Novel technologies to boost the shipyard industry

Competitiveness and Resilience in the European Maritime Technology Industry: Will novel technologies be enough to boost the shipyard industry?

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ORGANIZED BY THE EU HORIZON 2020 PROJECTS:

FIBRE4YARDS SHIPYARD FOR THE FUTURE

RESURGAM

MARI4YARD MARI4ALLIANCE

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Few words about SEA Europe

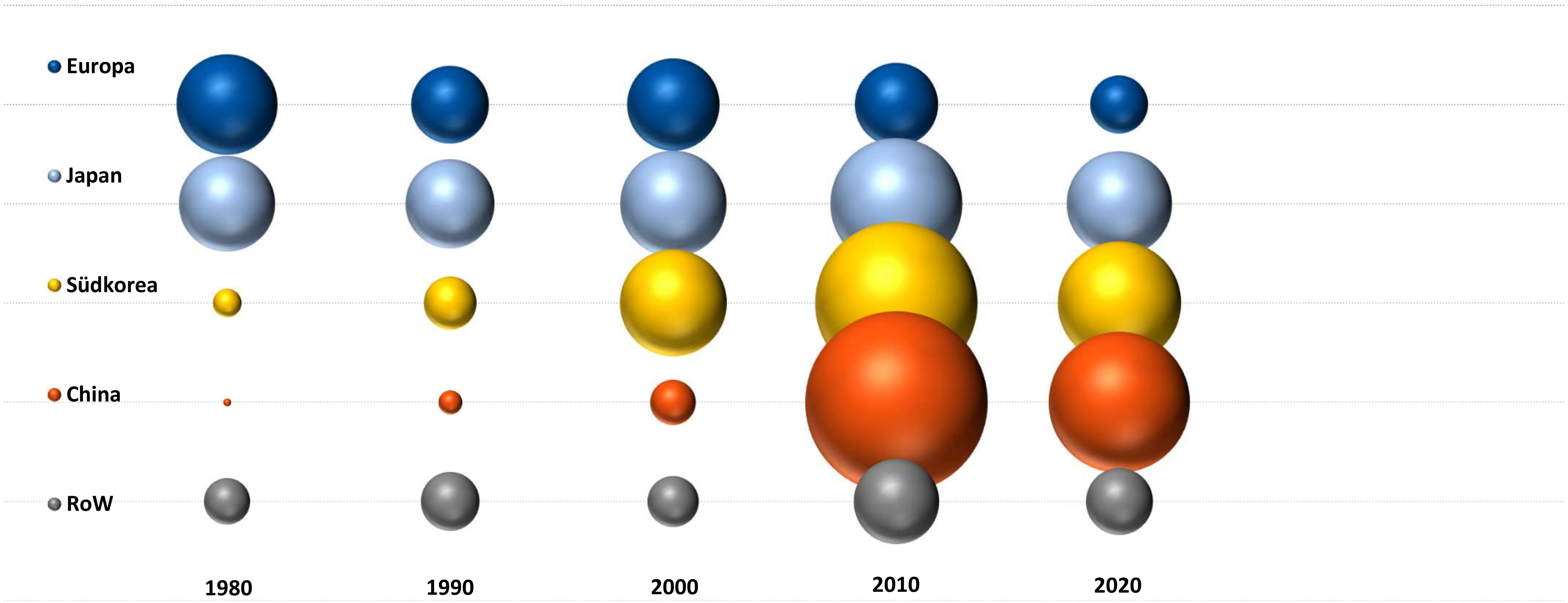
- Shipyards & Maritime Equipment Manufacturers
- “*European maritime technology sector*”
- A European and international association
  - European = EU-Institutions
  - International = IMO
- A recognised social partner in the Social Dialogue Committee for Shipbuilding and Ship repair
- Members: EU Member States / Norway / Turkey / Ukraine
- www.seaeurope.eu

