

## THE LAW OF MONGOLIA

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State House, Ulaanbaatar city

### Maritime Law of Mongolia /Revised edition/

#### CHAPTER ONE

#### GENERAL PROVISION

##### **Article 1. Purpose of the Law**

1.1. The purpose of the Law shall be to regulate relations pertaining to the maritime transport by the vessels flying the state flag of Mongolia and conduct of ocean exploitation activities, such as exploration, utilization, and extraction of marine resources, fishing activities, research of ocean science, ensuring the safety and security at sea, protection of the marine environment, registration of ships, implementation of rights and obligations of the flag state, labor relations on board and endorsement of seafarer's certificate of competency.

##### **Article 2. Legislation**

2.1. The maritime legislation shall consist of the Constitution of Mongolia, present Law, and other legislative acts enacted in conformity therewith.

2.2. If an international treaty to which Mongolia is a party is inconsistent with present Law, then the provisions of the international treaty shall prevail.

##### **Article 3. Scope for application of the Law**

3.1. Present Law shall apply to citizens and legal entities irrespective of their nationality and type and form of ownership when they engage in maritime transport and ocean exploitation activities by vessels flying the state flag of Mongolia.

3.2. The board of vessels flying the state flag of Mongolia shall be in the exclusive jurisdiction of Mongolia.

##### **Article 4. Definitions of terms in Law**

4.1. The terms of the present Law listed here below shall be interpreted as follows:

4.1.1. "vessel" means an engine or self-propelled engineering sailing structure, designated for maritime activities.

4.1.2. "vessel flying the state flag of Mongolia" means a vessel or ship which is registered under the ship registration of Mongolia in accordance with present Law.

4.1.3. "port" means a seashore berthing structure that is equipped with special facilities, designated for mooring of vessels.

4.1.4. "seaworthiness" means a condition of a vessel that is fit for its intended type and purpose, meeting requirements of ecology, safety, and technical rules, manned with a complete professional crew, and provided with all manner of reserves and equipment required for a safe voyage at sea.

4.1.5. "captain" means a person who is responsible to lead the vessel and crew in order to carry out maritime activities safely on behalf of ship owners.

4.1.6. "crew" means a personnel expert who is responsible to ensure the safe operations of the vessel.

4.1.7. "bareboat charter" means a formal agreement that the owner leases the vessel to the charterer with rights to take possession and use of a ship, to take full control of it, and appoint its captain and crew.

4.1.8. "recognized organization" means a classification society or legal entity entrusted by the Maritime Administration with the rights to conduct inspections, surveys, and technical controls over the ships registered under the ship registration of Mongolia along with granting relevant certificates.

4.1.9. "ship-owner" means a person and legal entity being entitled to own the ship with a particular duration according to its own right and legitimate interest based on relevant laws and agreements, using the ship, and having responsibility for it.

4.1.10. "flag state control" means an activity to take control of whether the vessels registered under the ship registration of Mongolia are in compliance with the requirements of laws, legislation, and international treaties.

4.1.11. "salvage" means an integrated process being carried out to rescue a vessel, human life, health, or any other property in danger.

4.1.12. "seafarer" means a person who is working in the crew in order to ensure the safety of the ship, prevent marine environment pollution, and protect the marine environment.

## **CHAPTER TWO**

### **PLENARY POWER OF STATE BODY IN CHARGE OF MARITIME AFFAIRS**

#### **Article 5. Rights and obligations of state administrative central body in charge of maritime affairs**

5.1. The state administrative central body in charge of maritime affairs shall exercise the rights and obligations as follows:

5.1.1. To arrange the implementations of laws and government decisions related to maritime affairs;

5.1.2. To implement the international treaty to which Mongolia is a party, conforming the laws into such treaties and enforcing its implementation;

5.1.3. To conduct monitoring and evaluation on the implementation of conventions and guidance of the International Maritime Organization every two years and deliver the report to the International Maritime Organization;

5.1.4. To assign and make executed part of duties and obligations to any other government and non-government specialized organizations on the basis of contracts;

5.1.5. To organize and coordinate the activity of port utilization in accordance with the agreements concluded with the Governments of coastal states;

5.2. Maritime Administration shall be subordinated to the state administrative central body.

#### **Article 6. Rights and obligations of Mongolia Maritime Administration**

6.1. The Maritime Administration shall exercise the rights and obligations in accordance with the international treaty to which Mongolia is a party as follows:

6.1.1. To provide maritime activities with the professional administration and monitoring;

6.1.2. To register the ships into the ship registry of Mongolia;

6.1.3. To take technical control over the ship structure, engine, and other equipment;

6.1.4. To take measures to create a favorable environment and protect life and health in which employees and passengers on board the vessel to work and live;

6.1.5. To take measures for ensuring the safety of maritime activities;

6.1.6. To take control over long-range identification and tracking of ships;

6.1.7. To prevent marine pollution from ships and take relevant measures in case of such pollution occurs;

6.1.8. To conduct research and studies related to the port utilization activities set out in paragraph 5.1.5 of the present Law;

6.1.9. To organize joint training with relevant domestic and international institutions in the maritime field, train specialized workers, re-train and provide advanced training;

6.1.10. To recognize and endorse the seafarer's certificate of competency which is issued by the foreign authority and met proper requirements of international treaties and conventions;

6.1.11. To determine the short and long-term needs of national staffing that will work on board as a crew member along with organizing issues to prepare them in compliance with the relevant international treaties;

6.1.12. To implement the international treaties to which Mongolia is a party and prepare a draft proposal to promulgate relevant laws and other legislative acts enacting in conformity therewith;

6.1.13. If the right has been authorized by law, to draft the administrative normative acts in compliance with the laws and legislations and take control over its implementations;

6.1.14. To take measures to prevent recurrent cases of casualty and incidents based on the guidance investigated the marine casualty and incidents;

6.1.15. To expend at least 20 percent of the income from the ship registration services for taking control over the implementation of the flag state within the framework of legislation.

