for by the authorising person in the authorisation of this agent.

(5) Ship agency services in the ports of Latvia may be carried out by a commercial company, which shall comply with the following minimum requirements:

1) it is of good reputation, that is, the employees of the ship agent have not been sentenced for intentional criminal offences against property or in the field of national economy and the conviction has not been set aside or extinguished, no written justified unfavourable opinions from port, State or local government institutions regarding their professional activity during the last year have been received;

2) it is financially secure:

a) its fixed capital is not less than 7 114 euro, financial resources comply with the activities to be performed (certified with an annual account, an auditor's report or statements issued by credit institutions), as well as all payments to the State budget have been made (certified with statements issued by the relevant institutions regarding payments made into the State budget),

b) it has entered into a ship agent's professional activity civil liability insurance contract.

(6) [15 May 2008]

(7) The National Association of Latvian Ship Brokers and Agents shall examine the professional knowledge and skills in carrying out ship agency services in the relevant ports of Latvia of natural persons – employees of ship's agents and shall issue certificates on compliance with the professional knowledge and skills of the employees of the ship's agents.

[22 December 2005; 22 March 2007; 19 September 2013]

Section 113. Application of Carriage of Cargo Provisions

- (1) The provisions of this Part shall be applied in relation to carriage of cargo contracts where:
- 1) the port of loading in accordance with the contract is located in Latvia;
 - 2) the port of unloading in accordance with the contract is located in Latvia;
 - 3) the bill of lading which certifies the carriage of cargo contract has been issued in Latvia;
 - 4) the bill of lading which certifies the contract of carriage by sea specifies that the relations among the parties shall be adjudged on the basis of the Latvian laws and regulations.
- (2) The provisions of this Part shall be applied irrespective of the nationality of the ship, carrier, consignor, consignee or any other interested person.
- (3) If the contract provides for the carriage of cargo in multiple consignments within a specified period of time, the provisions of this Part shall be applied in relation to each consignment. If consignments are made in accordance with a charter contract, the provisions of Section 114 of this Code shall be observed.

Section 114. Carriage of Cargo where Charter Contract Entered into

The provisions of this Part do not apply to carriage of cargo which is performed in accordance with a charter contract which is entered into for the charter of the whole ship or part thereof. If a bill of lading is issued in accordance with a charter contract and if it regulates the legal relations between the carrier and the holder of the bill of lading, the provisions of this Part shall be applied to the bill of lading.

Section 115. Special Provisions

- (1) A carrier has the right to waive all or some of his or her rights, including the right to be released from liability. A carrier has the right to reinforce his or her liability and obligations. Such waiver of the right or reinforcement of obligations shall be included in the bill of lading which is issued to the consignor.
- (2) If the nature and condition of the cargo to be carried, the conditions, periods or circumstances in which the carriage takes place are such that they justify special agreement, the carrier and the consignor are entitled to enter into any kind of agreement regarding the cargo, regarding the duties and liability of the carrier, as well as regarding the rights of the carrier in relation to the cargo (including the right to be released from liability) or regarding the duty to ensure the seaworthiness of the ship, if such agreement is not in contradiction to State public policy or the duty of the employees or representatives of the carrier to take care of loading, treatment, stowing, carriage, storage and unloading of the cargo if such provisions are included in the bill of lading. The provisions referred to may not be applied to the normal commercial carriage of cargo.
- (3) The provisions of this Section shall not be applied in relation to the rights and duties of a carrier which arise from the provisions of Chapter XV of this Code regarding limitation of liability of shipowners.

Section 116. Delivery of Cargo Done by the Consignor

The consignor shall deliver the cargo at the location and time indicated by the carrier. The cargo shall be delivered in such way and in such condition that it can be conveniently and safely loaded, carried and unloaded.

Section 117. Examination of Packing

(1) The carrier has a duty to make a reasonable effort in examining whether the cargo is packed in such a way that no loss or damage thereof arises or no loss to other persons or property are caused. If the cargo has been delivered in a sealed container or other transportation device, the carrier does not have a duty to open and examine it provided that there is no justified reason to believe that the cargo is insufficiently well packed.

(2) The carrier shall inform the consignor regarding each deficiency determined. The carrier does not have a duty to carry cargo which is insufficiently packed, except in a case where, acting reasonably, it is possible to rectify the deficiencies determined.

Section 118. Dangerous Cargo

(1) A cargo shall be considered as dangerous cargo in compliance with the definition of dangerous goods specified in the Law on the Movement of Dangerous Goods.

(2) The consignor shall appropriately label the dangerous cargo and in due time inform the carrier regarding the dangerous nature of the cargo, as well as indicate the necessary safety measures.

(3) If the consignor has other reasons to believe that due to the characteristics of the cargo, the carriage thereof may cause danger or significant inconvenience to persons, to the ship or cargo, he or she shall inform the carrier thereof.

[14 October 2010]

Section 119. Cargo that Requires Special Carriage Arrangements

If special arrangements are necessary for the carriage of cargo, the consignor shall in due time notify the carrier thereof and shall indicate the measures to be taken. If necessary, the cargo shall be appropriately labelled.

Section 120. Receipt for Cargo Received

The consignor may request a receipt for the fact, and the time, of receipt of the cargo. The provisions regarding the issuance of bills of lading and other transportation documents are provided for in Chapter XX of this Code.

Section 121. Provisions for Payment of Freight

(1) If the carriage contract does not indicate the amount of freight, freight shall be payable in accordance with the tariffs of the carrier. The parties may agree that the freight shall be paid upon receipt of the cargo.

(2) Payment of freight for cargo that no longer exists at the end of the carriage may not be required provided that the loss is not caused by the nature of the cargo, defects in packaging or errors or carelessness of the consignor, or if the carrier has sold the cargo upon the account of the owner, has unloaded it, made it harmless or destroyed it in accordance with the provisions of Section 151 of this Code.

(3) Freight paid in advance shall be repaid if in accordance with Paragraph two of this Section the carrier does not have the right to receive it.

Section 122. Duty to Pay Freight in Case of Non-performance of the Carriage Contract

- (1) If a consignor withdraws from a contract entered into before the commencement of the carriage, the carrier has the right to receive the freight not acquired, as well as compensation for loss.
- (2) If the consignor has failed to deliver the cargo to the carrier at the specified time and the delay significantly hampers execution of the terms of the contract, the carrier has the right to withdraw from the contract. If the consignor after late delivery of cargo wishes to continue the carriage contract, he or she has the right to request a confirmation by the carrier that the carrier shall not withdraw from the carriage contract. If the carrier wishes to exercise his or her right to withdraw from the carriage contract, he or she shall notify the consignor thereof without delay (without hesitation). If the carrier withdraws from the carriage contract in accordance with the procedures specified in this Paragraph, he or she has the right to receive the freight not acquired, as well as compensation for loss.
- (3) If the consignor or the consignee requests for interruption of the carriage or a change of place of delivery of the cargo, the carrier has the right to receive the freight not acquired, as well as compensation for loss. The consignor or the consignee may not request for interruption of the carriage if it would cause significant loss or inconvenience to the carrier or other consignors.
- (4) In applying this Section to a charter contract, the provisions of Section 196, Paragraphs two, three and four of this Code shall be observed.

Section 123. Duty of a Carrier to Protect Cargo

- (1) Prior to a voyage and commencing a voyage, the carrier shall demonstrate reasonable care that:
 - 1) the ship is made seaworthy;
 - 2) the ship is properly manned and provided with sufficient stores;
 - 3) the ship's holds, refrigerated storerooms, freezers, and all other parts of the ship in which cargo shall be carried are made usable and safe for the receipt and preservation of cargo.
- (2) Taking into account the provisions of this Chapter, a carrier shall appropriately and carefully load, treat, stow, carry, store, as well as take care for the cargo and unload it.
- (3) If cargo has been lost, damaged or significantly delayed, the carrier shall notify the person indicated by the consignor as soon as possible. If such notice cannot be sent, the carrier shall inform the cargo-owner, or if he or she is unknown the consignor. These provisions shall also be applied if the carriage cannot be completed as planned.

Section 124. Carriage of Cargo on Deck

- (1) A carrier has the right to carry cargo on deck only if the carrier has specially agreed to this with the consignor, carriage in such manner is in conformity with good shipping practice, or this is specified by laws and regulations.
- (2) If the carrier and the consignor have agreed that the cargo shall be carried or that it may be carried on deck, the carrier shall enter an appropriate note in the bill of lading. If there is not such a note, the carrier has a duty to prove that agreement was reached with the consignor regarding the carriage of cargo on deck. However, the carrier does not have the right to invoke such an agreement in relation to third persons (including the consignee of the cargo), who have acquired the bill of lading in good faith.

Section 125. Breach of Contractual Obligations by a Carrier

(1) A consignor has the right to withdraw from a carriage contract if due to the fault of the carrier significant delay has occurred or other substantial condition of the contract has been breached. After the delivery of the cargo, a consignor is not entitled to withdraw from the contract if the return of the cargo causes significant loss or inconvenience to other consignor.

(2) When a consignor becomes or should have become aware regarding breach of contractual obligations, he or she may withdraw from the contract if the carrier is notified thereof without delay. Otherwise, the consignor shall lose the right to withdraw from the contract.

Section 126. Interruption of the Carriage

(1) If a ship which is carrying or a ship with which it is intended to carry cargo is lost or cannot be repaired, it does not release a carrier from the duty to complete the carriage.

(2) If due to *force majeure*, the ship cannot enter the port of unloading, the carrier shall inform the consignor without delay. If the consignor significantly delays in giving an order in relation to actions with the cargo, the carrier has the right to unload the cargo at his or her own discretion at one of the nearest ports or to deliver this cargo back to the port of origin.

(3) In the case of withdrawal from a carriage contract due to war or other risk, the provisions of Section 201 of this Code shall be applied.

(4) If part of the carriage has already been completed when the carrier withdraws from the contract or the contract ceases to be in effect, or due to another reason the cargo has been unloaded at a port which is not the port of unloading contracted for, the carrier has the right to proportional freight in accordance with the provisions of Section 185 of this Code.

Section 127. Measures Taken in the Name of the Cargo-owner

(1) If special measures are necessary in order to preserve or carry cargo or otherwise protect the interests of the cargo-owner, the cargo-owner shall give the relevant instructions to the carrier.

(2) If a lack of time or other circumstances hinder the obtaining of instructions or if such instructions are not received in time, the carrier has the right to take necessary measures in the name of the cargo-owner and to represent the cargo-owner in regard to issues associated with the cargo. Even if such measures were not necessary, they are binding on the cargo-owner in relations with third persons who have acted in good faith.

(3) The carrier shall notify of the measures taken in accordance with the provisions of Section 123, Paragraph three of this Code.

Section 128. Liability of Cargo-owners for Measures taken by a Carrier

Cargo-owners are liable for the measures taken by a carrier and expenditures in relation to the cargo. If the carrier has acted without instructions of the cargo-owner, the liability of the cargo-owner may not exceed the value of the cargo as it was at the commencement of the carriage to which the measures or costs are related.

Section 129. Delivery of Cargo by the Carrier

(1) A consignee at the port of destination shall receive the cargo at the location and time indicated by the carrier. The cargo shall be delivered so that it may conveniently and safely be received.

(2) Person who is entitled to receive the cargo may prior to receipt inspect it.

Section 130. Duty of a Consignee to Pay Freight

(1) If the cargo is delivered against a bill of lading, the consignee upon receipt of the cargo shall become liable for the payment of freight and other carrier claims which arise from the bill of lading.

(2) If the cargo is not delivered against a bill of lading, the consignee is liable for the payment of freight and other claims in accordance with the carriage contract if the consignee, at the time of delivery, knew of such claims or should have known that the carrier had not received payment.

Section 131. Right of Retention

If a carrier has right of claim in accordance with Section 130 of this Code or other claims which are secured by preferential rights of cargo in accordance with Section 40 of this Code, the carrier is entitled to not issue the cargo before the consignee has paid freight, satisfied other claims by the carrier or given sufficient security.

Section 132. Warehousing of Cargo

(1) If cargo is not received within the period indicated by the carrier or other reasonable time period, it may be delivered for storage in a warehouse at the expense of the consignee.

(2) Notice regarding the delivering of the cargo for storage shall be given in accordance with the provisions of Section 123, Paragraph three of this Code. The carrier shall determine a reasonable time period at the end of which the cargo may be sold or otherwise disposed of in accordance with the provisions of Section 133 of this Code.

Section 133. Carrier's Right to Sell Cargo or Otherwise Dispose of It

(1) On the expiry of the time period which is specified in accordance with Section 132, Paragraph two of this Code, the carrier has the right to sell the warehoused cargo in such amount as necessary in order to cover the costs of sale, to be able to receive freight and satisfy other claims. The carrier has a duty to take adequate care in selling the cargo.

(2) If it is not possible to sell the cargo or it is evident that the proceeds will not cover the costs of the sale, the carrier has a right to dispose of the cargo in another reasonable way.

Section 134. Liability of Carrier for Cargo

(1) A carrier shall be liable for cargo from the time when it is loaded on to the ship until it is unloaded.

(2) From the time when cargo is accepted until the time the cargo is loaded on the ship, as well as after its unloading until delivery to the consignee, a carrier shall be considered to be the cargo-forwarder if the parties have not agreed otherwise.

Section 135. Duty to Ensure Seaworthiness of a Ship

(1) A carrier shall not be liable for loss or damage of cargo which have been caused due to loss of seaworthiness, except in a case where the loss of seaworthiness of the ship was caused by the fact that the carrier took insufficiently reasonable care to ensure seaworthiness in accordance with the provisions of Section 123 of this Code.

(2) If the loss or damage of cargo has been caused due to the loss of seaworthiness of the ship, the carrier or other persons who request release from liability in accordance with the provisions of this Chapter shall prove that they had taken sufficient care.

Section 136. Liability for Loss or Damage of Cargo

(1) In accordance with the provisions of Section 135 of this Code, a carrier is not liable for the loss or damage of the cargo or expenditures associated with the cargo if the reason for the loss or damage of the cargo and such expenditures is:

- 1) the actions, carelessness or negligence of the master, members of the crew or pilot of the ship, or the of employees of the carrier in operating the ship;
- 2) fire, except in a case where it is caused due to the fault of the carrier;
- 3) risks, danger or accidents at sea or in other navigable waters;
- 4) *force majeure*;
- 5) acts of war;
- 6) activities of persons who are a danger to society;
- 7) detention or arrest of the ship;
- 8) quarantine restrictions;
- 9) actions or mistake of the consignor or cargo-owner, their employees or representatives;
- 10) strikes, lockouts or other reasons due to which work is fully or partially stopped or delayed;
- 11) public disturbances;
- 12) rescue or attempted rescue of life or property at sea;
- 13) loss of volume or weight of cargo, or any other loss or damage which has been caused by hidden defects in the cargo or the characteristic features of the cargo;
- 14) inappropriate packaging;
- 15) inappropriate labelling;
- 16) concealed deficiencies which cannot be detected by taking reasonable care;
- 17) any other reasons which have been caused without the fault of the carrier, his or her employees or representatives if the person who requests release from liability may prove that the actions by the carrier, his or her employees or representatives have not facilitated loss or damage of cargo.

(2) Deviation from the scheduled route in order to rescue or attempt to rescue life or property at sea, or any other reasonable deviation from the scheduled route shall not be considered to be a breach of the carriage contract, and the carrier is not liable for any loss or damage of cargo resulting due to this.

Section 137. Liability for Carriage of Animals

Provided that the parties have not otherwise agreed, a carrier shall not be liable for loss resulting from carriage of animals.

Section 138. Liability for Delay

Provided that the parties have not otherwise agreed, a carrier shall not be liable for loss which has arisen due to delay of delivery of cargo.

Section 139. Calculation of Loss

(1) The total amount of loss in relation to loss or damage of cargo shall be calculated on the basis of the value of the cargo at the location where and time when it was unloaded or it should have been unloaded from the ship in conformity with the contract.

(2) The value of a cargo shall be determined on the basis of the cargo exchange price or, if such price is not available, on the basis of market price.

