

**European Leadership – Bilbao Conference – 21<sup>st</sup> of April 2010**

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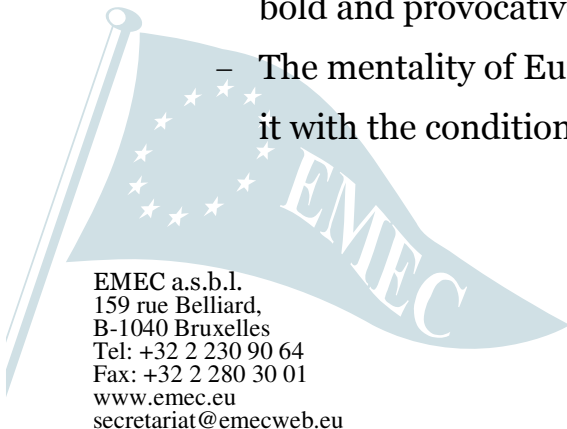
**(Check against delivery)**

Buenos dias, siento no poder estar con ustedes fisicamente. And I am afraid that will be all my Spanish for today!

I do not have to explain what the reason is for my absence I suppose; we are disappointed in Iceland. They had promised to send us cash but forgot the “C” and did send the ash.

*Introduction:*

- Leadership2015 has been a positive contribution to the maritime community over the last 6 years. It has provided an ideal framework and platform for important issues affecting the industry to be discussed and could be a best practice / strategy to be adopted for other industry sectors.
- Building on the central themes of:
  - Ensuring a level playing field;
  - Improving RDI
  - Protection of IPR
  - Building a sustainable industry structure
- Taking the aforementioned into consideration I would like to make a bold and provocative statement about the sector as a whole.
- The mentality of European shipbuilding is such that you could compare it with the condition of insanity.



- What do I mean by this?
- According to Albert Einstein insanity is doing the same thing over and over again and expecting different results.
- In other words, the mentality of those working within/for the sector is detrimental to the health of the overall industry.
- We could compare the industry to a sick patient; and the current economic 'crisis' is just another of a long list of ailments with which it has been inflicted. The medicine which it has been prescribed treats the patient for the current infliction but does not help it build up the resistance it so badly needs for the next one to come along. And in this case I hear that the 'climate crisis' is on the horizon.
- Why do I use this analogy?
- The European shipbuilding industry has been faced with a series of challenges in the latter half of the 20<sup>th</sup> century:
  - o The rise of Japan in the 1950s;
  - o Korea entering the market in the 1970s;
  - o Far East covering 90% of ship construction in the 1990s;
  - o Financial and economic crisis in 2009.
- The medicine, administered to overcome these challenges over the last 50 years was to usher in initiatives improving:
  - o the already existing technological leadership,
  - o drive and protection of innovation and know-how,
  - o customer focus,
  - o the industry structure,making the EU shipbuilders world leaders in their field.

- We as marine equipment manufacturers have been glad of this for two reasons.
- Firstly seeing Europe as our first point of call for selling our products.
- Secondly, having the opportunity to sell our equipment at all.
- While this approach has been effective, giving European shipyards a leading edge in building high-tech ships, the critical mass of European shipbuilding is slowly shifted to other corners of the globe.
- Can we therefore argue that there is an illness and in this case insanity within the policy context of the European shipbuilding sector?
- If so, we believe therefore, that if the doctor (in this case the policy makers) keeps administering the same medicine (the wrong one or no medicine at all – maybe under pressure from the patient), she (the shipbuilding industry), although her life expectancy can be extended will slowly come to the end of it.
- The patient would like to recover but is rather preoccupied by the illness that she might **not** accept alternative treatment / medicine which she has not yet considered.
- On occasion she will not even accept advice from those who care for her (marine equipment suppliers). Believing that she knows more than anybody else the cause of her illness and the possible cures.
- However, she needs the help and support from the Doctor and her ‘dear ones.’ (The Maritime Cluster).
- The cluster is like a family – if one is suffering then the whole group feels her sufferance. Her personal recovery must not impact everybody.

It has to be a WIN WIN WIN situation for the overall maritime community.

- It is ‘insane’ to do business as usual and hope that the same initiatives will deliver different results. An alternative way of thinking is needed and cooperation with all actors of the maritime community required ensuring the long road to recovery.

### *Middle:*

- A paradigm shift is required when looking at the European shipbuilding industry and the solutions needed for overcoming the challenges faced today, and in the future.
- What I mean by this is that, historically, initiatives have been taken by the shipyards with marine equipment manufacturers following in the shadows but economic indicators suggest that this approach should be turned on its head.
- Marine equipment manufacturers should take the lead and have more room for manoeuvrability to develop policy whilst ensuring that the quality mass of ship construction left in Europe can be maintained.
- Why is the marine equipment sector important for the maritime industry in Europe?
  - Value of the ship
  - Leadership in technology and innovation
  - Share of the world market

## *What Possible New Ideas can we think of:*

- Creation of an ‘airbus’ approach for shipbuilding?
- Europe as the prototype shipbuilding of the world: IPR on the ships as a whole with design and royalties on the licensees for yards and equipment suppliers.
- Incentives to ship-owners to build in Europe
- Sustainable manufacturing: new materials and automation, life-cycle and holistic approach (also recycling to be taken into consideration when building...)
- We have to be prepared for the ‘climate crises. A new approach has to be adopted not only by the marine equipment manufacturers, but also the shipyards and the maritime community as a whole.
  - o This new approach can be developed and led by the equipment industry. We have been preparing and keep developing new products to improve the greening, safety and innovative nature of vessels.
  - o There is already technology existing to help mitigate the environmental impacts from ships.
  - o If this technology could be integrated in today’s ships then they could become 15-20% greener and cleaner. If there is further demonstration of newly researched and developed technology then a 33%+ eco-friendliness could be achieved ultimately leading to the zero emissions ship in the not too distant future.

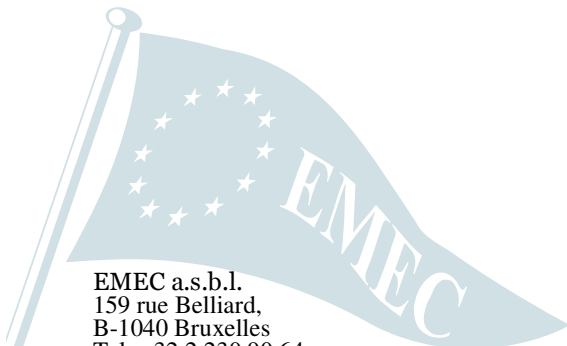
- While also looking at emerging market, regulation driven competitiveness...and fighting unfairness and un-level playing field.

To conclude there is the need for a new approach and break the insanity of doing things over and over again to expect different results. Take on board some of the new ideas mentioned before.

- We as European equipment manufacturers look for a loyal, firm and long term cooperation with the European Shipyards. We still prefer to do business with our domestic markets. Therefore long term solutions are needed to maintain a sustainable and prosperous shipbuilding sector and not short sighted ones benefiting certain parts of the industry, as and when, the situation requires them.

In this time of economic crisis we have to seize the opportunities which are presented to us and to change the current way of thinking of dealing with the European Shipbuilding Industry.

And again “lending” some words of Albert Einstein: ‘In the middle of difficulty lies opportunity’



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