6.2. The actions stated in paragraphs 6.1.3, 6.1.4, 6.1.5, 6.1.6, 6.1.7, 6.1.9, 6.1.11, and 6.1.14 of the present Law may be exercised cooperating with respective international authorized competent organizations;

6.3. The Maritime Administration may draft technical and any other standards, rules, regulations in compliance with present Law, enacting such acts by a relevant authority and enforcing it to the registered ships.

## **CHAPTER THREE**

### **VESSEL, CREW, AND LABOUR RELATIONS ON BOARD**

#### **Article 7. Vessel**

7.1. The vessel shall be equipped with proper equipment required for protecting the health and life of crew members and passengers, ensuring the safety and wholeness of a shipment being carried and not polluting the marine environment.

7.2. Seaworthy ships only shall proceed to ocean voyage.

#### **Article 8. Flying the state flag of Mongolia on a vessel**

8.1. A vessel registered under the ship registry of Mongolia shall be entitled to fly the state flag of Mongolia.

8.2. The symbol identifying the Mongolian nationality of the vessel shall be the state flag of Mongolia.

8.3. The state flag flying on the vessel registered under the ship registry of Mongolia shall have identical color, shape, and size as specified in the provision of section 5 in Article 12 of the Constitution of Mongolia and such flag shall be flown and depicted in accordance with the provisions of section 3 in Article 13 and section 2 in Article 14 of Law on State Symbol.

#### **Article 9. Name of vessel**

9.1. Every vessel registered under the ship registry of Mongolia shall have its own proper name and such name shall not be duplicated with any other vessel's name.

9.2. In case transferring the right of ship ownership or any other acceptable condition arises, the name of the vessel can be changed. If the name of the vessel is changed, such alteration shall be annotated in the registry and the certificates shall be re-issued.

#### **Article 10. Call sign**

10.1. The Maritime Administration shall assign maritime mobile service identity and call sign numbers.

10.2. The Maritime Administration shall approve the regulation to assign numbers set out in paragraph 10.1 of the present Law.

#### **Article 11. Crew**

11.1. Crew of the vessel shall consist of a captain and crewmen.

11.2. Citizens of Mongolia, foreign citizens, or stateless persons who are at least 18 years of age, having professional high skills, and meeting health requirements shall be employed as a crew member under contractual terms in conformity with applicable international conventions.

11.3. Ship-owner shall approve the code of conduct and internal labor regulation for the crew of the vessel.

#### **Article 12. Captain of a vessel and his rights and duties**

12.1. Captain shall direct crewmen.

12.2. Captain is obliged to lead and manage the vessel, ensuring the safety of the vessel pre-departure and during the voyage, protecting the marine environment, enforcing on-board disciplines, defending health, life and assets of crewmen and passengers along with taking relevant measures to prevent possible potential damage and loss to the shipment.

12.3. Captain has the right to reward crewmen and take measures in accordance with the code of conduct.

#### **Article 13. Sea protest**

13.1. Where circumstances arising out of natural and technical accidents while the vessel is underway or made fast at port constitute grounds for property claims by the ship-owner, the captain may issue a sea protest to the diplomatic mission of their own country or to the competent official of the respective state in accordance with a procedure prescribed by the respective port authority with the purpose of protecting rights and legitimate interests of ship-owner.

13.2. In sea protest, the circumstances of accident or hazard and actions taken by the captain to preserve the safety of entrusted property shall be comprised.

#### **Article 14. Abandon the vessel**

14.1. In case of an inevitable shipwreck, the captain shall take action to ensure the safety of passengers and crewmen and render a decision to abandon to vessel.

14.2. Upon abandonment of the vessel by passengers and crewmen, the captain shall collect ship documents and leave the vessel at last.

#### **Article 15. Commitment of crime on board a vessel**

15.1. In case any crime is committed on board a vessel, the captain shall conduct an inquiry.

15.2. In case of attacks on a vessel, it shall be regulated by the United Nations Convention on the Law of the Sea and the Convention for the Suppression of Unlawful Acts Against the Safety of Maritime Navigation.

#### **Article 16. Birth and death on board a vessel**

16.1. In case of birth or death on board a vessel, the captain shall draw up a document in a presence of two witnesses and a physician and record the event in the logbook.

16.2. Captain shall compile a list of personal effects of a deceased person in the presence of two witnesses and keep them until transfer to the competent authority or person.

16.3. In case the vessel proceeds on a long-term voyage that render keeping the body impossible, it shall be buried in the sea according to sea custom after compiling documents specified in paragraph 16.1 of present Law and shall get permission from the family of a deceased person through contact of captain.

#### **Article 17. Report on damage, harm, and accident of vessel**

17.1. In case any damage or harm that will make a direct impact on the safe operations of the vessel occurs, the ship-owner and captain shall immediately report it to the Maritime Administration.

17.2. If technical modification is performed to the vessel and its equipment, the ship-owner and captain shall report such modification to the Maritime Administration within 7 days.

17.3. Ship-owner and captain shall report to the Maritime Administration within 24 hours whenever the following incidents occur:

17.3.1. Any damage that will make a direct impact on the safe navigation of ship or navigational mechanism, ship hull, surface, and equipment;

17.3.2. Any failure occurred on the ship, collision with any other objects, and any circumstances incurring the vessel under severe danger caused by other vessel's traffic;

17.3.3. Ship grounding or shipwreck;

#### **Article 18. Crewman**

18.1. Crewman shall comply with the following requirements:

18.1.1. To be met adequate requirements of qualifications, work experience, age limit, and health along with having the certificate of competency from relevant professional training authority;

18.1.2. To have the certificates endorsed by the Maritime Administration set out in paragraph 6.1.10 of the present Law.

#### **Article 19. Labor relations on-board**

19.1. Labor relations on board the vessels registered under the ship registry of Mongolia shall be regulated in accordance with present Law, Maritime Labor Convention, and International Convention on Standards of Training, Certification and Watchkeeping.

19.2. Captain of a vessel is obliged to ensure safe and reliable watchkeeping.

19.3. Watchkeeping shall be organized in such a way that the crewmen have enough rest and are able to fully perform their watch-keeping duties.

