



European Marine Equipment Council

European Marine Equipment Council's position on the European Commission's Green Paper

*"Towards a future Maritime
Policy for the Union: A European
vision for the oceans and seas"*





Foreword

The European Marine Equipment Council (EMEC) represents the European marine equipment industry. At the moment, 13 national associations are members of EMEC. Together they associate over 1300 undertakings from Austria, Croatia, Denmark, Finland, France, Germany, Italy, Norway, Poland, Spain, the Netherlands and the United Kingdom. It must be noted, however, that since the aforementioned figures relate to the EMEC members only, the total number of the companies in the marine equipment industry in the European Union is higher.

The marine equipment manufacturers and service providers supply all the products and services necessary for building, repair, conversion and maintenance of vessels. **The products and services delivered by the industry account for up to 70% of the total value of the ship.**

Providing approximately 287,000 jobs directly¹, and significantly more indirectly the marine equipment sector is the most important employer among the maritime industries. The marine equipment manufacturers and suppliers, many of them SMEs, are established all over Europe, *including also inland regions and landlocked Member States*, like Austria. The average annual turnover of the sector amounts to 26 billion Euro. Since about 46% of this value can be attributed to export outside of the European Union, the sector contributes to the global competitiveness of the EU. It should be pointed out, that for the lack of reliable data, the above mentioned figures are only estimates, provided by the industry itself, and they are not the official

government figures. The true size of the industry is unmistakably underestimated. Still, even on the basis of these fragmented data, it is clear that the marine equipment industry is one of the most important in the European maritime cluster.

The **European Marine Equipment Council** welcomes the European Commission's initiative to introduce an integrated Maritime Policy for the European Union. EMEC also appreciates the fact that many of the views presented in the EMEC's contribution to the Green Paper are reflected in the final document.

The marine equipment industries collaborate closely with other maritime sectors, especially with shipowners and shipbuilders. Through strong interdependencies and cooperation within the shipbuilding supply chain, EMEC fully embraces the holistic approach to the maritime issues proposed in the Green Paper. Better harmonisation and coordination of sectorial policies should be beneficial for the maritime sector as a whole.

A future maritime policy for the EU should not only raise national initiatives to the EU level, but also ensure that both the national and EU initiatives are put into a global context, within which the combined interests of the EU can be accommodated.

Furthermore, the European maritime policy should address the areas where there is a joint European interest. The EU must keep the advantage of appearing alongside the Members States in international fora, thus gaining more influence.

¹ "An exhaustive analysis of employment trends in all sectors related to sea or using sea resources", Final report for the European Commission, DG Fisheries and Maritime Affairs, ECOTEC Research & Consulting, 2006

Key goal: Preserving the competitiveness of the European maritime industries

"(...) the strength of the European maritime industry lies in its entrepreneurship and ability to innovate"

EMEC agrees fully with the above statement from the Green Paper: the key goal of the European marine equipment industry is to maintain and reinforce its leadership as innovators and its competitive position both on the European and export markets.

This strongly depends on the sector's ability to withstand the competition from Asia which can only be achieved through a process of continuous innovation that will allow it to meet the growing demands of shipowners and comply with the increasingly stricter European and international safety and environmental standards. The annual growth rate of R&D expenditure in China alone exceeds that of the European Union, therefore this is a challenge not to be underestimated.

In the global economy the *speed, cost-effectiveness and reliability* of the means of transport play a major role, hence the demand for *bigger, quicker, safer* and more fuel efficient vessels which are easier to maintain and anticipate future environmental requirements, both with regard to the preservation of the marine environment and the reduction of air pollution caused by the ships' emissions.

Moreover, the increasing exploitation of *oil* and *gas* resources in environmentally sensitive areas such as the Arctic requires more sophisticated ships which are able to sail under the most demanding weather conditions. Similarly, the growing popularity of cruising holidays has triggered a demand for passenger cruise ships with more exclusive, but also more energy-consuming facilities. Also the growth in the Short Sea Shipping constitutes a challenge for the shipbuilding industry and the growing share of the waterborne transport, combined with a trend to shift to intermodality, calls for new ship-to-shore interface solutions that would improve and quicken the loading/unloading operations in the ports.

