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COMMERCIAL OPERATION OF  
MARITIME TRANSPORT

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Ekspluatatsiya  
Morskogo Transporta  
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A. Yu Pankrat'yev

CHAPTER ONE. INTRODUCTION

1. SIGNIFICANCE OF COMMERCIAL OPERATION IN THE WORK OF  
MARITIME TRANSPORTATION.

Transportation is an independent branch of material  
production.

Karl Marx wrote: "In addition to mining, agriculture,  
and manufacturing, there is also a fourth branch of material  
production, which in its development passes through the  
various stages of production: handicraft, manufacturing  
and machine production. This is the transportation industry,  
regardless of whether it conveys people or goods."<sup>1</sup>

Being an independent branch of production, in the same  
manner as industry and agriculture, transportation is also a  
general condition of production. Linking up all branches of  
national economy and all economic regions, transportation  
affords the conveyance of goods to the consumers. "A product  
is only ready for consumption when it finishes this movement."<sup>2</sup>  
Thus transportation is an extension of the productive process  
in the sphere of circulation, Karl Marx says hereupon: "On  
the one hand, the transport industry is an independent branch  
of production and consequently a special sphere for the in-

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1. K. Marx, Theory of Surplus Value, (Vol. IV of Capital)  
Part One, Gospolitizdat, 1954, p. 397.

2. K. Marx, Das Kapital, Vol. II, Gospolitizdat, 1949, p. 147.

vestment of productive capital. But on the other hand, it is distinguished by being an extension of the productive process, within and for the circulation process."<sup>1</sup>

Transportation does not create new goods and thus does not increase the quantity of material wealth. However, transportation costs increase the social cost of production of dispatched goods. The need follows from this to economize in every way on the expenditure of social labor for transportation, to reduce the time spent in delivering goods and to improve the quality of transportation.

Socialist transportation has enormous advantages over capitalist transportation. The waste of social labor, characteristic of capitalism, is particularly apparent in the field of circulation, where the route traveled by goods from producer to consumer is filled with a host of middlemen and jobbers, wholesalers and retailers. The reselling, reloading and re-shipping of goods from one place to the other, resulting from the anarchy of capitalist production, lead to enormous supplementary expenditure. Large-scale irrational transportation causes the unbalanced distribution of productive forces so characteristic of capitalism.

The socialist planned economy, uniting all forms of transportation into a single system, permits the most rational organization of transport for the national economy and the most effective utilization of the means of transportation. The practicability of a complex plan for operation of all forms of transportation and the application of a single tariff policy afford the possibility to harmonize transportation activities with the general interests of national economy. The task of

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1. Op. cit., p. 148.

socialist transportation workers is to increase the productivity of labor in transportation, lower forwarding costs, deliver goods to consumers as quickly as possible and thus lower circulation costs. The basic means of lowering transportation costs are the rationalization of the flow of cargo, expedite deliveries, improved use of means of transportation and raising the labor productivity in transportation.

The fifth five-year plan provided for considerable increase of all means of transportation in order to meet fully the demand of the growing economy of the USSR for transporting goods. A high rate of increased cargo turnover in maritime transport in the fifth five-year plan is called for by the necessity to increase the proportion (specific weight) of maritime transport in the country's cargo turnover, particularly in the extreme North and Far East, where the development of water transport is lagging behind the growing needs of national economy. An increase in the cargo turnover of water transport is also required by the need for re-distribution in the volume of transport among the basic means of transportation through maximum rationalization of the flow of cargo and through a reduction in long-haul railroad shipments.

There has been a marked increase in through shipments of goods by water, and by combined rail and water transport. The combined rail-water shipments are considerably reducing transportation costs and are promoting the most effective utilization of the country's unified transportation network.

In accordance with the resolutions of the Fifth Session of the Supreme Soviet USSR and the September Plenum of the Central Committee of the Communist Party of the Soviet Union, important tasks have been assigned to maritime transport of

carrying out the transportation of raw materials and industrial goods, in servicing coastal collective farms and state farms, and in shipping agricultural produce to industrial centers. Maritime transport must also undertake the large-scale development of local, intra-rayon transportation, chiefly by the maximum use of water transport, in shipping such items as the local supply of fuel, the output of handicraft-cooperations, mineral-construction materials, etc.

Besides continuously increasing the volume of transportation of cargo, passengers and baggage, maritime transport should steadily improve the qualitative standards of its work; guaranteeing the safety of cargo and speedy delivery to consumers are the most important of these measures.

In its work, maritime transport in the USSR is dealing with enormous material values. The commercial workers and other employees of the fleet are charged with the duty of insuring the safety of valuable commodities entrusted to maritime transport and of delivering them swiftly. Reducing average delivery periods in maritime transport by only one day frees millions of roubles for the needs of national economy.

All of these tasks require of maritime transport a proper organization for operating the fleet and handling commercial operations.

Gaining profits in the work of maritime transport and fulfilling the state plan for transportation depend to a great extent on the quality of the organization of commercial operations. Shortcomings in commercial dealings--incorrect drafting of documents, violation of transport rules, accepting cargoes which are inaccurately packed, failure to observe the terms and conditions for loading and unloading--can cause cargoes to be damaged, sent to the wrong destination and even to get lost.

The quickest possible delivery of cargoes in sound condition-- this is the fundamental task in the commercial operation of maritime transport.

2. THE SUMMARY OF COMMERCIAL OPERATIONS OF MARITIME TRANSPORT AS A SCIENTIFIC DISCIPLINE.

The theoretical principles treated by science for operating the fleet, include problems of organizing the movement and technical operation of the fleet, the organization of loading cargoes in port and commercial operations. Commercial operation, as a scientific discipline, is thus a component of the science of operating the fleet and is connected with the other branches of this science.

The topic of commercial operation as a scientific discipline is composed mainly of problems dealing with receiving and dispatching cargo at initial and terminal shipping points. In addition, commercial operation also deals with problems concerning the execution of loading and transferring of cargo such as: the distribution of cargo on a ship, observing the required sequence of loading and unloading, the basic principles of arranging ships in line according to stability, steadiness and amount of the flow of cargo, the efficiency and time of handling cargo in ports, the standards for loading and unloading, storing and quickest possible delivery of cargoes and other problems of the unified transportation process.

The commercial operation of maritime transport consists of the following fundamental components: provisions for transporting goods, tariffs, and handling ships by foreign agencies.

The first part includes the basic rules and regulations defining the interrelations of maritime transport and its clientele in fulfilling transport activities according to the state plan for transportation and requirements of the national economy of the USSR, and the interrelations of maritime transport

and other means of transportation. The first part also deals with problems of operational planning for transportation, bringing goods into maritime transport, determining delivery dates, improving the quality of transportation, etc.

The second part includes the principles and rules for setting up and applying tariffs and the system for computing shipping charges.

The third part includes basic provisions for handling ships by agencies when shipping foreign trade cargoes between Soviet and foreign ports and between ports abroad, the system for drawing up charters, freight regulations, rules for loading and unloading ships in Soviet and foreign ports, customs legislation, rules for the organization of carriage and forwarding operations and for maritime insurance, etc.

Commercial operation of maritime transport includes:

1) The studying of the flow of cargo, organizing the business of bringing goods into maritime transport and participating in drawing up transportation plans.

2) Receiving cargoes from the consignor, organizing storage and dispatching cargoes to the consignee.

3) Executing transport documents for shipping goods and passengers, and keeping accounts on transportation.

4) Achieving high quality in shipping cargoes and speeding terms of delivery.

5) Drawing up and enforcing the observance of rules and provisions for transporting cargo, passengers and baggage.

6) Drawing up tariff schedules for cargo shipments and rules for levying tariffs.

7) Organizing passenger transportation and service.

8) Organizing dispatch procedure in maritime transport for serving customers and for handling export and import cargoes in ports.

- 9) Organizing through transportation of cargo by water, and by rail and water combined.
- 10) The efficient use of means of transportation, lowering transportation costs and increasing the profit ability of maritime transport operations.
- 11) Organizing the agent handling of ships in Soviet and foreign ports.
- 12) The examination of claims resulting from agreements covering transportation of cargo, passengers and baggage.
- 13) Establishing and regulating relations, according to contract, between maritime transport, and its users and other types of transport (general agreements, nodal (uzlovyye) agreements, etc.).

In a socialist economy commercial operation of maritime transport differs basically from commercial operation of maritime transport in capitalist countries.

The operation of Soviet maritime transportation, including commercial operation, is based on planning.

- The state plan for maritime transportation is an organic part of the general national economic plan. The plan should achieve the following:

- a) The fulfilment and overfulfilment of the national economic plan through timely and efficient cargo deliveries and through complete satisfaction of the transportation requirements of the national economy.
- b) The complete utilization of the carrying capacity of all maritime transport means, taking into account the correct distribution of the flow of cargo among the different types of transportation.

In a capitalist economy, where competition and anarchy of production prevail, planning in cargo transportation does



not, and cannot exist. The entire organization of transport operations in capitalist countries is subordinated to the fundamental economic law of contemporary capitalism--the securing of maximum capitalist profit.

Before the Great October Socialist Revolution, the commercial operation of maritime transport did not exist as a harmonious system of norms and regulations.

Under the capitalist economy cargo shipments were arranged through private transactions among the shipping companies and the consignors. The interrelations of the parties were regulated by conditions stipulated by each shipping company. The amount of shipping charges (freight) depended on market conditions.

After the October revolution and the nationalization of the fleet and railroads, transportation became a component of the unified socialist economy. This required the introduction of socialist methods of organization in transportation.

In 1929 a code of commercial navigation was confirmed, and in 1930 a code for inland water transport was approved. In the development of these regulations a number of rules and other instructions for transportation were worked out.

During the same period a system of tariffs was compiled. If in capitalist countries tariffs are a system for guaranteeing profits, then in socialist transport the tariff system is subordinate to the general objectives for the development of national economy. The cost of transportation is the basis of our tariff system.

Thereafter the regulations for shipping cargo by ocean and river transport were constantly changed and improved, reflecting the growing demands of the national economy.

### 3. MANAGEMENT OF COMMERCIAL OPERATIONS IN MARITIME TRANSPORT.

With a view to eliminate shortcomings in commercial operations of maritime transport and to strengthen the campaign for safe transportation and rehandling of cargo, an administration of cargo and commercial operations has been set up in the central apparatus of the Ministry of the Maritime Fleet.

The fundamental tasks of this administration are to improve the cargo and commercial operations of the steamship companies and ports, to bring cargoes into maritime transport, to improve the quality of transportation, to insure the safety of cargo and to observe that delivery dates are punctually kept. The administration is also supposed to work out measures for securing advantageous utilization of maritime transport for consignors in order to effect a transition from a system of compulsory cargo assignments to maritime transport to a system based on economic interest.

In the administration of cargo and commercial operations there are a department of cargo operations and operational planning and a department of conditions for transportation and tariffs.

The basic functions of the department of cargo operations and operational planning are to study the flow of cargo and conduct the campaign to organize this in a rational manner; to develop and apply measures for increasing the capacity of the fleet, to keep in touch with shipping clientele and study their complaints and wishes; and to create operational plans for transportation (quarterly plans with monthly sub-divisions).

The basic functions of the department of conditions for transportation and tariffs are to draft rules on transporting passengers, cargo and baggage in all forms of navigation; to adopt regulations governing the interrelations of the organs

of maritime transport, passengers and cargo owners and to determine their mutual responsibilities for the efficient and timely execution of these transportation operations; to analyze the operations of steamship companies and ports in securing the safety of cargo being shipped; to study the causes of delayed and inefficient cargo deliveries and to work out measures for eliminating these causes; to determine tariffs for cargo shipments in all forms of transport and draft rules for levying tariffs.

The management of commercial operations in maritime transport is carried out by the administration of cargo and commercial operations through the commercial departments of the steamship companies.

Instructions and explanations of the administration of cargo and commercial operations concerning matters under their jurisdiction are obligatory for organizations in the Ministry of the Maritime Fleet.

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CHAPTER 5. THE BASIC PRINCIPLES OF TRANSPORTATION PLANNING  
AND RESPONSIBILITY FOR FULFILMENT OF THE PLAN

The entire multifaceted economic life of the Soviet Union is being built and developed according to the state national economy plan.

Article 11 of the Constitution of the USSR states: "The economic life of the USSR is determined and directed by the state plan for national economy in the interests of increasing social wealth, steadily raising the material and cultural level of the workers, securing the independence of the USSR and strengthening her defense capacity."

Planning is one of the greatest advantages of the socialist economic system. It makes possible a rational organization of the country's productive forces, establishment of economic communications between town and country, between districts of production and consumption, and the harmonious operation of all forms of socialist transport--railroad, water, automobile and air--in order to correctly distribute the flow of freight.

Plans for transportation are a component of the overall plan for the national economy.

One of the most important tasks of transport is to improve the planning of freight traffic in order to reduce in every way long-haul railroad transportation, to eliminate inexpedient and inefficient transportation, and to further increase the proportion of water and motor transport in the country's freight turnover.

The basic principles determining the system of planning in transportation by maritime routes are set forth in the decree of the Council of People's Commissars USSR of 5 May 1934 and

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the Central Committee of the All-Union Communist Party "On Planning Transportation and Improving the Work of Water Transport;" in the decree of the Council of People's Commissars of 14 May 1935, "The System of Formulating and Applying Monthly Plans for Water Transport;" and in subsequent decrees of the Council of Ministers.

Planning of cargo shipments in maritime transport is based on the following principles:

- 1) Obtaining maximum satisfaction for the needs of the national economy in shipping cargo, and increasing the proportion of inland maritime transportation as well as the foreign trade cargo turnover of the country.
- 2) Reducing rates in shipping cargo through correct utilization of the means of transportation and elimination of irrational transport.
- 3) The correct combination of work in all forms of transport.

The state transportation plan is a directive. The fulfillment of the plan is an obligation for transport organizations, as well as for the users of transport.

Transportation plans are divided into projected and operational categories. Projected plans are formulated for periods of five and ten years, or even longer; operational plans are drawn up on a yearly and quarterly basis.

The yearly plan is made with bi-annual and quarterly subdivisions. In the yearly transportation plan, on the basis of indexes and measurements of the working fleet and on the basis of annual shipping specifications from transport users, the quantity of cargo is established in tons, broken down according to types of cargo, main consignment departments and river-basins.

The cargo turnover in tons per mile is also determined.

The quarterly plan in monthly sub-divisions makes the yearly plan concrete.

The plan is formed according to the following nomenclature for basic cargoes: petroleum poured directly into the tanker, timber floated in rafts, grain, salt, coal, cement and other mineral construction materials, lumber, firewood loaded on boats, metals, ore, fish and cotton. Overseas transportation and inter-sea cabotage form a separate category.

Projected plans and yearly plans with quarterly sub-divisions are approved by the Council of Ministers USSR; quarterly plans with monthly sub-divisions, by the Ministry of the Maritime Fleet.

The basic factors in planning maritime transportation are the establishment of the flow of cargo, affecting maritime transportation, and collecting shipments for maritime transport. The flow of cargo is determined by the following:

- 1) Systematic study of the economy of the rayons, engaged in maritime transport.
- 2) Studying and clarifying the practicality of cargo specifications of shipments to be made by the consignors.
- 3) Thoroughly linking up maritime transport operations with the work of other forms of transport to achieve a rational distribution of cargo among them.

The ministries, the central institutions and consignor-departments, in planning cargo shipments of their concerns in a centralized manner, present their shipping specifications every quarter to the Ministry of the Maritime Fleet 40 days before the beginning of the quarter.

These shipping specifications should be composed in the form shown below:

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SPECIFICATION FOR SHIPPING CARGO BY MARITIME TRANSPORT IN        BASIN

quarter 19       

Name of organization delivering cargo for shipment	Type of Cargo	Ports			Destination	Volume of Transportation			Among these according to Months			Packing and Particulars of cargo	Consignee
		Dispatch	Transfer points			Tons	Car Loads	9	10	11	12		
			From rail to water trans-port	From water trans-port to rail									
1	2	3	4	5	6	7	8	9	10	11	12	13	

Note - Columns 4, 5, and 8 are filled in only for cargoes in through transportation by rail and water combined.

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In inter-port transportation carried out by the harbor fleet, the shipping specifications are presented to the shipping company 50 days before the quarter starts. On the basis of calculations regarding the possibilities of meeting the specifications of the shipping lists, the shipping company presents the Administration of Cargo and Commercial Operations of the Ministry of the Maritime Fleet with projected plans for cargo shipments in inter-port transportation.

Specifications for cargo shipments via through transportations, by rail and water combined, are presented to:

a) in transferring cargoes from rail to water transport-- to the Ministry of Railroads. A copy of the shipping specification is sent to the Ministry of the Maritime Fleet.

b) in transferring cargoes from water to rail transport-- to the Ministry of the Maritime Fleet. A copy of the shipping specification is given to the Ministry of Railroads.

Shipping specifications from transport users should be carefully checked with regard to their practicality and conformity to the decrees and directives of the Party and government, to the plans for developing individual branches of the economy which are served by the shipping companies of the rayons, and to properly directing the flow of cargo.

Before the quarterly transportation plan is drawn up according to shipping lists of the consignors, important preparatory work is carried out: The combination of the fleet which will participate in shipping activities during the quarter is determined; and calculations of the initial position of the vessels are made.

The proposed quarterly plan prepared by the Administration of Cargo and Commercial Operations of the Ministry of the Maritime Fleet is examined and more accurately defined in inter-departmental meetings in which representatives of the



consignor-ministries participate.

The following points are established in the quarterly plan:

a) The volume of transportation, broken down into monthly subdivisions, of all types of goods provided for by the plan nomenclature--for each individual ministry and department from every shipping company separately.

b) The volume of shipments via through transportation by rail and water combined.

Fifteen days before the quarter starts, the transportation plan is submitted to the minister for consideration and approval.

The transportation plan, approved by the minister, is made known to the shipping companies and consignees for execution, and is an economic responsibility.

The basic elements of the quarterly transportation plan of the shipping companies of the Ministry of the Maritime Fleet are the following:

1) The plan for dispatching cargo, in tons, in ton-miles and basic nomenclature.

2) Qualitative indexes and measurements of the fleet's work.

3) The plan of cargo turnover in terms of dispatch and arrival of ship-loads.

In the course of fulfilling the quarterly transportation plan, it may become necessary to change the shipping plan of individual cargoes for certain ports. The ministry of the Maritime Fleet has thus the right to redistribute, according to shipping specification of the consignor--ministries, the volume of transportation of individual cargoes among the ports but without changing the total volume of transportation,

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established for the quarter of a given type of cargo. Such corrections in the monthly plan should be made no later than ten days before the beginning of the month.

To secure fulfilment of the monthly transportation plan the shipping companies and the basic consignors compile load diagrams for delivering cargoes and providing ships.

## 2. THE SYSTEM FOR FULFILLING THE TRANSPORTATION PLAN

After receiving the approved transportation plan, the heads of the shipping companies and ports work out with the consignors measures for insuring the fulfilment of the plan-- precisely defining the conditions for producing the cargo, etc. This must be done not later than three to five days before the beginning of the month.

Consignors should give the heads of shipping companies (and ports) specifications covering ten-day periods, for tonnage or for loading preparations. In accordance with the monthly plans, the heads of shipping companies give the ports shipping assignments, with details for each ten-day period.

The state transportation plan must be fulfilled for the total volume as well as for each type of cargo.

To decrease the volume of transportation planned for each consignor is prohibited. However, with the agreement of the head of the shipping company, the consignor is entitled to substitute one cargo designated by the plan or load diagram for another, provided that the replacement is made within the same group of cargoes (in transportation by intra-sea cabotage) or within the nomenclature of cargoes of each consignor (in transportation by inter-sea cabotage). The consignor should notify the shipping company in good time of a substitute cargo, and should obtain permission to ship another consignment.

Any changes by the consignor concerning the dispatch of cargo or destination points provided by the plan are only allowed with the permission of the shipping company. In intra-sea cabotage, a change in the destination point is permissible only within the boundaries of the area prescribed as the port of destination, on condition that the shipping specification for alteration is received by the shipping company no later than two days prior to the pertinent ten-day period. A change in the destination point of cargo in intra-sea cabotage is permitted only in exceptional cases, and only if the new destination is situated in the direction designated by the plan.

In case a change is made at the request of the cargo owner in the destination point for a ship-load already received for shipment or already in transit, a special system for calculating shipping rates is put into effect, in accordance with the rules of the tariff manuals, and a fine is levied for reforwarding the cargo at a rate of ten roubles per ton of reforwarded cargo. If the reforwarding of cargo is caused by the shipping company, by natural phenomena or by government order, the freight is calculated according to the route actually followed and no fine is levied.

In transportation by intra-sea cabotage, the shipping company is entitled, in the interests of better utilization of shipping or to make up for previous lack of ship-loads, to increase the concentration of shipping when cargoes from consignors become available. Such increases can be made, however, only within the limits of the approved monthly plan and at a rate of no more than 25 percent of the norm for providing cargo as indicated for the given ten-day period. Any increase above the stipulated quota is permitted only by

agreement between the consignor and the shipping company.

The shipping company must notify the consignor of the forthcoming concentration of tonnage 48 hours before the start of the pertinent ten-day period. The consignor must also be informed of the day the vessel will be provided for concentrated tonnage not later than at 14 hours prior to the day the vessel is standing by.

If by natural phenomena or accidents an interruption is caused in the movement of ships, the head of the shipping company is authorized to put an embargo on cargo to be shipped in certain directions. The head of the shipping company shall report the official prohibition without delay to the Ministry of the Maritime Fleet, which will determine the period of suspension to be in effect. In all other cases a formal prohibition for accepting cargo for shipment can be declared only by order of the Ministry of the Maritime Fleet, which immediately informs all interested ministries accordingly.

Regarding the suspension of traffic on regular, fast and express cargo-passenger lines, the shipping company must put up notices in all ports where ships of these lines call. When necessary, announcements should be made in the press.

The shipping company is entitled to replace a ship designated in the schedule by another vessel, provided that in consequence hereof delivery dates will not be violated and that the ship supplied fully meets the specifications for transporting the given cargo.

3. THE RESPONSIBILITY OF CONSIGNORS AND SHIPPING ENTERPRISES FOR NON-FULFILMENT OF THE TRANSPORTATION PLAN FOR INTERPORT TRANSPORTATION IN INTRA-SEA CABOTAGE.

The consignor and the shipping company bear the material responsibility for non-fulfilment of the established monthly transportation plan.

The responsibilities of the carrier and the consignor are

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fixed by "The regulation on the responsibilities of the organs of water transport and its users for non-fulfilment of the state plan for transportation along inland water routes and along ocean routes in intra-sea cabotage," approved by the Council of Labor and Defense (STO) on 3 July 1934; by the Code of Commercial Navigation and the pertinent articles on general rules for transporting cargo, passengers and baggage along sea routes in USSR vessels.

Cases where the consignor bears the blame for non-fulfilment of the plan include shipping not full loads, refusal of cargo delivered for loading and shipping specifications calling for less freight than provided for by the plan.

Cases where the shipping company is to blame for non-fulfilment of the plan include failure to provide shipping facilities for cargoes according to the plan.

For non-fulfilment of the monthly transportation plan, the consignor and the shipping company bear the monetary responsibility to the extent of 100 percent of all shipping charges: The consignor who did not supply the cargo or delivered less than was promised is responsible for the entire amount of cargo not forwarded for transportation; the shipping company which did not provide shipping facilities is responsible for the entire amount of cargo not dispatched as called for by the plan although actually prepared for shipment by the consignor.

If the consignor had notified the carrier ~~five~~ days prior to the start of the ~~ten~~-day period about the non-delivery of the goods, then the amount of the fine is reduced by one-third.

If the consignor produced the cargo inaccurately packed or marked, and if the claims of the shipping company for remedying these defects are not met in time to permit prompt

loading, then the goods are considered as not having been delivered.

For providing unsuitable vessels which cannot be used for the ship-loading, the shipping company bears the same responsibility as if no shipping had been provided at all. The unsuitable carrying capacity of ships is then attested by a document signed by both parties.

For tardiness in providing shipping, the carrier pays a fine at a rate determined by the tariff.

For delaying shipping and towing facilities in loading and unloading, or in waiting to load or discharge, the consignor or the consignee pays the forwarding agency a fine at a rate determined by tariffs. The consignor also pays a fine if the loading is done by port facilities but the delay of the ship beyond the time stipulated for anchorage (staliynyy vremeni) is caused by the consignor's failure to deliver his cargo promptly to the ship. In cases where the transport user permits systematic delay of shipping in freighting operations beyond the established periods, the head of the shipping company, with the permission of the Minister of the Maritime Fleet, can impose a fine for demurrage two or three times as high.

In the absence of a schedule for providing ships which has been agreed upon by the shipping company and the consignor, the fine is calculated on the basis of the total results in fulfilling the monthly plan. If such a schedule is available, the fine is calculated according to each ship designated by the plan. When the failure to provide shipping as per schedule is made up for in the course of the month, the shipping company is exempt from the payment of a fine at a rate of 100 percent of shipping charges, inasmuch as the plan has been fulfilled; but the company is still responsible for the delay in supplying

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shipping at the rate determined by the tariff with a reduction by one-third.

If in the course of the time stipulated for anchorage (staliynogo vremeni) the consignor does not proceed to load the vessel provided according to the plan (load diagram) the shipping company is entitled at the expiration of the period designated for loading the planned cargo, to remove the vessel and exact a fine from the consignor to the extent of 100 percent of shipping charges, as in the case of failing to deliver the cargo. This fine is even paid when, in the final result for the month, the entire loading plan has been fulfilled by the consignor.

The consignor is exempt from paying a fine for non-fulfilment of the transportation plan when loading could not be carried out because of the following conditions:

a) Phenomena of natural calamity--fire, storm, flood, and inundation of mines and ore quarries, also damage in manufactories causing stoppage of production for not less than 72 hours.

b) Regulated (konventsionniy) stoppage or limitation of cargo transport.

c) Providing shipping for the consignor above the quota of the plan in accordance with the system for increasing the concentration of shipping, but without giving notice in advance.

The shipping company is released from responsibility for failure to provide shipping under the following conditions:

a) Because of phenomena of natural calamity--fire, storm and flood.

b) Because of regulated (konventsionniy) stoppage or limitation of cargo transport.

c) If failure to procure tonnage is caused by the tardy freeing of freightage by the same consignor to whom the shipping

company is obliged to provide shipping according to the plan; or if the increased fine for demurrage or for systematic delay of shipping in loading or unloading is exacted from the consignor.

The documents, according to which the fulfilment of the plan is calculated and the reason for its non-fulfilment is determined and on the basis of which fines levied against the guilty party are computed, include the following:

- a) The state plan of transportation for the month.
- b) The shipping specifications presented by the consignor requesting the service of the fleet and the load diagram for furnishing vessels agreed upon by the parties involved.
- c) The computation card (uchetnaya kartochka) for plan fulfilment.



*Chapter III.*

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11-PREPARING A VESSEL FOR LOADING AND THE RECEPTION  
OF CARGO BY THE VESSEL

Article 85 of the Code of Commercial Navigation stipulates that the shipping company is obliged in "good time, before sailing to put the ship in a fit state for navigation, equip it properly, provide a full crew and furnish provisions; at the same time the holds, store rooms and refrigeration facilities must also be put in good condition to assure the proper taking in, preservation and transportation of cargo. Any agreement inconsistent with these rules is invalid."

In accordance with these requirements before the voyage begins, the captain's assistant for cargo operations will inspect the condition of the vessel's stowing accommodation (holds) and declare whether safe transportation of cargo can be assured.

Having received from the shipping office a duplicate of the loading order, the warehouse manager attaches it to the counterfoil of the loading order and with these documents effects the handing over of cargo to the ship.

If loading takes place while the ship is moored the goods will be received on the shore alongside of ship, and the harbor administration (or the consignor, if he carries out the loading) should secure the requisite amount of labor and properly working loading machinery, and if the cargo has to be reweighed, proper weighing mechanism must also be provided. In carrying out loading operations under off-shore conditions, the cargo is received on board ship.

The items of cargo received by the ship are simultaneously marked down by tallymen of the ship and port who compare their

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records for each parcel of the cargo covered by one bill of lading. Notes are also collated when a new shift of tally brigade takes over. If a discrepancy is revealed in the records of shore and ship's tallymen the number of items is counted again.

The captain's assistant for loading operations compares the number and markings of the cargo delivered by the port with the items entered in the loading orders, marking down all defects and discrepancies discovered. When necessary, legal documents should be drawn up regarding the defects discovered and discrepancies noted between the cargo and the records in the loading orders.

