

## Key Amendments to the New CMC & Practical Impact on Shipowners and P&I Clubs

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The newly revised Chinese Maritime Code (the “New CMC”) was adopted on 28 October 2025 and will come into force on 1 May 2026, marking the first comprehensive overhaul of the 1993 Chinese Maritime Code (the “1993 CMC”) in over three decades.

The New CMC consists of 16 chapters and 310 articles, representing an increase of 32 articles compared to the 1993 CMC. Structurally, it introduces a new chapter on Liability for Ship-Source Oil Pollution Damage, as well as new sections on Ship Lien and Electronic Transport Records, and relocates voyage charterparties from Chapter IV to Chapter VI. In terms of substantive amendments, 42 articles have been newly added, 12 deleted, and 129 revised, resulting in a total of 183 articles being amended.

In summary, this reform introduces structural and substantive changes that will significantly affect risk allocation, liability exposure, and insurance arrangements in maritime operations.

### I. Key Developments of the New CMC

#### 1. Unified Regime for Maritime Cargo Transport

The New CMC consolidates the legal framework governing both international and domestic sea carriage of goods, replacing the previous dual system.

However, a “minimum dual-track” approach remains, with certain differences still existing between domestic and international transport rules.

#### 2. Expanded Carrier Liability & Reallocation of Risks

Several changes increase exposure for carriers:

- **Extended responsibility period:** from receipt to delivery
- **Narrower fire exemption:** limited to onboard fire only
- **Shipper bears risks of non-delivery at discharge port**
- **Carrier’s lien expanded to cover “corresponding goods” (including third-party cargo)**
- **Revised cargo valuation method**  
Under the 1993 CMC, cargo value was generally

assessed based on the CIF price at the time of shipment, largely disregarding subsequent market fluctuations. The New CMC adopts a different approach, calculating cargo value by reference to the market price at the place and time of delivery, with a fallback to shipment value plus insurance and freight where such price cannot be determined. This aligns with the Hague-Visby Rules and the Civil Code, but in practice may introduce greater uncertainty and potentially higher exposure for carriers, particularly in volatile market conditions.

These changes collectively tilt the balance slightly against carriers and may lead to higher claims volatility.

#### 3. Voyage Charterparty Recharacterised

Voyage charterparties are now treated as a distinct category under “charterparties” rather than cargo transport contracts. This reinforces freedom of contract, with statutory rules applying only where terms are unclear or absent.

#### 4. Increased Limitation of Liability

China has aligned its limitation regime with the 1996 LLMC Protocol level, increasing exposure ceilings.

Notably:

- More parties (e.g. ship managers) are expressly included
- There is no express exclusion of voyage charterers or NVOCCs

#### 5. Dedicated Chapter on Oil Pollution Liability

A new standalone chapter consolidates principles from the CLC Convention, the Bunker Convention, and existing Chinese judicial practice. While not a fundamental overhaul, it codifies and clarifies the current liability framework.

Key points include:

- Strict liability of the polluting vessel and a “polluter pays first” approach
- Expanded and codified heads of recoverable losses, including environmental restoration and loss of income
- Potential narrowing of certain environmental claims

- compared to general Civil Code principles
- Increased limitation amounts in line with the 1996 LLMC level

While the leaking vessel is clearly identified as the primary liable party, the position of non-leaking vessels in collision scenarios remains subject to further judicial development.

## 6. Mandatory Application Rules

For international carriage involving Chinese ports, the cargo transport provisions of the New CMC apply mandatorily, limiting parties' ability to opt out via foreign law.

In practice:

- **International carriage of goods by sea**

Where the port of loading or discharge is located in China, the New CMC will apply mandatorily.

(Voyage charterparties are, in principle, excluded, as they are now governed separately under the charterparty chapter. However, where the charterparty does not clearly provide for the rights and obligations between the parties, the provisions of Chapter IV may still apply on a supplementary basis.)

- **Purely domestic carriage (no foreign elements)**

Chinese law applies mandatorily (i.e. the New CMC and/or the Civil Code), and parties may not choose foreign law.

