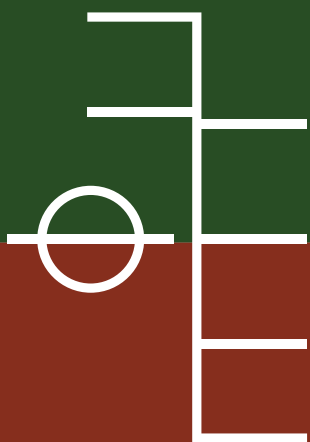



International Salvage Union  
**Annual Review 2021**





A large ship, possibly a ferry or cargo vessel, is being lifted by a massive orange crane at night. The ship is covered in white foam or snow, suggesting it has been in rough seas. The crane's cables and chains are visible, securing the ship. The scene is illuminated by the crane's lights and the ship's own lights. The ship's hull is white with blue and yellow stripes. The name "EMBOURG" is visible on the side. The crane has the name "Huisman" on its structure. The water is dark and choppy, with a red buoy visible in the foreground.

“ISU - the credible, trusted, global voice of its members who facilitate world trade by providing services which save life, protect the environment, mitigate risk and reduce loss.”



# International Salvage Union Annual Review

# 2021

## PRESIDENT'S FOREWORD



Welcome to the International Salvage Union's Annual Review of 2021. The ISU wants to be open and transparent about its activities and to keep its members and stakeholders informed and engaged in its work. I hope that this Annual Review is helpful in meeting that objective.

2021 was dominated by the global pandemic. The vaccination programmes helped to ease the situation but not universally and it meant that we continued to work largely dispersed. For our members it meant the continuation of the difficulties of the year before: with more complicated logistics, travel restrictions and increased costs. The human impact on seafarers has been well-reported and the ISU added its voice to the many calling for better treatment of the men and women who serve at sea.

On a more positive note, the pandemic gave the opportunity for our members to demonstrate their problem solving and "can do" attitude, providing services in the face of restrictions and difficulties and continuing to work for their clients, saving life, protecting the environment, mitigating risk and preventing loss.

2021 also saw Lloyd's initiate a review into its support for its Salvage Arbitration Branch bringing its support for Lloyd's Open Form into question. Most parts of the shipping and insurance industries recognise LOF as the best emergency response contract and the adverse reaction provoked by Lloyd's announcement showed there is almost universal support for the continuation of LOF, and our legal adviser describes this further in his report on page 7.

One of the ISU's key messages of the last few years has been "keeping trade flowing and keeping ports open". Every few years there seems to be a case which captures the public imagination and in 2021 that case was the Ever Given, grounded in the Suez Canal. Dramatic images and intense media coverage made consumers aware in graphic terms how precarious supply chains are; how easily choke points can be blocked and how important today's giant container ships are in their role as the floating, moving warehouses of the world.

For years now the industry has been concerned about the challenges presented by container ships as casualties. And today there is also much more

focus on their cargoes as potential pollutants. Many individual boxes will contain harmful or polluting substances but there are also huge amounts of plastics. One particularly problematic cargo is the so-called plastic "nurdles" – tiny plastic pellets which, if release to the sea, become toxic and on shorelines are very difficult to clean up. The ISU takes the view that containers and their contents are a major potential pollutant. Each year we conduct a survey of the quantum of potential pollutants involved in our members operations. In 2021 there were 1.5 million tonnes of containerised cargo on vessels to which our members provided services.

The full details of the survey are on page y of this report and, as ever, it is worth reflecting what damage might have been done to the environment and local economies if there had been no commercial salvor available, particularly in the context of the increased requirement for owners and insurers to demonstrate their environmental credentials.

Fires aboard ships continue to be a major concern – with containership fires being the most alarming. But also, we see an increase in the risk of fires caused by the transportation of large numbers of batteries. This will increase as more and more electric vehicles are shipped around the world in car carriers. If you ask any salvor what kind of casualty they most fear, it will almost certainly be a burning ship with a cocktail of unknown cargoes.

