This country-specific Q&A provides an overview of shipping laws and regulations applicable in Croatia.

For a full list of jurisdictional Q&As visit here
1. **What system of port state control applies in your jurisdiction? What are their powers?**

Croatia is party to the Paris Memorandum of Understanding on Port State Control.

Port State Control in Croatia is administered by the Harbour Master’s Offices, which are supervised by the Ministry of Maritime Affairs, Transport and Infrastructure.

The inspectors have quite broad and efficient powers, including the power to carry out inspections of vessels, impose sanctions, order detentions of the vessel, discontinuation of cargo operations, etc. In addition, if the shipowner has not removed the deficiencies as ordered by the inspector and the vessel poses a threat to the ports, or the navigable routes, or the environment, the harbour master shall order that the vessel be removed from her present location, or shall directly arrange for her removal at the owner’s risk and expense. In any event, the inspectors may pursue misdemeanour proceedings and impose fines.

2. **Are there any applicable international conventions covering wreck removal or pollution? If not what laws apply?**

Croatia is party to a number of international conventions dealing directly or indirectly with wreck removal or marine pollution. These are:

- the 1952 International Convention for the Unification of Certain Rules relating to Penal Jurisdiction in Matters of Collision and Other Incidents of Navigation;
- the 1974 SOLAS Convention;
- the 1989 Salvage Convention;
- the 1969/73 Intervention Convention;
- the 1973/78 MARPOL Convention;
- the 1992 CLC, the 1992/2003 Fund Convention;
- the 2001 Bunker Convention;
- the 1972 London Dumping Convention;
- the 1976/95 Barcelona Convention, including the 1976/95 Dumping Protocol;
- the 2002 Cooperation Protocol;
- the 1980 Land-Based Sources Pollution Protocol and the 2001 Special Areas Protocol;
- the 1982 UNCLOS Convention;
- the 1990 OPRC Convention;
- the 1992 Rio de Janeiro Convention;

3. **Are there any applicable international conventions covering collision and salvage? If not what laws apply?**

Croatia is party to a number of international conventions dealing with collision and salvage. These are:
the 1910 Collision Convention;
the 1952 International Convention for the Unification of Certain Rules concerning Civil Jurisdiction in Matters of Collision;
the 1952 International Convention for the Unification of Certain Rules relating to Penal Jurisdiction in Matters of Collision and Other Incidents of Navigation;
the 1974 SOLAS Convention;
the 1989 Salvage Convention.

4. Is your country party to the 1976 Convention on Limitation of Liability for Maritime Claims? If not, is there equivalent domestic legislation that applies? Who can rely on such limitation of liability provisions?

Croatia is party to the 1976 Convention on Limitation of Liability for Maritime Claims as well as its 1996 Protocol (as further amended by way of a tacit acceptance procedure).

5. If cargo arrives delayed, lost or damaged, what can the receiver do to secure their claim? Is your country party to the 1952 Arrest Convention? If your country has ratified the 1999 Convention, will that be applied, or does that depend upon the 1999 Convention coming into force? If your country does not apply any Convention, (and/or if your country allows ships to be detained other than by formal arrest) what rules apply to permit the detention of a ship, and what limits are there on the right to arrest or detain (for example, must there be a “maritime claim”, and, if so, how is that defined)? Is it possible to arrest in order to obtain security for a claim to be pursued in another jurisdiction or in arbitration?

In order to secure their claim, the receiver can seek arrest of the vessel. Croatia is party to the 1952 Arrest Convention. It is possible to arrest in order to obtain security for a claim to be pursued in another jurisdiction or in arbitration.

6. For an arrest, are there any special or notable procedural requirements, such as the provision of a PDF or original power of attorney to authorise you to act?

Given the urgency of the matter, the courts usually accept a PDF form of the power of attorney, but order the applicant to deliver the original within a short period of time (3 days).

All the documents supporting the motion for arrest, if in a foreign language, have to be translated into the Croatian language by a sworn court interpreter.

In order to “justify the arrest”, within 15 days of the arrest, the arresting party has to submit proof that it has commenced relevant proceedings on the merits before a competent forum.

