
Hoang Thi Hong Hanh*

Vietnam Maritime University, 484 Lach Tray, Le Chan, Hai Phong, Vietnam

Received 21 January 2024
Revised 26 February 2024; Accepted 20 March 2024

Abstract: Delivery of the goods is the carrier’s obligation under a contract for the carriage of goods by sea, which is stipulated in international conventions and national laws. Delay in delivery of goods could lead to disputes between the carriers and cargo interests if the carriers’ liability is not regulated explicitly by the laws and the contract. This paper concentrates on analyzing the regulations of delay in delivery of goods and the carrier’s liability in the Vietnam Maritime Code 2015, compared with the Hamburg Rules 1978, the Rotterdam Rules 2008, and the China Maritime Code 1992, finding the shortcomings of these regulations in the Vietnam Maritime Code 2015, and suggesting the proper amendments. The article employs the applied legal research method and the comparative legal research method to examine: i) the definition of delay in delivery of goods; ii) the liability of the carrier and the limitation of liability for the delay in delivery; iii) notice of loss resulting from delay in delivery. Based on the results of the examination, the article presents the shortcomings of the particular regulations in terms of these matters in the Vietnam Maritime Code 2015, suggests five amendments, and supports Vietnam in ratifying the Rotterdam Rules 2008.

Keywords: Delay in delivery, contract of carriage by sea, carrier’s liability, loss, goods.

1. Introduction

Carriage of goods by sea is the most historic and common transportation mode, playing an important role in the formation and development of international trade. As a metaphorical expression, shipping constantly is the handmaiden of world trade [1] because over 80% of world trade is carried by sea [2]. The legal basis for establishing and implementing goods transportation transactions is a contract of carriage by sea, which is concluded by the carrier...
and shipper, whereby the carrier undertakes against payment of freight to carry goods by sea from one port to another\(^1\). According to this contract, the carrier is obligated to ensure the seaworthiness\(^1\) of the ship; properly and carefully load, handle, stow, carry, keep care for, discharge, and deliver the goods carried. Among the systematic regulations of the carrier's duties, the punctual delivery of goods is one of the most important obligations. In essence, a delay in delivery is an unavoidable situation that could occur during the implementation of the contract, leading to the carrier’s liability for the loss caused by the delay in delivery of goods. These matters are regulated by international conventions such as the Hamburg Rules 1978 and the Rotterdam Convention 2008\(^2\). These regulations are also incorporated into the national maritime laws of several countries, of which Vietnam and China are typical examples.

Vietnam is a coastal country located in the South China Sea, a dynamic route of seaborne trade. According to the strategy of developing its maritime economy, which is stipulated in Resolution 26/NQ-CP dated 05/03/2020 on “The general plan and five-year plan of the Government to implement the strategy for the sustainable development of the Vietnamese maritime economy to 2030, the vision to 2045”, one of the significant missions that the Vietnamese Government has to focus on is establishing a maritime legal system corresponding to international maritime law. The Vietnam Maritime Code 2015 is the crucial and fundamental legal document that prescribes maritime activities including carriage by sea and other activities related to the use of seagoing ships for economic purposes\(^2\). Among them, the regulations regarding the delay in the delivery of goods in the Vietnam Maritime Code 2015 have several imperfections that should be thoroughly considered and revised. However, they might not have been adequately concerned and addressed by Vietnamese legal lawmakers or academia during the past few years.

---

2 The Hamburg Rules, 1978 Article 4, paragraph 2 (b).
presents the shortcomings of the Vietnam Maritime Code 2015 regarding the delay in delivery of goods and suggests the proper amendments.

2. The Development of Regulations of Delay in the Delivery of Goods in the International Maritime Legal System

History of the shipping industry witnesses four times of attempts to unify the seaborne cargo regime with the results of four international conventions regarding the carriage of goods by sea:

i) International Convention for the Unification of Certain Rules of Law relating to Bills of Lading, Brussels, August 25, 1924 (The Hague Rules);

ii) The Hague Rules as amended by the Brussels Protocol 1968 (The Hague - Visby Rules);