On page 10 of this Review we report the salvage industry's annual statistics which show gross income for ISU members of US \$390 million. This is a 26% increase on the previous year and again shows the variability year-on-year of our industry. LOF cases were at a historic low for ISU members and wreck removal income continues to be at lower levels than has been typical in the past. In wreck removal work, we continue to support a transparent tender process and fair contracting and also compliance with appropriate standards.

I conclude my introduction by encouraging all those involved in marine salvage - principally the contractors, authorities, ship-owners and their respective insurers - to recognise the mutual benefit of a strong and properly funded salvage industry, and to work together to mitigate potential loss and environmental damage from marine casualties.



**Captain Nicholas Sloane, FNI**  
President,  
International Salvage Union

# EXECUTIVE COMMITTEE REPORT

The International Salvage Union is a company limited by guarantee (not for profit) incorporated in England. It acts as the trade association for marine salvors globally and its principal activity has been the provision of services to its marine salvage company members.

The ISU is governed by a President supported by a vice-President and an Executive Committee made up of senior managers from the members companies. The Executive Committee meets quarterly and there is an annual meeting to which all members are invited. Day to day business is conducted by a secretariat consisting of the Secretary General, Administration and Finance Assistant, supported by the Communications Adviser and Legal Adviser. The ISU has operated from a modest office in the City of London, UK, but this was let go during 2021 and new accommodation will be found in 2022.

## OFFICERS

President (to November 2021)  
Richard Janssen,  
*Smitt Salvage, The Netherlands*

Vice President (to November 2021)  
Captain Nicholas Sloane, FNI  
*Resolve Marine, USA*

President (from November 2021)  
Captain Nicholas Sloane, FNI  
*Resolve Marine, USA*

Vice President (from November 2021)  
John Witte Jr  
*Donjon Marine, USA*

## EXECUTIVE COMMITTEE

Carlos Bastias, *Ultratug, Chile*  
Charo Coll, *Boluda, Spain*  
Li Jianping, *China Rescue and Salvage, China*  
Leendert Muller, *Multiship, The Netherlands*  
Nikolaos Pappas, *Five Oceans Salvage, Greece*  
Pascal Potrel, *Les Abeilles, France*  
Shimonshi Sukekazu, *Nippon Salvage, Japan*

## SECRETARIAT

Secretary General  
Roger Evans  
(*James Herbert from April 2022*)

Communications Adviser  
James Herbert

Finance and  
Administration  
Ciara McGarry

Legal Adviser  
Richard Gunn



# ISU ABBREVIATED ACCOUNTS

International Salvage Union Limited, a company limited by guarantee  
Statement of Income and Retained Earnings Year ended 31 December 2021

	2021	2020
	£	£
<b>Turnover</b>	374,998	351,000
<b>Gross profit</b>	<u>374,998</u>	<u>351,000</u>
Administrative expenses	<u>285,321</u>	<u>323,766</u>
<b>Operating profit</b>	89,677	27,234
Other interest receivable and similar income	<u>39</u>	<u>233</u>
<b>Profit before taxation</b>	89,716	27,467
Tax on profit	<u>-</u>	<u>-</u>
<b>Profit for the financial year and total comprehensive income</b>	<u>89,716</u>	<u>27,467</u>
<b>Retained earnings at the start of the year</b>	199,116	171,649
<b>Retained earnings at the end of the year</b>	<u>288,832</u>	<u>199,116</u>

All activities of the company are from continuing operations

International Salvage Union Limited, a company limited by guarantee  
Statement of Financial Position at 31 December 2021

	2021	2020
	£	£
<b>Fixed assets</b>		
Tangible assets	363	842
<b>Current assets</b>		
Debtors	86,110	85,283
Cash at bank and in hand	<u>364,407</u>	<u>271,470</u>
	450,517	356,753
<b>Creditors: amounts falling due within one year</b>	<u>31,363</u>	<u>27,794</u>
<b>Net current assets</b>	419,154	328,959
<b>Total assets less current liabilities</b>	<u>419,517</u>	<u>329,801</u>
<b>Net assets</b>	<u>419,517</u>	<u>329,801</u>
<b>Capital and reserves</b>		
Other reserves	130,685	130,685
Profit and loss account	<u>288,832</u>	<u>199,116</u>
<b>Members' funds</b>	<u>419,517</u>	<u>329,801</u>