Status of the European Maritime Technology Industry

The economic perspective: A competitiveness and resilience challenge

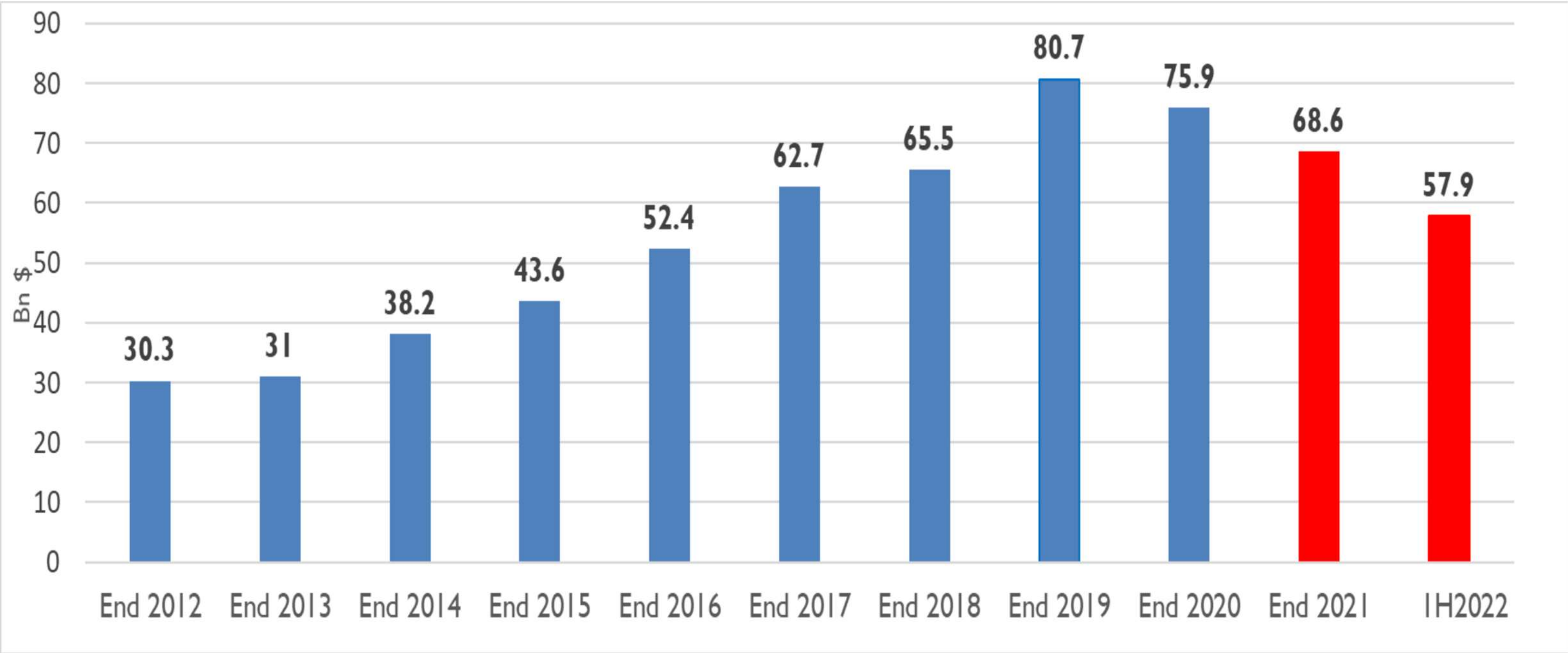
A competitiveness' challenge

Global Shipbuilding Production (in CGT)

