

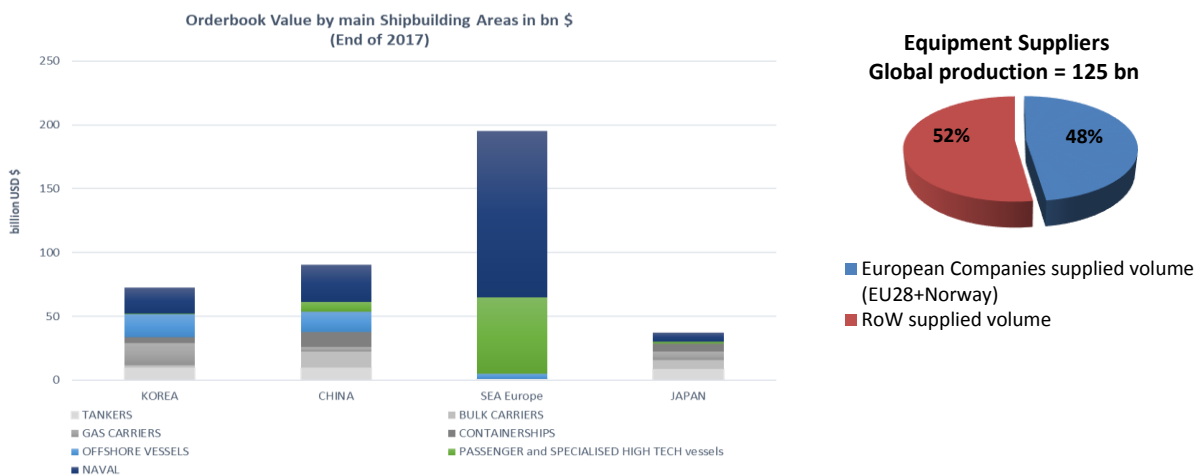
## European Social Partners Manifesto Maritime Technology: A Strategic Sector for Europe

### 1. Executive summary

IndustriAll Europe and SEA Europe – the Social Partners of the Maritime Technology (MT) sector in Europe – call upon the European policy-makers to **formally recognise the strategic nature of the MT sector for Europe by adopting a dedicated European industrial strategy for this sector. Without such a strategy, the MT sector in Europe will not be able to meet its societal challenges or to take advantage of its promising opportunities. Moreover, without such a strategy, the competitiveness of the MT sector will clearly be at risk, as recognised in a recent study carried out on behalf of DG GROW<sup>1</sup>. Many regions across Europe are reliant on the MT sector for the prosperity of their communities, and therefore need a clear commitment from the EU regarding their future and the future of their workers.**

### 2. A global industry at risk due to unfair competition and growing trade protectionism

The Maritime Technology sector in Europe consists of more than **22,000 maritime equipment companies (including SMEs) and around 300 shipyards**. Together they employ more than 900,000 skilled people and generate an annual production value of € 112.5 billion<sup>2</sup>. Based on orderbook value, comprising of both civil and naval new builds, the European shipbuilding industry ranks second in the world after the USA (mainly naval shipbuilding) and is bigger than its direct Asian competitors. European manufacturers and suppliers produce almost 50% of the global production of maritime and marine equipment.



<sup>1</sup> Study on new trends in globalisation in shipbuilding and marine supplies: <https://publications.europa.eu/en/publication-detail/-/publication/bc5fa041-bac0-11e7-a7f8-01aa75ed71a1/language-en>

<sup>2</sup> Source: Study on new trends in globalisation in shipbuilding and marine supplies: "the European (EU 28) maritime technology industry, namely shipbuilders together with 1st and 2nd tier suppliers in Europe, is the leading global region in terms of aggregated production value of shipbuilding and ship-systems production, even though its physical level of shipbuilding production (in terms of gross tons (GT) and deadweight tons (dwt)) is low. With a calculated value of EUR 112.5 billion, the EU 28 countries represent 23.3% of the global production value for maritime technology of EUR 482,5 billion (annual average for 2010-2014)."

European shipyards and maritime equipment manufacturers and suppliers – known as the “European Maritime Technology” (MT) industry<sup>3</sup> are **global leaders in the building of complex ship types and the production of sophisticated maritime equipment**, used both for civil and naval purposes. This leadership is the result of **continuous investments in Research, Development and Innovation and in developing a very highly skilled workforce**.

Despite their vital role for Europe’s maritime sector and Blue Economy, the MT sector has – regrettably – not been high on the political agenda of the EU over the last years. The low level of implementation of the sector’s strategy – known as LeaderSHIP 2020<sup>4</sup> – is a clear example of this.

On the other hand, Europe’s main competitors in shipbuilding and maritime equipment – mainly located in Asia, all have the MT industry high on their political agendas. They all consider this industry as strategic for their country and therefore have a dedicated industrial policy in place, characterised by a series of sector-specific measures to protect the industry regionally and to boost it internationally. These measures, inter alia, consist of massive financial support, including state aid, and local content requirements.