#### **Article 20. Obligations of ship-owner pertaining to the labor relations**

20.1. Ship-owner shall have the following obligations pertaining to the labor relations of crewmen on board:

20.1.1. To ensure occupational safety;

20.1.2. To protect health;

20.1.3. To provide with necessary facilities for search and rescue operations;

20.1.4. To provide with the provision and common water persistently;

20.1.5. To open up favorable conditions and places to work and rest;

20.1.6. To allow adequate cultural and hygienic conditions;

20.2 Ship-owner shall involve the crew of vessels in the following expenditures into the insurance services:

20.2.1. Wages, any other payments, and repatriation cost to home country;

20.2.2. Lives and health during the performance of official duties;

20.3. Vessel met requirements set out in paragraphs 20.2 of the present Law shall proceed to ocean voyage.

20.4. Relations between insurer and underwriter shall be regulated by relevant law of Mongolia and international treaties.

20.5. In case a vessel is remaining lost at sea, the ship-owner shall notify in writing the Maritime Administration with the information including the name of the vessel, call sign, and reason for prediction about the missing.

## **CHAPTER FOUR**

### **SHIP REGISTRY AND FLAG STATE CONTROL**

#### **Article 21. Port of registry for the ship registry of Mongolia**

21.1. Port of registry for the ship registry of Mongolia shall be the capital city which is Ulaanbaatar of Mongolia.

21.2. During the period of being under the registry of Mongolia, the name for port of registry or the way of writing as "Ulaanbaatar" shall be marked up on the vessel as observable from distance and the name for port of registration shall be annotated on every certificate of ship registration.

#### **Article 22. Ship registry**

22.1. Ship registry of Mongolia shall register all types of vessels excluding vessels engaged in armed force and navy, servicing for military and army purposes, and fishing vessels or any other ships operating in relevant field;

22.2. Ship registry of Mongolia shall be the form of "open registry" and shall register the ships without discrimination on the nationality of ship-owner, captain, and crewmen of vessel.

22.3. Regulations on the registration of vessels into the ship registry of Mongolia shall be approved by the Government.

22.4. Government shall determine the minimum amount of service fee related to the registration activities to the ship registry of Mongolia and flag state control.

22.5. In case of any violation of international treaties to which Mongolia is a party and other laws and legislative acts, the Maritime Administration shall be entitled to void the certificates and any other documents issued to the vessel without remuneration.

22.6. The Maritime Administration shall approve the form of certificates, such as permanent and provisional certificate of vessel, registration certificate on bareboat charter and endorsement certificates, and any other documents related to the registry.



22.7. Relations pertaining to the endorsement and acknowledgment of certificate of competency for seafarer shall be regulated in accordance with paragraph 22.3 of the present Law.

### **Article 23. Ship registry activities**

23.1. When the ship-owner or the statutory competent person authorized on behalf of him applies for ship registration, the name of vessel, net and gross tonnage, manufactured place and date of ship, official name and address of ship-owner shall be notified to the Maritime Administration.

23.2. Request on application of ship registration shall be submitted and filled out according to the form approved by the Maritime Administration and other accompanying documents shall be enclosed with it.

23.3. In case any profound is found, the Maritime Administration may reject to register a vessel.

23.4. When registering the ships, ship registration number shall be granted and such number shall be annotated on certificate of registration and record book of ship registry.

23.5. Regulation on number of registration shall be approved by the Maritime Administration.

23.6. Maritime Administration shall review the application requests submitted by ship-owner along with other enclosed documents and if the documents are met with requirements of registration, the provisional certificate shall be issued with the durations up to 6 months.

23.7. Ship-owner of vessels registered under ship registry of Mongolia may submit request to be deleted from registration in written form when the following requirements are satisfied as:

23.7.1. Mortgage agreement is redeemed;

23.7.2. Not having any reclamation and complaint regarding wages from captain and crewmen of vessel;

### **Article 24. Issuance of registration certificate on bareboat charter**

24.1. Vessels holding their registration under foreign states shall be registered into the ship registry of Mongolia upon collecting the following documents according to the bareboat charter and may obtain a registration certificate on a bareboat charter with the durations up to 2 years:

24.1.1. Request approved with the signature of ship-owner;

24.1.2. Original copy of bareboat charter between ship-owner and lessee or notarized copy of such agreement;

24.1.3. Acknowledgement deed for ownership of vessel;

24.1.4. Consent by the authority of the current state of registry, permitting the vessel to change its registration to another country for the period of chartering;

24.1.5. Copy of existing valid certificate for registration and technical power;

24.1.6. Certificate of ship-ownership and statutory certificate of registration;

24.2. Any registration pertaining to the change of ship-ownership shall not be carried out during the effective period of the bareboat charter;

24.3. In case the lessee submitted its request for an extension of the registration period before expiration of the registration certificate for bareboat charter, the certificate of registration may be extended with the duration of up to 2 years during the effective period of bareboat charter.

24.4. Vessel holding its registration under the ship registry of Mongolia may be registered into the registration for bareboat charter of foreign states. In this case, the vessel shall take permission from Maritime Administration on changing its registration to another country. In order to get such permission, the following documents shall be collected:

24.4.1. Written consent submitted by ship-owner;

24.4.2. Written consents which are related to the mortgage of real property and claims, submitted by each stakeholder;

#### **Article 25. Registration of mortgage guarantee**

25.1. Vessel registered under the ship registry of Mongolia and its shares may become a guarantee for mortgage and property and the Maritime Administration shall register such guarantee and issue the certificate.

25.2. Maritime Administration shall register the date, time and minutes received the request on registration of the guarantee specified in paragraph 25.1 of present Law and shall affirm it with signature;

25.3. In case the ship-owner redeemed the sum of mortgage, the relevant documents therewith shall be collected and the registration of mortgage guarantee shall be abolished.

25.4. In case the mortgage guarantee is transferred to another person, the transferee shall be registered with the Maritime Administration.

#### **Article 26. Technical control over vessels**

26.1. In terms of the flag state, a recognized organization that shall conduct technical inspections, surveys, and controls over vessels registered or to be registered under the ship registry of Mongolia and issue relevant certificates to such vessels, shall be entrusted.

26.2. Scope of rights, duties, and responsibilities shall be determined by the agreement concluded with the Maritime Administration.

