



## **Salvage and Wreck 2018**

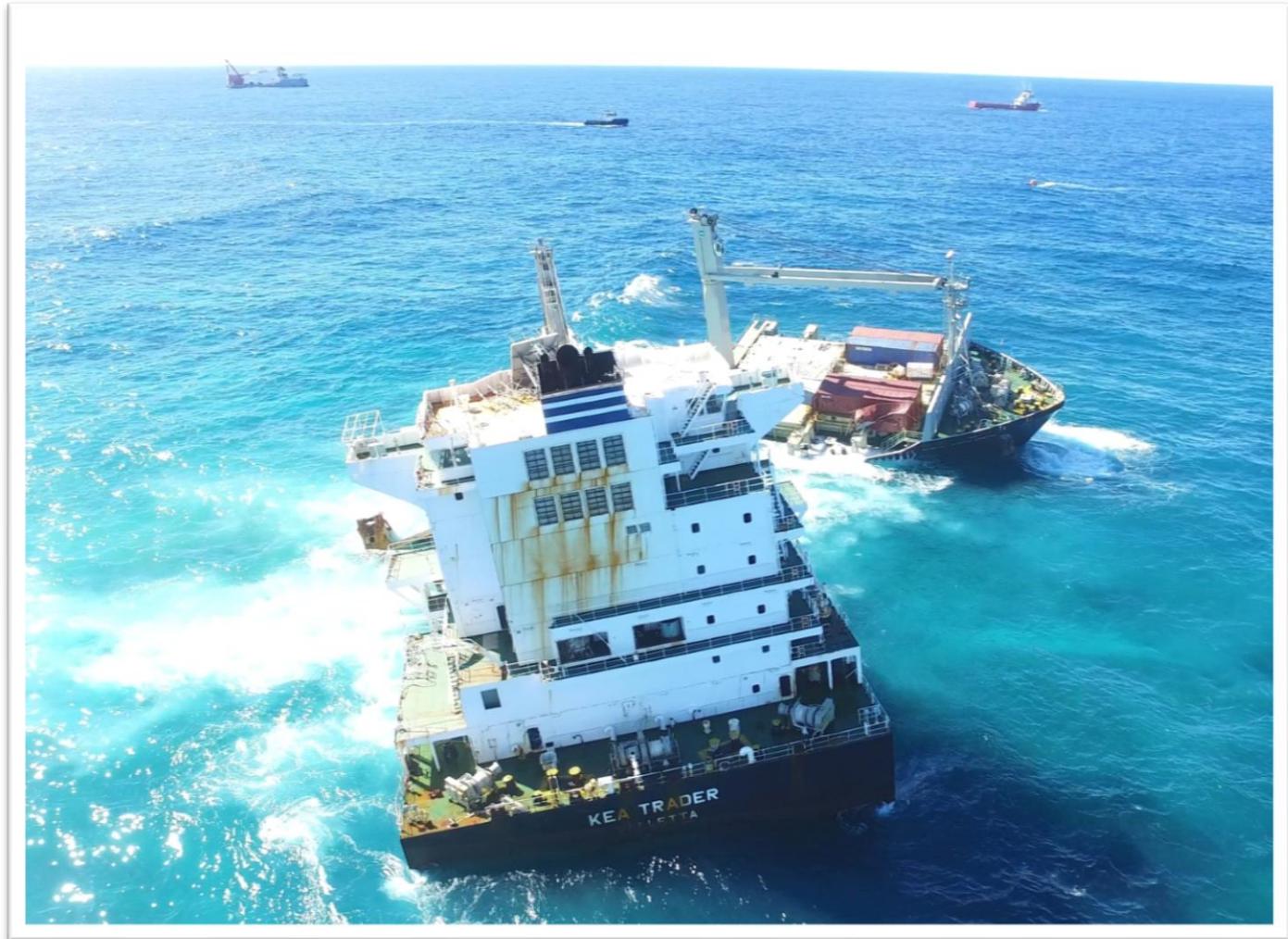
# **A review of the marine salvage industry**