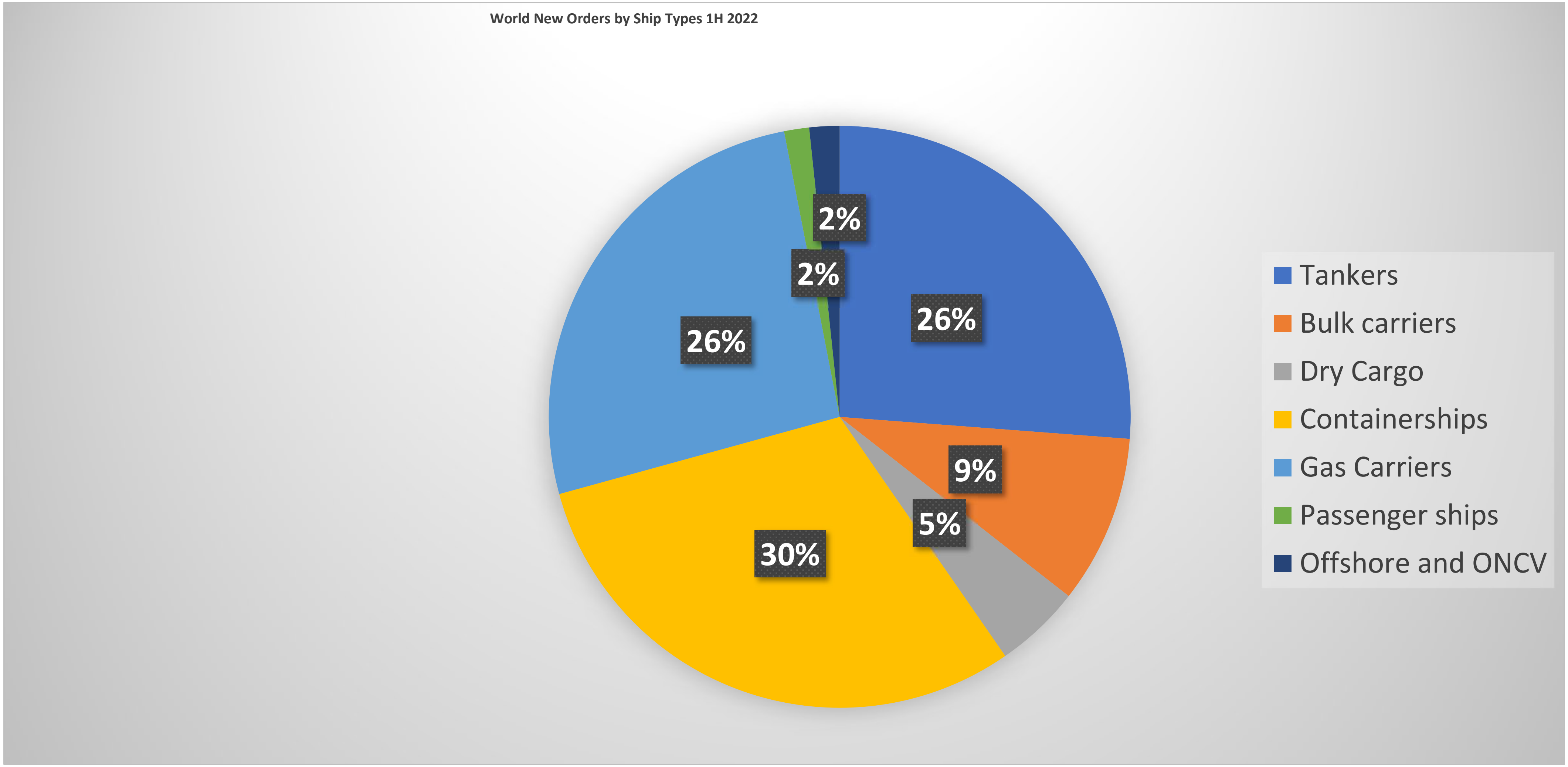


Source: IHS Fairplay. Chart: VSM

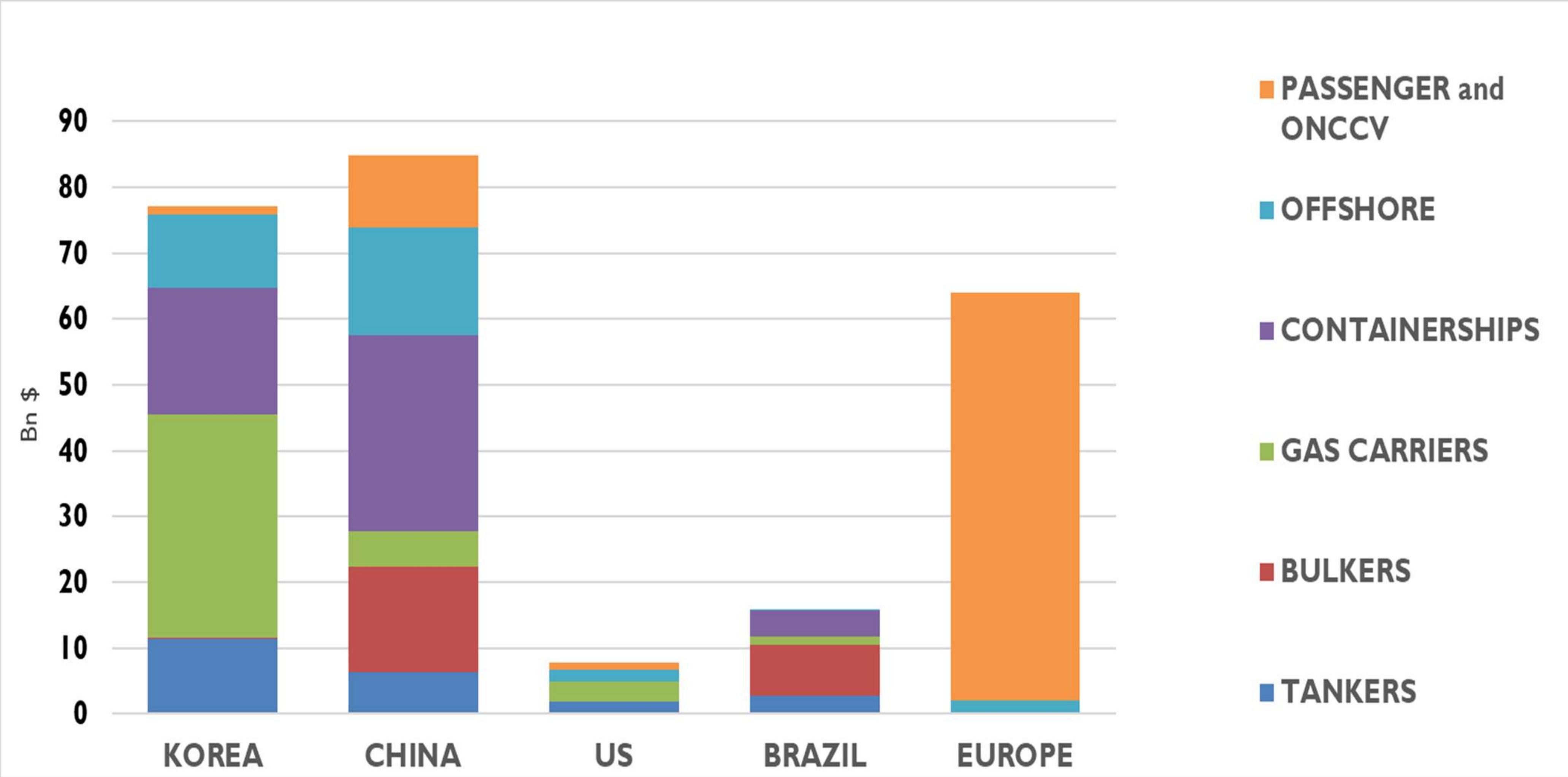
Evolution of European Orderbook in Value (Bn $)



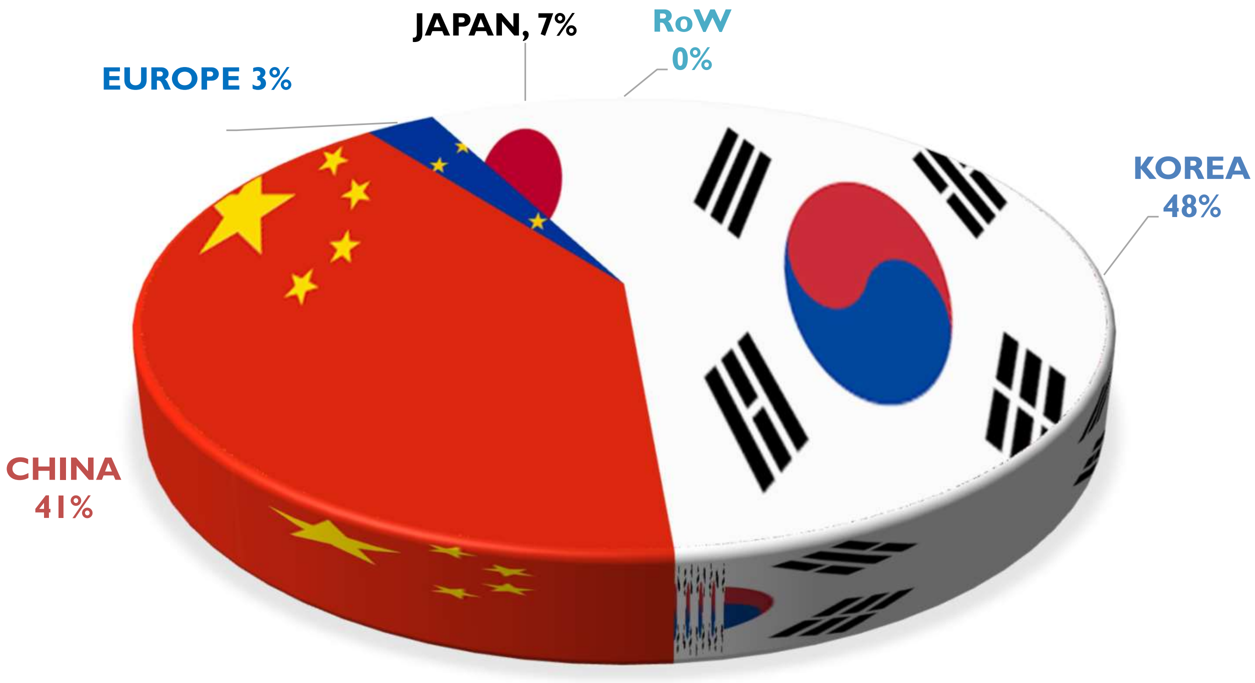
World new orders by ship types: Product portfolio 2022