26.3. Regulations on entrustment of a recognized organization, evaluating and analyzing its performance as well as monitoring and coordinating its functions shall be approved by the state administrative central body in charge of maritime affairs.

### **Article 27. Flag state control**

27.1. Control and inspections on whether the vessels registered under the ship registry of Mongolia and crew on it are complying with the requirements enacted in national laws and legislative acts and international treaties shall be carried out by the flag state inspector and surveyor.

27.2 Inspections and surveys shall have the following purposes:

27.2.1. To verify if the vessel registered under the ship registry of Mongolia ensures technical safe operations and takes measures to ensure maritime safety and to protect the marine environment;

27.2.2. To enforce the vessel registered under the ship registry of Mongolia to be in compliance with the international treaties and domestic laws, rules, regulations, and standards;

27.2.3. To determine whether the actual situation and condition of the vessel registered under the ship registry of Mongolia is meeting the technical requirements indicated in the certificate on-board issued by the recognized organization;

27.2.4. To take control over whether the crew of vessel is discharging their duties on safe operations and prevention of omnigenous pollution;

27.2.5. To take control over the performance of recognized organizations and entrusted surveyors to act on behalf of the flag state.

### **Article 28. Flag state inspector and his full rights**

28.1. Entitlement of flag state inspector shall be granted by a Cabinet member in charge of maritime affairs.

28.2. Flag state inspector shall satisfy general requirements, such as specializing in ship engineering, having work experience in the maritime sector, retraining through relevant training programs, being healthy, and having physical preparation.

28.3. Flag state inspector shall exercise the following full rights:

28.3.1. To be provided with occupational protection clothes, technics, equipment, and facilities required for fulfilling his assigned duty;

28.3.2. To enter and board the vessel registered under the ship registry of Mongolia;

28.3.3. To acquire information, research, explanation, description, and any other documents required for the inspection and surveys from the ship-owner and captain free of charge;

28.3.4. To require ship-owner and captain to intercept the deficiencies and offenses found during the inspection and surveys and to remove causes and circumstances of such findings;

28.3.5. To have full responsibility for warranty and justification of evaluation, formal requisition, digital information, and evidence during the inspection and surveys;

28.3.6. To impose amenability in accordance with applicable law;

28.3.7. Any other full rights specified in law and legislation;

28.4. Flag state inspector shall have a uniform and identification mark and such identification mark shall be approved by the state administrative central body in charge of maritime affairs.

28.5. Any inspector or surveyor of a port state entrusted by the Maritime Administration may conduct flag state control and inspections.

28.6. Flag state inspector shall be specialized in ship engineering, worked on board at least 5 years continuously, and shall exercise the full rights specified in paragraphs from 28.3.1, 28.3.2, 28.3.3, 28.3.4, and 28.3.5 of the present Law.

#### **Article 29. Conduct inspection and surveys on vessel**

29.1. Flag state inspector or surveyor shall notify about the conduct of inspections and surveys prior to the arrival of vessel at the port to the representative of vessel.

29.2. Representative of vessel shall prepare and obtain necessary certificates for boarding of flag state inspector or surveyor from the relevant organization in advance;

29.3. Once the vessel arrives at the port, the flag state inspector or surveyor shall conduct inspection and surveys while all departments and equipment of the vessel are being under operation with the presence of the captain and crew.

29.4. Flag state inspector or surveyor shall notify about the deficiency and findings found during the inspection and surveys to the ship-owner.

29.5. Flag state inspector or surveyor shall conduct inspection and surveys on labor conditions of crew, accommodation to live and work, supply of provision, protection of health, medical aid and service as well as equipment of safe operations along with verifying certificate of competency granted to the seafarer.

29.6. In order to verify whether the vessel is operating in normal condition and manned with satisfactory crew in compliance with the requirements of national laws, legislations, international treaties, and conventions, the flag state inspector and surveyor shall conduct an inspection focusing on the operational safety of vessel and condition of firefighting equipment;

29.7. Flag state inspector or surveyor shall present a report pertaining to the inspections and surveys conducted on a vessel in accordance with the national laws, legislations, and international treaties along with authenticating such report.

29.8. Flag state inspector or surveyor shall acquaint the report to the captain of the vessel for certain.

29.9. In case any deficiency is found, the flag state inspector or surveyor shall notify about it to the captain of vessel and the captain shall take action to eliminate such deficiencies.

29.10. Regulations on flag state inspections and surveys shall be approved by the state administrative central body in charge of maritime affairs.

### **Article 30. Detention of vessel**

30.1. In case the vessel registered under the ship registry of Mongolia offenses violation against the technical safety in accordance with the international laws and legislations on maritime transportation and prevention of marine pollution, the Maritime Administration may detain such vessel substantiating the recommendation of the flag state inspector or surveyor.

30.2. Maritime Administration shall entrust and appoint surveyors of recognized organizations for conducting inspections and surveys on detained vessels and shall collect reports about inspection and surveys along with rendering decisions on whether the vessel shall be kept detained or continue its voyage based on such reports.

### **Article 31. Port state control**

31.1. In case of any detention or deficiency is found by port state control, the flag state inspector shall re-inspect the vessel, recording every deficiency along with mentioning whether the deficiencies are fixed and further necessary maintenance or service on the report.

### **Article 32. Long-range identification and tracking of vessel**

32.1. Vessels registered under the ship registry of Mongolia shall be equipped with a long-range identification and tracking system.

32.2. Regulations on long-range identification and tracking of the vessel shall be approved by the state administrative central body in charge of maritime affairs.

### **Article 33. Investigation into a marine casualty or incidents**

33.1. Investigation into a marine casualty or incidents shall be carried out with the purpose of identifying cause and circumstances of marine casualty or incidents along with preventing recurrent cases of them and such activity shall not be focused on proving someone guilty.

33.2. Maritime Administration shall be the competent authority to investigate marine casualties and incidents in accordance with the international treaties to which Mongolia is a party along with appointing and resigning investigators who shall investigate such casualties and incidents.

33.3. In case any marine casualty or incidents occur, the Maritime Administration shall immediately inform other foreign countries' authorities associated with the occurrence.