All these demands can be met only by innovating, and the European marine equipment industry accounts for a considerable number of technical innovations in the shipbuilding and port sectors, thus playing a significant role in ensuring the global competitiveness of European shipbuilding. The marine equipment manufacturers play a fundamental role in making the maritime transport safer and more environmentally-friendly, being world leaders in



propulsion, communication, automation and environmental systems.

R&D Working Group EMECrid, which has been set up within EMEC to identify and promote the industry's priority research themes and involve companies in more active participation in research projects, can serve as an example of a closer cooperation among the stakeholders in the industry. EMECrid's overall goal is to help the European marine equipment sector stay at the cutting edge of technology by providing support on research, innovation and development (RDI) matters. EMECrid vision is to increase the global market share of the European equipment industry by 20% in 10 years time. EMECrid Research Strategy states in detail how this goal should be achieved. The objectives of EMECrid are to enhance the activity of EMEC in European policy making, to promote project proposals, disseminate information and results of projects and develop a vision for the future. The representatives from the leading companies in the respective sectors form seven Technical Working Groups, covering all elements of the marine equipment industry. EMECrid is a platform bringing together both

large companies and SMEs, all of them world leaders in their respective areas.

However, EMECrid encompasses marine equipment manufacturers and suppliers only. A closer vertical and horizontal cooperation within the maritime cluster is needed to enhance the research potential in the sector, as well as to create synergies in other areas which will ensure that the maritime interests are well represented at the European Union level.

The challenges that need to be met in order to remain competitive refer inter alia to closer cooperation within the maritime cluster in the areas of IPR protection, harmonisation and mutual recognition of classification rules, research capacity, international trade, and the availability of a well-qualified workforce.

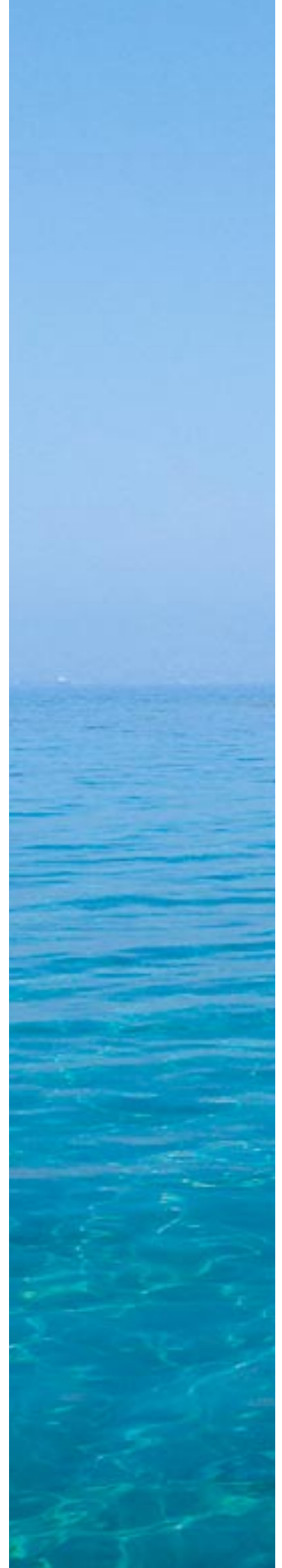


1. Maritime Cluster

*“What role can maritime clusters play in increasing competitiveness, in particular for SMEs, in improving the attractiveness of maritime jobs, and promoting a sense of maritime identity?”
(The Maritime Policy Green Paper)*

Given the strong interdependencies between maritime industries, close cooperation between maritime stakeholders is essential to profit from synergies in the critical enablers for competitiveness, such as human resources or research, development and innovation (RDI) capacity.

Maritime Industries Forum and the Waterborne Technology Platform are examples of initiatives joining companies, educational establishments and research institutes in cross-national cooperation. EU should support such initiatives and maintain a good framework for close cooperation between maritime stakeholders.



