

**Salvage Contract**  
**China Maritime Arbitration Commission Standard Form (1994)**

(dated) \_\_\_\_\_  
(place of signature) \_\_\_\_\_

It is hereby agreed between \_\_\_\_\_ (name of Master or Owner) of the m. v. \_\_\_\_\_ (name of the vessel being salvaged) (flag: \_\_\_\_\_ port of registry: \_\_\_\_\_) owned by \_\_\_\_\_ (address: \_\_\_\_\_ tel: \_\_\_\_\_ fax: \_\_\_\_\_ telex: \_\_\_\_\_ postal code: \_\_\_\_\_) for and on behalf of the m. v. \_\_\_\_\_, her cargo, freight, bunkers, stores and any other property thereon (hereinafter called "the salvaged party") and the representative of the salvor (address: \_\_\_\_\_ tel: \_\_\_\_\_ fax: \_\_\_\_\_ telex: \_\_\_\_\_ postal code: \_\_\_\_\_) that:

1. The salvor shall exercise due care to save the m. v. and/or her cargo, freight, bunkers, stores and any other property thereon and take them to or such other place as may hereafter be agreed, or if no such place is named or agreed, to any other place of safety.

When the vessel and/ or other property salvaged have been brought to the place named in the preceding paragraph, the salvaged party shall promptly accept redelivery when reasonably requested by the salvor to do so. If the salvaged party failed to do so, they shall be responsible for the result to which the salvor has no fault.

2. The party salvaged shall co-operate fully with the salvor including obtaining permit of entry to the place as defined in Clause 1 of this Contract and allowing the salvor to make reasonable use, free of expenses, of the vessel's machinery, gear, equipment, anchor and anchor chains, stores and other appurtenances provided that the salvor shall not unnecessarily damage, abandon or sacrifice the same or any other property being salvaged.

3. The salvor shall owe duty to seek the assistance of other salvors where reasonably necessary.

The salvor shall accept the intervention of other salvors when reasonably requested to do so by the salvaged party or the master, provided however that the amount of his reward shall not be prejudiced if such a request was found unreasonable.

4. During the salvage operations, the salvor and the salvaged party and the master are under an obligation to exercise due care to prevent or minimize pollution damage to the environment.

5. Except as otherwise provided for in Clause 9 of this Contract, where the salvage operations rendered to the subject-matter of the Salvage Contract have had a useful result (including partial result), the salvor shall be entitled to a reward, and the salvor shall not be entitled to a reward if the salvage operations have had no useful result.

6. The salvors of human life may not demand any remuneration from those whose lives are saved. However, salvors of human life are entitled to a fair share of the payment awarded to

the salvor for salvaging the ship or other property or for preventing or minimizing the pollution damage to the environment.

7. The reward shall be fixed with a view to encouraging salvage operations, taking into full account the following criteria:

- (1) Value of the vessel and other property salvaged;
- (2) Skill and efforts of the salvor in preventing or minimizing the pollution damage to the environment;
- (3) Measure of success obtained by the salvor;
- (4) Nature and extent of the danger;
- (5) Skill and efforts of the salvor in salvaging the vessel, other property and life;
- (6) Time used and expenses and losses incurred by the salvor;
- (7) Risk of liability and other risks run by the salvor or their equipment;
- (8) Promptness of the salvage services rendered by the salvor;
- (9) Availability and use of ships or other equipment intended for the salvage operations;
- (10) State of readiness and efficiency of the salvor's equipment and the value thereof. The amount of reward shall not exceed the value of the vessel and other property salvaged.

8. Where the salvage operations have become necessary or more difficult due to the fault of the salvor or where the salvor has committed fraud or other dishonest conduct, the salvor shall be deprived of the whole or part of the payment payable to him.

9. If the salvor, performing the salvage operations in respect of the vessel which by itself or her cargo threatened pollution damage to the environment, has failed to earn a reward under Clause 7 of this Contract at least equivalent to the special compensation assessable in accordance with this Clause, he shall be entitled to special compensation from the owner of the vessel equivalent to his expenses as herein defined.

