

## MARITIME TECHNOLOGY: A STRATEGIC AND ECONOMIC IMPORTANT SECTOR FOR EUROPE

### SEA Europe calls for a dedicated sectoral strategy for the maritime technology sector (A LeaderSHIP 2030 Strategy)

#### 1. The maritime technology sector in Europe

The maritime technology sector in Europe currently counts some 300 shipyards and more than 22,000 maritime equipment manufacturers and suppliers. Together they generate an **annual production value of € 112.5 billion** and create **more than 900,000 – mostly high-skilled – jobs**.

Europe's shipyards are **global leaders in the building of complex ship types and platforms**, used for civil and/or naval purposes. Europe's shipyards are also active in the repair, conversion and maintenance of any types of vessels and platforms.

Europe's maritime equipment industry is a **global leader in the production of advanced maritime equipment, systems or technologies**, used for civil and/or naval purposes. Nearly 50% of the world's maritime equipment is produced by European maritime equipment manufacturers.

#### 2. Why is the maritime technology sector key for Europe?

Europe's shipyards and maritime equipment manufacturers and suppliers are **key for Europe because:**

- They create **economic growth and jobs** in the maritime sector as well as for the Blue economy.
- They help in **achieving the goals of Europe2020 Strategy of Smart, Sustainable and Inclusive Growth**.
- They invest nearly 9% of their annual turnover in research, development and innovation (RDI) and are thereby **amongst the highest investors in RDI in Europe**.
- They are key for **Europe's defence and security** and contribute to the European Common Security and Defence Policy (CSDP). Navy ships built and naval equipment produced in Europe also help Europe to take a leading role in **international peace-keeping operations and conflict prevention**. They also help in **protecting Europe's coasts** through coastguard operations.
- Vessels built in Europe and maritime equipment produced in Europe **help the shipping industry to trade worldwide and to carry goods and passengers between EU Member States (intra-EU trade) or with neighbouring countries (short sea shipping)**.
- Vessels built in Europe and maritime equipment produced in Europe **help Europe's with its mobility agenda, i.e. shift cargo from EU road and connect Europe's (remote) maritime regions**,
- Vessels built in Europe and maritime equipment produced in Europe **help Europe in implementing its Blue Economy agenda**.

#### 3. A maritime technology sector in Europe at risk

Contrary to their competitors, European shipyards and maritime equipment industry have far too long not been considered as strategic for Europe. Consequently, Europe failed to put in place a dedicated sectoral strategy with concrete measures and policies tailored to the needs and opportunities of its maritime technology sector. In states like South Korea and China for instance, local shipyards still receive massive financial support, including state aid, and local manufacturers benefit from protectionist measures. Moreover, companies in these countries often apply different and cheaper (social) standards, providing them with an additional competitive advantage.

For many years, the maritime technology sector in Europe has suffered from the negative consequences of distortive competitive practices or other trade protectionist measures. In less than 15

years' time, European shipyards lost their global leadership in the building of tankers, bulkers, containerships, gas carriers and offshore vessels and platforms to primarily Asian shipyards. However, due to their creativity and innovation, European shipyards have maintained a global leadership position in the building of complex ship types and platform, such as cruise ships or ferries. However, this leadership position is now also at stake with Europe's competitors applying more and more trade protectionist measures (e.g. more local content requirements) or benefiting from specific financial and other support from the government (e.g. "Made in China 2025"). Whilst Europe's maritime equipment manufacturers have been able to continue to do business inside and outside the EU for many years, today there are also facing the adverse impact from an overcapacity in merchant ships and from growing trade protectionism.

Whilst Europe's global leadership position in complex shipbuilding and in advanced maritime equipment is at risk, the European maritime (technology) industry is facing significant societal challenges from decarbonization, digitalisation, automation, and autonomy. Some of these challenges may even be disruptive. At the same time, they also offer great opportunities to Europe's maritime (technology) sector: with the necessary investments in research, development and innovation, for instance, Europe's shipyards and maritime equipment manufacturers can contribute to making shipping in Europe as well as worldwide greener, safer, more secure, better connected and digital, better integrated in the logistics' chain, and more automated or even autonomous. In doing so, Europe's shipyards and maritime equipment manufacturers will not only help Europe in tackling its societal challenges but can maintain – and even improve – Europe's global maritime (technology) leadership. In addition, through such investments, ships and platforms built in Europe and maritime equipment produced in Europe can also contribute in implementing Europe's Blue Economy agenda.

#### **4. Conclusion: SEA Europe calls for your political support for a dedicated sectoral strategy in support of Europe's maritime technology sector**

In the study "*New Trends in Globalisation in Shipbuilding and Marine Supplies: Consequences for European Industrial and Trade Policy*", carried out for DG GROW in October 2017, the following was stated: ***"The next 10 years are likely to determine whether the European shipbuilding and marine supply chain industry can survive and grow or will decline and fail .... The European shipbuilding market for special high-tech and high value ships, predominantly cruise ships, will come under more and more pressure over time. In the absence of an imminent improvement of the market situation for the major commodity ship-types, the market sectors for special high-tech and high value ships will face more competition. China is preparing to enter this market sector as a political objective and is keen to build-up critical capacities to serve a wider range of marine supply needs. This is not only a threat to their Asian competitors, but even more so to the European shipyards and marine suppliers. With this mid-term prognosis, the maritime technology industry in Europe cannot feel safe or be complacent and needs to take action now"***.

To ensure that European shipyards and maritime equipment manufacturers can maintain their global leadership and can help solving Europe's and worldwide societal challenges, including helping Europe to implement its Blue Economy agenda, **it is of utmost importance for Europe;**

- (1) To recognize the maritime technology sector as a strategic sector for Europe, and accordingly;**
- (2) To adopt a dedicated sectoral strategy with concrete policies and programmes in support of the sector (i.e. a LeaderSHIP 2030 Strategy)**

**SEA Europe counts on your political support to call on the European Commission to act on both points soonest** in order to keep a strategic, innovative and economic important sector in Europe, to the benefit of Europe's economy; welfare, jobs, defence and security. **SEA Europe also believes that adopting dedicated Council Conclusions and a dedicated Resolution from the European Parliament would help in convincing the European Commission to act rapidly.**

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**Background note:**

SEA Europe – the Shipyards' and Maritime Equipment Association of Europe represents the interests of Europe's shipyards and maritime equipment manufacturers and suppliers, known as the "maritime technology sector". The members of SEA Europe are the member-associations from the maritime technology sector of EU Member States, Norway and Turkey.

SEA Europe represents, as an EU recognised Social Partner, the employers in the maritime technology sector at the EU's Sectoral Social Dialogue Committee for Shipbuilding and Ship Repair. SEA Europe also acts as the Secretariat of the Waterborne Technology Platform, which represents the interests of the Waterborne community in terms of research, development and innovation.

Through its sister-association CESA, SEA Europe is also active at the International Maritime Organisation (IMO) in London.