In arranging the handing over of all parcels of the cargo to the ship, the shipping office fills out the acknowledgment of reception and delivery in four copies according to Form K-5 (see supplement 5), which is a schedule of all shipments delivered by the port to the vessel, with a separate acknowledgment of reception and delivery being made for each port of destination. On the left side of the receipt for reception and delivery (in the column "according to documents") the following are listed: the numbers of loading orders and bills of lading (way-bills), the dispatch and destination points, the description of cargo, the number of items and weights. As the parcels of cargo covered by bills of lading are received, the captain's assistant signs the duplicates and counterfoils of the loading orders and fills in the middle part of the acknowledgment for reception and delivery (Column "Results of Loading" (Okzalos' pri Pogruzke)).

When the loading is finished both the receiving and delivering party sign all four copies of the acknowledgment for reception

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and delivery. One copy of the acknowledgment and the counter-foil of the loading orders are returned to the warehouse manager; these documents serve as confirmation that the cargo has been handed over to the ship. Having received one copy of the acknowledgment for reception and delivery and the counterfoils of the loading orders, the warehouse manager enters the cargo as delivered on board ship into the debit account of the warehouse book (ambarnoy knige), indicating the date of shipment and the name of the vessel. The acknowledgment for reception and delivery and the counterfoils of loading orders are given by the warehouse to the shipping office in order to enter the shipment in the dispatch book for cargoes and to make up a report. The remaining three copies of the acknowledgment for reception and delivery together with duplicates of all loading orders and two copies of all bills of lading are delivered to the ship and sent with the cargo to the port of destination.

A diagram of the circulation of cargo documents in the port of departure appears in drawing 14.

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13-THE RIGHT OF DISPOSAL OF CARGO  
WHICH HAS BEEN HANDED OVER FOR SHIPMENT

The right to dispose of cargo after the bill of lading (receipt for the way-bill) has been given to the consignor-- that is, after the cargo has been received for shipment--is retained by the consignor or consignee--depending on which of them presents the bill of lading (receipt for the way-bill).

The consignor (or consignee) is entitled to demand that the cargo received for shipment by the shipping company shall be:

- a) delayed while being forwarded;
- b) given back before loaded on the vessel;
- c) returned to the point of dispatch;
- d) delivered at an intermediate point on the route

followed by the vessel;

- e) handed over to some other person than the consignee mentioned in the bill of lading (invoice).

The right of disposal of cargo can be exercised only by observing the conditions provided in "The Regulation on the responsibility of the organs of water transport and its users for non-fulfilment of the state transportation plan."

State, cooperative and public organizations can make the demands indicated through the port of dispatch as well as through the port of destination; private persons can do this only through the port of dispatch. In all cases demands should be presented in a written form, with the bill of lading (receipt for the way-bill) attached.

For fulfilling the above mentioned regulations concerning cargo-owner, fees and duties, established in the tariffs, are collected from the latter; moreover, the transporter is entitled to reimbursement for all expenses incurred in executing

these orders.

14-THE HANDING OVER OF CARGO BY THE VESSEL  
IN THE PORT OF DESTINATION

Upon the ship's arrival in the port of destination, the captain's assistant for loading operations delivers to the cargo office the acknowledgment of reception and delivery, with all the bills of lading (invoices and way-bills) concerned, together with duplicates of the loading orders.

If the address of the consignee and means for notifying him of the arrival of goods are indicated in the bill of lading then the cargo office will send not later than at noon of the following day, the consignee a notice of the cargo's arrival on Form K-15 (Supplement 6), stipulating the time for carrying the cargo out of the port. For sending the notification, a special fee determined by the maritime tariffs is charged. In those cases when the notification is not sent during the indicated time through the fault of the port of destination, the harbor authority forfeits the right to charge a storage fee in the post-deadline period. However, if the port of destination, not being able to notify the consignee, sends an advice to the consignor through the port of dispatch, the port of destination does not lose the right to charge a storage fee.

In cases where the consignee's address and the means of notifying him are not indicated in the bill of lading, the cargo office of the port is restricted only to posting a notice about the arrival of the cargo.

After receiving from the captain's assistant the acknowledgment of reception and delivery, the bills of lading (way-bills) and duplicates of loading orders, the cargo office after checking them, hands the acknowledgment of reception

and delivery, duplicates of loading orders and bills of lading (way-bills) to the warehouse manager for making arrangements to receive the cargo from the ship.

The reception of cargo on shore is carried out by long-shoremen of the warehouse and by tallyment to whom all duplicates of the loading orders are submitted in advance.

As a rule, removing cargoes ashore from the holds is accomplished by the same seamen for stowage, who received the cargo in the port of dispatch.

Unloading proceeds according to parcels of cargo covered by bills of lading and unloading of each subsequent parcel does not begin until the preceding parcel has been completely unloaded.

At each weighing the warehouse clerk enters on a special specification of weights, Form K-4 (supplement 7) the number packages, the weight, the marks and numbers on items and the type of packing of the cargo. Having received all items belonging to a given shipment, he adds up the number of items and weights, and compares the total with that of the ship's tallyman and with the records in the duplicates of the loading order. If there is no difference in weight the warehouse clerk signs the weights specification of and confirms the receipt on the duplicate loading order for the parcel of cargo covered by the bill of lading. If a discrepancy is found in the listings of the tallyment ashore and onboard ship, the captain's assistant and the warehouse manager will check the accuracy of the count.

In all cases where shortages are revealed or the number of items and weights are in excess, and also when the cargo is damaged markings are absent, legal statements signed by

representatives of the port and the ship should be drawn up.

When unloading is completed and all parcels of cargo covered by bills of lading, as listed in the acknowledgment of reception and delivery have been received, the right-hand part of the receipt (column "Actual Results") is filled in and all defects of cargo and tare found while taking over, are indicated. The acknowledgment of reception and delivery is signed by both parties receiving and delivering cargo. One copy of the acknowledgment remains with the warehouse manager of the port, and two are returned to the captain's assistant of the ship. One of these copies is later attached to the voyage report and the second remains among the ship records.

Having taken care of the acknowledgment of reception and delivery, the warehouse manager enters the cargo received from the ship in the warehouse account book and gives the acknowledgment of reception and delivery along with the duplicate loading orders (invoice and way-bills) to the cargo office of the port.

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#### 16-TIME PERIODS FOR STORING AND SHIPPING OUT CARGO

The general rules for transporting cargo by maritime transport designate specified periods for storing goods in ports of arrival. At the expiration of these periods the cargo is considered unclaimed.

Starting from the first midnight after unloading, cargo is stored for 24 hours free of charge. Thereafter storage fees established by Tariff Manual No. 1-M, are charged to the consignee.

To insure efficient work in the ports and the safety of cargo, it is requisite that consignments be shipped out of the ports in the shortest possible time so as not to block up port territory and warehouses.

To meet these requirements, the Ministry of the Maritime Fleet has been authorized to fix special time limits in which the following items must be redeemed and shipped out of port:

- a) Perishable goods.
- b) Cargo requiring the setting up of special premises for storage or the allotment of a large area of the port.
- c) Cargo, the prolonged storage of which is declared inadmissible as a fire or sanitary hazard or because of its unwieldiness.
- d) Cargo redeemed (accepted) by the consignee but not shipped out of the port.
- e) Cargo delivered at port, but not turned over for shipment, nor put into storage.

Various time limits for storing cargo, and taking it out of ports, depending on the physical-chemical characteristics of the cargo, have been determined by the rules in

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effect concerning the terms for reception and sending out cargoes by the consignee in maritime transport. (Tariff Manual No. 4-M, Part I).

The time for shipping out perishable goods is set at two to ten hours; for dangerous cargo--24 to 48 hours; for other cargoes--48 hours to 15 days.

If, as a result of dampness, spontaneous combustion or peculiarities of the cargo, the goods arrived in port begin to get damaged the port must make an inspection of these goods, with the assistance of an expert and two witnesses, and abridge the time for shipping the goods out. An official statement on the results of the inspection must be drawn up.

If at the expiration of the fixed time the owner does not ship the cargo and does not give written instructions to the port what to do with it, the cargo may be sold in the regular course.

Managers of enterprises and organizations are forbidden by the leading organs to refuse receipt of goods addressed to them. Officials guilty of refusing to accept cargoes which have arrived, or delaying shipments out of ports, are subject to disciplinary action or legal prosecution.

In case of excessive accumulation of cargo in the ports, as well as in case of systematic delay in redeeming and shipping out cargo by individual clients, the heads of shipping companies are authorized, in order to compel cargo owners to redeem and remove cargoes as quickly as possible, to reduce the time of chargeable and non-chargeable storage, increase storage rates, and permit the transfer of cargo to outside warehouses where storage will be at the expense and risk of the cargo owner. An order to this effect will be carried out not sooner than 48 hours after announcement.

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## CHAPTER 11 -- TRANSPORTING CARGO IN CONTAINERS

## 1--Significance and Advantage of Containers

Containers should play an important role in improving the quality of transporting cargo, particularly industrial goods and foodstuff.

The use of containers has the following advantages:

a. Transportation of goods from the warehouse of the consignor to the consignee's warehouse is possible without reloading cargo in ports and railroad stations; this simplifies commercial operations in receiving and handing over cargo.

b. The complete mechanization of loading, unloading and cartage operations are thus speeded up. Consequently, demurrage is reduced.

c. The weighing of cargo when received from the consignor and delivered to the consignee becomes unnecessary and also when conveyed from one form of transport to another. The marking of goods is also superfluous.

d. It lessens the need for covered storage since containers can be stored on open platforms in the ports.

e. It considerably saves packing material.

f. It assures the safety of cargo.

g. It lowers transportation costs.

Containers are widely used on the railroads which have their own container equipment numbering over 150,000 containers. The shipping of goods in containers is also developing in river transport.

In maritime transport, the conveying of goods in containers is still carried out on a small scale, primarily in the Black Sea and Caspian basins. There is a big opportunity to develop container-transport of sugar, tea, raw tea, wine, sweets, preserved food, dry fruit, cloth, foot-wear, crockery, cultural objects [kul'turnyye] and many other commodities which as a rule are provided for shipment in small parcels.

The development of transporting cargo in containers offers a big opportunity for drawing goods into maritime transport.

## 2 - Types of Containers

A container is defined as a mobile transport device, a receptacle for transporting goods without employing the usual packing. A container is a standard receptacle repeatedly used which assures the complete safety of the cargo to be transported. The deadweight capacity and the volume of containers vary, depending on the designation of the container.

Containers are divided into general and special types.

The general containers are intended for transporting costly goods, for example, dress materials, foot-wear, dry goods, books, cultural objects [kul'tinventar] and sweets.

The special containers are for the purpose of transporting one kind of cargo or a group of homogenous goods, for example, bricks, metal or fruit and vegetables.

The general containers are built and used by transport organizations and their clientele; special containers are built by the cargo-owners themselves - as a rule, by the suppliers of the cargo -- and are meant to serve only the needs of the cargo owners.

The containers are divided according to their construction, into single-piece open and closed, folding and collapsible types.

According to the kind of material from which they are made, containers are distinguished between wooden, metal, combination and plastic models.

The basic characteristics of general containers are given in Table 2.

Table 2

CONTAINER	TARE	EFFECTIVE	EFFECTIVE	DIMENSION OF CONTAINER		
	WEIGHT OF	DEADWEIGHT	TIVE VOL-	IN		
	CONTAINER	CAPACITY	UME IN	MILLIMETERS		
	IN	In	CUBIC	LENGTH	WIDTH	HEIGHT
	KILOGRAMS	KILOGRAMS	METERS			
5 TON WOODEN MODEL OF THE ARMAVIRSKY FACTORY	1080	3920	9.4	2700	2146	2300
2½ TON WOODEN 1951 LIIZHT 1) MODEL	600	1900	4.9	2120	1325	2330
2½ TON METAL 1948 LIIZHT MODEL	580	1920	4.9	2120	1300	2300
1½ TON METAL 1948 LIIZHT MODEL	300	950	2.0	1055	1286	2075

1) L - I - I - ZH - T Leningrad Institute for Rail  
Transport Engineers

The container equipment of the USSR railroads consists mainly of general wooden 2½ ton containers of the 1940-41 LIIZHT type. At present, 2½ ton metal containers of the 1948 type are being introduced. These are marked by lower construction costs and greater durability. A metal container is superior to a wooden one in assuring the safety of cargo while in transit or when stored in port.

In order to assure the safety of cargo, general containers of all types are built closed, with tightly shutting doors. The greater part of general railroad containers have slanting tops to drain off atmospheric precipitation. For lifting the containers, there are on the top four rings attached to two metal bands, which encircle the containers vertically. The slanting top and the catching rings projecting above the lid are unhandy for loading containers in two tiers. So the wooden and metal containers now being built

have horizontal tops, and the rings are placed in special sockets. The walls of these containers have been reinforced so they can be stacked in two tiers.

For river shipping companies 2½ ton general wooden containers are being built according to the standard GOST 6576-53 of 26 May 1953.

Every general container should be marked as follows: the number of the container; the tare weight of the container; the maximum load (gross weight); the volume; the name of the owner; the year the container was built; and date of the last capital repairs. These markings should be stenciled on the walls of the container.

The number of special container types, as distinguished from general containers, is rather great. For example, there are more than 15 types of special containers solely for transporting bricks.

The features of a special container are determined by the physical-chemical properties of the cargo; the equipment and power of machinery in the ports for loading, unloading and transferring cargo; the form, the deadweight capacity and clearance-gauges of the means of transport by which the shipment of containers will be carried out as well as the method of loading and unloading containers and other circumstances.

### 3 - Rules for Transporting Cargo in General Containers

The shipping of cargo in general containers is carried out between sea and river ports and wharves and railroad stations, open for such shipment. Lists of such ports, wharves and stations are published in the edition of transport rules and tariffs in maritime, river and railroad transport.

The dispatch of cargo in containers in through transportation, by rail and water combined, with the assistance of maritime shipping companies is mainly carried out along the route of Moscow-Gor'kiy-Kuybyshev-Stalingrad-Astrakhan and further to Baku and Krasnovodsk; and along the route of Kiev-Dnepropetrovsk-Kherson-Odessa.

For transport operations with cargo containers involving through transportation by water eight sea ports are open: Odessa, Nikolayev, Kherson, Rostov-on-Don, Baku, Makhachkala, Krasnovodsk and Novorosiysk. The transportation of containers along sea routes in other directions can only be effected by agreement between the Ministires of Rail Transport, the River Fleet and the Maritime Fleet.

The transport of cargo in general containers is carried out according to common or special rules. If the cargo is shipped by maritime companies with participation of the railroads, then the rules for transporting cargo in general containers in through transport, by rail and water combined, are applied. If cargo is transported by maritime companies with the assistance of river shipping companies, then the rules for through transport by water are applicable. For the transport of cargo in containers only along sea routes, the general rules are put into practice.

Cargoes in general containers are dispatched according to the transportation plans which are compiled and approved by the Ministry of the Maritime Fleet on the basis of shipping specifications received from the consignors. When transporting cargo in containers in through transport, by rail and water combined, plans are adjusted with the Ministries of Rail Transport and the River Fleet. Over and above the plan, goods can be transported by preliminary agreement between the organs of maritime transport and the organs of the Ministries of Rail Transport and River Fleet.

Sea ports, railroad stations, river ports and wharves must accept from each other, without obstruction, loaded containers at transfer points, within the limits of the transfer quota set by the plan for transporting goods in containers.

Cargoes in containers are received for shipment according to the weight declared by the consignor in delivering the cargo for shipment and his attached lead seals. The leaden seals should carry the name of the consignor, the name of the dispatch point, and the numbers and control check.

The consignor puts a tally on the door, a wooden tablet, handle of each container on which are marked the points of dispatch and destination and the names of the consignor and consignee.

If the cargo is being shipped via an inter-port route the consignor can make out one bill of lading or way bill for all containers addressed to the same consignee. In dispatching cargo via through transport, by rail and water combined, or in through transport by water, way-bills are made out for each container.

Inside each container with a cargo consisting of piece-goods the consignor encloses an invoice; in shipping household goods in a container, the consignor must make a specification of articles carried in the container, with their value.

The cargo in containers is so arranged that pressure against the walls of the container is evenly distributed so that in rough weather the cargo does not shift around inside the container and does not press against the container doors, which should open and close freely.

The shipment of explosive, inflammable, poisonous and corrosive cargo in containers is prohibited. It is also forbidden to ship foul smelling and dirty cargoes in general containers for common use, which belong to the railroads or shipping companies; likewise it is prohibited to ship a cargo which would require a disinfection of the containers. It is not permissible to ship in general containers heavy-weight goods which cannot be unloaded without the aid of mechanical hoists. Liquid goods in glass are also not accepted for shipment in containers via combined rail and water transport in which maritime transport takes part.

The shipping companies are not responsible for damages of cargo in containers resulting from defects of the goods themselves, inaccurate packing or poor packing up of the container.

The consignor is held responsible for any incorrect declaration made in the bill of lading which may cause a reduction in shipping charges, for loading a container beyond its carrying capacity as well as for inadequately loading a container.

The discharge of containers from rail or river to maritime transport, or vice-versa, is carried out at transfer points according to transfer documents. During the transfer containers have to pass outward inspection; the container numbers, inscriptions on the tally and the impressions on the leaden seals are checked with the data given in the invoice. Containers are transferred without being reweighed.

If in transfer operations, a defect is found in a container, the leaden seals damaged or missing, or a discrepancy appears between the imprint on a seal and the data specified in the bill of lading then the receiving party must ask the discharging party to have a joint check made of the cargo on the basis of the invoice enclosed in the container by the consignor. In the absence of an invoice, the actual cargo in the container is checked. A commercial document [kommercheskiy akt] is drawn up with a report on the opening of the container and the result of the checking of goods. After the check-up the cargo should be packed in a sound container, on which the leaden seal of the party accepting the cargo for further shipment is attached.

In the event of serious damage of the container incurred enroute, it is unloaded. A list is made of the cargo removed, and a commercial document [akt] is drafted. If it is not possible to replace the container, the cargo is weighed and made up in another form of packing and sent on as appointed, with the list and commercial document attached to the shipping documents.

Containers which are defective in commercial and technical respects are not accepted for shipment. Technical defects include a defective body of container, missing rings, damaged metal bands and bent parts.



Commercial defects include a defective lock, a door which does not shut tight or is fastened with nails, traces of dampness and broken seals.

Delivery of containers to and from ports is carried out by motor vehicles of the transport and forwarding offices or cargo-owners; this job is also taken care of by railroad flat-trucks and half-trucks [platformy i poluvagony]. Loading and unloading containers at transfer points is accomplished by the hoisting machinery and equipment of the sea-ports.

Eight 2½ ton cargo containers make up a load for a 20-ton railroad flat-truck. According to the rules in effect for railroads, a flat-truck should be loaded at the dispatch point with containers having as destination one or several stations along the same route. The eight containers when put together are called a set. Transfer ports receive and transfer containers in sets; transfer documents are made out by the ports and stations for every individual set. Maritime ports should also load containers on a vessel in sets so that in the port of destination each set can be loaded directly on a flat-truck, without sorting the containers in the warehouses of the port.

On routes where containers are transported in large quantities, the Ministries of Rail Transport and the Maritime Fleet permit containers to be shipped individually, without being collected in sets.

When storing containers in ports they should be put on smooth platforms especially set aside for the purpose with containers placed directly door to door so as to eliminate the possibility of access to the doors and tearing off the seals and tally marks. If the platform is not covered with asphalt and does not have an inclined surface to drain off atmospheric precipitation, containers should be placed on planking to prevent damage of the cargo by moisture. On a ship, containers are placed facing door to door.

In placing containers in two tiers, it is necessary to take protective measures against damaging them (as reinforcement, keeping them apart, etc.).

For the same considerations and in order to insure safety in loading and unloading containers, it is forbidden to hoist them with a crane not tackling all four rings; it is also forbidden to lift simultaneously containers with one crane without using cross-wise hoisting gear. To avoid damaging the cargo inside the container it is forbidden to swing containers so that they tilt (... ne razreshayetsya raskachivat' konteynery naveyy) or to put them on an inclining ground.

At dispatch, destination and transfer points, the ports make annually local contracts with the transport and forwarding offices of the railroads.

These Agreements determine:

- a. the time and place for receiving and delivering containers.
  - b. the individuals authorized by the parties concerned to take care of receiving and handing over of containers.
  - c. the means of conveying and shipping containers (by motor transport, freight cars) and the manner for executing the documents concerning the transfer of containers.
  - d. the number of motor vehicles or freight cars with container-cargo to be handled at the time by a port; and time limits for loading and unloading.
  - e. the system of sending preliminary advice of the arrival of vessels and freight cars carrying containers, and for providing ships for loading and starting the delivery of containers to the port.
  - f. the system of formulating schedules for providing ships for loading containers and for delivering containers to port, with instructions as to the time for ships to be in readiness, the number of containers these ships should receive, and the ports of destination.
  - g. the system for computing shipping rates and other charges.
- The responsibilities of the maritime shipping companies for delivery dates and the safety of the cargo shipped in containers are determined by the rules in effect for maritime transport.

The maritime shipping companies should effect delivery in short terms not allowing containers to be detained in ports while waiting to be loaded into ships.

In order to speed the rotation of general railroad containers, a system has been established according to which for containers delayed in maritime transport beyond the fixed dates, the shipping company pays the railroads a fine at the rate of 3 rubles per 24 hours delay, apart from the shipping company being responsible to the cargo-owner for delay in delivering the cargo.

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CHAPTER 14 --TRANSPORTING CARGO VIA THROUGH TRANSPORT  
BY RAIL AND WATER COMBINED AND VIA THROUGH TRANSPORT  
BY WATER

1--Significance of Through Transport by Water and Rail  
Combined and Through Transport by Water

Among the advantages of a socialist transport system are the complete utilization of all forms of transport in shipping the freight of the national economy and the most rational distribution of freight traffic by means of planning transportation.

Much use is made in our country of through transportation by rail and water combined (i.e. with the participation of railroads and the maritime or river shipping companies) and through transport by water (viz. with the participation of maritime and river shipping companies). Such transportation provides great advantages for the transport system and its users.

The remunerative advantages of through transport by rail and water combined are shown in Table 3.

The use of sea routes in combined transport considerably reduces the freight for goods which otherwise must travel by rail in certain directions. (Table 4).

The regular lines available in maritime transport make a more rapid delivery of freight possible by combined transport along certain routes as seen from Table 5.

An outstanding feature of through transport by rail and water, and direct water transport is in fact that shipments are effected with a single, direct document (bill of lading) made out at the dispatch point for the entire route (rail and water, or sea and river) to its destination. Furthermore, transshipment enroute from one form of transport to another is accomplished without the participation of cargo owners. Such a system eliminates the necessity for cargo owners to have their own representatives and temporary storage facilities at transit points where freight is passed from one form of transport to another.

Table 3

NAME OF CARGO	ROUTE	TARIFFS PER TON IN RUBLES AND KOPECKS		SAVINGS MADE BY COMBINED TRANSPORT, IN RUBLES AND KOPECKS
		BY DIRECT AIR TRANSPORT	BY COMBINED RAIL AND WATER TRANSPORT	
METAL	ST. SAHTANA-TBILIZI	70.50	52.20 (Through ZHDANOV and POTI)	18.30
COTTON	ASHKHAHAD - KIEV	346.90	147.70 (Through KRASNOVODSK AND MAKHACHKALA)	199.20
SUGAR	KIEV-TBILISI	205.00	173.90 (Through KHERSON AND POTI)	31.10

Table 4

ROUTE	TRANSFER POINTS	SHIPPING DISTANCE BY RAIL IN KILOMETERS	SHORTENED FREIGHT BY RAIL IN PERCENT	
		BY CONTINUOUS RAIL TRANSPORT	WITH THE PARTICIPATION OF THE MARITIME FLEET	
ODESSA TBILISI	BATUMI	2220	345	85
ODESSA KRASNODAR	NOVOROSSIYSK	1336	135	90
TBILISI- ASHKHAHAD	BAKU, KRASNOVODSK	5690	1095	81
BAKU ASHKHAHAD	KRASNOVODSK	5175	552	89

Table 5

ROUTE	TRANSFER POINTS	TIME OF DELIVERY WITH THE PARTICIPATION OF MARITIME TRANSPORT, IN DAYS				REDUCTION OF DELIVERY TIME WITH PARTICIPATION OF MARITIME TRANSPORT IN DAYS
		BY RAIL, IN DAYS	BY RAIL	BY SEA	TOTAL DELIVERY	
ODESSA TBILISI	BATUMI	11.0	3.5	3.3	6.8	4.2
ODESSA KRASNODAR	NOVOROSSIYSK	8.0	2.5	2.5	5.0	3.0
TBILISI- ASHKHAHAD	BAKU, KRASNOVODSK	25.0	7.5	1.0	8.5	16.5
BAKU- ASHKHAHAD	KRASNOVODSK	23.0	4.5	1.0	5.5	17.5

In order to encourage shipments via through transport by combined means, the government has instituted reductions in the tariffs for such shipments (in rail and maritime transport tariffs are reduced by 30 percent; in river transport, tariff reductions are divided into two classes, averaging also 30 percent).

#### 2-General Rules for Shipping Freight via Through Transport by Rail and Water Combined

In shipping freight via through transport by rail and water combined, the transport organs and transport users are governed by the following basic laws:

The Code for railroads of the USSR (Section 5--"Through Transport with the Participation of Other Forms of Transport") approved by the Council of Ministers USSR, 8 December 1954;

"The rules for conveying freight via through transport by rail and water combined," approved by the Ministry of Communications, the Ministry of the Maritime Fleet and the Ministry of the River Fleet.

"The rules for conveying freight by rail and water combined through the port of Nikolayevsk-on-Amur by sea to the Island of Sakhalin," published by the National Commissariat of the Maritime Fleet.

In all cases not provided for by the indicated rules, the transport organs and transport users follow the regulations of the Code for Railroads and the instructions issued in the course of the development of the code (when conveying freight by rail); by the Code for Commercial Maritime Navigation and the regulations issued in the course of its development (when freight is conveyed by sea); and by the Code of Inland Water Transport and the regulations issued in the course of the code's development (when freight is shipped by inland water routes).

Included in the through transport by rail and water combined are all railroad stations open for cargo operations, and maritime and river ports and wharves, mentioned in special schedules listing ports and wharves which carry out cargo operations in connection with through transport by

rail and water combined. Lists of these ports and information about their operative capacity are published in "The directory of rules for transportation and tariffs in maritime transport."

Transit points for conveying freight from rail to water transport are determined by the maritime shipping companies by agreement with the corresponding railroads.

Liquid goods, poured directly into transport vehicles and carried in special rolling stock, and timber floated in rafts along water routes are not accepted for shipment via through transport by rail and water combined.

Packed goods produced for shipment via through transport by rail and water combined, should be firm, standard packing which will assure the safety and intactness of goods when forwarded and shipped.

For freight going to the rayons of the Far East and extreme North, more exacting requirements for the quality of packing have been established. These requirements are set forth in the directory of "temporary technical requirements for care and packing in unloading freight in the Arctic and the rayons of the extreme North and Far East."

### 3-Planning Transportation of Freight in Through Transport by Rail and Water Combined

The basis for formulating the plan of transporting freight in through Transport by rail and water combined are the preliminary shipping specifications from transport users. These advices are submitted to:

- a) The Ministry of Communications and (copies) to the Ministry of the Maritime Fleet when freight is dispatched from railroad stations and subsequently passing to maritime transport.
- b) The Ministry of the Maritime Fleet and (copies) to the Ministry of Rail Transport when freight is dispatched from maritime ports with subsequent transfer to railroads.

Transport users in submitting their preliminary shipping specifications and the transport organs in formulating their transport plans must take into account the established list of goods which are subject to combined transport by rail and water.

Consigners in their transport advices must list separately the following goods: perishables, poultry, heavy-weight goods (items weighing more than a ton), long-measuring and cumbersome goods (items more than three meters long, over 2.1 meters high and more than 2.6 meters wide), light-weight goods (furniture, empty packing-cases, tin ware, goods which are a fire hazard or which are piled or strewn about. If these requirements are not met, then only ordinary goods, with no special transportation requirements, are considered as having been listed and are included in the plan.

The question of the possibility of transporting the listed goods is decided by examining the preliminary specifications of transport users. Once the goods are included in the plan, any further question of accepting them for shipment does not require a special agreement with the railroads and shipping companies.

The Ministry of the Maritime Fleet and the Ministry of Communications jointly approve and notify the shipping companies and railroads of the transport plan for through transport by rail and water combined.