Against this background, Europe’s MT sector is seriously suffering from the lack of a global level playing field. This puts Europe’s global leadership for complex shipbuilding and advanced maritime equipment at risk. Moreover, both complex shipbuilding and advanced maritime equipment are now directly challenged by the “Made in China 2025” strategy, in which China has announced its determination to become a global market leader by 2025 in both areas.

Hence, to be able to remain competitive and to allow the sector to meet its societal challenges (e.g. climate change, digitalisation or shipyard 4.0) and untap the promising potential of new Blue Growth activities, industriAll and SEA Europe call upon EU policy-makers to adopt a dedicated industrial strategy for the MT sector in Europe to protect regions, companies and workers dependent on the prosperity of the sector. Without such a strategy, the MT sector in Europe is clearly at risk, as recognised in a recent study carried out by BALance on behalf of DG GROW<sup>5</sup>.

### **3. The MT sector: A key player to achieve the goals of Europe2020 Strategy for Smart, Sustainable and Inclusive Growth**

The MT industry in Europe is a key player for achieving the goals of Europe2020 Strategy of Smart, Sustainable and Inclusive Growth:

#### **a. SMART**

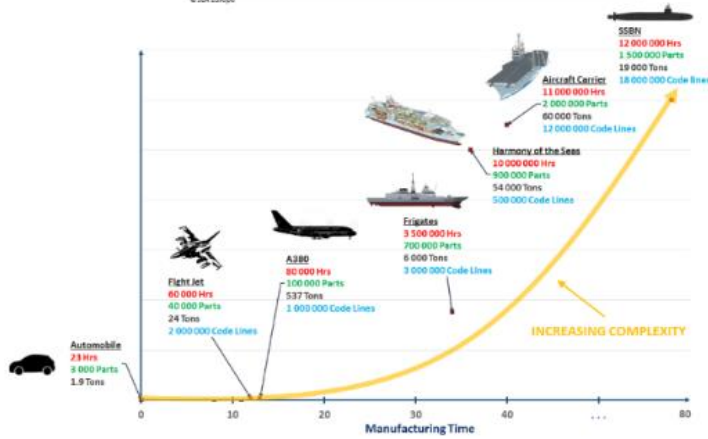
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<sup>3</sup> The European MT industry encompasses all the enterprises involved in the design, construction, maintenance and repair of all types of ships and other maritime structures, including the complete supply chain of systems, equipment and services as well as research and educational institutions. The industry is at the core of the blue economy, providing the technologies and knowhow to develop a sustainable and safe maritime activities.

<sup>4</sup> The LeaderSHIP 2020 Strategy was adopted in 2013 by the social partners of the Maritime Technology sector as well as by DG GROW.

<sup>5</sup> Study on new trends in globalisation in shipbuilding and marine supplies. <https://publications.europa.eu/en/publication-detail/-/publication/bc5fa041-bac0-11e7-a7f8-01aa75ed71a1/language-en>

**MARITIME INDUSTRIES : HIGHLY COMPLEX VESSELS**



The MT industry is a pioneer in building complex ship types and in producing the most advanced technologies (see graph). Continuous investments in Research, Development and Innovation from the MT sector are amongst the highest in Europe, notably 9% of the sector’s turnover. The sector also heavily invests in a highly skilled workforce: 80% of the sector’s employees have a technical university or a vocational education and training (VET) background and white-collar workers, doing administrative, management,

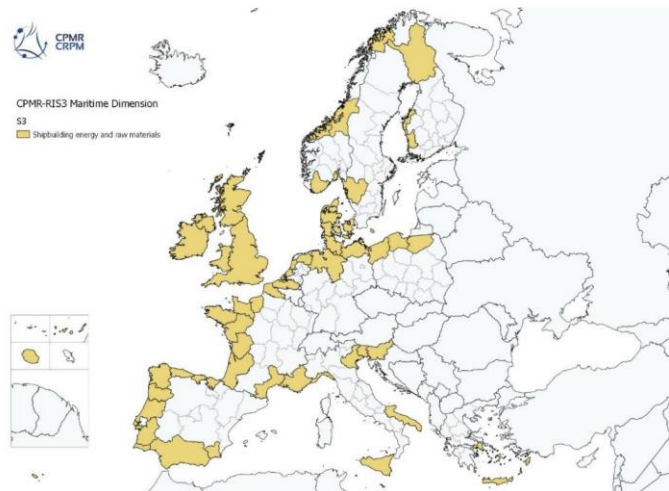
financing or other tasks, account for approximately 15% of the total staff. The MT industry is, furthermore, working to maximise the potential of digital technologies for its products and production processes and thereby contributes to Europe’s smart growth and knowledge-based economy. Finally, the ships built in Europe and the equipment produced in Europe contribute to making shipping and logistical operations smarter by enabling a better connection between the ships themselves (smart shipping) and between ships and shore-based activities (smart ports, smart infrastructure and smart logistics).

**b. SUSTAINABLE:**

European companies develop the most efficient and advanced technologies in the market to reduce pollution from ships, to limit ships’ accidents, and to reduce the environmental impact of shipping (decarbonisation of shipping). The MT sector is also key in exploiting the promising potential of Blue Growth/Blue Economy activities in a sustainable manner, for example through the production, transmission and storage of offshore renewable energies (offshore wind, ocean energies, etc.). In doing so, the MT industry in Europe is not only key in fulfilling Europe’s environmental agenda, its technologies and structures are also key for developing Europe’s Energy Union and putting Europe’s Blue Growth/Blue Economy agenda into practice.

