European Regions’ Initiative on Shipbuilding and Maritime Industries

- Memorandum of Understanding -

Preamble

- In our regions, the maritime industry is a key economic sector providing thousands of high-skilled jobs and opportunities for small and medium businesses. Shipbuilding, maritime engineering and manufacturing are important components of the maritime economy with numerous jobs at stake in our Regions.

- In a context of global economic crisis and increasing competition from emerging countries, European shipyards are facing drastic cuts in their order books. Due to long production lead-times, the impact of the demand collapse since 2008 on employment in this sector is felt now. However, to achieve the EU’s goals in terms of competitiveness and sustainable development, in line with the Europe 2020 strategy, it is crucial to safeguard the EU’s shipbuilding and maritime engineering expertise in the long run. Together with industrial stakeholders, the EU, national and regional authorities therefore need to find an adequate and future oriented response to the collapse in demand in order to prevent damage to European companies.

- In the face of these challenges, European maritime regions and industries have launched ambitious actions to support the innovative diversification and differentiation of their shipyards towards new innovative and rising markets: offshore wind, ocean energy, marine applications, new materials, more environmentally friendly or resource efficient ships, specialized vessels, floating structures, raw materials extraction, leisure craft, marine engineering, housing, etc.

- Fresh investment to these emerging sectors is needed to give new life to the shipbuilding industry, which is now placed at the heart of the European Union’s ambitions in the areas of research, innovation and competitiveness. Specific policies at all levels should therefore support the modernization and industrial restructuring of the industry towards these future growth opportunities.

The seas are at the heart of our future economic development. The competencies developed in the shipbuilding industry can be a basis for the development of new innovative products and services to take up the challenges of the future maritime economy. Equally, the competencies of sectors such as fashion and design, telecommunications, materials, or the aeronautics and automotive industry constitute important assets to the maritime industries. Facilitating such interlinkages along the value chain through an integrative approach for technological and non-technological innovation may enhance the European industries’ competitiveness, leading towards the development of what could be called “smart sea cities”.

In the light of this, the undersigning Regions are committed to enter a dialogue with the European Institutions, Member States and stakeholders on the following issues:

1. We believe that an ambitious **industrial policy** is needed in order to support the diversification and differentiation of the maritime industries in Europe. The future European strategic frameworks should take into account the specific challenges faced by shipbuilding and maritime industries. We welcome in this regard the on-going reflections of the European Commission on Blue Growth as well as on Green Growth in the Shipbuilding sector, and are willing to contribute to the success of these initiatives with our expertise as maritime regions. The same is true in regard to the possible renewal of the Leadership 2015 strategy, which should set the basis of an ambitious and comprehensive industrial approach. The future strategy should reflect the changed business environment due to the global competition and pursue an integrative approach across different sectoral policies.

2. Shipbuilding and maritime engineering are high technology sectors, with a high risk in research and development due to a relatively small output. European **research and innovation policies** should take into account these specific challenges and provide opportunities for companies to ensure their competitiveness through innovative diversification and differentiation. For example, a European Innovation Partnership or a Knowledge and Innovation Community on maritime issues would give a positive impulse in this respect.

3. We believe that the Integrated **Maritime Policy** currently under development, as well as Regional and macro-regional Strategies, should feature a strong economic dimension and take due account of the role of shipbuilding and maritime industries. Since all maritime activities require ships, it is important to maintain the expertise for building and repairing ships in the European maritime regions. Initiatives concerning the maritime economy concern a broad range of issues, covered by different European sectoral policies. An integrated approach, to which the IMP should contribute, will thus be required.

4. The innovative diversification of the shipbuilding industry and more generally the restructuring of the sector pose a particular challenge in terms of **training and skills**. New ship types, marine engineering and maritime applications call for important investments in human resources. European initiatives like the “Agenda for new skills and jobs” are crucial in helping to anticipate and meet these future needs.

5. An ambitious **environment policy**, especially regarding climate action and resource efficiency, can be a driving force for innovation and thus improve the market prospects for European yards. These policies can contribute to the development of new technologies that help reducing emissions and fuel consumption and make sure that European companies have a competitive advantage.

6. The goals of the reformed Common **Fisheries Policy** in terms of sustainability will call for a fleet renewal. It should thus feature the means to achieve these goals through the construction of safe, resource efficient and more selective ships. This includes appropriate funding under the European Maritime and Fisheries Fund for the period after 2013.

7. European **energy policy**, particularly on marine energies and other renewable energy sources is also a promising field for the diversification of European maritime manufacturing industries. The development of these renewable energies is fully in line with the objectives of the Europe 2020 strategy and should be accelerated by all means, including support at the European level.
8. Waterborne transport of goods is particularly sustainable and tends to increase according to forecasts. European **transport policy**, in particular regarding motorways of the sea, thus constitutes an important element for the future of ports and maritime industries in our Regions.

9. The continuous increase in maritime traffic, as well as the emergence of new industrial activities poses a significant challenge in terms of investment in port infrastructures. Dialogue between all stakeholders should allow defining the measures that can be taken at European level on port infrastructure, including through the reform of the Trans-European Transport Network (TEN-T) and the announced consultation on the framework for a future Port Policy for the European Union.

10. **Tourism and leisure craft** constitute a potential area of diversification for shipyards with a high degree of specialisation. The European policies in this area should thus also contribute to the positive development of these businesses in areas where they can have an important competitive advantage.

11. The future **Regional Policy** of the EU should give enough leeway to the Regions to choose a thematic concentration of key areas they want to develop. For instance, the ERDF should allow support to the diversification and differentiation of the shipbuilding and maritime industries through funds allocated to companies in this sector, to innovation in maritime applications, cluster-building and to the development of marine renewable energies. The ESF should also allow for the funding of education and training for the maritime professions in particular.

12. **Access to credit** and bank guarantees is a key barrier to innovative projects in the shipbuilding and maritime industries. Access of these companies to financial instruments such as the Risk Sharing Financial Facility and the Clean Transport Facility of the European Investment Bank therefore need to be facilitated as a matter of urgency. In order to address the current structural change in the sector the ongoing talks between the European Commission and the European Investment Bank have to be brought to a successful conclusion soon.

13. We believe that a specific EU Framework for **State aid** to the shipbuilding sector should be maintained in order to enable support measures to the greening of the shipbuilding industry, the development of innovative technologies, and the diversification of the sector towards future growth markets, while at the same time ensuring that small as well as some large shipyards in Europe are able to survive in a long term perspective. The future Shipbuilding framework as well as horizontal rules for regional aid should reflect the political will to preserve a competitive shipbuilding and maritime industry in Europe.

14. In the light of the sustained difficulties in reaching **international trade** agreements for the shipbuilding sector at the OECD and WTO level, the EU should take all feasible steps to support the European industry to overcome the regulatory deficit at the international level.

The undersigning Regions are committed to working together with European institutions, Member States and stakeholders to support marine industries in their diversification efforts in order to adjust to the changed business environment. Diversification and differentiation are key strategies for the long-term viability of the sector in spite of fluctuating demand, and to maintain and develop an invaluable skills base for shipbuilding and maritime industries in Europe.

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The members of the “Maritime Industries for Blue growth” initiative