

# ANNUAL REPORT 2020



# FOREWORD

After SEA Europe's internal reorganisation in 2016 - 2017, the association mainly focused in 2018 - 2019 on developing a comprehensive and holistic position and increasing the sector's visibility at international, European and national level.

In October 2019, SEA Europe published its long-awaited vision for the future of the European maritime technology sector towards 2030. This vision is laid down in SEA Europe's LeaderSHIP White Paper and describes all challenges, threats, needs and opportunities of Europe's maritime technology sector. On one hand, this document calls for a comprehensive and holistic maritime strategy. On the other hand, it urges the European Commission, the European Parliament and the Member States to support Europe's shipyards and maritime equipment manufacturers with sector-specific policies and measures, which not only recognise the strategic and economic importance of the sector for Europe but also its role as a solution provider for tackling many important societal challenges.

I am hopeful that the concrete sectoral proposals and recommendations from the LeaderSHIP White Paper will help the European Institutions in preparing and adopting policies and instruments in support of the global competitiveness and future of Europe's maritime technology sector.

**Kjersti Kleven**

*Chairwoman of SEA Europe*



# 1. SEA EUROPE IN BRIEF

## 1.1. SEA Europe's New Year Reception

On 21 January 2020, SEA Europe held its annual New Year's reception in the presence of the managing directors of SEA Europe's member associations, CEOs from member companies and some 100 representatives from various stakeholders and EU officials. In her speech, Chairwoman Kjersti Kleven highlighted the different challenges of Europe's maritime technology sector and invited EU officials to cooperate closely with SEA Europe to address these challenges.

## 1.2. SEA Europe present at Euromaritime 2020

From 4 to 6 February 2020, SEA Europe attended the bi-annual event "EUROMARITIME" in Marseille. During this year's edition, SEA Europe was part of the exhibition booth of its French member association GICAN. The event gathered some 5,000 people from the maritime technology sector in France and Europe.



## 1.3. SEA Europe attends the European Shipping Week

From 17 till 21 February 2020, SEA Europe participated in various workshops and conferences, organised by the European Community Shipowners' Associations as part of the European Shipping Week in Brussels. These events were attended by many European maritime stakeholders as well as EU officials. They offered excellent networking opportunities and enabled SEA Europe to increase the political visibility of Europe's maritime technology sector.

## 1.4. Croatian EU Presidency workshop and Informal Transport Council

On 10-11 March 2020, the Croatian EU Presidency held a maritime stakeholders' workshop, attended by SEA Europe, as well as an Informal Transport Council in Opatia (Croatia). During this Informal Transport Council, EU Transport Ministers adopted a Ministerial Declaration, entitled "*EU Waterborne Transport sector – Future Outlook: Towards a carbon-neutral, zero accidents, automated and competitive EU Waterborne Transport sector*". In this declaration, EU Transport Ministers underlined the need for a global level playing field and for a world-leading waterborne transport sector in the EU. The Declaration, furthermore, recognised the need to improve the image of waterborne transport, attract youngsters to the waterborne sector and make waterborne transport a sustainable mode of transport.

## 1.5. SEA Europe CEOs discuss the impact of Covid-19 and related EU policies

On 12 May 2020, CEOs from several SEA Europe member companies discussed the impact of Covid-19 on the shipyards' and maritime equipment industry. They also exchanged views on adequate policy actions, not only in response to the challenges from the pandemic crisis but also in support of the sector after this crisis.

## 1.6. SEA Europe speaks at the Workshop “Future of the Motorways of the Sea”

On 14 May 2020, SEA Europe presented the priorities of Europe's maritime technology sector during a workshop entitled “*The future of the Motorways of the Sea (MoS): Shaping the future policy of the European Maritime Space*”. This workshop was jointly organised by the European Commission and MoS Coordinator Kurt Bodewig and was attended by various European maritime stakeholders. It aimed at discussing ways to better shape MoS in the context of a revision of the TEN-T Guidelines.

## 1.7. SEA Europe's 2020 Virtual General Assembly

On 20 May 2020, SEA Europe held its Board and General Assembly meetings virtually, because of the pandemic crisis. The Board assessed the impact of Covid-19 on Europe's maritime technology sector and discussed various relevant policy developments, including in the field of foreign distortions and trade. After the Board, a CEO-signed letter was sent to Executive Vice President Margrethe Vestager to insist on recognising the adverse impact for Europe's shipyards from a unique legal gap in trade defence instruments, which still prevents shipyards from applying trade defence tools. After the Board, SEA Europe held its annual General Assembly, which approved the 2019 financial report.

## 1.8. SEA Europe CEO delegation meets with Commissioner Thierry Breton

On 28 May 2020, a SEA Europe high-level delegation met with Industry Commissioner Thierry Breton, to discuss the global challenges of and the Covid-19 impact on Europe's maritime technology sector. During this constructive meeting, Commissioner Breton reconfirmed the strategic role of the maritime technology sector for Europe, acknowledged the impact of Covid-19 on the sector, and highlighted the importance of the co-programmed Partnership on Zero-Emission Waterborne Transport in accelerating R&D towards decarbonizing waterborne transport.

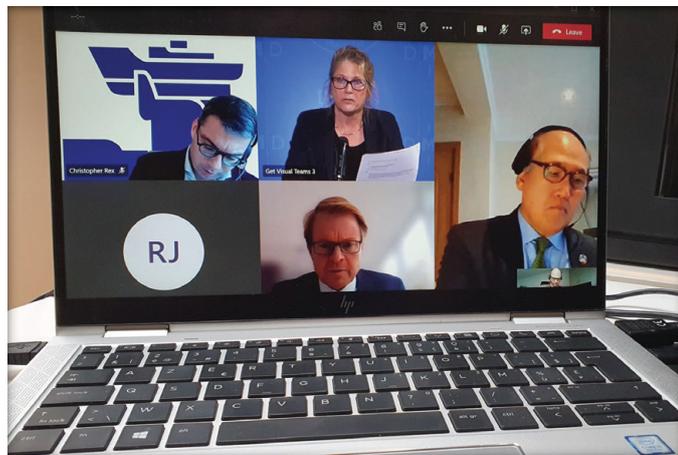


## 1.9. Green Shipping Conference in Hamburg

On 8 September 2020, SEA Europe attended the Green Shipping Conference, organised by the German EU Presidency in Hamburg. During this hybrid event, officials from the German (maritime) authorities and representatives from the German maritime sector reflected on Europe’s response to the pandemic crisis and discussed ways to make Europe stronger, more innovative and more sustainable. During the debate entitled “*Triggering Greening and International Competitiveness of Shipping and Ports*”, SEA Europe highlighted the challenges and opportunities for Europe’s maritime technology sector from the European Green Deal.

## 1.10. SEA Europe attends the Danish Digital Maritime Days

On 28 October 2020, SEA Europe participated in the panel discussion “*The Maritime Climate Agenda post Covid-19*” during the Danish Digital Maritime Days. At this event, SEA Europe reiterated the severe impact of Covid-19 on Europe’s maritime technology sector and stressed the need to turn the challenges from the pandemic crisis into opportunities, notably by making the sector more resilient and by promoting fleet renewal and retrofitting, in line with the European Green Deal.