The legal document named Hague Rules is the primary international convention that “applies only to contract of carriage covered by a bill of lading or any similar document of title”\(^3\). This instrument provides the obligations of the carrier, liability of the carrier, limitation of liability, and exclusions to the liability of the carrier during the period of the contract. Although the purpose of this convention was to protect the cargo owners from the widespread exclusions of liability by the carriers [6], the interest of the cargo owners is still assured to a minimum degree while the benefits of carriers are extremely extensive and prevalent. This is the reason that the Hague Rules have been advocated by ship-owning countries such as the USA, the UK, Switzerland, Germany, France, Denmark, China, Japan, and numerous other countries. More than 100 countries and territories have become member states of this convention hitherto [7]. However, the Hague Rules do not stipulate the carrier’s liability for delay in delivery of goods. This is a typical example that illustrates the imbalanced positions between sea carriers and cargo owners of the 100-year-old international instrument.

After 30 years of practical implementation, the major maritime countries called to amend some defects of the Hague Rules, mainly the scope of application as set out in Article X and the limit of liability, which was fixed in gold pounds by Article IX [8]. The amendments to the Hague Rules were drafted by the Comité Maritime International (CMI), submitted at the Brussels Conference in 1967, and approved by a Protocol in 1968 with the name the Hague-Visby Rules. However, these Rules did not achieve global support. To date, 34 states and territories are contracting parties of these Rules [9]. Especially, the USA, Scandinavian countries, and developing countries did not accept them. Regarding the delay in delivery of goods and the carrier’s liability for the loss caused by the delay in delivery, the Hague-Visby Rules still were silent on these concepts. Overall, these Rules did not meet the expectations of cargo-owning countries as a resolution to reform the regime of carriers’ liability. Therefore, there was a demand for establishing an instrument that could cover all aspects of carriage contracts by sea and balance the liability between carriers and shippers/consignees.

A new comprehensive convention, the so-called Hamburg Rules, was adopted under the auspices of the United Nations in March 1978. These Rules apply to any contract of carriage of goods by sea “whereby the carrier undertakes against payment of freight to carry goods by sea from one port to another”\(^4\). The scope of application applies to all contracts of carriage of goods by sea (except charter-parties) with any transport document that has been issued, not only based on the bill of lading as their predecessor conventions. The Hamburg Rules

\(^3\) The Hague Rules 1924, Article 1.

were advocated by developing countries that are cargo-providing nations such as Cameroon, Chile, Egypt, Senegal, Sierra Leone, etc [10] because the mandatory liabilities outlined in these rules are designed to protect the interests of shippers, consignees, and their respective cargo insurers [8]. In particular, several exclusions to the carrier’s liability were abolished, and the limitation of the carrier’s liability was enhanced. Especially, the carrier’s liability for delay in delivery of goods was introduced in this Convention for the first time as an official recognition of international maritime law. Even though only 35 states have adhered to these Rules hitherto, without any major maritime countries, the Hamburg Rules are the great effort of developing countries to balance their legal status with developed nations, not only in commercial respect but in political respective.

Adopted by the General Assembly of the United Nations in 2008, the Rotterdam Rules is a modern international innovation in an attempt to unify the international legal system of contracts for door-to-door carriage of goods. The Rules apply to multimodal transportation modes, including an international sea leg. Besides the advanced regulations in terms of containerization, the door-to-door carriage under a single contract, and electronic transport documents, the convention provides a balanced regime of liability between cargo owners and carriers [11]. Based on the Hamburg Rules’ approach, the convention presents a radical rule to the carrier’s liability for delay in delivery of goods. For entry into force, the Rotterdam Rules require the ratification, accession, approval, acceptance, or succession of 20 countries. To date, only 5 states have become parties to this convention, embracing Benin, Cameroon, Congo, Spain, and Togo [12].

The development of the above-introduced international conventions manifests the necessity of regulations relating to delays in the delivery of goods in international maritime law. It partly contributes to the balance of the legal status of carriers and cargo owners in the transaction of maritime carriage of goods in particular and the multimodal transport mode in general.

China is a contracting party to the Hague Rules, but this country has not adhered to the Hague-Visby Rules, Hamburg Rules, or Rotterdam Rules. Despite this, the China Maritime Code 1992 incorporated the regulations of delay in delivery of goods from the Hamburg Rules with its initiative. Vietnam has not ratified all four conventions, however, the terminology delay in delivery of goods still was provided in the Vietnam Maritime Code 2015. The advantages and disadvantages of these regulations will be compared and analyzed in the following parts.