# SECRETARY GENERAL'S REPORT



James Herbert

2021 was another challenging year for ISU members and the salvage industry. As our President notes in his foreword, our members' operations were conducted in the shadow of the global pandemic and, while ISU has continued with its routine activities and engagements, again this year we were not able to hold a full Associate Members' Day conference or AGM.

During the year, the ISU left its office in central London and this prompted a project to digitise large amounts of material and the archiving of further papers with the intention of making our administration "paper-free". The secretariat worked remotely for most of the year, with occasional meetings when restrictions allowed, but a new office was taken in 2022 in the City of London.

ISU membership levels have remained steady with 50 full members from 32 different countries, confirming our status as the global voice of the salvage industry. Associate membership stands at 80 with the handful of resignations matched by new joiners. As the financial accounts show on page 5, ISU remains a well-funded organisation and has a healthy balance sheet meaning we can plan with confidence for the future and for delivery of our goals.

In 2021 we started the process of refreshing our strategic vision for the industry with a workshop attended by executive committee members. That work will continue in 2022 and it will form the basis of our plans for the next three years.

During the year, Roger Evans indicated his intention to retire in 2022 and the Executive Committee selected me to take over as Secretary General. It is a great privilege and I hope to serve the members as well as my predecessors and to ensure that our industry is fully engaged with the wider shipping community and is respected and valued for the important work that it does. Environmental, social and governance concerns are at the top of the agenda in all

industries and salvors, our members, are well placed to demonstrate how important they are in helping shipowners and insurers to meet their commitments.

The Associate Members' Day in March was held as a virtual event but still attracted a good audience. One sad item of business at the end of the conference was to say a formal farewell to retiring ISU Legal Adviser Rob Wallis after 10 years in the role. ISU President, Richard Janssen, paid tribute to Mr Wallis and thanked him for his service to the association, noting his work on many legal issues and his facility for encouraging and supporting younger members of our industry.

Richard Gunn, master mariner and partner at Reed Smith, has taken over as ISU Legal Adviser and during the year he played a central part in the ISU's involvement in various legal matters, as he reports on the following page, not least the major developments regarding Lloyd's Open Form.

Uncertainties about the ability to hold the Annual General Meeting in Rotterdam as planned meant that it was delayed until late November and it was a hybrid event with a small number of executives and members gathering in London but most participants joining remotely. The final piece of AGM business saw the outgoing President, Richard Janssen of Smit, handing the association's ceremonial gavel to the new President, Resolve Marine's Captain Nicholas Sloane.

The ISU Salvage Sub Committee met three times during the year. It continues its work on industry issues, providing excellent support to the ISU Executive Committee. The Salvage Sub Committee is chaired by Eline Muller of Multiraship with the committee made up of representatives from Boluda, Donjon Marine, Five Oceans Salvage, Resolve Marine, Smit Salvage and Tsavliris.



# LEGAL ADVISER'S REPORT



Richard Gunn

The ISU legal adviser's role divides largely into two parts: first, supporting the organisational, operational and corporate objectives of the ISU and second, providing advice on specific issues of importance to ISU and its members.

The role includes representing the ISU at committees and in discussions and negotiations relating to the form of salvage contracts, in particular Lloyd's Open Form and SCOPIC and standard wreck removal and towage contracts.

The legal adviser also provides ad hoc advice on matters such as the impact of relevant international conventions and issues such as sanctions and criminalisation of salvors.

In 2021 there was great surprise when Lloyd's announced that it was considering withdrawing support for the Lloyd's Salvage Arbitration Branch (LSAB), the unit which supports and administers the Lloyd's Open Form. The announcement of the review did not specifically suggest that Lloyd's was withdrawing support for the contract itself. However, it was widely interpreted that without the LSAB and the association with Lloyd's, LOF would be gravely, if not fatally, damaged.