The responsibility of the parties concerned for fulfilling the plan is determined for each month.

The Ministry of Communications and the Ministry of the Maritime Fleet can shift from rail to water transport those goods, when conveyance by direct rail transport would be irrational. The departments concerned are notified of such arrangements.

The agreed upon norms for passing freight from one form of transport to another, conveyed by direct transport by rail and water combined, are a component of the quarterly transport plan approved by the Ministries of Communications and the Maritime Fleet.



On the basis of the norms approved by the ministries for providing freight cars, the shipping companies inform the railroads not later than on the 20th of each month of the shipping plan worked out for freight to be conveyed by combined through transport, first by water and then by rail; the shipping companies must indicate the transfer points, the route to destination, and the type of cargo. The railroads in turn, submit the shipping companies - again not later than on the 20th of the month - a similar shipping plan for goods via combined through transport, first by rail and then by water.

Simultaneously with the general plan, a plan for passing freight from water to rail, and from rail to water, should be worked out for each transfer point indicating the quality of freight in car loads and in tons.

The plan is compiled according to the form shown below.

4-Time Periods for starting and completing the Reception  
of Freight for Shipments via Through Transport by Rail  
and Water Combined

Notification about the time periods for starting and completing the reception of freight by the shipping companies from the railroads is given to the railroads no later than twenty days before these time periods start; these dates are also published in the directory of rules for transportation and tariffs in maritime, river and rail transport.

Freight which has arrived at ports for transfer to water transport after termination of the reception period is accepted by the ports only if it was accepted by the railroads at the dispatch points before publication of the dates for terminating reception of freight at transfer points. Such freight can be re-forwarded by agreement between the freight-owner and the railroad.

After the navigation is closed, all freight which is passing in transit by rail and water combined and which has arrived at transfer points for further shipment by rail, should be shipped out according to official advice of the shipping companies.

Freight, held up by closed navigation at a point connected with the railroad, should be delivered by rail by the shortest possible route, with

payment being made for the actual distance travelled. The charge for the part of the sea-trip is also made for the distance actually travelled. If the point, at which the closed down navigation has held up the freight, is not connected with a railroad, the freight is held back at this point until navigation is reopened. Within five days after a ship has come to a standstill, the shipping company must send notifications concerning all freight stuck for the winter to the dispatch and destination points in order to inform the consignor and the consignee.

If freight had been received for shipment after the expiration of the compulsory period for reception, the owner of goods must within ten days either take possession of the freight or sign a contract for storage. If freight had been accepted for shipment, or been delivered to the port for transit by sea, before termination of reception, the shipping company must store the freight stuck for the winter free of charge until navigation reopens.

In formulating the annual plan, the quantity and designation of freight to be shipped in advance to transit points for maritime transport are particularly specified for the purpose of assuring maximum loading of the vessels making the first voyage.

For this reason, shipping companies suffering an interruption in navigation publish annually, not later than 1 January, the following information in "the Directory of rules for transportation and tariffs in maritime transport" and telegraph it to the railroads:

- a) a schedule of ports which accept freight for storage before navigation has started and stations where freight is transferred to shipping companies;
- b) the date when the reception of freight for storage starts;
- c) the type of cargo, the quantity, the means of transporting it (packed or loose, etc.) and the conditions of storage.

The railroads accept freight for delivery to ports for advance storage within the limits of the plan. The consignor should mark on the way-

bill that the goods are intended for storage at the transfer point before navigation reopens. Freight arrived at ports for advance storage is passed over by the railroads and accepted by the ports according to general rules but it is stored in warehouses or on board ships of the shipping company at reduced rates.



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7-MUTUAL RESPONSIBILITY OF THE SHIPPING COMPANIES, RAILROADS  
AND CLIENTELE FOR SHIPMENTS VIA THROUGH TRANSPORT BY RAIL  
AND WATER COMBINED

The railroads have to furnish the transit ports with loaded freight cars for unloading or with empty cars for loading within the limits of the average daily norm, reckoned according to the monthly transportation plan.

The maritime shipping companies (ports) and the railroads have the right to hasten the forwarding of the freight furnished or the number of cars to be provided up to twice the daily average norm set by the plan. A concentration on a large scale lasting for more than two days in succession, is permitted only by special agreement between the parties concerned. Preliminary notification about such a forthcoming increase is made as far in advance as is established by a joint agreement [uzlovym soglasheniyem].

For non-fulfilment of the government-approved plan for maritime shipments in through transport by rail and water combined, the shipping companies, the railroads and transport users are held responsible to the following extent:

a) For non-fulfilment in sending out freight by sea with subsequent transfer to the railroad, the transport user and the shipping company are held responsible to the same extent as in non-fulfilment of the plan for inter-port shipments--that is, they pay 100 percent of the shipping charges for the maritime part of the journey.

b) For non-fulfilment in sending out freight by rail with subsequent transfer to maritime vessels, the transport user is held responsible to the same extent as in non-fulfilment of the plan for through rail shipments--that is, he pays 50 to 100 rubles per freight car, depending on the type of car and the deadweight capacity.

For non-fulfilment of the plan for transferring freight from one form of transport to another, the shipping company (ports) and the railroads are held mutually responsible according to the following rates:

a) For failure to furnish freight during the month against the monthly norm of the plan, the guilty party pays a fine at the rate of 25 rubles for each car-load or one ruble, 50 kopecks for each ton of freight;

b) For failure to provide empty cars for loading according to the port's daily orders within the limits of the plan's daily average norm, or the norm agreed upon for a certain day, the railroad pays the port a fine at the rate of 25 rubles for each regular, two axle car and 50 rubles for each special car which was not provided.

c) For failure to load cars which have been provided, or for refusing to accept cars in accordance with the increased transfer norm agreed upon for a certain day, the maritime ports pay the railroads a fine at the same rates listed under Point "b".

For delaying cars in loading or unloading beyond the established periods, the port pays the railroad a fine at the rate of two rubles for every hour of delay.

The authorities of transit ports and stations keep accounts of transactions for fulfilment of the monthly transfer plan on index cards which are kept separately for transferring freight from water to rail and from rail to water. The index cards are filled in daily in two copies and are signed jointly by the harbor-master and station-master. One copy is kept in the port, the other in the station.

Demurrage for cars is noted in the reports on providing and removing cars.

For tardiness in delivering freight via through transport by rail and water combined, the shipping company and the railroads, guilty of the delay, bear the responsibility to the extent determined by the Code of Mercantile Navigation, the Code of Inland Water Transport and the Code of the Railroads.

The time allowed for delivery is determined in conformity with the rules set for each form of transport.

The shipping companies are not responsible for delivery dates of freight, received for shipment by water transport, or arrived at the transit point after termination of the obligatory period for receiving freight.

#### 8-TRANSPORTATION OF CARGO IN THROUGH TRANSIT BY WATER

Shipping cargo in through transport (that is with the participation of maritime and river shipping companies) is carried out according to a planned system. Transportation plans in transit by water are drawn up on the basis of orders received from the consigners and are approved by the Ministries of the Maritime Fleet and the River Fleet.

All ports, wharves, transport and forwarding agencies open for carrying out cargo operations take part in through transport by water.

Shipping cargo in transit by water is carried out according to "The rules for shipping cargo in through transport by the maritime and river shipping companies of the USSR." In cases not covered by these "rules", the shipping companies and their clientele are governed by the Code of Mercantile Navigation and regulations issued during the gradual development of the code when the cargo is proceeding by sea; and by the Code of Inland Water Transport and the regulations issued in the course of the code's development when the cargo is conveyed by inland water routes.

In providing cargo for shipment in transit by water the consigner draws up an invoice for through transport. This invoice accompanies the cargo to its destination point.

The points for trans-shipping cargo from sea to river transport, and vice-versa are published in the directory of rules for transportation and tariffs in maritime and river transport. The periods for starting reception of cargo when navigation reopens and for terminating receipt of goods when navigation is closing are cited in the same sources.

The system for transferring cargo at transit points are determined by joint agreements [uzlovyye soglasheniya] between the maritime and river shipping companies.

As a rule, the transfer of cargo at transit points is carried out from ship to ship. If the receiving party does not provide shipping facilities promptly according to the schedule agreed upon and refuses to take the cargo in storage, then the delivering party has the right to unload the cargo in their own warehouses, and charge the receiving party for cost of storage. Moreover, the receiving party pays the deliverer a fine for demurrage of the vessels. The fine is based on the cost determined by the plan for maintaining a ship lying at anchor. The delivering party pays a fine, according to the same rates, to the receiver when demurrage of vessels provided according to schedule is caused by the late arrival of the ships carrying the transit cargo.

For non-fulfilment of the approved plan for transferring cargo from maritime to river transport, and vice-versa, the maritime and river shipping companies pay a fine on reciprocal terms at the rate of two rubles per ton for the entire quantity of cargo not provided in accordance with the monthly plan.



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## CHAPTER 15. DELIVERY PERIODS OF CARGO

## 1--Determining the Average Speed for Delivering Cargo

One of the most important indexes in the work of maritime transport is the speed of delivering cargoes. To increase this speed is of enormous importance to the whole national economy, as it accelerates the goods turnover and increases the number of runs made by the transport means used for conveying cargo. Thus one of the fundamental tasks confronting the workers in maritime transport is the campaign for reducing the time of delivery.

The delivery period represents the time necessary for effecting the shipment of cargo from the point of dispatch to the point of destination. This includes the time needed for loading and unloading operations and the time required for executing cargo documents and handling various auxiliary jobs.

Delivery time depends on two factors:

1) On the time the cargo is enroute, viz. on  $t$  movement (which, in turn, depends on the mechanical speed of the vessel carrying the cargo, and the distance);

2) On the time the vessel remains moored in ports for cargo operations, i.e.  $t$  STAND which includes operations with receiving and handling over the cargo, dispatching the necessary formalities, as well as the time lost in waiting for ships to depart.

Thus the general formula for the time spent in delivering cargo in maritime transport i.e.  $T$ , is expressed as follows:

$$T = t \text{ Movement} + t \text{ STAND}$$

where  $t \text{ STAND} = t \text{ LOAD} + t \text{ UNLOAD} + t \text{ SUPPLEMENT}$

By replacing  $t \text{ MOVEMENT}$  and  $t \text{ STAND}$  with symbols showing what  $t \text{ MOVEMENT}$  and  $t \text{ STAND}$  actually mean, we get:

$$T = \frac{D}{R \text{ daily av}} + \left( \frac{2 \text{ CGE}}{2} + t \text{ SUPPLEMENT} \right)$$

The letters denote:

$D$  = shipping distance; 56-

R DAILY AV. = the rate of speed (in miles per day);

Cg = carrying capacity of the vessel;

c = the coefficient of utilization of carrying capacity;

N = the daily norm for cargo operations.

Standing time t STAND, is taken with the coefficient 2--i.e. both loading and unloading are taken into account.

With this formula the commercial rate of speed for delivering cargo can be determined. In a simple case of shipment between two points, this can be determined by the following formula:

$$R \text{ comm.} = D \cdot \left[ \frac{D}{R \text{ Daily Av}} + 2 \frac{cCg}{N} + t \text{ SUPPLEMENT} \right]$$

For example, if we calculate:

D = 720 miles, R Daily Av = 240 miles, cCg = 3000 tons,

N = 1000 tons, t SUPPLEMENT = 0.5. days, we can determine the commercial rate of speed by the following rule:

$$R \text{ comm.} = 720 \cdot \frac{(3 + 6 + 1) \cdot 720}{10} = 72 \text{ miles per day.}$$

In so far as the commercial rate, as shown above, is directly dependent on a series of factors (mechanical speed and carrying capacity of the vessel, daily norms for cargo operations, the energy with which supplementary operations are carried out, the distance of the shipment, and the coefficient for removal of cargo) it is natural that, in shipping various goods along different routes on ships with different speeds and carrying capacities, the commercial rate (and consequently, the actual length of time for delivering cargo) varies. It is evident that for practical purposes (in particular, for establishing fixed periods for delivering cargo) the determining of the actual commercial rate in every case would present great difficulties. Thus in finding out fixed periods for the delivery of cargo, the average rate of shipping speed of a shipping company (or of a specified route) is assumed.

Knowing the average commercial rate and the average length of time cargo remains in port,  $t_{stand}$ , the actual length of time for delivering cargo can be determined by using the following formula:

$$T = \frac{D}{R_{comm.}} + t_{stand.}$$

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## CHAPTER 17-- Loading and Unloading Operations

### 1 - Organization of Loading Operations

Operations in loading and unloading vessels and stowing cargo in holds and on decks are carried out, as a rule, in seaports of the Ministry of the Maritime Fleet with the means and resources of the ports.

If the port is not equipped with a loading and unloading contrivance of its own, the cargo owners carry out loading and unloading of vessels with their own facilities, observing the standards established by the Ministry of the Maritime Fleet. Ships in departmental ports, and at wharves belonging to the shippers, are also handled by the cargo owners themselves. In these cases, the loading and unloading standards of vessels in departmental ports (ports of the Ministry of the Interior, the Ministry of the Fishing Industry, etc.) are established by the Ministry of the Maritime Fleet by agreement with the owners of the ports.

In cases where loading and unloading (and in roadstead transport) are carried out with the resources of the cargo owner, the latter must immediately begin loading or unloading once the ship has arrived and the captain has sent information of the ship's readiness for loading operations. The cargo owner, in such cases, bears full responsibility for the consequences of delayed loading or unloading.

Observing the proper procedure of loading, unloading, stowing cargo on the ship and making sure that the cargo is properly separated in accordance with the technical transport conditions and commercial rules are the duties of the ship's administration whose instructions should be carried out

unconditionally by the port and the cargo owner. In the event of failure by the cargo owner or the port to comply with the directions of the ship's administration, the latter can suspend loading operations until these demands have been met. Losses involved by stopping the work are charged to the account of the cargo owner or the port. These cases are recorded in legal documents.

If special equipment or material is required for transporting, loading or unloading, this gear should be provided by the shipper. In transporting animals, dangerous or other special cargo - unless shipped on specially equipped ships - all temporary contrivances are set up by the shipper or, by agreement, by the port or the carrier at the expense of the shipper.

The securing of ordinary light-weight or not long-measuring deck cargo (lashing with chains, ropes, and lanyards) is the responsibility of the carrier who executes the work with his own means. If the stowing of deck cargo requires special fittings (keelblock/~~Kil'blok~~, fixtures for stowing barrels horizontally, etc.) these should be made by the shippers or at their expense by agreement between them and the ports of dispatch.

In conveying goods in through transport by rail and water combined all material for reenforcing and separating goods should be sent out by the shipper with the goods when dispatched by railroad.

If the loading of heavy-weight or long-measuring goods, or of goods taking up a lot of space, requires special work in reenforcing the hull or deck of a ship - or work involving welding, carpentry or forging - this work is carried out by

the port or the client (depending on who is doing the loading) at the expense of the shipper.

The norms for mooring ships for loading and auxiliary operations, and also the order for handling ships by the ports, are established by the "Regulation on the norms and the system of calculating the mooring time of Soviet vessels in maritime ports and landing points," ratified by the Ministry of the Maritime Fleet. The rules established by this "Regulation" are compulsory for all ministries and departments shipping cargo by sea.

In connection with the constant improvement of technical equipment of the ports and the application of progressive methods of handling ships, these rules and norms for loading and unloading are periodically reviewed with the aim of reducing the mooring time.

"The Regulation on the norms and system of calculating the mooring time of Soviet vessels in maritime ports and landing points" determines:

- a) The system of establishing the norms, obligatory for every port, for the simultaneous handling of vessels (the number of ships which the port should handle at the same time.)
- b) The obligation of ports, shipping companies and vessels to inform one another about the approach of vessels and about other matters necessary for planned and productive work by the ports in loading and unloading.
- c) Definite obligations of the ports and vessels for preparations and operational planning of handling cargo.
- d) The system for calculating mooring time for vessels in ports and the system for formulating the corresponding documents.

e) The rules for applying the norms of cargo operations.

"The Regulation" establishes the classification of cargo, according to which the norms of cargo operations are made up. There are general norms -- for all ports, and special ones -- for individual ports.

In addition, "The Regulation" includes the norms for fueling ships with liquid and solid fuel and norms for carrying out all possible auxiliary operations (maneuvering, towing, piloting, customs operations, formulating documents, inspection, disinfection, dogassing and exterminating rats from vessels, etc.)

## 2 - Norms for Simultaneous Handling of Vessels

In conformity to the quarterly plans of maritime transport and in accordance with the volume of imports and exports on foreign vessels agreed upon by the Ministry of the Maritime Fleet and the Ministry of Foreign Trade, norms for the simultaneous handling of ships are established for each port of the Ministry of the Maritime Fleet. For individual, large ports where ships often stop to take fuel, a norm for simultaneous fueling of ships is also established.

In determining the norm for the simultaneous handling of vessels, the following is usually taken into consideration: the special features of port warehouses and wharves, the technical equipment and transit capacity of the ports, and the labor force provided.

In the ports of other departments the norm for the simultaneous handling of ships of the Ministry of the Maritime Fleet is established by agreement between the shipping companies and the ministries owning the ports.

In Soviet Danube ports, the norms for simultaneous handling of foreign vessels are established by agreement between the Danube Soviet State Shipping Company and associated shipping companies.

The present "Regulation on the norms and system for calculating mooring time of Soviet vessels in maritime ports and landing points" stipulates that all vessels arriving in port within the period designated by the ten day schedule should have preference in being serviced by the port over vessels which have arrived outside the ten-day schedule (within the limits of the norm). If free docking facilities and labor are available, the port accepts ships beyond the norms.

3 - Information, Preparation for Cargo Operations  
and the Operational Plan for Handling Vessels

The captain of the vessel must inform the port of destination of the presumed time of arrival 48 hours before arrival. He must then repeat this information 24 hours before the scheduled time of arrival, and, finally, give the exact time four hours before arriving. In the first report the captain indicates the draught of the vessel (during disembarkation), the dead-weight capacity of loading equipment, the quantity and type of cargo according to groups and holds, the quantity of heavy-weight and long-measuring cargo, listing their weight and length, and characteristics of the deck cargo. For bulk cargo, the name of the consignee is also reported.

The port, in turn, no later than two hours before the ship arrives, informs the captain of the mooring place and the method of carrying out cargo operations.

Upon arrival of the ship in port, the captain submits to the harbor officials (or if cargo operations are being



carried out by the client, to the representative of the client) a written report indicating the time the ship will be ready for handling, viz. when the holds, loading equipment and hatches will be ready for loading or unloading.

By the time loading or unloading is to start, the port (or client) should assure the readiness of the cargo (for loading), the working area, the stevedores, the conveying machines and transport, and also the proper equipment and rigging.

The ship should receive and hand over cargo, but the port (or client) should load it on board ship and unload it in complete conformity with the loading plan, not allowing cargo parcels covered by bills of lading to be split or mixed up.

Before cargo operations begin, the port makes an operational plan and adjusts it with the representative of the shipping company (the shipping agent or captain of the vessel). This plan indicates the time for fulfilling all operations in servicing the vessel - auxiliary manipulations as well as loading, the combination of operations, and the names of representatives of the port and the shipping company responsible for servicing the ship.

The total time, established by the norms for fulfilling all non-combined operations in servicing the vessel - auxiliary processes as well as loading - is considered the complete (gross) mooring time of the ship in port according to the norm.

The auxiliary operations - supplying the ship with fuel, water, technical material, spare parts and provisioning, filling out loading documents, arranging the arrival and departure - are accomplished as a rule simultaneously with

the loading operations. When auxiliary operations cannot all be carried out during the loading, time for fulfilling such auxiliary operations according to the established norm is added to the mooring time set for cargo operations.

#### Calculating the Time for Mooring

The mooring time is calculated from the moment the ship is moored to the wharf or lies at anchor within the limits of the port waters according to harbor regulations and in readiness for cargo operations on the basis of the captain's written notice. The mooring time is considered as terminated when the ship departs from port (starting to unmoor from the wharf or to get under way.)

The time for loading operations on ships which have arrived according to preliminary notices and have been included in the norm for simultaneous servicing is calculated from the time indicated in the captain's report concerning the readiness of the ship; or if the ship is late in terms of the time stated in the final notice - or in the absence of such information - the time for loading operations is calculated to start not later than four hours after the captain has sent his report about the readiness of the vessel.

For a ship which has arrived in port ahead of time in terms of the norm for simultaneous servicing, the time for loading operations is calculated to start with the completion of the planned period for servicing one of the vessels already undergoing loading or unloading, even if the actual servicing of this ship has not been completed; or, if servicing is completed ahead of time, the calculation starts with the actual completion of servicing. The time for including a

vessel in the norm of simultaneous servicing is calculated in conformity to the specialization of types of cargo according to the norm approved for the port. For example, if two ships carrying coal, another carrying general cargo, and still another carrying grain enter the norm of simultaneous servicing established for the port, the coal carrying ship waiting to be docked enters the norm of simultaneous servicing only after the end of the planned period of servicing the other coal-ship, or at the completion of servicing when finished ahead of time. This applies even if servicing of the ships with other types of cargo has been completed earlier.

The norm for mooring time can be increased under the following circumstances:

- a) In the event of foul weather which prevents loading or unloading of a given cargo, provided that when the bad weather set in, the time fixed for a given ship has not already expired according to the norm.
- b) In the event of standing idle [demurrage] due to the ship's loading mechanism being in disrepair, if the ship is being serviced by such machines.
- c) In the event that a ship is in port where work is conducted in one or two shifts - during the time when the port is not doing any loading operations, provided that the time for servicing a given ship has not yet expired.
- d) In the event of a strong wind, which prevents cranes from working (if the ships are being serviced only by port and floating cranes) - for the time of interruption caused by the suspension of work for the above reason. The strength of the wind when work with cranes is suspended is established by an order from the port taking into account the local conditions and types of cranes.

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e) In the absence of electricity for operating conveying machines ashore, if the port is supplied with electricity from an outside organization.

f) When it is necessary to carry out work which involves special reenforcement or unlashng of heavyweight or non-lighterage [negabaritnogo] deck cargo. The norm is increased by the amount of time actually spent on these operations.

The remooring of a ship at the time of cargo operations is allowed only once during a voyage. The time spent in additional remooring, carried out at the request of the port or client, is calculated as mooring time. The time spent remooring for the purpose of taking in fuel when this is not done during loading operations - and also the time spent remooring for taking and handing over inflammable goods and goods transported in refrigerated cargo boats - is added to the norm for mooring time in cases where refueling cannot be performed during the process of loading.

Cargo documents should be filled out by the port (or the client) and handed to the administration of the ship during the process of loading, as soon as the loading of each parcel of the cargo shipped on a separate bill of lading is completed. Documents for the last parcel of cargo should be made out in the course of 30 minutes to an hour - depending on their complexity.

Below, samples are given of calculations of mooring time for ships in ports. The samples have been drawn up in accordance with "The Regulation on the norms and system for calculating mooring time for Soviet vessels in maritime ports" (Order Number 732, Ministry of the Maritime Fleet).

Example One: The steamship "Borodino" (five hatches),

carrying goods in intra-sea cabotage, arrived on 2 November at 3:40 p.m. in the port of Riga with a cargo of coal and equipment. The cargo delivered by the vessel totalled 7050 tons - of which coal constituted 7000 tons and heavy equipment 50 tons.

At the time of S.S. Borodino's arrival in Riga, two coal-ships, which had arrived earlier, were being unloaded; thus the norm for simultaneous servicing of vessels carrying coal (two ships) established for the port was filled. It was evident from the document concerning the mooring time of the Borodino that unloading of one of the previously arrived ships should be completed according to the norm of 2 November at 11 p.m. Consequently, the Borodino would be included in the norm from that time on for simultaneous unloading.

The Captain of the Borodino informed the port that the vessel would be ready for unloading all five hatches at 5:10 p.m. 2 November (the moment of being moored at the dock and registering the ship's arrival in port).

The ship discharged the load at one dock.

Unloading of the vessel by the port actually started on 2 November at 8 p.m. (three hours prior to the ship being included in the norm for simultaneous handling). Unloading was completed on 4 November at 4 p.m. Unloading operations were interrupted for four hours because of the absence of electric current supplied from the city.

The ship left the dock after being unloaded at 6 p.m. on 4 November.

## Calculation of the Borodino's mooring time

## 1 - Basic Data

1. Ship's arrival in port (starting to count gross mooring time) - 2 November, 3:40 p.m.
2. Readiness for handling, according to captain's notice - 2 November, 5:10 p.m.
3. Inclusion of the ship in the norm of simultaneous handling - 2 November, 11 p.m.
4. Ship's departure (calculation of mooring time completed) - 4 November, 6 p.m.

Total mooring time in port - 50 hours, 20 minutes.

## 2 - Calculating the Time for Servicing the Ship

## 1. Loading Operations

Total cargo in five hatches - 7050 tons, including:	Norm for unloading (tons per ship hour)	Time according to the norm in ship hours (hours and minutes)	Time in ship hours actually spent by the port (hours and minutes)
Coal - 7000 tons	142	49 20	) - 37 00 )
Heavy Equipment - 50 tons	25	2	
Total time for loading operations		51 20	37 00 (from 11 p.m. 2 May to 4 p.m. 4 May less idle time due to absence of electricity)

## 2. Auxiliary Operations

a. Mooring of vessel at dock (from moment of arrival to actual mooring)	1 20	1 30
b. Registering of ship's arrival	1 00	Registration taken care of during mooring process
c. Formulating cargo documents	30	30
d. Registering ship's departure	1 00	1 30
Total time for auxiliary operations	3 50	3 30

## 3. Non-productive Demurrage

Total cargo in five hatches - 7050 tons	Norm for unloading (tons per ship hour)	Time according to the norm in ship hours (hours and minutes)	Time in ship hours actually spent by the port (hours and minutes)
a. Waiting for ship to be included in norm for simultaneous servicing (from moment captain gives notice of ship's readiness)		5 50	5 50
b. Interruption in work due to absence of electricity		4 00	4 00
Total non-productive demurrage		9 50	9 50
Total time for servicing ship		65 00	50 20

Savings made in mooring time - 14 hours 40 minutes

Cost of maintaining ship in port - 255 roubles per hour

Bonus credited to port - 3740 roubles

Example 2: The steamship "Strel'na" (four hatches) arrived on 5 May at 12:30 p.m. in the port of Leningrad to be loaded with general export cargo.

Since a free wharf was available and the norm for simultaneous handling was not filled, the "Strel'na" docked immediately. At the same time the ship's hatches were opened and the crew was ready to take on cargo in accordance with the captain's notice.

The captain of the vessel had warned the port in advance of the ship's need to take fuel and water.

During loading, the ship was shifted twice by the port from one wharf to another. The ship was supplied with water during loading, but fueling was taken care of after loading had been completed, although this could have been done during these operations. The port spent three hours in fueling the

vessel (from 8 p.m. to 11 p.m. on 8 May). The loading started on 5 May at 4 p.m. and was completed on 8 May at 8 p.m. After loading and fueling was completed, the ship was not ready to depart because the ship's company was not complete until 9:15 a.m. on 9 May. After the ship's company was assembled and the departure was arranged, the ship was unmoored from the wharf and sailed at noon on 9 May.

#### Calculation of the Strel'na's mooring time

##### 1 - Basic Data

1. Ship's arrival in port (starting to count mooring time) - 5 May, 12:30 p.m.
2. Readiness for handling, according to captain's notice - 5 May, 12:30 p.m.
3. Inclusion of the ship in the norm for simultaneous handling - 5 May, 12:30 p.m.
4. Ship's departure (calculation of mooring time completed) - 9 May, 12 noon.

Total mooring time in port - 95 hours, 30 minutes.

##### 2 - Calculating the Time for Servicing the Ship

##### 1. Loading Operations

Total cargo in four hatches - 2140 tons, including:	Norm for loading (tons per ship hour)	Time according to the norm in ship hours (hours and minutes)	Time in ship hours actually spent by the port (hours and minutes)
Ferrous manganese in bulk - 560 tons	72	8 00	) - 74 30
Asbestos, bone dust - 1580 tons	61	26 00	
Total time for loading operations		34 00	74 30 (from 4 p.m. 5 May to 8 p.m. 8 May less time spent shifting from one wharf to another - 1 hour 30 min.)