1.1 Reinforced EU Statistics

“Better understanding of the competing uses of the ocean will require better data and information on maritime activities (...). Good data are also of importance for maritime economic operators. However, there are still major problems of harmonisation and reliability of data, as well as insufficient and geographically imbalanced monitoring in EU marine regions. The gaps must be addressed if we are to devise a sound and sustainable EU Maritime Policy.”

Having the accurate and comprehensive statistical data at our disposal would help develop relevant EU policies within the maritime sectors, as there are no more effective arguments than facts and figures.

If we want to realise and promote the full impact of the maritime sectors on the overall EU economy, we need to be able to present comparable and reliable statistical data which defines the overall maritime cluster (including the marine equipment sector), in terms of activities, distribution of turnover, employment, export value, and other characteristics which would allow an accurate portrait to be drawn of the maritime Europe and enable comparison between the different maritime sectors and other industries.

Some maritime sectors, for example the marine equipment, are not recognised as separate sectors in the nomenclature, and maritime industries' products and services are scattered all over the classifications.

It should be one of the European Commission's goals, to reinforce the statistical data on the maritime sectors and

the overall maritime cluster available from EUROSTAT. Also the industry itself should put more effort into collecting statistical data on a regular basis both at a national and European level. It is important to have a constant overview of the statistical trends. To achieve this, certain changes to the EU statistical nomenclature will be required, to make the maritime sectors and activities more prominent. This requires joint effort from EUROSTAT and national statistical offices in Member States, as well as negotiations on international level, as there are strong interdependencies between the statistical nomenclatures.

Progressively, the industries forming the shipbuilding supply chain could be grouped together under the same class in the nomenclature, following e.g. automotive or aircraft industries example.

In the meantime the Commission should consider conducting a study on the maritime industries, which could become a basis and reference for a regular data collection.

1.2 Human Resources

With regard to maritime related professions, the Green Paper concentrates on the shortage of European seafarers. However, the lack of a skilled workforce is a problem shared by other maritime industries, including marine equipment manufacturers and suppliers.

First of all, it is important to further encourage and facilitate workforce mobility within the European Union.

Furthermore, incentives are needed to attract young Europeans to engineering studies, as well as to vocational schools. These could include for example Europe-wide campaigns promoting the careers in technical professions. Supporting and encouraging clustering between universities, research centres and the industry is yet another solution (closer links between universities and industry are already promoted within the Lisbon Agenda).

A creation of the maritime mentorship scheme to guide young people in the early stages of their professional career could constitute a part of such a campaign, with mentors providing first-hand and personal information on the maritime professions. Such a mentorship scheme could be addressed already to students, to encourage them to embark upon a career in the maritime industries. The mentorship could be also a good tool to attract women

to maritime professions, especially if their mentors were also women, who would show that there already are women professionals in the male-dominated field that she has chosen.

Synergies could be created by encouraging and facilitating vocational training or life-long learning opportunities within the maritime cluster, also on the pan-European level, as more and more businesses go international.

In addition, the joint training schemes involving shipowners, shipyards, ports, classification societies, marine equipment suppliers, etc. should be encouraged, as they could provide for a more comprehensive maritime training and offer a wider impact.

It should be noted that many of the marine equipment suppliers and service providers that constitute a part of the shipbuilding supply chain are SMEs, and other entities in the supply chain, including large companies, depend strongly on them. Therefore, it is crucial for the competitiveness of the whole supply chain that they remain competitive. In this context, EU support schemes for SMEs are welcome. It should also be pointed out that most of the SMEs in the marine equipment sector successfully compete globally, along the large companies in the sector.



1.3 Research

“A vision is urgently needed for marine related research in Europe leading to a strategy that derives even greater benefits from the Framework Programmes and other sources of funding in Europe, avoids duplication, closes gaps and creates synergies. The strategy should include mechanisms for optimising coordination, co-operation and dialogue between the Commission and policy-makers, industry and scientific communities in Member States and third countries.”

Although research and innovation should be industry-driven, financial support from the European Union's and national budgets is a necessary incentive, as risks associated with innovative and prototype solutions often discourage private funding. This issue concerns very much the marine equipment industry, with the majority of the companies in the sector being SMEs, which lack the necessary financial reserves and manpower. Therefore, the European Union's Research Framework Programme constitutes an important financial support with regard to RDI capacity and facilitates more intensive cooperation with other players in the shipbuilding supply chain, namely, shipowners, ship operators and shipbuilders, as well as academia.