ISU was at the heart of efforts to ensure that the Chairman and Council of Lloyd's understood the importance of continuing its support for LSAB and LOF. We worked with many parties including members for the Lloyd's Salvage Group and Maritime London to lobby for continuation of LSAB and LOF. There was near universal support and letters of petition and support for LOF were sent from around the world.

Lloyd's recognised the global support for LSAB and LOF and initiated a consultancy process with various industry groups, including underwriter organisation, the ISU and the International Group of P&I Clubs, to identify work streams which would seek to further develop the use of LOF as was the clear preference of all parties. ISU has been a major contributor to the discussions and process, in keeping with its tireless support for LOF over many decades. In 2022 further panels will be established to undertake the necessary work that has been identified.

Places of refuge continues to be an important

issue. It is now several years since the European Union successfully introduced its Guidelines on Places of Refuge. ISU was closely involved with the development of these guidelines and is an active supporter of their use and in practice and in exercises to ensure they are well-understood. They seek to ensure more robust decision making and to streamline the process by which a casualty is assessed. ISU has consistently stated the principle that there should be "no rejection without inspection" of the casualty. At the International Maritime Organisation, the process to adopt similar guidelines has been lengthy and, so far, unsuccessful. ISU has supported the proposals and helped to provide expert advice. But there has been reluctance to adopt the guidelines by a small number of IMO member states and the process continues.

As reported in 2020, a working group was established by BIMCO to consider revisions to its standard wreck removal contracts. The group consists of ISU, the IG, BIMCO and two independent legal advisors. Early meetings made slow but gradual progress and the work has continued including addressing the use of Quantitative Risk Assessment. Differences of opinion emerged at the end of the year regarding how to deal with changes to the methodology and worksite and the group agreed to a pause while they considered their positions with work to restart during 2022.

Good progress has been made on the LOF Code of Practice between the ISU and IG. The principal change is that the Code will now apply to all LOF contracts whether SCOPIC is incorporated, or invoked, or not. Clauses relating to advice on insurance cover and provision of security have also been tightened up. At year's end the discussions continued on managing the end of the LOF services and it was expected that the revised document would be published in the first part of 2022.

In all these matters, ISU seeks to maintain a fair, open and transparent stance and to work cooperatively with others to secure agreements that are in all parties' best interests.

# COMMUNICATIONS AND ENGAGEMENT

The International Salvage Union communicates effectively with its members and other stakeholders in the marine industries. It is proud of its status as the voice of the global marine salvage community and takes the opportunity to represent its members' interests in many settings. It is has a strong connection with the International Maritime Organisation where it has consultative status and provides input and advice on relevant topics. The secretary general also sits on the panel which assesses the candidates for the IMO's annual bravery at sea awards.

Managing relationships is a key part of any communications programme and ISU builds its relationships with organisations like Lloyd's; the International Group of leading P&I Clubs; the International Union of Marine Insurance, BIMCO and the International Chamber of Shipping.

ISU has a policy of being open and transparent, sharing information and positions with others and negotiating on important matters in a constructive way. It conducts an open forum discussion among members at its annual meeting. These help to inform the priorities and work of the secretariat during the year.

The ISU President, vice President and members of its Executive Committee regularly participate in high-profile industry conferences giving papers and joining expert panels. In 2021 the President gave the opening address at the annual Salvage and Wreck Conference and other Executive Committee members, the legal adviser and secretary general also spoke and added their views to panel discussions at the event which was held in person during a break in the pandemic restrictions.

Elsewhere, ISU Executive Committee members spoke at various online events and webinars.



The ISU's annual Associate Members' Day Conference is an important part of the communications activity and after a two year break is expected to return in 2022 after two virtual events. It is a very popular event that attracts some 200 delegates. Momentum has been maintained with virtual conferences but everyone agrees they can never match the value of hearing the speakers in person and the networking opportunities that allow people to forge new relationships and strengthen existing ties.