Section 140. Limitations of Liability

- (1) Liability of a carrier for loss caused in relation to loss or damage of cargo may not exceed 667 Units of Account per place of cargo or cargo unit, or two Units of Account per kilogram of gross weight of cargo, the highest amount being applied. An exception shall be the cases when the carrier and the consignor agree on a higher limitation of liability.
- (2) The provision of Paragraph one of this Section shall not be applied if the consignor has, by the time the cargo is loaded, given notice of the nature and value of the cargo and this amount is directly indicated in the bill of lading. Such notice shall certify the value of the cargo, except in the case where the carrier proves otherwise.
- (3) A carrier is not liable for loss or damage of the cargo and expenditures in relation with the cargo if the consignor has knowingly provided misleading information in regard to the nature or value of the cargo.
- (4) The unit of account is the unit which is referred to in Section 71 of this Code.

Section 141. Limitation of Liability in Relation to Cargo that is Loaded as a Unit

- (1) If containers, pallets or similar transport devices are used in the carriage of cargo, the number of places or units of cargo shall be determined in accordance with the number of places or units of cargo indicated in the bill of lading. If the bill of lading does not contain such information, the transport device shall be deemed to be a place or unit of cargo.
- (2) If the transport device itself is lost or damaged, it shall be deemed to be a separate unit of cargo, except in the case when the transport device is owned by the carrier or it is provided by the carrier.

Section 142. Liability that is not Based upon a Carriage Contract

- (1) The provisions regarding release from and limitation of liability regulated by this Part, shall be applied to any claim brought against a carrier to compensate for the loss in respect of the loss or damage of cargo, irrespective of whether this claim arises from the contract or an unlawful action (delict).
- (2) If such claim is brought against an employee or representative of the carrier, such employee or representative has the right to use those provisions regarding release from liability and regarding limitation of liability to which the carrier has a right in accordance with this Chapter.
- (3) The total amount of compensation for loss which shall be paid by a carrier and his or her employees or representatives may not exceed the limits that are provided for in this Chapter.

Section 143. Loss of Right to Limitation of Liability

A carrier, his or her employees or representatives do not have a right to use the limitation of liability provided for in this Chapter if it is proven that the loss was caused by action the purpose of which was to cause such loss, or by inaction, being aware that such loss was possible.

Section 144. Liability for Cargo Located on a Ship's Deck

If cargo is carried on a ship's deck in violation of the provisions of Section 124 of this Code, a carrier may not limit his or her liability in relation to loss which is caused due to loss or damage of the cargo carried on deck.

Section 145. Apportionment of Liability between the Carrier and the Performing Carrier

If in accordance with a carriage contract part of the carriage is performed by another carrier (performing carrier), the parties to the carriage contract may agree that the carrier in relation to the part of the carriage performed by the performing carrier with his or her own means of transport shall be deemed to be a forwarding agent. In such case, the carrier shall prove that the loss was caused during the time period when the cargo was in the actual custody of the performing carrier.

Section 146. Liability of a Performing Carrier

For the part of the carriage when the cargo is located in the custody of a performing carrier, he or she shall be liable in accordance with the provisions of this Part.

Section 147. Total Amount of Liability

If in respect of loss both the carrier and the performing carrier are liable, the total amount of liability may not exceed the amount specified in this Chapter.

Section 148. Notice of Loss or Damage of Cargo

(1) If cargo is delivered and the consignee has not notified the carrier in writing regarding any loss or damage of the cargo which the consignee has detected or should have detected, it shall be considered that the entire cargo has been delivered in accordance with the conditions of the carriage contract provided that it is not proven otherwise. These provisions shall be applied if at the time of delivery the loss or damage of cargo was not manifest and a written notice regarding the loss or damage of cargo is not submitted within three days after delivery.

(2) A written notice is not necessary if the loss or damage of cargo is detected during joint inspection of the cargo by the carrier and consignee or their representatives.

Section 149. Subrogation Claims

The provisions of this Part shall also be applied in relation to subrogation claims in respect of general average and reward for salvage.

Section 150. General Liability Provisions

A consignor, his or her employee or representative shall not be liable for loss or damage of cargo caused due to the fault of a carrier.

Section 151. Liability of a Consignor for Dangerous Cargoes

(1) If a consignor has not observed the provisions of Section 118 of this Code in relation to dangerous cargo, he or she is liable for the expenditures and other loss which have been caused the carrier. In such case the carrier may unload the dangerous cargo, render it harmless or destroy it, without compensating for loss thus caused.

(2) The provisions of Paragraph one of this Section shall not be applied if the carrier, upon accepting the cargo, knows that it is a dangerous cargo.

Chapter XX

Bills of Lading and other Transportation Documents

Section 152. Bills of Lading

(1) In receiving cargo and taking it into his or her custody, a carrier, pursuant to the request of a consignor, shall issue to the consignor a bill of lading, which shall contain the following information:

- 1) labelling which is necessary for identification of the cargo, as the consignor has notified in writing, if such labelling is clearly indicated on the cargo or its packaging;
- 2) pieces of cargo or number of articles or weight of the cargo (depending on the circumstances), having regard to the information provided by the consignor;
- 3) appearance and condition of the cargo as is visible from outside.

(2) In addition to the information specified in Paragraph one of this Section, the following information may be included in the bill of lading:

- 1) name of the carrier and his or her principal place of business;
- 2) name of the consignor;
- 3) name of the consignee if the consignor of the cargo has indicated this;
- 4) port of loading in accordance with the cargo carriage contract, and date when the cargo was accepted by the carrier at the port of loading;
- 5) port of unloading;
- 6) place where the bill of lading was issued;
- 7) amount of freight and an indication regarding who shall pay the freight, as well as other conditions regarding the carriage and delivery of the cargo;
- 8) in the cases specified in Section 124 of this Code – a stipulation regarding the fact that the cargo shall be carried or it may be carried on deck;
- 9) any increased limitation of liability regarding which the parties have agreed to;
- 10) the name and nationality of the ship, location and time of loading, as well as the time when the loading is completed.

(3) In indicating the information referred to in Paragraph one, Clauses 1 and 2 of this Section, the consignor undertakes liability for all loss in the case of loss or damage of the cargo and expenditures as arise due to the inaccuracy of such information. The right of a carrier to this form of compensation in accordance with the carriage contract does not limit his or her liability against any person who is not the consignor.

(4) The bill of lading shall be signed by the master of the ship or a person authorised by the carrier.

(5) If several originals of a bill of lading are issued, the number of originals issued shall be indicated on each original.

(6) If copies of the bill of lading are issued, on them shall be indicated that they are copies.

(7) When cargo is loaded on a ship, a note regarding the loading of the cargo shall be made in the bill of lading which is issued to the consignor.

Section 153. Transit Bills of Lading

(1) A transit bill of lading is a bill of lading which indicates that the cargo is carried by several carriers.

(2) Persons that issue transit bills of lading shall ensure that a bill of lading issued for any part of the carriage indicates that the load is being carried in accordance with a transit bill of lading.

Section 154. Lack of Information in a Bill of Lading

A document which contains the information referred to in Section 152, Paragraph one of this Code, shall be considered to be a bill of lading even if it does not contain some of the information referred to in Section 152, Paragraph two of this Code.

Section 155. Duty of a Carrier to Record Information in a Bill of Lading

A carrier shall not indicate the labelling of the cargo, the number of pieces, amount or weight of cargo if he or she has justified reason to believe that they do not accurately conform to the actual cargo received, or he or she does not have a possibility to check it.

Section 156. Bill of Lading Certification

A bill of lading certifies that the carrier has received such cargo as is described in the bill of lading if the contrary is not proven. Evidence to the contrary shall not be allowed if the bill of lading has been transferred to a third party acting in good faith.

Section 157. Liability for Misleading Information in a Bill of Lading

If third persons upon receipt of a bill of lading suffer loss by relying on the accuracy of the information contained in the bill of lading, the carrier is liable for such loss if he or she knew or should have known that the bill of lading is misleading in relation to third persons. In such case the carrier cannot limit his or her liability.

Section 158. Types of Bills of Lading

- (1) A carrier may issue the following types of bills of lading:
 - 1) a named bill of lading – issued indicating the name of the consignee;
 - 2) an order bill of lading – issued pursuant to the order of the person indicated in the bill of lading or, if the person is not indicated, pursuant to the order of the consignor. Such a bill of lading may be endorsed with the relevant endorsing notations on the bill of lading;
 - 3) a bearer bill of lading – issued with an appropriate reference.
- (2) A person who presents an original of a bill of lading shall be regarded as authorised to receive the cargo, if it results from the bill of lading or a continuous chain of endorsing notations.
- (3) If several original bills of lading are issued, the consignee of the cargo at the port of delivery has the right to receive the cargo by presenting one original of the bill of lading.

Section 159. Several Holders of a Bill of Lading

If several persons bring forth claims regarding receipt of a cargo by presenting an original of the bill of lading, the carrier of the cargo shall transfer the cargo to storage at the expense of the lawful consignee. All known holders of the original bill of lading shall be informed thereof without delay.

Section 160. Issue of a Cargo against a Bill of Lading

- (1) Cargo shall be issued:
 - 1) against a named bill of lading – to the consignee who is referred to in the bill of lading or to a person to whom the bill of lading has been transferred further with a named

endorsement or in another way complying with the provisions provided for endorsement of debt claims;

2) against an order bill of lading – to the consignor or consignee accordingly (depending upon whether the bill of lading has been issued pursuant to the order of a consignor or of a consignee) or if the bill of lading is endorsed, to the person who is referred to last in a continuous chain of endorsement notations or the presenter of the bill of lading if the last notation in the chain is a blank endorsement;

3) against a bearer bill of lading – to the presenter of the bill of lading.

(2) The carrier or his or her authorised person may issue cargo to the consignee only if he or she has presented the original of the appropriately endorsed bill of lading.

(3) A carrier does not have a duty to issue cargo if he or she or the person acting in his or her name has already in good faith issued the cargo against one of the originals of the bill of lading.

Section 161. Delivery in Cases where the Bill of Lading has been Lost

(1) If a bill of lading is lost, an application regarding restoration of rights in accordance with the bill of lading shall be submitted to a court of the state to which the cargo has been delivered.

(2) If a bill of lading is lost, the carrier may issue the cargo against appropriate security in relation to claims which may be brought against the carrier by the holder of the lost bill of lading.

Chapter XXI Disputes

Section 162. General Average

(1) As general average shall be recognised loss that has arisen in the purposeful and reasonable performance of extraordinary expenditures and sacrifices in order to save a ship and cargo carried by the ship from those dangers that threaten them and be able to receive freight.

(2) If the parties have not agreed otherwise, the amount and the procedures for payment of compensation for loss in the case of general average shall be regulated by the norms of international trading customary law which are codified in the 1994 York-Antwerp Rules.

Section 163. Jurisdiction of Claims

If the parties have not agreed regarding jurisdiction for the settlement of disputes, an action shall be brought to court:

- 1) on the basis of the location, or place of residence, of the defendant;
- 2) on the basis of the place where the carriage contract was entered into;
- 3) on the basis of the place the cargo is sent to;
- 4) on the basis of the place of delivery of the cargo.

Section 164. Jurisdiction in the Case of a Charter Contract

If a bill of lading, which is issued in accordance with a charter contract and in which there is a condition regarding the settlement of disputes through a court or arbitration court, does not provide that this condition is binding upon the holder of the bill of lading, such a charter contract condition does not bind the holder of the bill of lading.

Chapter XXII

General Provisions for Chartering of Ships

Section 165. Applicability of Provisions for Chartering of Ships

(1) The provisions of Chapters XXIII, XXIV and XXV of this Code shall be applied to charter contracts of the whole ship or of a part thereof. The provisions which are applicable to a voyage charter contract shall also be applicable to charter contracts regarding the performance of consecutive voyages provided it is not otherwise provided for.

(2) Within the meaning of Chapters XXIII, XXIV and XXV of this Code:

1) a voyage charter contract is a contract in accordance with which the freight for carriage is calculated per voyage;

2) several consecutive voyages charter contract is a contract regarding a specified number of consecutive voyages performed with a specific ship;

3) a time charter contract is a contract in accordance with which the lease payments are calculated for a specified time period.

Section 166. Conditions of a Contract

The provisions of Chapters XXIII, XXIV and XXV of this Code shall not be applied if the parties to the charter contract have agreed as to other conditions or if customary practices as are binding upon the parties to the charter contract apply to the carriage.

Section 167. Chartering of a Specific Ship

(1) If a charter contract is entered into regarding a specific ship, a carrier may not use another ship. If in accordance with the contract, the carrier has the right to offer (at his or her choice) another ship or in another way use another ship, such ship must be as suitable for carriage as the ship contracted for.

(2) If a contract is entered into regarding the use of the whole ship or the carriage of a full cargo, the carrier does have the right to load another person's cargo. This provision shall also be applied where a ship performs a ballast sailing in order to commence a new voyage.

Section 168. Transfer of Rights

(1) If a charterer in accordance with the charter contract transfers his or her rights or duties to a third person, the charterer is liable for the execution of the contract.

(2) A carrier may not transfer his or her rights and duties to a third person without the consent of the charterer. If a charterer agrees thereto, the carrier shall not further be liable for the execution of the contract.

Section 169. Provisions in Relation to Bills of Lading

If a carrier issues a bill of lading for a cargo which is carried by a ship, the bill of lading shall contain the conditions for carriage and delivery of the cargo for the carrier and third persons who are not the charterer and who have acquired the bill of lading in good faith. Conditions of a charter contract which are not contained in a bill of lading are not binding upon third persons, except for cases where there is indication in the bill of lading regarding the conditions of the charter contract.

Chapter XXIII Voyage Chartering

Section 170. Determination of Freight in Case of Voyage Chartering

- (1) If the freight is not specified in the voyage charter contract, the voyage charterer shall pay such freight as determined on the day of the entering into the charter contract.
- (2) If other cargo is loaded or the amount of cargo exceeds the amount contracted for, freight for this shall be paid in accordance with the tariff specified by the carrier, but not less than the freight contracted for.

Section 171. Seaworthiness

The carrier shall ensure the seaworthiness of a ship, including appropriate crew, equipment, cargo holds, refrigerated storerooms and other parts of the ship in which cargo shall be loaded, in conformity with the requirements for the receiving, carriage and preservation of cargo.

Section 172. Right of a Voyage Charterer to Choose Loading and Unloading Ports

- (1) If a charter contract gives a voyage charterer the right to choose the loading and unloading ports, the voyage charterer shall direct the ship to a freely accessible port where the ship may safely lie afloat, safely enter the loading port and safely depart on a voyage with cargo. The charterer shall notify of the port of unloading prior to the completion of loading.
- (2) If the voyage charterer has directed the ship to an unsafe port, he or she shall be liable for any loss caused to the ship due to this reason, except in a case where the loss has not been caused due to the fault of the voyage charterer or persons for whom he or she is responsible.
- (3) If the voyages are consecutive, then any right to choose the voyages of the ship shall be used in such a way that the total length of the voyages for the ship with load and ballast sailings do not significantly differ. Otherwise, the voyage charterer shall not receive freight and shall be liable for loss which results due to the freight not received.
- (4) A voyage charterer may not change the chosen port or voyage, if the parties have not agreed otherwise.

Section 173. Place of Loading

- (1) If the place of unloading has not been specified in the charter contract, the ship shall go to a freely available berth indicated by the voyage charterer where the ship may safely being afloat and from which the ship may safely depart on a voyage with cargo.
- (2) If the loading berth has not been indicated in time, the ship may berth at any customary loading place. If this is not possible, the carrier shall choose such loading berth as cargo may be loaded at.
- (3) Irrespective of the fact whether or not the place of loading has been indicated, the voyage charterer has the right to request the re-berthing of the ship from one loading berth to another at his or her own expense.

Section 174. Loading Time

A carrier has a duty to allow a ship to be located in a port of loading for the contracted loading time which shall consist of lay time and time on demurrage.

Section 175. Length of Lay Time

(1) Lay time shall be the time period reasonably foreseen, on the day of the entering into of a contract, as necessary for the loading of a ship. In calculating laytime, the type and size of the ship and cargo, the loading gear on the ship and in the port, as well as other similar circumstances shall be taken into account.

(2) If the parties have agreed in respect of total loading and unloading time, lay time shall not expire before the total time period has expired.

(3) Lay time shall be calculated in working days and working hours. A working day shall be considered to be a week day in which the number of working hours is such as is accepted at the specific port; a working hour is each hour which can be used in a week day for loading. For days in which the number of hours worked is less than on a working day, the number of hours calculated shall be those normally used for loading.

Section 176. Commencement of Lay Time

(1) Lay time shall commence when the carrier notifies that the ship is located at the loading berth and is ready to receive cargo.