3. Defining Delay in Delivery of Goods

Time is one of the most significant factors in the performance of the contract of carriage of goods by sea, especially when the carriage by sea is a part of multi-modal transport. Delay in delivery of goods is caused by different reasons, such as an accident at sea, deviation, unseaworthiness of the ship, delay of departure, detention by a foreign government, persistent strike, hijacking or piracy, cyber-attack, disease quarantine or other reasons. The Hamburg Rules, the Rotterdam Rules, the China Maritime Code, and the Vietnam Maritime Code define “delay in delivery” respectively as follows:

i) Hamburg Rules:
- Article 5 paragraph 2: Delay in delivery occurs when the goods have not been delivered at the port of discharge provided for in the contract of carriage by sea within the time expressly agreed upon or, in the absence of such agreement, within the time which it would be reasonable to require of a diligent carrier, having regard to the circumstances of the case.

ii) Rotterdam Rules:
- Article 21: Delay in delivery occurs when the goods are not delivered at the place of destination provided for in the contract of carriage within the time agreed.

iii) China Maritime Code:
- Article 50: Delay in delivery occurs when the goods have not been delivered at the designated port of discharge within the time expressly agreed upon.

iv) Vietnam Maritime Code:

- Article 151 paragraph 3: Delay in delivery of cargo means failure to deliver cargo within the time limit agreed upon in the contract, in the absence of such an agreement, within a reasonable time limit necessary for a diligent carrier to deliver the cargo.

It is a fact that four legal documents define the delay in delivery occurring when the goods are not delivered at the place of destination within the time agreed in the contract. However, Article 5 (paragraph 2) of the Hamburg Rules states the alternative of “within the time which it would be reasonable to require of a diligent carrier”. The Vietnam Maritime Code adopts the Hamburg approach to this alternative and expresses in Article 151 (paragraph 3) “within a reasonable time limit necessary for a diligent carrier to deliver the cargo”. This alternative is not proper since parties under the contract of carriage by sea rarely disagree on the time of delivery in advance. Indeed, it is difficult to estimate the reasonable time for a diligent carrier to transport and deliver the cargo. The carrier may allege various reasons for deviation, accident, or uncontrolled circumstances to diminish the liability of compensation for the loss resulting from delay in delivery. The Rotterdam Rules were adopted nearly 30 years after the Hamburg Rules; therefore, they omit this alternative. The travaux préparatoires suggest that the matter of delay and duration of transportation should be agreed between the parties because it is a commercial issue, moreover, the time agreed in the contract provides clarity in that it allows parties to claim the limitation amounts [13]. Therefore, this omission would seem to fill a gap in the law and eliminate the little doubt of the old rule [6]. Even though the China Maritime Code was issued in 1992, before the Rotterdam Rules 14 years ago, it took a similar approach with the same definition of delay in delivery in comparison with the Rotterdam Rules. Because the Vietnam Maritime Code inherits the legal spirit of the Hamburg Rules; therefore, it should be considered to refer to the Rotterdam Rules and the China Maritime Code to neglect the phrase “within a reasonable time limit necessary for a diligent carrier to deliver the cargo” in Article 151 paragraph 3.

4. The Carrier’s Liability and the Limitation of Liability for the Delay in Delivery

The consignees experience various forms of losses due to delays in the delivery of goods. For instance, delay results in physical damage to the goods by deteriorating in quality, especially perishable goods such as fresh fruits or meat. Besides that, the delay may cause economic loss such as the substantial fall in the market value of goods or the failure of the forward sale.

The Hague/Visby Rules are silent on this issue, but the empirical experience of maritime carriage proved that the losses resulting from delays are unavoidable. Thus, it was extremely necessary to apparently provide legal regulations in terms of particular kinds of losses to avoid doubt or argument in practice. Wilson explained that there were several reasons to regulate the delay in delivery in the Hamburg Rules. Firstly, some of the national legal systems stipulated losses from delays in delivery and the liability to recover these kinds of losses in their maritime Codes, such as Sweden and the USSR [6]. Secondly, in the common law jurisdictions, the liability of delay was established in the case of Hadley v Baxendale. Thirdly, the liability for delay also was mentioned in the clauses of liner bills [6]. These facts urged the Hamburg Rules to expressly add the regulations of losses caused by delay in delivery of goods and the carrier’s liability to recover these losses. Thirty years later, the Rotterdam Rules inherited these regulations from their predecessor convention and properly improved them.