Also the “Innovation 2010” initiative of the European Investment Bank aimed at stimulating companies' investment in innovation through loans and venture capital schemes is a valuable support for the companies wishing to innovate. One of its components, the Risk-Sharing Finance Facility, which is to complement the European 7th Research Framework

Programme in the form of loans to finance the participation in the R&D projects, should be particularly welcome by the SMEs.

The creation of the European Research Council to further support the innovative researcher is further proof of the political support for innovation within the Community.

The WATERBORNE TP facilitates and enhances the cooperation within the maritime cluster with regard to strategic research topics and is a partner with the Commission when it comes to identifying and supporting specific research areas. Through EMECrid, EMEC has contributed considerably to the Strategic Research Agenda of WATERBORNE TP.

However, it is of utmost importance, that all these activities are well coordinated and that all the relevant bodies and the Commission's services work closely together and with the stakeholders, as the industry is the key player in this innovative chain.





1.4 Increased cooperation between stakeholders within the maritime cluster

The international character of the maritime industries demands a pan-European maritime cluster that would operate alongside the already existing national and regional ones. Needless to say, support and coordination on the European Union's level would offer the most added-value to this concept. Considering that most of the players refer to the same few Directorates General, a role of coordinator lead by DG Fisheries and Maritime Affairs is welcome in this respect.

Suitable platforms for cooperation already exist: while WATERBORNE TP is a forum for research cooperation, the Maritime Industries Forum (MIF) forms a platform for collaboration of a more political nature. Whereas WATERBORNE TP generally performs well, the MIF structure is in a need of restructuring to make it more efficient. More resources (both financial and human) are needed to reinforce the MIF Secretariat. Moreover, as MIF encompasses a very broad spectrum of maritime stakeholders, it could become the responsibility of DG Fisheries and Maritime Affairs, instead of those Directorates General that have purely sectorial approaches.

EMEC proposes that a reformed MIF becomes the platform for reinforced cooperation within the whole Euro-



pean maritime cluster, triggered by the enhanced political support from the European Commission and the Member States.

It is EMEC's belief that a boost is required to encourage the industry to improve cooperation among the maritime players in the EU: It should be a joint task of the policy-makers and the platforms, such as MIF, to raise awareness among stakeholders in the maritime cluster that their global competitiveness depends on their close cooperation, not only within their own sector, but also between sectors, following the example of much more integrated maritime clusters in Asia.

2. Cooperation on the policy-making level

*“How can an integrated approach to maritime affairs be implemented in the EU?”
(The Maritime Policy Green Paper)*

In order to remain competitive, the stakeholders in the maritime cluster need to cooperate not only within their own sector, but also across sectors. However, such cooperation should be mirrored on the policy-making level. If the policy-making with regard to maritime affairs, both on the European and national levels, remains sectorial, there will be little incentive for the stakeholders to act differently.

The Green Paper reflects the need for more integration of the fragmented sectorial policies. However, turning this vision into practice is necessary. As the Green Paper proposes: “The Council may also wish to consider the creation of a horizontal working group alongside COMAR, which deals with international legal questions, to support the work of COREPER in preparing decisions of the Council on maritime subjects which require cross-sectorial discussion. It might consider how best to organise high-level political input into maritime decision-making in the light of *the way work was coordinated among seven sectorial Councils for the review of the Sustainable Development Strat-*

egy. Similarly the Parliament may wish to consider how to take account of the need for a more integrated approach to maritime decisions in its internal organisation of work.”

EMEC supports this Green Paper’s proposal and, in addition, suggests that one of the vice-presidents of the Commission should be given a task of ensuring a continuous cooperation between the directorates general of the Commission that deal with maritime issues. The Steering Group of Commissioners who took the responsibility for the Maritime Policy Green Paper should continue to act with the necessary support of a suitable coordinating administrative unit.

The work of the Intergroup on maritime issues in the European Parliament should be encouraged and it should deal not only with the issue of maritime transport but also with related topics to such as maritime research and marine environment.