## 2. Auxiliary Operations

Total cargo in four hatches - 2140 tons	Norm for loading (tons per ship hour)	Time according to the norm in ship hours (hours and minutes)	Time in ship hours actually spent by the port (hours and minutes)
a. Mooring vessel to wharf		0 45	0 30
b. Registering ship's arrival (in the manner for ships travelling in overseas navigation)		1 30	1 00
c. Shifts		0 45 (ono shift)	1 30 (two shifts)
d. Formulating loading documents (in the manner for ships travelling in overseas navigation)		1 30	1 00
e. Taking in fuel not during loading operations		---	3 00
f. Registering ship's departure		1 30	1 00
g. Unmooring ship from Wharf		0 45	0 45
Total time for auxiliary operations		6 45	8 45

## 3. Non-productive Demurrage

a. Demurrage in waiting for loading to begin (after registering arrival)		---	2 00
b. Demurrage for which the ship is to blame, after completion of loading due to delay in assembling the ship's company	10	15	10 15
Total non-productive demurrage	10	15	12 15
Total time for servicing ship	51	00	95 30

Excess mooring time - 44 hours, 30 minutes

Cost of maintenance of ship in port - 165 roubles per hour

Fine due to the shipping company - 7342 roubles, 50 kopoks

#### 5 - The Ship's Document and Calculation of Mooring Time

The time actually spent by the ship in port is accounted for in the ship's document in a prescribed form. In the document the time spent on all operations from the time of the ship's arrival in port until departure is recorded with an accuracy to approximately five minutes). The ship's document is signed by the captain of the vessel and a representative of the port (or of the client). If, in a certain port, a ship is unloaded and then takes on cargo, ship's documents are drawn up separately for loading and unloading.

On the basis of the ship's document, an account is drawn up of the time allotted by the norms and the time actually spent; conclusions are then drawn regarding the time saved or lost. For servicing a ship in less time than stipulated by the norm, the shipping company pays a bonus; for spending more time in dispatching a ship than fixed by the norm, a fine is paid to the shipping company. In case of simultaneous dispatch of a ship by means and resources of several clients, the amount of the fine or the bonus is distributed among the clients in proportion to the bulk of cargo belonging to each of them. In settling accounts between the shipping companies and ports of the Ministry of the Maritime Fleet, for the pre-deadline dispatch of a vessel a bonus is paid to the ports at the rate of 50 percent of the planned cost of operational maintenance of the ship in port; for demurrage, a fine at the rate of 100 percent of the cost is exacted from the ports. The settlement of fines and bonuses with clients carrying out loading operations with their own means is made according to progressive rates published in Tariff Manual No. 1-M. If the ship is

loaded or unloaded with the assistance of the port, then the calculation of time, and also the rates for fines or bonuses are made by the port. When loading and unloading is carried out with the means at disposal of the client, the calculation of time is made by the shipping company.

#### 6 - Ship-hour Norms for Loading Operations

The success achieved in trans-shipping cargo in bulk by the skilled crane operators of the Soviet ports, the application of speedy methods for dispatching ships in Baku, Odessa, Kaliningrad, Leningrad, Vladivostok and other ports - revealing the enormous potential of intensified productivity of labor - enabled considerably to increase the ship-day norms for loading operations in the post-war years.

Norms for loading operations are established in ship-hours, distinctions being made between the type of cargo, individual ports and, partly, according to individual ships.

The ship-hour norms now in effect are divided into two groups:

a. General ship-hour norms, established for every port, independent of the method for carrying out loading operations;

b. Special ship-hour norms, applicable in specifically designated ports for individual types of cargo.

Special ship-hour norms have been established, based on the possibility of increased loading activities in dispatching mass cargoes which are particularly handled by a certain port. (This is done primarily in specially equipped docks with special loading arrangements.) Moreover, special norms have been established for loading and unloading heavyweight cargo of five tons or more, and also for ships whose structural

particularities influence the speed with which loading operations are carried out.

Cargos have been divided into seven groups, based on the labor capacity for handling ship-loads. General ship-day norms have been established in accordance with this classification.

All ports, depending on their equipment of loading mechanisms and on conditions for executing loading operations where loading is carried out with the ship's own resources, have been divided into six groups [networks] (setok).

Ship-day norms for each port and landing point are reckoned on the basis of conducting loading and unloading work through all hatches of the vessel, regardless of how many hatches are actually being used for loading during this or that shift. In dispatching ships which are taking in or giving out cargo not through all hatches because the cargo for a certain port is not stowed away in all the ship-holds, or because the wharves are not ready for loading, the mooring time is calculated according to the number of hatches actually being worked in a given port.

Norms for loading operations are reduced by 10 percent during continuous reweighing of separate cargo parcels. In unloading parched, petrified, frozen or deteriorated goods, the norms are also reduced by 10 percent. When the condition of the cargo requires particularly laborious preparatory work, for example, blasting, cutting into pieces, the use of pneumatic tools, etc., the norms are lowered to the extent determined by agreement between the port (or client) and the captain of the ship.

If a ship is being loaded with grain in two ports, and takes on less than 40 percent of the cargo in the second port,

the norm for the second port is lowered by 20 percent.

If work is being conducted in an outside roadstead in a rough sea with a wind from 3 to 5 points, the norms are lowered by 20 percent. In a rough sea with a wind of more than five points, anchorage time is not counted.

An exception to the general rules are the cargoes of the Ministry of Fishing Industry being loaded or unloaded in Far Eastern roadstead points under the control of this ministry. At present special ship-day norms have been established for handling maritime vessels, approved by a joint order of the Ministries of the Maritime Fleet and the Fishing Industry of the USSR. These special norms have been established for ten groups of cargo: Fish in barrels, fish in packings, fish without packings, coal, salt in blocks, salt in packings, sawn timber, logs, clapboards, and general cargo.

#### 7 - Calculating the Mooring Time for Foreign Vessels

The mooring time for foreign vessels in Soviet ports is calculated according to norms established by agreement between the Ministry of the Maritime Fleet and the Ministry of Foreign Trade USSR. If there is a divergence of the norms indicated in the charter-parties and the norms agreed upon between the two ministries, then the calculations between the port and the export-import associations of the Ministry of Foreign Trade are made according to the norms agreed upon, taking into account the other conditions of the charter-party (such as the commencement of calculating the loading time, excepting from loading time Sundays and holidays, etc.). The

calculations between the associations of the Ministry of Foreign Trade and the ship-owner are made on a time-sheet, compiled in complete conformity with the norms of the charter-party.

Soviet vessels chartered by foreign charterers are dispatched in Soviet ports according to the general norms established for vessels in the coasting-trade; the reckoning up of fines and bonuses for loading-unloading operations is made with Soviet shippers and consignees regardless of the norms listed in the charters.

#### 8 - Liability for Demurrage of Vessels Beyond the Established Norms

For delaying shipping and towing facilities beyond the established time periods in loading or unloading or owing to delivery of cargo not in due time, the consignor or the consignee pays a fine to maritime transport. The shipper also pays a fine when loading was carried out with the expedients of the port, but the delay of the ship was caused by the shipper's failure to deliver the cargo promptly alongside ship.

The fine for demurrage of vessels is paid to the extent determined by the tariffs.

If the client systematically delays cargoes under loading operations beyond the established time periods, the shipping company, with the permission of the Ministry of the Maritime Fleet, may increase the fine for demurrage of vessels two or three times.

The fine for the demurrage of vessels is exacted through credit institutions, without engagement. √ bezaktseptnom porjadke  
Disputes concerning fines are settled by judicial organs at the place where the defendant is located.

For completing loading or unloading of vessels ahead of time; the shipper (or consignee) who executed loading operations is paid a bonus to the extent determined by the tariffs. The client forfeits the right to a bonus for pre-deadline loading or unloading if he violates the technical rules for loading operations and distribution of cargo on a vessel, or if he damages the ship.

For damaging a vessel in loading and unloading when conducted with the shipper's or consignee's own resources, the client pays a fine amounting to thrice the cost of the damaged parts of the ship. The shipping company, in turn, pays compensation equal to three times the damage of shoreside equipment belonging to the client inflicted by ships owned by the shipping company.

## CHAPTER 18. TRANSPORTING PASSENGERS, BAGGAGE AND GOODS

1-Organization of Passenger Traffic in  
Maritime Transport

pp 125-139

The steady rise in the material welfare and the cultural level of the workers in our country and the increase in the network of rest-houses and sanatoriums contributes to the expansion in maritime passenger transport and necessitates the improvement in serving passengers in ports and on board ships.

The passenger transport is regulated by the following basic rules and legislation:

- a) The Code of Mercantile Navigation (pp 124-136).
- b) Sanitary regulations for maritime passenger ships.
- c) The regulations of the Maritime Register of the USSR concerning passenger ships.
- d) General and special regulations for transporting passengers, baggage and goods on vessels of the Ministry of the Maritime Fleet (Tariff Manual No. 4-M).
- e) The special decrees and administrative rules of the Minister of the Maritime Fleet.

The passenger transport is divided into the following categories:

- a) Long distance transport (within the boundaries of the whole basin and between USSR ports located in various basins.
- b) Local transport (within parts of the boundaries of a single basin, not exceeding 100 miles).

As a rule, passenger transport can be carried out only on specially equipped passenger and cargo-passenger ships which are authorized to conduct such transports by the Register of the USSR.

Passenger transport on cargo vessels can be authorized as an exception by agreement with the Register of the USSR

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and the (vodsammed) Administration of the Ministry of Health, observing special instructions. (For instance, the transport of organized groups of fishermen going to or returning from fisheries, or seasonal workers and settlers, etc.)

Depending on how well the ships of this or that line are equipped and on the number of calls made at intermediate ports (consequently, on the commercial speed), the following categories of passenger lines have been established:

- a) cargo-passenger
- b) rapid
- c) express.

The classification of lines into cargo-passenger, rapid or express categories is made by the Ministry of the Maritime Fleet. The number of vessels assigned to this or that line is determined by the size and composition of the passenger flow.

The movement of passenger vessels is carried out according to schedules drawn up by the administrations of shipping companies and confirmed by the Ministry of the Maritime Fleet. Sailing schedules for local lines are approved by the heads of the shipping companies.

Schedules are made for an entire period of navigation or for a particular season (summer, fall); they are posted in forms of posters in all ports and landing points where passengers embark and disembark.

The schedule-posters contain the following information:

- a) The designation of the line (cargo-passenger, rapid, express).
- b) The period during which the schedule is in effect.
- c) Date and hour of arrival and departure at all points where the ships are stopping.
- d) Places where tickets are sold.
- e) Points of general information (refreshment bars, rooms for mothers and children, luggage rooms, etc.).

2-The Dispatch of Documents for Passenger Transport  
and the System for Selling Tickets

Page 124 of the Code of Mercantile Navigation indicates that "according to the terms of maritime transport concerning passengers, the carrier is obliged to transport the passenger from one place to another by sea-route in return for a stipulated compensation (fare)".

The documents confirming that a contract for passenger transport has been concluded are the passenger tickets in a form established by the Ministry of the Maritime Fleet.

On shipping lines carrying passengers in great numbers between certain ports, cardboard tickets have been introduced. On other lines cut off ticket forms are used.

In accordance with the tariff of fares, shipping companies are subdivided into two groups, and each group has been allotted special serial numbers for the types of tickets (Table 6).

Table 6

<u>Description of Line</u>	<u>First Class</u>	<u>Second Class</u>	<u>Third Class</u>
For Murmansk, Northern, Baltic and Caspian Shipping Companies			
Cargo-Passenger	F-8	F-10	F-12
Rapid	F-13	F-15	F-17
Express	F-18	F-20	F-22
For Far Eastern, Sakhalin, Kamchatko-Chukotka, Black Sea and Danube Shipping Companies			
Cargo-Passenger	F-9	F-11	F-12
Rapid	F-14	F-16	F-17
Express	F-19	F-21	F-22

Third class ticket forms for both groups of shipping companies have identical numbers, since the fare for passengers without reserved berths in the third class is the same as for all shipping companies. Third class without reserved berths,

are also used for transporting passengers on deck.

Ticket forms are issued in four series (A, B, C and D), according to the following distances of travel:

Series A--1 to 150 miles

Series B--151 to 400 miles.

Series C--401 to 1200 miles

Series D--1201 to 3200 miles

The forms for reservation of berths go with the tickets and carry the same numbers as the tickets, but the letter "P" is added--F-8P, F-13P, F-22P.

Besides tickets which passengers buy in maritime transport, there also are yearly tickets, season tickets and tickets good for one way trip of travel for workers of the Ministry of the Maritime Fleet. Such tickets are used in connection with the professional and personal needs of these workers, and are issued as follows: by the Ministry of the Maritime Fleet for travel on vessels of all maritime shipping companies; by the administration of a particular shipping company for travel on vessels at the disposal of this company.

Passenger tickets and reservations are monetary documents, They are considered as, and issued as documents subject to strict accounting. They are subject to numerical accounting by the piece from the time they come off the printing press until they are used up.

The sale of passenger tickets is effected by special booking-offices, which are opened by the shipping companies and ports in maritime passenger terminals and in cities (city booking-offices). At points where a great number of passengers moves through, special booking-offices are opened: for transit passengers, for persons with health resort permits and for military personnel.

Tickets are sold on the day the vessel departs. The booking-office should be opened not later than an hour before and close five minutes before the time of departure. In addition, preliminary sales of tickets are made.

### 3-Embarkation and Debarkation of Passengers

The heads of the ports and passenger terminals must take all measures to insure the utmost comfort for passengers during embarkation and debarkation. Prompt information about arrival and departure of vessels must also be given.

At terminal points, passengers should embark not later than an hour before the ship departs; in intermediate points, embarkation should take place no later than 30 minutes before departure. Passengers are informed that embarkation is to start by the ringing of bells, steam whistles or by radio.

Only persons with tickets are permitted on board ship. Visitors are not allowed on board. Visitors are admitted to the pier only if they have obtained platform tickets.

Tickets and the weight of small baggage should be checked at the gang-way.

Upon the ship's arrival in port, passengers disembark only after the ship has come to a complete standstill and the gang-way has been lowered. Passengers must hand over their tickets to the ticket inspector upon debarkation.

The shipping company is entitled to refuse transportation to passengers and baggage in the following cases:

- 1) When a passenger does not agree to submit to the rules and tariffs in effect for maritime transport.
- 2) If transportation of passengers or baggage is suspended by an established order.
- 3) If there is no free accommodation on board the departing ship.

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4) When a passenger is intoxicated or ill in such a manner as to jeopardize the health of other passengers unless a special cabin is set aside for this passenger.

#### 4-Serving Passengers on Shore

All ports where passengers embark and disembark should have premises for serving passengers; these premises should correspond to the size of the passenger flows (premises such as terminals, pavillions, etc.).

In passenger terminals of ports with a large passenger flow, there should be:

- 1) a booking-office
- 2) a waiting room
- 3) a room for transit passengers
- 4) a Red Corner, supplied with newspapers and magazines
- 5) a refreshment bar (restaurant)
- 6) a room for mothers and children
- 7) a first aid station
- 8) rooms for providing every-day services (a barber's shop, repair shops for shoes and clothing, etc.)
- 9) luggage offices for checking small luggage
- 10) an information bureau.

In all terminals there should be a supply of hot water for passengers.

By agreement with the harbor administration, commercial organizations can open on passenger piers or near passenger terminals, stalls and stores for the sale of essential food and manufactured goods.

On the premises of passenger terminals, there should be posted, inconspicuous places, sailing schedules, lists for prices of tickets and reservations, charges for porter service and the basic rules for passenger travel, etc.

### 5-Serving Passengers on Board Ship

Passengers with reserved (sleeping) berths, receive a set of bed clothes for a special fee. In addition, all cargo-passenger ships should have individual toilet kits, which are also issued for a special fee.

All cargo-passenger and passenger ships, except those on local lines, are equipped with baths and showers, which passengers can use in return for a special payment.

On large passenger ships on fast and express lines, the administration of shipping companies can provide special facilities for cleaning, ironing, and making minor repairs of passengers' underwear and clothing. Barber's shops can also be set up.

All passenger and cargo-passenger vessels should provide libraries and reading rooms for the use of passengers, supplied with a sufficient quantity of books, magazines and newspapers, and table games (chess, checkers and dominoes). Large ships should have radios.

Passenger and cargo-passenger ships have special cabins for mother and child or children's cabins.

### 6-Transporting Passengers

Every passenger must obtain a ticket, and the administration of the vessel must furnish the passenger with accommodation corresponding to the ticket paid for. Otherwise, the passenger can refuse to travel and can demand his money back.

If a passenger with justified reasons (illness, etc.) cannot depart by ship for which he has acquired a ticket, he is entitled, upon presentation of a document confirming the reason for delay, to demand that an endorsement be made on his ticket concerning the postponement of departure. To renew

its validity, the ticket should again be punched on the day the passenger embarks. The validity for a reservation of accommodation on board cannot be extended in such cases; and the money for reservations not made use of is not refunded. If a passenger does not wish to use the ticket and the reservation he has bought, and declares this in time, (in a city booking office--not later than the evening before the ship departs; in a harbor booking office--not later than two hours before time of departure), he is refunded the full cost of the ticket minus the commission fee for preliminary sale and half the cost of the reservation.

A passenger is entitled to a refund for an unused ticket if he is not furnished with reserved accommodation although he has a ticket with a reservation; he is also entitled to a refund if he is removed from a ship because of illness.

During the voyage the passenger is entitled, if free berths are available, to move from his quarters to a higher passenger class or to quarters with greater comfort; in this case the passenger must make up the difference in fare or pay for supplementary conveniences.

A passenger with a ticket covering a distance of more than 200 miles is entitled to interrupt his voyage once, within the limits of the period for which his ticket is valid. The interruption is officially noted by the head of the port (or terminal) by an endorsement made to the effect on the ticket. Upon resuming the trip the ticket should again be punched. The cost of reservation for the untravelled distance is not refunded. For further travel, a reservation should again be obtained at the booking-office for transit passengers.

If for reasons for which the ship is not responsible (average, inclement weather, etc.), the vessel cannot call

at a port designated in the schedule, then passengers booked for this port should disembark at the nearest port possible; from there the shipping company must transport them to the port of destination free of charge.

#### 7-The System Under Which Passengers Bring Small Luggage

Classified as small luggage are easily carried articles which can be placed in a cabin or on special shelves in public premises.

When travelling by ship, every passenger is entitled to bring small luggage, free of charge, to the extent of 16 kilograms per adult passenger and 8 kilograms per child, according to a child's ticket. When travelling on suburban or local lines, small luggage of 35 kilograms per person is permitted free of charge.

In the weights for small luggage given above are not included the following items, which passengers may bring for their personal use: brief cases, umbrellas, walking sticks, books binoculars, unloaded shooting guns, fishing rods, etc.

It is forbidden to bring articles as small luggage which could damage or dirty the ship. Such things include inflammable, explosive, poisonous and evil-smelling items and loaded fire-arms.

For bringing small luggage over and above the share permitted, and items prohibited to be transported as small luggage, the passenger is liable to pay a fine.

The safety and preservation of small luggage not left in the check room is the responsibility of the passenger. The administration of the ship is not responsible for damage or theft of small luggage. The carrier is liable for the safety of small luggage only if the passenger can prove that loss or damage resulted from design or negligence on the part of the carrier. (Page 136 of the Code of Mercantile Navigation).

#### 8-The System for Transporting Baggage and Goods

Classified as baggage are articles which the passenger hands over for shipment upon presentation of his ticket.



Baggage should be shipped on the same vessel and by the same voyage for which the passenger obtained his ticket.

The passenger's baggage should be packed in properly locked suitcases, trunks and baskets, in securely tied sacks, bundles or parcels, and plywood chests. Only the following items can be accepted unpacked: bicycles, skis, sporting or children's sleds and portable household furniture, not exceeding a weight of 100 kilograms and dimensions over 1.5 by 0.7 by 0.5 meters.

Baggage not packed in a manner warranting its safety, is not accepted for shipment.

The baggage must be weighed upon reception. No item should weigh more than 100 kilograms. Small animals, birds and certain objects (for example, bicycles) are accepted according to conventional weight.

A baggage receipt, For K-26 (see Supplement 12), is given to the passenger for baggage accepted for shipment. The passenger's ticket number is listed on the receipt. The ticket is stamped with the word "baggage."

To each piece of baggage should be fastened a cardboard, textile ~~oven~~ or paper label, or a wooden tag, giving the last name, first name and patronymic of the owner, his address, the port of dispatch, the port of destination and the stamped number of the port of dispatch. All previous markings and labels remaining on the baggage should be eliminated.

In handing over the baggage, the passenger is entitled to declare the value of individual items, as well as of the baggage as a whole. Where there is a doubt as to the accuracy of evaluation, the administration of the port or the vessel may demand that the baggage be opened for inspection. Differences of opinion are settled by experts. Freightage and the

fee for the declared value of the baggage are collected when the baggage is shipped.

Upon arrival in the port of destination, the baggage after being unloaded, is immediately delivered to the passenger who should present the baggage receipt. If the baggage receipt is lost, the baggage can still be delivered to the passenger if the passenger produces proof that the baggage belongs to him.

Baggage which is unclaimed upon the ship's arrival is kept free of charge for twenty-four hours, starting at midnight after the ship's arrival. For storage during the subsequent days, a fee is charged as provided for by tariffs. Passenger baggage which is not picked up after 30 days is considered unclaimed and is removed in a prescribed manner.

If the baggage does not arrive in the port of destination together with the passenger, the port must stamp the date on the reverse side of the receipt presented by the passenger and mark it "Baggage Not Arrived." The shipping company pays a fine for delay in the delivery of baggage.

If the baggage claimed by the passenger is not delivered to him in 30 days--beginning from the arrival of the ship on which the baggage was supposed to have been loaded--and if the port of destination has not been informed that the baggage is being held by order of governmental organs, then the passenger may consider the baggage as lost and is entitled to claim compensation from the shipping company.

Classified as "goods-baggage" are goods accepted for shipment without a passenger ticket. The amount of goods that can be forwarded is not limited. Transportation of goods is conducted according to the same rules governing transpor-

tation of passenger baggage.

9-The Course of Procedure for Documents  
and Accounting in Shipping Baggage

The receipts for shipped baggage or goods are written out in three copies: a baggage receipt, a way-bill and the counterfoil of the way-bill. They all have identical printed pagination.

The forwarding of baggage documents is shown on the diagram in Drawing 21.

The baggage receipt is issued in the port of dispatch to the passenger or the person delivering goods-baggage for shipment.

The way-bill is sent with the baggage to the point of destination. All way-bills are registered in the list of baggage receipts for shipped baggage which is also sent to the port of destination.

On the basis of counterfoils of baggage receipts which have remained in the port of dispatch, a report on the dispatch of baggage is made on Form K-27 (see Supplement 13). On this form are registered all payments received by the port for the transportation of baggage. This report, with the attached counterfoils of baggage receipts, is sent to the control section checking the income and fees of the shipping company.

The baggage receipts produced by baggage owners when their baggage or goods were delivered to them, together with attached way-bills, kept in the port of destination until the end of the month. Not later than on the third of the following month they are sent together with the list of baggage receipts and way-bills for delivered baggage and the income and fees of the shipping company. Besides specifying the number of pieces, the weight, the time of arrival and distribution of baggage, this list shows from where and on what ship the baggage

arrived. Listed are also the numbers of receipts for various fees, according to which payments for storing of baggage and other services were collected by the port of destination.

Simultaneously, when sending the list to the control section checking the income and fees of the shipping company, a report on the delivery of baggage, on Form K-28, (see Supplement 14), is also sent where all fees received by the port of arrival during the period concerned for storage, unloading, and transporting of delivered baggage and goods are enumerated.

#### 10-Check Rooms for Baggage and Small Luggage

For short-term storage of baggage and small luggage in passenger terminals and on large passenger ships, there are check rooms.

Items to be checked must be deposited with a declaration of their value.

When a passenger checks his baggage or small luggage he receives a tag indicating the number of pieces, the time the items were checked and their declared value. A copy of the tag, bearing the last name of the owner, is fastened to the item which has been checked.

The articles which have been checked are returned to their owner after presentation of the tag and payment of the fee for storage. If the tag is lost, the articles are returned to the owner in the presence of a representative of the militia, upon furnishing proof that the things belong to the claimant; the owner gives a voucher stating that he has received his things and mentions his address and the number of the document confirming his identity.

Articles which are not claimed 30 days after being checked are cleared away in an authorized manner.

The luggage left by a passenger in a check room on board

ship not claimed at the terminal point of the voyage after passengers have debarked, is handed over by the ship to the check room of the port. In this case, the passenger who does not pick up his belongings pays, in addition to the usual storage fee, a fee for the delivery of baggage from the ship to the port storage room at a rate established for passengers.

11-Baggage and Goods Not Covered by Documents  
and Articles Which are Found

Baggage, goods and separate articles found in terminals, harbor warehouses and on vessels without proper documents concerning their shipment and storage, should immediately be turned over with an official report to the head of the port. Articles found on a vessel are initially delivered to the captain of the ship who will announce the finding of the objects to the passengers. Items not claimed by passengers at the end of the voyage are delivered, with an official report, to the head of the port at the final stop made by the ship.

Baggage not covered by documents and items found are registered in the port in special books. Labels are attached to all items, designating the name of the port and the ordinal number of registration. Found suitcases, parcels, sacks, etc. are weighed, opened, and their contents listed in an official report. The items which have been opened are sealed again. After registration of items found or not covered by documents the port immediately takes measures to ascertain their owner. To this end, announcements are made by radio, notices are posted in conspicuous places and inquiries are sent to the heads of the ports at which the ship called.

The port makes lists of found and unclaimed articles and baggage not covered by documents. Such lists are sent to the administration of the shipping companies in question.

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If the owner of baggage not covered by documents or items found is located, the items are given to him or sent to a suitable point to be delivered; the owner of items found must prove his right of ownership and pay the port all charges for shipment and storage and the cost of advertising. Delivery of baggage not covered by documents to the point where it is turned over to the owner is made free of charge according to a new transport document.

If after 30 days it is has not been possible to locate the owner of baggage not covered by documents or of items found these articles are removed according to the rules for clearing away cargo not covered by documents. Perishables and other cargo which must be shipped out of ports in less than the usual time are removed when the period for their remaining in port has expired.

#### 12-The Transportation of Passengers and Baggage in Transit by Water and Combined Air-Maritime Transport

The transport of passengers and baggage in transit by water transport is effected on one ticket and one baggage receipt, which are issued for the entire trip by river and ocean. In transit by water transport for passengers, the maritime and river shipping company may use all ports and piers which conduct passenger traffic and which are included in the list published in the tariff manuals.

The transportation of passengers and baggage in through transport by water is conducted under the rules in effect for maritime and river transport.

In combined air-maritime passenger transport, all maritime ports of the Ministry of the Maritime Fleet which conduct passenger operations participate and all airports of the State Air Fleet.

The transportation of passengers in combined air-maritime

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transport is conducted under the rules and tariffs for carrying passengers and baggage by the maritime fleet of the USSR for part of the trip made by sea, and under the rules and tariffs for carrying passengers and baggage by the air lines of the USSR for part of the travel made by air.

The carrying of passengers is conducted according to two separate travel documents--a ticket for the part travelled by air and a ticket for part of the trip made by sea.

A passenger wishing to take advantage of combined air-maritime transport is issued by the maritime port (or the city booking office of the Ministry of the Maritime Fleet) a voucher for an airplane ticket on USSR airlines together with the ticket for part of trip by sea. In exactly the same manner, the airport issues passengers the ticket for part of the air travel together with a voucher for tickets for ocean travel in the USSR. According to these vouchers, airports and maritime ports must issue passengers, against payment, tickets on the same basis as issued to transit passengers.

### 13-The Liability of Passengers for Violating Transport Rules

A passenger is considered to be without a ticket under following circumstances:

- a) If he does not have a ticket or if his ticket has expired.
- b) If the ticket was not issued for the ship on which the passenger is travelling.
- c) If the ticket has not been punched and the omission was due to the passenger's fault.
- d) If the ticket is marked that the journey was suspended but the ticket has not been re-punched.
- e) If the passenger has travelled beyond the point indicated in the ticket by his own fault.

f) If a passenger is travelling on a ticket made out in the name of someone else.

A passenger without a ticket must pay a fine equal to twice the amount of the fare according to tariff for the distance from the port of embarkation to the port immediately following the point where the passenger was discovered without a ticket. If it is impossible to ascertain the port of embarkation of the ticketless passenger, payment is exacted for the distance from the last port visited by the ship. This passenger must obtain a new ticket to travel further.

In case a passenger has travelled beyond the port indicated on his ticket through his own fault, a double fare is collected for the distance from this port to the port where he actually disembarks.

A traveller with a ticket for a lower passenger class who has wilfully occupied quarters in a higher class must pay double the difference between the price of the tickets, according to tariffs.