This part examines the regulations of the carrier’s liability and the limitation of the
carrier's liability for loss resulting from the delay in delivery of goods in the Hamburg Rules, the Rotterdam Rules, the China Maritime Code, and the Vietnam Maritime Code for advanced comparison and analysis.

i) Hamburg Rules:
- Article 5 paragraph 1: The carrier is liable for loss resulting from loss of or damage to the goods, as well as from delay in delivery,…
- Article 6 paragraph 1 (b): The liability of the carrier for the delay in delivery according to the provisions of Article 5 is limited to an amount equivalent to two and a half times the freight payable for the goods delayed, but not exceeding the total freight payable under the contract of carriage of goods by sea.

ii) Rotterdam Rules:
- Article 17 paragraph 1: The carrier is liable for loss of or damage to the goods, as well as for delay in delivery,…
- Article 60… compensation for loss of or damage to the goods due to delay shall be calculated by reference to the value of such goods at the place and time of delivery... and liability for economic loss due to delay is limited to an amount equivalent to two and one-half times the freight payable on the goods delayed.

iii) China Maritime Code:
- Article 50: The carrier shall be liable for the loss of or damage to the goods caused by delay in delivery due to the fault of the carrier;...
- Article 57: The liability of the carrier for the economic losses resulting from delay in delivery of the goods shall be limited to an amount equivalent to the freight payable for the goods so delayed. Where the loss of or damage to the goods has occurred concurrently with the delay in delivery thereof, the limitation of liability of the carrier shall be that as provided for in paragraph 1 of Article 56 of this Code.

iv) Vietnam Maritime Code:
- Article 152 paragraph 4: The liability of the carrier for the delay in delivery of cargo shall be limited to a sum equaling 2.5 times the freight of the quantity of cargo that is delayed delivered but must not exceed the total freight payable under the contract of carriage of cargo by sea.

The Hamburg Rules, the Rotterdam Rules, and the China Maritime Code affirm that the carrier is liable for “loss” resulting from/caused by delay in delivery. Theoretically, the liability for “loss” means compensation. Based on the concept of compensation, for the recovery of the loss from delay, the claimant has to prove the loss resulting from the delay and give a notice of the loss with necessary evidence to the carrier. It means that if there is no loss caused by the delay, the carrier does not have to compensate the consignee, even though a delay in delivery occurs.

The Vietnam Maritime Code inherits the content of Article 5 (paragraph 1) regarding the basis of liability from the Hamburg Rules. However, the Vietnamese lawmakers inaccurately describe the content and the spirit of the basis of liability in this regulation. Article 152 (paragraph 4) of the Vietnam Maritime Code regulates “the liability of the carrier for the delay in delivery of cargo shall be…” It could be more precise if the Article 152 paragraph 4 was drafted as “the liability of the carrier for the loss resulting from the delay in delivery of cargo shall be…” Missing the phrase “the loss resulting from the delay in delivery” might lead to a misunderstanding and an incorrect application of Article 152 paragraph 4 in practice. The law applicants in Vietnam might understand that the liability of the carrier for the delay in delivery is a “fine” instead of compensation. A fine is equivalent to “2.5 times the freight of the quantity of cargo that is delayed delivered but not exceeding the total freight payable under the contract of carriage of goods by sea”. According to the concept of a fine, the carrier has to pay the fine when delay in delivery occurs, even without any losses. In addition, the claimant is not obligated to prove the loss. Moreover, the fine will be claimed by the notice of the delay instead of the notice of the loss, which is more thoroughly analyzed in the following part of this paper.

In respect of the limits of liability, the Hamburg Rules and the Vietnam Maritime Code limit the liability of the carrier to an amount equivalent to two and a half times the freight payable for the goods delayed, but not exceeding
the total freight payable under the contract of carriage of goods by sea. This implies that even though the loss resulting from the delay is larger than the total freight, the carrier only has to pay compensation of an amount equivalent to the total freight agreed upon.