(2) The carrier may send the notification when the ship has reached the port of loading. If the ship is not prepared to receive cargo, the time which is required to prepare the ship and is lost, shall not be deemed lay time.

(3) The carrier shall submit the notification to the consignor, but if he or she is not available – to the voyage charterer.

(4) Lay time shall be calculated commencing from the time that work normally commences in the port (in the morning), or from the end of the mid-day break. In the first case, the notification shall be submitted not later than one hour before the end of the previous working day and in the second case – on the same working day by 10:00 in the morning.

Section 177. Obstacles

(1) If a ship cannot be moored at the loading berth due to reasons for which the carrier is not responsible, the carrier may submit a notification of readiness to receive cargo and commence calculating lay time. This provision shall be applied if the ship berth is occupied or there are other similar obstacles, which the carrier could not have foreseen on the day when the charter contract was entered into.

(2) There shall not be included in lay time such loss of time as the carrier is responsible for. Lost time which is associated with the re-berthing of the ship in the port shall be included in lay time.

Section 178. Demurrage Time

(1) Demurrage time is the time period necessary for operations with cargo after the expiry of lay time. If demurrage time exceeds 30 days and the maximum demurrage time has not been specified in the contract, the carrier has the right to withdraw from the contract.

(2) Demurrage time shall be calculated in days and hours after the expiry of lay time. Demurrage time does not include such loss of time as the carrier is responsible for.

Section 179. Compensation for Demurrage Time

(1) A carrier has the right to receive special compensation for demurrage time. If the parties to a charter contract have not otherwise agreed, the payment for demurrage days shall be

determined by calculating the charter contract time equivalent as would be received by the carrier if time was not lost due to demurrage.

(2) Compensation for demurrage time shall be paid on demand. If such compensation is not paid or appropriate security not given, the carrier has the right to indicate on the bill of lading the amount of such compensation. If the carrier does not do this, he or she may specify a reasonable time period for payment. If compensation for demurrage time is not paid within the specified time period, the carrier has the right to withdraw from the contract and to require compensation for loss.

Section 180. Loading and Stowage

(1) The charterer shall deliver the cargo to the ship's side, but the carrier shall load the cargo onto the ship, except for the cases when:

1) the charter contract provides otherwise;
2) this issue is not regulated in the charter contract and the relevant customs of the port are to be applied.

(2) The carrier shall be responsible for safe loading, stowage and securing of the cargo on the ship.

(3) The provisions of Section 124 of this Code shall be applied in regard to cargo carried on deck.

Section 181. Delivery of Cargo

Cargo shall be delivered and loaded without delay. Cargo shall be delivered in such a way and in such condition that it may easily and safely be loaded onto a ship, stowed, carried and unloaded in conformity with the provisions of Sections 117-120 of this Code.

Section 182. Issue of a Bill of Lading

(1) After the loading of the cargo, the master or the person authorised by the carrier, pursuant to a request from the consignor, shall issue a bill of lading in which the loading of the cargo is indicated, if the necessary documents and information have been submitted.

(2) A consignor has the right to request separate bills of lading for different parts of the cargo, provided there is not significant inconvenience connected therewith.

(3) If conditions other than those in the charter contract are indicated in the issued bill of lading, and these increase the liability of the carrier, the voyage charterer shall compensate all loss caused due to the reinforcement of the carrier's liability.

Section 183. Duties of a Carrier

A carrier shall perform a voyage without delay, demonstrating due care and appropriately applying the provisions of Sections 123, 127 and 128 of this Code.

Section 184. Deviation from the Scheduled Route

(1) The usual scheduled route may be deviated from only due to rescue of people, or due to other reason as is justified and co-ordinated with the charterer or operator of the ship.

(2) If obstacles arise which do not allow the ship to reach the port of unloading and to unload the ship, or the performance of the relevant voyage is associated with significant delays, the carrier may choose another appropriate port of unloading.

Section 185. Distance Freight

(1) If a withdrawal from the charter contract has occurred when part of the voyage has already taken place, or the cargo is not unloaded at the intended port of unloading due to some other reason, the carrier has the right to receive distance freight proportional to the distance travelled, and Section 188 of this Code shall appropriately be applied thereto.

(2) In calculating such type of freight, the actual duration and special costs of the voyage shall also be taken into account. Distance freight may not exceed the value of the cargo.

Section 186. Carriage of Dangerous Cargo in Case of Voyage Chartering

If dangerous cargo is loaded and the carrier has not received information of its dangerous nature, the carrier, depending upon the circumstances, may unload the cargo, render it harmless or destroy it, without compensating for loss in regard thereto. This provision shall also apply to cases where the carrier knew of the dangerous nature of the cargo, but due to circumstances which subsequently arise, human life, health or property are threatened, and this makes it impossible to maintain the cargo in the ship.

Section 187. Unloading

(1) In relation to the unloading berth, unloading time and the unloading of cargo, the provisions of Sections 173-181 of this Code shall be applied. The provisions of the Sections referred to that relate to voyage charterers shall also be applied to consignees of cargo.

(2) Persons who are authorised to receive cargo have the right to inspect the cargo before receiving it.

(3) If in accordance with the charter contract the cargo has several consignees, they may determine the unloading berth or the re-berthing of the ship by agreement between themselves.

(4) Increased costs which have arisen due to damage to the cargo (also when due to damage to the cargo it is necessary to dispose of it), shall be covered by the charterer if the cause of the damage is the dangerous nature of the cargo or the fault of the voyage charterer.

Section 188. Freight for Goods that no Longer Exist

(1) A carrier may not request freight for cargo that does not exist at the end of the voyage, except in a case where the reason for the loss of the cargo is the nature of the cargo, inappropriate packaging, the fault of the voyage charterer or where the carrier has sold the cargo at the expense of the owner, unloaded it, rendered it harmless or destroyed it in accordance with the provisions of Section 186 of this Code.

(2) Freight paid in advance shall be repaid if in accordance with Paragraph one of this Section the carrier is not entitled to receive it.

Section 189. Liability of the Consignee of the Cargo and the Voyage Charterer Regarding Freight, and Rights of Retention

(1) In accepting the cargo, its consignee becomes liable for freight and the fulfilling of other requirements in accordance with the provisions of Section 130 of this Code.

(2) A carrier has a right of retention in accordance with the provisions of Section 131 of this Code.

Section 190. Storage of Cargo

(1) If a consignee does not fulfil the requirements for issuance of cargo or significantly hinders unloading, the carrier has the right to unload the cargo and to deliver it for storage in a warehouse on the account of the consignee. The carrier shall notify the consignee regarding the delivery of goods for storage in a warehouse.

(2) The notice referred to in Paragraph one of this Section shall specify a reasonable time period after the expiry of which the carrier may sell or otherwise dispose of the cargo stored in the warehouse. The provisions of Section 133 of this Code shall be applied to the sale of or other measures associated with the cargo.

Section 191. Loss Caused to the Cargo

(1) The carrier is liable for loss caused to the cargo in accordance with the provisions of Chapter XIX of this Code.

(2) A consignee of cargo, who is not the voyage charterer, is entitled to receive compensation for loss in accordance with Paragraph one of this Section. If the consignee is the holder of a bill of lading issued by the carrier, the provisions of Section 169 of this Code shall also be applied.

Section 192. Withdrawal Time

(1) If in accordance with a charter contract a ship must be prepared for loading at a specified time (the withdrawal time), the voyage charterer has the right to withdraw from the charter contract if the ship is not prepared for loading or appropriate notification regarding readiness of the ship for loading has not previously been sent.

(2) If the carrier sends a notification to the charterer regarding the fact that the ship shall arrive after the specified withdrawal time and indicates when the ship will be prepared for loading, the voyage charterer has the right to withdraw from the contract if he or she does it without delay. If the voyage charterer does not withdraw from the contract, the new withdrawal time shall be the time indicated by the carrier when the ship will be prepared for loading.

Section 193. Delay and Other Reasons due to which Withdrawal from a Contract Takes Place

(1) A voyage charterer has the right to withdraw from a charter contract if due to the fault of the carrier significant delay or other substantial breach of the conditions of the charter contract take place.

(2) As substantial breach of the conditions of the charter contract shall be considered such non-fulfilment of requirements as due to which a charterer does not gain the benefits which he or she was entitled to expect in relation to the contract, if the charterer did not foresee or could not have foreseen the consequences of the breach.

(3) If a voyage charterer wishes to withdraw from a contract, he or she shall send a notification thereof to the carrier without delay; otherwise the voyage charterer shall lose the right to withdraw from the contract.

Section 194. Loss of a Ship

If a charter contract is entered into regarding the chartering of a specific ship and the ship is lost or irreparable, the carrier does not have a duty to perform the voyage.

Section 195. Liability of Carrier for Loss

If due to the fault of the carrier loss is caused regarding which he or she is not liable in accordance with the provisions of Section 191 of this Code, the provisions of Sections 118 and 136 of this Code shall be applied.

Section 196. Withdrawal from a Charter Contract Prior to Loading

(1) If due to the fault of a voyage charterer withdrawal from a charter contract has occurred prior to the commencement of the loading of cargo or if by completion of loading the voyage charterer has not delivered the amount of cargo provided for in the contract, the carrier has the right to receive the freight not acquired and compensation for loss.

(2) In determining the amount of loss it shall be taken into account whether the carrier has taken measures to reduce loss when carrying other cargo.

(3) A carrier may not bring an action regarding compensation of loss if the loading, carriage or delivery to a consignee of the cargo is not possible due to such circumstances as the voyage charterer could not have foreseen on the day the charter contract was entered into, including export or import restrictions or other restrictions that have been specified by state institutions, as well as the accidental destruction of all of the cargo provided for in the contract or similar circumstances. This shall also apply to individually specified cargo which has accidentally been destroyed.

(4) In the cases referred to in Paragraph three of this Section, the voyage charterer shall without delay send a notice to the carrier. Otherwise, the voyage charterer shall compensate for loss caused.

Section 197. Right to Withdraw from a Charter Contract

(1) If the circumstances referred to in Section 196, Paragraph three of this Code come into effect, the carrier has the right to withdraw from the contract, by sending a notice to the voyage charterer without delay.

(2) If a voyage charterer does not deliver the cargo provided for in the contract, the carrier may set a reasonable time period in which the voyage charterer shall compensate for the loss caused or provide security. If the claim is not satisfied within the set time period, the carrier has the right to withdraw from the contract and to receive compensation for loss in accordance with Section 196 of this Code, except in a case where the voyage charterer is not liable for the non-delivery of the cargo.

Section 198. Delay during Loading

(1) If the parties have agreed regarding the demurrage time and if after the expiry of the loading time the voyage charterer has not delivered the cargo or has delivered only a part thereof, the provisions of Sections 196 and 197 of this Code shall be applied.

(2) If the parties have not agreed regarding the demurrage time, but the delay in loading has caused the carrier substantial loss or inconvenience, the carrier has the right to withdraw from the contract (even if compensation for the demurrage time has been paid) or, in a case when only part of the cargo has been delivered, to notify that the loading is completed. In such case the provisions of Sections 196 and 197 of this Code shall be appropriately applied.

Section 199. Other Types of Delay

If after loading or during a voyage the ship is delayed due to the fault of the voyage charterer or persons regarding whom he or she is responsible, the carrier has the right to

receive compensation for loss. This shall also apply to cases where the ship is delayed during unloading because it has not been possible for the carrier to deliver the cargo for storage in a warehouse in accordance with Section 190 of this Code.

Section 200. Loss Caused by the Cargo

If due to the fault of the voyage charterer or persons regarding whom he or she is responsible, the cargo has caused loss to the carrier or other cargo on the ship, the voyage charterer has a duty to compensate for such loss.

Section 201. War Risk

(1) If after the entering into of a charter contract it is determined that during the voyage the ship, the persons located on the ship or the cargo may be threatened by danger, and the reason for this danger is war, blockade, insurrection, civil disorder, piracy or other armed violence, or if it is determined that the possibility of such danger has substantially increased, the carrier and the voyage charterer have the right to withdraw from the contract without covering loss even if the voyage has already commenced. A party which has decided to withdraw from the contract shall, without delay, send an appropriate notice to the other party. Otherwise, the party which has decided to withdraw from the contract is liable for the loss caused.

(2) If the risk can be averted by leaving or unloading part of the cargo, withdrawal from the contract may only be in relation to such part. If compensation for loss is not paid or appropriate security is not provided for the freight or other loss, the carrier may withdraw from the whole contract provided that this does not cause substantial loss or inconvenience to other charterers.

Section 202. Consecutive Voyages

If a charter contract gives a voyage charterer the right to choose which voyages shall be performed and if danger significantly impacts upon the fulfilment of the contract, withdrawal from the contract may be effected in accordance with the provisions of Section 201 of this Code.

Section 203. Withdrawal from a Consecutive Voyage Contract

(1) If a ship has been chartered for the performance of voyages in a contracted time period and if before the expiry of such time period the voyage charterer is notified that the ship is prepared for the loading of cargo, the voyage shall be performed even if it fully or partially exceeds the duration of the contract.

(2) If it is manifest that the ship will not reach the port of loading and will not be prepared to load cargo before the expiry of the operative period of the contract, the carrier does not have a duty to send the ship to the port of loading.

(3) If the carrier notifies that the ship may reach the port of loading late and requests relevant instructions, the voyage charterer shall decide as to whether the voyage is to be performed and as to whether the contract will be considered to have been fulfilled. If the voyage charterer does not give an order to complete the voyage, the contract shall be considered to have been fulfilled.

Chapter XXIV Carriage of Cargo Quantity

Section 204. Applicability of Carriage of Cargo Quantity Provisions

- (1) Carriage of cargo quantity provisions shall be applied in the carrying by a ship of a specific quantity of cargo in several voyages within a specific time period.
- (2) The provisions of this Chapter shall not be applied if it has been contracted that the voyages shall be performed with a specific ship.

Section 205. Right to Choose Cargo Quantity

- (1) If the contract allows choice in regard to the total quantity of the cargo to be carried, it is the charterer who has the right to choose.
- (2) If the contract allows choice in regard to the quantity of the cargo to be carried on each voyage, it is the carrier who has the right to choose.

Section 206. Carriage of Cargo Schedule

- (1) A charterer shall prepare and submit to the carrier in due time a carriage of cargo schedule, taking into account the relation of the specific voyage to the total operative period of the contract.
- (2) A charterer, taking into account the parameters of the ship used shall take care that the quantity of cargo provided for in the contract is proportionately divided over the whole of the duration of the contract.

Section 207. Notice of Loading

A charterer has a duty to send a notice to the carrier in good time, specifying the time period within which the cargo will be prepared for loading (hereinafter in this Chapter - notice of loading).

Section 208. Duty of a Carrier to Provide a Ship

- (1) When a notice of loading has been received, the carrier shall ensure that the ship is suitable for the carriage of the relevant cargo and that voyages are performed in a timely manner.
- (2) The carrier has a duty to send a notice to the charterer in good time regarding the chosen ship, specifying its cargo capacity and the planned arrival time of the ship at the port of loading (hereinafter in this Chapter - notice of the ship).
- (3) If at the expiry of the operative period of the contract the cargo is not prepared for loading, the carrier does not have a duty to ensure that the ship is provided, except in the case where the charterer cannot affect the cause of the delay and it is not significant.

Section 209. Procedures for Performance of Voyages and Consequences of Termination of Voyages

- (1) When a carrier has sent the notice of the ship to the charterer, the provisions of Chapters XIX-XXIII of this Code shall be applied to the relevant carriage.
- (2) If the reason for the termination of a voyage provides a basis to believe that subsequent voyages shall be performed with significant delays, the charterer has the right to withdraw from the contract in respect of the remaining voyages.

Section 210. Consequences of Failure to Submit Cargo Carriage Schedule or Notice of Loading

(1) If a charterer does not submit a notice of loading in good time, the carrier may set a specific time for submission of such notice. If the notice of loading is not submitted, the carrier at his or her discretion may submit a notice of the ship in accordance with Section 208 of this Code and the existing loading schedule or may withdraw from the contract in part regarding the specific voyage.

(2) If the failure to submit a notice in good time gives a basis to believe that the subsequent notices by the charterer regarding loading shall be significantly delayed, the carrier has the right to withdraw from the contract in part regarding the remaining voyages.

(3) A carrier has the right to receive compensation for loss, except in a case where the reasons for delay are the circumstances referred to in Section 196, Paragraph three of this Code.

