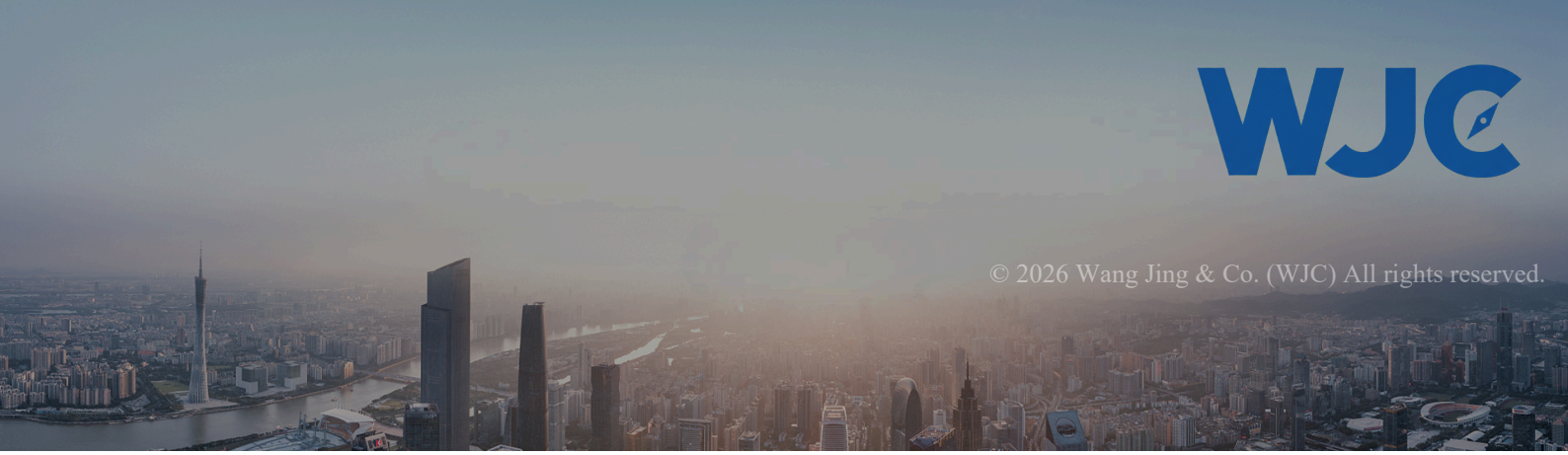

Key Amendments to China's New Maritime Code – An International Shipowners' Perspective

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China's current Maritime Code (the "1993 Maritime Code") has been in force for more than thirty years since 1 July 1993. Over time, a range of new issues and developments have emerged in maritime practice, and the current Maritime Code can no longer fully meet practical needs. Against this background, the Standing Committee of the National People's Congress and the State Council included the revision of the Maritime Code in the 2024 legislative work plan. The Ministry of Justice then, together with the Ministry of Transport and in consultation with the Supreme People's Court, prepared a draft revision after extensive consultation with the industry and academia. The revised Maritime Code was ultimately adopted by the Standing Committee of the National People's Congress on 28 October 2025. The new Maritime Code (the "2025 Maritime Code") will come into force on 1 May 2026.

Building on the 1993 Maritime Code, the 2025 Maritime Code, on the one hand, incorporates relevant judicial interpretations by codifying parts of them into statutory provisions and, on the other hand, draws on relevant international conventions and revises existing provisions in light of China's practical development needs and wider policy concerns.

As the 2025 Maritime Code is about to enter into force in 1st May 2026, this article briefly introduces certain key amendments that are of particular relevance to international shipowners.

Limitation Periods

1. The 2025 Maritime Code introduces an important change regarding the interruption of limitation periods. Under the 1993 Maritime Code, for limitation periods governed by the Maritime Code, interruption occurred only where the claimant commenced legal proceedings, submitted the dispute to arbitration, or the party against whom the claim was made agreed to perform the obligation. In addition to preserving those grounds, the 2025 Maritime Code now also provides that the limitation period is interrupted when the claimant makes a demand for performance. This is consistent with the Civil Code. Therefore, within the limitation period, a claimant may interrupt time by making a demand for performance. A typical means of making such a demand is by sending a letter of claim. Where a letter of claim is sent, the limitation period will be interrupted regardless of whether the debtor agrees to perform, and the limitation period will start to run afresh.