7. What maritime liens are recognised?

Although Croatia is not party to either of the international maritime liens and mortgages
conventions, the list of maritime liens in Croatian law is based on the 1993 Maritime Liens and Mortgages Convention. The following claims give rise to maritime liens:

(i) claims for wages and other sums due to the master, officers, and other members of the crew with respect to their employment on the vessel, including costs of repatriation and social insurance contributions payable on their behalf;

(ii) claims with respect to loss of life or personal injury occurring, either on land or on water, in direct connection with the operation of the vessel;

(iii) claims for reward for the salvage of the vessel;

(iv) claims for port dues in the public ports or special-purpose ports, canal and other waterway dues, including those relating to the safety of navigation, as well as pilotage dues;

(v) claims based on tort arising out of physical loss or damage caused by the operation of the vessel other than the loss of damage to cargo, containers and passengers’ effects carried on the vessel.

The above claims give rise to maritime liens if directed against the owner, bare-boat charterer, or operator of the ship. In addition, with regard to claims listed under (i) above, maritime liens also arise if the claim is directed against the employer, and with regard to claims listed under (ii) above, maritime liens also arise if the claim is directed against the employer or the manager of the ship.

8. **Is it a requirement that the owner or demise charterer of the vessel be liable in personam? Or can a vessel be arrested in respect of debts incurred by, say, a charterer who has bought but not paid for bunkers or other necessaries?**

   Except where the arrest is sought in relation to a claim secured by a maritime lien or a mortgage over the vessel, it is a requirement that the vessel be in the ownership of the “personal debtor”, i.e. a person who is liable for the claim under the applicable law, and who at the time the claim occurred was in the capacity of the owner or operator or demise charterer or time charterer or voyage charterer or buyer under a shipbuilding contract.

9. **Are sister ship or associated ship arrests possible?**

   Another ship may be arrested only if it is in the registered ownership of the “personal debtor” as defined under 8. above. Nevertheless, if the arrest is sought in respect to a claim secured by a maritime lien or a mortgage over a vessel, or in respect to a claim relating to ownership over the vessel, only the relevant vessel may be arrested.
10. **Does the arresting party need to put up counter-security as the price of an arrest?**

   **In what circumstances will the arrestor be liable for damages if the arrest is set aside?**

   The arresting party need not put up counter-security as the price of an arrest.

   If the arrest is set aside by the appeal court as unlawful or if it is set aside due to the arrestor’s failing to commence the proceedings on the merits as set out in caption 6. above, the arrestor will be liable for damages.

11. **How can an owner secure the release of the vessel? For example, is a Club LOU acceptable security for the claim?**

   An owner can secure the release of the vessel by depositing cash or other assets with the court, or by way of submitting other sureties (bank guarantee, Club LOU), as long as those are freely disposable and transferable in favour of the claimant. Cash deposits and bank guarantees issued by Croatian banks are usually accepted by the courts irrespective of the arresting party’s opinion. With regard to the Club LOU-s, the court will seek approval from the arresting party.

12. **Describe the procedure for the judicial sale of arrested ships. What is the priority ranking of claims?**

   Every case of enforcement by judicial sale observes the following general pattern:

   (i) issuance of a ‘writ of execution’ (the sale order);
   (ii) sale of the debtor’s assets;
   (iii) distribution of the proceeds of sale.

   The mechanism of forced execution can be set in motion only on the basis of:

   (i) a so-called “enforceable document”; or
   (ii) a so-called “reliable document”.

   The term enforceable document includes documents such as:

   (a) final judgment by the Croatian Court; or
   (b) award from a Croatian arbitration; or
   (c) final judgment by a foreign Court, or a foreign arbitral award, which has been recognized by the Croatian Court (see section 2.4, below); or
(d) Court settlement; or
(e) special agreement concluded before a notary public, containing the debtor’s express agreement that, in case of default, the creditor may settle the claim directly by way of forced execution.

The term reliable document includes documents such as invoice, bill of exchange, cheque, excerpt from the claimant’s business records, etc. Although forced execution may be sought on the basis of any of such documents, a simple objection lodged by the debtor against the writ of execution will eliminate the execution proceedings and automatically bring the whole process into litigation.

The cornerstone of forced execution proceedings is a ‘writ of execution’, a court process in which, upon a claimant’s petition, forced execution of the claim is granted and a method of execution determined.

Preparations for the judicial sale include:

○ determination of the sale value;
○ determination of sale conditions; and
○ advertisement and notification to creditors and claimants.