(4) If a charterer does not submit a cargo carriage schedule to the carrier in good time, the carrier may set a specific time for the submission of such schedule. After the specified time, the carrier has the right to withdraw from the contract in part regarding the remaining voyages, appropriately applying the provisions of Paragraph three of this Section.

Section 211. Consequences of Failure to Submit a Notice of the Ship

(1) If the carrier does not submit a notice of the ship in good time, the charterer may set a specific time for submission of such notice. If the notice is not submitted, the charterer may withdraw from the contract in part regarding the specific voyage.

(2) If the failure to submit a notice in good time gives a basis to believe that the subsequent notices of the ship by the carrier shall be significantly delayed, the charterer has the right to withdraw from the contract in part regarding the remaining voyages.

(3) A charterer has the right to receive compensation for loss, except in a case where the reasons for the loss is such delay of the ship as could not be prevented and could not be provided for on the day of entering into the contract by the carrier.

Section 212. Delayed Payments of Freight

(1) If the freight, compensation for demurrage time or other payments in accordance with a contract are not paid in good time, the carrier may set a specific time period for making the payments. If the payments are not made within the time period specified, the carrier has the right to suspend the performance of the contract or, if the delay causes substantial breach of contract, to withdraw from the contract.

(2) On completing the voyage provided for in a contract, the carrier has the right to detain the cargo as security in respect of payments earned in accordance with the contract, but not received. The provisions of this Section shall be applied in relation to holders of bills of lading issued by the carrier who are not charterers only if the duty to pay has been provided for in the bill of lading in accordance with Section 169 of this Code.

Section 213. Acts of War

(1) If during the execution of a contract war breaks out, similar conditions appear or there is significant increase in the threat of outbreak of war, and such situation significantly impacts on the fulfilment of the contract, the carrier and the charterer are entitled to withdraw from the contract without being liable for loss.

(2) The party that has decided to withdraw from the contract shall, without delay, send an appropriate notice to the other party. Otherwise, the party which has decided to withdraw from the contract is liable for the loss caused.

Chapter XXV Time Chartering

Section 214. Condition and Equipment of a Ship

(1) In the case of entering into a time charter contract a carrier shall transfer a ship to the charterer at a place and time provided for in the contract.

(2) In transferring the ship, the carrier shall ensure that the condition, documents, crew, necessary stores and equipment of the ship conform to requirements that are prescribed for ordinary carriage in the navigation area which is provided for in the charter contract.

(3) The ship shall be supplied with a fuel bunker sufficient to reach the nearest bunkering port. The charterer shall accept the supply of fuel and pay the then prevailing price in the port.

Section 215. Survey

(1) In transferring a ship, the carrier and the charterer may request a survey of the ship, its equipment and fuel bunker.

(2) The costs of the survey, including time lost, shall be apportioned equally between both parties.

Section 216. Delivery of a Ship at Sea

(1) If the parties have agreed that the ship is delivered at sea, the carrier shall notify the charterer regarding the location of the ship at the time of the delivery.

(2) The survey referred to in Section 215 of this Code shall be performed at the first port which the ship enters after delivery. If defects are disclosed during the survey, the charterer has the right to not pay lease for the time used in rectifying the defects. If the charterer withdraws from the time charter contract in accordance with Section 218 of this Code, the carrier does not have the right to receive lease payments from the time of delivery.

Section 217. Time of Withdrawal and Delayed Delivery of a Ship

(1) A charterer may withdraw from a time charter contract if the ship is not delivered on the day specified in the time charter contract (withdrawal time).

(2) If the carrier notifies that the ship shall arrive after the expiry of the contracted withdrawal time, as well as notifies of the time when the ship shall be prepared to be delivered, the charterer may use the right to withdraw from the contract, notifying the carrier thereof without delay. If the charterer does not withdraw from the contract, the new withdrawal time shall be the time indicated by the carrier when the ship will be prepared to be delivered.

(3) If the delivery of the ship is delayed due to other reasons, the charterer may withdraw from the time charter contract if such delay is a substantial breach of the contract.

Section 218. Defects in the Ship

If at the time of delivery there are defects in regard to the ship or the equipment thereof, the charterer has the right to request a reduction of lease payments but if the breach of the contract is substantial – to withdraw from the time charter contract. This provision shall

not be applied if the carrier without delay rectifies the defects and rights do not arise for the charterer to withdraw from the contract in accordance with Section 217 of this Code.

Section 219. Liability for Loss

A charterer has the right to receive compensation for loss arising due to defects of the ship or because delivery thereof has been delayed. If the carrier proves that the arising of the defects or delay was not due to his or her fault or the fault of persons for whom the carrier is responsible, the charterer does not have the right to claim compensation for loss. A charterer has the right to claim compensation for loss which is caused due to deficiencies in the characteristics or equipment of the ship, if there is a basis for considering that in entering into the time charter contract such characteristics or equipment were promised.

Section 220. Rights and Duties of Carriers

(1) During the time of operation of the time charter contract, the carrier shall perform voyages on which the ship is sent by the charterer in accordance with the contract. The carrier shall maintain the ship in conformity with the provisions of Section 214, Paragraph two of this Code.

(2) The carrier is entitled to refuse to send the ship on a voyage in which the ship's crew or cargo may be exposed to danger at sea, danger caused by civil war or acts of war, or any other dangers or significant difficulties which the carrier could not have foreseen at the time the contract was entered into.

(3) The carrier is entitled to refuse to load inflammable, combustible or corrosive cargo, or other dangerous cargo, except in a case where such cargo is transferred for loading, carriage or transfer to a port of destination in conformity with the requirements and recommendations of competent institutions of the ship's state of registration or of the state where cargo is loaded or unloaded. The carrier is entitled to refuse to carry animals.

Section 221. Duty to Inform

The carrier shall inform the charterer regarding any important circumstances which affect the ship or the voyage. The charterer shall inform the carrier regarding the intended voyages.

Section 222. Fuel Bunker

The charterer shall ensure that the ship has a fuel bunker. The charterer is responsible for the conformity of the supplied fuel with the specifications provided for in the contract.

Section 223. Loading and Unloading of Cargo

(1) The charterer is responsible for cargo operations including receipt, loading, stowing, securing, unloading and transfer of cargo. The cargo shall be stowed so that the ship conforms to the requirements of safety and stability and that the cargo be secured. The charterer shall observe the instructions of the carrier regarding the stowing of the cargo in order to ensure the safety and stability of the ship.

(2) The charterer may require that the master of the ship and crew provide the assistance that is usual in such navigation. The charterer shall pay for additional work and other expenditures.

(3) If, due to the cargo operations, loss is caused the carrier, the charterer shall compensate for such loss, except in a case where the reason for the loss is the fault of the ship's master or crew, or other circumstances regarding which the carrier is liable.

Section 224. Issue of Bills of Lading in Case of Time Chartering

(1) A carrier shall issue bills of lading in respect of the loaded cargo in accordance with the instructions of the charterer regarding the intended voyage. Such bills of lading shall be issued in accordance with the provisions of Chapter XX of this Code. If the carrier thereby undertakes liability as against the holders of the bills of lading and the liability is greater than as provided for in the charter contract, the charterer shall compensate for the expenditures of the carrier.

(2) A carrier is entitled (in contradiction with the instructions of the charterer) to not hand over the cargo to a person who cannot prove his or her rights to the cargo, or to hand over the cargo in contradiction with the information specified in the bill of lading. The carrier may require that the charterer provide sufficient security in respect of loss as may arise from the cargo being handed over in such manner.

Section 225. Cargo Damage, and Delay in Delivery

(1) The carrier is liable for loss in relation to the loss or damage of cargo in accordance with the provisions of Sections 134-149 of this Code.

(2) The consignee of the cargo who is not the time charterer has the right to receive compensation for loss in accordance with Paragraph one of this Section. If the consignee is the holder of a bill of lading issued by the carrier, the provisions of Section 169 of this Code shall also be applied.

Section 226. Delay and other Breaches by the Carrier

(1) If the ship is not maintained in the condition stipulated in the contract or is not seaworthy, or voyages are delayed, or the carrier breaches other conditions of the contract and if the objective of the contract is substantially endangered, the charterer may withdraw from the time charter contract.

(2) When a charterer becomes or should have become aware of the breach of contractual obligations, he or she may withdraw from the contract if notice of this is given to the carrier without delay. Otherwise, the charterer shall lose the right to withdraw from the contract.

(3) The charterer has the right to compensation for loss which has arisen due to the destruction or constructive loss of the ship or because the ship has not been kept in a seaworthy condition or other conditions of the contract are breached, if such loss has been caused due to the fault of the carrier or of persons regarding whom he or she is responsible. The provisions referred to shall also be applied in relation to loss which has arisen due to mistakes of the master or crew in providing the assistance referred to in Section 223, Paragraph two of this Code, or loss which has arisen due to any other breach.

Section 227. Damage to the Ship

A carrier has the right to compensation for loss which is caused to the ship due to the fault of the charterer or persons regarding whom he or she is responsible. If the charterer has sent the ship to a port which is not safe, he or she shall compensate the loss which is caused the ship due to his or her fault.

Section 228. Salvage

A charter contract shall not restrict the duty to save persons who are in danger at sea. A carrier may salvage a ship or other property if it does not significantly affect the fulfilment of the time charter contract. A charterer has the right to one third of the net salvage reward of the carrier or of the special compensation calculated in accordance with Section 260 of this Code.

Section 229. Expenditures of a Voyage

A charterer shall cover the expenditures which are associated with the performance of the voyage that are not covered by the carrier in accordance with the provisions of this Chapter, as well as Chapters XXIII and XXIV.

Section 230. Delivery of the Ship at the Expiration of the Period of Operation of a Time Charter Contract

A charterer shall deliver the ship to the carrier at the place and time specified in the time charter contract in accordance with the provisions of Section 214, Paragraph three and Sections 215 and 216 of this Code. The provisions referred to shall also be applied if withdrawal from the charter contract has taken place prior to the end of the contracted time period.

Section 231. Exceeding the Time Period of the Time Charter Contract

A charterer does not have the right to send the ship on such a voyage as the expected performance of which shall exceed the time period specified in the contract, for the delivery of the ship. If a ship is sent on such a voyage, the carrier has the right to compensation for loss, taking into account changes in the freight market, but it may not be less than the lease payments provided for in the charter contract.

Section 232. Procedures for Paying Lease Payments

A charterer shall pay for the lease with a prepayment of 30 days.

Section 233. Delayed Lease Payments

(1) If a lease payment is not received in time, the carrier shall inform the charterer of this in writing. After the notice has been sent, the carrier may suspend fulfilment of the duties provided for in the time charter contract, as well as refuse to load cargo and to issue bills of lading. If the lease payment is not received within three working days after the notice is sent, the carrier is entitled to withdraw from the time charter contract.

(2) If a carrier has suspended the fulfilment of the duties provided for in the time charter contract or withdrawn from the contract, he or she has the right to receive compensation for loss, except in a case where the charterer proves that delay in payment was caused by a lawful prohibition, a general interruption of communications or bank payments, or other similar obstacles, which the charterer could not have foreseen at the time the charter contract was entered into and the consequences of which the charterer could not reasonably have prevented.

(3) If the charterer fails to pay lease in good time, the carrier has the right to require that the charterer transfer to the carrier any freight claims which he or she may have in accordance with sub-charter contracts of the ship.

Section 234. Right of a Charterer to not Pay Lease

(1) A charterer shall not pay lease for the time that is lost in performing salvage measures (operations) of the chartered ship, ship repairs or other similar activities which must be performed by the carrier in order to ensure the seaworthiness of the ship and to continue to fulfil the duties provided for in the contract. The charterer may use these rights if the loss of time has not occurred due to his or her fault.

(2) The carrier shall cover all of the ship's operational expenditures for the time when the charterer in accordance with the provisions of this Section has the right not to pay lease.

Section 235. Loss of Ship

(1) Due to the destruction of the ship or constructive loss of the ship the charter contract shall be deemed to cease to be in effect, even if the general conditions of the contract provide for the possibility of replacing the ship with another ship. These provisions shall be applied if the ship is requisitioned or due to some other similar reason, use thereof is substantially hampered.

(2) If it is not possible to determine when a ship was lost, lease shall be paid for the next twenty-four hours following the receipt of the last information regarding the ship.

Section 236. Threat of War

(1) If a ship is in a port or any other place where civil war breaks out, acts of war arise, or there is a serious increase in the threat that similar circumstances may occur, the carrier has the right to bring the ship to the safe place without delay.

(2) The charterer in addition to the lease payment shall compensate the expenditures of the carrier in respect of insuring the ship against war risk and for any additional payments to the ship's crew, which are associated with a voyage on which the charterer sends the ship.

(3) If during the time of operation of the time charter contract civil war breaks out, acts of war arise, or there is a serious increase in the threat that similar circumstances may arise, and if such a situation substantially affects the fulfilment of the contract, the carrier and the charterer have the right to withdraw from the time charter contract without paying compensation for loss.

(4) A party wishing to withdraw from the time charter contract shall notify the other party in good time thereof. Otherwise, the party at fault shall cover the loss which it was possible to avoid had the notice been sent in good time.

Chapter XXVI

Carriage of Passengers and Their Luggage

Section 237. Terms and Their Explanation

The following terms are used in this Chapter:

1) luggage is an article, including means of transport and cabin luggage, that is carried in accordance with a carriage contract, except for:

a) articles and means of transport which are carried in accordance with a charter contract, a bill of lading or any other cargo carriage contract;

b) animals;

2) cabin luggage are articles which are located in the passenger's cabin or under other his or her supervision, except for passenger luggage which has been transferred to the carrier for storage;

- 3) a passenger is a natural person who is carried by a ship if such person:
 - a) is carried by the ship in accordance with a passenger carriage contract;
 - b) with the consent of the carrier, accompanies a means of transport or animals in accordance with a carriage contract;
- 4) a carrier is a person with whom or in whose name a carriage contract is entered into in accordance with which he or she or the performing carrier performs the carriage;
- 5) a performing carrier is a person who is not the carrier but is the shipowner, charterer or operator of the ship and who practically performs the carriage or part thereof;
- 6) carriage contract is an agreement entered into with the carrier or in his or her name regarding the carriage of passengers or passengers and luggage by sea;
- 7) international carriage – carriage which is performed between a port in the territory of the Republic of Latvia and a port outside the territory of the Republic of Latvia according to a carriage contract;
- 8) a passenger ship – a ship as defined in the laws and regulations regarding the safety requirements for passenger ships;
- 9) Class A and Class B ships – ships as defined in the laws and regulations regarding the safety requirements for passenger ships.

[10 January 2013]

Section 238. Carriage

(1) The carriage of a passenger and his or her cabin luggage shall include the time period in which:

- 1) the passenger and his or her cabin luggage is located on the ship;
- 2) the passenger embarks onto the ship or disembarks from it;
- 3) the passenger and his or her cabin luggage is carried over water from the shore to the ship if:
 - a) such carriage is included in the price of the carriage,
 - b) provision of water transport used for such purposes is ensured by the carrier.

(2) The carriage of the cabin luggage (in addition to the time period specified in Paragraph one of this Section) shall also include the time period in which the passenger is located in the passenger port or the berth, or any other place in the port, if the carrier, his or her employee or representative has received the luggage and has not yet delivered it to the passenger.

(3) The carriage of luggage (that is not cabin luggage) shall include the time period when the carrier, his or her employee or representative has received the luggage for carriage (from the shore or from the ship) up to the moment when the carrier, his or her employee or representative delivers the luggage to the passenger.

(4) The carriage of passengers does not include the time period when the passenger is located in the passenger port or berth or in any other place in the port.

Section 239. Application of Provisions

(1) The provisions of this Chapter shall be applied to claims which arise from the carriage of passengers and their luggage by ship if one of the following conditions is in effect:

- 1) the carriage is performed by a Latvian ship;
 - 2) the carriage contract is entered into in Latvia;
 - 3) the port of departure or arrival in accordance with the carriage contract is in Latvia.
- (2) Except for the cases referred to in Paragraph one of this Section, the provisions of this Chapter shall not be applied if the claim is examined in accordance with civil liability in respect of the carriage of passengers or their luggage with other types of means of transport and if the application of such provisions is mandatory in relation to carriage by ship.

(3) The provisions of Regulation No 392/2009 of the European Parliament and of the Council of 23 April 2009 on the liability of carriers of passengers by sea in the event of accidents (hereinafter – Regulation No 392/2009) shall be applied to international carriage and carriage performed by Class A and Class B ships.