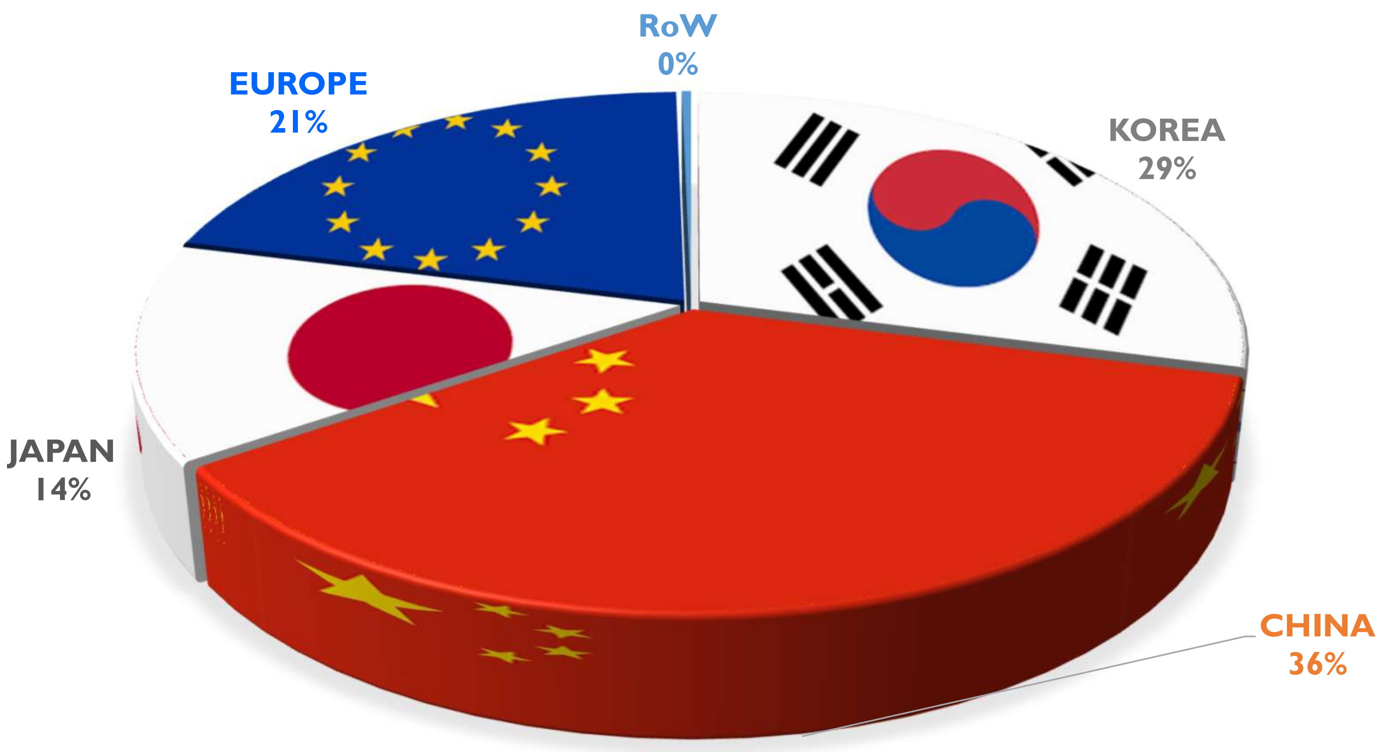
World Commercial Orderbook (Bn $) by Ship type & Shipbuilding region



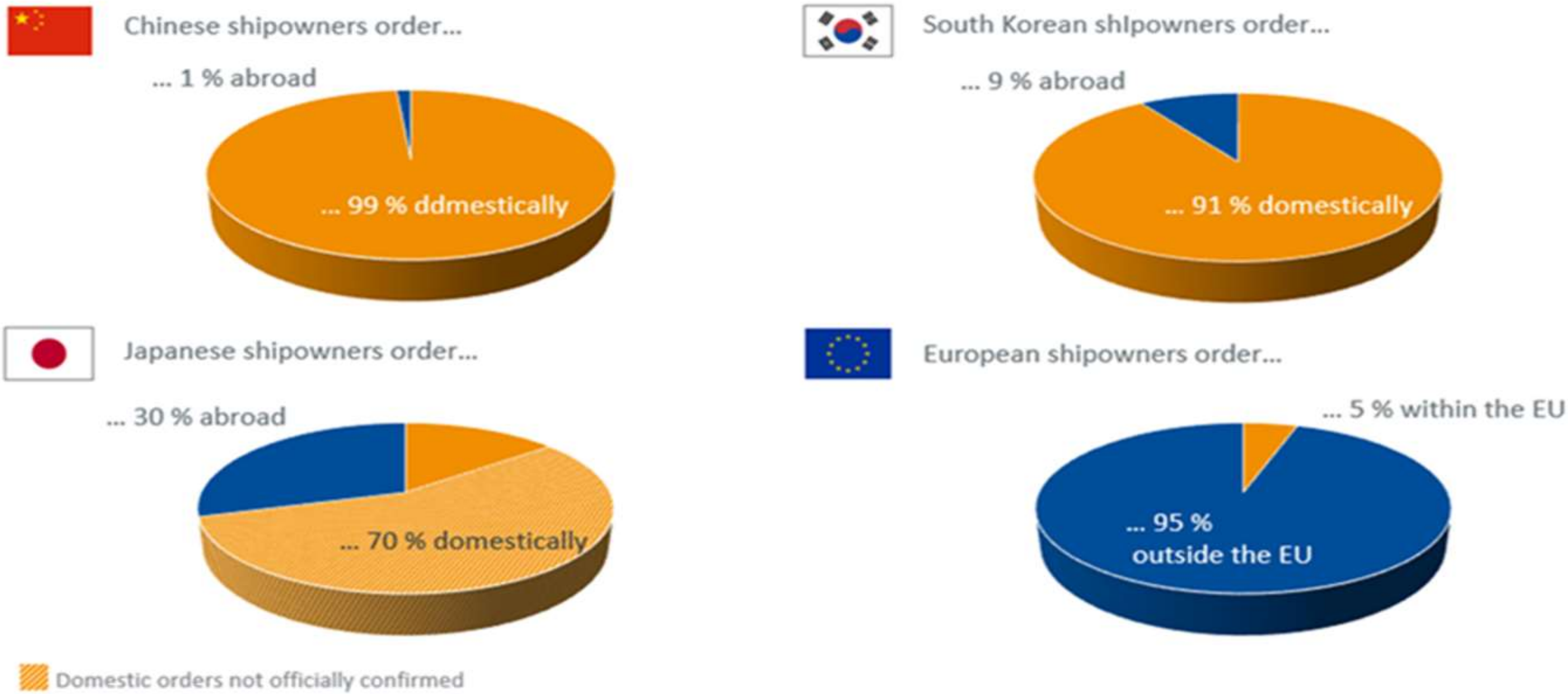
Value of New Orders (Bn $) – 2022
Main shipbuilding areas



Value of Deliveries by Main Shipbuilding Areas (Bn $)