2. In relation to interruption by commencing legal proceedings or arbitration, the 1993 Maritime Code further provided that where the claimant withdrew the action, withdrew the arbitration, or the claim was dismissed, no interruption would occur. The 2025 Maritime Code contains no equivalent provision. This is because, once making a demand for performance is recognised as interrupting the limitation period, commencing litigation or arbitration—regardless of whether it is later withdrawn or dismissed—is analogous to making such a demand, and the limitation period should accordingly be interrupted. This is also in line with the Civil Code.

3. Other points relating to limitation that merit attention include the amendment to the limitation period for recourse claims in respect of the carriage of goods by sea. The previous rule, namely that "where the person held liable brings a recourse claim against a third party, the limitation period shall be ninety days", has now been changed to: "where the limitation period provided in the preceding paragraph has expired, or where less than ninety days remain before its expiry, the person held liable shall have a limitation period of ninety days for the recourse claim against the third party." In other words, where, after settling the original cargo claim, the recourse claimant still has more than 90 days remaining within the original one-year limitation period, the original one-year limitation period continues to apply; if fewer than 90 days remain, the 90-day period applies.
In addition, the 2025 Maritime Code introduces an overall long-stop limitation period of six years for general average claims, running from the termination of the common maritime adventure, regardless of whether the adjustment has been completed.

Real Right of Ships

1. Under the 1993 Maritime Code, where a ship mortgage existed, transfer of the ship was subject to the consent of the mortgagee. This rule reflected the civil law background at the time, under which transfers of mortgaged property were restricted. Following changes to the Civil Code rules

governing the transfer of mortgaged property, the 2025 Maritime Code removes the restrictive requirement of "with the consent of the mortgagee" and instead provides that, unless otherwise agreed by the parties, a mortgaged ship may be freely transferred. However, the mortgage is not extinguished by the transfer and continues to attach to the ship.

2. In addition, the 2025 Maritime Code now contains provisions on ownership of ships under construction and clarifies the rules on mortgage registration, thereby filling a gap in the 1993 Maritime Code.

Contracts for the Carriage of Goods by Sea

1. Under the 1993 Maritime Code, the parties to a contract, including an international contract for the carriage of goods by sea, may choose the law applicable to the contract. However, under Article 295 of the 2025 Maritime Code, in the case of an international contract for the carriage of goods by sea, where the port of loading or the port of discharge is located in China, the provisions of Chapter IV of the 2025 Maritime Code apply mandatorily. Read together with Articles 45 and 46 of the 2025 Maritime Code, this means that for international carriage of goods by sea involving a Chinese port of loading or discharge, regardless of the law chosen in the bill of lading or transport clause, the carrier's liabilities and obligations may not be lower than those prescribed in Chapter IV of the 2025 Maritime Code.

2. International shipowners are accustomed to determining rights and obligations under contracts for the carriage of goods by sea by reference to the Hague-Visby Rules. Chapter IV of the 2025 Maritime Code largely follows the Hague-Visby Rules, but also draws in part on the Hamburg Rules and the Rotterdam Rules. For example, as regards the scope of the carrier's cargo-handling obligations, in addition to loading, handling, stowage, carriage, custody, care and discharge under the original text, the 2025 Maritime Code—by reference to the Rotterdam Rules—adds the stages of receiving and delivery. Chapter IV also addresses a number of matters not dealt with in the Hague-Visby Rules, such as the carrier's lien on cargo. The mandatory application of Chapter IV is therefore likely to have far-reaching implications for international shipowners in practice.

3. It should be noted that the mandatory application of Chapter IV here applies only where the substantive dispute is to be resolved in China. In proceedings in China for the recognition and enforcement of a foreign court judgment or foreign arbitral award, even if the foreign court or arbitral tribunal has applied foreign law to an international carriage by sea involving a Chinese port of loading or discharge, the respondent cannot, on that basis alone, argue that the judgment or award violates Chinese public policy and should therefore not be recognised or enforced by the Chinese court.