The minimum amount of the fine for travelling without a ticket and for wilfully changing quarters en route is 10 roubles. On local transports the amount is three roubles.

If a passenger is found to possess objects prohibited for shipment as small luggage or if the weight of the small luggage brought exceeds the established standards, then the items and small luggage in question are shipped as regular baggage or are removed from the ship (if they can cause damage to the vessel or to people and their property), and from the owner fine of a fixed amount is exacted.



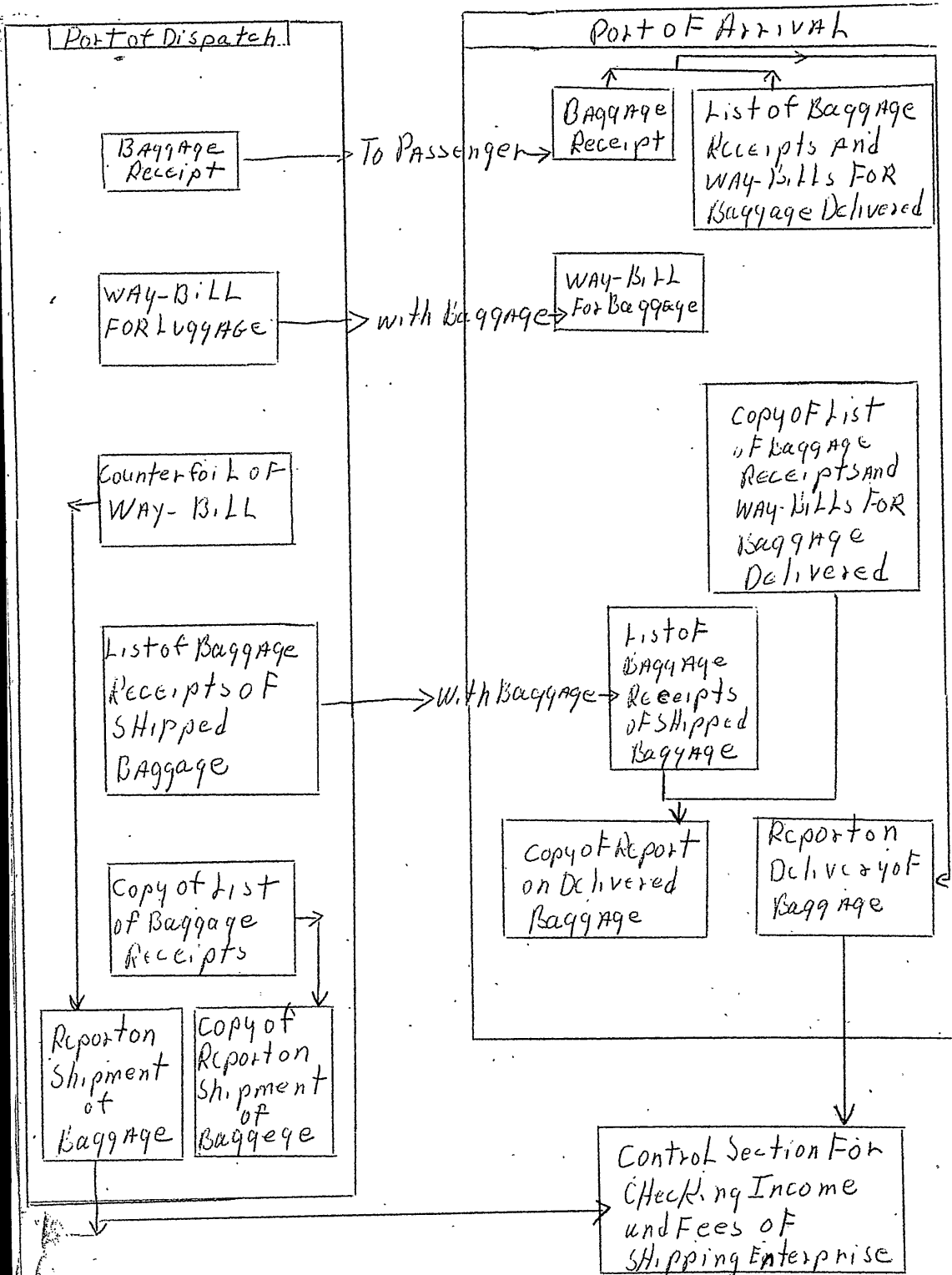


FIGURE 21-Diagram for the Course of Procedure of Baggage Documents

PICTURE CAPTIONS

[page in source]

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Illustration 18. Cardboard Passenger Ticket

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Illustration 19. Cut Off Ticket Form

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Illustration 20. Reservation Attached to Ticket

Excerpts From "Commercial Operation of  
Maritime Transport"

Kommercheskaya Eksploatatsiya Morskogo  
Transporta (Commercial Operation of  
Maritime Transport), Moscow, 1955,  
Chapter 35, pp 255-282

A. Yu. Pankrat'yev

CHAPTER 35

ORGANIZATION OF MARITIME TRANSPORT-  
ATION OF CARGO IN FOREIGN TRADE

1. Transportation Provisions for Transactions in Foreign  
Trade

Sale of goods in the foreign market can be effected under conditions of "CIF" and "FOB." ("CIF" -- A combination of the first letters of the English words "Cost", "Insurance", "Freight", indicating "the cost of the goods", "insurance", "freight". "FOB" -- A combination of the initial letters of the words of the English expression "Free On Board" -- literally "free on board" -- which signifies the obligation of the seller to load the goods on board the ship.)

The seller must deliver goods sold under conditions of CIF to the port of destination stipulated by the sales agreement, using his own funds and at his own expense. For this purpose, depending on the size of the cargo which has been sold, the seller charters a ship or part of a ship or sends the cargo to the port of destination on a ship belonging to a shipping line (transportation by a bill of lading). Under this arrangement the seller must insure the cargo against damage in transit, must load it on the ship, and must pay all expenses involved in shipping and insurance (the cost of lading, the maritime shipping charges, and insurance fees).

Goods sold under conditions of FOB must be delivered by the seller to the ship provided by the purchaser. In this case, the obligation for concluding a contract for maritime transportation

rests on the purchaser who pays all expenses for transporting the cargo to the port of destination and for insuring the cargo against damage in transit.

The terms of CIF and FOB have a number of variations, which are spelled out in the sales contract. However, the basic obligations of the seller and purchaser do not change.

Insofar as both forms of bargaining between the parties concerned (the purchaser and the seller) involve the subsequent conclusion of a transportation contract on the part of one of the parties concerned, the commercial contract usually includes the basic stipulations for transportation. Through these stipulations, the party charged with delivering or shipping out the cargo (the charterer of the vessel) transfers to the second party a part of his future obligations to the ship owner (the carrier).

The following transportation terms are included in the sales contract under CIF agreements:

a) A specific length or period of time (quarter, month, ten-day period), during which the seller must ship out the assigned cargo on the vessel he has chartered;

b) A procedure for determining the amount of the cargo in order to compute payments (on the basis of data furnished in the bill of lading or the results of weighing conducted at the port of destination);

c) The speed with which the purchaser (consignee) must guarantee unloading of the cargo from the ship at the point of destination;

d) Procedure for apportioning the expenses for unloading the vessel at the port of destination between the vessel and the consignee;

e) The imposition of a fine, paid by the consignee for demurrage of the vessel in unloading the goods, or the granting of a bonus received by the purchaser from the seller for loading the vessel ahead of schedule.

The sales contracts in FOB transactions include such transportation terms as:

a) the length or period of time determined by the calendar in which the purchaser must provide a ship at the port where loading is to take place and in which the seller must prepare the goods for loading;

b) the speed with which the seller must load the vessel provided by the purchaser (the loading norm);

c) a procedure for determining the amount of cargo in order to compute payments (on the basis of data furnished in the bill of lading or results of weighing conducted at the port of destination);

d) the imposition of a fine, paid for demurrage of the vessel in loading, or the granting of a bonus received by the seller from the purchaser for completing loading operations ahead of schedule.

A purchaser or seller, by taking advantage of competition in the chartering market, may succeed in obtaining a ship under terms giving the charterer a certain advantage in comparison with the transportation terms of the sales contract.

## 2. The State Chartering Monopoly

The chartering of Soviet and foreign vessels for shipments in the foreign trade field, like all foreign trade, is a state monopoly in the USSR.

In practice, the chartering monopoly is in the hands of the All-Union Association for Chartering Foreign Shipping or Sovfrakht. The charter of Sovfrakht stipulates that this has been instituted for carrying out, on monopolistic principles, the operations connected with chartering foreign shipping for Soviet cargo owners. Sovfrakht also handles the chartering of Soviet vessels for transporting foreign charterers' cargo between foreign ports, and between foreign ports and those of the USSR. The concentration in the hands of one organization of the entire task of chartering shipping to meet the needs of Soviet export-import associations make possible the planned and efficient utilization of Soviet vessels for these hauls.

The chartering of Soviet maritime vessels for transporting Soviet export-import cargo is handled by the Transportation Administration of the Ministry of Foreign Trade through the Main Administration for Traffic and Fleet Operation, and Ports of the Ministry of the Maritime Fleet.

Until 1953 these functions, which included the preparation, jointly with the main administrations of the Ministry of the Maritime Fleet, of calendar month schedules of loading of ships, were fulfilled by Sovfrakht.

At present, Sovfrakht's duties in regard to hauling performed on Soviet vessels chartered by foreign trade associations are limited to formulating voyage contracts for transportation (charters) and to settling various operational problems. In addition, Sovfrakht, as an organization with broad contacts with foreign chartering firms (brokers), can settle abroad, at the behest of Soviet shipping companies, problems concerning the fulfillment of voyage agreements (prompt and complete presentation of cargo for transportation, vessel-loading periods).

In transporting cargo in Soviet ships between foreign ports, and also between Soviet and foreign ports in cases where the charterers are foreign organizations, Sovfrakht, as before, completely fulfills the functions of the chartering agent of Soviet shipping companies, engaging particularly in attracting cargoes and signing, on behalf of Soviet shipping companies, voyage contracts with foreign charterers on terms previously agreed upon with them.

Finally, Sovfrakht supplies the Administration for Cargo and Commercial Operations of the Ministry of the Maritime Fleet and the shipping companies with information concerning international shipping competition and also about duties and customary procedures in foreign ports.

For the services it extends to shipping enterprises Sovfrakht receives compensation on a commission basis, in the form of a specified percentage of the total shipping charge for voyages arranged through charters.

The interrelations of the state maritime shipping companies and Sovfrakht are regulated by Sovfrakht's agreement with the Ministry of the Maritime Fleet.

### 3. Plan and Schedule of Foreign Shipments

The shipping of cargo in foreign trade, as in intra-sea and inter-sea cabotage, is conducted on the basis of a plan.

The plan for foreign shipments is worked out separately for each shipping company, route, and basic type of cargo.

The approved plan for foreign shipments is effected on the basis of calendar month schedules for loading of ships and through special agreements concluded by the shippers (charterers of the vessels) with the maritime shipping companies.

In foreign shipments, as distinguished from shipments in intra-sea cabotage, the carrier and the shipper must formulate and agree upon monthly schedules of delivery of the vessels.

The calendar schedules for loading of ships are formulated by the Main Administration of Traffic, Fleet Operation, and Ports of the Ministry of the Maritime Fleet by agreement with the Transportation Administration of the Ministry of Foreign Trade; this is done monthly on the basis of the transportation plan. Under this arrangement, the Transportation Administration of the Ministry of Foreign Trade, acting as



general charterer on behalf of all foreign trade associations (Soyuzpromeksport, Eksportles, Eksportkhub, Raznoeksport, Raznoimport, Mashinoimport, etc.) collates their requirements for ships for foreign transportation.

The calendar schedule stipulates the periods for preparing cargo for transportation within the monthly plan and the delivery of ships to the ports of origin. The schedule is the sole document establishing the limits of responsibility which the shipping enterprise and the charterer have toward one another for fulfilling the foreign transportation plan.

In order to prevent disputes from arising between the parties concerned, the calendar schedule should be as precise as possible (predel'no chetkim). It must include the following data for each ship: name of vessel, its deadweight capacity, its space capacity for cargo, date of delivery of vessel by shipping company to port of origin for loading (the position of vessel), name of the shipper designated by plan, identity ~~name~~ of the port of origin and port of destination, a precise description of cargo, weight of the cargo in tons, and its cubic measurements. The schedule is signed by the Main Administration of Traffic, Fleet Operation, and Ports of the Ministry of the Maritime Fleet (on behalf of the shipping companies) and by the Transportation Administration of the Ministry of Foreign Trade (on behalf of the association chartering the vessels).

The position of the vessel can be designated in the schedule by a fixed date or with a five or ten-day interval between

the initial and final calendar date of delivery of the vessel.

In cases where a fixed date is established in the schedule for delivery of a ship for loading, the shipping company, in accordance with "The Regulation on the Mutual Responsibility of the Organs of Water Transport and Clients for Fulfillment of the Transportation Plan in Foreign Transportation and Inter-Sea Cabotage" has the right to deviate from the dates set in the schedule, within the following limits:

For ships of urgent (srochnyy) lines - 24 hours.

For ships of regular lines - 48 hours.

For tramp steamers - four days.

A procedure has been worked out through practice in maritime foreign trade transportation whereby the carrier of bulk cargoes hauled in entire ships is authorized to deviate by from five to ten percent in either direction from the quantity of cargo stipulated by the monthly plan or by the transportation agreement for each ship. The extent of the deviation allowed is usually specified in the monthly schedules for delivery of ships or in the trip transportation contracts (charters).

For example, if in the schedule or charter with regard to the amount of cargo slated to be loaded on a vessel, it says, "5000 plus or minus five percent", the carrier is entitled to accept for transportation 4750 tons without being held materially responsible for underloading; or to demand that 5250 tons be presented for shipment, with the charterer (shipper) bearing the material responsibility for failure to meet this demand.

The carrier can take advantage of this privilege only if he declares his intention to the shipper to accept for transportation a smaller or larger quantity of cargo before loading operations begin (specifically, when the captain hands over the report on the readiness of the vessel for loading operations).

This rule does not appear either in the Code of Commercial Maritime Navigation or in the tariff manuals of the maritime fleet, but it is recognized in practice by the Maritime Arbitration Commission and by organizations of the Ministry of Foreign Trade.

As was noted above, the jointly signed monthly schedule for delivery of ships for loading must be fulfilled by the maritime shipping companies and organizations of the Ministry of Foreign Trade; they are held materially responsible to each other for violating the schedule.

If, after formulation of the schedule, it turns out that free tonnage and export-import cargo are available, the shipping companies, through the Main Operating Administration of the Ministry of the Maritime Fleet, can conclude supplementary agreements with associations of the Ministry of Foreign Trade concerning transportation of cargo beyond the schedule and the plan.

#### 4. Rights, Obligations and Responsibility of Parties in Fulfillment of Transportation Plan

In carrying out foreign transportation, the inter-

relations and responsibilities of the shipping companies and the organizations of the Ministry of Foreign Trade are regulated by the Merchant Shipping Code USSR and by the "Regulation on the Mutual Responsibility of the Organs of Water Transport and its Clients for Fulfillment of the Transportation Plan in Foreign Transportation and in Inter-Sea Cabotage." The "Regulation" spells out and develops the various articles of the Merchant Shipping Code USSR and is the basic document determining the procedure and limits of responsibility of the carrier and the charterer in transporting foreign trade cargo.

A maritime shipping company has the right to replace a vessel included in the schedule or designated for delivery for loading outside of the schedule with another vessel, provided that this vessel fully meets the transportation terms and will assure the prompt delivery of the cargo. Similarly, the organization of the Ministry of Foreign Trade which is acting as shipper has the right to replace one cargo with another within the limits of the nomenclature of this organization, provided that this cargo can be shipped on the same vessel and that the ship will be loaded, in terms of its deadweight capacity and its space capacity for cargo, exactly as was stipulated in the schedule. The shipper must inform the shipping company of the substitution of cargo no later than 48 hours before the ship is delivered. If the shipper fails to observe these conditions, the shipping company can reject the cargo substitution and the cargo in this case is considered as not having been delivered at all.

Changes in points of origin or designation of cargo stipulated by the schedule as well as visits to additional loading and unloading ports are permitted upon declaration of the shipper with the permission of the chief of the shipping company and with the payment of a fee or by agreement of the parties concerned.

The above-indicated deviations from the schedule should be recorded in an official document signed by both parties. Other changes in the schedule are allowed only by agreement between the Ministry of Foreign Trade and the Ministry of the Maritime Fleet within the limits of the approved quarterly transportation plan broken down into monthly subdivisions, provided that these changes will not result in non-fulfillment of the plan in tons and ton-miles.

For failure to observe the schedule agreed upon by the parties concerned (apart from the deviations mentioned above), the shipping company and the charterer bear mutual financial responsibility.

For failure to provide shipping for the transporting of cargo in accordance with the schedule, the shipping company must pay the shipper a penalty amounting to 100 percent of the transportation charge for the entire quantity of cargo which was not received. The shipping company also pays the shipper a penalty for tardiness in delivering a vessel in accordance with the dates set by the schedule where such tardiness exceeds the permissible deviations.

"The Regulation on the Mutual Responsibility of the Organs of Water Transport and its Clients for Fulfillment of the Transportation Plan in Foreign Transportation and Inter-Sea Cabotage" stipulates that the shipping company pays a penalty for tardiness in delivering a ship for loading according to the daily penalty rates established by agreement of the parties concerned for demurrage of vessels. A special rate scale of penalties for tardiness of delivery of vessels has been introduced by a special agreement between the Ministry of the Maritime Fleet and the Ministry of Foreign Trade. The rates of the penalty, paid according to this scale by the shipping company to the charterer for tardiness in delivering a ship as called for by the schedule, are for the first five days equal to the rates of the penalty paid by the charterer to the shipping company for the first five days of demurrage beyond the established norms of a vessel undergoing loading operations. If the delivery of the vessel is delayed more than five days beyond the date set by the schedule, the shipper (the charterer) can refuse to use the ship and can exact from the shipping company a penalty amounting to 100 percent of the shipping charge including the penalty for the five-day tardiness of the vessel; or else the shipper can announce to the shipping company his intention to use the ship at reduced chartering rates, as provided by the contract. In the event that there is no concrete stipulation in the transportation contract regarding the extent of the reduction in the charter rates which can be applied by the charterer when tardiness of ship delivery

exceeds five days, the charterer can reduce the shipping charge rate only if within the five-day tardiness period he reaches a special agreement with the shipping company regarding the rate of reduction.

"The Regulation on the Mutual Responsibility of the Organs of Water Transport and its Clients for Fulfillment of the Transportation Plan in Foreign Transportation and in Inter-Sea Cabotage" stipulates that for violation of cargo delivery deadlines the shipping company pays the charterers a penalty amounting to one percent of the shipping charge for each day beyond the deadline, but not in excess of 30 percent of the shipping charge. This penalty is paid only if the delivery dates are stipulated by the transportation contract or the transportation rules. At present this provision is not enforced inasmuch as the rules and contracts (charters) now in effect do not specify delivery dates for cargoes shipped overseas.

For failure to present cargo for shipment as stipulated by the schedule or for presenting cargo in a smaller quantity the shipper (charterer) pays the shipping company a penalty amounting to 100 percent of the shipping charge for the unused deadweight capacity or cargo space capacity of the vessel. This means that the charterer pays the shipping company for the part of the cargo which was not loaded in accordance with the schedule even if the cargo space capacity of the vessel is utilized, for it is held that if the charterer knows the cargo space capacity of the vessel in advance, the cargo

designated by the schedule may possibly fail to be placed in the vessel in qualitative packing in the holds solely because of the presentation for shipment of a bulkier cargo than intended according to the schedule, where usually the volume of the cargo is not indicated.

If the cargo is presented for shipment in improper packing or with imprecise marking, and the shipper has refused to make the necessary corrections in time to assure prompt loading, this cargo is considered as not having been presented.

For demurrage of vessels because of delayed presentation of cargo or because of delay in cargo operations performed with the shipper's facilities, or for other causes for which the shipper is responsible, the shipper pays the shipping company a penalty in an amount established by agreement. If the chartering contract or another contract does not stipulate the amount of the demurrage penalty, then the penalty is determined according to norms "usually adopted in similar ports" (Article 90, Merchant Shipping Code, hereafter "MSC").

Consequently, in this case the penalty for demurrage of vessels in Soviet ports must be levied according to the rules in effect (See Tariff Manual No. 1-M, Paragraph 62) while in foreign ports "the payment for demurrage is determined by the expenses for maintain the vessel and the crew." (Article 90, MSC).

At present an agreement between the Ministry of the Maritime Fleet and the Ministry of Foreign Trade is in



effect, whereby the penalty for demurrage of Soviet vessels in Soviet and foreign ports is set at the rate of 56 kopecks per day per gross registered ton of the space capacity of the vessel.

#### 5. Chartering of Vessels by Foreign Charterers

In addition to transporting export and import cargo for associations of the Ministry of Foreign Trade USSR, Soviet vessels transport cargo for foreign charterers. This occurs in the selling of export cargo under FOB terms, that is, when the Soviet export organization is obliged only to deliver the cargo to the vessel, but with the foreign purchaser having chartered a Soviet vessel to deliver the cargo to the destination point. Soviet vessels also can transport cargo for foreign charterers when, after delivering Soviet export cargo to a foreign port, the vessels are unable to obtain a return cargo intended for shipment to a Soviet port. Under these circumstances Soviet shipping companies resort to having their own vessels chartered for transporting foreign cargo to some foreign port located close to Soviet waters.

Possessing regular information about the availability of free tonnage for foreign deliveries and about sales of export cargoes by export-import organizations of the Ministry of Foreign Trade USSR under FOB terms, Sovfrakht upon agreement with the Ministry of the Maritime Fleet establishes contact with cargo purchasers through its chartering agents (brokers) in order to

have Soviet vessels chartered to transport such cargo. This is carried out by transmitting offers to the broker on behalf of the shipowner for the chartering of specified vessels or by soliciting such an offer, through brokers, from the cargo owner.

Usually indicated in the offer are the deadweight capacity of the vessel, the vessel's readiness for loading, the description of the cargo, the ports of loading and unloading, conditions of performance and the norms of loading operations, the chartering rate, form of the charter, etc. The identification of the vessel is often mentioned only at the end of negotiations concerning the chartering, or even after a vessel has been chartered.

In chartering, definite and conditional offers are used. Definite offers bind the parties for a specified length of time. If such an offer is accepted without change within the time limit set for it, the party which made the offer is bound by it and is not entitled to deviate from the wording of the chartering contract. Responding to a definite offer later than the offer's deadline or changing even one of the conditions of the offer frees the offering party from obligation.

In practice the first offer is rarely accepted right away. Usually the charterer introduces changes in the shipowner's proposal or replies to the shipowner's proposal with a counter-proposal. Acceptance by the shipowner of the charterer's counter-proposal before the deadline and without change obligates

both parties, and the transaction is considered closed. Frequently the parties exchange a number of proposals and counter-proposals until all conditions are agreed upon.

Conditional offers are used when the shipowner is conducting negotiations with several charterers simultaneously or when the charterer is simultaneously conducting negotiations to charter another vessel for his cargo. The offer is made with the proviso that it will take effect only if at the moment that a positive reply has been received, the ship still has not been chartered or the charterer has not yet chartered another vessel for the given cargo. Conditional offers are frequently encountered in practice, because shipowners, in order to hasten the chartering of their vessels and secure the most profitable transportation terms, often conduct simultaneous negotiations with several charterers, and charterers often act in a like manner.

Preliminary negotiations usually precede a definite or conditional offer.

Charterers often resort to so-called quotations, that is, they declare their transportation requirements on an exchange or announce them to shipowners through chartering agents (Brokers) and through periodic bulletins.

If a Soviet vessel is carrying cargo to a foreign port but does not have any return cargo, Sovfrakht acquaints itself with the quotations and tries to find suitable cargo.

If among the cargoes which are quoted on the chartering market, there is none to be taken on along the route, Sovfrakht informs its agents of the availability of free tonnage and includes the vessel in its charter bulletins. Sometimes it is necessary to charter a vessel to transport different lots of cargo for different sectors of the route. For example, if a vessel is at some point along the southern part of the Atlantic coast of North America and is to return to the Black Sea, then it can be chartered to carry sugar from Cuba to some European port and then to haul coal from England to one of the Mediterranean ports.

The chartering transaction is legalized by means of a chartering contract (charter-party or charter). The charter is drawn up by Sovfrakht or its foreign charter agent and is signed by the charterer and the vessel owner.

In the majority of cases, because of the absence of sufficient time to send the charter to be signed to the parties directly concerned, Sovfrakht receives full power to sign the charter in the name of the foreign charterer. If the charter is drawn up by a foreign chartering agent, then in urgent cases the agent signs the charter in the name of Sovfrakht, which has been invested with full power by the Soviet ship owner. Sovfrakht and the foreign brokers, in signing charters on behalf of any particular party, always make the reservation that they are acting only as agents. This signifies that they do not bear material responsibility for the actions and omissions of the parties con-

cerned and cannot be involved as defendants or co-defendants in disputes between the parties over the chartering contract.

As a rule, two originals of the charter are drawn up, one being given to the ship owner, the other to the charterer. Furthermore, the required number of copies are made for the captain of the ship, the agent of the vessel in the loading port, the chartering agents, the shipper of the cargo, etc. Sometimes the charter is made up in only one copy, which remains with the broker, with certified copies or photostats being distributed to the parties concerned.

#### 6. Types of Chartering

Shipping cargo in overseas transportation is conducted according to the charter-party and the bill of lading. (A charter-party is an agreement for chartering a vessel for transporting cargo or passengers. The name "charter-party" is derived from the Italian words "carta partita," that is, a piece of paper torn in two. During the Middle Ages the captain of a vessel gave the cargo shipper a document which served as an acknowledgment of receipt of the cargo to be transported and as a pledge to deliver the latter, at the point of destination, to the proper purchaser. This document was torn into two parts, one part remaining with the captain, the other being sent to the cargo consignee, who produced it to prove that he (the consignee) was the lawful owner of the cargo. Surrender of the second half of the document to the captain served as proof that the cargo had been delivered according to the stipulations of the transportation agreement.)

Chartering according to charter-parties is usually carried out on one voyage from one or several ports of lading to one or several ports of unloading.

In certain cases, in concluding the transportation contract the charterer is granted the right to choose the ports of loading and unloading according to his own judgment from a number of ports located within the boundaries of a specified region (most often, of a country), designated in the charter-party. Sometimes the charterer reserves the right to conduct unloading in one or several ports not merely in one country, but along a specified section of coastline including several countries. In cases where, according to the charter-party, the charterer is entitled to direct the vessel for loading or unloading to one or several listed ports, the rate of the shipping charge is set for a so-called base port, and for other ports specified additions to, or deductions from, the shipping charge are applied.

The chartering of vessels with a wide range of ports of loading and unloading ("broad charter") was widespread before the second world war in transporting timber, grain, coal, and ore from Soviet ports. At present, chartering by "broad charter" is a comparatively rare practice. However, even today, in exporting grain from Black Sea ports for foreign buyers, the charterer has the right to have the ship loaded at any of the Black Sea ports, with account being taken of the size and draft of the ship. In chartering Soviet vessels for

shipments between foreign ports (BFP), now, too, it is sometimes necessary to agree upon a comparatively broad range of ports for unloading. This is particularly true in transporting coal to Italy, when the port of unloading is designated in the following way: "port in western Italy" or "an Italian port, to be named upon passing through Gibraltar."

A chartering contract can be concluded for two, three, or more subsequent voyages. Agreements for subsequent voyages can be concluded with the proviso that the ship, after completing unloading operations, immediately return to the port of loading to complete the next voyage; or such agreements can be concluded with the proviso that the ship has the right to transport other cargo for other charterers between two successive voyages.

Sometimes in cases where a large quantity of cargo is to be transported, the practice of concluding general agreements is utilized; under these agreements the charterer pledges to turn over an agreed-upon quantity of specified cargo, which the shipowner pledges to transport within a certain length of time between specified ports. In concluding general agreements, the name of the ship usually is not listed and the shipowner has the right to perform the hauling on any ship belonging to him or to another shipowner, as long as the ship, in its construction and technical conditions, meets the requirements of the given shipment.

One of the methods of chartering is chartering by time (time charter), whereby the shipowner provides the charterer

with a vessel not for a specified voyage, but for a stipulated period of time in order to transport any cargo, except inflammables, explosives and other dangerous goods.

Shipments can be carried out according to bills of lading, without making a charter-party contract. In this case the legal relationships between carrier and cargo owner are defined by the terms set forth in the bill of lading.