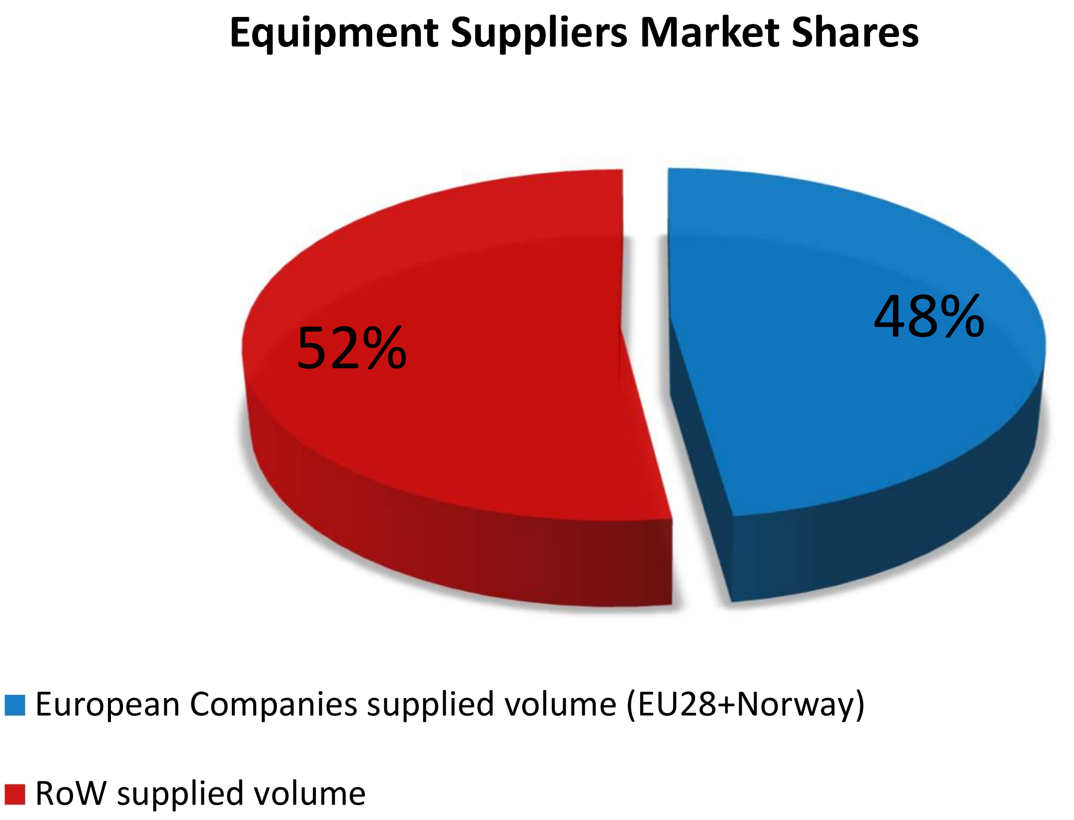


Shipowner orders in the world



Data source: IHS Fairplay
Chart: VSM

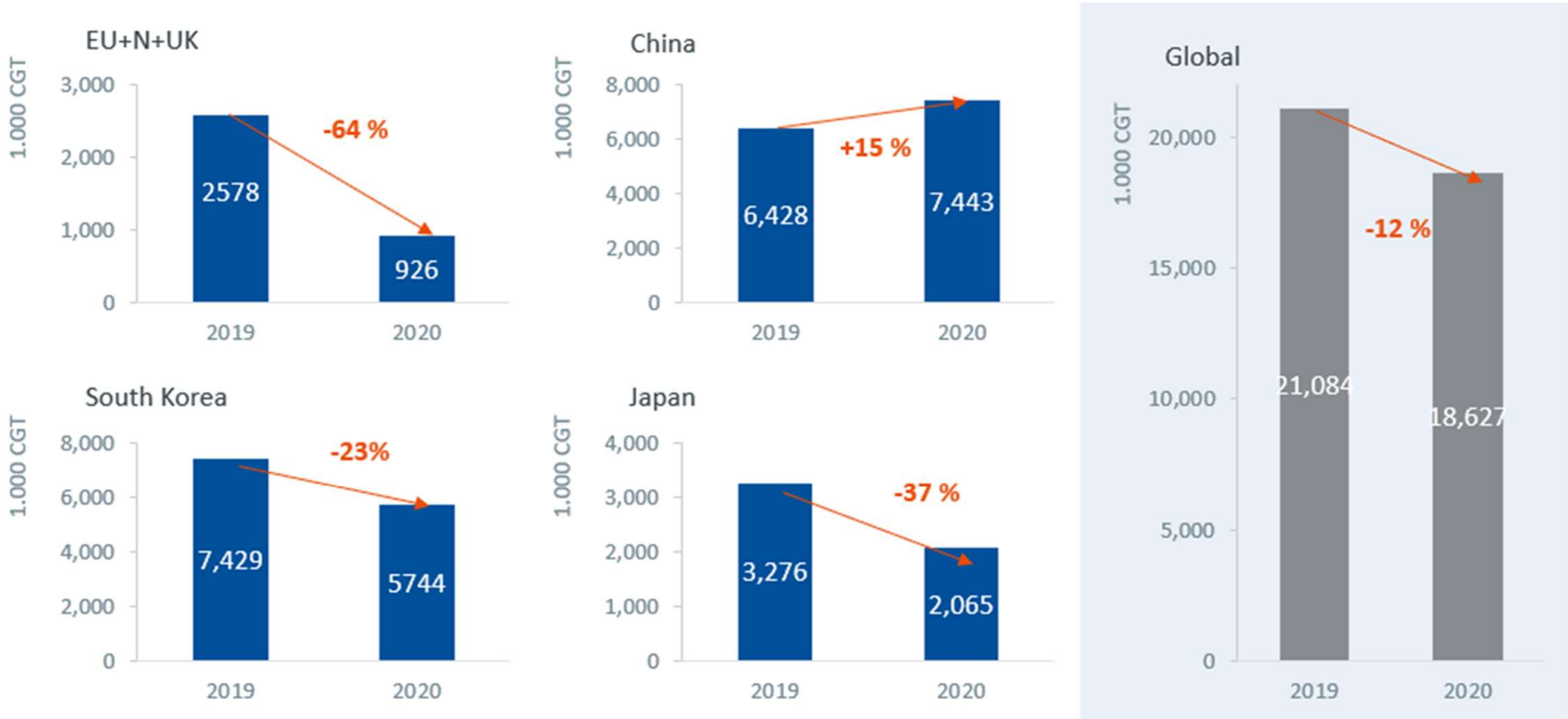
Maritime Equipment Industry



Source:. Balance

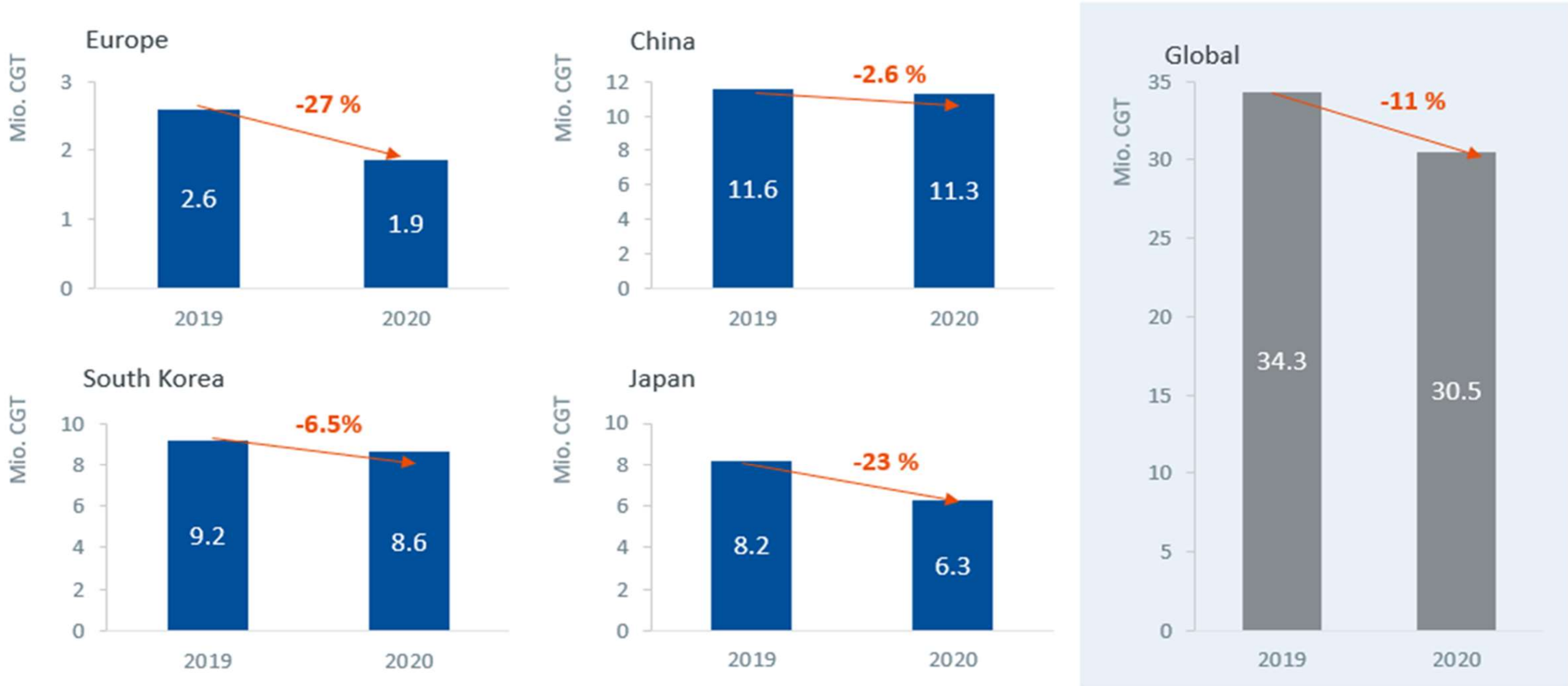
A resilience challenge

New Orders 2019 v 2020



Source: IHS Fairplay

Deliveries 2019 v 2020



Source: IHS Fairplay

Economic summary

- **European shipyards lost many markets but are still alive**
  - Further loss of industrial capacity will become problematic
  - Still global leadership in complex shipbuilding but for how long?
  - Dependence on few niche markets makes sector vulnerable and less resilient
  - However, the EU should regain strategic markets such as cabotage, shortsea shipping, ferries, etc.

- **European maritime equipment manufacturers**
  - Global leadership in maritime equipment manufacturing but under pressure from foreign competition
  - European maritime equipment industry much depends on Asian market
  - European maritime equipment industry needs European shipyards e.g., for testing innovations
  - Growing concern about reduction of shipyards.

- **European shipowners order mainly outside the EU**
  - Europe has a competitiveness problem (price differences between 30-40% on average)
  - No policy to stimulate EU shipowners to come back to Europe
  - Start to realize the dangers of their strong foreign dependence on Asia.

Status of the
European Maritime Industry

The political perspective

Europe's maritime industrial policy

A promising start ....

1988 Commission press release (1)

- A far-reaching crisis in shipbuilding
  - Price and subsidy wars
- A need to restore a healthy international shipbuilding market
- Europe in danger
  - In 1950, 11 EC Member States represented 64% of global shipbuilding
  - In 1988, EC shipbuilding represented only 13% of global shipbuilding
- An industry with no real protection
  - No trade defense measures for ships (e.g. anti-dumping) like for cars, goods, ...
- Europe's state aid is inadequate to offset price differences with Asia
- **EC shipbuilding is in danger of being virtually wiped out. This is unacceptable … in the first place for strategic reasons**

1988 Commission press release (2)

- What to do?
  - Stabilize market in cooperation with EU's competitors => Preferred option
  - Develop trade defence mechanisms => If option 1 fails
  - Maintain or increase subsidies => Not preferred option