## 1.11. SEA Europe attends the SEARICA Intergroup event: “Maritime industries: Recovering from the Covid-19 crisis and building a strong renewal strategy”

On 14 October 2020, SEA Europe participated in the debate entitled “*Maritime industries: Recovering from the Covid-19 crisis and building a strong renewal strategy*”, organised by the European Parliament’s Intergroup “SEARICA”. This debate was held against the background of the European Commission’s Communication on a new EU Industrial Strategy and focused on the impact of Covid-19 on Europe’s maritime industries. At this event, various maritime stakeholders, including SEA Europe, reflected on adequate policy actions to support the recovery and resilience of Europe’s maritime industries.



### 1.12. European Green Deal Conference

On 13 November 2020, SEA Europe attended an online conference organised by ECOPRODIGI entitled “*The European Green Deal: Setting the course for a sustainable maritime industry*”. During this event, participants reflected on the implications and opportunities from the European Green Deal for the waterborne sector and discussed the role of digitalization in enhancing a green waterborne industry.

### 1.13. SEA Europe attends the 2<sup>nd</sup> International Ship Autonomy and Sustainability Summit

On 30 November 2020, SEA Europe spoke on the challenges and opportunities for Europe’s maritime technology sector from digitalisation, automation and autonomy in waterborne transport, during the session “*The emerging business models for MASS – Economic aspects*” of the 2<sup>nd</sup> International Ship Autonomy and Sustainability Summit. This event was organised by the European Commission (DG MOVE) and NFAS and was attended by many stakeholders from the waterborne (transport) industry.

## 2. POLICY AREAS

### 2.1. Recognising the strategic dimension of Europe's maritime technology sector

In its LeaderSHIP White Paper, issued in November 2019, SEA Europe called upon the EU Institutions to recognise the strategic dimension of the maritime technology sector for Europe.

Since 2020, this strategic dimension is reflected in various European Commission documents, such as the “*Smart and Sustainable Mobility Strategy*”, the “*EU Blue Economy Report 2020*”, and the “*New EU Industrial Strategy*” to name just a few. In addition to these official documents, the strategic dimension of the sector has also been referred to in written answers from European Commissioners, e.g. in **Industry Commissioner Thierry Breton's** written answer to a Parliamentary Question in April.

### 2.2. Covid-19 and the maritime technology sector

Since March 2020, the Secretariat has monitored closely economic, social and policy developments as to Covid-19. First of all, it kept SEA Europe's members updated on EU-related policy and regulatory initiatives on a weekly basis. Secondly, it organised bi-weekly meetings of the SEA Europe's Directors' Committee to enable member associations to inform each other on national economic, social and policy developments as regards the maritime technology sector and to exchange best practices in coping with the pandemic crisis. Thirdly, the Secretariat was in close contact with the European Commission (DG GROW) to provide with them fact and figures on the impact of COVID-19 on the shipyards' and maritime equipment sector. In addition, SEA Europe has also sent a series of letters to European Commissioners and to European Commission services asking for solutions and/or seeking legal clarifications on specific problems (e.g. on travel restrictions for foreign workers unable to return to work due to closed borders). Lastly, a SEA Europe position paper was issued in October 2020. This paper explained the impact of the pandemic crisis on Europe's maritime technology sector, drew attention to the likely future effects on new orders and made some concrete proposals for policy and regulatory actions to enable the sector to cope with this exceptional crisis.

At the IMO, SEA Europe – through its sister association CESA – issued a joint CESA/ASEF submission, asking for clarifications on the impact of unforeseen delays in shipbuilding projects due to Covid-19.

### 2.3. Trade matters

#### 2.3.1. SEA Europe calls for sectoral actions to close a loophole in trade defence tools

In 2020, SEA Europe continued its political campaign to close a unique and longstanding legal gap in trade defence tools, which prevents Europe's shipyards to benefit from measures such as anti-dumping. This campaign was reflected in SEA Europe position papers, press articles, SEA Europe's participation at conferences and SEA Europe meetings with EU policymakers.

- **SEA Europe response to the European Commission’s White Paper on Foreign Subsidies**

On 17 June 2020, the European Commission published a White Paper entitled “*Levelling the Playing Field as regards foreign subsidies*”, in which various options are proposed for a new EU legal tool to tackle distortions in the internal market arising from foreign subsidies. In its response, SEA Europe welcomed this White Paper and called for adequate sector-specific solutions to protect Europe’s maritime technology sector from unfair foreign competition.



- **SEA Europe response to the EU’s Trade Policy Review**

On 15 November 2020, SEA Europe participated in the European Commission’s public consultation on the review of the EU’s Trade Policy. This review aims at pursuing a so-called “Open Strategic Autonomy” and at better tackling new global challenges, whilst learning lessons from the pandemic crisis. In its submission, SEA Europe addressed a wide spectrum of trade policy issues relevant to Europe’s maritime technology sector and underlined the urgent need for effective sectoral measures to protect Europe’s strategic maritime industrial base and technological assets from foreign unfair competition.



### ■ Intensive lobbying of the EU Institutions on trade matters

With the European Commission, SEA Europe had meetings with the Cabinets and services in the context of the White Paper on “A new instrument to tackle the distortive effects of foreign subsidies in the internal market” and the review of the EU’s Trade Policy.

In addition, SEA Europe was in close contact with Members of the European Parliament and with Member States. With the latter, SEA Europe organised, on 24 November 2020, the well-attended webinar entitled “Enforcing level playing field in the maritime technology sector”: foreign distortions, trade defence gaps and possible (new) solutions”. This webinar aimed at raising Member States’ awareness on the trade challenges of Europe’s maritime technology sector and at securing the necessary political support from Governments in achieving EU sectoral solutions. The webinar was attended by 66 participants from several Member States as well as from industry. During this webinar, Mr. Norbert Brackmann – Germany’s Federal Government Coordinator for the Maritime Industry – delivered the keynote speech.

### 2.3.2. China

#### ■ Maritime technology included in Business EUROPE’s Strategy Paper on China



On 20 January 2020, Business EUROPE issued its Strategy Paper on China, entitled “The EU and China: Addressing the Systemic Challenge”. In this paper, Business EUROPE called upon the EU to secure a level playing field between China and the EU, to mitigate the impact of China’s state-led market distortions and to reinforce the EU’s own competitiveness.

SEA Europe contributed actively to the preparation of this paper and, therefore, the paper contains many sections dedicated to the challenges of Europe’s maritime technology sector, including the need to solve the unique legal gap in trade defence instruments for shipbuilding.

#### ■ EU-China Shipbuilding Dialogue and Plenary session

On 3 November 2020, the European Commission and the Chinese Ministry of Industry and Information Technology (MIIT) co-hosted the annual EU-China Dialogue on Shipbuilding. This year, special attention was paid to the impact of Covid-19 on shipyards and maritime equipment industry as well as on policy responses adopted in each region to tackle the pandemic crisis. During this dialogue, SEA Europe focused on longstanding shipbuilding market imbalances and unresolved barriers faced by European maritime technology companies in China. These messages were thereafter also reflected in the annual position paper of the EU Chamber of Commerce in China.

Problems with unfair competition and trade distortions in shipbuilding were also raised by DG GROW’s Director General, Mrs Kerstin Jorna, at the occasion of the High-Level EU-China Plenary session in November 2020. Mrs Jorna did so in the presence of China’s Industry Vice-Minister and top ranked MIIT officials.

### ■ The EU-China Comprehensive Agreement on Investments

On 30 December 2020, the EU and China concluded the negotiations for a bilateral agreement on investments known as “*Comprehensive Agreement on Investment*” (CAI). Before its signature and final approval, this agreement still needs to go a long political way.