ISU continues to produce a popular quarterly newsletter, Salvage World, now digital only, which reports the corporate and operational news of the ISU and its full members as well as news from its associate and affiliate members and the wider shipping industry. It is a great way to showcase the work of ISU members and its stories are often used by shipping media in their own outlets.

Good relations with shipping media are important and ISU maintains contact with key journalists and editors. Reporters are encouraged to attend ISU events but that has not been possible this year. The ISU has continued with its efforts to draft articles on salvage-related topics to be published in the shipping press and holds a set of position papers on key issues facing the industry.



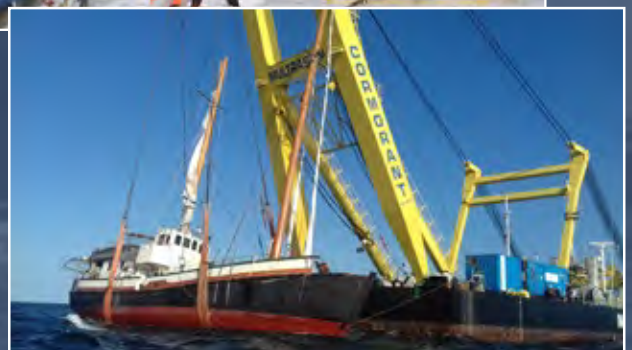
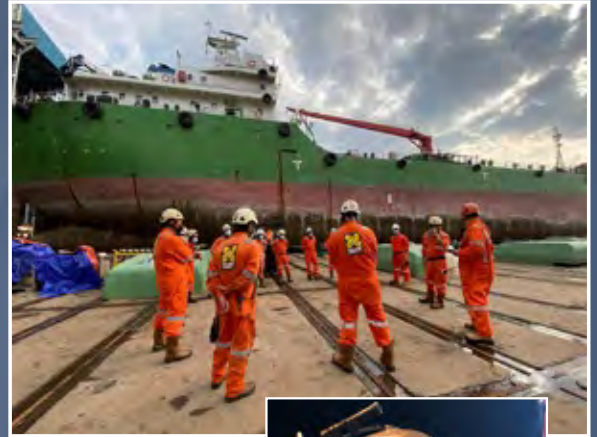
ISU members participating remotely in the Annual General Meeting.



# INVESTING IN SALVAGE CAPABILITY

ISU members come from all around the world and they must demonstrate a track record as main contractors in salvage operations. Many ISU full members have their own substantial inventory of portable and heavy assets. They invest in and maintain their equipment and, just as importantly, their people: training and developing salvage masters, salvage crews, divers, riggers, naval architects, project managers and HSE specialists.

It ensures that operations are conducted safely, efficiently and with more certainty of success.



# 2021 SALVAGE INDUSTRY STATISTICS

- Gross revenue for ISU members - US\$ 391 million (2020, US\$ 301 million)
- 189 services provided (2020, 182 services)
- Lloyd's Open Form (LOF) - 29 cases (2020, 40). LOF revenue up at US\$ 122 million (2020, US\$ 60 million)
- Wreck removal income - US\$ 108 million from 56 services (2020, US\$ 98 million from 101 services)

*[All numbers are gross income from which all the contractors' costs must be paid].*

The 2021 ISU statistics show a 26 per cent increase in the income received by our members compared with the previous year. Emergency Response services generated US\$ 242 million split almost equally between LOF and other contracts – US\$ 122 million and \$120 million respectively.

Wreck removal income has stayed very similar to the previous year and is still down on the historic proportion of our members' income - some 50 per cent% - which wreck removal typically represents.

The numbers in this survey reflect the period when the world was still contending with the Covid pandemic which made operations and logistics more challenging.

The 2021 ISU statistics show a historic low level of

LOF cases - 29 for ISU members - generating income of US\$ 122 million. It compares with 40 cases worth US\$ 60 million in 2019. Revenue from LOF cases amounted to 50 per cent of all emergency response revenue and LOF cases accounted for 15 per cent of emergency response cases in 2021. SCOPIC revenue at US\$ 41 million in 2021 was up from US\$ 24 million previously.