On the other hand, with the content of Article 5 paragraph 1 and Article 6 paragraph 1(b) of the Hamburg Rules, there seems little doubt as to whether "loss resulting from delay in delivery" comprises the economic loss or not. Meanwhile, the Rotterdam Rules and the China Maritime Code classify the loss resulting from delay in delivery into two types: i) loss of or damage to goods and ii) economic loss. The Working Group on the preparation of the Rotterdam Rules 2008 concurred that the first category - loss of or damage to goods - comprises physical damage or loss of goods (for example, of perishable goods, such as fruits or vegetables) and the decrease in the market value of the goods between the time of their expected delivery and the time of their actual delivery; the second category is pure economic loss (also referred to as consequential damages), for example where an industrial plant could not operate because components and parts of an essential machine were delivered late [13].

The liability of the pure economic loss was supported widely by stakeholders because it was commonly encountered in international instruments regulating rail and road carriage [13]. It was suggested that the inclusion of liability for the pure economic loss in the draft Rotterdam Rules would constitute a major change to the status quo in comparison with Hamburg Rules 1978 [13].

In correspondence with the two kinds of loss, the Rotterdam Rules and the China Maritime Code establish two types of calculation of compensation. For the loss of or damage to the goods, the method to calculate compensation is based on the value of goods at the place and time of delivery. Besides that, for the economic loss, according to the Rotterdam Rules, the compensation is limited to an amount equivalent to two and one-half times the freight payable on the goods delayed, while the China Maritime Code limits to an amount equivalent to the freight payable for the goods delayed.

It is noted that there might be an ambiguous and unclassified definition of "loss resulting from delay" in the Hamburg Rules and the Vietnam Maritime Code, while the China Maritime Code and the Rotterdam Rules provide more proper and precise regulations.

5. Notice of Loss Resulting from Delay in Delivery

To take compensation from the carrier, who makes the fault of delay in delivery of goods to the consignee, the current legal documents require the mandatory procedure of notice of the loss resulting from delay in delivery, which should made by a legal consignee.

i) Hamburg Rules:
   - Article 19 paragraph 5: No compensation shall be payable for loss resulting from delay in delivery unless a notice has been given in writing to the carrier within 60 consecutive days after the day when the goods were handed over to the consignee.

ii) Rotterdam Rules:
   - Article 23 paragraph 4: No compensation in respect of delay is payable unless notice of loss due to delay was given to the carrier within twenty-one consecutive days of delivery of the goods.

iii) China Maritime Code:
   - Article 82: The carrier shall not be liable for compensation if no notice on the economic losses resulting from delay in delivery of the goods has been received from the consignee within 60 consecutive days from the next day on which the goods had been delivered by the carrier to the consignee.

iv) Vietnam Maritime Code:
   - Article 174 paragraph 4: The carrier shall not have to compensate for losses resulting from the late delivery of the cargo, except for the case where written notice of the delay in delivery of cargo is sent to the carrier within 60 days from
the date on which the cargo should have been delivered as agreed upon in the contract.

A notice of the loss resulting from a delay in delivery is the compulsory procedure by which a consignee claims the compensation. The Hamburg Rules, the Rotterdam Rules and the China Maritime Code require the consignee to provide “notice of the loss” within 60 consecutive days, 21 consecutive days, and 60 consecutive days, respectively, to the carrier from the day when the goods were delivered. However, the Vietnam Maritime Code requires the consignee to send the carrier a written “notice of the delay” in delivery within 60 days from the date on which the cargo should have been delivered as agreed upon in the contract. With the notice of the delay, the consignee would not have proved the loss. This is not consistent with the theoretical and practical approach of the international conventions and national laws of other countries. Moreover, this regulation puts the consignee at risk of the inability to claim compensation for loss if failure in the notice of the delay occurs. It is an illogical and unreasonable requirement because of the delay in delivery caused by the carrier, not by the consignee.

In addition, the Article 174 paragraph 4 in Vietnam Maritime Code requires the duration of notice within 60 days from the date of intended delivery as agreed in the contract, while the remaining three legal documents require it within 60 days/21 days from the day when the goods were actually delivered. The time “the goods actually were delivered” is more logical because the loss should be accounted for from the time of actual delay. Therefore, the Vietnam Maritime Code should be amended to be consistent with international laws.