For the EU, this investment agreement aims at offering better market access to EU companies in China and at making investments from EU companies in China fairer when these EU companies are competing in China against domestic (state-funded) companies. Furthermore,

in this agreement, the EU also aimed at inserting disciplines for state owned enterprises (SOEs), transparency of subsidies or rules against the forced transfer of technologies. Finally, with this agreement, the EU aims at modernising as well as replacing existing (individual) Member States’ Bilateral Investment Treaties with China.

Despite some limited improvements compared to a *status quo*, the CAI overall seems a very modest step in promoting a true reciprocity, competitive neutrality and the level playing field that are so much needed by the European maritime technology sector. In the event it will be ratified, this agreement on investments will not address or solve any systemic unbalances, nor will it tackle the broader range of competitive distortions caused by China and experienced by EU maritime technology companies doing business globally or on domestic markets.

The negotiation of the CAI was also the object of a joint meeting between the Shipbuilding Working Group of the European Chamber of Commerce in China (EUCCC) and SEA Europe with the European Commission in May 2020.

### 2.3.3. OECD Shipbuilding Working Party 6 - Virtual Meeting and Ongoing initiatives

On 23 April 2020, SEA Europe attended the first virtual meeting of the OECD’s Shipbuilding Working Party (WP6) in 2020. The discussion topics of this meeting were the COVID-19 impact on shipbuilding, the OECD Work Programme for 2021-2022 and a few other WP6-related initiatives, including the monitoring of costs and prices in shipbuilding. This latter exercise aims at better detecting market-distorting practices in shipbuilding.



On 25 and 26 November 2020, SEA Europe participated in the second virtual meeting of the OECD Shipbuilding Working Party (WP6). During this meeting,

attention was paid to a wide range of topics relevant to shipbuilding, such as export credits for ships, support measures for shipbuilding, state-owned enterprises in shipbuilding and social costs arising from industrial restructuring. In 2020, Turkey was the country identified for the annual WP6 ‘Peer Review’ report. The working group also discussed upcoming initiatives to monitor supply, demand, and price and cost factors in shipbuilding in order to better detect market imbalances and trade distortions as well as a report on China’s shipbuilding industry and policies.

### 2.3.4. BREXIT: SEA Europe issues position paper ahead of EU-UK negotiations

In March 2020, the EU and UK started negotiations for a new economic and trade agreement, to govern their bilateral relations after the expiration of the Brexit’s “transitional period”. This transitional period started on 31 January 2020, with the official exit of the UK from the EU (known as “Brexit”).

Ahead of these negotiations, a SEA Europe position paper was issued, outlining the priorities and recommendations for specific policy areas from Europe’s maritime technology sector. These priorities/areas related, inter alia, to trade in goods, customs’ checks, competition and state aid, trade in services, mobility of workers, public procurement, trade in marine equipment and classification issues. In this paper, SEA Europe also underlined the importance of an ambitious bilateral framework, aligning the UK market as close as possible to the EU internal market.

## 2.4. Access to Finance

### 2.4.1. Joint SEA Europe/HEMEXPO Workshop on EU funding

On 5 February 2020, SEA Europe’s Greek member association “HEMEXPO” organised a joint workshop with SEA Europe in Piraeus. Through this well attended workshop, SEA Europe presented a comprehensive overview of all EU financing and funding programmes relevant to Europe’s maritime technology sector, including to HEMEXPO’s member companies. At this event, the European Commission (DG MARE) took the opportunity to introduce the new BlueINVEST Programme for SMEs and Start-ups in the maritime technology sector in Europe.



### 2.4.2. SEA Europe closely monitors EU Green Taxonomy

The EU's Green Taxonomy initiative aims at establishing an EU-wide classification system to channel future financing and investments towards “environmentally sustainable activities”. To closely monitor this initiative, a dedicated SEA Europe Expert Group was set up in July 2020 to engage in the discussions with the European Commission and stakeholders and, thereby, advocate the interests of the European maritime technology sector.

Besides the set-up of this expert group, the Secretariat met with the consultants, appointed by the European Commission (DG MOVE), to carry out a study on which basis taxonomy criteria should be determined for the maritime sector. Furthermore, SEA Europe participated, together with other maritime stakeholders, in a related European Commission workshop and contributed to the consultations launched in the context of the new EU Sustainable Finance Strategy, the EIB Climate Roadmap 2021-2025 and the development of the first set of EU Taxonomy-related criteria.

### 2.4.3. EIB Climate Bank Roadmap 2021-2025: Future Support for Maritime projects

In November 2020, the European Investment Bank (EIB) issued a Climate Bank Roadmap 2021-2025 and a stakeholders' consultation report reflecting the contributions received (including from SEA Europe).

In its Climate Bank Roadmap, the EIB supported the low carbon transition of waterborne transport through the financing of newbuild and retrofiting projects, including time being for LNG-fuelled vessels. The latter point is fully in line with SEA Europe's request and recognises the role of LNG in the transition of waterborne transport towards a more climate-friendly mode of transport. At the same time, the EIB announced that it will withdraw its support for vessels powered by conventional fuels (HFO, MDO, MGO).

In the stakeholders' consultation report, the EIB stressed that waterborne transport should be seen as a priority. The report also recognised that, due to the large variety of ship types and ship trades, there is not a “one-size-fits-all” solution to transform waterborne transport into a zero-emission mode of transport. Finally, the report stated that all options for clean technologies, alternative fuels and their optimal integration need to be researched, developed, supported and facilitated.

### 2.4.4. Export Credits

In November 2020, the EU and 10 other countries officially announced their decision to “suspend their participation” in the International Working Group (IWG) on Export Credits. Dissatisfied with the state of play, they issued a joint statement in which they condemned the lack of commitment and the lack of transparency from “some Members” (i.e. China) around the negotiation table.

The objective of the IWG is to agree on a new set of international disciplines among the main global providers of government export credit support, including a sector-specific regime for ship export credits. SEA Europe has been following these discussions since their start in 2012 and has provided extensive input to the negotiators over the past years.

## 2.5. Research and Development:

### 2.5.1. Towards a co-Programmed Partnership on Zero-Emission Waterborne Transport

Within the Waterborne Technology Platform, SEA Europe has been instrumental in securing the selection of and in preparing the co-Programmed Partnership on Zero-Emission Waterborne Transport (cPP ZEWT) under the EU's Research and Development Framework "Horizon Europe".

A first step in this preparation process was the development of a so-called "Proposal for a Candidate Partnership on Zero-Emission Waterborne Transport", which was submitted to the European Commission in May. This Proposal laid down the challenges, the scope, the objectives, the commitments and the expected impact of the cPP ZEWT and was strongly aligned with the European Green Deal. It, furthermore, aimed at contributing to maintaining as well as to reinforcing Europe's global leadership in innovative, green waterborne transport solutions. The central objective being zero-emission solutions for all main ship types and services before 2030, to enable zero-emission waterborne transport before 2050.



Based on this proposal, the Waterborne Technology Platform also developed a so-called "Strategic Research and Innovation Agenda" (SRIA), laying down the vision and objectives, the research and innovation strategy, the expected impact, and the governance of the cPP ZEWT.

During the summer, the Waterborne Technology Platform also held a public consultation on the SRIA, in which it invited comments from interested stakeholders. In total, some 110 stakeholders participated in this open consultation and their input was fully integrated in the final version of the SRIA.