Revenue in 2021 from operations conducted under contracts other than LOF was US\$ 120 million, effectively the same as in 2020 (US\$ 119 million). The average revenue from each non-LOF contract was therefore US\$ 750,000.

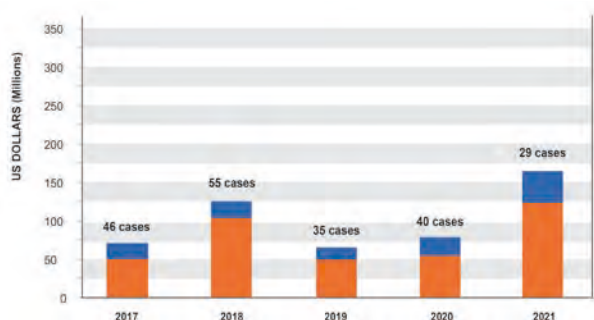
Wreck removal is an important source of income for members of the ISU but 2021, with US\$ 108 million from 56 operations (28 per cent of the total income), showed the same trend as 2020 (US\$ 98 million received from 52 services – 33 per cent of the total).

The ISU statistics are collected from all ISU members by a professional third party, which aggregates and analyses them. The statistics do not include the revenues of non-ISU members but are the only formal measure of the state of the marine salvage industry. The statistics are for income received in the relevant year but that can include revenue relating to services provided in previous years and there can be an element of "time lag". The statistics are for gross revenues from which all of the salvors' costs must be met.

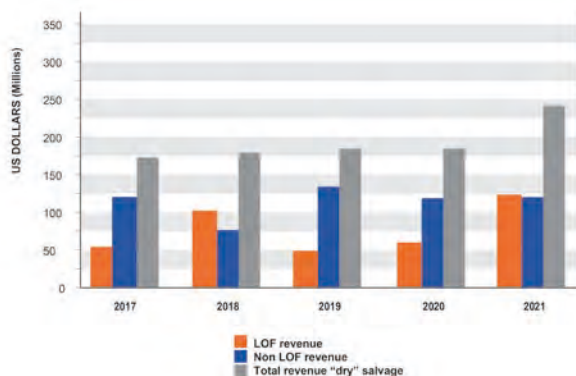
**Gross revenues all sources**



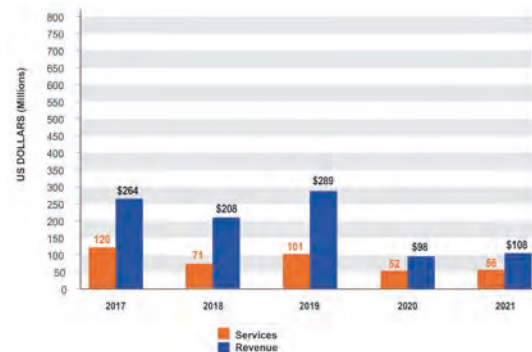
**LOF and SCOPIC revenue**



**"Dry" salvage revenue sources**



**Wreck removal services and revenue**





# ENVIRONMENTAL PROTECTION

Preventing pollution and protecting the environment are core activities for marine salvors and members of the ISU provided 226 services to vessels carrying 2.6 million tonnes of potentially polluting cargo and fuel during operations in 2021. The data come from the results of the ISU's Annual Pollution Prevention Survey for 2021.

It is a theme of this Review that the shipping industry is under the spotlight for its environmental performance: both for the environmental impact of operating ships and for the threat they, and their cargo, present to the environment. All casualties have the potential to develop into serious incidents and, in a world where even the smallest amount of pollution is unacceptable, the work of ISU members is essential.

As the President notes in his foreword, containers are now considered to be a pollutant and in 2021 ISU members provided services to vessels carrying more than 100,000 TEU amounting to more than 1.5 million tonnes of cargo.