[10 January 2013]

Section 240. Liability of a Carrier

(1) A carrier is liable for loss which has arisen due to the loss of life of a passenger or harm caused to his or her health, as well as for loss occasioned to a passenger in relation to the loss or damage of his or her luggage if the accident which has caused loss occurred during the carriage and the loss has been caused due to the fault of the carrier, his or her employees or representatives in the performance of their work duties.

(2) In accordance with Paragraph three of this Section the plaintiff shall prove that the accident which has caused the loss occurred during the carriage, as well as prove the amount of loss and the fault of the carrier.

(3) In a case when it is not proven otherwise, the fault of the carrier, his or her employees or representatives shall be presumed if:

1) the loss which has arisen in relation to the loss of life of a passenger or harm caused to his or her health, as well as loss occasioned to the cabin luggage have arisen or are associated with the loss, collision or running aground of, explosion or fire in, or a defect of the ship;

2) the luggage, regarding which loss is occasioned, is not cabin luggage (irrespective of the nature of the accident which caused the loss).

Section 241. Apportionment of Liability between the Carrier and the Performing Carrier

(1) If the carriage or part thereof is entrusted to a performing carrier, the carrier is liable for the whole of the carriage in accordance with the provisions of this Part. A performing carrier is liable in accordance with the provisions of this Part for that part of the carriage which he or she has performed, in conformity with Paragraph four of this Section.

(2) A carrier is liable regarding the action or inaction of the performing carrier during carriage, as well as regarding the actions of the employees or representatives of the performing carrier in the performance of their work duties.

(3) Any agreement in accordance with which the carrier undertakes duties not prescribed by this Part or renounces rights conferred by this Part, is binding only if it is expressed unambiguously and in writing.

(4) If loss has arisen due to the fault of both the carrier and the performing carrier, they shall be liable jointly.

Section 241.¹ Mandatory Insurance

(1) A carrier which actually performs all carriage or part thereof with a Latvian passenger ship, international carriage of passengers or carriage of passengers with a Class A or Class B ship registered in Latvia has a duty to mandatorily insure the liability thereof or to receive another financial security in accordance with the provisions of Regulation No 392/2009. Such insurance or another financial security shall be certified by a certificate issued by the Ship Registrar. A ship may not fly under the Latvian flag without such certificate.

(2) The provision of Paragraph one of this Section shall also be applied to foreign passenger ships entering a port of Latvia or departing from it.

[10 January 2013]

Section 242. Valuables

A carrier shall not be liable for the loss or damage of money, securities and other valuables (gold, silver, precious stones, jewellery, works of art, etc), except in a case where such valuables are transferred to the carrier for storage. In such case the carrier shall be liable to the extent prescribed in Section 244, Paragraph two, Clause 2 of this Code, provided that the extent of liability has not been increased in accordance with Section 244, Paragraph six of this Code.

Section 243. Fault of Passenger

A carrier may be released from liability fully, if the carrier proves that the loss of life of a passenger or harm caused to his or her health, or loss to his or her luggage was caused due to the fault of the passenger, or partly, if these were facilitated by the fault of the passenger.

Section 244. Limitation of Liability of a Carrier

(1) The liability of a carrier for harm caused to the health of a passenger shall be determined in accordance with the provisions of Section 70 of this Code.

(2) The liability of a carrier for lost or damaged passenger luggage shall not exceed:

1) 2250 Units of Account for loss in connection with cabin luggage;

2) 12 700 Units of Account for a vehicle, including the whole luggage located in or on the vehicle;

3) 3375 Units of Account for loss in connection with such luggage which is not referred to in Clauses 1 and 2 of this Paragraph.

(3) The amounts referred to in Paragraphs one and two of this Section shall be applied to each voyage.

(4) The liability of a carrier may also be applied to interest and legal expenses.

(5) Unit of account means the unit referred to in Section 71 of this Code.

(6) A carrier and passengers may agree in writing regarding higher limitations of liability.

[10 January 2013]

Section 245. Passenger Participation

In case of loss, the carrier and the passenger may reach an agreement to reduce liability of the carrier in the following amounts:

1) 330 Units of Account if a vehicle is damaged;

2) 149 Units of Account per each passenger if other luggage is lost or damaged, deducting the sums referred-to from the compensation for loss or damage.

[10 January 2013]

Section 246. Limits to and Release from Liability of Employees and Representatives of a Carrier

If a claim regarding loss which is specified in this Chapter is brought against the employees or representatives of a carrier or performing carrier, but they prove that they have acted in accordance with their duties, the employees or representative of the carrier have the same right to limitation of liability or release from liability as have the carrier or performing carrier in accordance with this Chapter.

Section 247. Joinder of Claims

- (1) If the limits of liability which are specified in Sections 244 and 245 of this Code are applied, they shall be applied to all claims (in total) regarding loss of life of a passenger or harm caused to his or her health, or the loss of or damage to a passenger's luggage.
- (2) If both the carrier and the performing carrier are liable, the joint limit of liability may not exceed the limit of liability prescribed in this Chapter.
- (3) If an employee or representative of a carrier or performing carrier is, in accordance with Section 246 of this Code, entitled to limit his or her liability in conformity with Sections 244 and 245 of this Code, the amount which the passenger is entitled to obtain from the carrier or performing carrier (or from their employees or representatives) may not exceed the limit of liability.

Section 248. Cases where Liability may not be Limited

- (1) A carrier is not entitled to use the rights to limit liability prescribed in Sections 244 and 245 of this Code if it is proven that the loss was caused by his or her action or inaction, the purpose of which was to cause loss, or negligence, in the awareness that such loss could result.
- (2) An employee or representative of a carrier or performing carrier is not entitled to limit liability if it is proven that the loss was caused by his or her action or inaction, the purpose of which was to cause loss, or through negligence, in the awareness that such loss could result.

Section 249. Notice of Luggage Loss or Damage

- (1) A passenger has a duty to send a written notice to the carrier or his or her employee or representative:
 - 1) if luggage is manifestly damaged:
 - a) regarding cabin luggage – prior to the disembarkation or during disembarkation;
 - b) regarding other luggage – prior to the delivery of the luggage or during its delivery;
 - 2) if the damage to the luggage is not manifest or the luggage is lost – within fifteen days from when the luggage is unloaded ashore or delivered to the passenger, or the time when the delivery should have taken place.
- (2) If a passenger in the cases specified in this Section does not take any kind of , it shall be presumed that the passenger has received the luggage undamaged, except in a case where it is proven otherwise.
- (3) A passenger does not have a duty to send a written notice if he or she and the carrier jointly inspect the luggage at the time when it is received.

Section 250. Claims Jurisdiction

- (1) A plaintiff may bring an action to a Latvian court in accordance with the provisions of this Part if there is located in Latvia:
 - 1) the place of residence or legal address of the plaintiff;
 - 2) the place of residence or legal address of the plaintiff if the plaintiff is subject to the jurisdiction of Latvia;
 - 3) the place where the carriage contract was entered into, if the defendant is subject to the jurisdiction of Latvia;
 - 4) the port of departure or arrival of the ship in accordance with the carriage contract.

(2) The parties may agree to the bringing of an action in a court or submitting of a claim to an arbitration court, after the accident that caused the loss.

Section 251. Invalidity of the Conditions of a Contract

Any agreement, which has been entered into before an accident causing the loss of life of a passenger or harm to his or her health, or loss or damage of luggage and which releases the carrier from liability in relation to passengers or determines lower limitations of liability than those which are specified in this Chapter (except for the cases specified in Section 245 of this Code), as well as any conditions which revoke the duty of the carrier to prove that the loss was not caused due to his or her fault or any conditions that restrict the choice specified in Section 250, Paragraph one of this Code, are invalid. Such invalid conditions shall not influence the validity of the rest of the contract.

Chapter XXVI.¹

Protection of the Rights of Passengers

[10 January 2013]

Section 251.¹ Protection of the Rights of Passengers

(1) Regulation No 1177/2010 of the European Parliament and of the Council of 24 November 2010 concerning the rights of passengers when travelling by sea and inland waterway and amending Regulation (EC) No 2006/2004 (hereinafter – Regulation No 1177/2010) shall be complied with in implementing the protection of the rights of passengers.

(2) The Consumer Rights Protection Centre is the body responsible for the protection of the rights of passengers within the meaning of Regulation No 1177/2010. The Maritime Administration of Latvia is responsible for the technical conformity of ships with the requirements of laws and regulations.

(3) The carrier and port terminal shall ensure the fulfilment of the requirements stipulated in Regulation No 1177/2010 for carriers and port terminals.

Section 251.² Procedures for Submitting and Examining Complaints of Passengers

(1) Initially a passenger shall submit a complaint within the time period laid down in Regulation No 1177/2010 (within two months) directly to the carrier or port terminal (operator). According to Regulation No 1177/2010 within a month after receiving the complaint the carrier or port terminal (operator) shall provide a reply on its merits to the submitter of the complaint or inform the submitter of the complaint regarding the process of examining the complaint. The total duration of examining the complaint shall not exceed two months from the day when the complaint is received.

(2) Within a month the passenger has the right to submit a complaint to the Consumer Rights Protection Centre regarding the reply of the carrier or port terminal (operator) or regarding the fact that no reply has been provided, and the Consumer Rights Protection Centre shall examine the complaint in accordance with the Consumer Rights Protection Law or forward it according to jurisdiction.

Section 251.³ Special Conditions for the Protection of the Rights of Disabled Passengers and Passengers with Reduced Mobility

(1) A carrier and port terminal shall take the relevant measures in order to ensure the assistance laid down in Regulation No 1177/2010 to disabled passengers and passengers with reduced mobility.

(2) According to that indicated in Regulation No 1177/2010 the carrier and port terminal shall ensure a corresponding training of employees. It shall be carried out by a person who has special knowledge regarding the needs of disabled persons and persons with reduced mobility.

Part F Accidents

Chapter XXVII Salvage

Section 252. Salvage and Properties Associated with Salvage

The following terms are used in this Chapter:

- 1) salvage measure (operation) is an act the purpose of which is to render assistance to a ship or other property which has suffered an accident or is in danger in any waters;
- 2) a ship is a structure capable of navigation;
- 3) a property is any property which is not permanently attached to the coast and which includes freight;
- 4) damage to the environment is pollution, fire, explosion or other accident which has caused significant harm to the natural resources of inland waters, territorial waters, the exclusive economic zone or human life and health.

Section 253. Applicability of Salvage Provisions

- (1) The provisions of this Part and the 1989 International Convention on Salvage (SALVAGE) shall be applied if a claim regarding salvage is brought to a Latvian court or an arbitration court.
- (2) The provisions of this Part shall also be applied if the owner of the ship to be salvaged and of the ship taking salvage measures (operations) are one and the same person or if the ship taking salvage measures (operations) is owned by the State of Latvia.
- (3) The provisions of this Part shall not affect the application of those laws and regulations which regulate salvage measures (operations) performed by State institutions. Salvors who have participated in such salvage measures (operations) have the right to salvage reward or special compensation in accordance with the provisions of this Part.
- (4) The provisions of this Part shall not be applied to permanent installations and pipelines which are intended for oil operations, or to ships and properties which have cultural-historical value.

Section 254. Provisions of Salvage Contracts

- (1) The provisions of this Part shall be applied if in the salvage contract the parties have not agreed otherwise. Such salvage contract may not restrict the duty to rectify or limit harm to the environment.
- (2) A master has the right to enter into salvage contracts in the name of the shipowner. A shipowner and a master (independently of each other) have the right to enter into salvage contracts in the name of the owners of the properties if such properties are located or were located on the ship.
- (3) A salvage contract may be fully or partially revoked or varied if the contract is entered into under the influence of duress or of danger at sea and its conditions are excessively onerous. An agreement regarding the amount of salvage reward or special compensation may be revoked or varied if the amount is significantly disproportional to the salvage work performed.

Section 255. Duties of Salvors, Shipowners and Masters of Ships During Salvage Measures (Operations)

(1) A salvor has the following duties in relation to the owners of a ship or other salvageable properties:

- 1) to perform salvage measures (operations) with appropriate care;
- 2) to apply appropriate effort in salvage measures (operations) so as to prevent or limit harm to the environment;
- 3) to provide reasonable assistance to other salvors;
- 4) to accept the assistance of other salvors if this is justifiably requested by an owner of an property at risk, a master or a shipowner. If the demand was not justified, the salvage reward may not be reduced.

(2) A shipowner and the owners of salvage properties have the following duties in relation to a salvor:

- 1) to co-operate with the salvor;
- 2) to apply appropriate effort in salvage measures (operations) so as to prevent or limit harm to the environment;
- 3) to accept the salvaged property after it is brought to safety if this is justifiably requested by the salvor.

Section 256. Provisions Relating to Salvage Reward

(1) A salvor has the right to salvage reward only if the salvage measure (operation) has been successful. Salvage reward, not including interest and legal costs, may not be greater than the value of the salvaged property.

(2) The rescue of human life does not give a right to request compensation from the person rescued. A person who has rescued a human life has the right to a reasonable share of the salvage reward or special compensation.

(3) The provisions of Paragraph one of this Section shall not restrict the right to receive special compensation in accordance with Section 260 of this Code.

Section 257. Determination of Salvage Reward

The purpose of the determination of salvage reward is to encourage salvage. In determining salvage reward the following criteria shall be taken into account:

- 1) value of the salvaged property;
- 2) skill and effort which the salvor has applied in salving the ship, other properties and human life;
- 3) skill and effort which the salvor has applied in preventing or minimizing damage to the environment;
- 4) the measure of success obtained by the salvor;
- 5) the nature and degree of the danger at sea;
- 6) the time used by the salvor, costs and loss;
- 7) the speed of the performance of the salvage measure (operation);
- 8) the risk of the salvor's liability for loss and other risks the salvor and his or her equipment were subject to;
- 9) the accessibility and readiness of ship's equipment and equipment intended for the performance of other salvage measures (operations);
- 10) the readiness of the salvor's equipment and its efficiency, as well as the value of the equipment.

Section 258. Duty of Payment of Salvage Reward

Salvage reward shall be paid by the shipowner and the owners of other properties in proportion to the value of the salvaged property.

Section 259. Several Salvors

In the distribution of a salvage reward between several salvors the criteria referred to in Section 257 of this Code shall be observed.

Section 260. Special Compensation

(1) If the ship to be salvaged or its cargo endanger the environment, a salvor has the right to receive special compensation from the shipowner. The salvor may request special compensation for the part which exceeds the salvage reward specified in accordance with Section 257 of this Code. The amount of such compensation may not exceed the costs of the salvage measures (operations) performed by the salvor.

(2) If the salvor rectifies or limits harm to the environment, the special compensation may be increased by 30 per cent of the costs of the salvor. If it is fair and justified, the compensation may be increased up to 100 per cent of the costs of the salvor, observing the criteria referred to in Section 257 of this Code.

(3) The costs of the salvor are the direct expenditures of the salvor which have been justifiably incurred by him or her during the salvage measures (operations), and fair compensation for the equipment and personnel used. In calculating fair compensation, the criteria referred to in Section 257, Clauses 7, 9 and 10 shall be taken into account.

(4) If due to negligence by the salvor harm to the environment is not rectified or limited, the salvor may be deprived, in full or partially, of the special compensation.

Section 261. Exceptions

(1) Persons who provide services in accordance with any other contract which is not a salvage contract and which came into effect prior to the appearance of the sea danger shall not have the right to salvage reward or special compensation, except in a case where the services provided exceed the performance of obligations of such contract.

(2) Persons who, contrary to a clearly expressed and justified prohibition by the shipowner or master, perform salvage measures (operations), do not have a right to salvage reward or special compensation. This also applies to prohibitions by the owners of other properties if their property is not located and has not been located on the ship to be salvaged.

(3) A salvor may be deprived of the right to all of the salvage reward or a part thereof, or the special compensation if the salvage measures (operations) became necessary or more difficult to perform due to the fault of the salvor, or if the salvor has misled or otherwise acted dishonestly.

Section 262. Apportionment of Salvage Reward between the Shipowner and the Ship's Crew

(1) If a ship registered in Latvia performs salvage measures (operations) during a voyage, from the salvage reward firstly shall be covered any loss which has been caused to the ship, cargo and other property which was located on the ship during the time of the salvage measures (operations), as well as expenditures related to the salvage for bunker and food stores for the ship's crew, and remunerations.

