SEA Europe
Shipyards' & Maritime Equipment Association

GREEN DEAL INDUSTRIAL PLAN

REASONS TO INCLUDE THE MARITIME TECHNOLOGY INDUSTRY IN THIS PLAN

1. Introduction

On 1.2.2023, the European Commission issued the Communication "*A Green Deal Industrial Plan for the Net-Zero Age*", announcing several initiatives to support EU industries that are key for the European Green Deal. Shipyards and maritime equipment manufacturers – known as "*maritime technology industry*" – are not explicitly mentioned in this Communication but should become an integral part of the announced initiatives.

2. Justification for this inclusion

- **Emission reduction:** The maritime sector is a significant contributor to global and Europe's GHG emissions and is, for this reason, covered in the Fit-for-55 legislative package.
- **Decarbonization**: Alternative fuels and clean technologies are key to decarbonize the maritime sector and to reduce Europe's dependence on fossil fuels. For these reasons, the sector is covered in the FuelEU Maritime legislation and is part of the Renewable and Low Carbon Fuels Value Chain Industrial Alliance.
- **Energy efficiency**: Energy-efficient technologies are key to reduce the energy consumption of ships, inland barges, and manufacturers and to lower their emissions.
- **Energy transition**: To reduce its fossil fuel dependence and to decarbonize, the EU needs alternative fuels, such as hydrogen. As the EU will be lacking enough itself, it will need to import hydrogen from abroad. This will require the building of a new vessel type: hydrogen-carriers.
- **Smart technologies**: Smart technologies monitoring energy-efficiency and reducing emissions will contribute to a zero-emission maritime sector.
- **The US Inflation Reduction Act**: This act offers direct aid to the maritime industry, including shipbuilding, and offshore sector, notably $6 billion to produce green vehicles (including vessels and offshore platforms); $100 million direct aid and $40 billion tax credits for offshore energy; $0.6 billion to produce biofuels for the maritime sector; and $5.7 billion for green port infrastructure.

European shipyards are instrumental to build *zero-emission vessels* (including hydrogen-carriers) and *offshore platforms* (e.g., for offshore renewable energy), to *retrofit existing ships* into climate-neutral ships and to *integrate zero-emission and clean technologies onboard ships.* **European maritime equipment manufacturers** will be strategic to produce *zero-emission, clean and smart technologies* for a zero-emission maritime industry and maritime sector. **Hence, the maritime technology industry fully meets the goals of the Commission's Communication on A Green Deal Industrial Plan and should thus be included in all announced initiatives, including the Net-Zero Industry Act and Critical Raw Materials Act.**

3. Specific proposals based on the plans' four pillars

3.1. Pillar 1 – A predictable and simplified regulatory environment:

- **Leading the green transition:** A ***fleet renewal program as well as a fleet retrofit program*** should be set up, preferably at EU level (instead of individual Member States) and targeting entire strategic fleets (instead of the current project-based approach), to accelerate the transition towards zero-emission fleets.

- **Leading the digital transition*:*** Like for zero-emission waterborne transport, a ***co-Programmed Partnership (cPP) for digital shipping and ship production*** should be adopted to allow the maritime technology industry to accelerate R&D investments in innovative digital solutions for waterborne transport and ship production processes.

- **Qualify specific markets as critical infrastructure:** Like the US, strategic markets for Europe's strategic autonomy, trade, energy independence, and Blue Economy should be qualified as "*critical infrastructure*" **and be reserved to EU interests** only, by imposing EU-built and EU-added value requirements. These markets are ***cabotage; shortsea shipping; passenger transport; fishing; aquaculture; offshore renewable energy; alternative fuel carriers; public procurement markets; and defence*.**

- **Develop a truly naval defence industrial capability:** Europe's maritime technology industry should be politically and financially supported to develop the navy fleets of the future, equipped with innovative and technologically advanced systems, able to defend Europe, protect its maritime borders and safeguard its strategic autonomy.

3.2. Pillar 2 – Faster access to sufficient funding:

- **Ease finance for sustainable and smart ship production processes:** With the twin green/digital transition, Asia's competitive distortions and the US Inflation Reduction Act, the EU should ***ease access to finance and grant public funding*** to Europe's maritime technology industry to catch up investments in innovative, sustainable, and smart ship production processes, as they have been lacking since the 2008 financial crisis due to a serious decrease in orders for ships and offshore platforms and due to European banks being risk-averse and having left the ship financing market to Asia, in particular China. In addition, the European Commission and EU Financing Institutes (e.g., European Investment Bank) should ***promote investments in zero-emission and smart maritime projects fostering EU added value*** (economic growth, jobs, and regional industrial growth) ***and positive spill-over effects throughout the entire maritime value chain***. Finally, ***taxonomy criteria should boost green and smart maritime investments*** instead of hampering them.

3.3. Pillar 3 – Skills:

- **A Pact for Skills with sufficient financial resources and political support:** To cope with the twin green/digital transition, the "Pact for Skills" for the maritime technology industry should be accompanied with sufficient financial resources and political support so that the industry can upskill and reskill at least 5% of their workforce each year over the next 5 years (up to a total of 125.000 workers) and attract a further 300.000 workers in the next 10 years.

3.4. Pillar 4 – Open trade for resilient supply chains:

- **Boost global competitiveness and preserve technological leadership in maritime technology:** As ships are not imported in the EU's customs territory, ***shipyards – contrary to other goods' manufacturers – cannot benefit from WTO or EU trade defence tools*** (such as anti-dumping measures). Since 1988, shipyards are waiting in vain for international and/or EU solutions against Asia's unfair competition and trade distortions. Meanwhile, maritime equipment manufacturers are suffering too, both in the EU (public procurement) and abroad (local content requirements, IP violations).

The European Commission should therefore ***apply the Foreign Subsidy Regulation as a matter of priority to the maritime technology industry as well as take additional actions*****,** notably (a) revise Regulation 2016/1035 on injurious pricing of vessels; (b) apply the Carbon Border Adjustment Mechanism to shipyards; (c) enforce environmental and other EU standards upon foreign competitors in the waterborne sector; (d) stop subsidizing Asian shipbuilding; and make European shipyards attractive again for EU shipowners.

4. CONCLUSION

SEA Europe calls for an inclusion of the maritime technology industry in all upcoming initiatives of the Green Deal Industrial Plan, including the Net-Zero Industry Act and Critical Raw Materials Act.

At stake is Europe's industrial capabilities to produce ships, platforms and technologies for Europe's defence, maritime strategic autonomy, energy transition, Blue Economy, and European Green Deal goals. At stake is also Europe's global competitiveness and technological leadership in high-end shipbuilding and in advanced maritime equipment manufacturing – both directly targeted by China – and the industry's contribution to the EU's economy and job creation in maritime regions.

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