After the summer, the Waterborne Technology Platform identified the topics for the calls for proposals relating to the years 2021 and 2022. The list of proposed topics was then discussed and largely approved by the European Commission and Member States.

The cPP ZEWT aims at accelerating research and development from the waterborne sector, including shipyards and maritime equipment manufacturers, to enable waterborne transport to become a zero-emission mode of transport by latest 2050, in line with the European Green Deal.

### 2.5.2. Kick-off STEERER Project

On 18 December 2020, the Green Shipping Expert Group held its first meeting in the context of the EU-funded project STEERER – “Structuring Towards Zero-Emission Waterborne Transport”. This project aims at coordinating the establishment and communication of a Strategic Research and Innovation Agenda as well as an Implementation Plan towards zero-emission waterborne transport. It involves the cooperation of all key stakeholders needed to facilitate the transformation of waterborne transport to a clean mode of transport. STEERER is coordinated by SEA Europe, in its capacity of Secretariat of the Waterborne Technology Platform.



## 2.6. Regulatory Affairs

### 2.6.1. Technical and Environmental matters

- SEA Europe position papers on EU Green Deal

In May 2020, SEA Europe issued a position paper on the “European Green Deal” and co-signed a joint press statement with other maritime stakeholders on this topic. This European Commission flagship initiative aims at making the EU economy climate neutral by 2050, inter alia, by transforming waterborne transport into a zero-emission mode of transport. This transformation will necessitate significant investments from the entire waterborne sector in Europe, including in research, development and innovation.

In its position paper, SEA Europe has made some suggestions to turn the European Green Deal into an opportunity for the waterborne sector. Firstly, SEA Europe suggested setting-up a dedicated EU Maritime Fund, as an opt-out alternative to including shipping into the EU ETS scheme. Through a dedicated Maritime Fund, money would be collected from polluters, which would then be reinvested in the waterborne sector itself so as to speed up the transition to zero-emission waterborne sector. Secondly, SEA Europe called upon the European Commission to incentivise financially first movers, to offer legal certainty to investments made in innovative technologies and sustainable alternative fuels and to take a technology and fuel neutral route i.e. without imposing specific technologies and alternative fuels. Instead of being prescriptive, SEA Europe called for a goal-based approach, which would offer the market with sufficient choices towards climate-friendly or zero-emission waterborne transport.

#### ■ European Green Deal – FuelEU Maritime initiative

One of the initiatives under the European Green Deal is “*FuelEU Maritime - Green European Maritime Space*”. This initiative focuses on ramping-up the production, deployment and uptake of sustainable alternative marine fuels.

SEA Europe has participated in the stakeholder consultation on this initiative and promoted a combination of energy-efficiency and renewable fuels as a means to tackle technical, design and operational challenges.

#### ■ EU competition policy and European Green Deal

In November 2020, SEA Europe contributed to the European debate on “*How EU competition policy can best support the European Green Deal*”, by responding to a public consultation on this topic. In this regard, SEA Europe called for a “smart” EU competition policy to foster the twin green/digital transition of waterborne activities and to support Europe’s maritime technology sector as a strategic solution provider. SEA Europe also recalled that Europe’s maritime technology sector is a global leader in complex maritime products and insisted on the urgent need for policy measures to ensure a level playing field in Europe and globally.

### 2.6.2. SEA IPR: SEA Europe calls for a rapid entry into force of the Unitary Patent System

In reaction to a decision from the German constitutional court, ruling that Germany’s ratification of the Unitary Patent Court was unconstitutional and in reaction to the announcement of the UK’s Government withdrawing from the Unitary Patent System due to Brexit, SEA Europe issued a statement underlining the great importance of the Unitary Patent System for Europe’s innovative maritime technology sector. The statement also called upon policy makers to reinforce their efforts in overcoming current challenges with and to ensure a rapid entry into force of the Unitary Patent (UP) and Unified Patent Court (UPC).

### 2.6.3. CESA activities in IMO

#### ■ CESA name change

In 2020, CESA changed its name of “Community of European Shipyards’ Associations” into the stand-alone abbreviation “CESA”. In doing so, CESA can widen its membership to include maritime equipment manufacturers next to shipyards.

## ■ CESA activities in IMO

Throughout 2020, CESA attended various meetings of the International Maritime Organisation (IMO), such as MEPC 75. During this meeting, the IMO approved new amendments to the MARPOL Convention on the implementation of technical and operational mandatory goal-based measures to reduce GHG emissions from international shipping. For existing ships, a new Energy Efficiency Existing Ships Index (EEXI) will require technical retrofitting or Engine Power Limitation. The next meeting of MEPC 76 will be held in June 2021.

### 2.6.4. LASHFIRE project meeting with Flag states and maritime operators

On 5 March 2020, the Maritime Authorities' Advisory Group – coordinated by SEA Europe as a partner of LASHFIRE – and the Maritime Operators' Group – led by INTERFERRY – met jointly at the IMO during the 7<sup>th</sup> session of sub-committee on Ship Systems & Equipment (IMO SSE7). Both groups have been established under the umbrella of the H2020 LASHFIRE project, which aims at developing and demonstrating new and innovative fire safety solutions for ignition, detection, extinguishment and containment of fires onboard Ro-Ro ships. During this joint meeting, participants focused on general requirements to increase fire safety and other challenges addressed in this project and reiterated their strong commitment to this project. Further information can be found on <https://lashfire.eu/>.

## 2.7. Human Capital

### 2.7.1. Sectoral Social Dialogue Committee for Shipbuilding

As each year since 2003, the EU Sectoral Social Dialogue Committee for Shipbuilding and Ship Repair continued its work during 2020. Together with its trade union counterpart, IndustriALL Europe, SEA Europe discussed the content of its LeaderSHIP White Paper and reflected on possible joint actions towards the EU Institutions with an aim at raising their awareness on the sector's skills' needs. Moreover, in the presence of the European Commission (DG GROW and DG EMPL), the Social Partners also exchanged views on the impact of Covid-19 on the maritime technology sector and reflected on the necessary steps to be taken to ensure a survival of the sector as well as a strengthening of the sector's resilience and competitiveness.

### 2.7.2. Finalising the EU-funded USWE project

In November 2020, SEA Europe and IndustriALL Europe held the Final Conference of the EU-funded project “*Upskilling Shipbuilding Workforce in Europe*” (USWE). This event brought together 70 participants from the maritime technology industry, trade unions, regional administrations, the European Commission, the European Parliament, education providers and other stakeholders. MEP Izaskun Bilbao gave a keynote speech whilst Tiina Perho (Board member of South West Finland and Chair of Maritime Industries at CPMR), together with project partners and invited company experts, presented the skills' needs in the maritime technology sector and main results from the project.

The USWE project focused on 4.0 technologies, skills, professional profiles and education in the maritime technology sector and also provided intelligence on skills and training needs. The project delivered a series of recommendations on

sectoral competencies and developed up-to-date professional profiles for upskilling and reskilling of the sector's workforce. USWE was commended by the European Commission as well as by national and regional policymakers as a best practice example of cooperation between social partners.



## 2.8. Special business areas

### 2.8.1. SEA Naval

- SEA Naval increases its visibility towards the EU Institutions in Brussels

In 2020, SEA Naval – SEA Europe's working group on naval affairs – held bilateral meetings with officials from the European Commission (DG DEFIS and DG MOVE) and the European Defence Agency (EDA) to learn more about relevant funding opportunities for the naval sector and to present the interests of Europe's naval shipyards.

