

EUROPEAN SHIPYARDS AND MARITIME EQUIPMENT INDUSTRY NEED TO COOPERATE CLOSELY WITH EU DECISION-MAKERS ON TRADE POLICY

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On 20 September 2016, SEA Europe hosted a highly - attended informal trade meeting with the European Commission and 19 Member States to discuss trade obstacles and competitive distortions for the European shipbuilding and maritime equipment sector.

The maritime industry with its complex supply chain in shipbuilding as well as offshore production is of great economic and strategic importance all around the world. Hundred thousands of high-profile jobs and hundred of billions in value added greatly contribute to the prosperity of nations. At the same time, a distinct lack of effective trade rules applicable in the shipbuilding sector has made the industry most vulnerable to extremely strong government interventions and market distortions in many parts of the world. Europe has abandoned shipbuilding subsidies already in the last century and has no protectionist measures of any kind in place. It has paid a high price by substantial loss of market share and employment. However, by way of specialisation and focus on innovation, the European maritime industry has succeeded to champion healthy market segments such as passenger ships and other specialised non-cargo carrying vessels.

“The current collapse of most market segments in standard ship types heats up global competition. Many governments around the world react with massive state support, bail-outs and protectionist measures such as growing local content requirements. This constitutes serious threats to the successful and competitive European maritime enterprises. Policy-makers in Europe must be highly alert and watchful to safeguard European interests in a level playing field” said Reinhard Lüken, Managing Director of SEA Europe’s German member VSM and Chairman of SEA Europe’s Market Monitoring and Trade Committee.

SEA Europe’s Secretary General Christophe Tytgat added: *“The European shipbuilding and maritime equipment industry produces a turnover of € 91 billion and creates more than 900,000 jobs directly and indirectly. Two-third of the turnover is generated by the European maritime equipment industry. One-third comes from shipbuilding, repair, maintenance and conversion activities in Europe.*

We are very strong in high-tech niche-markets, in the naval industry and with high-tech equipment. However, Europe must not be complacent. European shipyards and maritime equipment enterprises continue to face serious trade obstacles in Asia or protectionism in the USA, Brazil and elsewhere, creating serious distortion of competition for the European industry. This situation needs to be addressed and European companies should have a level playing field versus their global competitors. Hence, we call upon European decision-makers to support our industry in overcoming unjustified trade obstacles and unfair competition, to the benefit of European business and the European economy”, Mr. Tytgat added.

The European Commission acknowledges the existence of market access issues and market distortions for the sector and pointed at a series of tools that can be used to overcome these problems, such as Free Trade Agreements. *“Only in working closely together, Member States, the European Commission and the European industry will be able to make the case.”*, a Commission official stressed.

Concrete cases of market access problems or competitive distortions include massive state support to the shipbuilding industry in South Korea, no-transparency and discrimination to foreign investors in China, Jones Act and other regulatory restrictions in the US, and local content requirement in Brazil. These obstacles hamper both European shipyards and maritime equipment manufacturers.

“We acknowledge that a good partnership between the industry, the European Commission and the Member States to tackle our problems is key to real achievements. Today’s meeting is the start of this exercise and we should certainly continue and maintain this type of meetings.” concluded Christophe Tytgat.

Background Note:

SEA Europe brings together CESA and EMEC and represents an industry which generates more than €91 billion turnover annually and offers employment in high profile jobs for more than 500 000 Europeans. The association represents close to 100% of the European shipbuilding industry in 18 nations, encompassing the production, maintenance, repair and conversion of all types of ships and floating structures, commercial as well as naval including the full supply chain with the various producers of maritime systems, equipment material, and services.

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