Although the usual method of judicial sale of vessels is public bidding, the vessels can also be judicially sold by direct arrangement with an interested buyer. Such sale will have to satisfy certain conditions prescribed in the law, but will retain the attribute of judicial sale.

The judicial sale extinguishes all the ship mortgages and maritime liens existing on the vessel prior to the judicial sale (except those assumed by the purchaser).

The priority ranking in the distribution of the proceeds of judicial sale can be summarized as follows:

(i) prior charges on the gross sale proceeds (costs associated with the sale);
(ii) claims of the Republic of Croatia related to removal of substandard vessels, locating, marking and removal of wrecks and sunken objects;
(iii) maritime liens;
(iv) possessory liens;
(v) ship mortgages;
(vi) other claims;
(vii) the residue of the proceeds, if any, to be paid to the owner.

13. **Who is liable under a bill of lading? How is “the carrier” identified? Or is that not a relevant question?**
The party liable under a bill of lading is the carrier. Croatian law does not provide for a definition of “the carrier”, but it provides that under the contract of carriage of goods by sea the carrier undertakes to perform the carriage of the goods and that the carrier is under a duty to issue, upon the shipper’s request, a bill of lading or another transport document.

14. **Is the proper law of the bill of lading relevant? If so, how is it determined?**

The proper law of the bill of lading is relevant between the carrier and the lawful third-party holder of the bill of lading. The proper law will be determined according to the following key rules:

- the prime criterion will be whether there is an agreement on the applicable law (provided however that in relation to the carrier’s liability for loss of, shortage or damage to the cargo, the cogent provisions of the Croatian Maritime Code shall always apply where the port of loading or the port of destination is in the Republic of Croatia);
- where the law chosen by the parties cannot apply to the entire contract or to any of relations arising therefrom, or if the parties have not decided in an express manner on the law that is to be applied, and their intent as to application of specific law cannot be ascertained based on the circumstances of the case, then the law that is most closely related to the contract or contractual relations shall apply;
- where it is not possible to establish which law is most closely related to the contract, the following shall apply:

  (a) the law of the place where the contract was entered into – for the determination of the principal rights and obligations of the parties;

  (b) the law of the state of the carrier’s nationality – if the contract was entered into on the basis of the carrier’s general conditions established in advance.

15. **Are jurisdiction clauses recognised and enforced?**

There are no special rules in Croatian national law dealing with the jurisdiction clauses in the bills of lading and their effect towards third-party holders. It is assumed that the Croatian courts should follow the EU law on this topic, including the decision by the European Court of Justice in the Coreck case (387/98, **Coreck Maritime GmbH v Handelsveem BV** (2000) ECR I-09337).

16. **What is the attitude of your courts to the incorporation of a charterparty, specifically: is an arbitration clause in the charter given effect in the bill of lading context?**

An arbitration clause contained in the charterparty is given effect in the bill of lading context if the bill of lading makes an express reference to such arbitration clause. The similar principle applies to other terms of the charterparty.
17. **Is your country party to any of the international conventions concerning bills of lading (the Hague Rules, Hamburg Rules etc)?** If so, which one, and how has it been adopted - by ratification, accession, or in some other manner? If not, how are such issues covered in your legal system?

Croatia is party to the Hague-Visby Rules together with the 1979 Protocol by way of accession.

18. **Is your country party to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards?** If not, what rules apply? What are the available grounds to resist enforcement?

Croatia is party to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards. The grounds to resist enforcement are as set out in that Convention.

19. **Please summarise the relevant time limits for commencing suit in your jurisdiction (e.g. claims in contract or in tort, personal injury and other passenger claims, cargo claims, salvage and collision claims, product liability claims).**

The specific limitation periods provided in the Maritime Code are as follows:

- carriage of goods: one year;
- general average: one year;
- carriage of passengers and luggage: two years;
- collisions: two years;
- salvage: two years;
- CLC claims: three years;
- nuclear ship operator liability: three years; and
- marine insurance: five years.

In other cases, general rules would apply, as contained in the Obligations Act. The general time limitation period applicable to commercial contracts is three years. The limitation period for claims in tort is three years from the time the damage and the person liable to restore it becomes known, but in any event, it is five years from the occurrence of damage.

Extension is not allowed (by agreement or otherwise) unless specifically provided for by law (e.g., the Hague-Visby Rules and provisions of Maritime Code reproducing the Hague-Visby Rules).