- SEA Naval closely cooperates with DG DEFIS and EDA

In February, SEA Naval organised meetings with the European Commission (DG DEFIS) and the European Defence Agency (EDA) to present its priority topics for the naval domain for the future European Defence Fund (EDF), including Research and Capabilities.

On Covid-19, SEA Naval has provided DG DEFIS with regular updates on the impact of the pandemic crisis on Europe's naval yards and their supply chain and sent a letter to Commissioner Breton to underline the importance of the European Defence Fund (EDF) as an instrument for the crisis recovery.

Finally, SEA Naval has elaborated proposals for the EDF 2021 Work Programme and presented them to DG DEFIS and the EDA. SEA Naval has also carried out activities linked to the European Commission's Industrial Strategy, such as the Action Plan on synergies between civil, defence and space industries or Military Mobility.

## ■ SEA Defence

In December 2020, the EU-funded project “*SEA Defence*” was officially launched under the framework of the European Defence Industrial Development Programme (EDIDP). This feasibility study, led by a consortium of 12 partners (including SEA Europe) aims at providing the European Commission and Member States with a roadmap of technologies, to be included in the next generation of naval platforms and to be pursued in further European development programmes, such as the EDF.

### 2.8.2. SEA SMRC

#### ■ SEA SMRC and SGMF guidance for dry docking LNG-fuelled ships available

In 2020, SEA SMRC held its regular meetings on issues relevant to ship repair, maintenance and conversion. SEA SMRC also participated in a working group of the Society for Gas as a Marine Fuel (SGMF), thereby providing input on work practices for maintenance, repair and dry-dock operations for ships that use gas/LNG as a fuel. The overall aim of this exercise was to help SMRC shipyards with the safe maintenance of gas-fuelled ships. These discussions eventually resulted in the drafting of a comprehensive 216-pages’ document.

## 2.9. Tools

### 2.9.1. Market Monitoring

In 2020, SEA Europe’s SEA Market Monitoring & Trade Working Group continued to monitor the general economic, market and policy developments relating to shipyards and maritime equipment industries globally. This working group serves as an interface for the maritime technology sector in Europe with the European Institutions, by offering EU officials regular briefings on these developments as well as a forum to exchange views with SEA Europe members.

Trends on supply and demand, cost factors, trade agreements with third countries or global production capacity are all discussed based on a thorough analysis of available statistical data. The results of such analysis are published in SEA Europe’s Market Monitoring Reports, which are reserved only for SEA Europe Members (National Associations and their member companies). In 2020, three market monitoring reports were issued on the global and European shipbuilding market developments, covering the full year 2019, the 1<sup>st</sup> Quarter of 2020 and the 1<sup>st</sup> Half of 2020. The two latter reports paid particular attention to the impact of Covid-19 on shipbuilding markets and noted the dramatic impact from the pandemic crisis on Europe’s shipbuilding industry as well as on Europe’s maritime equipment manufacturing. In fact, Covid-19 has hit Europe’s maritime technology sector much harder than in Asia, as reflected in a dramatic decline in new orders, notably 64% in terms of CGT and 72% in value terms (compared to 2019). In contrast, Chinese shipyards did rather well in overcoming the market slump, inter alia, thanks to strong state support and to the stimulation of domestic orders. These measures were applied in addition to already existing state aid and trade protectionist measures.

## 2.9.2. Market Forecast

In 2020, SEA Europe's SEA Market Forecast Working Group continued to conduct long-term market forecasts based on newbuilding requirements. The aim of such market forecast studies is to provide member companies and governments with an accurate picture of the shipbuilding sector as well as the best possible guidance for long-term planning. Forecasting is a difficult business and needs to be done based on the best and most comprehensive data available. In that respect, SEA Market Forecast members take part in annual ISFEM meetings, which bring together shipbuilding forecast experts from Europe, China, Japan and Korea to mutually exchange market forecasts and discuss each other's findings.

In January 2020, the SEA Market Forecast Working Group held a dedicated session on the cruise industry market outlook, exchanging views with representatives from the Cruise Lines International Association (CLIA). It was agreed to organise similar sessions with other maritime stakeholders in the future as well.

The “unprecedented” situation following the outbreak of COVID-19 brought in new forecasting challenges, due to the high uncertainty on both the pandemic evolution and the recovery prospects in the global economy, shipping and tourism. Considering the logistical and travel restrictions as well, SEA Europe, CANSI, SAJ, and KOSHIPA<sup>1</sup> decided to cancel the annual ISFEM meeting, originally scheduled in China in April 2020, and agreed to have a virtual meeting in the course of 2021. In the meantime, the SEA Market Forecast Working Group closely monitored market developments and discussed various market forecast scenarios regarding various ship segments.

In May, the SEA Market Forecast Working Group exchanged views with Peter Sand (Chief Shipping Analyst at BIMCO) on the impact of Covid-19 on global trade, shipping and shipbuilding. According to BIMCO, the post-pandemic world would be characterised by lower consumer spending power, lower consumer confidence and lower overall demand, both domestically and internationally. SEA Europe members concluded that, based on such prognosis and forecast of a “de-globalised” world trade, there would be serious challenges ahead for the maritime industries.

<sup>1</sup> CANSI = China Association of the National Shipbuilding Industry, KOSHIPA = Korea Offshore & Shipbuilding Association, SAJ = Shipbuilders' Association of Japan.

# ANNEXES

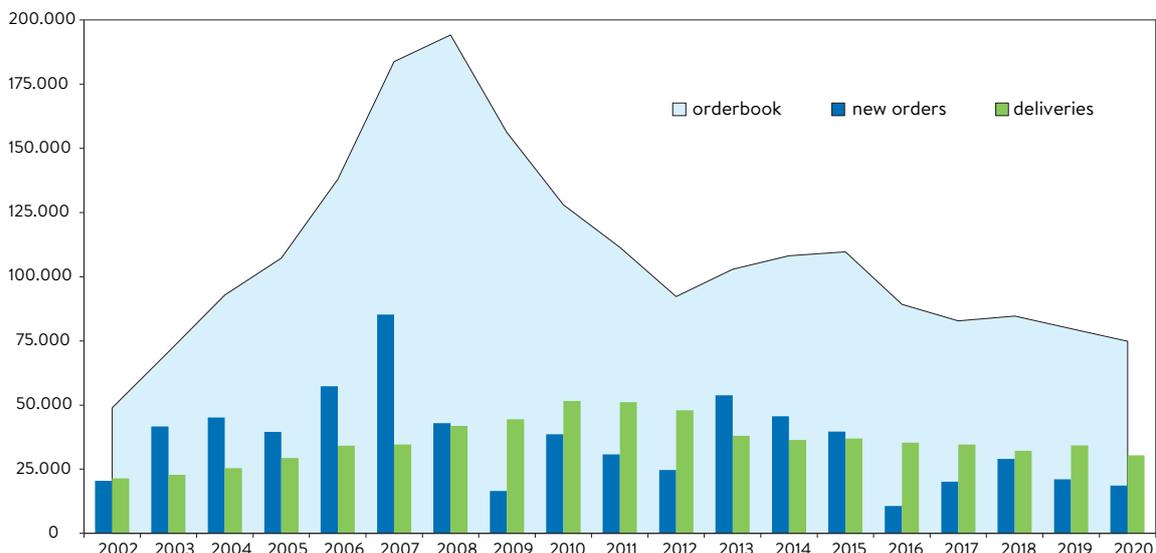
## Global and Regional Commercial Shipbuilding Market Developments in 2020

Throughout 2020, COVID-19 put a severe strain on the global shipbuilding and maritime equipment sector, with European shipyards and equipment manufacturers being hit harder than in Asia.