(2) The remainder of the salvage reward (hereinafter – net compensation) shall be apportioned as follows:

1) the shipowner shall receive three-fifths of the net compensation, the master of the ship – one third of the remainder but the members of the ship's crew included in the crew list – the remaining two thirds. The ship's crew compensation share shall be apportioned in proportion to the remunerations of the members of the crew. In determining the share of the master, it shall be taken into account that the share must be at least two times greater than the share of the most highly paid ship's crew member. The pilot of a salvage ship shall receive compensation from the crew's share even though the employer of the pilot is not the shipowner. A pilot shall receive compensation which corresponds to the remunerations of the chief mate;

2) if the salvage was performed by a fishing vessel or a ship adapted for fishing, four fifteenths of the compensation shall be apportioned equally among the crew members (including the pilot). From the remainder the master of the fishing vessel shall receive one further ship's crew members share of compensation, in total not less than two fifteenths of the net compensation. The remainder of the compensation shall be received by the owner of the fishing vessel;

3) if the salvage was performed by a ship which is owned by the Latvian State and which is used for the needs of the State, the State shall receive three fifths of the net compensation. The remainder of the compensation shall be apportioned among those who participated in salvage measures (operations). The State may refrain from claims in respect of salvage reward without undertaking liability for the members of the crew.

(3) To fishing vessels used for ocean whaling and processing of whales the apportionment of reward for salvage specified in Paragraph two, Clause 1 of this Section shall apply.

(4) If there are special reasons for determining other apportionment of the net compensation, the procedures prescribed in Paragraph two of this Section may be varied.

(5) The master of the ship or members of the ship's crew may not refuse the rights prescribed in this Chapter, except in a case where they have signed an employment agreement for work on a ship specially equipped for salvage or if the refusal is done in relation to such an employment agreement and relates to special salvage measures (operations). In such cases the provisions for the apportionment of compensation may be stipulated in a collective bargaining contract.

(6) Where the salvage reward is determined by contract or a court adjudication, the shipowner shall send to every person who has a right to a share of the salvage reward, a notice regarding the amount of the compensation and the plan for apportioning it. Interested persons shall send objections in accordance with Paragraph three of this Section or other objections in relation to the apportionment, to the shipowner within three months after the receipt of the notice.

Section 263. Security Provisions

(1) Upon request of a salvor, a person who is liable for salvage reward or special compensation shall provide security for its payment. The security shall also include interest and legal costs. If such security has been provided, the claim of a salvor in respect of salvage reward shall no longer be secured with a maritime lien.

(2) The owner of a salvaged ship shall perform actions necessary in order to ensure that cargo-owners shall, before the cargo is released, provide security regarding payment of compensation, observing the provisions of Section 258 of this Code.

(3) Prior to security being provided in accordance with Paragraph one of this Section, the salvaged ship or other salvaged properties may not, without the consent of the salvor, be relocated from the place where they were brought on completion of the salvage measures (operations).

Section 264. Prepayment of Salvage Reward or Special Compensation

A court or an arbitration court which adjudicates the claim of a salvor may, prior to deciding the claim substantively, decide regarding partial recovery, in a reasonable amount, of salvage reward or special compensation. Taking into account the circumstances of the matter, a court shall decide whether the salvor shall provide security, in order to receive a salvage reward or special compensation.

Section 265. Claims Jurisdiction

A court shall have jurisdiction over claims for recovery of salvage reward or special compensation in accordance with the location of the salvage measures (operations) or the location of the salvaged property.

Section 266. State Property and Humanitarian Assistance Cargo

(1) If the salvaged cargo is State property and it is not of a commercial nature, the provisions of Section 263 of this Code shall not be applied, except in a case where this is determined by norms of international law binding upon Latvia.

(2) If the salvaged cargo is intended for humanitarian purposes, the provisions of Section 263 of this Code shall not be applied if the state which is donating the cargo undertakes to pay to the salvor the salvage reward or special compensation.

Chapter XXVIII Wrecks

Section 267. Concept of a Wreck

A ship which as a result of an accident at sea has fully or partially sunk or has perished, running aground, or has been abandoned, as well as any part of such ship, including any item, which was or is on such ship, is a wreck.

Section 268. Assessment of the Hazardousness of a Wreck

(1) The master of a ship or shipowner, bare boat charterer or operator of a ship, observing the procedures specified by the Maritime Administration and Marine Safety Law, shall inform regarding a ship, which as a result of an accident at sea has become a wreck in the waters of Latvia.

(2) The Maritime Administration of Latvia, having received information regarding a wreck in Latvian waters, shall assess the hazardousness of the wreck, taking into account the following criteria:

- 1) the size, type and construction of the wreck;
- 2) the depth of water at the location of the wreck;
- 3) the strength of high tide, low tide and current in the area where the wreck is located;
- 4) the distance of the wreck from shipping routes and ship traffic lanes;
- 5) density and frequency of traffic;
- 6) type of traffic;
- 7) the amount and type of ship's cargo, the amount and type of oil and other dangerous or harmful substances on board, especially taking into account such loss as may be caused, if the cargo or oil should release into the environment;
- 8) threat to port facilities;
- 9) the prevailing meteorological and hydrographical conditions;

- 10) the height of the wreck above and below the surface of the water;
 - 11) the distance of the wreck to sea installations, pipelines, telecommunications cables and similar facilities;
 - 12) other significant circumstances.
- (3) If a wreck, which is located in Latvian waters, is hazardous (endangers the safety of navigation or causes pollution threats to the environment), the Maritime Administration of Latvia shall impose an obligation to mark the wreck. Information regarding the wreck and a description of the marking thereof shall be published by the Maritime Administration of Latvia in the informative bulletin "Paziņojumi jūrniekiem" [Notices to Mariners].
- (4) After the assessment of the hazardousness of the wreck, the Maritime Administration of Latvia shall immediately send the owner of the wreck an invitation to inform it regarding the intentions thereof in relation to the wreck.
- (5) If the owner of the wreck is unknown, the wreck shall be deemed to be found property and the Maritime Administration of Latvia shall publish within a week's time in the newspaper *Latvijas Vēstnesis* a notice regarding the wreck and an invitation to the owner of the wreck to apply within six months.
- (6) If the wreck is not claimed within six months from the day of publication of the notice, it shall pass to the ownership of the State.
- [15 May 2008]

Section 269. Liability of the Owner of a Wreck

- (1) The owner of a wreck shall have an obligation to remove the wreck, harmonising its removal work with the responsible institutions.
- (2) The owner of a wreck shall cover all the expenditures that occur when determining the location of the wreck, marking the wreck, removing it or when performing other measures.

Section 270. Removal of a Wreck

- (1) If a wreck is hazardous, the Maritime Administration of Latvia shall set a date when the owner of the wreck must commence the removal thereof. If the owner of the wreck does not commence removal of the wreck by the date set, the Maritime Administration of Latvia shall organise the removal of the wreck on the account of the owner thereof.
- (2) An owner of a wreck may enter into a contract regarding removal of the wreck with any person. The Maritime Administration of Latvia may become involved in the removal of the wreck only in order to ensure that the work is done as quickly as possible and to control the observance of the requirements of navigation safety.
- (3) If the owner of a wreck does not commence the removal of the wreck by the set date or the Maritime Administration of Latvia considers that the removal of the wreck should be commenced without delay, it shall mark the wreck and organise its removal, complying with requirements of navigation safety and observing the interests of the State of Latvia.

Section 271. A Wreck in a Port Area

If a wreck is located in a port area, including the internal or external roadsteads of the port, or in the fairways of port approaches, the duties prescribed in this Chapter for the Maritime Administration of Latvia shall be performed by the relevant port authority.

[15 May 2008]

Part G Seafarers

Chapter XXIX General Provisions

Section 272. Application of this Part and Definitions

(1) This Part shall be applied to ships flying under the Latvian flag unless it is otherwise provided in this Part.

(2) Within the meaning of this Part:

1) a ship flying under the Latvian flag is the ship which has been registered in the Latvian Ship Register (hereinafter - ship);

2) MLC Convention ship is a ship flying under the Latvian flag to which the Maritime Labour Convention, 2006 (hereinafter – MLC Convention) applies. MLC Convention shall apply to all ships engaged in commercial activity, except:

a) fishing ships,

b) ships intended for navigation exclusively in coastal or inland waters or for navigation in port waters,

c) ships of traditional built (for example, dhows, junks);

3) shipowner:

a) registered shipowner,

b) bareboat charterer or other natural or legal person who has assumed the responsibility for the operation of the ship (for example, ship operator), including responsibility for compliance with the requirements of MLC Convention on board the MLC Convention ship or responsibility for the compliance with the requirements set out in respect of a seafarer's employment legal relations on board the ship, other than MLC Convention ship;

4) seafarer – any person who is employed or engaged or works in any capacity on board a ship, except:

a) persons who perform temporary work (up to 48 hours), for example, perform inspections, repair, provide pilotage services, perform research or scientific work;

b) persons who provide services related to entertainment of passengers (for example, artists). However Sections 284, 285, 291, 294, 298, 299, 300 and Chapter XXX² of this Code shall be applied to these persons.

Section 273. Tripartite Meetings of the MLC Convention

In case of uncertainties issues regarding Article II (3) (5) and (6) of the MLC Convention shall be examined and decisions shall be taken by the Maritime Administration of Latvia after consultations with the representatives of shipowners and representatives of the trade union.

Chapter XXX Master of a Ship, Rights and Obligations Thereof

Section 274. Master of a Ship

(1) Master of a ship is a person who is certificated in compliance with the requirements of the Latvian laws and regulations and with whom a shipowner has entered into an employment agreement.

(2) Master of a ship is a representative of a shipowner in the ship.

- (3) Master of a ship shall be responsible for the general management and navigation of the ship, as well as take the measures necessary in order to ensure seaworthiness of the ship and safe navigation.
- (4) Master of a ship shall command the ship's crew and his or her orders within the scope of his or her authority shall be obeyed without objections by all persons on the ship.
- (5) Master of a ship has the right within the scope of the authorisation given by the shipowner to enter into contracts regarding the maintenance and preservation of the ship or the performance of voyages, as well as to enter into agreements regarding the carriage of goods or passengers during a voyage if the ship is intended for this.
- (6) Master of a ship shall ensure that the loading, unloading and voyage of the ship is in accordance with good seamanship, take care of cargo and protect the interests of a cargo-owner without special authorisation therefor, in entering into contracts and acting as a plaintiff in accordance with the provisions of Sections 127 and 183 of this Code.
- (7) Master of a ship is responsible for the records and keeping of the ship's logbooks.
- (8) Master of a ship is responsible for the documents of seafarers transferred for storage to him or her.
- (9) The master of the ship shall be the ship's representative at court.

Section 275. General Duties of a Master of a Ship when Commencing a Voyage

- (1) Prior to the commencement of a voyage the master of the ship shall perform the necessary measures in order to ensure the seaworthiness and readiness of the ship for the voyage, including inspection of the hull, machinery and equipment, recruitment of crew, provision of the ship with food, bunker and water, and the readiness of the ship for the receiving, carriage and preservation of cargo. The master of a ship shall ascertain that the cargo is properly loaded, secured and protected, the ship is not overloaded, its stability and the strength of the hull are satisfactory.
- (2) The master of a ship shall, in advance, become acquainted as far as possible with the regulations which are in effect in the navigation areas and ports to which the ship is sailing.

Section 276. Duties of a Master of a Ship in the Case of Distress

- (1) If a ship is in distress, the master of the ship has a duty to do everything possible to save all the persons who are on the ship, to protect the ship and cargo, as well as to preserve the ship's logbooks and other documents.
- (2) If in the case of distress the master of the ship, by having assessed all the circumstances and used all available means in accordance with good seagoing practice, decides that in the interests of security of lives of the persons present on board the ship he or she gives a command to leave the ship. The master of the ship shall leave the ship last.

Section 277. Determination of the Fact of Birth or Death on a Ship

- (1) The master of a ship shall record in the ship's logbooks each fact of birth or death of a person in the presence of two witnesses-seafarers.
- (2) The master of a ship shall, immediately after arrival in the nearest port submit to the relevant General Registry Office in Latvia or a consular official in foreign states, a report on each fact of birth or death that occurred on the ship.

Section 278. Right of a Master of a Ship to Carry out Investigation

The master of the ship shall carry out the investigation on seagoing ships during voyages in accordance with the procedures laid down in the Criminal Procedure Law.

Section 279. Absence of the Master of a Ship

(1) A master of a ship may leave the ship in conformity with the procedures laid down in the instructions of the shipowner.

(2) The master of a ship, in leaving the ship, shall inform the chief mate thereof and give the necessary instructions regarding actions during his or her absence. If a ship is not moored in a port or safe anchored, the master of a ship shall not leave the ship without special need.

(3) If the master of a ship has died or due to illness or other *force majeure* is unable to perform his or her duties, the ship shall be commanded by the chief mate. The shipowner shall appoint a new master of the ship in compliance with the time periods laid down in the laws and regulations.

Section 280. Notice Regarding Detention of a Ship in a Foreign State

If a ship is detained in a foreign state the master of the ship shall notify the Maritime Administration of Latvia thereof without delay, attaching to the notice copies of the documents on the basis of which the ship has been detained.

Section 281. Ensuring of Performance of Duties of a Master of a Ship and Right to Receive a Compensation

(1) A shipowner shall ensure the master of a ship with the resources necessary for the performance of the work duties.

(2) A master of a ship has the right to receive compensation from the shipowner for expenses which have incurred during performance of work duties in accordance with this Code and other binding laws and regulations.

Section 282. Liability of a Master of a Ship for Loss

(1) A master of a ship is not be personally liable for the obligations which he or she has undertaken on behalf of the ship or cargo owner, except the case laid down in Paragraph two of this Section.

(2) A master of a ship is liable to the extent of two monthly salaries for any loss which has been caused to the ship or cargo owner, or a third person, from his or her actions outside of a contract. If a master of a ship acts with the purpose of causing such loss, he or she is not entitled to limit his or her liability.

Chapter XXX¹

Work and Welfare of Seafarers

Section 283. Regulation of Seafarers' Employment Legal Relations

(1) Seafarers' employment legal relations shall be regulated by the Labour Law, this Code, other laws and regulations, including international laws and regulations binding on Latvia.

(2) Legal norms of this Code in the field of seafarers' employment legal relations shall be special legal norms. For issues not governed by this Code, the Labour Law shall be applied.

(3) Individual employment legal relations of a seafarer with a shipowner shall be laid down:

1) by an employment agreement entered into in the writing (hereinafter in this Chapter – employment agreement). One copy of the employment agreement shall be issued to a seafarer and kept by the seafarer on the ship, other copy – to the shipowner;

2) by a collective bargaining agreement (if any has been entered into) which is entered into by and between the seafarers' trade union or authorised representatives of seafarers (ship's crew) and the shipowner.

Section 284. Minimum Age for Work on Ships

(1) Persons who are younger than 16 years shall not be hired or employed for work on a ship.

(2) Seafarers who have not reached the age of 18 years are prohibited to be employed at night. The prohibition shall not apply to the planned training of the seafarers in accordance with recognised training programmes the age of which is from 16 to 18 years.

(3) Seafarers who have not reached the age of 18 years are prohibited to be employed in works which may endanger their health or safety. These types of work, as well as their exceptions, shall be determined in accordance with the laws and regulations regarding employment of adolescents.

Section 285. Work and Rest Conditions on a Ship

(1) Master of a ship shall ensure that the seafarer's on board work and rest conditions are provided according to the requirements laid down in the laws and regulations. A shipowner shall be responsible for ensuring of these requirements.

(2) Master of a ship shall supervise that a seafarer is ensured on board the ship with food and drinking water of appropriate quality and quantity.

(3) Master of a ship is responsible that the seafarer's hours of work and hours of rest comply with the requirements laid down in the laws and regulations.

(4) Master of a ship or his or her authorised person shall familiarise each seafarer, who starts to work on a ship, with labour protection, machinery fire protection, fire-fighting and other relevant instructions.

(5) A seafarer has a duty to comply with the working regulations and perform orders of the master of the ship on board the ship.