33.4. Stakeholders that can be associated with the marine casualty and incidents, such as flag state or port state shall discuss and make a decision on which country shall undertake the investigation procedure. In case of not reaching any decision, each stakeholder may conduct the investigation procedure independently.

33.5. Marine casualties or incidents mean the following cases which have direct connections to the operations of vessel:

33.5.1. Any severe injury to a person or death;

33.5.2. Disappearance of a person on board of vessel;

33.5.3. Missing of a vessel or ship abandonment;

33.5.4. Any damages encountered to the vessel or property on it;

33.5.5. Shipwreck due to the collision;

33.5.6. Any damages or faults which can make a direct impact on the safety of a vessel occurred to the ship or its equipment;

33.5.7. Polluting and causing damage to the marine environment due to the casualty or incident;

33.6. Regulation on investigation onto marine casualty and incident shall be approved by the state administrative central body in charge of maritime affairs.

## **CHAPTER FIVE**

### **MARITIME ACTIVITIES**

#### **Article 34. Maritime activities**

34.1. Maritime activities, such as maritime transport by the vessels, exploration, exploitation, and extraction of marine resources, fishing, and ocean science research shall be regulated by the state administrative central body in charge of maritime affairs conforming to applicable international treaties.

#### **Article 35. Obligations of the legal person conducting maritime activities**

35.1. Legal person shall conduct maritime activities within the norms and limits enacted by international treaties.

#### **Article 36. Seaport utilization**

36.1. Activities pertaining to the utilization of seaports shall be regulated by laws, rules, and regulations enacted by coastal states.

Remark: "Seaport utilization" means activities of loading and unloading, storing, transporting, packaging, and fastening up the shipments on any terminal or dock which is rented by Mongolia in accordance with the applicable intergovernmental agreements with coastal states.

36.2. According to the intergovernmental agreements between the Government of Mongolia and any Government of coastal states, the juridical person of Mongolia shall use the seaport terminal and docks for the aims of shipping, trade, and logistics.

36.3. Juridical person of Mongolia may run business activities enacted by the law, such as establishing an economic free zone, renting or leasing yard, investing, and any other operations on the seaports of transit states in order to configure favorable conditions of transit.

## **CHAPTER SIX**

### **IMPLEMENTATION OF INTERNATIONAL TREATIES AND CONVENTIONS IN MARITIME SECTOR**

#### **Subchapter One**

##### **Article 37. Ensuring the safety of life at sea**

37.1. Vessels of 500 GT and more, which are registered under the ship registry of Mongolia shall be inspected and surveyed in accordance with the International Convention on Safety of Life at Sea.

37.2. Recognized organization shall conduct inspection and survey on vessel whether its hull, structure, machinery, electrical equipment, and radio communication are in compliance with the requirements.

37.3. Certificate on safety shall be issued by a recognized organization.

37.4. Form of the certificate shall correspond to that of the model approved by the annex of the convention set out in paragraph 37.1 of the present Law.

37.5. Passenger ship safety certificate shall be issued for a period not exceeding 1 year and the cargo ship safety certificate shall be issued for a period not exceeding 5 years.

37.6. In case a vessel registered under the ship registry of Mongolia and not involved in the international voyage proceeds a single international voyage, the Maritime Administration may exempt the vessel from the requirements specified in paragraph 37.3 of the present Law and shall provide instructions to be adhered during the voyage.

37.7. According to paragraph 37.6 of the present Law, the period of the certificate on exemption shall be identical to the period set out in paragraph 37.5 of the present Law.

37.8. In case the exemption is allowed and the adequate certificate is issued according to paragraph 37.6 of the present Law, the Maritime Administration shall communicate such exemption and its justification to the International Maritime Organization.

37.9. The Maritime Administration may permit the vessel to replace its equipment, materials, and facilities with comparable equipment, materials, and equipment, if it is

proved with experiment and meeting requirements and the Maritime Administration shall communicate such information to the International Maritime Organization.

## **Subchapter Two**

### **Article 38. Marine salvage**

38.1. Once the distress signal is received, the captain is obliged to come to the position of salvage, render necessary assistance and conduct salvage operations upon ensuring the safety of his own vessel.

38.2. Captain shall be entitled to make a salvage contract on behalf of the ship-owner and the captain or ship-owner shall be entitled to conclude the agreement on behalf of the owner for property and assets on board.

38.3. Towing a vessel until safe place shall belong to the salvage.

38.4. If the contract related to salvage has been made by way of improper effect or influence of threat, the terms of the contract are deemed as unfair and the payment amount on the contract is more excessive than the actual service, the court may nullify the contract wholly or partially.

38.5. Salvor shall have the following duties afore the ship-owner of the vessel in distress:

38.5.1. To conduct the salvage operations properly;

38.5.2. In performing salvage operations, taking actions to prevent marine pollution and maintaining the other environmental catastrophes as minimum as possible;

38.5.3. To request assistance from other salvors depending on circumstances;

38.5.4. Participation of other salvors may be accepted by the request of the ship-owner of the vessel in distress, captain, or possessor of property on board and such involvement shall not affect the amount of salvage reward.

38.6. Ship-owner of a vessel in distress, captain, and possessor of property on board shall collaborate with salvor actively during salvage, preventing marine pollution, trying to maintain other environmental catastrophes as minimum as possible, and receiving the vessel and property on board when it is brought to a safe position.

### **Article 39. Reward of salvage**

39.1. In case the salvage is operated successfully in accordance with the contract and made positive results, the salvor shall be rewarded.

39.2. Any other rewards except the judgment of the court shall not be exceeded than the actual cost of the vessel rescued and its equipment.

39.3. Salvor who completed the salvage operations but could not get the reward may be compensated with the expenses spent to prevent marine pollution and to maintain other environmental catastrophes as minimum as possible by a ship-owner. The court



may increase the amount of compensation upon calculating expenses and efforts made by salvor for protecting the marine environment, however, such raise shall not be exceeded the actual total amount of expense spent by the salvor.

39.4. If there was not sufficient circumstance to be considered as distress and the assistance and service of salvage was not conducted in accordance with the contract, any rewards shall not be granted.