In 2020, the global commercial shipbuilding market situation was as follows:

- New orders remained subdued, with 1,127 units of 18.6 million Compensated Gross Tons (CGT) reportedly ordered, down by 12% on 2019 in CGT. Global contracting levels remained above the 2016 record lows due to an uptake in new orders in Asia for large container vessels and LNG carriers in the 4<sup>th</sup> quarter of the year. In terms of CGT, Chinese yards won 40% of global new orders in 2020. Korea and Japan followed with ca. 31% and 11% market shares, while Europe's share in order volume shrunk to 5%.
- Global shipyards' output slipped to its lowest levels in 15 years, totalling 30 million CGT in 2020, i.e. down by 11% from 2019 and by 41% from the 2010 peak. In 2020, Chinese yards kept their global leading position also in output (37% by CGT), followed by Korea (28%), Japan (20%) and Europe (5%).
- The global shipbuilding orderbook fell by 6% to stand at 74.9 million CGT at the end of 2020. As a percentage of the fleet, the global orderbook reached its lowest level in 31 years, standing at ca. 7% of the fleet according to Clarksons. Shipbuilding "forward cover" (orderbook / annual output), measuring the average number of years of work ahead for shipyards, shrunk to 2.5 years on average, the lowest level for eight years.
- Newbuild pricing globally dropped around 5% over the year. Far East's yards were reported to have lowered their shipbuilding prices during the last quarter of the year in an attempt to meet their 2020 order targets and fill up their vacant berth slots<sup>2</sup>.

Picture 1- Global Commercial Shipbuilding Activity in '000 CGT

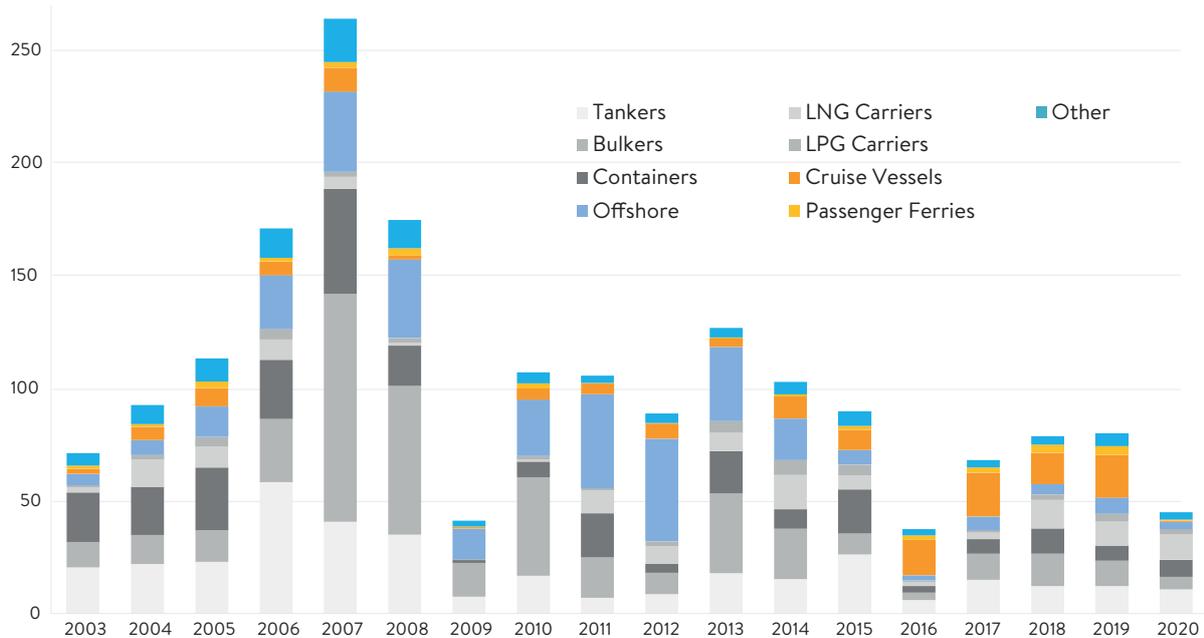


Source: SEA Europe based on IHS data

<sup>2</sup> Source: Tradewinds  
("Shipyards set sights on higher prices as cost of steel plate soars" 05.01.21).

In value terms, global investment in newbuild tonnage was historically low, totalling 44.9 billion \$ in 2020 (down by 40% from 2019). The ordering freeze was prominent in the high-tech, “niche” segments where European shipbuilders are active. For example, global investment in newbuild cruise and ferry ships accounted for only 1 bn \$ (2% of total value of investment in new ships in 2020), i.e. down by ca. 96% from 2019.

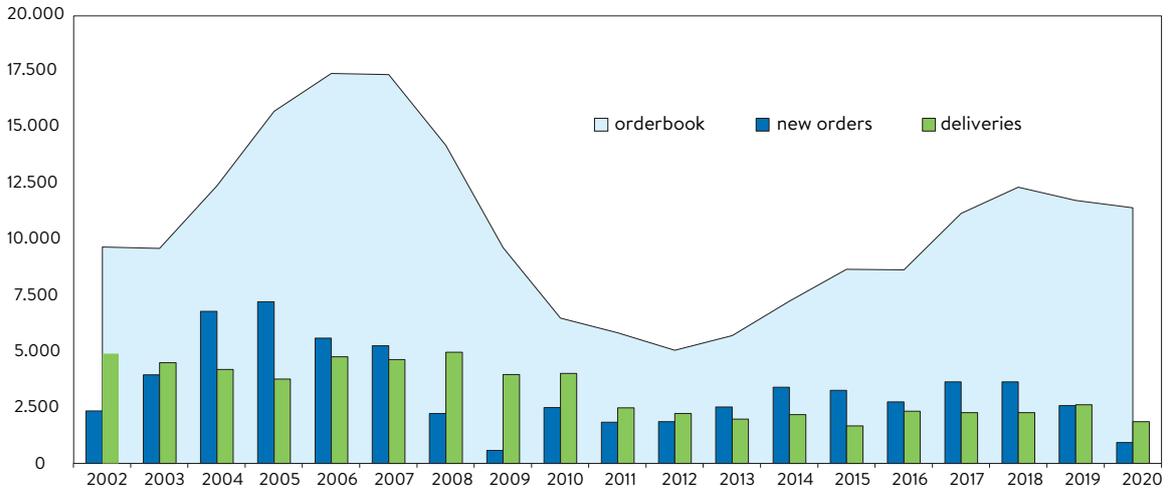
Picture 2 - Global Newbuilding Investment by Ship types in Value (Bn \$)