6. Implications and Conclusions

Based on the above analysis and comparison, this paper realizes that the Rotterdam Rules were adopted in 2008, inheriting the advantages of the Hamburg Rules and adjusting the shortcomings of this back-born document. The China Maritime Code, although it was issued in 1992, nearly 20 years before the adoption of the Rotterdam Rules, their contents are extremely proper and advanced. Vietnam adopted the Maritime Code three times: in 1990, 2005, and 2015. Even though Vietnam has not ratified any international Conventions of maritime carriage, the Vietnam Maritime Code was inherited mostly from the spirit and contents of the Hague/Visby Rules and Hamburg Rules. However, the regulations of delay in delivery of goods may not have been adequately considered. Several technical defects should be removed and the improper contents should be improved.

With the target of developing the merchant fleet navigating worldwide, the most important issue that the Vietnamese Government needs to prepare is establishing and improving the legal maritime regulations unified with the international conventions. Therefore, based on reference to and comparison with the Hamburg Rules - the significant international convention applied over the past 30 years, the Rotterdam Rules - the modern legal regime that could be applied in the future, and the China Maritime Code - a model law of a major maritime country, this paper suggests amending the Vietnam Maritime Code 2015 as follows:

i) Article 152 paragraph 3, should deregulate the regulation “in the absence of such agreement, within a reasonable time limit necessary for a diligent carrier to deliver the cargo”;

ii) Article 152 paragraph 4 should be amended to affirm that the carrier is liable for the loss resulting from the delay in delivery of goods;

iii) Should supplement the provision of the carrier’s liability for two types of loss: 1) the loss of or damage to the goods, and 2) the economic loss. Meanwhile, the mechanism of calculation of loss should be established in a manner that is equivalent to the Rotterdam Rules;

iv) Should amend Article 174 paragraph 4: the content that the consignee shall provide “notice of the loss” caused by delay in delivery within 60 consecutive days instead of the consignee sending the carrier a written “notice of the delay in delivery” within 60 days;
v) Should amend Article 174 paragraph 4: the content of the duration of sending the written notice of the loss caused by delay in delivery will be accounted from the days the goods actually were delivered.

Besides the suggestions relating to amendments of particular regulations, this article took a chance to review the legal status and list of member states of 4 international maritime carriage conventions. It is noteworthy that Vietnam has not been yet a party of any conventions. This is a significant disadvantage of Vietnam in the process of integration into the market of global seaborne trade. From the perspective of delay in delivery of goods, it is convinced that the Rotterdam Rules establish a balanced legal regime between carriers and cargo owners in the contract of carriage. With other advanced institutions, this convention could protect the interests of developing countries as cargo-owner nations like Vietnam. This article supports the opinion that Vietnam should adhere to one of the international maritime carriage conventions, in which the Rotterdam Rules are the best choice with obvious technological, commercial, and legal advantages.

From the aspects of the implementation of the regulations in terms of delay in delivery of goods, it is noted that in jurisdictions that allowed for the recovery of damages or loss for the delay, research undertaken on this topic had found very few reported cases [13]. Therefore, the implementation of these regulations in Vietnam is the limitation of this paper, which should be focused in further research.

In conclusion, developing the maritime economy is a target of Vietnam for the coming decades. This goal requires synchronous measures, in which progressing the legal system equivalent to international legal regulations is the most important and primary mission of the Vietnamese Government. Through researching the Vietnam Maritime Code 2015, especially the regulation of delay in delivery of goods under the contract of carriage by sea, in comparison with the Hamburg Rules 1978, Rotterdam Rules 2008, and the China Maritime Code 1992, this article shows the shortcomings of the Vietnam Maritime Code 2015 in three aspects: i) the definition of delay in delivery of goods; ii) the limitation of carrier’s liability of delay in delivery of goods and the mechanism of calculation of compensation; iii) the notice of loss for delay in delivery. Suggestions to amend these regulations also are given that could protect the legal benefit of carriers and consignees under the contract of carriage of goods by sea, dismiss disputes, and improve the effectiveness of the Vietnam Maritime Code 2015.

The recommended amendments to the Vietnam Maritime Code 2015 should be made by lawmakers, law researchers, lawyers, and the shipping community in Vietnam. Establishing an advanced legal system is one of the factors supporting Vietnamese carriers in stretching into the international shipping market. Besides that, a modern and clarified legal system could protect Vietnam's interests as a cargo-providing country in the regional and global markets.

References