39.5. Rewards to be allowed to ship-owner and crew for the performance of salvage shall be distributed in accordance with the following principles before deducting the expenses ensuing from salvage:

39.5.1. Three-fifths of the total reward shall be distributed to the ship-owner and two-fifths shall be granted to the captain and crew;

39.5.2. When distributing the reward specified in clause 39.5.1 of present Law, the tasks accomplished during the salvage of the captain and each crewman and their wages shall be considered.

39.6. Paragraph 39.5 of present Law shall not be exercised for distribution of rewards obtained from rescue operations within the framework of their own professional activities;

39.7. Ship-owner shall not move the vessel and any other property on board without permission given by salvor after the salvage is accomplished.

39.8. Person who is obliged to settle payment shall pay the deserved amount of reward and expenses. The ship-owner of the vessel and possessor of the property on-board shall pay the reward coordinating to the rescued assets of each.

39.9. If the ship-owner remunerated the reward in advance on behalf of other payer parties, such expenses shall be reimbursed by the relevant parties. In doing so, the ship-owner shall be compensated by the amount of expenses tied up with the rescued assets belonging to each of them.

39.10. Ship-owner of the vessel which was rescued shall take every possible step on obtaining and invoicing the expenses and part of payment belonging to the shipper from the total amount of settled payment to the salvor.

### **Subchapter Three**

#### **Article 40. Prevention of ship collision**

40.1. Vessels registered under the ship registry of Mongolia shall comply with the provisions of the Convention on the International Regulations for Preventing Collisions at Sea and shall be equipped with lights, shapes, sound, and light signals set out in the Convention.

40.2. In case of ship collision, captains of each vessel shall take all available means of appropriate measures for avoiding any catastrophes which may encounter to his vessel, crew, passenger, shipment, and marine environment, rendering assistance to any other vessel which is collapsed more without causing damages to such vessel, its

crew, passenger, shipment and marine environment and do all available means of potential efforts for rescuing the vessel from any dangers caused from collision until verifying that any further assistance is not required for the opponent vessel in danger.

40.3. Losses incurred to any property due to the collision and salvage operations shall be regulated by international treaties to which Mongolia is a party.

#### **Subchapter Four**

##### **Article 41. Prevention of pollution from ships**

41.1. Vessels registered under the ship registry of Mongolia shall be manufactured and equipped in a manner that is in compliance with the requirements set out in the International Convention for the Prevention of Pollution from Ships in order to prevent marine environment pollution from ships, such as fouling, sewage, garbage, pumping, emitting and discharging of harmful substances and noxious liquid substances.

Remark: "harmful substance" means any substance which is liable to create hazards to human health, harm living resources, and marine life, damage amenities, or interfere with other legitimate uses of the sea.

41.2. Vessel shall have certificates for getting involved in the inspections and surveys of recognized organizations or meet requirements on exemption of certificates upon sailing at sea.

##### **Article 42. Prevention of pollution by oil from oil tankers**

42.1. Oil tankers registered under the ship registry of Mongolia, which are of 150 GT or more and other vessels of 400 GT and more shall be inspected and surveyed in accordance with the convention set out in paragraph 41.1 of the present Law.

42.2. Recognized Organization shall conduct inspection and surveys on whether the vessel's structure, equipment, setting, arrangement, and materials are meeting requirements specified by the convention set out in paragraph 41.1 of the present Law.

42.3. Recognized Organization shall issue an international certificate on prevention of oil pollution at sea.

42.4. Form of the certificate shall correspond to that of the model approved by the annex of the convention set out in paragraph 41.1 of the present Law.

42.5. Certificate on prevention of oil pollution at sea shall be issued for a period not exceeding 5 years.

42.6. Any modification except replacement of vessel's structure, equipment, settings arrangement, and materials shall not be applied without the permission given by the Maritime Administration since the survey is conducted.

42.7. Vessel shall be equipped with the system to detect oil spills, filter and give signals, and record relevant logs. The activities related to the operations of apparatus parts, loading, and ballast shall be annotated in the logbook.

42.8. Vessels registered under the ship registry of Mongolia shall have an oil spill contingency plan approved by the Maritime Administration.

**Article 43. Prevention of pollution by the carriage of noxious liquid substances in bulk**

43.1. All Mongolian vessels involved in the transport of noxious liquid substances shall be inspected and surveyed in accordance with the convention set out in paragraph 51.1 of the present Law.

43.2. Recognized organization shall undertake inspections and surveys on whether the structure, equipment, settings, arrangement, and materials of a vessel are complying with the technical requirements specified in paragraph 41.1 of the present Law.

43.3. Recognized organization shall issue an international certificate on the prevention of marine pollution by noxious liquid substances.

43.4. Certificates on the prevention of marine pollution by noxious liquid substances shall be issued for a period not exceeding 5 years.

43.5. Form of the above certificate shall correspond to that of the model approved by the annex of the convention set out in paragraph 41.1 of the present Law.

43.6. Any modification except replacement of the vessel's structure, equipment, settings, arrangement, and materials shall not be applied without the permission given by the Maritime Administration since the survey is conducted.

43.7. Every Mongolian vessel involved in the transport of bulk liquid substances shall have on-board manuals approved by the Maritime Administration for operations and arrangements concerning cargo handling, tank cleaning, slop handling, and cargo tank ballasting and de-ballasting.

43.8. In case any operations in terms of noxious liquid substances are processed on board, the cargo record book shall be recorded separately for each tank, and the activities related to cargo handling and any accidental discharge of noxious liquid substances shall be recorded and annotated on it.

43.9. Vessels registered under the ship registry of Mongolia shall carry on board a shipboard marine pollution emergency plan for noxious liquid substances approved by the Maritime Administration.

**Article 44. Prevention of pollution by harmful substances carried by sea in packaged form**

44.1. All vessels registered under the ship registry of Mongolia and involved in the transport of harmful substances carried by sea in packaged form or the tank shall be inspected and surveyed in accordance with the convention set out in paragraph 41.1 of present Law.

44.2. Recognized organization shall issue the compliance certificate on prevention of pollution by harmful substances carried by sea in packaged form.