Crude oil cargo was relatively low in 2021 at 103,408 tonnes while cargoes of refined oil products rose to 182,232 tonnes. Chemical cargoes fell significantly to 24,126 tonnes in 2021. The number of containers involved in ISU members' services in 2021 climbed dramatically to 103,935 TEU equating to some 1,559,025 tonnes (allowing a nominal 15 tonnes per TEU).

Bulk cargoes decreased significantly to 424,719 tonnes in 2021 compared to 744,246 tonnes last

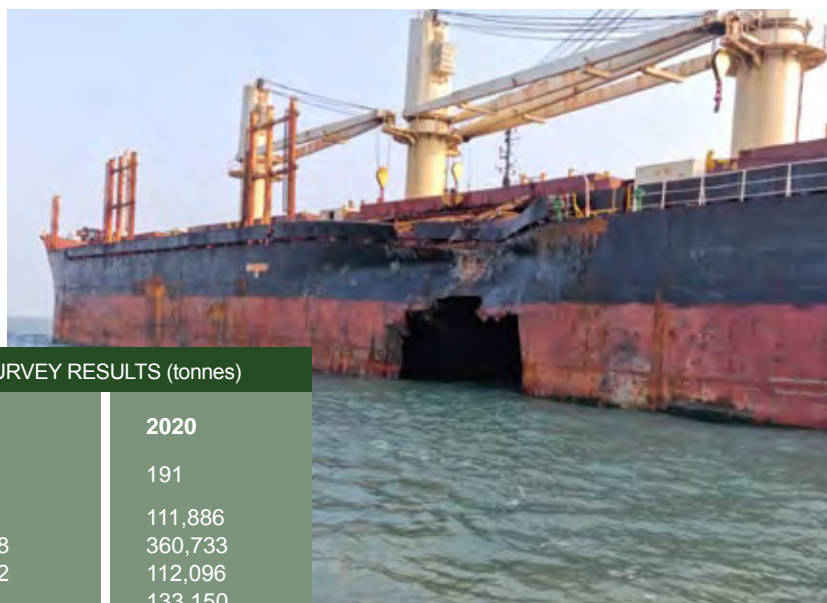
time. This category includes products such as coal, scrap steel, grains, soya and cement. A number of bulk cargoes are not included as potential pollutants and ISU members also provided services to bulkers carrying 209,475 tonnes of non-hazardous dry bulk – mainly metal ores.

11 cases had more than 2000 tonnes of bunkers on board and the total of bunkers involved was 89,456 tonnes. An increased number of the services noted in the survey did not record the quantity of bunkers or the cargo type.

ISU is clear that not all these potential pollutants were at immediate risk of going into the sea. Some cases will have had limited danger, but many others will have carried a real risk of causing substantial environmental damage.

The 226 services in 2021 included 30 wreck removal/marine services contracts; 26 Lloyd's Open Forms; 52 towage contracts; 15 Japanese Forms; 8 Fixed Price and Lump Sum contracts; 27 Day Rate contracts; 44 other contracts and 24 Turkish Forms.

The survey was first conducted by ISU in 1994 and the methodology was updated in 2014 to include a wider range of potential pollutants including containers and hazardous and dirty bulk cargoes. In the period 1994 to end-2021, ISU members have provided services to casualty vessels carrying 38,872,986 tonnes of potential pollutants, an average of 1.4 million tonnes per year.



2016 ISU POLLUTION PREVENTION SURVEY RESULTS (tonnes)		
	2021	2020
Number of services	226	191
Bunker fuel	89,456	111,886
Crude oil	103,408	360,733
Refined oil products	182,232	112,096
Chemicals	24,126	133,150
Bulk polluting/hazardous	424,719	744,246
TEU - tonnes equivalent	1,559,025 (103,935 TEU)*	502,845 (33,523 TEU)*
Other pollutants	2,793	51,928
<b>Totals</b>	<b>2,595,216</b>	<b>2,538,210</b>
Bulk, non-polluting	209,457	521,326

\*Nominal 15 tonnes per TEU