4. The 2025 Maritime Code also expands the scope of the actual carrier. Under the 2025 Maritime Code, the carrier's obligations under a contract for the carriage of goods by sea also apply to the actual carrier. Under the 1993 Maritime Code, the actual carrier was defined as a person entrusted by the carrier, or by way of sub-entrustment, to perform the carriage of goods or part thereof. In judicial practice, there had been controversy as to whether the term "carriage" in that definition included cargo loading, stowage and discharge. This amendment clarifies the issue by reference to Article 1 of the Rotterdam Rules on performing parties and maritime performing parties, and redefines the actual carrier as a person entrusted by the carrier, or by way of sub-entrustment, who actually performs all or part of the carrier's cargo-handling obligations. Such cargo-handling obligations include receiving, loading, handling, stowing, carrying, keeping, caring for, discharging and delivering the goods. This expanded definition broadens the scope of the actual carrier. On the one hand, relevant parties such as terminal operators may become liable as actual carriers for cargo loss occurring during the cargo-handling process; on the other hand, such parties will also become entitled to rely on package or unit limitation.

5. In addition, with respect to compensation for loss of or damage to goods, the 1993 Maritime Code provides that compensation shall be based on the actual value of the goods, and such actual value is limited to the CIF (cost, insurance and freight) price of the goods. This prevents parties from claiming loss of expected profit. The 2025 Maritime Code revises the standard for determining the actual value of the goods by providing that it shall be calculated based on the market price at the place of delivery at the time when the goods should have been delivered; where such market price cannot be determined, the CIF price of the goods shall apply. Calculating compensation by reference to the market price at the place of delivery is closer to the position under English law than the previous rule, and more accurately reflects the cargo interests' actual loss.

6. Another issue concerns storage costs where no one takes delivery of the goods at the port of discharge. Under the 1993 Maritime Code, such costs were to be borne by the consignee. In cases where no one takes delivery, however, carriers have in practice found it difficult to realise this right. The 2025 Maritime Code changes this position so that, in principle, such costs are borne by the shipper. However, drawing on the Rotterdam Rules, it further provides that where a consignee who is not the shipper has exercised rights under the contract for the carriage of goods by sea—for example, by demanding delivery from the carrier, surrendering the bill of lading, or requiring the carrier to bear liability under the contract of carriage—and then delays or refuses to take delivery of the goods, the above costs and risks shall be borne by the consignee.

7. As regards the carrier's right to exercise a lien on cargo in respect of unpaid due freight, general average contributions, demurrage and the like, the wording in the 1993 Maritime Code was "retain its goods", which meant that the goods retained had to be owned by the debtor. Accordingly, the greatest obstacle for a carrier seeking to exercise such a right was the need to prove that the consignee was directly liable for the unpaid sums in question. In the usual case where freight is payable under a charterparty, the consignee is often not a party to the charterparty directly with the carrier. Because of this limitation, carriers have often been unable in practice to exercise a lien on cargo. The 2025 Maritime Code

changes the wording to "the corresponding goods", consistent with Article 836 of the Civil Code. This indicates that, so long as the unpaid freight, general average contributions, demurrage or other charges arise out of the carriage relating to the goods sought to be retained, the carrier is entitled to retain the goods regardless of whether the consignee is the debtor, provided that the value of the goods retained is commensurate with the amount payable. This amendment is a significant improvement from the carrier's perspective. It also draws on the Rotterdam Rules to make clear that, where the transport document issued by the carrier states that freight has been prepaid, the carrier may not exercise a lien on cargo on the ground of unpaid freight, unless the consignee is also the shipper.

8. Another noteworthy amendment in the 2025 Maritime Code is that the carrier's obligation, at the commencement of the voyage, to exercise due diligence to make the ship seaworthy has been extended to include ensuring that "containers provided by the carrier are fit for and capable of safely receiving, carrying and keeping the goods". In other words, for container ships, the carrier's seaworthiness obligation extends not only to the vessel itself, but also to containers provided by the carrier. Given the significant implications of the seaworthiness obligation for the carrier's defences, limitation rights and other aspects of liability, liner operators should pay particular attention to this amendment. The 2025 Maritime Code also refers to the UNCITRAL Model Law on Electronic Transferable Records (MLETR) and the Rotterdam Rules regarding electronic transport records, and adds a separate section on "electronic transport records" to regulate related matters.

Limitation of Liability for Shipowners

1. Under the 1993 Maritime Code, the limitation amounts for maritime claims were equivalent to those under the LLMC 1976. The 2025 Maritime Code raises those amounts to the level of the 1996 Protocol to the LLMC 1976.