**Charo Coll**

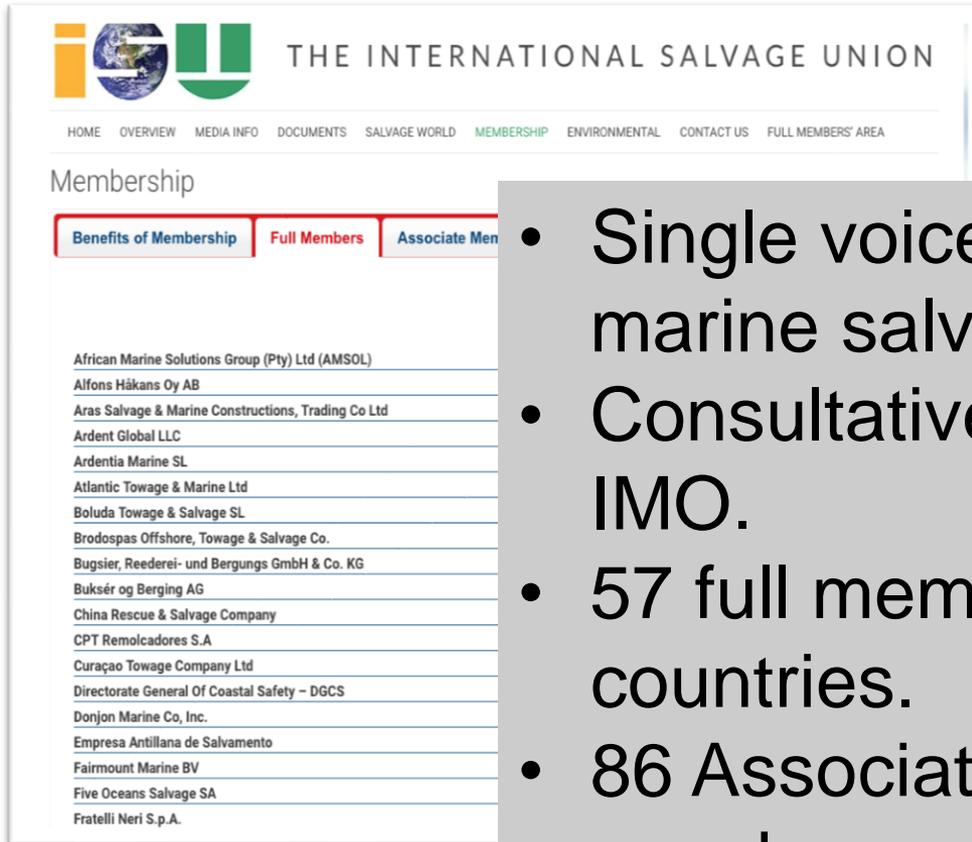
**President**

**International Salvage Union**

# The industry in 2018



# ISU status



The screenshot shows the ISU website's membership page. At the top, the ISU logo (a stylized 'i' and 'SU' with a globe) and the text 'THE INTERNATIONAL SALVAGE UNION' are visible. Below the logo is a navigation menu with links: HOME, OVERVIEW, MEDIA INFO, DOCUMENTS, SALVAGE WORLD, MEMBERSHIP, ENVIRONMENTAL, CONTACT US, and FULL MEMBERS' AREA. The main heading is 'Membership', with three tabs: 'Benefits of Membership', 'Full Members', and 'Associate Men'. The 'Full Members' tab is active, displaying a list of member organizations. The list includes:

- African Marine Solutions Group (Pty) Ltd (AMSOL)
- Alfons Håkans Oy AB
- Aras Salvage & Marine Constructions, Trading Co Ltd
- Ardent Global LLC
- Ardentia Marine SL
- Atlantic Towage & Marine Ltd
- Boluda Towage & Salvage SL
- Brodospas Offshore, Towage & Salvage Co.
- Bugsier, Reederei- und Bergungs GmbH & Co. KG
- Buksér og Berging AG
- China Rescue & Salvage Company
- CPT Remolcadores S.A
- Curaçao Towage Company Ltd
- Directorate General Of Coastal Safety - DGCS
- Donjon Marine Co, Inc.
- Empresa Antillana de Salvamento
- Fairmount Marine BV
- Five Oceans Salvage SA
- Fratelli Neri S.p.A.

- Single voice of the global marine salvage industry.
- Consultative status at IMO.
- 57 full members from 32 countries.
- 86 Associate/Affiliate members.