- **Domestic carriage with foreign elements**

The applicable law shall be determined in accordance with China's conflict-of-law rules (i.e. the Law on the Application of Laws to Foreign-Related Civil Relations).

## 7. Major Reform of Marine Insurance Rules

Key changes include:

- Softening of warranty regime (no automatic discharge)
- Reduced disclosure burden on insureds
- Stricter seaworthiness standard for insureds

These changes bring Chinese law closer to international practice, while still retaining distinct features.

## 8. First Statutory Recognition of P&I Clubs

The New CMC formally recognises mutual insurance associations (P&I Clubs) and their operational structure.

While this provides helpful legal clarity, the law stops short of fully integrating P&I arrangements into the marine insurance regime, leaving uncertainties to future judicial interpretation.

## 9. Time Bar Flexibility

A letter of claim/request for performance now interrupts limitation periods, offering greater procedural flexibility compared to the stricter 1993 CMC regime.

The validity of a time bar extension agreement requires

further examination, though it is presumed to be valid.

## 10. Countermeasure Provision

A new provision allows China to adopt reciprocal measures against discriminatory maritime restrictions imposed by other jurisdictions, signalling potential geopolitical implications.

This reflects China's readiness to adopt reciprocal measures in maritime trade where necessary, such as the Special Port Charges on US-Linked vessels. In the future, this may also provide a legal basis for Chinese courts to issue anti-anti-suit injunctions.

## II. Transitional Arrangements Clarified by the SPC

On 28 April 2026, the PRC Supreme People's Court issued a judicial interpretation clarifying the temporal application of the New CMC, providing much-needed certainty for pending and future disputes.

- In essence, this judicial interpretation adheres to the principle of non-retroactivity:
- The New CMC applies prospectively to legal relationships formed on or after 1 May 2026
- Disputes arising from legal relationships formed before that date remain governed by the 1993 CMC
- However, procedural and time bar rules under the New CMC may apply to ongoing proceedings, subject to specific circumstances
- Selective retroactive application in specific areas  
While the New CMC generally applies prospectively, the judicial interpretation provides for targeted retroactive application in certain areas, including:  
(i) ship mortgage arrangements where parties agreed that the mortgage would not follow the secured claim;  
(ii) disputes arising from electronic transport records issued before the New CMC; and  
(iii) the performance of declaration obligations under pre-existing open cover insurance contracts.  
These exceptions aim to enhance legal consistency, respect party autonomy, and protect legitimate commercial expectations.

This clarification is critical for claims handling and litigation strategy, particularly in cases spanning the transition period.

## III. Conclusion

The New CMC represents a modernisation rather than a complete overhaul, but its cumulative impact should not be underestimated.

From a practical perspective:

- **Higher exposure for shipowners**  
Increased liability limits, revised cargo valuation rules, narrower exemptions and increased time bar flexibility

are likely to raise claims severity and unpredictability.

- **Greater operational and contractual importance**  
With expanded carrier obligations and stricter mandatory rules, contract drafting, operational compliance, and documentation will become even more critical.
- **Positive but limited clarity for P&I Clubs**  
Statutory recognition of mutual insurance is a welcome development, particularly for security provision and enforcement scenarios.  
However, gaps remain, especially regarding the interaction with marine insurance rules.
- **Environmental liability as a key risk area**  
The new oil pollution regime underscores a policy shift toward stricter environmental accountability, requiring careful review of insurance coverage and risk management.

- **Transitional framework now clarified**  
The Supreme People’s Court has clarified the temporal application of the New CMC, confirming its prospective application while maintaining the 1993 CMC for pre-existing legal relationships. This provides greater certainty, but transitional issues, particularly in ongoing disputes, will still require careful handling.
- **Interpretative uncertainty**  
As with any major reform, judicial interpretation will play a decisive role. Issues such as oil pollution liability, limitation practices, and P&I treatment etc. are likely to evolve through case law and Supreme People’s Court guidance.

In short, the New CMC will require shipowners and P&I Clubs to reassess risk exposure, review contractual frameworks, and adjust claims handling strategies ahead of its entry into force in May 2026.



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