#### 7. The Chartering Contract

The chartering contract stipulating that an entire ship, a part of a ship, or specified areas of a ship be provided for transporting cargo determines the relations and obligations of the parties concerned.

In foreign trade transportation, standard charter-parties are used as a rule, depending on the type of cargo and the shipping route. In addition to specific provisions, standard charter-parties contain precise basic conditions common to all charter-parties.

In the charter-party the basic obligations of the parties concerned are set forth in detail. The basic obligations of the carrier in a contract for maritime transportation are the furnishing of the vessel, guarantee of the safe transportation of the cargo to the port of destination, and surrender of the cargo to the consignee. Turning over of the cargo to be transported, payment of the freight charge, and receipt of the transported cargo at the point of destination constitute the basic



obligations of the charterer.

The introductory part of the charter contains the names of the parties who have concluded the chartering contract (that is, the names of the shipowner and the charterer), the identity of the vessel, its characteristics, etc. In certain cases, the ship owner reserves in advance, in the chartering contract, the right to replace the designated vessel with a similar one (substitute).

The vessel's characteristics: The vessel's characteristics are an essential part of the chartering contract. Here are listed the country under whose flag the vessel is sailing, the class of the Register, the ship's date of construction, its deadweight capacity, its cargo space area, etc. If the ship is not sailing under the flag designated by the transportation contract, this is a contract violation by the shipowner. The flag of the vessel is of importance in insuring cargo and in payment of port duties if the charterer has assumed these obligations. The flag under which a vessel sails may have particular significance during war time.

If, in signing the transportation contract, a definite class of ship was stipulated, all consequences for violating this obligation fall upon the shipowner. Improper designation of the class of ship in the charter may give the charterer grounds for breaking the contract, since the class of ship plays a vital part in the insuring of cargo. Furthermore, in sales agreements and commercial contracts, the supplier may be required to

charter a vessel of a specified class; in this case, the loading of cargo on a ship of a different class can give the purchaser the right to nullify the agreement and under certain conditions even to hold the supplier responsible for losses incurred for this reason. In the event of damage, the consignee may attempt to ascribe this to the fact that the class of the ship did not correspond to that called for in the sales contract, and he can try to hold the supplier (charterer) responsible for all losses resulting from damage.

At present in chartering Soviet vessels to transport cargo abroad, it is usually indicated in the charters that a vessel is to have a class or certification of the Register USSR of the right to sail.

Every charter contains a provision concerning the seaworthiness of the vessel. The concept of seaworthiness does not coincide with the concept of class, as a ship can be seaworthy without having the class of the Register.

The seaworthiness of a vessel assumes that the vessel is sturdy, water-tight, properly equipped, supplied and manned; it assumes also that the vessel's cargo areas are in good condition to ensure the safety of a given cargo during transportation. Putting the vessel into condition suitable for navigation, that is, assuring its seaworthiness, is one of the basic obligations of the carrier; if this is not fulfilled, the carrier bears the responsibility for spoilage or loss of cargo in transit.

In the charter the registered tonnage - gross and net - of the vessel is indicated. The amount of the registered tonnage is important for computing the various port duties. The charter also contains the deadweight capacity in tons and the cargo space area in cubic meters or cubic feet, standards (for shipping timber), etc.

Quantity and description of cargo: The listing in the charter-party of the effective deadweight capacity or cargo space area of the vessel defines, on the one hand, the obligation of the shipowner to accept for shipment a specified quantity of cargo or to provide for such shipment a specified volume of vessel's cargo space area and, on the other, it determines the obligation of the shipper or charterer to present for shipping or loading aboard the vessel a specified quantity of cargo and to pay the shipping charge for it.

The pure or effective deadweight capacity of the vessel cannot always be precisely determined, for it depends on the presence aboard ship of fuel, fresh water, and equipment and on the specific gravity and packing of the cargo; thus charters usually give approximations of the quantity of cargo. The weight of the cargo which is to be accepted for shipment is determined either by specifying a maximum and a minimum (for example, minimum - 4500 tons; maximum - 5500 tons), or by establishing a permissible percentage of deviation from the stipulated quantity of cargo (for example, 5000 plus or minus ten percent).

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As has already been noted, the quantity of cargo actually accepted for shipment within the limits of the deviations permitted by the contract is determined by the shipowner; that is, the charterer or shipper must present for shipment as much cargo as is required by the carrier to fulfill the contract. The carrier is not obligated to accept for shipment more than the minimum quantity of cargo stipulated in the charter, but the charterer upon the demand of the carrier must furnish the maximum amount of cargo indicated in the transportation contract. The carrier is held accountable to the charterer if the vessel cannot take on the minimum amount of cargo designated by the charter-party.

The description of the cargo to be transported is one of the most important elements of the chartering contract. It permits an advance estimate of the approximate volume of cargo, a determination of the amount of the shipping charges, the possibility of transporting the given cargo jointly with other cargoes, etc. Thus, the description of the cargo in the contract should be extremely precise.

There are cases in which the charterer reserves in the charter the right of partial replacement of one cargo with another, preserving the basic rate for the shipping charge or making a specified supplementary payment. Thus, for example, in the chartering of vessels for transporting grain, the practice of the charterer's reserving the right of partially replacing heavy grain (wheat, rye, barley) with light grain (oats) or with seeds of olive crops is encountered. In the chartering of vessels

for transporting coal, the charterer sometimes reserves the right to ship instead of coal a certain quantity of coke or briquettes. The charterer's right to substitute one cargo for another is called the "cargo option."

In shipping Soviet foreign trade cargoes, the right, established in the voyage contract, of replacing one cargo with another should not go beyond the framework set up by the regulation on the mutual responsibility of water transport and its clients.

Sometimes the charterer is given the right to present for shipment any cargo permitted by law, which the carrier is obliged to accept. In this case, the amount of cargo, as a rule, is not indicated; but in the transportation contract it is stipulated that the vessel should transport cargo which does not exceed its effective deadweight capacity, or that the carrier must provide for transportation cargo space of a specified volume.

In the practice of Soviet shipping companies, this provision is applied only in the shipping of foreign charterers' goods.

Date of delivery of a vessel: The charter-party usually indicates the location of the vessel at the moment the charter is concluded or the presumed time in which the ship will be ready for loading (in which the ship will depart for the port of loading). The period during which the ship is to arrive at the port of loading (position of ship) <sup>is</sup> indicated separately. The time interval between the initial and terminal dates of this

period is usually ten to fifteen days. The charterer is under no obligation to begin loading before the initial date (lay days), unless otherwise stipulated in the contract. If, at the terminal date of the period indicated in the charter for delivery of the vessel (cancelling) the ship is not ready for loading, the charterer is entitled to break the transportation contract, regardless of the circumstances causing the delay.

In chartering vessels for Soviet foreign trade shipments, the periods indicated in the voyage contracts for delivery of vessels and the responsibility of the carrier to live up to these periods, are determined by the rules provided in "The Regulation on the Mutual Responsibilities of the Organs of Water Transport and its Clients for Fulfillment of the Transportation Plan in Foreign Transportation and in Inter-Sea Cabotage."

Ports of Loading and Unloading: The ports of loading and unloading are designated in the chartering contract and it is stipulated that the vessel must come as close to the port as it possibly can without endangering itself, remaining constantly afloat. Sometimes, instead of naming the port, the charter stipulates that the ship should load or unload at the direction of the charterer in one or several safe ports located within the limits of a specified maritime basin, region, or district (for example, one or two safe ports on the Black Sea or the Sea of Azov, one or several ports on the western or southern coast of England, etc.). The stipulation regarding the safety of the port indicates that the safety of the ship should be assured in

entering the port, while loading operations are being carried out, and in leaving the port.

In the practice of transporting Soviet foreign trade cargo, broad geographical options are employed comparatively rarely.

The name of the port of unloading should be made definite before loading begins or in the signing of the bills of lading. In individual cases the right of the charterer to issue an order regarding a port of unloading on the ship's route is designated in the charter contracts.

If there are several ports of loading and unloading, they should be located in geographic succession (geographic rotation), that is, the charterer has no right to require a vessel to return for loading or unloading to a port which it has already passed.

Notification of Readiness of Vessel: In order to give the shipper the opportunity to prepare cargo for loading in prompt fashion, the shipowner must notify the charterer (the shipper) in advance of the projected arrival of the vessel at the port of loading. This obligation is formulated in various ways in various charters and is spelled out when the charters are signed. Thus, if loading is to take place in the Black Sea, the vessel usually gives notification of its forthcoming arrival as it passes Istanbul. In chartering a vessel for loading timber at White Sea ports, the charterer should be informed not less

than ten days before the arrival of the ship.

The captain must also notify the charterer of the actual readiness of the ship for loading or unloading. Such notification (notice) is transmitted by the captain when the vessel is completely ready for loading or unloading, that is, when customs formalities are completed (if the ship has arrived from abroad) and when the vessel has prepared all its cargo space to receive the designated cargo. In the case of unloading, this notice is transmitted when the vessel is ready to turn over the cargo in accordance with the transportation contract.

Conditions for loading and unloading: Depending on the specified provisions of the transportation contract, the cargo to be transported is to be delivered up either alongside the ship or in the hold of the vessel without packing or in the hold of the vessel with packing at the expense of the shipper.

The obligations of the parties, depending on the provisions in the transportation contract, can also vary. As a rule, the shipowner delivers up the cargo on shore alongside the vessel, that is, the unloading of cargo from the holds, from the decks, or from other cargo areas is conducted by the carrier. In certain cases, the obligations of the carrier are limited to delivery of the cargo from the cargo storage areas; the consignee must then take care of the unloading of the cargo onto shore. For this purpose, the ship usually places its loading facilities at the disposal of the consignee and sometimes also workers to



service the loading machinery (winch operators).

In the shipping of foreign trade cargo in Soviet vessels, the shipping company's obligations usually include only the payment for, or conducting of stevedore (hold) operations when loading and unloading in foreign ports.

If, because of shallowness, a vessel cannot come up to the wharf or if in the port of loading (or unloading), loading operations are conducted in a roadstead and the cargo therefore is brought to the vessel (or delivered to shore) in barges, the cost of the barge service is charged to the charterer.

In the relations between the organizations of the Ministry of Foreign Trade (the charterers) and Soviet maritime shipping companies, there is a rule whereby the cost for partial loading or unloading of a vessel by means of barges upon its entry into, or departure from, a port is borne by the shipping company only if in the schedule of delivery of ships the identity of the ports of loading or unloading is precisely indicated, but in the charter there is no provision for charging expenditures for possible barge service to the charterer.

This stems logically from the premise that if the shipowner, who is informed about the draft of the ship and the depth of the designated ports, had not stipulated in the charter the obligation of the charterer to pay for barge services, then the unloading of cargo before the ship enters port or the loading of cargo after the ship's departure from port

could be caused only by actions on the part of the shipowner (for example, the replacing of the intended ship with another of greater draft, etc.).

Regardless of the conditions of loading or unloading, the overall responsibility for supervising loading operations and the distribution of cargo aboard the ship is assigned to the captain. The plan for distributing cargo aboard ship (cargo plan), drawn up before loading begins by the captain of the vessel or by the shipper in agreement with the captain, must provide for the seaworthiness of the vessel, the safety of the cargo, and the facility of its unloading, particularly when unloading is to take place in several ports. The possibility of carrying cargo on deck must be specially stipulated in the chartering contract or confirmed by written consent of the shipper (Art. 88, MSC). In giving consent to have cargo carried on deck, the shipper assumes responsibility for the consequences of this method of transportation.

Periods and norms for loading and unloading: The charter usually indicates a specified period of time allotted to the charterer for loading operations or else sets the daily norm for loading and unloading.

In the absence in the transportation contract of a special provision concerning norms of loading and unloading, norms agreed upon by the Ministry of the Maritime Fleet and the Ministry of Foreign Trade are used.

If in the agreement between the Ministry of the Maritime Fleet and the Ministry of Foreign Trade there are no fixed loading and unloading norms for any particular cargo, the norms established by the customs of the appropriate foreign port are used in the accounts between the charterer organizations and the shipping companies. However, since, as a rule, there are no definite norms of loading and unloading, in ports of capitalist countries, references to port practices have very rarely been used in recent years. The parties sometimes stipulate in the contract that cargo, when being loaded, should be turned over to the ship as promptly as the ship can receive it and that in the port of unloading the cargo should be received by the consignee as quickly as the ship can turn it over.

If the charterer of a Soviet vessel is a Soviet foreign trade organization, the norm stipulated in the charter for loading and unloading in a foreign port is applied in the accounts between the shipping company and the charterer and is binding on the parties in only two cases:

- 1) When in the special agreement between the Ministry of the Maritime Fleet and the Ministry of Foreign Trade there is no fixed norm of loading and unloading a given cargo in a given port;
- 2) When the norm stipulated in the voyage contract (this norm usually coincides with the norm provided for by the sales contract) is higher than the norm established by mutual

agreement between the Ministry of the Maritime Fleet and the Ministry of Foreign Trade.

In all other cases, regardless of the contents of the charter, the accounts between the shipping companies and the organizations of the Ministry of Foreign Trade are based on the norms established by the agreement between the Ministry of Foreign Trade and the Ministry of the Maritime Fleet.

If a Soviet vessel is chartered by a foreign firm, specific loading and unloading norms are usually indicated in the voyage contracts. However, regardless of the size of this norm, in Soviet ports norms established for Soviet vessels by the Ministry of the Maritime Fleet are applied; in this case, the accounts for harboring the vessels in Soviet ports are settled by the shipping companies not with the foreign charterers but with the Soviet organization which actually performs the loading and unloading operations (the port, the consignee or the shipper of the cargo).

In contracts for foreign transportation, not only are the loading and unloading norms indicated, as a rule, but the procedure for computing the time devoted to loading operations is also shown (standing time). Various rules for computing standing time (staliynoye vremya) are applied, depending on the type of cargo and conditions in the ports (obstanovki v portakh). The most widely employed system in the ports of capitalist countries is one whereby Sundays and holidays, as

well as days when loading operations cannot be conducted because of weather conditions, are excluded from the time of loading and unloading. In a number of ports Saturdays and days preceding holidays are counted as three-fourths or half of a working day. In certain instances, the time is computed on an uninterrupted basis, regardless of Sundays, holidays, and the weather.

In the practice of Soviet foreign trade transportation, in the accounts between the shipping companies and the organizations of the Ministry of Foreign trade (the charterers) Sundays and holidays are excluded from standing time only when operations on the vessel actually were not carried out on these days. In the majority of the ports of the people's democracies Sundays and holidays are not excluded from standing time regardless of whether or not operations were conducted on these days.

In Soviet ports where work is carried on continuously, including Sundays and holidays, standing time for Soviet vessels is computed in accordance with ship-hour norms of the Ministry of the Maritime Fleet. For foreign vessels, computation of standing time is made according to the terms of the charter-party.

For delaying vessels undergoing loading operations beyond the length of time established by the chartering contract the charterer must pay a penalty (demurrage), the amount of which is stipulated by the contract; for pre-deadline completion

of loading or unloading, the shipowner pays the charterer a bonus (dispatch), the amount of which is usually computed on the basis of one-half the rate of the penalty.

As a rule, the time for loading and unloading is computed separately. However, in certain cases the contract includes a provision merging the time for loading and unloading; in this case, the computation of standing time is made according to the total results for loading and unloading in the ports of origin and destination (reversible).

Charters usually designate the time limit for demurrage of a vessel beyond the established norms (kontrstaliya). The delay of a vessel beyond the demurrage time limits are paid for by the charterer either according to increased rates established in the charter-party or in the amount of the actual losses sustained by the shipowner for this reason. At the expiration of the contractually established demurrage period, the shipowner can also send his ship to sea not fully loaded and can charge the charterer the shipping charge for the unloaded part of the cargo.

Delivery periods: Standard charter-parties do not designate specified periods for delivering cargo; however, every charter-party ordinarily includes a provision to the effect that a ship should proceed to the port of destination "with all possible speed."

In the charter the vessel reserves the right to deviate from a direct course in order to save human lives,

ships, and cargo at sea and also to stop off at ports on the way to take on fuel and food and for other necessities.

Deviation from the designated route must be occasioned by genuine necessity connected with the trip in question. Groundless delay in the voyage or deviation from the course provides grounds for holding the carrier responsible for losses thus incurred.

The shipping charge: If the amount of the shipping charge is not designated by tariffs, it is established by agreement between the parties and is indicated in the chartering contract.

As a rule, the shipping charge is established in terms of a unit of weight or volume, or a conventional unit (ton of actual or conventional weight, festmeter (?) or cubic warehouse meter (skladochnyy kubometr), cubic sazhen', standard of timber, measured ton, and cubic meter of cargo space area of the vessel, etc.), and is computed as a proportion of the quantity of cargo transported. In shipping valuable items, (such as gold, silver, platinum, precious stones, expensive furs) on cargo or cargo-passenger ships in foreign transportation, the shipping charge is computed as a percentage of the value of the cargo.

If the charterer has not provided for the loading on board ship of all the cargo designated in the transportation contract or has completely failed to present the cargo for shipment, he must pay the carrier the full amount of the

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shipping charge for the unloaded or unrepresented quantity of cargo (dead freight).

Sometimes the chartering contract lists the total amount of the shipping charge for the entire vessel or for a portion of the cargo space areas for a given voyage (lump sum). This method is used in cases where the type of cargo has not been established in advance and the charterer is given the right, according to the contract, to present any legally permissible cargo (exclusive of dangerous items). In the practice of overseas transportation aboard Soviet vessels this clause is applied only in transporting foreign charterers' cargo.

Usually all port duties, tolls for passage through canals, etc. are included in the shipping charge and are paid by the shipowner. However, exceptions to the general rule are made in certain cases - which must be stipulated in the charters - when the responsibility for payment of port duties rests upon the charterer. For example, in shipping timber from the White Sea ("Russ vud" standard charter-party), all expenses in the port of loading are borne by the charterer (shipper), and the shipowner recompenses the charterer with a specified amount, stipulated in the transportation contract, per unit of cargo to cover port expenses, including the cost of loading. This procedure may be applied in Soviet commercial navigation in cases where the charterers are foreign firms.

The shipping charge (freight) specified in the chartering contract is, in most cases, paid at start of shipment.



Sometimes the shipping charge is paid after the cargo has been delivered. In the latter instance the shipowner is entitled to receive from the charterer an advance to cover costs in the port of loading; the amount of the advance is not to exceed one third of the total shipping charge. Most standard charter-parties provide that the shipowner must pay the charterer two percent of the amount of the shipping charge which has been advanced for insuring the freight and other expenses.

As a rule, this system for computing shipping charges is not applied in the current practice of transportations aboard Soviet vessels. In all cases where the charterer is an organization of the Ministry of Foreign Trade, the charter includes a stipulation that the shipping charge is paid in accordance with the agreement. This means that payment of the entire shipping charge is made when the goods are shipped.

In individual cases where goods are shipped between foreign ports, payment of the freight is made only after the amount of cargo delivered has been checked by the consignee. Such a stipulation in charters is found particularly in shipments of coal from countries of the European continent to Italy.

According to the standard bill of lading form used in foreign shipping (Form KS-55), the shipping charge is to be paid when the goods are shipped, but if the freight was not

paid when the goods were shipped, then it is to be paid before the cargo is turned over to the consignee. In this case, the carrier is entitled to receive the freight charge even if the cargo is not delivered to the place of destination as a result of the loss of the ship. Such a condition (the obligation to pay the freight charge in the event of the loss of the ship) is often also included in the charter-party.

If the freight is subject to payment in the port of destination after the cargo has been delivered, the chartering contract reserves the shipowner the right to refuse to turn over the cargo to the consignee before collecting the freight charge, the penalty for demurrage of the vessel and dead freight - that is, the right to retain the cargo in order to secure payment of the sums due the shipowner for carrying the cargo (security right - zalogovoye pravo - ). The security right of the shipowner is a very essential condition of shipment, since most charter-parties stipulate that the charterer's responsibilities with respect to the charter end with the conclusion of loading.

Other conditions of chartering: In a maritime transportation contract, a place for preparing an adjustment (dispasha) for general damage is usually stipulated by a special provision. (Dispasha - the computation for distributing the amounts of general damage among vessel, cargo, and freight - is prepared by a special individual - the damage adjustor. In the USSR damage adjustors are located in the

All-union Chamber of Commerce in Moscow.)

Since legislation regarding problems of general damage vary from country to country, in the practice of commercial maritime navigation, charters usually make reference to the so-called York-Antwerp rules of 1924. These rules basically coincide with the provisions of Chapter VII of the Merchant Shipping Code USSR on general and particular damage. In 1949 the wording of the York-Antwerp rules was changed somewhat; more precise rules went into effect on 1 January, 1950. The 1950 rules, like the 1924 rules, do not have mandatory force and are adopted by consent between the parties concerned.

In chartering Soviet vessels for transporting import and export cargo, it is usually stipulated that adjustment of general damage is to be done in Moscow. In shipping cargo between foreign ports (BFP) the place for preparing the adjustment is either the port of destination or another point agreed upon by the parties concerned.

In order to assure that the expenses and losses resulting from general damage will be satisfied, the shipowner is entitled to refuse to turn over cargo until the consignee has furnished the proper guarantees. In practice the guarantee is given by the cargo owner in the form of a damage bond. According to the damage bond, the owner of the cargo pledges himself to declare the value of the goods belonging to him, guarantee payment of the share of the damage fee which is due

from the cargo according to the adjustment and submit to all lawful decisions of the damage adjustor. In cases where the shipowner has grounds for doubting the ability of a foreign cargo owner to pay, he demands that a deposit be made or that an appropriate bank guarantee be furnished.

Disputes between shipping companies and Soviet charterers are generally settled by the appropriate judicial offices or - by agreement of the parties - by the Maritime Arbitration Commission in Moscow. The place and procedure for settling disputes with foreign organizations is specifically stipulated in the chartering contract. In the bill of lading form KS-55 it is stipulated that all disputes are to be settled in the USSR in accordance with Soviet law. It is usually stipulated when concluding contracts with foreign charterers that disputes are to be settled by the Maritime Arbitration Commission in Moscow. In certain cases it is stipulated that disputes arising in the port of loading are to be settled by arbitration in the country where the vessel was loaded and that disputes arising in the port of unloading are to be arbitrated in the country where the ship was unloaded.

Sometimes the charter-party includes special terms and stipulations - on war, on the limits of liability of the shipowner, ice conditions, etc.

8. The Bill of Lading in Transportation of  
Foreign Trade Cargo

Despite the existence of a chartering contract (charter-party), which establishes the conditions for transporting cargo, the carrier must, according to Article 78 of the Code of Commercial Maritime Navigation, furnish the shipper a bill of lading if the shipper demands one (Supplement 30). In a number of charters the captain's obligation to sign bills of lading presented to him by the shipper is specifically stated.

A bill of lading fulfills three functions: First, it serves as an acknowledgment or receipt confirming the receipt of cargo for transportation by the carrier; second, it is a document which serves as evidence of the existence and content of the cargo transportation agreement; finally, in representing the carrier's obligation to turn over the cargo at the point of destination, it serves as a goods-disposal document, giving the lawful bearer of the bill of lading the right to dispose of the cargo. When there is a charter-party, the bill of lading fulfills mainly the first and third functions, that is, it serves as proof that the carrier has received the goods for shipment and as a goods-disposal document; the legal relationships between the carrier and shipper (charterer) are regulated in this case by the chartering contract - the charter-party.

The legal relationships between the carrier and the consignee are determined not by the charter-party but by

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The content of the bill of lading. Provisions of a contract for maritime transportation not set forth in the bill of lading are binding on the consignee only if the bill of lading contains a reference to the charter-party (Art. 76 MSC).

In certain charters, for example, in Soviet timber charters, the text of the bill of lading appears on the reverse side and it is stated that the bill of lading should be signed by the captain with the reservation that "quality, quantity and size are unknown." This signifies that the carrier has not checked the grade, quality, or type of timber (~~transport, kachestvo, porozheniya~~), nor its quantity in fest-meters (?), standards, warehouse meters (?) or other units, as stated by the shipper and included in the bill of lading; consequently, the carrier is not responsible for discrepancies which might be discovered between the data in the bill of lading and the actual quality and quantity of the timber. In shipped sawed materials, the carrier is responsible only for the number of "ends," insofar as boards are accepted by a vessel for shipment according to the number count. In transporting props (for pit supports) and pulpwood (as raw material for the cellulose industry), quantity is determined by the shipper in warehouse measure (cubic meters, cubic sazhen), and the carrier is not responsible for the accuracy of the measurements.

The Soviet Black Sea Grain Charter stipulates that the captain should sign the bill of lading with the reservation,

"Weight, quantity, quality, and contents unknown." In receiving grain cargo for shipment, the weight is determined by the shipper without the participation of the carrier; the quality and classification (~~and classification~~) of the cargo are declared in the bill of lading according to the statement of the shipper, and the contents of the sacks, if the cargo is being shipped in packed form, are not checked by the carrier. Thus, the reservation mentioned above protects the carrier from being held liable for false listing by the shipper of the quantity and quality of the cargo. According to the terms of the charter, the carrier is held liable for damage affecting the quantity or quality of the cargo only if this damage was inflicted on the cargo through the fault of the carrier.

However, in the practice of Soviet foreign trade transportation, grain, when being loaded on Soviet vessels from elevators, is weighed on automatic elevator scales. This system for receiving and surrendering grain cargoes for shipment is reflected in a special agreement between the Ministry of the Maritime Fleet and the Ministries of Foreign Trade and Procurement.

In a standard general charter, an appropriate provision requires the captain to sign the bill of lading according to the rates presented to him, but if the amount of the freight charge according to the bill of lading is less than it is according to the charter, the difference is to be paid to the captain in cash when the bills of lading are signed.

Bills of lading signed by the captain should not impose on the carrier greater obligations or more liability than the charter does. If the charter contains conditions which are to the advantage of the carrier but which are not designated in the bill of lading, the following stipulation should be included in the bill of lading: "All conditions, rules, stipulations, and exceptions as in accordance with the charter-party of such and such a date." This is necessary because, as was pointed out above, while the relations of the carrier and the charterer, according to Article 75 of the Code of Commercial Maritime Navigation, are determined by their agreement - that is, the charter - the legal relationships between the carrier and the consignee are determined by the bill of lading (Art. 76, MSC). The introduction of the above-noted stipulation in the bill of lading transfers to the legal relationships between the carrier and the consignee the conditions provided in the charter.

In many cases when shipping, aboard Soviet vessels, export cargo from USSR ports to foreign ports or import cargo from foreign ports to USSR ports, the parties concerned often do not conclude special chartering contracts (that is, charters) and the shipping is carried out solely according to the bill of lading.

In the absence of a charter-party the bill of lading regulates the relations of the carrier not only with the consignee but also with the shipper. Thus the bill of lading, Form KS-55, which is used in foreign shipments (see appendix 30), contains



on the front and reverse sides a detailed statement of the conditions under which the maritime shipment is being carried out, the basic regulations of Section A, Chapter V, of the Code of Commercial Maritime Navigation USSR and the General Rules for Transporting Cargo on Ships of the Maritime Fleet USSR. It is stipulated in the bill of lading that the shipper, consignee, and bearer of the bill of lading, and other interested parties as well, fully accept all printed, hand-written, or stamped rules, conditions, and stipulations in the bill of lading.

According to the terms of the bill of lading, Form KS-55, the carrier does not check the weight or volume of bulk and loose cargo when it is loaded; this frees the carrier from responsibility for a discrepancy between the actual weight of the bulk or loose cargo turned over at the point of destination and the weight listed by the shipper and entered in the bill of lading (except instances where the short weight is the result of a flagrant violation of the shipping rules, negligence in the receipt of cargo for shipment or loss of part of the cargo through the fault of the carrier).

#### 9. Content of a Bill of Lading and Procedure of its Preparation

Shown in the bill of lading are the name of the vessel, the carrier, the shipper, and the consignee (or it is stipulated that the bill of lading is being issued to the order of the shipper, the consignee, or the bearer, the loading point and the destination point, the description and quantity of cargo, the markings present

upon it, the time and place of issuance of the bill of lading and the number of copies of the bill of lading issued. The bill of lading is signed by the carrier's agent or by the captain. A bill of lading which does not contain the above-indicated data and does not bear the signature of the carrier's agent or the captain is void.

The bill of lading also indicates the freight charge and other payments due the carrier, or it may be stipulated that the freight charge is to be paid according to the charter-party or the tariff. If the freight charge is collected when the goods are shipped, a notation is made on the bill of lading as to payment of the freight charge. When an advance is issued against the freight charge, a notation is made to this effect on the bill of lading, indicating the amount advanced.