Section 286. Content of Seafarer's Employment Agreement

(1) Seafarer's employment agreement shall contain at least the following particulars:

1) the place and date of conclusion of the employment agreement is;

2) the seafarer's given name, surname, citizenship, personal identity number (or identification code), date and place of birth, address of the place of residence;

3) the shipowner's name and address;

4) the ship's name (or names) on which a seafarer undertakes to work, if the agreement is entered into in definite time, or the ship's name on which a seafarer undertakes to work, if the agreement is entered into for a voyage;

5) the capacity in which the seafarer is to be employed;

6) where and when a seafarer arrives on the ship or starts to work (if necessary);

7) agreed daily or weekly working hours;

8) the amount of the seafarer's wages or, where applicable, the formula used for calculating them and time for disbursement of the wage;

9) the duration of paid annual leave, as well as State holidays;

10) the method for calculation of the payment sum to be disbursed for the period of paid annual leave;

11) the termination of the agreement and the conditions thereof, including:

a) if the agreement has been made for an indefinite period, the conditions entitling either party to terminate it in conformity with the Labour Law shall be indicated,

b) if the agreement has been made for a definite period, the date fixed for its expiry shall be indicated,

c) if the agreement concluded for a voyage, the port of destination and the time which has to expire after arrival into destination before the seafarer is discharged shall be laid down,

d) the conditions for the early termination of the employment agreement according to the Labour Law (applies to any type of the employment agreement referred to in this Sub-clause) shall be defined;

12) the place of return of a seafarer;

13) ports to which this agreement does not apply (if necessary);

14) provision of food during the employment period on ship;

15) the seafarer's entitlement to repatriation;

16) reference to the collective bargaining agreement (if applicable);

17) other information in accordance with the agreement between the contracting parties.

(2) In addition to that listed in Paragraph one of this Section the employment agreement of the seafarer of the MLC Convention ship:

1) shall include conditions regarding the health and social security protection benefits to be provided to the seafarer by the shipowner;

2) shall provide a possibility for a seafarer to terminate employment agreement not later than seven days in advance by informing the master of the ship thereof and co-ordinating it with him or her. The master of the ship is entitled to co-ordinate such time period only in the case if it does not affect navigation safety and if it is justified (urgent) reason (for example, it is necessary due to the family circumstances of the seafarer). Mutual co-ordination shall be drawn up in writing. Such early termination of the contract shall not affect disbursements and guarantees due to the seafarer, upon termination of the employment legal relations.

(3) The data referred to in Paragraph one, Clauses 9, 14 and 15 and Paragraph two of this Section may be replaced with indication to the relevant provisions included in the collective bargaining agreement.

Section 287. Duty of the MLC Convention Shipowner

The MLC Convention shipowner, who uses seafarer recruiting and work placement services located in the countries to which MLC Convention does not apply, shall ensure as far as possible that these services comply with the requirements of Standard 1.4 of the MLC Convention.

Section 288. Termination of Employment Legal Relations

(1) Employment agreement with a seafarer is terminated in the cases laid down in the Labour Law, as well as if:

1) the ship on which a seafarer was hired has been lost or is not repairable (due to constructive loss of the ship);

2) the action (inaction) of a seafarer endangers navigation safety;

3) the ship is re-registered in the ship register of other country;

4) the owner of the ship is changed.

(2) If the shipowner has failed to comply with the notice periods or employment agreement is terminated on the basis of a court judgment favourable for the seafarer, the seafarer has the

right to compensation of a remuneration for work until the end of the validity of employment agreement.

(3) Upon termination of employment legal relations the master of the ship shall return to the seafarer those documents, which were given to the master of the ship for safe-keeping upon commencement of the work on the ship, and make entries in the seamen's discharge book in the section "Record of sea service" or issues a statement to the seafarer regarding work on the ship. The statement shall contain the following information:

- 1) the ship's name, registration number and type;
- 2) the port of registry of the ship;
- 3) ship's gross tonnage of and main engine power;
- 4) time, when the seafarer arrived on the ship;
- 5) time, when the seafarer leaved the ship;
- 6) the capacity of the seafarer;
- 7) description of the voyage.

Section 289. Disbursement of Remuneration for Work

(1) A shipowner has a duty to disburse remuneration for work to a seafarer not less than once in a month and in accordance with the time for disbursement of the remuneration for work laid down in the collective bargaining agreement (if the collective bargaining agreement has been entered into).

(2) Upon request of a seafarer the shipowner has a duty to transmit all remuneration for work or a part of it to a person indicated by the seafarer at a specified time. Fee for this service may not be greater than actual expenditure for this service.

(3) Remuneration for work of the seafarer laid down in the employment agreement shall be disbursed regardless of whether the freight is received.

(4) Remuneration for work of the seafarer or a part of it may be disbursed in a convertible currency. If the seafarer agrees to receive the remuneration for work in other convertible currency other than provided in the employment agreement, in determining the amount of the remuneration for work, the foreign currency exchange rate in the beginning of the day of disbursement of the remuneration for work to be used in the accounting shall be taken into account.

(5) When disbursing remuneration for work, a shipowner shall issue a calculation of remuneration for work to the seafarer where the remuneration for work disbursed and currency exchange rate used, if the payment is made in another currency or according to another currency exchange rate than laid down in the employment agreement, are indicated. Other information laid down in the Labour Law shall also be included in the calculation of remuneration for work.

(6) The seafarer has no right to receive remuneration for work for a time period when he or she has unlawfully refused to work after coming into effect of the employment agreement or after the indicated date of commencement of the work.

(7) Deductions in relation to acquiring or retaining of the work may not be applied to the remuneration for work of the seafarer.

Section 290. Supplement

Supplement for work above normal hours of work and on holidays, as well as for work at night shall be disbursed in the amount laid down in the Labour Law, unless greater supplement is laid down in the collective bargaining agreement or employment agreement.

Section 291. Hours of Work and Hours of Rest

(1) The hours of work means time when a seafarer is required to work on the ship. The normal hours of work shall be eight hours, including short breaks with one day of rest in a week and rest during holidays.

(2) A seafarer may be employed for more than the specified normal hours of work, however not exceeding 14 hours in a 24-hour-period and 72 hours in a seven-day period.

(3) Night is nine consecutive hours, which begins not later than at 22.00 and ends not earlier than 7.00.

(4) Hours of rest means time during which a seafarer is not required to do work duties. Hours of rest do not include short breaks. A seafarer's hours of rest shall not be less than 10 hours in a 24-hour period and 77 hours in a seven-day period. The daily hours of rest may be divided into two parts, of which the length of at least one part shall not be less than six hours but the interval between these parts shall not exceed 14 hours. Hours of rest used for the performance of work duties shall be compensated to the seafarer with adequate hours of rest.

(5) The records of the seafarer's hours of work and hours of rest on a ship shall be kept by the master of the ship or a person authorised by the master. Each month, the master of the ship or a person authorised by the master shall inform the seafarers regarding their hours of work and hours of rest. The Maritime Administration of Latvia shall control the records of the hours of work and hours of rest. If the record documents or other evidence indicate infringement of provisions governing hours of work and hours of rest, the Maritime Administration of Latvia shall take measures to rectify infringements, as well as review the minimum manning of the ship, in order to avoid future infringements.

(6) As shipowner has a duty to ensure that the schedule of hours of work and hours of rest is periodically reviewed and approved and that its compliance with the requirements of the laws and regulations governing hours of work and hours of rest is monitored.

(7) Ship musters and other drills shall be organised in a manner that minimises the disturbance of hour of rest of seafarers and does not induce fatigue.

(8) The master of the ship has the right to order a seafarer to work at any time in order to ensure the safety of the ship, the persons and cargo carried by it in extraordinary situations or to provide assistance at sea. After the rectification of the extraordinary situation or provision of assistance, the master of the ship shall ensure for the seafarer appropriate hours of rest in the near future which is adequate to the hours of rest not used.

Section 292. Paid Annual Leave

(1) All seafarers are entitled to paid annual leave of not less than 30 calendar days in length (excluding holidays), at least once a year.

(2) The time period between two consecutive employment agreements if it does not exceed three calendar weeks and if it has not been caused by the actions or carelessness of the seafarer himself or herself, shall be included in the time which entitles to the paid annual leave.

(3) The days spent in journeying to the place of leave (the return place laid down in the employment agreement) shall not be included in the paid leave time.

(4) Observing the navigation safety regulations in relation to the ship's manning, the master of the ship or the shipowner may defer the beginning of the paid annual leave of the seafarer, but not longer than for 30 days.

(5) Any agreement which prevents a seafarer from being able to use paid annual leave in accordance with this Code shall be deemed invalid.

(6) For work on holidays a seafarer shall be paid remuneration and granted additional paid days added to annual leave.

- (7) A seafarer's annual leave may not be compensated with money, except in a case where employment legal relations are terminated and the seafarer has not used the paid annual leave.
- (8) The laid down in Paragraphs one and six of this Section shall not be applied to seafarers who are working on ships navigating only in the Latvian waters (including the ports of Latvia). The general provisions of the Labour Law shall be applied to those seafarers in relation to the duration of leave and work on holidays.

Section 293. Documents on the Ship Relating to Employment Legal Relations of a Seafarer

(1) The employer shall ensure that there are, in a place on the ship accessible to a seafarer, the following documents:

- 1) the collective bargaining agreement (if any has been entered into);
- 2) for each capacity – the schedule of work and rest time (at sea and in ports);
- 3) Latvian laws and regulations governing the seafarer's employment legal relations.

(2) The MLC Convention shipowner shall ensure that there are, in a place on the ship accessible to a seafarer, the following documents or copies thereof:

- 1) the collective bargaining agreement if it forms the entire seafarer's employment agreement or part thereof;
- 2) a copy of the seafarer's employment agreement;
- 3) a copy of the standard form of the employment agreement, if the seafarer's employment agreement is not in English;
- 4) for each capacity – the schedule of work and rest time (at sea and in ports), maximum hours of work and minimum hours of rest that are provided in the Latvian laws and regulations or applicable collective bargaining agreement;
- 5) procedures for lodging and handling of complaints on ship;
- 6) Latvian laws and regulations governing the seafarer's employment legal relations;
- 7) the Maritime Labour Convention, 2006;
- 8) the Agreement concluded by the European Community Shipowners' Associations (ECSA) and the European Transport Workers' Federation (ETF) on the Maritime Labour Convention, 2006;
- 9) the Maritime Labour Certificate and declaration of Maritime Labour Compliance.

(3) The documents referred to in Paragraphs one and two of this Section shall be in the working language of the ship which is laid down by the shipowner, but for the ship engaged in the international voyage – also in English.

(4) Part I of the declaration referred to in Paragraph two, Clause 9 of this Section shall be completed and its updated version shall be maintained by the Maritime Administration of Latvia, by taking into account the information received from other competent authorities. The updated version of Part I of the referred to declaration shall be available on the website of the Maritime Administration of Latvia.

Section 294. Seafarer's Right for Shore Leave during Hours of Rest

(1) While a ship is in a port, a seafarer is entitled for shore leave during his or her hours of rest, if retaining on the ship is not necessary in the safety interests of the ship, cargo or persons present on the ship and a permission from the officer in charge of a navigational watch (an officer in charge of an engineering watch) is received.

(2) If a seafarer after shore leave cannot arrive on ship on intended time, he or she shall immediately notify the master of the ship thereof.

Section 295. Action of a Seafarer in Case of Sea Danger

In case of sea danger, a seafarer shall take any reasonable action to protect the life of the people on the ship and their health, as well as to protect the ship from loss or serious damage.

Section 296. Seafarer Compensation for the Ship's Loss or Constructive Loss of the Ship

(1) A shipowner shall disburse compensation to each seafarer employed on the ship the compensation for termination of employment legal relations due to the ship's loss or constructive loss of the ship. The referred to compensation shall be disbursed in the amount of three monthly salaries.

(2) The rule referred to in Paragraph one of this Section shall be without prejudice to other rights of a seafarer in case of loss of work or benefits due to the seafarer for losses or injuries for which disbursements are intended in accordance with the relevant laws and regulations.

Section 297. Medical Care Expenditure

If a seafarer working on the ship receives emergency medical assistance in order to retain working capacity, the shipowner has a duty to compensate expenditure incurred to the seafarer.

Section 298. MLC Convention Shipowner Liability for the Health Protection and Medical Treatment Expenditure

(1) A seafarer, while working on the ship, has the right to receive emergency medical assistance and expenditure thereof shall be covered by the shipowner.

(2) MLC Convention shipowner shall cover expenditure of a seafarer related to medical treatment insofar as it is not ensured in accordance with the procedures generally laid down by the State or is not covered by the health insurance policies. Expenditure shall be covered:

1) if a seafarer has suffered from injury on the ship – until the time when a seafarer is completely recovered or when a physician recognises a seafarer as incapable for work;

2) if a seafarer has fallen ill on the ship – not less than 16 weeks, counting from the day when a seafarer has fallen ill.

(3) A shipowner shall continue to disburse a wage to a seafarer who cannot perform his or her work duties due to injury or illness until the day when the seafarer is entitled to receive social insurance services laid down in the law as a socially insured person. If the shipowner has not registered the seafarer in the Taxpayer Register of the State Revenue Service and therefore the seafarer is not entitled to social insurance service, the shipowner shall pay the wage agreed in the employment agreement not less than 16 weeks counting from the day when the seafarer has been injured or fallen ill.

(4) A shipowner has a duty to include insurance of seafarers in case of death and disability in the provisions of the ship insurance policy, if the death or disability has set in as a result of injury, illness or threat acquired at work of seafarers. Such insurance amount may not be less than the amount laid down in the collective bargaining agreement or by the International Transport Workers' Federation.

(5) The laid down in this Section shall not limit to provide other social guarantees and payments to seafarers in the collective bargaining agreement of shipowners or employment agreement of a seafarer.

Section 299. Right of Seafarer to Lodge a Complaint

If a seafarer informs the master of the ship that he or she wishes to lodge a statement of claim regarding the master of the ship or a member of the ship's crew to the competent institution or to a court, the master of the ship may not forbid the seafarer from going ashore during his or her rest time in order that he or she may submit such statement of claim.

Section 300. Provisions for Lodging and Handling Procedures of Complaints of Seafarers on MLC Convention Ship

(1) On the MLC Convention ship there are certain procedures for lodging and handling of complaints of seafarers.

(2) MLC Convention shipowner shall ensure that a copy of provisions for lodging and handling procedures of complaints of seafarers is issued to each seafarer upon commencement of work on the ship, where in addition to other information the following shall also be indicated:

1) contact information of competent institutions – the Maritime Administration of Latvia and the State Labour Inspectorate;

2) a competent institution and contact information thereof in the state of the permanent place of residence of the relevant seafarer, if other than the flag state of the ship;

3) information on persons who can provide assistance to a seafarer on the ship regarding issues related to complaint lodging and examination;

4) information regarding seafarers right protection organisations (trade unions).

(3) The Maritime Administration of Latvia shall develop the sample provisions for lodging and handling procedures of complaints of seafarers and ensure public accessibility thereof on the website of the Maritime Administration of Latvia.

(4) The provisions for lodging and handling procedures of complaints of seafarers shall be located on the ship at the place accessible by every seafarer and every seafarer has the right to get familiar with them.

Section 301. Right of Seafarers to Strike

(1) Seafarers may go on strike in order to protect their right in occupational dispute in accordance with the procedures laid down in the laws and regulations.

(2) Within the meaning of this Code occupational dispute is any disagreement arising from employment legal relations or related to employment legal relations between seafarers (employees) or their representatives and a shipowner (employer).

(3) Seafarers may go on strike, if a ship is stationary moored at a safe berth and the strike cannot endanger human life or navigation safety.

(4) When a ship is moored at a safe berth, seafarers have the right to terminate work on the ship in relation to occupational dispute, if they have warned a master of a ship regarding their intention at least 48 hours in advance. Seafarers have the right to revoke their warning during these 48 hours and, if it is not done, seafarers may not be forced to go to the sea.

Chapter XXX² Repatriation

Section 302. Application of the Chapter

(1) This Chapter shall apply to:

1) ships flying under the Latvian flag and to seafarers employed on them;

2) seafarers who are nationals of Latvia regardless of the flag state of the ship of their employment.

(2) Section 309 shall apply to seafarers employed on a ship flying under the flag of a foreign state, which is unlawfully left by an owner of a ship flying under the flag of a foreign state in the territory of Latvia.