2. Under the 1993 Maritime Code, the limitation amounts did not apply to ships of less than 300 gross tons, ships engaged in transport between domestic ports, or ships engaged in coastal operations. For these three categories of vessels, rules issued by the Ministry of Transport applied. Under those rules, for ships of 300 gross tons and above engaged in transport between domestic ports or in coastal operations, the limitation amount was 50% of the amount calculated under the Maritime Code. The 2025 Maritime Code no longer distinguishes between international transport and transport between domestic ports, and ships engaged in transport between domestic ports will also be subject to the limitation amounts under the 2025 Maritime Code. However, ships of less than 300 gross tons and ships engaged in coastal operations remain subject to the above rules of the Ministry of Transport. Given that the 2025 Maritime Code substantially increases the limitation amounts, it is possible that the Ministry of Transport may correspondingly amend those rules. It should be noted that ships engaged in coastal operations are different from ships engaged in coastal transport: "coastal operations" refers to vessels not engaged in the carriage of goods or passengers, but engaged in maritime activities such as fishing, offshore engineering, salvage and pollution clean-up.

3. Under the Ministry of Transport rules, within the framework of the 1993 Maritime Code, where a ship engaged in transport between domestic ports or in coastal operations collides with a ship to which the limitation regime under the Maritime Code applies, such as a non-Chinese-flagged vessel, the limitation amounts for both vessels are determined uniformly in accordance with the limitation amounts under the Maritime Code, rather than the 50% limit under the Ministry of Transport rules. Unless those rules are amended, this rule should remain applicable under the framework of the 2025 Maritime Code.

4. Because the 1993 Maritime Code placed voyage charterparties in the chapter on "Contracts for the Carriage of Goods by Sea", while having a separate chapter on "Charterparties" dealing with time charters and bareboat charters, judicial practice has long been divided on whether the term "charterer", for the purpose of limitation, included voyage charterers and whether voyage charterers were entitled to limitation of liability, even though the 1993 Maritime Code provides that a shipowner is entitled to limitation and that "shipowner" includes a "charterer". The prevailing view had been that voyage charterers and slot charterers were not entitled to limitation of liability for shipowners. The 2025 Maritime Code now includes voyage charterparties in the "Charterparties" chapter and, in the chapter on limitation of liability, provides that "the provisions of this Chapter relating to shipowners shall apply to ship charterers, ship operators and ship managers". The 2025 Maritime Code has therefore made it clear that voyage charterers, including slot charterers, are entitled to limitation of liability for shipowners. In addition, the 2025 Maritime Code expands the class of persons entitled to limitation to include ship managers.

Liability for Oil Pollution Damage

The 2025 Maritime Code adds a new chapter on "Liability for Oil Pollution Damage Caused by Ships". Broadly speaking, however, this chapter consolidates the contents of the CLC Convention and the Bunker Convention, to which China has acceded, together with the relevant judicial interpretation of the Supreme People's Court on oil pollution. Compared with current judicial practice, the overall changes are not substantial. That said, the following points merit particular attention.

1. Article 225 of the 2025 Maritime Code provides that "compensation for oil pollution damage caused by ships in the sea areas under the jurisdiction of the People's Republic of China and in navigable waters connected with the sea shall be governed by this Chapter." Paragraph 2 of that article continues:

"The scope of compensation for oil pollution damage caused by ships includes:
(1) damage to property other than the polluting ship itself caused by oil pollution from the ship, and the resulting loss of income;
(2) the costs of preventive measures taken to prevent or minimise oil pollution damage caused by the ship, and loss

caused by such preventive measures;
(3) loss of income resulting from ecological environmental damage caused by oil pollution;
(4) the costs of reasonable restoration measures that have been taken or are to be taken in respect of the polluted ecological environment."

The scope of compensation for ship oil pollution damage here differs significantly from the scope of compensation in public-interest litigation under Article 1235 of the Civil Code. Article 1235 of the Civil Code provides that where ecological environmental damage is caused in violation of state regulations, organs prescribed by the state or organisations prescribed by law are entitled to request the tortfeasor to compensate for the following losses and expenses:
(1) losses arising from the loss of service functions during the period from the occurrence of ecological environmental damage until restoration is completed;
(2) losses arising from permanent impairment of ecological environmental functions;
(3) expenses for investigation, appraisal and assessment of ecological environmental damage;
(4) expenses for pollution removal and ecological environmental restoration;
(5) reasonable expenses incurred in preventing the occurrence and expansion of damage.

Since the Maritime Code is a special law relative to the Civil Code and should therefore prevail, and taking into account Article 225(1) of the 2025 Maritime Code, it appears arguable that, in the context of ship oil pollution damage, the scope of claims available in public-interest litigation under the Civil Code may be substantially narrowed.