If in the transportation of bulk and loose cargo, the data indicated by the shipper with regard to quantity of cargo has not been checked by the carrier, the carrier may make appropriate notation of this on the bill of lading. The same notation can be made when shipping any other cargo, particularly when the carrier has reason to believe that the data regarding the quantity of cargo have been inaccurately stated by the shipper (Art. 82 MSC ).

In foreign shipping practice, the shipper often requests that he be furnished several copies of the original of the bill of lading. In such an event a notation is made on each of the copies of the total number of copies prepared;

sometimes, furthermore, a superscription is made, i. e., first original, second original (duplicate), third original (triplicate). If more than one copy of the bill of lading had been issued after the cargo has been delivered on the basis of one of these copies, all the remaining copies become void as goods-disposal documents (Art. 83 MSc).

Several copies of the bill of lading are also prepared for the carrier, the captain, the customs office, the agent, and stevedore in the port of unloading, for the shipper, etc.

The bill of lading is prepared on the basis of a written declaration - the loading order, signed by the shipper (Art. 78, MSC), who bears the responsibility for the data indicated in it; he answers for damage which occurs as a result of inaccuracies or improprieties which may slip into the loading order (Art. 79 MSC). In foreign ports there is no single form for loading orders. However, loading orders should always contain all the data necessary for preparing a bill of lading. The procedure for preparing loading orders in foreign transportation from Soviet ports is similar to that used in cabotage transport.

The captain's mate for loading operations, upon receipt of the cargo, signs one of the copies of the loading order (the pilot's receipt); if necessary, he makes note of discrepancies in the data, of the condition of the packing, the marking, etc. On the basis of the pilot's receipt the bill of lading is drawn up in the port of origin.

One copy of the loading order remains with the captain's mate for loading operations for comparison with the bill of lading before the bill of lading is signed by the captain. In foreign ports the bill of lading must be signed by the captain personally.

In the transport of general cargo (packed and in individual pieces) from Soviet ports, bills of lading are usually prepared by the ship's agent (the cargo or transport-consignment office of the port, the maritime agent). For bulk cargo (timber, grain, ore, coal, oil, etc.) being loaded on the shippers' wharves ~~и на причалах, а также на пристанях грузо-отправителей~~, the bills of lading are drawn up, as a rule, by the shipper and are presented to the captain for signature. In foreign ports bills of lading for Soviet ships are usually drawn up by the agents of the shipping enterprises.

#### 10. Types of Bills of Lading

A bill of lading is made out to a specifically named consignee (a name bill of lading), to the order of a shipper or consignee (an order bill of lading) or to the bearer. If it is not indicated in an order bill of lading to whose order it was drawn up, it is considered as having been drawn up to the order of the shipper (Art. 80 MSC). In accordance with Art. 81 of the Merchant Shipping Code, the rights connected with a name bill of lading can be transferred to another party only on grounds established for transfer of a debt claim.

The holder of an order bill of lading can transfer his rights connected with the bill of lading to another juridical

or physical entity by means of a transfer endorsement by name (imennoy peredatochnoy nadpisi). If in the endorsement it is indicated that the bill of lading is being transferred to some particular individual or to his order, then the bill of lading can be transferred further in the same manner. If, however, the endorsement makes no mention of order, then the bill of lading after this transfer ceases to be an order bill of lading and becomes a name bill of lading. An order bill of lading can also be transferred by endorsement in blank; it then acquires the character of a goods-disposal document in the name of the bearer.

The transfer of rights connected with a bill of lading made out to bearer is accomplished by means of a simple delivery. Any individual presenting such a bill of lading to the carrier is entitled to obtain the cargo designated in this bill of lading.

In cabotage transport and transport of import cargo on Soviet vessels, the writing of bills of lading to the bearer and to the order of the shipper or consignee is not practiced. In the shipping of export cargo and in shipments between foreign ports, the issuance of such bills of lading is a widespread practice. This is explained by the fact that in shipping cargo in foreign navigation, the bill of lading, as a goods-disposal document, often serves as an instrument of purchase, sale, and collateral; from the moment that it is issued by the carrier until the time that it is presented to the captain of the vessel in the port of destination, a bill of lading can change hands several times.

In the bill of lading Form KS-55 there are two variants of the wording for receiving cargo for shipment, namely, "Shipped in apparent good order and condition" and "Received for shipment..."

In the first case the bill of lading is issued for cargo loaded on board the ship; in the second case the bill of lading is issued for cargo not yet loaded on board the ship but accepted by the carrier for subsequent loading and shipment. The inapplicable variant is deleted.

In the absence of through transportation between the ports of origin and destination, transfer of the cargo to another ship may be carried out at an intermediate port. If the carrier undertakes to perform such transportation, then by agreement with the shipper he can issue a direct, or through, bill of lading, assuming the obligation not only to deliver the cargo on his own ship, but also on the ship of the other carrier, whereby the first carrier is responsible for the cargo only until it is turned over to the second carrier indicated in the through bill of lading. A through bill of lading can be issued only if there is an appropriate agreement with the second carrier.

In the practice of shipping export cargo on Soviet vessels through bills of lading are not used, as a rule. Exceptions are permitted only in certain cases, when the shipping company, in issuing a through bill of lading, reaches a special agreement with the shipper requiring the shipper independently

to see to the transshipment of the cargo from the terminal point of the course followed by the Soviet vessel and relieving the shipping company of any responsibility for delivering the cargo to the destination point indicated in the bill of lading.

In connection with a demand made by the owner of foreign trade cargo to deliver (realizovat') the cargo listed in the bill of lading not as a complete unit but in lots, it may be necessary to divide the bill of lading into separate parts. Such a split is achieved in practice by means of so-called partial bills of lading or delivery orders. A delivery order is an order to turn over part of the cargo being transported. There are many types of delivery orders; they can be divided into two groups. The first group includes orders issued by the bearer of the bill of lading and sent to the carrier or his agent; the second group includes orders issued by the carrier himself or his agent and constitute the obligation of the carrier to turn over a specified quantity of cargo. An intermediate position is occupied by delivery orders issued by the consignee and accepted by a representative of the carrier. In all cases where cargo is turned over in accordance with delivery orders, the carrier should demand ~~that~~ the basic bill of lading with the consignee's receipt for the goods in order to avoid a demand by the bearer of a bill of lading to turn over cargo already released in accordance with delivery orders. Delivery orders are not used in the shipping of import goods of Soviet charterers.

In the carrying of cargo in foreign transportation, a list is made of all lots of cargo loaded aboard ship and identi-

fied in bills of lading. This list is known as a manifest (Appendix 31). A manifest is prepared individually for each port of unloading. It serves mainly for organizing unloading operations and for customs formalities relative at the port of destination. The manifest should include all cargo destined for unloading at the given port; otherwise, the customs authorities at the port of destination will subject the vessel to a heavy fine. Inclusion in the manifest of cargo not actually on board the ship may also lead to the imposition of a fine on the ship and to a demand for payment of duties for goods included in the manifest but not discovered aboard ship by the customs authorities. Thus it is very important to check carefully to see that the manifest corresponds to the cargo actually aboard ship according to the delivery orders and signed bills of lading.

#### 11. Rules for Marking Export-Import Cargo

The shipper's markings on export cargo should contain the following information:

- a) The abbreviated name of the organization of the Ministry of Foreign Trade exporting the cargo. (For example, SPE--Soyuzpromeksport; VIT--Vostokintorg, etc.);
- b) the number of piece;
- c) point of destination (if known);
- d) gross and net weight;



In addition, the exporting organization may employ additional markings; for example, markings indicating the classification or category of goods, the factory mark, markings indicating the country from which the goods originate, etc.

The transport mark often is not inscribed directly on the packing, but on tags fastened by the shipper to the pieces of cargo.

Markings on import goods must contain the following information:

- a) The abbreviated name of the import organization;
- b) the number of the transport instruction, crate (naryada), and order;
- c) the gross and net weight;
- d) the point of destination;
- e) the name of the consignee.

If the shipper does not know the point of destination and the name of the ultimate consignee, these items are not included in the marking. In such cases "raznaryadka" (uncrating?) takes place in the Soviet port, and the point of destination and the name of the consignee are additionally inscribed on the packing before the goods are shipped out of the Soviet port.

## Fifth Division

## TRANSPORT AND FORWARDING OPERATIONS OF THE PORTS

CHAPTER 39. GENERAL CONCEPT OF TRANSPORT  
AND FORWARDING OPERATIONS

pp 326-333

## #1. Auxiliary Operations

In accomplishing maritime transport activities, the necessity arises of performing a series of auxiliary operations at the points of dispatch and destination. By virtue of the rules in effect for maritime transport in the USSR, a part of these supplementary operations are assigned to the carrier (handling the flow of cargo in through transport by rail and water combined, conducting loading operations in a number of ports, etc.). However, a large part of the supplementary operations are not incumbent on the carrier and are fulfilled by the shipper or the consignee.

In the port of dispatch, these auxiliary operations include: preparing the cargo for shipment (packing the cargo in a seaworthy manner suitable for maritime shipment, putting on the shipping marks, completing and sorting parcels of cargo, etc.) delivering the cargo to the port from the shipper's warehouse, filling out and arranging transport and shipping documents (the loading order or bill of lading), bringing the cargo to the sea-boat, loading (if this is not the task of transport), paying freightage, receiving portage documents (the bill of lading, the receipt). In cases where guards are to accompany the cargo being shipped, it is necessary to appoint guards and arrange their passage.

If the cargo has arrived in port by rail or river, then transport and forwarding operations also include the taking over of cargo from the preceding carrier and delivery of cargo to the harbor wharf or to the warehouse.

Auxiliary operations in the port of destination include payment for cargo; acceptance of cargo from the carrier (vessel or port), delivery to the warehouse of the consignee; and turning over of cargo to the consignee.

If the cargo is supposed to travel farther in another form of transport, then instead of delivering it to the consignee at the port of destination, it is necessary to turn over the cargo to river transport or to the railroad and perform the tasks connected with this procedure (writing orders for freight cars, etc.). The necessity often arises of temporarily storing cargo in port before shipping it by maritime transport or before delivering it to the consignee. While the cargo is in the warehouse, it is sometimes inevitable to repair or replace the packing and wrappers, to repack, sort and mark the cargo, or take samples, etc.

If the cargo has arrived from abroad or is intended for shipment abroad, customs procedures must be completed, and for some cargoes, sanitary formalities must be complied with.

All these auxiliary operations, which are closely linked with the work of the basic carrier, must be carried out by the cargo owner (the shipper or the consignee).

Thus transport and forwarding operations can be defined as a combination of auxiliary operations which the carrier is not obliged to perform; they are only supplementing his basic functions in transferring cargo.

## 2-Legal Position and Responsibility of the Forwarding Agent

Auxiliary operations can be performed by order of the cargo owner by special transport and forwarding organizations. Transport and forwarding organizations, acting by order, in the name and at the expense of cargo-owners, acquire no rights to the cargo and assume no responsibility resting with

resting with the cargo owner, on the strength of the contract which the cargo owner has entered into with the carrier.

The transport and forwarding operations are essentially brokerage operations, and the contract between the cargo owner and the carrier is a brokerage contract.

The Civil Code of the RSFSR (Page 275-A) stipulates that according to a brokerage contract, one party (the agent) undertakes by order of the other party (the client), to carry out against payment one or several transactions at the expense of the client. Among the number of commissions mentioned "the dispatch and insurance of cargo" is one of the subjects of a brokerage contract.

The amount of the brokerage fee is determined by agreement between the parties to the contract; in the absence of such an agreement, it is determined by a court or by arbitration.

The agent is obliged to execute the commissions he has undertaken accurately and speedily, observing the interests of the state and acting with due efficacy on behalf of his client.

The forwarding agent is liable for damage inflicted on the cargo as a result of a careless execution of obligations he has assumed, as well as for the safety of the cargo during the time it is at his disposal, unless he can prove that loss or damage of the cargo occurred because of circumstances he could not prevent, despite his having taken the proper precautions (Page 275-I of the Civil Code of the RSFSR).

The forwarding agent is responsible for the cargo from the moment he receives it from the cargo-owner until he turns the freight over to the carrier at the point of dispatch, and from the moment he receives the cargo from the carrier at the point of destination until he delivers it to the cargo

owner, or transfers it by order of the owner, to other means of transport or to some other organization. The forwarding agent is liable for actions, carelessness, or negligence of his workers--for sending the cargo to the wrong place or mixing up parcels etc. The forwarding agent is not responsible for the actions of the carrier or other organizations to which he has given turned over the cargo, in executing orders from the cargo owner.

The handing over of cargo to the carrier or to another organization should be confirmed by documents. As proof that the business undertaken has been executed, the transport and forwarding organization should give the cargo owner a receipt, voucher or some other document, confirming that the cargo was turned over to the authorized party or organization in a proper form.

As a rule, payment for the services of transport and forwarding organizations is made only after the assignments have been fulfilled. The cargo owner is obliged to supply the forwarding agent with fund for paying freightage, fees, fines, cost of storage and charges for the execution of loading-unloading operations, etc.

Disputes ensuing from transport and forwarding contracts are examined by the institutions of state arbitration according to the general rules for examining disputes between economic organizations applying the general terms for bringing in an action.

The forwarding organizations, in order to secure the amounts due them for execution of commissions from cargo owners have the right to detain goods, temporarily at their disposal until their claims have been satisfied. (Page 275R of the Civil Code of the RSFSR).

### 3-The Principal Distinction Between Transport-Forwarding Organizations in the USSR and in Capitalist Countries

Transport and forwarding organizations in capitalist countries are private enterprises. Their basic goal is to derive the maximum profits. They often receive from shipping companies covert rebates, paid to them for the purpose of diverting cargo from competing ship owners.

Many forwarding companies in capitalist countries have at their disposal a very insignificant productive apparatus; and some have no such facilities, using for transport and forwarding operations the services of other people's motor-trucks, other people's warehouses, etc. and receiving profits only for "organizing" shipping, transport and forwarding services.

The work of Soviet transport and forwarding organizations differs distinctly in principle from the activities of the transport and forwarding agencies of capitalist countries. Soviet transport and forwarding organizations are socialist enterprises, whose entire activity is based on planning and is linked with the work of the basic forms of transport and with the production plans of clients.

The basic task of Soviet transport and forwarding companies is the most expedient organization of the transportation process, from the viewpoint of the state as a whole, and the most rational utilization of the means of transport.

By uniting the forwarding service for a group of clients, Soviet forwarding organizations are achieving significant economies.

### 4-The Organization of Transport and Forwarding Operations in Maritime Transport in the USSR

The transport and forwarding work is a part of the commercial activities of the ports and is mainly carried out on the territory of the ports; it does not include the work in warehouses of the shippers and consignees of cargo.

Because of the absence of special organizations in maritime transport called upon to accomplish the transport and forwarding service for clients these operations (primarily involving foreign trade cargoes) are carried out by the transport and forwarding offices (TEK) or transport and forwarding departments (TEO) of the maritime ports.

Individual transport and forwarding operations are performed in certain ports by the dispatching organs, and also by the chief shipping agencies acting as agents for foreign and Soviet vessels employed in foreign navigation (Inflot).

The organizational structure of transport and forwarding offices and departments in sea-ports are shown in the diagram, drawing 26. The diagram is only an example, since the organizational structure depends on local conditions, and the character and volume of work in the port.

As is evident from the diagram in drawing 26, the transport and forwarding office includes a unit which handles cargo in through transport by rail and water combined. Transferring cargo from water transport to the railroad and vice-versa, in accordance with regulations in force, is among the operations the carrier is obliged to perform. Ports perform these operations in the name and by commission of the maritime shipping companies as agents of the carrier. Since shifting the cargo is the carrier's obligation, operations in transferring cargo are not officially reckoned as transport and forwarding operations.

In a number of places--for example, in Odessa and certain other Black Sea ports--there are no centralized transport and forwarding arrangements. In such cases, basic transport and forwarding work is transferred to the loading-unloading sections and combined with warehouse work; certain operations are performed by the departments of the port administration. The

general management of transport and forwarding work is assigned to the commercial department of the port. Placing orders for freight cars, regulating the supply and collecting goods-trucks etc. are tasks with which the railroad branch of the chief dispatching unit of the port is charged.

The organizational structure for handling the transport and forwarding business in ports where there is no centralized transport apparatus is shown by the diagram in drawing 27.

In the port of Leningrad, the general management of the work of the transport and forwarding office is carried out by the chief dispatching unit of the port. In the ports of Leningrad and Riga accounts with the clients for work which has been completed are kept by the revenue unit of the financial department of the port.

#### 5-Functions of the Transport and Forwarding Office of the Port

The transport and forwarding offices of ports (or the corresponding departments of loading-unloading sections) carry out the following operations:

- a) They receive, from vessels and from the railroad, transport documents--bills of lading, way-bills, manifestos, the loading plan, bills of receipt and delivery, etc. and check whether all documents have been delivered to the port.
- b) They write up in general file copies the outcome of unloading of vessels which have arrived from abroad; and in the event that imported cargo on foreign ships has arrived carelessly packed, with defects or shortage in weight, they prepare official reports.
- c) They receive from organizations of the Ministry of Foreign Trade commissions (orders) to unload imported cargo by rail or sea, and to deliver this cargo to local consumers.



d) They supervise the execution of orders made by clients and the movement of export-import cargo, according to individual clients and transport documents.

e) They draw up plans for distributing cargo in warehouses on the basis of assignments from clients, in order to develop technical plans for unloading import and export cargo and thus establish the consecutive order in which parcels are to be shipped and completed; they also carry out reweighing of the entire or partial load on behalf of clients.

f) They prepare, when unloading import cargo, railroad way-bills in the name of the client and receive from the railroad station receipts of way-bills for the unloaded cargo; they give orders to the railroad station for rolling stock in accordance with the plan for providing goods-carriages for import cargo; they secure and separate goods in freightcars which are being sent by rail.

g) They distribute and arrange the release of cargo from port according to the assignments of the associations of the Ministry of Foreign Trade.

h) They keep accounts with the railroads for transportation of export cargo, supervise the reception of export cargo by warehouses and receive from railroad stations commercial documents when necessary. They prepare documents for export cargo preliminary listed for loading on specified vessels; and on the basis of vouchers from the first officer they receive bills of lading (to complete the bills of lading is the responsibility of the carrier; in individual ports Inflat performs this function).

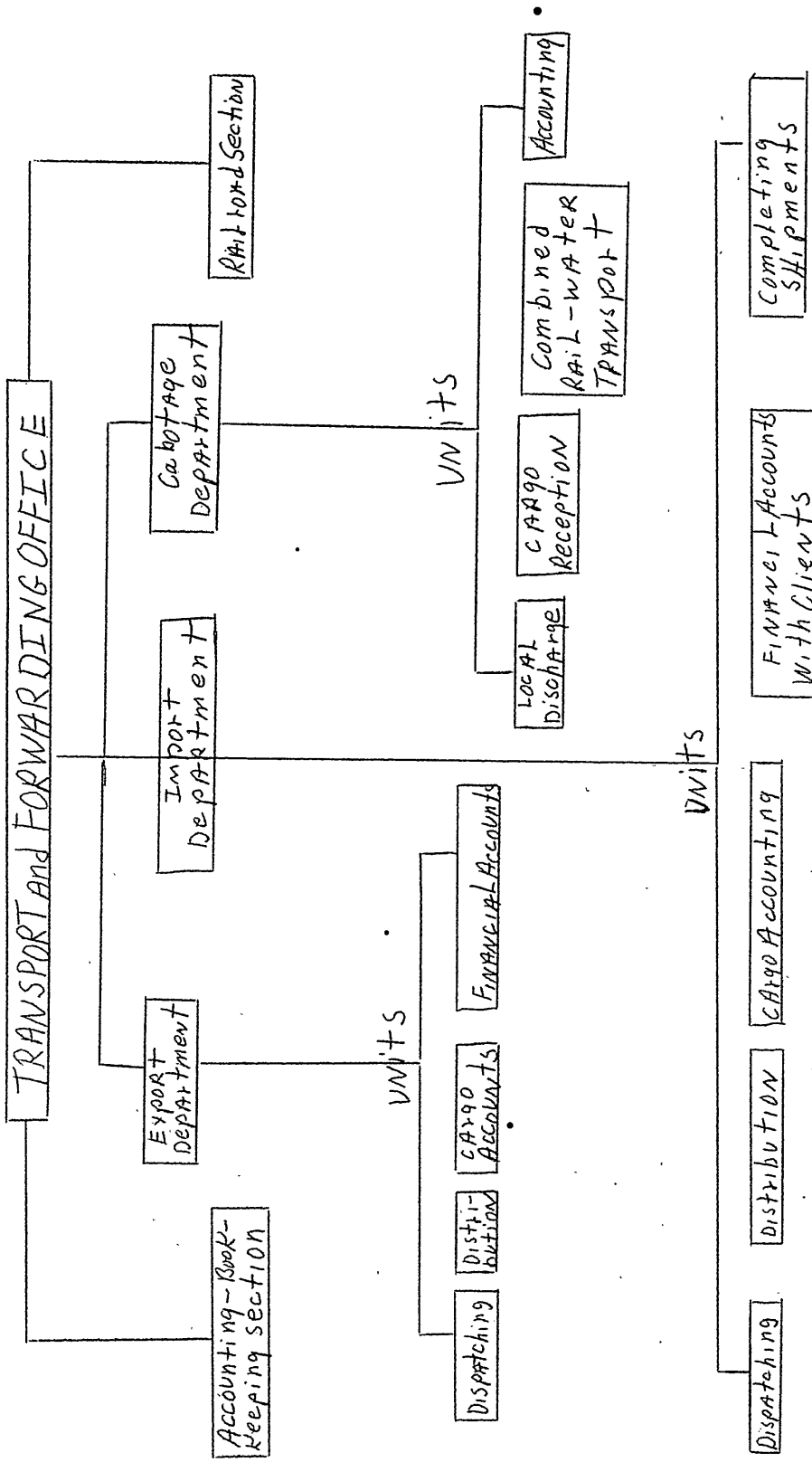
i) They keep accounts with clients for transport and forwarding operations performed by the port--such as loading, unloading, work in warehouses, etc.; they also keep accounts

on freightage (in cases where these accounts are kept by the port).

j) They render accounts to clients for functions performed and assumed in accordance with the contract for transport and forwarding operations.

The transport and forwarding offices organize and check the work of warehouses in ports.

Transport and forwarding offices of the ports clear their work with the commercial harbor department or perform it under their immediate supervision.



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Figure 26 - Sample Diagram of Structure of the Transport and Forwarding Office

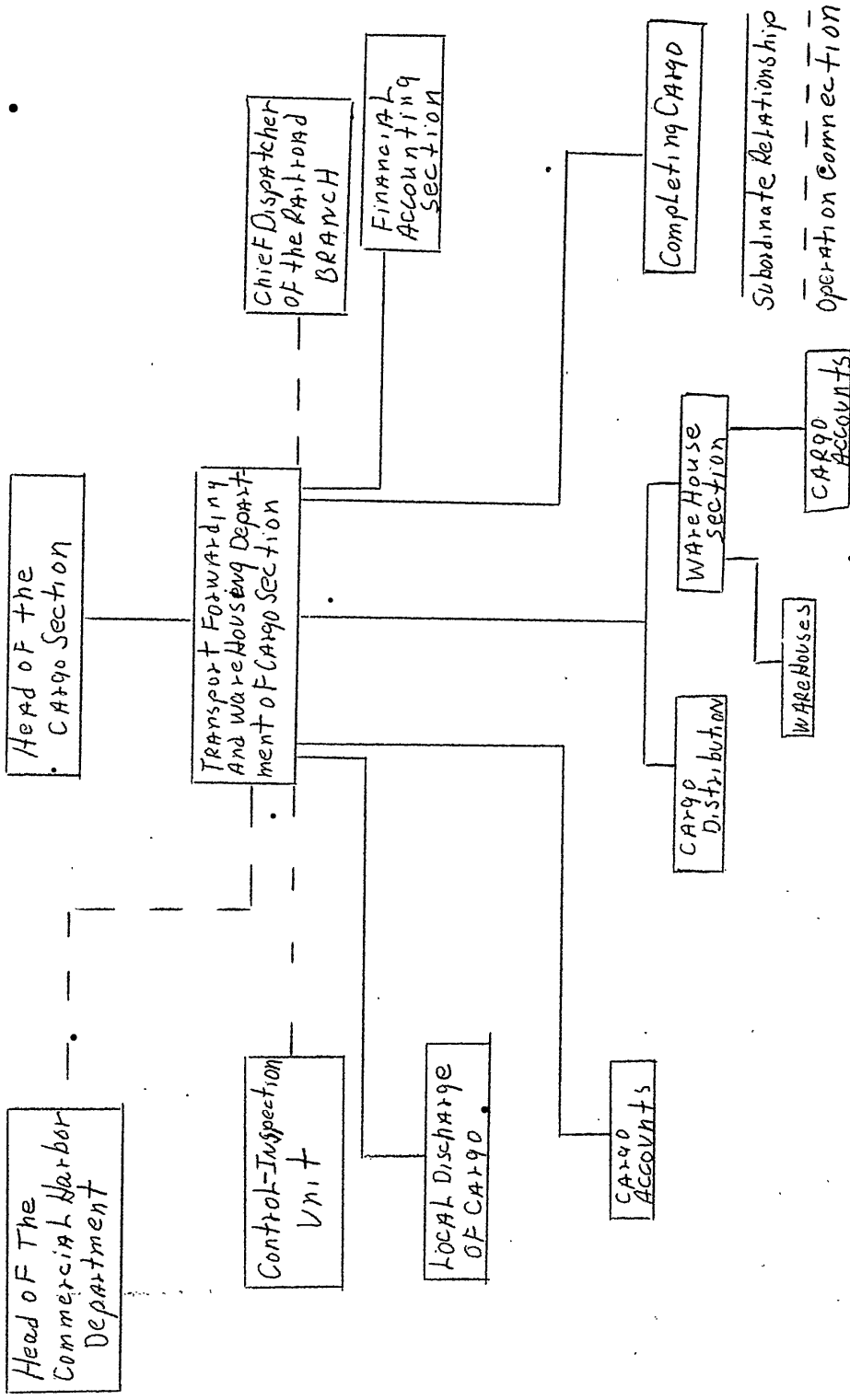


Figure 27 - Sample Diagram of the structure of the transport and forwarding service in ports

Chapter 40. FORWARDING AND DISPATCHING OF CARGOES IN  
FOREIGN TRADE  
FR 333-336

1. Organization of Transport ~~Facilities~~ within the Ministry  
of Foreign Trade

The overall coordination of forwarding and dispatching operations in all import-export agencies is the task of the Transport Authority of the Ministry of Foreign Trade (MFT). On the basis of declarations from the agencies, the MFT drafts <sup>tentative</sup> schedules for the ~~forwarding of~~ marine, inland water, and railway transportation of exported and imported goods, ~~refers these~~ ~~to~~ the Ministries of the Marine and Inland Fleets and the Ministry of Means of Communication, sets up firm schedules for the transportation of exported and imported freight, concludes general agreements relating to the forwarding and dispatching of goods involved in foreign trade, and so forth.

On the basis of a general agreement between the Ministry of the Maritime Fleet and that of Foreign Trade, concerning the trans-shipment and processing of exported, imported and other goods involved in foreign trade in ports belonging to the Ministry of the Maritime Fleet, the MFT forwards monthly declarations to the Ministry of the Maritime Fleet concerning the arrival of goods for export in the ports and including information on the docking of foreign vessels with goods for import. On the basis of this information and of the transportation schedules for export goods aboard Soviet vessels, the ports program their activities in the processing and forwarding of foreign trade freight.

Every export-import agency of the MFT has its own Transport Division which deals, in particular, with problems of the forwarding and dispatching of foreign trade goods in ports of the USSR.

Export-import agencies which have large turnovers of

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freight (such as the Eksportkholeb [Cereal Export Agency], Soyuzpromexport [Union Industrial Export Agency], or the Eksportles [Timber Export Agency]) have their own offices in a number of ports which handle the largest amount of the freight with which these agencies are concerned.

An all-union specialized transport agency, Soyuzvneshtrans<sup>1</sup> [Union Overseas Transport Agency] has been created within the MFT and has offices in all major sea ports processing import-export goods.

A Board of Commissioners of the MFT exists in a number of the larger maritime ports (Leningrad, Murmansk, Odessa, Baku, Vladivostok), whose task it is to coordinate the dispatching activities of all agencies in these ports.