# Transparency and professionalism



**News Release for immediate use**

**27 June 2018**

**ISU statistics for 2017 show the salvage industry continues to experience weak revenues**

ISU today published its annual statistics for 2017:

- Gross revenue for ISU members - US\$ 456 million
- Revenues up 20% on 2016
- Number of LOF cases is up but LOF revenue and average LOF income down
- SCOPIC revenue at an all time low
- Wreck removal income - US\$ 264 million, 58% of total income
- The industry continues to be active, continues to invest and continues to mitigate loss for ship owners and insurers.

The statistics show that the industry has recovered slightly from the low point of 2016 but revenues are not approaching the levels of 2013, 2014 and 2015 when annual income was more than US\$ 700 million.

The total number of "dry" salvage services (emergency response as opposed to wreck removal) in 2017 was 251. In 2016 there were 306 operations – but that was the highest number for nearly 20 years.

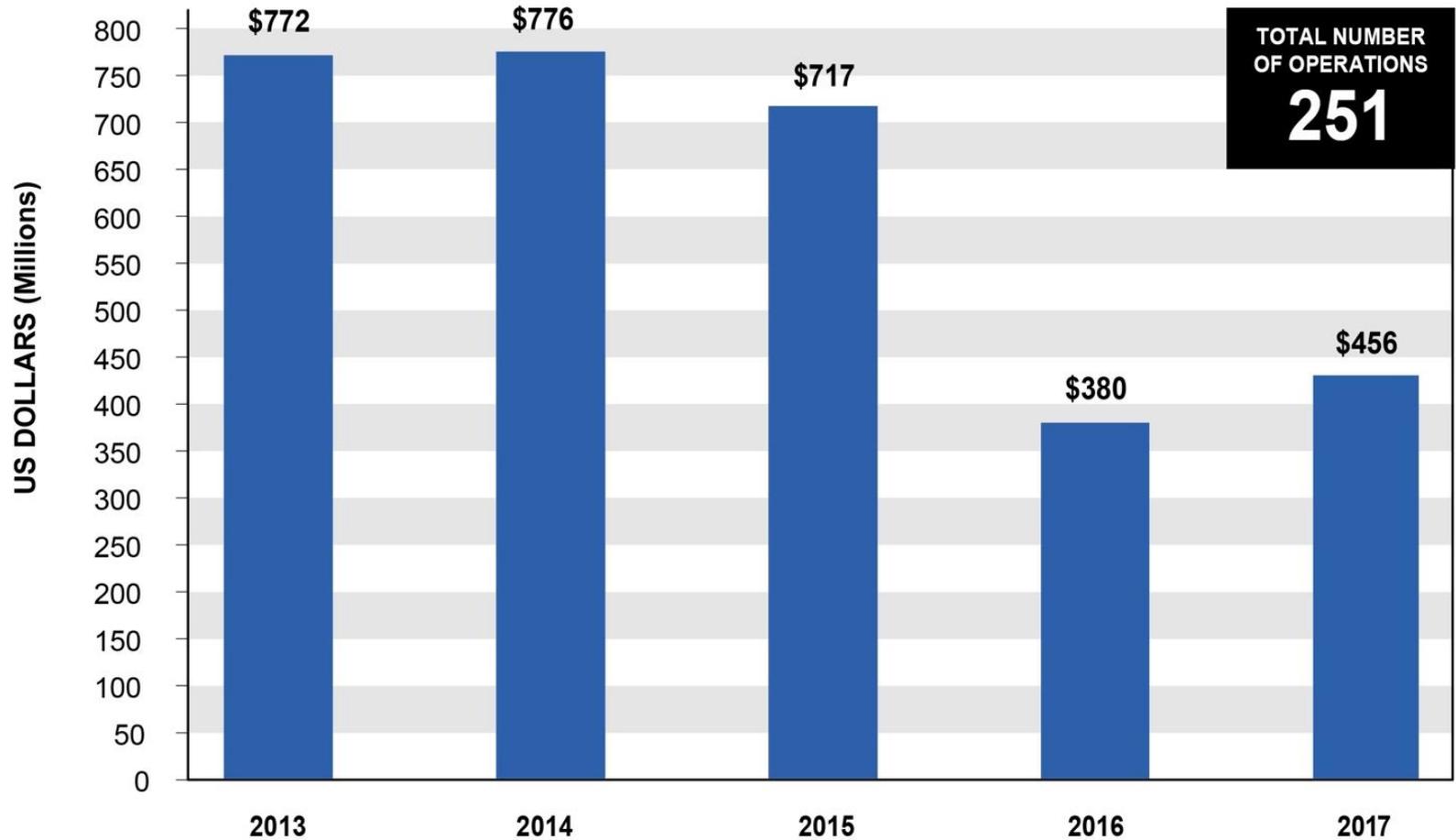
The statistics provide the only published measure of the state of the marine salvage industry. The statistics are collected confidentially from all ISU members, aggregated and analysed by a third party. They do not include the revenues of non-ISU members. The statistics are for income received in the relevant year but that can include revenue from services provided in previous years. The statistics are for gross revenues from which all of the salvors' costs must be met.