**c. INCLUSIVE:**

**80% of the maritime regions** consider “maritime” as a key priority under their Smart Specialisation Strategy (S3), which guides investments related to regional policy. The majority of these regions identify “**marine renewable energies, shipbuilding, advanced materials and manufacturing processes**” as a key priority.



The MT sector **contributes to the EU’s cohesion policy**, provides sustainable and safe vessels and technologies for the movement of people and goods to and from the peripheral maritime regions.

The MT sector also **contributes to unlock the full potential of the Single Market** and enables people, services, and goods to move more freely. The sector also offers opportunities for European businesses and greater choice and lower prices for consumers. Shipping counts for 40% of intra-EU trade and are essential in Europe's mobility policy to take cargo off the road and to connect (remote) regions.

The MT sector is thus key for the **economic growth, employment and welfare of European regions**.

#### **4. A key sector for Europe's Defence.**

Europe's naval shipyards and naval equipment manufacturers contribute to the European Common Security and Defence Policy (CSDP) and enable Europe to develop state of the art industrial and technical capabilities and competences that guarantee Europe's safety and security. They also enable Europe to take a leading role in (international) peace-keeping operations, conflict prevention and, ultimately, in strengthening international security. Naval ships and naval equipment are also important for European coastguard operations.

#### **5. A balanced and progressive trade policy to harness globalisation**

Trade is essential for growth, jobs and competitiveness. European shipping plays a crucial role in worldwide trade with 90% of global trade, 80% of Europe's external trade and 40% of Europe's internal trade being carried by ships. Moreover, 40% of the world fleet is operated by European shipowners.

With the building of new ships, repair, conversion and maintenance of existing ships, and the production of maritime equipment, systems and material, European shipyards and maritime equipment manufacturers play a vital role in shipping (and thus also in logistical operations) as well as in blue growth activities. However, both areas are directly challenged by the lack of global level playing field. This includes massive financial support in Asia to local shipyards and maritime equipment companies and an overall increase in protectionism in third countries. In addition, Europe's world leadership in complex shipbuilding and advanced maritime equipment is directly challenged by China, which wants to become a world leader in both areas by 2025. Finally, both shipbuilding and maritime equipment receive special attention from many governments, particularly in Asia, who consider maritime technology as a strategic sector. In doing so, these countries provide additional political and financial support to shipbuilding and maritime equipment and reinforce protectionism to strengthen their sector locally and to boost it internationally.

In a recent study carried out on behalf of DG GROW, it is stated that "the European shipbuilding market for special high-tech and high value ships, predominantly cruise ships, will come under more and more pressure over time. In the absence of an imminent improvement of the market situation for the major commodity ship-types, the market sectors for special high-tech and high value ships will face more competition. China is preparing to enter this market sector as a political objective and is keen to build-up critical capacities to serve a wider range of marine supply needs. This is not only a threat to their Asian competitors, but even more so to the European shipyards and marine suppliers. ***With this mid-term prognosis, the maritime technology industry in Europe cannot feel safe or be complacent and needs to take action now. The next 10 years are likely to determine whether the European shipbuilding and marine supply chain industry can survive and grow or will decline and fail***".

Another report entitled *“How China’s Rise Affects Europe’s Growth and Why Europe Must Rebalance the Partnership”*<sup>6</sup> described the specific strategies that China is implementing to become world leader in Europe’s markets of specialised high-tech products and vessels. This report underlines the **need for Europe to safeguard its maritime technology industry as a strategic sector and concludes that international, legally binding rules are necessary to address all market distorting factors in the MT sector.**

## 6. Conclusions

For the reasons explained above, industriAll Europe and SEA Europe – as the Social Partners in the Maritime Technology sector in Europe – urgently call upon EU policy-makers to:

1. **Recognise the Maritime Technology sector as a “Strategic Sector” for Europe.**
2. **Launch a process to adopt a new Industrial Strategy**, adapted to the industry’s needs and challenges. This strategy should stimulate creative and innovative leadership and entrepreneurship, ensure that the sector has the appropriately educated and skilled workforce, can compete globally (e.g. by adopting a trade policy based on reciprocity, by incentivising innovative investment or by protecting innovative leadership through a strong IPR protection policy offering legal certainty).
3. **To put in place a more comprehensive maritime industries’ policy**, including cross-over policies, to effectively use the available EU programmes to address the current industrial challenges and opportunities, such as digitalisation, green and sustainable shipping and developing the Blue Economy.

**Adopted by the European Social Dialogue Committee for Shipbuilding.**

**Brussels, 8<sup>th</sup> October 2018**

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Secretary General of SEA Europe**

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<sup>6</sup> Academic Paper by Prof. Jonathan Holslag, a postdoctoral fellow of the Research Foundation Flanders, teaches international politics at the Free University of Brussels (VUB) and advisor to policy makers and other stakeholders.