2. Under the framework of the 1993 Maritime Code, because the Bunker Convention does not contain channelling provisions equivalent to those in the CLC Convention, there had been considerable controversy in practice, outside the scope of the CLC Convention, as to who should be liable where one vessel leaks oil following a collision between two ships. Judicial practice produced various outcomes, including sole liability of the leaking vessel, joint and several liability of both vessels, apportionment according to respective collision fault, and liability of the leaking vessel supplemented by secondary liability of the other vessel. Article 226 of the 2025 Maritime Code now expressly provides that "the shipowner of the oil-leaking ship shall bear liability for compensation for ship oil pollution damage." Article 230 of the same chapter further provides that "nothing in this Chapter shall prejudice the shipowner's right of recourse against a third party." A reading of these provisions suggests, or at least provides strong grounds for arguing, that the 2025 Maritime Code has now made it clear that compensation liability for oil pollution is to be borne by the leaking vessel, which may then seek recourse against the other vessel involved in the collision. This reflects the principle of "the polluting ship pays" and also confirms that liability for ship oil pollution damage is based on strict liability. This change is mainly attributable to the substantial increase in the shipowner's limitation amounts under the 2025 Maritime Code.

Marine Insurance Contracts

1. Insurance contracts generally use insurers' standard terms. In relation to exemption clauses, including limitation clauses, in such standard terms, the nature and extent of the insurer's duty to draw attention to and explain those clauses directly affect whether they are binding on the insured. The 1993 Maritime Code did not expressly provide for the insurer's duty of notice and explanation. However, because the Insurance Law contains such provisions, the relevant rules of the Insurance Law also apply to marine insurance contracts by way of supplementary application of general law. In practice, whether and how the insurer has performed this duty has often become a focal point of dispute. To address this, Article 249 of the 2025 Maritime Code now provides for the insurer's duty of notice and explanation.

This article downgrades the insurer's "active notice + active explanation" duty under Article 17 of the Insurance Law in respect of clauses excluding the insurer's liability to "active notice + passive explanation", meaning that the insurer is only required to provide an explanation if the insured requests one. The difference between the duty of notice and the duty of explanation is that, under Article 11(1) of Judicial Interpretation (II) of the Insurance Law, where, at the time of concluding the insurance contract, the insurer gives notice of clauses excluding the insurer's liability in the insurance proposal, insurance policy or other insurance certificate by using words, fonts, symbols or other prominent marks sufficient to draw the policyholder's attention, the people's court shall deem the insurer to have fulfilled its duty of notice. The duty of explanation goes further, requiring a reasonable interpretation and explanation of the clause. It should be noted that the clauses to which this duty of notice and explanation applies under the 2025 Maritime Code are broader than those under the Insurance Law: they are not limited to exemption clauses, but extend to all clauses materially affecting the insured's interests.

2. With respect to open cover policies, the 1993 Maritime Code did not provide for the legal consequences where the insured failed to declare or made an incorrect declaration of the cargo carried, which led to many disputes in practice. Article 259 of the 2025 Maritime Code now addresses this in detail, distinguishing between intentional and unintentional breaches of the duty of declaration.

If the insured intentionally breaches the duty of declaration, the insurer is entitled to deny cover and retain the premium even where there is no causal relationship between the intentional conduct and the occurrence of the insured event in the particular voyage. If the insured unintentionally breaches the duty of declaration, this will in principle not affect the insured's right to claim indemnity, but the insurer is entitled to adjust the claim on the basis of unvalued insurance. The purpose of this rule is to prevent opportunistic conduct whereby, after the goods arrive safely, the insured declares a low insured value and sum insured in order to save premium; or, after a loss occurs, the insured declares a high insured value and sum insured in order to increase the amount recoverable. Of course, the open cover policy may provide otherwise by contract.

3. As regards the legal consequences of breach of warranty by the insured, the relevant judicial interpretation provides that the insurer is entitled to terminate the contract from the date on which the insured breaches the warranty. In other words, where the insured breaches a warranty, the insurer is entitled to deny cover for insured events occurring after the date of breach. Under Article 261 of the 2025 Maritime Code, in respect of losses caused by a marine casualty occurring between the time of the insured's breach of warranty and the time when the insurer's notice of termination reaches the insured, the insurer must still indemnify the loss if the insured can prove that the breach of warranty had no impact on the occurrence of the marine casualty, or that the marine casualty occurred after the insured had remedied the breach.