Source: SEA Europe based on Clarksons data

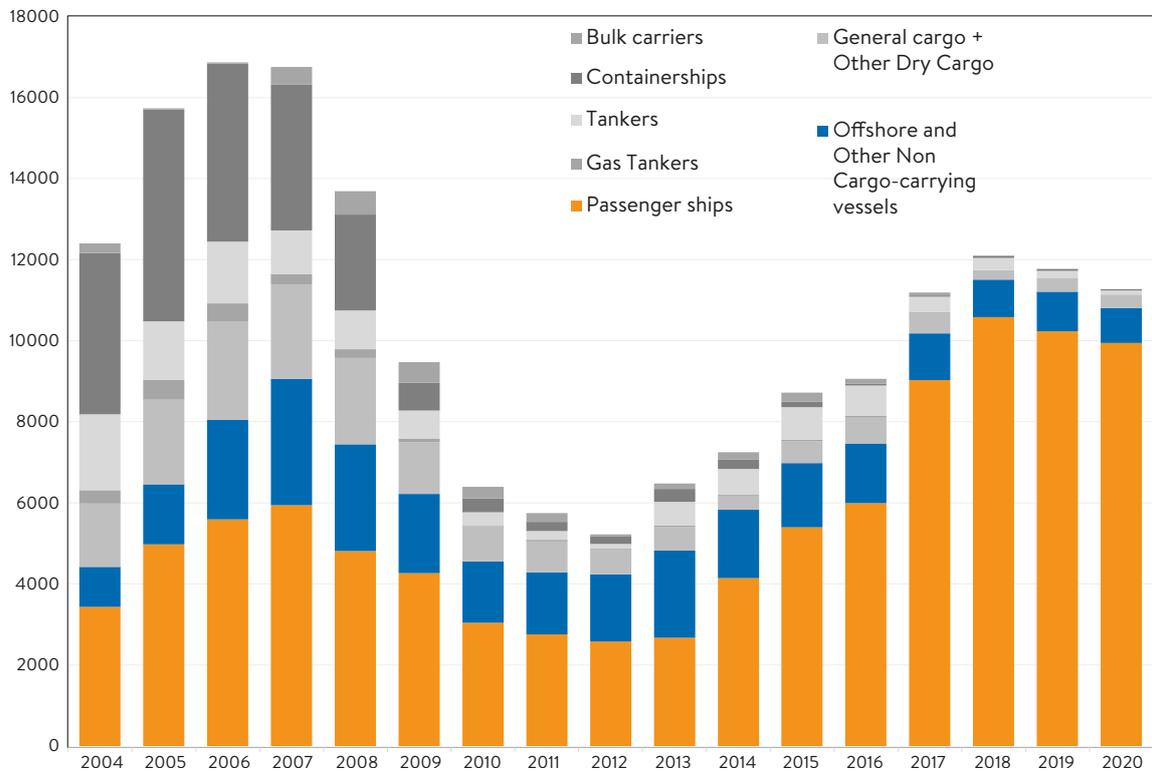
Before Covid-19, Europe’s complex shipbuilding industry was doing better than global merchant shipbuilding industry, namely in Asia, which was suffering from significant overcapacity, weak demand, flattened trade growth. European shipbuilding had been able to decouple itself from the global shipbuilding market by successfully focusing on the healthier high-tech niche segments like cruise ships, ferries and other specialised non-cargo carrying vessels, after having lost cargo shipbuilding to Asia in the previous decades (Picture 4). For several years, European yards’ order intake surpassed output volumes (Pictures 3 and 5). Covid-19, however, has hit Europe’s complex shipbuilding markets much harder than all global shipbuilding segments (Pictures 6-8).

Picture 3 - EU27, UK and Norway Commercial Shipbuilding Activity in '000 CGT



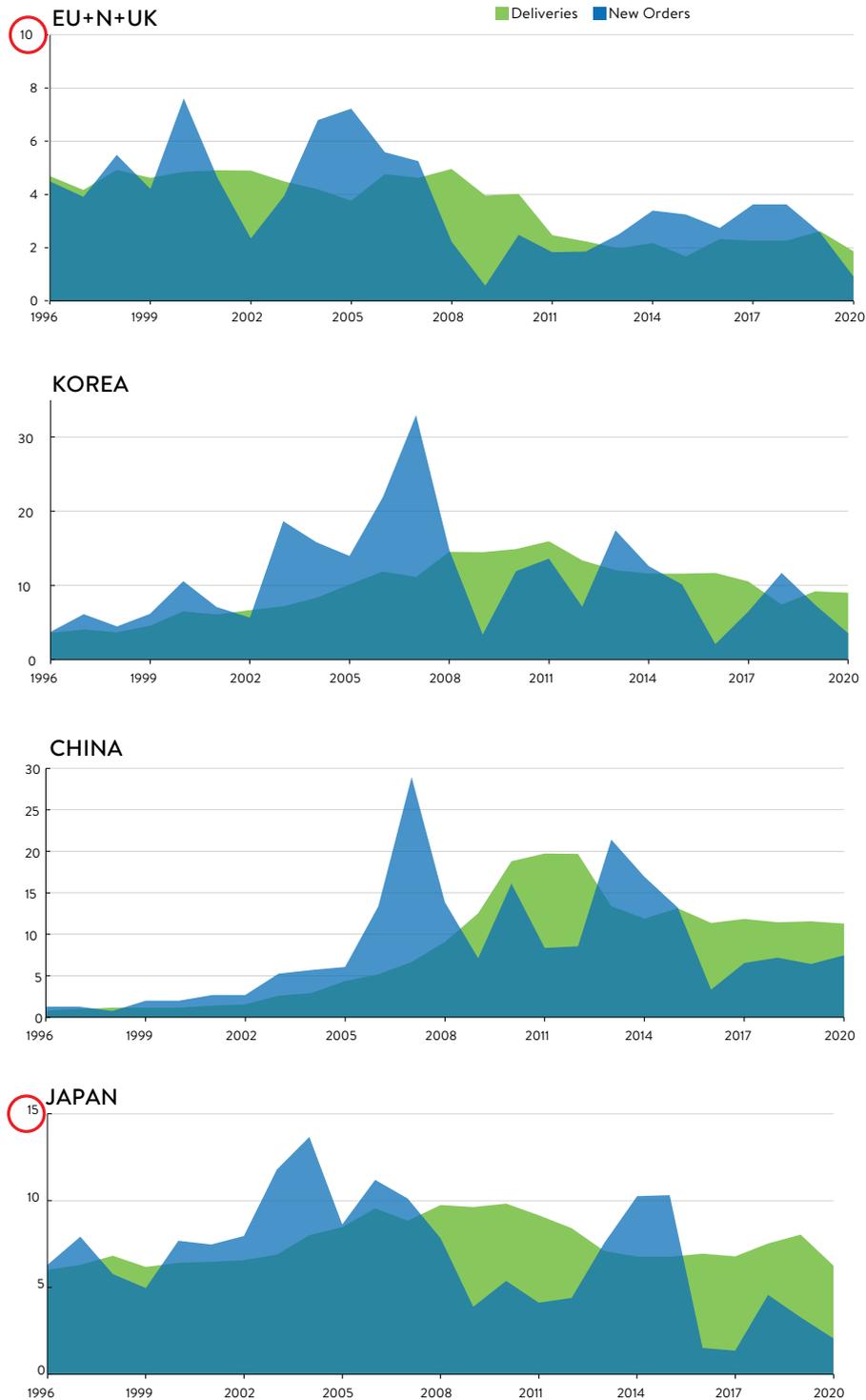
Source: SEA Europe based on IHS data

Picture 4 - Evolution of European Orderbook's Product Portfolio by Ship Types (in '000 CGT)