The agencies within the MFT and the commissioners of the MFT implement the dispatching of foreign trade goods in ports through the forwarding and dispatching facilities of commercial ports.

## 2. Relations between Ports of Maritime Trade and Agencies of the MFT

In accordance with the general agreement between the Ministry of the Maritime Fleet and the MFT relating to the trans-shipment and dispatching of foreign trade goods in maritime ports, ports are responsible for the unloading of vessels with imported goods and the loading of goods for export aboard vessels, as well as for the unloading of freight cars arriving at the port with goods for export and the loading of imported goods on freight cars.

The ports are responsible for the timely servicing of scheduled Soviet vessels, as well as the servicing of foreign ships for whom a notice of arrival was forwarded

In 1955, the all-union agencies Soyuzvneshtrans and Sovfrakht [Soviet Freight Agency] were reorganized as a single agency, Sovfrakht.

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to the Ministry of the Maritime Fleet no later than the 23d day of the preceding month. Foreign vessels whose arrival had not been specified in the monthly report but which have been listed in a supplementary communication 7 days prior to their arrival are serviced in the order of their arrival. Docking time for these vessels is counted from the time of the beginning of their servicing.

Indoor warehouses, sheds and open areas are provided for the storage of foreign trade goods in ports. Standards for the storage over certain periods of foreign trade goods approved by the MFT, together with the transportation program, the time-table of arrivals of Soviet vessels and scheduled arrivals of foreign ships serve as a basis for the program of the entry of goods into the ports. The MFT may also legitimately bring in goods for purposes of stockpiling in quantities approved by the Ministry of the Maritime Fleet.

In cases when it is impossible to process all the scheduled goods listed in the declaration of the MFT in ports assigned to foreign trade, the Ministry of the Maritime Fleet notifies the MFT of other ports in the same area which may handle export goods. If the full load cannot be processed in any of the ports of a given area, the Ministry of the Maritime Fleet indicates ports in other areas to which the goods may be conveyed. The MFT then accordingly modifies freight destinations (on consultation with the Ministry of Means of Communication and with the suppliers).

If goods for export ~~xxx~~ delivered to a port fall outside of the schedule for a given month and exceed the quotas for foreign trade goods slated to be carried by Soviet and foreign vessels, as well as the final quotas for stockpiles, the agencies of the MFT are responsible for the demurrage of freight cars. Such goods may be un-

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loaded if there is storage space available in the port which is not earmarked for scheduled goods of other clients.

Ports are not responsible for possible demurrage of freight cars containing goods for export when the reasons for the backlog of goods in the port's storage facilities are the following: 1) delay in arrival of foreign vessels scheduled to remove export goods; 2) non-fulfillment of empty car supply schedule for the conveyance of import goods from the port by the railways; 3) arrival of import goods on foreign vessels in amounts exceeding those specified in the monthly bulletins and supplementary communications; 4) lack of authorization for the unloading of import goods; 5) non-acceptance of inadequately crated goods by vessels or railways, except when inadequate crating may be imputed to organizations within the Ministry of the Maritime Fleet.

In all the cases listed, charges for demurrage are to be remitted by agencies of the MFT, and, if collected from the port, should be reimbursed to the latter.

Agencies of the MFT also remit charges in all other cases of demurrage due to causes for which the MFT is responsible, upon joint certification by port authorities and foreign trade agencies.

Billing ~~for time input~~ for Soviet vessels is done directly between ports and shipping lines in accordance with existing regulations and ~~current rates~~ of the Ministry of the Maritime Fleet, except in cases when responsibility for delay in loading falls to the shipper.

Docking time for vessels freighted by agencies of the MFT on a time-charter basis is ~~charged in~~ accordance with the rates and regulations applying to the servicing of Soviet vessels in ports of the Ministry of the Maritime Fleet of the USSR.

Time in port is reckoned for foreign vessels in



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accordance with rates agreed upon by the Ministry of the Maritime Fleet and the MFT, and bonuses for the completion of operations prior to the deadline (dispatch) and penalties for delay of foreign vessels due to loading and unloading operations (demurrage) are negotiated directly between ports and MFT agencies, independently of the settlement of accounts between the latter and foreign ship-owners. 25% of the receipts for dispatch in servicing foreign vessels are credited to agencies of the MFT, while 75% are credited to the port. This ratio in crediting dispatch bonuses does not apply to the servicing of vessels carrying grain, for which accounts are settled by the organizations involved in accordance with special regulations.

In addition to operations connected with the loading and unloading of vessels and freight cars, ports perform other forwarding and dispatching operations as provided by local agreements concluded by the ports with foreign trade agencies, based on the general agreement between the Ministry of the Maritime Fleet and the MFT.

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8. Accounts for Services Rendered in For arding and Dispatching

Charges for for arding and dispatching services by ports follow a tariff table.

The extent of dispatching (commission) remuneration is fixed by an agreement between ports and their clients in so far as the dispatching commission on foreign trade goods is not <sup>re-</sup> <sub>de-</sub>termined by current general agreements between Ministries.

Port claims for trans-shipment, loading and unloading and storage of foreign trade goods are settled on a collect basis, on the basis of port invoices witness d by port representatives of the MFT.

pp. 355-367

Section 7

## HANDLING OF VESSELS BY AGENTS

## Chapter 13. HANDLING OF VESSELS BY AGENTS IN SOVIET PORTS

1. Main Maritime Agencies of the Inflat ~~International Fleet~~

Main Maritime Agencies (MMA's) were created in 1934 to service foreign vessels in ports of the USSR, as well as Soviet overseas and long-range coasting vessels.

MMA's are independent commercial organizations. They operate on the basis of a law enacted by the Ministry of the Maritime Fleet. MMA's are placed under the authority of the ports concerned.

Maritime agencies have the task of dealing with foreign vessels and Soviet vessels sailing overseas, and of defending the legitimate interests of foreign ship-owners before customs, export-import and other agencies and organizations.

In discharging their responsibilities, MMA's are liable only for their property, within limits prescribed by the law.

MMA's include branch agencies located in ports.

MMA's dispatch representatives for servicing vessels in ports and at points where Inflat agencies are lacking.

2. Reception of Vessel

Upon receiving advance notice from the ship-owner or captain of the scheduled date of arrival of a vessel, the agency informs the port authority, the port captain, the receiver or sender (depending on whether the vessel is arriving with or for goods), the customs office and the admission station. All incoming information relating to the approach of the vessel is also relayed to these organizations. Prior to the arrival of the vessel, the agency arranges, with the assistance of the port captain, to send out a pilot or, if the need arises, orders a tug to moor the vessel from the harbor fleet department

of the port authority.

Accompanied by admission, customs and health authorities, a representative of the maritime agency meets the vessel at the roadstead or upon its arrival at its moorage, and assists the staff of the vessel in complying with the required formalities in the reception and customs inspection of the vessel. The agency representative informs the captain of the vessel of the conditions pertaining to forthcoming loading or unloading operations, helps him to get in touch with port representatives and the recipient (or sender) of the merchandise to decide upon a loading (or unloading) schedule.

If the vessel is freighted on a charter party basis, the maritime agent takes knowledge of the contents and stipulations of the freighting contract or, in the absence of the latter, with the conditions of the bill of lading, and informs the port administration of these conditions.

### 3. Servicing of Vessel in Port

Upon instructions from the captain, the maritime agent forwards the recipient (or sender) a notice from the captain of the readiness of the vessel for loading (or unloading) operations.

If the agent is servicing a Soviet vessel, the notification is made in accordance with regulations relating to the reckoning of time in port in maritime ports. If the agent is servicing a foreign vessel, the notification is in accordance with the stipulations of the freighting contract (charter party).

The agent provides assistance to the captain in getting the vessel moored and in expediting the beginning of loading and unloading operations, and keeps track of the latter.

The maritime agency ascertains the needs of the vessel as regards food and technical supplies, water, fuel, repairs, relays the captain's requests and instructions to

the appropriate organizations and sees to it that these requests are filled in time.

In dealing with a Soviet vessel, the maritime agent receives funds from an account opened in his name by the shipping line to cover the expenses of the vessel in port and to disburse the wages of the crew. In dealing with a foreign vessel, the maritime agent covers the expenses involved in servicing the vessel, and delivers the necessary cash to the captain from funds remitted by the ship owner. For this purpose, the agent draws up a preliminary estimate of the funds which the foreign vessel will need, and notifies the ship owner to credit the required amount to the State Bank of the USSR.

The maritime agency notifies the shipping line (ship owner) of the arrival of its vessel, and reports regularly to the shipping line (ship owner) on the progress of loading or unloading operations while the ship is in port.

The maritime agency assists the captain in drafting all the declarations connected with loading and unloading operations, participates in drawing up accounts of time spent in port by Soviet vessels (shipping acts), as well as time-sheets indicating the progress of loading and unloading for foreign vessels.

#### 4. Release of Vessel and Accounting of Expenses of Ship in Port

Drawing upon funds credited to it, the maritime agency covers the charges and expenses incurred by the vessel during its stay in port.

In dealing with Soviet vessels, the maritime agency forwards the shipping line a detailed invoice of expenditures incurred by the vessel and appends supporting documents.

In dealing with foreign vessels, the maritime agency draws up a disbursement invoice with appended documents relating to expenses incurred and presents it to the captain for signature prior to the departure of the vessel from the

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port. The disbursement invoice is forwarded to the ship-owner as an account of expenses against the advanced amount.

If expenditures exceed the sum advanced by the ship-owner, the maritime agent requests that the ship-owner forward the required balance. If total expenditures are below the advanced sum, the maritime agent notified the State Bank to refund the balance of the advance to the ship-owner. If vessels belonging to a particular owner visit the port regularly, the balance is not refunded, but is considered as an advance against expenses of the next vessel belonging to that owner.

In cases when disbursement invoices are covered by an export agency of the Ministry of Foreign Trade, the invoice is forwarded on a collect basis to the agency concerned for payment.

The maritime agency cooperates with the staff of the vessel in formalizing the departure of the vessel from the port. To ensure the departure on schedule of the vessel for navigation abroad, the maritime agency notified customs and health bureaus in advance of the forthcoming departure of the vessel and of the time at which the vessel will be prepared to sail. The agency representative witnesses compliance with customs formalities.

#### Chapter 44. HANDLING OF SOVIET VESSELS BY AGENTS IN FOREIGN PORTS

##### 1. Relations of Shipping Lines with Shipping Agencies

The servicing of Soviet vessels in foreign ports is done by shipping agencies.

In ports frequently visited by Soviet vessels, shipping lines have permanent agents under contract. Contracts concluded between shipping lines and foreign agencies specify the basic obligations of the agent and the terms under which he bills for services rendered. In ports infrequently visited by Soviet vessels, agencing is delegated

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to local companies recommended by the trade representative of the USSR, without formal contract. The agent may service one port or several through its branch offices or other agencies, which in this case are considered as sub-agents of the main agent. In certain cases, the shipping line may draw up contracts with one company for servicing Soviet vessels in all ports of a given country. Agency contracts usually cover one year, and provide for the right of either party to break the contract having warned the other party beforehand. If neither party declares its desire to terminate the agreement, it is considered as automatically in force for another year.

The shipping line must keep constant track of the work of the agent and should provide him with concrete instructions for the servicing of each vessel.

After each voyage, the shipping line receives a report from the captain on the agencing of the vessel during that particular voyage in foreign ports and presents claims relative to all shortcomings noted in the handling of the vessel by the agent.

Shipping lines should inform agents in advance of the forthcoming arrival of the vessel to ensure prompt and high-quality service.

The shipping line of "Inflot" agency should notify the agent at the time the vessel leaves its Soviet port, ~~and~~ indicate what operations are to take place in the foreign port (loading, unloading, fueling) and provide information on the size and nature of the cargo and other data needed to prepare for servicing the vessel. If the haul is over a short distance, for example, within the limits of the Baltic or Black Seas, advance information should be supplied to the agent prior to the sailing of the vessel from the Soviet port.

Several days prior to arrival in the foreign port, the captain must notify the agent by radiotelegram of the

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proposed date of arrival, and indicate his fuel and water needs. 24 hours prior to arrival in port, the captain specifies more accurately the time of his arrival and indicates whether he will need a pilot or tugboats. Through an exchange of radiotelegrams, the captain agrees with the agent upon on a time and place for meeting the pilot. If need be, the agent and captain exchange additional information required to organize loading or unloading operations (e.g. distribution of cargo, cargo moorings, manner of unloading, etc.).

When the vessel arrives in the foreign port, the captain must obtain exhaustive information from the agent concerning the manner of performance and rates of loading operations. If delays occur in loading or unloading (due to crowded conditions, labor shortage or other reasons), the captain must report this to the shipping line and suggest measures to overcome such obstacles.

## 2. Obligations of the Agent

The obligations of the agents in servicing Soviet vessels in foreign ports are specified in existing agreements and in a special set of instructions issued by the Ministry of the Maritime Fleet for agencies of Soviet state shipping lines.

Upon receiving information of the forthcoming arrival of a vessel, the agent must notify the recipient of the cargo and the port authorities, ensure that the vessel is met by a pilot and, if necessary, by a tugboat for towing and mooring.

Upon the arrival of the vessel, the agent must ensure as prompt as possible a performance of police, customs, health and other formalities, forward a notice stating that the vessel is prepared for loading operations, requiring the preparation beforehand of moorings, equipment and labor.

It is the responsibility of the agent to see to it that loading or unloading proceeds without interruption in



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accordance with conditions set forth in the charter or, in the absence of the latter, the stipulations of the bill of lading, according to which the servicing of the vessel must proceed without interruption day and night as rapidly as the vessel may deliver or receive cargo (with due allowance for established procedure in the port).

The agent must ensure the delivery of the cargo as specified by the measurements and weights of the bill of lading, and, in accordance with the stipulations of the latter, notice must be given of cargo shortage or spoilage at the time of receipt of cargo. The agent is to deny any claims which are not made at the time stipulated.

The cargo schedule drawn up before loading begins and approved by the captain should not be modified without reason, and any such changes must be approved by the captain.

It is the duty of the agent to deliver shipping orders which serve as a basis for the receipt of the cargo and drawing up the bill of lading, and to carefully itemize the cargo, ensure orderly loading, and to separate lading lots.

Bills of lading must follow exactly the shipping orders. If the entire cargo is not checked upon reception, the agent must see to it that appropriate notations are entered in the bills of lading. It is not permissible to enter notations in bills of lading assigning responsibility to the shipper for the quality of the cargo, the contents of cargo space or cargo weight, if it was not verified at the time of acceptance of cargo for shipment. Bills of lading are presented to the captain for signature as loading proceeds, to make it possible for the captain to verify and sign the last bills when the vessel prepares for sailing.

The inventory must list accurately cargoes loaded onto the ship.

The agent also has the responsibility of drawing up a

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time-sheet, which is forwarded to the shipping line together with a brief report on the stay of the vessel in port.

Shipping papers are forwarded to the port of destination by captain's mail.

The agent proceeds to ~~the~~ collection<sup>1</sup>, upon request by the shipping line, of all freight and other charges accruing to the shipping line in accordance with charters and bills of lading. The agent must immediately forward the sums collected to the shipping line, without withholding any amounts to be credited either to the agent or against expenditures connected with the servicing of vessels belonging to the shipping line. After the departure of the vessel, the agent forwards an invoice of freight received. An invoice is forwarded likewise in the case when the agent is only requested to check freight receipt, while collection takes place by other means.

In all cases of delay in remittance of payment for freight, the agent is required to enforce the right of the shipper to the cargo as security and to cooperate with the captain in all measures taken by him to ensure the collection of freight payment.

The agent bears the responsibility for the appropriate selection of companies involved in servicing the vessel (stevedores, pilot, tugging, fueling, etc.) and the services must be rendered at the most advantageous conditions possible to the shipper.

Upon special request by the shipping line, the agent may also assume the task of settling the claims of the shipping line, represent the shipper in court and offer guarantees in the name of the shipping line.

<sup>1</sup> Collection must be in cash or checks; it is not permitted to accept promissory notes or other debentures in lieu of remittances.

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The agent is required to take all necessary measures to protect the interests of the shipping line when claims are presented to him or when the shipping line makes demands on third parties, and to assist the captain in drawing up maritime notes of protest and other documents designed to protect the interests of the vessel and of the ship-owner.

Instructions issued to foreign agents stipulate that they have the obligation to inform the shipping line, immediately upon arrival of the vessel, and to give notice of the amount of fuel remaining in the bunker and the scheduled date at which loading or unloading is to be completed. The agent must also forward daily reports on the progress of loading or unloading and, if the need arises, suggest the need for overtime work. The agent is to telegraph immediately a notice of the vessel's departure to the shipping line and to indicate the port of destination, the size of the cargo, fuel supply and an estimate of expenses. At the same time, the agent is to forward the relevant information to the port of destination.

An important problem is the timely provision of fuel to vessels in foreign ports. A request for fuel is usually forwarded not through the agent, but directly to the company under contract for fueling. However, the agent must see to it that fuel of the required grade is delivered in time.

### 3. Disbursement Accounts

Disbursement accounts deal with expenses incurred by the ship-owner during the vessel's stay in a foreign port.

In accordance with the instruction issued to agents of Soviet state shipping lines, the agent must verify all invoices submitted for services and goods delivered, and check all figures and computations for accuracy. Any rebates ~~forthcoming~~ to the shipping line or agent by agreement

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with contracting parties are credited to the shipping line, since the agent acts in the name and interests of the shipping line.

Usually, it is not possible at the time of the departure of the vessel to total all expenses, since most invoices in foreign ports are forwarded by suppliers and contractors following the departure of the ship. For this reason, instructions to agents provide for the forwarding, by the agent, of a preliminary proforma invoice, itemizing with all possible accuracy the expenditures incurred by the vessel during its stay in the foreign port. A copy of the proforma invoice is supplied to the captain. The proforma invoice is used by the shipping line for a preliminary estimate of the cost of the voyage and for planning remittances in foreign currency.

After remittances are completed, the agent draws up a final disbursement invoice, appends supporting documents and forwards it for covering by the shipping line.

This invoice must include all expenses connected with the handling of the vessel by the agent and the vessel's stay in the foreign port. Attempts by agents to forward several invoices for the same voyage to the shipping line should be discouraged, since this complicates the verification of the correctness and legitimacy of expenditures.

The disbursement invoice is accompanied by receipts and advices of payment of obligatory port charges on behalf of the vessel. The correctness of the charges must be carefully checked against official rates, regulations and laws. The agent is obliged to supply the shipping line with accurate information concerning charges and tolls collected, standard procedures and terms of port operation.

The disbursement invoice includes all types of expenditures incurred by the agent on behalf of the vessel and charged against the company at their true

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value. Certification of the invoice by the captain serves as proof of the legitimacy of the expenses incurred. The captain's certification serves only to witness the fact that a given service was rendered, but does not confirm the extent of expenditures. It does not, therefore, liberate the shipping line from the responsibility of verifying the accounts and ascertaining the lack of over-expenditures.

The disbursement invoice also covers amounts delivered by the agent to the captain in the form of a cash advance. The delivery of such sums must be approved by a requisition from the shipping line and confirmed by a receipt from the captain.

The commission of the agent included in the disbursement invoice must correspond to the amount specified in the contract or due to him on the basis of official rates for agency compensation. Since, in many cases, the contract provides for a rebate in agency compensation as determined by listed rates, it is essential to check whether this rebate has been allowed for in verifying the invoice.

If irregularities are found or if any questions arise relative to specific items in the invoice, the shipping line immediately forwards a documented claim to the agent. In such a case, only the unquestioned portion of the invoice is covered.

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Section 8

MARITIME INSURANCE

Chapter 45. FUNDAMENTALS OF MARITIME INSURANCE

1. Basic Difference Between Insurance in Capitalist Countries and in the USSR

In capitalistic countries, insurance serves as a means for the profiteering of monopolistic concerns, whose profits through insurance run into millions. By controlling the entire field of insurance, capitalistic insurance monopolies dictate their terms to ship-owners in maritime insurance, and secure excess profits as a result.

Until recently, a major role was played by British insurance companies, and foremost among them was Lloyd's of England, constituting an unique consortium of insurance agents and insurance brokers.

During the second world war and after it, American insurance monopolies began to extend their influence in the insurance business in European capitalistic countries, gradually pushing out the British concerns.

Insurance in the Soviet Union has as its aim the protection of socialistic economic organizations from the consequences of natural disasters and is a means of buttressing the national economy and protecting socialist property.

In our country, insurance is a state monopoly, and is entrusted to the Ministry of Finances USSR, which operates through the Main Administration of State Insurance (Gostrakh) and the Administration of Foreign Insurance USSR (Ingostrakh).

All transactions involved in the insurance of maritime vessels and of cargo transported by sea are concluded by Ingostrakh regardless of whether overseas or coastwise navigation is involved.

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## 2. The Insurance Contract

The basis of cargo and vessel insurance is that the insurer (Ingosstrakh) assumes, in return for a compensation agreed upon in the form of an insurance premium, the obligation to refund losses incurred as a result of stipulated hazards and accidents to which the vessel or cargo are subject, while the insured (ship- or cargo-owner) pays the insurer a certain insurance premium in the form of a percentage of the insured sum, and is compensated totally or in part for losses specified in the insurance contract.

In accordance with Article 192 of the Code of Commercial Maritime Navigation USSR, a maritime insurance contract must conform to the statute relative to state insurance. Contracts concluded which depart from the aforementioned statute are deemed invalid.

According to Art. 192 of the CCMN, any asset connected with maritime navigation may be the object of insurance, namely: vessels, cargoes, freight, transportation charges, charges for chartering of vessel, profit to be derived from the arrival of a vessel at its destination, profit anticipated from the arrival of the cargo at its place of destination, damage claims and any other claims credited to the vessel, the cargo and freight, wages and other types of remuneration of the vessel's crew. Also subject to maritime insurance is the risk assumed by the insurer. Usually, large insurance concerns protect themselves from large losses by transferring part of the liabilities they assume to other insurance concerns. Such an operation is termed reinsurance, while the insurance concern issuing reinsurance is referred to as the reinsurer. As a rule, Ingosstrakh transfers part of the insurance it assumes to foreign insurance concerns, transferring thereby some of the potential losses it incurs to these concerns.

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The existence and contents of a maritime insurance contract is attested solely by written proofs. When requested by the insured, the insurer is required to supply a duly drawn up document specifying the terms of the insurance contract (insurance policy, insurance certificate, insurance voucher, etc.).

In entering into an insurance agreement, the insured must declare the sum for which he is insuring his assets (insured amount). The actual value of an insured asset is termed its ~~insurance~~ <sup>insurance</sup> value. The insured amount may be equal or below ~~insurance~~ <sup>insurance</sup> value. If the insured amount declared falls below the actual ~~insured~~ <sup>insurance</sup> value, the insurer is liable for losses in the ratio of the insured amount to ~~insurance~~ <sup>insurance</sup> value. For example, if a vessel is insured for 1,000,000 rubles out of an insurance value of 2,000,000 rubles and the vessel suffers damages in the amount of 100,000 rubles, the loss is compensated by the insurer in a ratio of 1 : 2, i.e. in the amount of 50,000 rubles.

Insurance for an amount exceeding the actual (insurance) value of the insured asset is invalid to the extent that the insured amount exceeds insurance value. For example, if a vessel whose insurance value is 2,000,000 rubles is insured at 3,000,000 rubles, 1,000,000 rubles of the insured amount is deemed invalid, and the insurer is liable only within limits of 2,000,000 rubles.

An insurance premium is payment collected by the insurer for liability insurance. The rate of the insurance premium is defined as a percentage of the insured amount. For example, if the insured amount equals 1,000,000 rubles, while the premium rate is 2%, the insurance premium amounts to 20,000 rubles.

Upon specific agreement, the insurance contract may cover a group of items instead of a single item. Thus, the ship-owner may agree with the insurer to cover several vessels rather than one by means of one contract. Such



# POLICY MANUAL

a contract is called a multiple policy.

In case of a contingency covered by the policy (i.e. if the vessel runs a risk covered by the insurance), the insured must take all measures within his reach to safeguard the insured asset and follow the instructions of the insurer, if such are received. If the insured fails to take the measures advised deliberately or through gross negligence, the insurer is liberated of all liability for losses incurred thereby.

The insured is obligated to notify the insurer of any damage incurred by the vessel, even when the damage does not give him grounds to claim compensation from the insurer.

The insured is under obligation to defend the interests of the insurer before third parties and in drawing up a report on general <sup>damages</sup> ~~damages~~ and to notify the adjuster in due time of all losses and expenses subject to restitution under general damages.

### 3. Liability of Insurer

The limits of the liability of the insurer are defined, in any specific case, by the amount of insurance. However, losses incurred as a result of several contingencies succeeding one another in time are covered even when the sum total of such losses exceeds the insured amount. For example, if a vessel is insured in the amount of 1,000,000 rubles, while loss from damages amounts to 1,500,000 rubles, the insurer is liable only for 1,000,000 rubles of the loss. However, if the vessel suffers from two successive cases of damage in the course of one insured voyage involving losses, respectively, of 800,000 and 700,000 rubles, the insurer is under obligation to remit the total amount of the damages, even though it may exceed the insured amount, providing the losses suffered by the vessel are covered by the terms of the insurance.

In addition to immediate losses, the insurer is under obligation to retribute to the insured all necessary and

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reasonable expenditures incurred for the purpose of compensating for or alleviating a loss subject to restitution under the terms of insurance, expenditures involved in determining and establishing the extent of the losses for filing a claim, and expenses incurred by the freighter upon instructions of the insurer. Such expenses, as well as instalments on general damages, are restituted by the insurer even in the case when, in combination with compensation for immediate loss, they exceed the insured amount. These expenses are restituted for the insurer at a ratio similar to that of the insured amount to the insurance value of the asset.

In cases of claim, the insurer has the right to liberate himself of further liability under the insurance contract through payment of the total insured amount. The insurer is under obligation to notify the insured of his intention to do so within 7 days from receipt of the notification concerning the contingency and its consequences. The insurer is also under obligation to retribute expenses incurred by the insured with the object of preventing or decreasing losses, if these were incurred prior to the receipt of the aforementioned notification of the insurer.

Upon paying the full insured sum, the insurer does not acquire rights of any kind on the insured property.

The insurer may make use of his right to free himself of his obligations under the insurance contract in cases when expenses involved in salvaging the damaged vessel and repairs exceed the insured amount and when it is more advantageous for the insurer to retribute the total amount in lieu of paying these expenses.

In case of a missing vessel, the insured has the right to claim full restitution of the insured sum from the insurer. A vessel is deemed missing after the lapse of a period three times that required under normal condition for the passage of the vessel from the point at which it was last seen

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to its destination or to the nearest port of call (for vessels with mechanical engines, this period cannot be less than two months; for sailing and mixed ships, the period must exceed three months). If lack of news concerning the vessel may be imputed to military operations, a period of six months holds instead of those given above.

In insuring a vessel over a certain period, the insurer is liable for a missing vessel if the latest news concerning the vessel was received prior to the expiration of the term of the insurance and if the insurer cannot prove that the vessel perished after the expiration of the term of the insurance.

If the vessel is lost or detained by authorities or seized illegally and not released for a period of two months, the insured may legitimately absolve himself before the insurer of his rights on insured property (abandonment) and claim the full insured amount. With reference to vessels belonging to Soviet state concerns and organizations, abandonment is possible only in conformity with the law covering the alienation of government property.

A declaration of abandonment may be presented to the insurer within six months from the moment of expiration of the interval required to declare the vessel lost. Upon the expiration of six months, the insured loses his right to abandonment, but may claim restitution of losses on general grounds or remittance of the full insured amount for the loss of the vessel.

Declaration of abandonment by the insured transfers all rights to insured property to the insurer. If the property was not insured to its full value, transfer of property rights occurs in a ratio equal to that of the insured amount to the insurance value. To allow the insurer to make use of his rights to that property, the insured is under obligation to provide him with all the necessary information and to forward the relevant documents.

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If, following the remittance of the insured amount, it is found that the vessel did not perish, the insurer has the right to demand that the insured lay claim to the insured property and return the insurance compensation received by him, withholding an amount to cover partial losses, if such did occur.

The right of abandonment of the insured is forfeited if news of the vessel is received prior to the presentation of the declaration.

A declaration of abandonment cannot be retracted and abandonment declared within the stipulated interval is binding on the insurer, even if it is found that the vessel did not perish or if the vessel is released by its captors, after declaration of abandonment has been made.

In accordance with Article 235 of the Code of Commercial Maritime Navigation USSR, agreements between parties contradicting these terms are invalid.