44.3. Empty packages and containers used for carrying harmful substances shall be considered the same as harmful substances, moreover, the containers or packages shall be cleaned and necessary actions shall be taken in order to prevent marine pollution.

#### **Article 45. Prevention of pollution by sewage from ships**

45.1 Vessels of 400 GT or more and vessels proceeding on an international voyage with 15 passengers or over shall be inspected and surveyed in accordance with the convention set out in paragraph 41.1 of the present Law in order to prevent pollution by sewage from ships.

45.2 Recognized organization shall undertake inspections and surveys on whether the structure, equipment, settings, arrangement, and materials of a vessel are complying with the technical requirements specified by the convention set out in paragraph 41.1 of the present Law.

45.3 International certificate on prevention of pollution by sewage from ships shall be issued by a recognized organization.

45.4 International certificate on prevention of pollution by sewage from ships shall be issued for a period not exceeding 5 years.

45.5. Form of the above certificate shall correspond to that of the model approved by the annex of the convention set out in paragraph 41.1 of the present Law.

45.6 Any modification except replacement of the vessel's structure, equipment, settings, arrangement, and materials shall not be inserted without the permission given by the Maritime Administration since the survey is conducted.

45.7. During the operations of discharging the sewage into the sea, the sewage shall not be discharged instantaneously but at a moderate rate using sewage treatment equipment or a transmitting and cleaning system.

#### **Article 46. Prevention of pollution by garbage from ships**

46.1. All vessels registered under the ship registry of Mongolia shall comply with the convention set out in paragraph 41.1 of the present Law preventing pollution by garbage from ships.

46.2. Vessels with a length of 12 meters or over shall introduce the requirements on dumping of garbage to the crew and passengers along with posting posters.

46.3. Every vessel of 100 GT or more and carrying passengers of 15 or over shall keep a record book of the generated waste and shall carry on board a waste management plan according to the guideline approved by the International Maritime Organization.

#### **Article 47. Prevention of air pollution from ships**

47.1. All vessels registered under the ship registry of Mongolia shall comply with the convention set out in paragraph 41.1 of the present Law preventing air pollution from ships.

47.2. Vessels registered under the ship registry of Mongolia which is of 400 GT or more, including fixed and floating drilling rigs and other platforms shall be inspected and surveyed.

47.3. Recognized organization shall undertake inspections and surveys on whether the equipment, facilities, system, arrangement, and materials of vessels, drilling rigs and platforms are meeting requirements to prevent air pollution.

47.4. International air pollution prevention certificate shall be issued by a recognized organization.

47.5. International air pollution prevention certificate shall be issued for a period not exceeding 5 years.

47.6. Mongolian vessels of 400 gross tonnages and above shall be inspected and surveyed by a recognized organization before proceeding voyage and shall be certified with an international energy efficiency certificate.

47.7. In case the vessel is deleted from the ship registry of Mongolia and obtained the right to fly the flag of another state, the international energy efficiency certificate shall be ceased to be valid.

47.8. The form of air pollution and energy efficiency certificate shall be identical to the form approved by the annex of the convention set out in paragraph 41.1 of the present Law.

47.9. Every vessel shall carry an energy efficiency management plan according to the guideline approved by International Maritime Organization.

47.10. After any survey of the vessel has been completed, no change shall be made in the structure, equipment, arrangements, material, or scantlings covered by the survey, without permission by the Maritime Administration.

#### **Article 48. Report of marine pollution incidence and following instructions**

48.1. If a vessel registered under the ship registry of Mongolia detected or caused any marine pollution, such vessel shall immediately report to the nearest relevant authority or coastal state.

48.2. Vessel caused marine pollution shall abide by the instructions given by the nearest coastal state in order to limit or minimize the amount of pollution.

### **Subchapter Five**

#### **Article 49. Load line of vessel**

49.1. Vessels of 24 meters in length or above and of 150GT, which are registered under the ship registry of Mongolia shall be inspected and surveyed according to the Regulations for determining load lines set out in the International Convention on Load Lines, moreover, shall be marked with load line which is the maximum permitted limit to which the ship can be loaded.

49.2. Vessel shall be prohibited to load over the permitted load line and shall keep the clearance of minimum freeboard on the sides of the ship hull corresponding to the season of the year, the density of water, and the zone or area.

49.3. Any vessels required to get a valid load line certificate or not having such certificate and loaded exceeding the permitted waterline shall not proceed sea voyage in accordance with the requirements of issued certificates.

49.4. Vessels inspected with load line surveys and marked shall be granted with the load line certificate for a period of up to 5 years.

49.5. In case the vessel is deleted from the ship registry of Mongolia and obtained the right to fly a foreign country's flag, the load line certificate shall be voided.

49.6. The form of certificate shall correspond to that of the model approved by the annex of the convention set out in paragraph 49.1 of the present Law.

49.7. Recognized organization shall undertake activities related to inspection and survey on load line of vessels registered under the ship registry of Mongolia and issuance of the certificate.

#### **Article 50. Inspection and survey on load line of vessel**

50.1. Inspection to renew the load line certificate of the vessel shall be conducted within 5 years and shall ensure that the general arrangement, materials, and scantlings of the vessel fully comply with the requirements.

50.2. Annual inspection on load line shall be conducted with the following purposes of ensuring that:

50.2.1. Any alterations have not been made to the hull or superstructures which would affect the calculations determining the position of the load line;

50.2.2. The maintenance in an effective condition of fittings and appliances for protection of openings, guard rails, freeing ports, and means of access to crew's quarters.

50.2.3. The load line of the freeboard over the surface of the water is marked correctly;

50.2.4. Information is provided on whether the repairs, alterations, and modification of a vessel and outfitting related thereto are meeting requirements:

50.3. After any survey of the vessel has been completed, no change shall be made in the structure, equipment, arrangements, material, or scantlings covered by the survey, without permission by the Maritime Administration.

#### **Article 51. Terms on the exemption from requirements of load line**

51.1. Vessels when engaged on single voyages of short distances or between near neighboring ports may be exempted from the requirements to get an international load line certificate. In this case, a short-term load line certificate or exemption certificate shall be issued to such vessel.

51.2. The Maritime Administration which allows any exemption under paragraph 51.1 of present Law shall communicate to the International Maritime Organization particulars of the same and reasons.