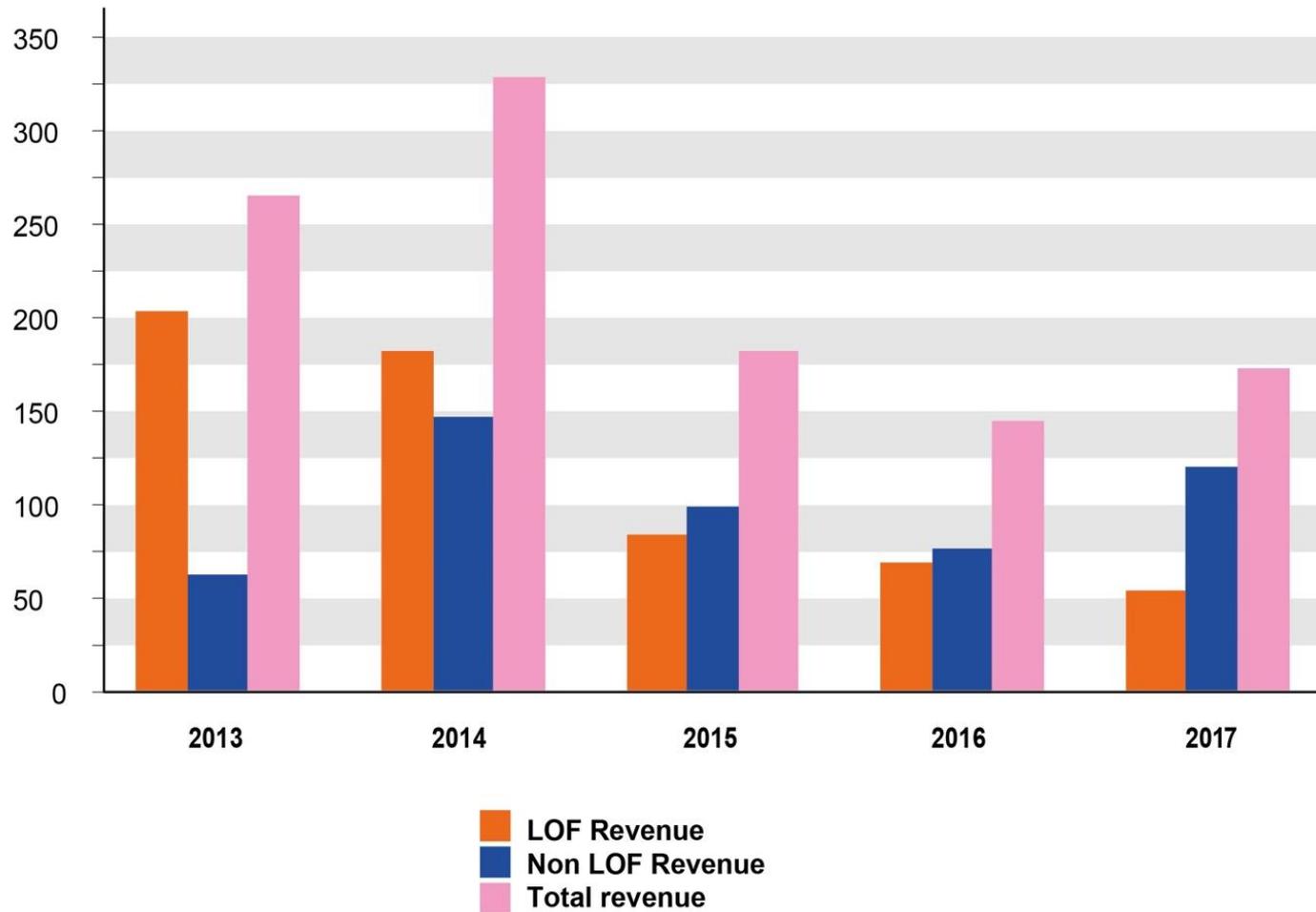
# Competition



# ISU statistics – gross revenues



# ISU statistics – LOF and non-LOF revenues



# The Salvage Convention

The image shows two overlapping web pages. The top page is the International Maritime Organization (IMO) website, featuring the IMO logo and navigation links such as 'About IMO', 'Media Centre', 'Our Work', 'Publications', and 'Knowledge Centre'. The main content area is titled 'International Convention on Salvage' and includes a table with the following information:

FAQs	
History of IMO	<b>Adoption: 28 April 1989; Entry into force: 14 July 1996</b>
Membership	The Convention replaced a convention on the law of salvage adopted in Brussels in 1910 which incorporated the "no cure, no pay" principle under which a salvor is only rewarded for services if the operation is successful.
Structure	
Strategic Plan	Although this basic philosophy worked well in most cases, it did not take pollution into account. A salvor who prevented a major pollution incident (for nothing. There efforts of the

The bottom page is the UK legislation.gov.uk website, displaying the 'The Merchant Shipping (Salvage Convention) (Overseas Territories) Order 1997'. It includes a search bar, navigation tabs, and a 'What Version' section with options for 'Latest available (Revised)' and 'Original (As made)'. The main text of the Order is as follows:

**Salvage Convention 1989 to have force of law**

**224.—**(1) The provisions of the International Convention on Salvage, 1989 as set out in Part I of Schedule 11 (in this Chapter referred to as "the Salvage Convention") shall have the force of law in the Territory.

(2) The provisions of Part II of that Schedule shall have effect in connection with the Salvage Convention, and subsection (1) above shall have effect subject to the provisions of that Part.

...

(4) Nothing in subsection (1) or (2) above shall affect any rights or liabilities arising out of any salvage operations started or other acts done before the entry into force of this Order.



# No cure, no pay

LOF 2011



## LLOYD'S STANDARD FORM OF SALVAGE AGREEMENT

(Approved and Published by the Council of Lloyd's)

### NO CURE - NO PAY

1. Name of the salvage Contractors:  (referred to in this agreement as "the Contractors")	2. Property to be salvaged: The vessel:  her cargo freight bunkers stores and any other property thereon but excluding the personal effects or baggage of passengers master or crew (referred to in this agreement as "the property")
3. Agreed place of safety:	4. Agreed currency of any arbitral award and security (if other than United States dollars)
5. Date of this agreement	6. Place of agreement
7. Is the Scopic Clause incorporated into this agreement? State alternative : Yes/No	
8. Person signing for and on behalf of the Contractors  Signature:	9. Captain or other person signing for and on behalf of the property  Signature:

**A Contractors' basic obligation:** The Contractors identified in Box 1 hereby agree to use their best endeavours to salvage the property specified in Box 2 and to take the property to the place stated in Box 3 or to such other place as may hereafter be agreed. If no place is inserted in Box 3 and in the absence of any subsequent agreement as to the place where the property is to be taken the Contractors shall take the property to a place of safety.

**B Environmental protection:** While performing the salvage services the Contractors shall also use their best endeavours to prevent or minimise damage to the environment.

**C Scopic Clause:** Unless the word "No" in Box 7 has been deleted this agreement shall be deemed to have been made on the basis that the Scopic Clause is not incorporated and forms no part of this agreement. If the word "No" is deleted in Box 7 this shall not of itself be construed as a notice invoking the Scopic Clause within the meaning of sub-clause 2 thereof.



# The demand side - property



17 September 2018  
For immediate release



## Press Release

**Global marine premiums up by 2% but challenges remain for marine underwriting, says IUMI**

Against the positive backdrop of a benign claims environment in some sectors, IUMI's statistics show an increasing mismatch between premium income, covered risk and claims costs. On a global average basis, buffers to cover extraordinary single or accumulation losses are non-existent.

Today, IUMI – the International Union of Marine Insurance – presented its annual statistical report on the marine insurance market at this week's annual conference in Cape Town. Whilst global marine premiums were up by 2%, IUMI highlighted an increasing mismatch between income levels and covered risk.

