



An Open Letter to Greenpeace Netherlands

TTIP, Shipbuilding and Environment

Brussels, 9 May 2016

Dear Madam,
Dear Sir,

SEA Europe – the Ships and Maritime Equipment Association – is the voice of the European maritime technology industry in the European Union. The association represents close to 100% of the European shipbuilding industry in 18 nations, an industry which generates more than €91 billion turnover annually and offers employment in high profile jobs for more than 500 000 Europeans.

Your public release about the secret documents of the EU-US TTIP negotiations has attracted our attention amongst others because we share some of your concerns such as that trade negotiations are not always taking all interests into consideration. We fully agree with you that environmental protection should not be seen as barrier to trade.

Particularly, we would like to draw your attention to the fact, that the TTIP should not only be considered as a potential threat but much more as a unique opportunity to improved standards, reduce emissions and harvest existing potential for a substantially better industrial performance related to environment protection. Maritime transport is such a case where such improvements would require ground-breaking legislative changes, which would remain unrealistic unless an epochal treaty such as TTIP can be achieved.

SEA Europe has been actively following the TTIP process. In this regard, the challenge that our sector is facing are those restrictive US legislations which practically prevent European built vessels and many major European built marine equipment and systems from accessing the US domestic market.

A well-known example of such a trade barrier is the US Jones Act. Under this Act, which dates from the 1920s, all commercial vessels transporting cargo between ports and points located in the United States and on the outer continental shelf need to fly a US flag, be owned and manned by US citizens and to be built in US shipyards.

Due to such restrictions in particular the US built requirement, today, US commercial shipbuilding has almost disappeared as a direct result of lack of competition. Domestic cargo transport is mainly done over land, primarily by trucks, which results in highly congested US roads with an adverse effect for the environment.

In addition, due to high building costs and lack of commercial newbuilding capacity and skills in the US, US ship operators have an economic incentive to continue operating old vessels instead of replacing them with newer, safer and more environmentally friendly ships. The average age of a US container ship is 31 years, compared to an average age of 10.8 years at the world level. Moreover, containerships operating in the world market are typically taken out-of-service and scrapped at the age of 22 to 25 years. It goes without saying that older ships are less efficient, produce more emissions, and do not have the same safety levels as younger vessels.

Furthermore, due to the high domestic shipping costs that are caused by the Jones Act, many businesses in the US have to import goods from foreign countries whereas there are abundant local supplies of the same goods. For example, the price for moving crude oil from the US Gulf Coast to the US Northeast on Jones Act tankers is \$5 to \$6 per barrel, while moving it to eastern Canada on foreign tankers is only \$2 per barrel. This has caused unnecessary longer shipment and transportation (thus higher energy consumption and emission) which consequently also have a negative impact on environment.

The US Jones Act has also a negative impact on setting up green energy projects in the US. Take offshore wind energy projects for example. The U.S. is currently unable to construct any offshore wind farms mainly because it lacks offshore wind farm support vessels. The number of American offshore wind farms is currently 0 compared to 73 (total of 3230 turbines) in the European Union as of 2015. Dropping the US built requirement would enable the European industry to assist the US in building offshore wind farms and thus help them meet their environmental obligations.

A consequence of the rigid US policy, such as the US Jones Act, is that under environmental disaster situations like the Deepwater Horizon oil spill disaster in 2010, European specialised vessels which could have helped with the cleaning-up efforts were not allowed to enter the US water, resulting in an even bigger environmental catastrophe. Understandably, this case has caused much controversy regarding the negative impact of the US Jones Act on emergency response and environment.

Unfortunately, Jones Act defenders have managed to ring-fence this piece of legislation by myths and false reasoning. Several attempts in international negotiations, be it at NAFTA or WTO level, have failed and observers have concluded: "U.S. negotiators insisted on retaining one such item that was for them the most sacrosanct of the sacred cows, the Jones Act." (Craig VanGrasstek, *The History and Future of the World Trade Organization* (Geneva, 2013, p. 66)).

SEA Europe believes that European advanced marine technology and its modern and sustainable vessels and marine equipment can certainly contribute to enhanced global safety and environment, including in the US. We therefore call upon both the US and the EU trade negotiators to take this aspect into account during TTIP negotiations and remove those related trade barriers. Free movement of maritime technology / products and an open US market will lead to development of new sustainable maritime activities and more employment, both in Europe and the US.



Environmental protection should not be seen as a barrier to trade. Promoting free trade of environment friendly products certainly helps balance both goals and achieve a more sustainable global trade system. A balanced TTIP agreement that reflects the needs and expectations of both sides, including environmental terms, will undoubtedly create mutual advantages.

Sincerely yours,

Christophe Tytgat

Secretary General
SEA Europe