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STATE AID FRAMEWORK ACCOMPANYING THE CLEAN INDUSTRIAL DEAL

CONTRIBUTION TO THE PUBLIC CONSULTATION

The Shipyards & Maritime Equipment Association of Europe (SEA Europe) represents the European maritime manufacturing industry in 17 countries, encompassing the production, maintenance, repair, retrofit and conversion of all types of ships and floating structures – commercial as well as military – including the full supply chain with the various producers of maritime systems, equipment material, and services.

SEA Europe is eager to contribute to this public consultation on the new State aid Framework accompanying the Clean Industrial Deal, aligning with our recommendations for the forthcoming industrial maritime strategy to strengthen the competitiveness, sustainability, and resilience of Europe’s maritime manufacturing sector.

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SEA Europe is deeply concerned by the narrow scope of the proposed State Aid Framework regarding the enhancement of manufacturing capacity for clean technologies (Section 6). While the Clean Industrial Deal acknowledges the need for investments to secure sufficient manufacturing capacity for clean tech, paragraph 122 of the proposed framework limits support to a small number of technologies—batteries, solar panels, wind turbines, heat pumps, electrolysers, and equipment for carbon capture, usage, and storage (CCUS).

This limitation effectively excludes a wide range of technologies that are critical to the transition to a net-zero economy. It undermines the efforts of shipyards and equipment manufacturers to reduce emissions on board all types of vessels through innovative technologies. These technologies enable the adoption of clean fuels and propulsion systems, and enhance energy saving and energy efficiency.

Moreover, the limitation of the scope to a small number of technologies contradicts the technology neutrality principle typically promoted by the European Union.

SEA Europe believes that any investment project aimed at increasing manufacturing capacity for equipment, components, and critical raw materials essential to the transition towards a net-zero economy should fall within the scope of Section 6.

The term "transition" in paragraph 122 is crucial. Transitioning to a net-zero economy is a gradual process that will require a broad spectrum of technologies and corresponding manufacturing capacity. Therefore, funding rules should prioritize the overarching objective—achieving a net-zero economy—rather than the specific technologies used to reach that goal.

To address this, SEA Europe proposes the following revision of paragraph 122:

(122) Provided that the conditions in section 3 and in this section are met, the Commission will consider compatible with the internal market on the basis of Article 107(3), point (c), of the Treaty, aid granted to incentivise investment projects that create additional manufacturing capacity for:

(a) the production, maintenance, repair, conversion, or retrofit, including with secondary raw materials, of relevant equipment and assets for the transition towards a net-zero economy~~, namely [batteries, solar panels, wind turbines, heat-pumps, electrolysers, and equipment for carbon capture usage and storage (CCUS)] [see also the corresponding question in the survey on other possible technologies listed in the Net Zero Industry Act~~; and/or

(b) the production, including with secondary raw materials, of key components designed and primarily used as direct input for the production of the equipment defined under point (a); and/or

(c) the production of new or recovered related critical raw materials necessary for the production of the equipment or key components defined under points (a) and (b).

This reformulation would allow support for a comprehensive range of decarbonization solutions delivered by the maritime manufacturing industry, including:

- The construction of new low-emission ships.
- The maintenance, repair, conversion, or retrofitting of existing ships to improve their environmental performance and efficiency.
- The installation of equipment and propulsion systems to reduce CO2 and other pollutant emissions from ships.

If the European Commission insists on maintaining an exhaustive list of eligible technologies—an approach SEA Europe does not support—we propose adding the following point to paragraph 122:

"Vessels, platforms, systems, equipment, and technologies that contribute to:
(a) Achieving the objectives of the FuelEU Maritime Regulation and of the EU ETS Directive, or
(b) Supporting offshore renewable energy through deployment, operation, or maintenance of maritime and underwater assets."