Vice-Chair of IUMI's Facts & Figures Committee, Astrid Seltmann explained:

*"Overall premium income reached USD 28.5 billion in 2017 which represents a 2% increase compared with 2016. This upswing is largely attributable to growth in trade plus strengthening of European and other currencies against the US dollar. But it masks the dramatic situation which is unfolding when current premium levels are viewed in relation to covered risks and the impact of claims.*



# The demand side – P&I

## Press

Göteborg: 23 March 2018

### The Swedish Club delivers P&I Discount of five percent following solid result



Shanghai 22 March 2018: The Swedish Club delivered a solid operating result to its Board yesterday, continuing a record of building on steady growth. It emerged from 2017 prepared and well positioned to take advantage of a stabilising market.

The Club was pleased to report an increase in entered tonnage to more than 51 million GT, an all-time high, and a testament to the commitment and expertise of the Club's team of dedicated professionals.

With continued sensitivity to the business pressures its members continue to face, the Club's Board last year the Club made the decision to set a zero percent general average discount.

The Swedish Club closed 2017 with a 5% general average discount. This year the Club has maintained this discount.

## London and UK Clubs freeze rates

Two more mutual maritime insurance organisations apply same benchmark as Steamship and Britannia



# The demand side – owners

## Box shipping rebalance slips further into the future

*After years of over-ordering, demand for container shipping was looking like it might finally catch up with supply. But trade war threats and new orders are now pushing back the balancing of supply and demand*

04 Oct 2018 | NEWS



by James P. ...

## Fragile dry bulk recovery said to be stalling

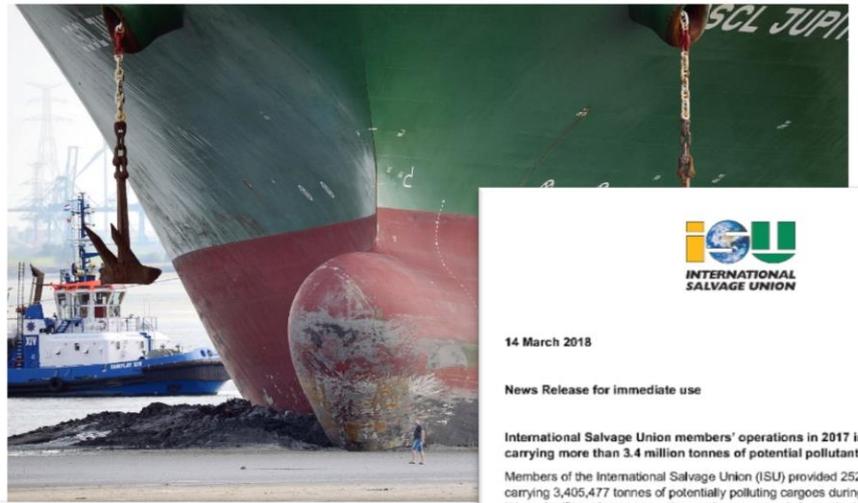
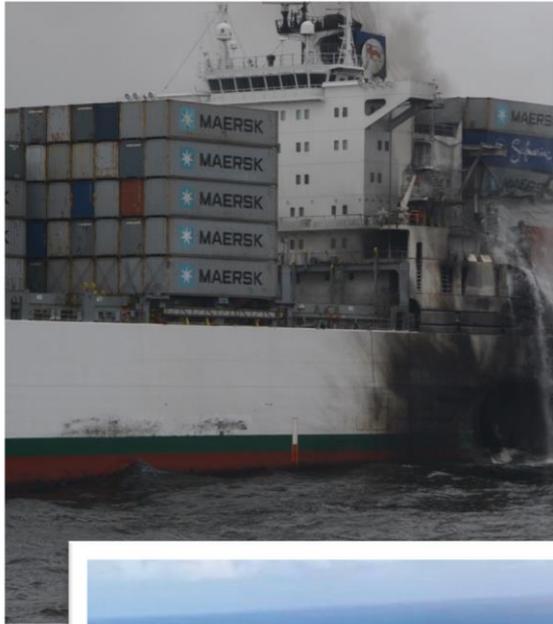
*BIMCO, the world's biggest shipping association, is seeing worrying signs of a faltering dry bulk recovery, mainly due to higher-than-expected fleet growth amid trade tensions that may limit demand growth*

# ISU Core Purpose

To be the credible, trusted and unified global voice of its members who facilitate world trade by providing marine services which save life, protect the environment, mitigate risk and reduce loss.