### **Subchapter Six**

#### **Article 52. Tonnage measurement certificate**

52.1. Recognized organization shall measure the gross and net tonnages of every vessel of 24 meters in length or above, which are being registered under the ship registry of Mongolia by the Regulations for Determining Gross and Net Tonnages of Ships set out in the International Convention on Tonnage Measurement of Ships and issue the International Tonnage Certificate.

52.2. If the vessel is required to get Panama Canal and Suez Canal tonnage certificates along with the certificate set out under paragraph 52.1 of the present Law, the measurement shall be conducted in accordance with the relevant laws and regulations enacted by the states being subject to each canal.

52.3. The form of certificate shall correspond to that of the model approved by the annex of the convention set out under paragraph 52.1 of the present Law.

#### **Article 53. Cancellation of international tonnage certificate**

53.1. In case the assigned load line would necessitate an increase in gross tonnage or net tonnage due to any alterations that have taken place in the arrangement, construction, capacity, and use of spaces of the vessel, an International tonnage certificate shall cease to be valid.

53.2. In case the vessel is deleted from the ship registry of Mongolia and obtained the right to fly the flag of another state, the international tonnage certificate shall cease to be valid.

### **Subchapter Seven**

#### **Article 54. Limitation of liability for maritime claims**

54.1. Ship-owners, charterer, captain, operators, and salvors rendering services in direct connection with salvage operations shall limit their liability by the claims set out under Article 55 in accordance with the rules of the Convention on limitation of liability for maritime claims.

54.2. If any claims subject to limitation are made against any person for whose act, neglect, or default the ship-owner is responsible, such person shall be entitled to avail himself of the limitation of liability provided for the Convention set out under paragraph 54.1 of present Law.

54.3. The liability of a ship-owner shall include liability in an action brought against the vessel herself.

54.4. An insurer of liability for claims subject to limitation may be entitled to the benefits to the same extent as the assured himself.

54.5. The act of invoking limitation of liability shall not constitute an admission of liability.

#### **Article 55. Claims subject to limitation**

55.1. Following claims, whatever the basis of liability may be, shall be subject to limitation of liability:

55.1.1. Claims in respect of loss of life or personal injury or loss of damage to property including damage to harbor works, basins, and waterways, and aids to navigation, occurring on board or in direct connection with the operation of the vessel or with salvage operations and consequential loss resulting therefrom;

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

55.1.3. Claims in respect of other loss resulting from infringement of rights other than contractual rights, occurring in direct connection with the operation of the vessel or salvage operations;

55.1.4. 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 vessel;

55.1.5. Claims in respect of the removal, destruction, or the rendering harmless of the cargo of the vessel;

55.1.6. Claims of a person other than the person liable in respect of measures taken in order to avert or minimize loss for which the person liable may limit his liability and further loss caused by such measures.

55.2. Claims set out in paragraph 55.1 of present Law shall be subject to limitation of liability even if brought by way of recourse or for indemnity under a contract.

55.3. Claims set out in paragraph 55.1.6 of present Law shall not be subject to limitation of liability to the extent that they relate to remuneration under a contract with the person liable.

#### **Article 56. Claims excepted from limitation**

56.1. Following claims shall not be subject to limitation of liability:

56.1.1. Claims for salvage or contribution in general average;

56.1.2. Claims for oil pollution damage;

56.1.3. Claims of remuneration of loss subject to the carriage of dangerous and toxic substances;

56.1.4. Claims for shipwreck sunken into the sea;

56.1.5. Claims against the ship-owner of a nuclear ship for nuclear damage;

56.1.6. Claims subject to the removal operations of cargo residue at sea;



56.1.7. Claims by servants of the ship-owner or salvor whose duties are connected with the ship or the salvage operations, including claims of their heirs, dependents, or other persons entitled to make such claims;

**Article 57. Conduct barring limitation**

57.1. A person liable shall not be entitled to limit his liability if it is proved that the loss resulted from his personal act or omission, committed with the intent to cause such loss, or recklessly and with the knowledge that such loss would probably result.

**Article 58. General limits of liability**

58.1. Limits of liability shall be calculated as the procedure set out in Article 8 of the Convention set out in paragraph 54.1 of present Law.

**Article 59. Limitation of liability without constitution of a limitation fund**

59.1. Ship-owner and salvor shall be entitled to limit their liabilities without constitution of a limitation fund set out in Article 60 of present Law.

**Article 60. Limitation fund of liability**

60.1. Any person alleged to be liable shall be entitled to claim court for constituting limitation fund of liability.

60.2. Limitation fund of liability shall be constituted in the sum of such of the amounts set out in paragraph 58.1 of present Law.

60.3. Limitation fund of liability may be constituted, either by depositing the sum or by producing a guarantee acceptable under the relevant laws and legislations.

**Article 61. Distribution of the fund**

61.1. Distribution of the fund shall be determined by the decision of the court which constituted such fund.

61.2. The fund shall be distributed among the claimants in proportion to their established claims against the fund.

61.3. If any payment has been settled to any person from the limitation fund, the claimant shall be entitled to obtain a guarantee for remuneration.

**Article 62. Bar to other claims**

62.1. Where a limitation fund has been constituted, any person having claimed the fund shall be barred from exercising any right in respect of such claim against any other assets of a person by or on behalf of whom the fund has been constituted. Any dispute pertaining to the vessel and other property shall be resolved by the procedures of the court.

**CHAPTER SEVEN**

**MISCELLANEOUS**

**Article 63. Liabilities for breach of law**

63.1. If any acts of an official who offended the present Law are not subject to criminal liabilities, such person shall be imposed by liabilities prescribed in the Law on Civil Service and the Law on Labor of Mongolia.

63.2. Any person and legal entity who offended the present Law shall be imposed by liabilities prescribed in the Criminal Code and the Law on Infringement of Mongolia.

**Article 64. Effectiveness of law**

64.1. Present Law shall enter into force commencing from July 1<sup>st</sup>, 2022.

CHAIRMAN OF STATE GREAT KHURAL OF MONGOLIA

G.ZANDANSHATAR