If the salvor, performing the salvage operations prescribed in the preceding paragraph, has prevented or minimized pollution damage to the environment, the special compensation payable by the owner to the salvor under the preceding Paragraph may be increased by an amount up to a maximum of 30% of the expenses incurred for the salvage. The arbitration tribunal formed in accordance with Clause 15 of this Contract may, if it deems fair and just and taking into consideration the various factors defined in Paragraph 1 of Clause 7 of this Contract, render an award further increasing the amount of such special compensation, but in no event shall the total increase be more than 100% of the expenses incurred for the salvage.

The salvor's expenses referred to in this Clause means the salvor's out-of-pocket expenses reasonably incurred in the salvage operation and reasonable expenses for the equipment and personnel actually used in the salvage operations. In determining the salvor's expenses, the provisions of Sub-paragraphs (8), (9) and (10) of Paragraph 1 of Clause 7 of this Contract shall be taken into consideration.

Under all circumstances, the total special compensation defined in this Clause shall be paid only if such compensation is greater than the reward recoverable by the salvor under Clause

7 of this Contract, and the amount to be paid shall be the difference between the special compensation and the reward.

If the salvor has failed, due to his negligence, to prevent or minimize the pollution damage to the environment, the salvor may be totally or partly deprived of the right to the special compensation.

In order to secure the remuneration to which the salvor is entitled, the owner of the salvaged property shall, after the completion of the salvage operations, provide satisfactory security at the request of the salvor within 14 bank working days (except holiday and Sunday)

The owner of the vessel, their servants and agents shall, before the release of the cargo, make best endeavours to cause the owners of the cargo salvaged to provide satisfactory security for their proportion of their salvage reward.

Without the consent in writing of the salvor, the vessel or other property salvaged shall not be removed from the port or place at which they first arrived after the completion of the salvage operations, until satisfactory security prescribed in Paragraphs (1) of this Clause has been provided. If the salvor has reason to believe that the party salvaged is to or attempts to violate the provision of this Paragraph, the salvor is entitled to apply for measure of property security.

The aforesaid amount(s) shall include interests and reasonable fees and expenses which might be incurred for arbitration.

11. In case the provisions of Clause 9 apply, the owner of the vessel shall provide satisfactory security at the reasonable request of the salvor.

12. The provision of this Contract shall apply to the salvage services, wholly or partly, as defined in this Contract that have been rendered to the vessel and/or her cargo, freight, bunkers, stores and other property in danger without the express and reasonable prohibition on the part of the salvaged party or the master prior to signing this Contract.

13. The master of the vessel or its owner enters into this Contract on behalf of owners of the vessel, her cargo, freight, bunkers, stores and any other property thereon and each of the respective owners is bound to the due performance of this Contract.

The salvage reward shall be paid by the owners of the vessel and other property salvaged vessel and property bear to the total salvaged values.

14. The distribution of salvage reward and/or special compensation among the salvors taking part in the same salvage operation shall be made by agreement among such salvors on the basis of the provisions of Clause 7, 8 and 9.

15. Any dispute arising under or in connection with this Contract between the salvor and the salvaged party and among the salvors and/or the salvaged parties who are the parties to this Contract shall be referred to China Maritime Arbitration Commission(hereinafter called the Commission) for arbitration.

The procedures of arbitration shall be governed by the Arbitration Rules of the Commission. The Arbitration tribunal formed in accordance with the Arbitration

Rules of the Commission shall have power to make, upon request by the salvor and under reasonable conditions, an interlocutory or partial award ordering the party salvaged to pay in advance an appropriate amount of the payment to the salvor. Such payment, if paid in advance by the salvaged party according to the aforesaid award of the arbitration tribunal, shall be deducted accordingly from the sum provided as security.

The award rendered by the Commission shall be final and binding on all the parties.

**16. Except otherwise expressly provided, the law of the People's Republic of China shall apply to this Contract and to the arbitration conducted under this Contract.**

**17. Any change(s) of the address, fax, telex number and postal code given in the preamble of this Contract shall be immediately communicated to the Commission and the other party. Failing this, any letter and document mailed to such address as well as any facsimile and telex message transmitted to such number shall be deemed to have been duly served to the parties over a period of time as deemed reasonable by the Commission or the arbitration tribunal.**

**Signature**

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**For and on behalf of the salvor**

\_\_\_\_\_

**For and on behalf of the salvaged party**