# Services that benefit society



14 March 2018

News Release for immediate use

## International Salvage Union members' operations in 2017 involved vessels carrying more than 3.4 million tonnes of potential pollutants

Members of the International Salvage Union (ISU) provided 252 services to vessels carrying 3,405,477 tonnes of potentially polluting cargoes during operations in 2017. It is a significant increase on the previous year and shows the importance of ISU members' role in protecting the marine environment.

The data come from the results of the ISU's 2017 Pollution Prevention Survey. The survey was re-based in 2014 to include a wider range of potential pollutants including containers and hazardous and dirty bulk cargoes.

The most significant factor in the increase in 2017 is a larger number of bulk cargoes. This category includes products such as ammonium nitrate, coal, scrap steel, grains, soya and cement. A number of bulk cargoes are not included as potential pollutants, however, ISU members also provided services to bulkers carrying 845,976 tonnes of non-hazardous dry bulk – chiefly ores.

The 2017 numbers also record a significant increase in the number of containers involved in salvage cases, rising from 21,244 TEU in 2016 to 45,655 TEU in 2017. It reflects the size of containerships – a small increase in the number of boxship salvage cases can add significantly to the TEU total.

Bunker fuel, at 135,995 tonnes, showed a significant increase on 2016's figure of 89,492 tonnes. That is largely explained by the increased number of services provided. A number of services within the total did not record the quantity of bunkers on the vessel or the cargo type.

Commenting on the results of the survey, President of the ISU, Chiaro Colli, said: "After saving life, protection of the marine environment is the priority in all salvage operations. The results of this survey demonstrate clearly of how our members' services have helped to protect the marine environment from potential damage.

"ISU does not suggest that all of these potential pollutants were at imminent risk of going into the sea. Some cases will have been benign but others will have carried a real environmental threat. It only takes one major incident to cause an environmental



# Strategy and action

## International Salvage Union Strategy White Paper

### Introduction

A meeting was held by members of the ISU Executive Committee in 2018, to consider ISU strategy over the next five years.

The discussions were informed by the existing Strategy and experiences; the outcome of the 2017 ISU annual meeting and a contextual paper.

The meeting was an un-minuted, informal discussion to define the core purpose of the ISU and its high level strategy and to define an associated activity plan which will be developed over the next five years.

### Context

ISU is generally well-regarded - though there are some challenges. Significant progress in the past six years. The Secretariat is a well-organised organisation and successive Presidents and vice Presidents have served the interests of the organisation, supported by the members.

The pressures on the supply side of the salvage industry are increasing. It is not possible to envisage the shipping business continuing to grow and associated services. There is a need to diversify and continue.

Traditional salvage services provided on a no-cure-no-pay contract cannot sustain a modern salvage business.

ISU represents a diverse range of contractors with different interests and operators. Representing all members equally is a recognised strength which must continue. The funding mechanism of a membership fee supplemented by a levy on major operations is considered to be fair. The association is financially sound and has established, legally compliant governance.



Item 6

## International Salvage Union

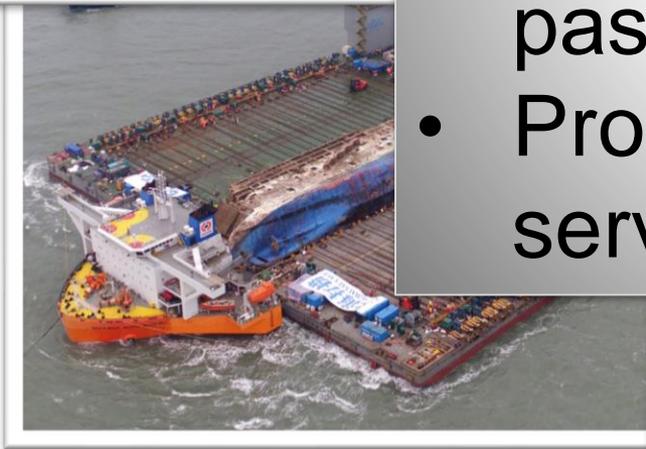
### Strategic Plan 2019-2023

#### Index

1. Core Purpose	2
2. Context	3
3. SWOT Analysis	4
4. Repositioning the ISU	5
5. Specific New ISU Initiatives	6
6. Existing Issues	7
7. Strategic Action Programme	8
Annex – ISU Communications	11
Timeline	12



# Conclusion



- Difficult times with reduced income but need for investment
- More competition
- Need to re-position the industry, don't "cling to the past"
- Promote a wider range of services