Section 303. Repatriation of a Seafarer

(1) A shipowner has an obligation at his expense to repatriate a seafarer (to deliver him or her at the place of return indicated in the employment agreement), if:

1) the seafarer's employment agreement has expired while the ship is at the place which is not indicated in the employment agreement as the place of return;

2) the seafarer's employment agreement is terminated upon justified request of the shipowner or seafarer;

3) the seafarer is no longer able to carry out his or her duties in accordance with the employment agreement or cannot be expected to carry them in the specific circumstances.

(2) A shipowner shall perform the obligation referred to in Paragraph one of this Section also after arrest of the ship, in the event of ship accident outside Latvia, after leaving the seafarer ashore in another country or after injury or illness of the seafarer on board the ship or if the ship is being bound for a war zone, as defined by international documents, to which the seafarer does not consent to go.

(3) Repatriation of a seafarer shall include the obligation of the shipowner to cover travel, stay, necessary food and medical expenditure, until the seafarer returns to the place of return indicated in the employment agreement.

(4) The time spent on board the ship by a seafarer after which a shipowner has an obligation to carry out repatriation of the seafarer may not exceed six months.

(5) A consular official of the diplomatic or consular representation of the Republic of Latvia shall supervise duly performance of obligations by a shipowner referred to in this Section.

Section 304. Shipowner's Liability

(1) Upon commencement of the employment relations with a seafarer, a shipowner shall not request the seafarer to pay advance payment to cover repatriation costs. A shipowner shall not deduct repatriation costs from the seafarer's wage or other payments, except the case when the seafarer has not significantly performed the obligations laid down in the seafarer's employment agreement.

(2) A shipowner has a duty to include in the provisions of the ship insurance policy his or her liability in respect of repatriation of seafarers. The purpose of insurance is to provide a financial guarantee that a seafarer will be repatriated in conformity with the requirements laid down in this Chapter.

Section 305. Duty of a Seafarer to Refund Repatriation Expenditure

(1) If a shipowner on his own resources has repatriated a seafarer, who has been dismissed (or left ashore) in foreign states because he or she has left the ship without consent, does not arrive on board the ship due to unjustified reason, is in imprisonment (not related with the interests of the ship), uses alcohol, narcotics or psychotropic substances, infringes the requirements of the laws and regulations, or because a disease, mental or physical deficiency intentionally hidden at the time of signing of the employment agreement has been discovered, a seafarer has a duty to refund repatriation expenditure to the shipowner.

(2) In the cases referred to in Paragraph one of this Section a shipowner is entitled to recover from a seafarer all expenditure related to his or her repatriation in accordance with the procedures laid down in the laws and regulations.

Section 306. Repatriation of a Seafarer's Human Remains

If the death of a seafarer sets in on board a ship or ashore during the employment legal relations, a shipowner shall ensure delivery of his or her human remains at a suitable place of return or place of residence as soon as possible and cover all burial expenditure.

Section 307. Repatriation of a Seafarer's Property

(1) A shipowner shall ensure that the following is delivered to the place of residence indicated in the employment agreement of the seafarer:

- 1) the seafarer's property, if the seafarer (including injured or ill) is left in a place other than the place of return indicated in his or her employment agreement;
- 2) the property of the dead seafarer.

(2) A shipowner shall cover all expenditure related to the delivery of a seafarer's property indicated in Paragraph one of this Section.

Section 308. Expenditure Compensation

(1) If a shipowner fails to perform the repatriation obligations referred to in Section 303 of this Code, the Ministry of Foreign affairs shall ensure repatriation of a seafarer and the expenditure referred to in Section 303, Paragraph three of this Code shall be covered from the State budget.

(2) A shipowner shall refund the resources used for repatriation of a seafarer to the State basic budget revenue.

(3) The Cabinet shall determine the procedures for the performance of the repatriation of a seafarer, if it is not performed by a shipowner, as well as the procedures for requesting, covering and refunding of expenditure related to the repatriation and the procedures for determination of the amount of such expenditure.

Section 309. Assistance in Issues Related to Repatriation of Foreign Seafarers

After receipt of information regarding a foreign seafarer left in Latvia from a ship flying under the flag of a foreign state, the consular Department of the Ministry of Foreign Affairs shall immediately notify the flag state of the ship, as well as the country of citizenship of the seafarer.

Sections 310 – 322

[22 May 2014]

Part H
Final Provisions

Chapter XXXI
Mobile Constructions

Section 323. Fixed Installations

Drilling platforms and similar mobile constructions, which are intended for research, extraction, storage, transportation of underwater natural resources or performance of similar activities, shall be considered to be fixed installations. An owner shall register such constructions in the Ship Register in accordance with the provisions of this Code.

[22 December 2005]

Section 324. Application of the Provisions of the Code to Fixed Installations

(1) The operations of fixed installations shall be regarded as ships' operations in accordance with the provisions of Chapters II, III, IV, V, VI, VII, VIII, IX, XI, XII, XIII, XIV, XV, XXVII, XVIII, XXIX and XXXII of this Code, observing the following exceptions:

1) the duties and rights of the master of a ship and chief mate shall be conferred upon the person who manages the administration of the mobile construction and his or her permanent deputy;

2) the limitation of liability in accordance with Section 69, Paragraph one of this Code is 20 million Units of Account and in accordance with Section 70, Paragraph one – 12 million Units of Account, irrespective of the size of the mobile construction;

3) the maritime liens specified in accordance with Section 33 of this Code shall not secure a claim regarding loss caused by pollution in connection with the activities referred to in Section 323 of this Code.

(2) The provisions of Section 32 of this Code shall not be applied to drilling rigs and similar mobile platforms.

[22 December 2005]

Chapter XXXII
Prescriptive Periods for Claims

Section 325. Prescriptive Period for Maritime Liens

(1) For the maritime liens specified in Section 33 of this Code, if it is not otherwise prescribed, the prescriptive period is one year if before the expiry of this time period the ship has not been arrested and sold by way of forced sale procedure.

(2) The prescriptive period for the maritime liens referred to in Paragraph one of this Section shall commence:

1) for the maritime liens referred to in Section 33, Paragraph one, Clause 1 of this Code – from the termination of the employment legal relations of the plaintiff on the specific ship;

2) for the maritime liens referred to in Section 33, Paragraph one, Clauses 2, 3, 4 and 5 of this Code – from the time the basis of the claim arose.

(3) The prescriptive period may not be interrupted or suspended. The time period shall not include the time when the ship has been unjustifiably under arrest.

Section 326. Personal Liability

In regard to claims against any person who is liable in accordance with Section 36, Paragraph two or Section 40, Paragraph two of this Code, the prescriptive period shall correspond to the prescriptive period of the claims which were secured with maritime lien or preferential rights of cargo.

Section 327. Prescriptive Period for Claims in Case of Collision of Ships

The prescriptive period for claims regarding loss arising due to collision of ships is two years, counting from the day when the collision took place. The prescriptive period for subrogation claims regarding compensation which is referred to in this Section is one year, taking into account that for a claim regarding compensation in a case of occasioning of bodily injury, the prescriptive period shall be calculated from the day on which the claim for compensation of loss is allowed.

Section 328. Prescriptive Period for Claims in Case of Pollution

The prescriptive period for claims regarding compensation for loss in the case of pollution in accordance with Sections 79, 95 or 96 of this Code or compensation in accordance with the Fund Convention is three years, counting from the time when the damage or loss arose, or the payments were made. An action cannot be brought if from the moment of the accident six years have passed. If the damage, loss or payments arise in a series of several accidents which have one cause, the six year period shall be counted from the time when the first accident occurred.

Section 329. Prescriptive Period for Claims in Case of Carriage of Cargo

- (1) The prescriptive period for claims regarding loss, arising in a case of loss or damage of cargo or in connection therewith, or in relation to incorrect or incomplete statements in a bill of lading is one year, counting from the day when the cargo should have been delivered or it was delivered (if the cargo is subsequently delivered).
- (2) The prescriptive period for claims regarding loss which has arisen through failing to present a bill of lading during delivery of the cargo or delivering the cargo to another person is one year, counting from the day when the cargo should have been delivered or it was delivered (if the cargo is subsequently delivered).
- (3) The prescriptive period for subrogation claims regarding compensation which is referred to in Paragraphs one and two of this Section is one year, counting from the day when the claim was allowed.

Section 330. Prescriptive Period for Claims in Case of Carriage of Passengers

- (1) The prescriptive period for claims regarding loss arising due to the loss of the life of a passenger or harm caused to his or her health, as well as regarding loss occasioned to a passenger in regard to the loss or damage of his or her luggage, is two years.
- (2) The commencement of the prescriptive period shall be calculated as follows:
 - 1) if harm to health is caused - from the moment the passenger disembarked ashore;
 - 2) if the passenger loses his or her life during the carriage – from the day when the passenger should have disembarked ashore;
 - 3) if harm to health is caused during carriage and after disembarkation ashore the passenger dies as a result of such harm to health – from the moment the passenger dies;

- 4) if luggage has been lost or damaged – from the day when the passenger disembarks or should have disembarked ashore, taking into account the last incident.
- (3) An action may not be brought after a period of three years has expired from the time the passenger has disembarked or should have disembarked ashore, taking into account the last incident.
- (4) The prescriptive period may be extended if the carrier provides an appropriate notice both parties agree on extension. Such notice or agreement shall be made in writing.

Section 331. Prescriptive Period for Claims in Case of General Average

- (1) The prescriptive period for a claim regarding payment of general average, as well as compensation for damage and loss obtained in general average is one year, counting from the day when the ship reached port after the general average.
- (2) The prescription period for a claim regarding payment of general average compensation is one year, counting from the time of calculation of expenditures of the general average.

Section 332. Prescriptive Period for Claims in Case of Salvage

- (1) The prescriptive period for a claim regarding salvage reward or special compensation is two years, counting from the day when the salvage measures (operations) are completed.
- (2) The prescriptive period for a claim regarding apportionment of a salvage reward or special compensation in accordance with Section 262 of this Code is one year, counting from the day when the notice was sent in accordance with Section 262, Paragraph six of this Code.

Section 333. Prescriptive Period for Claims Regarding Compensation for Loss from the Owner of a Wreck

The prescriptive period for a claim by the Maritime Administration of Latvia regarding compensation for loss from the owner of a wreck is three years, counting from the day when assessment of the hazardousness of the wreck is completed, but not more than six years, counting from the day when the ship became a wreck.

Section 334. Prescriptive Period for other Maritime Claims

The prescriptive period for maritime claims provided for in Section 48 of this Code and the prescriptive period of which is not prescribed by Sections 325-333 of this Code is one year, counting from the day the basis for a claim arose.

Transitional Provisions

1. With the coming into force of this Code, Cabinet Regulation No. 168 of 16 August 1994, Latvian Maritime Regulations (Maritime Code), issued in accordance with Article 81 of the Constitution of the Republic of Latvia (*Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1994, Nos. 20, 21, 22, and 23), is repealed.

2. Up to the day of the coming into force of the 20 October 2000 amendments to the 27 November 1992 International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage, the limits of liability specified in Section 82, Paragraph one of this Code shall be calculated as follows:

- 1) for ships the tonnage of which does not exceed 5000 tonnage units – three million Units of Account;

2) for ships the tonnage of which exceeds 5000 tonnage units – for each additional tonnage unit 420 Units of Account shall be added to the amount referred to in Clause 1 of the Transitional Provisions, but the total amount may not exceed 59.7 million Units of Account.

3. Ships which are registered in the Ship Register up to the coming into force of this Code, the owners of which do not conform to the requirements of Section 4, Paragraph one of this Code, shall also retain registration in the Ship Register after the coming into force of this Code, but not longer than until 1 January 2004.

4. [22 March 2007]

5. By 1 January 2004 the Cabinet shall issue the following:

1) regulations regarding registration of ships which shall specify the nationality markings of Latvian ships (Section 4, Paragraph two of this Code), procedures for maintaining the Ship Register and files of ships (Section 9, Paragraph five of this Code), the documents to be submitted for the registration of ships to the Ship Register (Section 10, Paragraph one of this Code) and regulations regarding ships under construction (Section 27, Paragraph two of this Code);

2) regulations regarding procedures by which craft shall be registered at the Road Traffic Safety Directorate, as well as regulations regarding traffic of the craft in the inland waters (Section 8, Paragraph three of this Code);

3) [22 December 2005].

6. The Cabinet shall issue the regulation provided for in Section 10, Paragraph one of this Code not later than by 1 May 2006. Until the day of coming into force of this Cabinet regulation, but not later than by 1 May 2006, Cabinet Regulation No. 729 of 16 December 2003, Regulations Regarding the Registration of Ships in the Latvian Ship Register, shall be applied insofar as it is not in contradiction with this Code.

[22 December 2005]

7. Ship certificates, which have been issued until the day of the coming into force of the Cabinet regulation provided for in Section 10, Paragraph one of this Code, shall be in force until 31 December 2006, or until the expiry of the term of validity of the issued certificate, if the certificate has been issued for a definite time period.

[22 December 2005]

8. [15 May 2008]

9. A shipowner, bare boat charterer or another person responsible for the operation of a ship shall ensure that the duty of insuring a ship laid down in Chapter XII.¹ of this Code is fulfilled no later than until 1 February 2012.

[15 December 2011]

10. A sailing yacht that has been granted the nationality marking until 21 January 2013 shall retain such nationality marking, and it shall not be assigned a digit or a digit combination in accordance with the condition of Section 4, Paragraph two, Clause 4 of this Code.

[10 January 2013]

11. A ship registered in the Ship Register whose name has been registered until 21 January 2013 shall retain the registered name thereof.

[10 January 2013]

12. The Cabinet shall issue the regulations referred to in Section 9, Paragraph five of this Code regarding the amount of information to be included in an extract from the Ship Register and the regulations referred to in Section 16, Paragraph five of this Code no later than until 31 July 2013.

[10 January 2013]

13. Section 16, Paragraph four of this Code shall come into force from 1 August 2013.

[10 January 2013]

14. Until the day when the 2002 Protocol of the 1974 Athens Convention relating to the carriage of passengers and their luggage by sea comes into force, the liability of the carrier stipulated in Section 244, Paragraph two of this Code shall not exceed:

- 1) 833 Units of Account for loss in connection with cabin luggage;
- 2) 3333 Units of Account for a vehicle, including the whole luggage located in or on the vehicle;
- 3) 1200 Units of Account for loss in connection with such luggage which is not referred to in Sub-paragraphs 1 and 2 of this Paragraph.

[10 January 2013]

15. Until the day when the 2002 Protocol of the 1974 Athens Convention relating to the carriage of passengers and their luggage by sea comes into force, the liability of the carrier stipulated in Section 245 of this Code shall be reduced in the following amount:

- 1) 117 Units of Account if a vehicle is damaged;
- 2) 13 Units of Account per each passenger if other luggage is lost or damaged, deducting the sums referred to from the compensation for loss or damage.

[10 January 2013]

16. In relation to carriage of passengers by sea, which are performed with Class A ships, Section 239, Paragraph three and Section 241.¹ of this Code shall be applied from 31 December 2016.

[10 January 2013]

17. In relation to carriage of passengers by sea, which is performed by Class B ships, Section 239, Paragraph three and Section 241.¹ of this Code shall be applied from 31 December 2018.

[10 January 2013]

Informative Reference to European Union Directives

[15 December 2011; 22 May 2014]

This Code contains legal norms arising from:

- 1) Council Directive 1999/63/EC of 21 June 1999 concerning the Agreement on the organisation of working time of seafarers concluded by the European Community Shipowners' Association (ECSA) and the Federation of Transport Workers' Unions in the European Union (FST);
- 2) Directive 2009/20/EC of the European Parliament and of the Council of 23 April 2009 on the insurance of shipowners for maritime claims;
- 3) Directive 2008/106/EC of the European Parliament and of the Council of 19 November 2008 on the minimum level of training of seafarers'
- 4) Council Directive 2009/13/EC of 16 February 2009 implementing the Agreement concluded by the European Community Shipowners' Associations (ECSA) and the European Transport Workers' Federation (ETF) on the Maritime Labour Convention, 2006, and amending Directive 1999/63/EC;

5) Directive 2012/35/EU of the European Parliament and of the Council of 21 November 2012 amending Directive 2008/106/EC on the minimum level of training of seafarers;

6) Directive 2013/54/EU of the European Parliament and of the Council of 20 November 2013 concerning certain flag State responsibilities for compliance with and enforcement of the Maritime Labour Convention, 2006.

This Code shall come into force on 1 August 2003.

The *Saeima* has adopted this Code on 29 May 2003.

President

V. Vīķe-Freiberga

Rīga, 18 June 2003