



EUROPEAN COMMISSION PROPOSAL FOR THE RENEWAL OF THE “CONNECTING EUROPE FACILITY” (CEF) FUNDING PROGRAMME (2021-27)

SEA EUROPE POSITION PAPER

Brussels, 02 October 2018

The position paper of SEA Europe includes the following priorities: increased share of the budget for the Waterborne sector which is essential regarding the decarbonisation and digitalisation investments to be made. Furthermore, CEF co-funded projects should have a clear European added value and the proposed inclusion of the civilian-military dual-use transport network should not be limited to road transport only. Finally, research and deployment activities for the entire waterborne sector should be supported by the CEF Programme(s) as well.

1. INTRODUCTION

SEA Europe – the European Shipyards and Maritime Technology Association – welcomes the Commission proposal¹ to extend the Connecting Europe Facility (CEF) programme beyond 2020. SEA Europe supports notably the stated goal of the new proposed programme to accelerate investment in the field of transport, energy and digitalisation and to leverage funding from both public and private sectors. The present note outlines SEA Europe’s general position on the proposed CEF renewal and contains recommendations for the Council and European Parliament in view of the ongoing discussions at EU level.

2. GENERAL POSITION

The European maritime technology industry (which encompasses shipyards, ship design companies, marine equipment manufacturers and maritime industry services providers) has a key role to **ensure a smart, interconnected, sustainable, inclusive, safe and secure mobility in Europe**, i.e. one of the overarching objectives of CEF. European shipyards build, maintain, repair or convert very sophisticated ships, whilst European marine equipment manufacturers and suppliers produce and export advanced and innovative technologies, systems and equipment.

The maritime manufacturing industry is typically characterised by large-scale projects, not only in terms of size but also at the level of financing needed for investment. To reach both global and European Union climate and energy targets and long-term decarbonisation objectives, current maritime technologies will have to undergo major modifications and new innovative solutions will have to be developed and deployed soonest. In addition, the digitalisation of the logistics chain and the further development of interconnected mobility require significant efforts from the waterborne

¹[Proposal for a regulation of the European Parliament and of the Council establishing the Connecting Europe Facility and repealing Regulations \(EU\) No 1316/2013 and \(EU\) No 283/2014 \(COM\(2018\)0438 – C8-0255/2018 – 2018/0228\(COD\)\)](#)

industry at the same time. **Hence, significant investment in research, development and innovation as well as in the deployment and uptake of new technologies and solutions will be needed.**

Long-term, ambitious funding for the waterborne sector provided under CEF can thus play a crucial role to achieve such goals with long lasting positive benefits for Europe's transport system, competitiveness, economy and society. Moreover, this approach will also be instrumental to **safeguard the current global leading position of the European maritime technology sector in developing and producing high tech environmental-friendly vessels as well as climate friendly marine equipment and innovative technologies.**

3. SEA EUROPE COMMENTS AND RECOMMENDATIONS

In view of the ongoing negotiations at EU level, SEA Europe highlights the following **priorities** for the European Maritime technology sector and Waterborne industry with regard to the new CEF programme:

- SEA Europe calls for an **increase in the budget allocated for the Transport component** of the future CEF, as proposed by the European Parliament's Rapporteurs².
- **An increased share of the CEF budget should be made available in particular for the waterborne sector**, reflecting its essential role in the European Transport network. In addition, more emphasis should be put on the **decarbonisation and digitalisation investments to be made**, especially in the light of the recent decision of the International Maritime Organisation to decarbonize shipping in line with Paris Agreement objectives and the further development of interconnected mobility.
- **Funding of "Motorways-of-the-Sea" related actions should continue to remain a priority.** The expansion of Emission Control Areas (ECAs) and tightening regulations in existing ones will be a game changer, triggering the need for fleet renewal or optimisation and increasing investments in emission abatement technologies and eco-efficient marine equipment, with the European maritime technology sector being a global leader in the development, production and deployment of such technologies and equipment.
- In order for CEF to remain an efficient funding and financing tool, it is important to ensure that **only projects which provide European added value**, which are economically viable on the basis of a socio-economic cost-benefit analysis, and which contribute to the objectives of the TEN-T regulation, are eligible for funding. In SEA Europe's view, the notion of "*European added value*" in relation to a project applying for funding should be construed as to encompass a return of the co-funded investment in Europe. **European financing instrument and policies should indeed support home-grown maritime (technology) development, thus creating added value and driving growth and job creation in Europe.** Hence, financing provided with European taxpayers' money to stimulate the uptake of technologies by shipowners should – to the greatest extent possible – benefit the European maritime technology industry (instead of oversea competitors in Asia who already benefit from massive state aid and other access to finance, with prices below normal market conditions). Regretfully, in connection to CEF Co-funding there have been instances in past years where co-funding had been provided to short-sea newbuilding projects carried out at

² [DRAFT REPORT on the proposal for a regulation of the European Parliament and of the Council establishing the Connecting Europe Facility and repealing Regulations \(EU\) No 1316/2013 and \(EU\) No 283/2014](#)

Chinese shipyards or LNG bunker vessels being constructed in South Korea. Generally, SEA Europe would prefer that projects financed out of the CEF should have a minimum European content of 40%, as it has been the case in foreign (mainly Asian) shipbuilding nations and, regrettably, increasingly so in recent years, to the detriment of European shipyards as well as – more and more – of European maritime equipment manufacturers.

- SEA Europe welcomes the possibility under the proposed, renewed CEF to deploy technologies developed through the EU R&I Programmes. **SEA Europe would nevertheless prefer that research and deployment activities for the entire waterborne sector can be supported by the CEF Programme(s) as well**, taking into account the major challenges ahead in terms of decarbonization of the shipping industry and logistical chain and the upcoming digitalization and automation of ship and logistical operations.
- It is essential to **further simplify the rules of the programme and facilitate the participation of the European maritime technology sector (so far very limited) in CEF cofunded projects**. It is equally important to **clarify the coherence and complementarity with other EU programmes that support investments in the waterborne, transport, energy and digital sectors** including in particular the Horizon Europe, InvestEU Fund, the Digital Europe Programme and the European Structural and Investment Funds, in particular the European Fund for Regional Development.
- Finally, the proposed CEF Transport budget of EUR 30.6 billion includes for the first time a special allocation of EUR 6.5 billion from the security and defence budget for the support of Military Mobility. **The proposed inclusion of the civilian-military dual-use transport network is an added-value provided that this is not limited however to road transport only**. Indeed, also the maritime (navy) sector produces a lot of civilian-military dual-use technologies and these should also be covered by the CEF Transport budget.

4. CONCLUSIONS

SEA Europe overall welcomes the new proposal and trusts that the aforementioned considerations are taken into account in the forthcoming discussions in order to optimise this important funding tool while also ensuring a better return of co-funded investments in Europe for the waterborne sector.

About SEA Europe:

SEA Europe, the European Ships and Maritime Equipment Association, is the voice of the European maritime technology industry. SEA Europe promotes and supports European business enterprises which are involved in the building, construction, maintenance and repair of all types of ships and other relevant maritime structures, including the complete supply chain of systems, equipment and services. The EU 28 maritime technology industry is currently the leading global region in terms of aggregated production value of shipbuilding and ship systems production (EUR 112.5 Billion), and an important generator of employment (900.000 direct and indirect jobs).

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