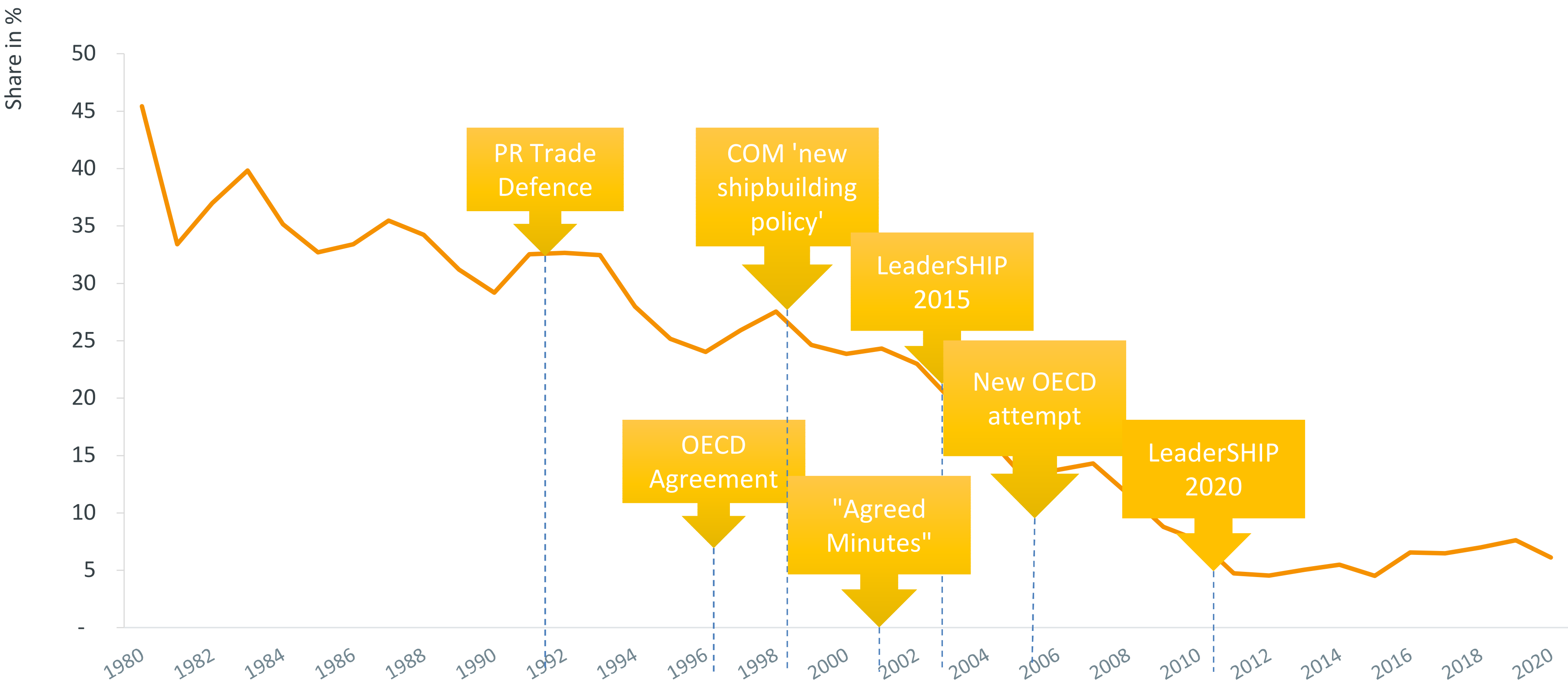
- In conclusion:

"***The Commission could not refuse to allow this industry the trade defence weapons available to other industries***"