Source: SEA Europe based on IHS data

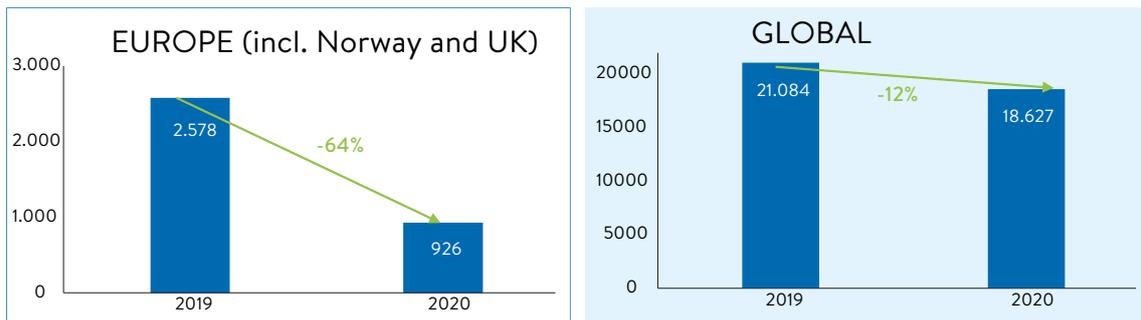
Picture 5 - Comparative evolution of New Orders and Delivery across main shipbuilding regions (in million CGT)



Source: SEA Europe based on IHS data

European yards were severely hit by COVID-19, both on the demand and on the production side. In 2020, contracting levels at European yards were extremely low, with only 0.9m CGT reported ordered, i.e. down by 64% in CGT and by 72% in value from 2019, representing the strongest decline rate globally.

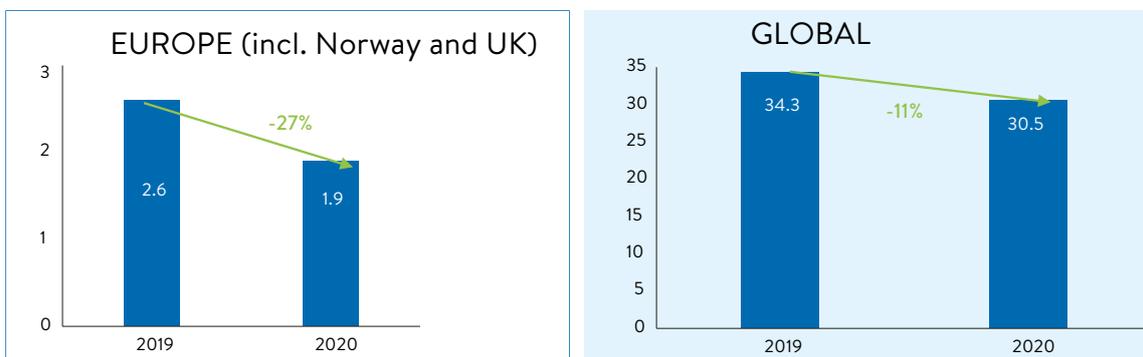
Picture 6 - New Orders 2019 vs 2020 in '000 CGT



Source: SEA Europe based on IHS data

Shipyards' output was also more severely impacted in Europe than in the rest of the world, standing at 180 units of ca. 1.9 million CGT (i.e. down by 27% from 2019). Facilities in many European countries were closed temporarily in March-April 2020, as governments enforced 'lockdown' measures. Many yards gradually resumed production in May-June 2020, but still faced construction delays on several ships on order while trying to secure financing for a continuation of their activities on existing ships.

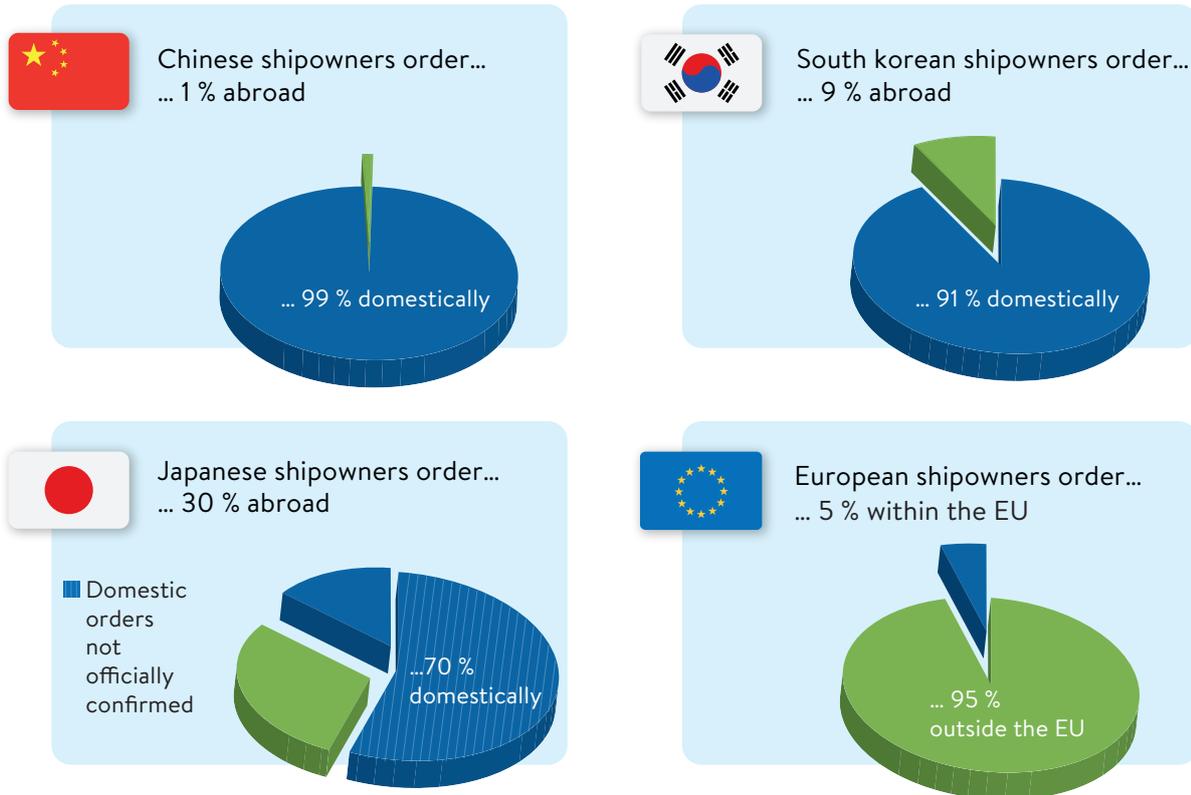
Picture 7 - Output (Deliveries) 2019 vs 2020 in million CGT



Source: SEA Europe based on IHS data

In contrast to Europe, most Asian shipowners place their orders for new ships "domestically", especially in crisis periods. In 2020, for instance, Chinese shipowners ordered close to 100% of their ships at Chinese shipyards (measured in CGT), whilst South Korean shipowners placed 91% of their orders domestically and Japanese shipowners approximately 70% (which was reportedly a massive domestic order of ships). This situation is in sharp contrast with Europe, where European shipowners only placed 5% of their orders in the EU, compared to 95% of their new orders (in CGT) placed in Asia. This contrast can, amongst others, be explained by the fact that the national policies in China, South Korea and Japan link shipping and shipbuilding, both sectors being considered as strategic for their country. This strategic dimension is also reflected in the destination of the orders of Asian shipowners, i.e. they place most of their new orders in shipyards of their own nationality, as illustrated in picture 8.

## Picture 8 - Domestic demand: Where shipowners buy their ships (Full Year 2020, CGT)



Source: VSM based on IHS data

More detailed statistical information and graphs about market developments in 2020 can be found in the SEA Europe Market Monitoring Report No 51 issued in March 2021 (only available for SEA Europe's membership).

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