Conclusion

Following the entry into force of the 2025 Maritime Code, we will continue to monitor closely the practical issues, emerging trends and further developments arising from its application, and will share our further observations in due course. If readers have any comments on this article, or would like to discuss any practical issues encountered under the new Maritime Code, they are welcome to contact our firm or the author at any time.

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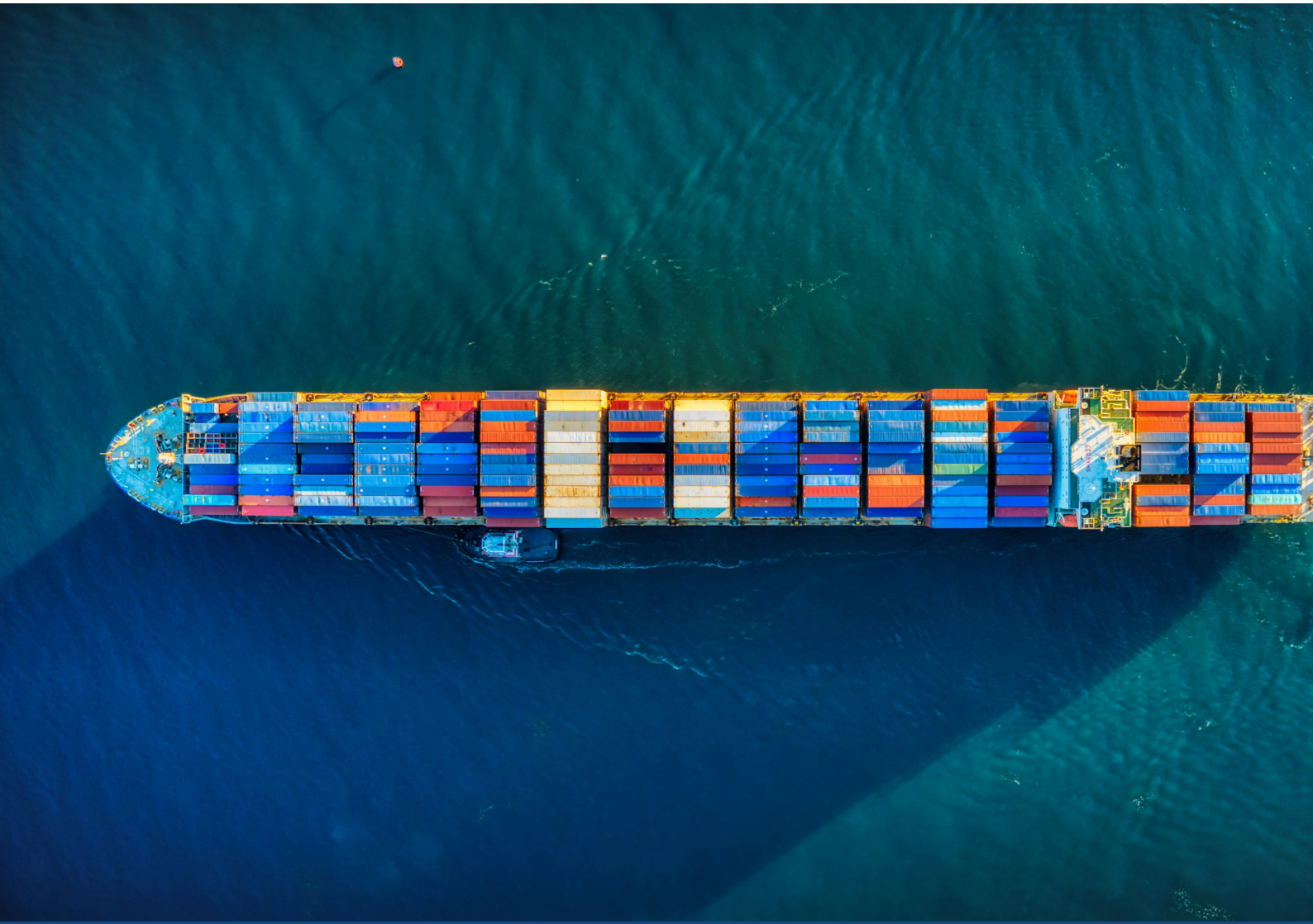

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