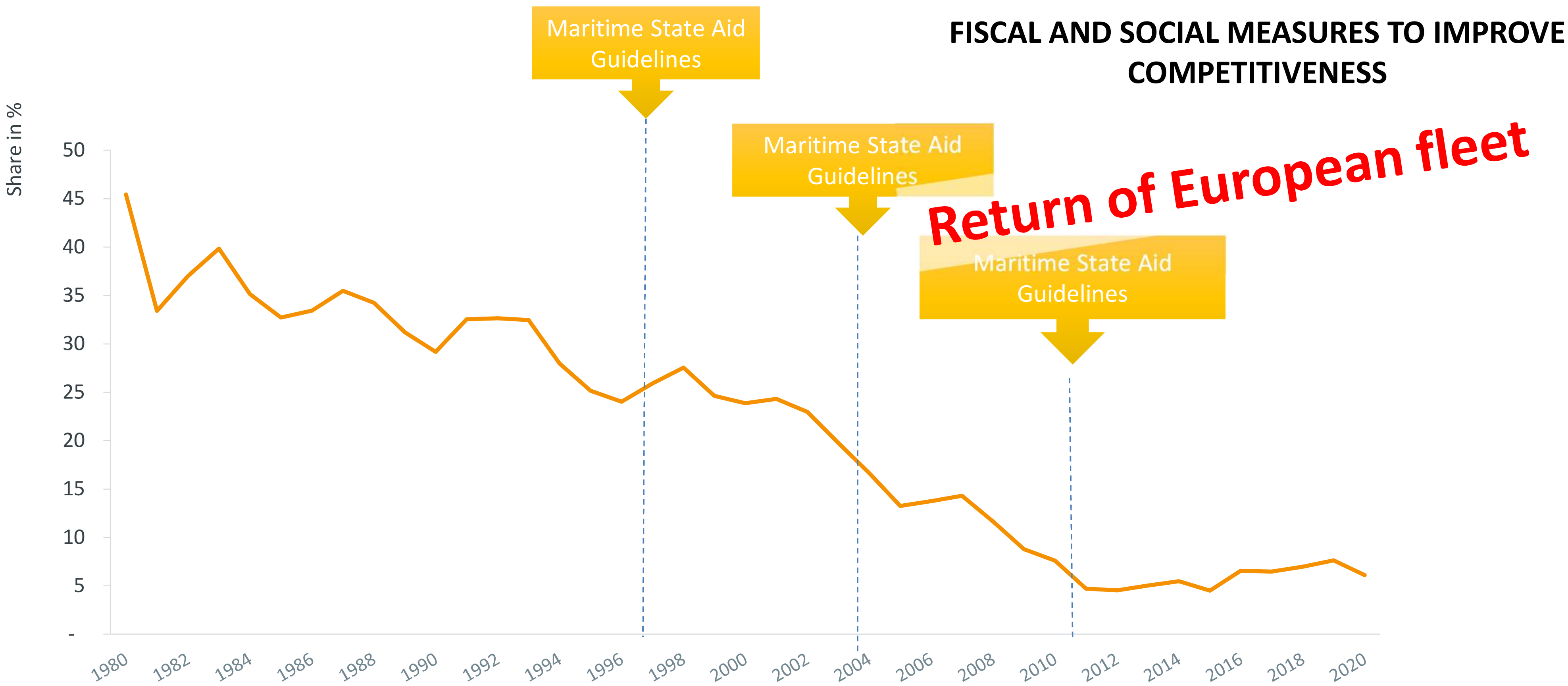
Europe's maritime industrial policy

A failed policy of broken promises

Overview of failed attempts to solve a crucial matter

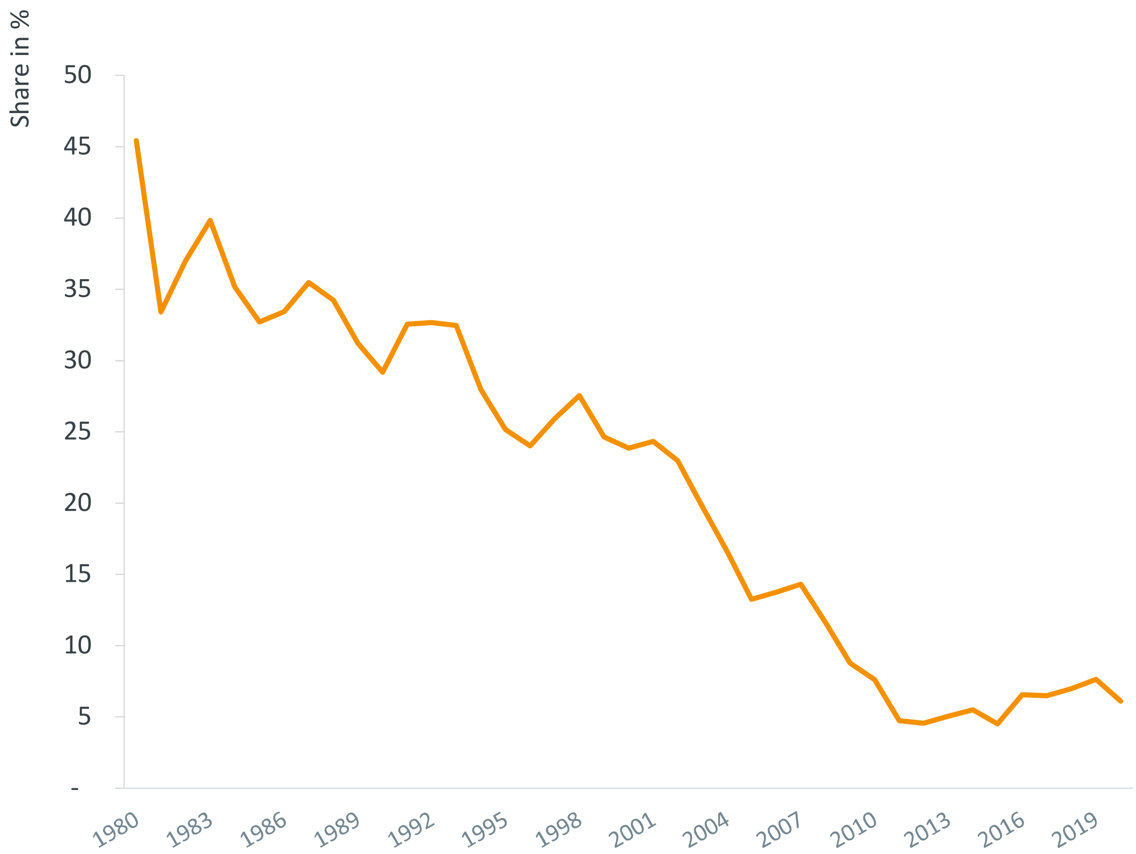


Meanwhile EU shipowners ...



In sum: EU Shipbuilding is worser today than in 1988

- Still no level playing field globally
- South Korea and China are main competitors
- EU lost many shipbuilding segments
- EU shipowners prefer Asia over EU
- However, sector is strategic for Europe



Quo vadis Europe?

Is there still political appetite for the maritime industry?

Much of the same???

- **Positive**
  - Recognition of maritime industry as ***strategic sector*** (since 2018)
  - European Commission focused on '***Strategic Autonomy***' and '***Defence***'. New political momentum.
  - Shipowners still benefit from special treatment under ***maritime state aid guidelines***

- **Negative**
  - ***No sectoral maritime industrial policy*** despite dramatic figures
  - ***Fragmentation*** of maritime industry as well as European Commission services
  - Still **no trade defence tools** for shipbuilding despite promises from 1988
  - ***Double tongue policy***: shipping was central in European Green Deal but is only a footnote in the Net Zero Industry Act

Will innovative technologies be enough to boost shipyards?

- **Without a dedicated maritime industrial strategy, then the answer is NO**
  - Novel technologies are rapidly sold to Asia for commercial reasons. Hence reducing the EU's competitive edge
  - No strong EU policy framework to support the EU's novel technologies
  - No strong framework conditions to boost novel technologies: cfr. Net Zero Industry Act:
    - Only production of (certain) technologies is captured. Not the integration of technologies.
    - Risk of missing promising novel technologies if no technological neutrality
  - Big uncertainty linked to taxonomy criteria discussions
    - What will be considered as green technology and what no => financial / investment implications!

What do we really need in Europe?

A paradigm shift in political thinking in Europe

A strategic industry needs to be treated as strategic

First, some lessons from our competitors

Asia

- Clear political vision
- Maritime = strategic = sectoral policies
- Massive state support of all kinds
- State-driven policies

Europe

- No clear political vision
- Maritime = Strategic but horizontal policies
- No massive state support
- No coherent policies

A real maritime industrial strategy is what Europe needs

- **Pillar 1 – Create a true global level playing field**
  - A trade defence mechanism to combat unfair competition
  - Safeguard EU’s global leadership in complex shipbuilding and advanced maritime equipment manufacturing
  - A framework that supports and protects (competitiveness arising from) novel technologies
  - Legal certainty through supportive taxonomy criteria

- **Pillar 2 – Reinforce Europe’s maritime industrial capacity and supply chain**
  - Qualify strategic markets for Europe as strategic for Europe’s maritime autonomy
  - Framework conditions to support the business case for zero-emission shipping
  - Ease access to finance for sustainable and smart shipping and ship production

- **Pillar 3 – Promote Europe’s technological sovereignty**
  - Support for Europe’s naval defence industry
  - Support zero-emission shipping with fleet renewal and fleet retrofit programmes at EU level
  - Use EU funding with EU added value

No time to waste

The time for political action is NOW!

THANKS
FOR YOUR ATTENTION

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