3. Promoting maritime identity

*“What action should the EU take to support maritime education and heritage and to foster a stronger sense of maritime identity?”
(The Maritime Policy Green Paper)*

EMEC shares the views expressed in the Green Paper, that when it comes to realising the full socio-economic impact that the oceans and seas and the activities related to them have on their welfare and well-being, the European citizens' knowledge is sadly lacking.

Showcasing the importance of the maritime sector for the European economy as a whole and helping to see and understand the linkages could play a significant role in gaining political and public support for the issues vital for the maritime industries, including marine equipment manufacturers and suppliers. Such an awareness raising campaign that would reveal the growth potential and the real image of the maritime industries as innovative and hi-tech sectors, could also help to attract employees to careers in the maritime industries.

EMEC believes that although such a campaign should address all European regions, it should nevertheless focus greatly on the landlocked countries and inland regions, as in the regions with strong maritime traditions, the awareness of the importance of the

maritime economy is significantly stronger. Certainly, a differentiated approach is required with regard to coastal and non-coastal areas.

The marine equipment sector can serve as a good example that maritime Europe does reach much further than coastal regions, as numerous companies in the sector are located in landlocked countries and inland regions.

Each year IMO celebrates World Maritime Day to draw attention to the importance of the issues such as maritime safety and security, and marine environment. Moreover, each year a different aspect of IMO activities is in focus. This initiative could be mirrored in the European Union in the form of a Maritime Week, when events would take place all over the European Union, on national and regional levels, with European level events taking place in Brussels. Such an initiative would help raise awareness with regard to maritime issues, would promote maritime professions and sectors. The whole initiative could be coordinated by MIF in the close cooperation with the European Commission.

4. Level Playing Field

*“How can European maritime sectors remain competitive, including taking into account specific needs of SMEs?”
(The Maritime Policy Green Paper)*



4.1 Mutual Recognition

The marine equipment industry's competitiveness is strongly hindered by the insufficient harmonisation of technical requirements applicable to marine equipment and the lack of mutual recognition of the certificates issued by the so-called Recognised Bodies, i.e. mainly Classification Societies. Hopefully, this situation may be remedied if a directive on "common rules and standards for ship inspections and survey organisations and for the relevant activities of maritime administrations" will be adopted in its proposed form.

The current system, when the same piece of equipment is certified up to ten times, is inefficient and does not generate any added value in terms of either safety or environmental protection. Rules and regulations, in particular technical rules, related to the maritime sector could be better harmonised and it should be regarded as a priority. It is furthermore important that an agreement on mutual recognition of certificates should also mean that a rejection of a certificate from a classification society must imply corresponding rejection by all other classification societies, thus materially improving safety.

Already, the Marine Equipment Directive (MED) ensures that the equipment on ships under the EU flag is certified according to a harmonised system of rules that excludes abusive practices and sub-standard equipment. The harmonised system of certification based on mutual recognition cuts out redundant repetitive testing of the same equipment, freeing resources to be dedicated to safety added value activities as well as R&D.

As almost half of the world's most widely recognised classification societies associated in IACS (International Association of Classification Societies) are European ones, it gives the Commission the leverage to propose a progressive mutual recognition of certificates issued by European members of IACS at least, based on harmonised standardisation. Such a proposal is indeed included in the directive on common rules and standards for ship inspections and survey organisations which is a part of the 3rd maritime safety package.

4.2 Intellectual Property Rights protection



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The continuing action to preserve the European marine equipment industry's leading position as innovators is constantly threatened by unfair competition. The product and knowledge piracy undermines the research efforts and reliability of the industry, not to mention the threat posed to maritime safety.

The European marine equipment manufacturers fall victim to product counterfeiting with enough frequency for the process to deserve some decisive measures. EMEC members perceive the instruments available under WTO rules as too limited to offer sufficient protection for their IPR and think that more efficient measures are required which are more responsive to the international market. One of the possible actions could involve the port state control, by making them more aware of the problem of counterfeited equipment and giving them powers to act when they encounter counterfeits. Another action could be to improve the rules on class societies' control regarding

IPR. Furthermore a European maritime policy should contain demands to improve the TRIPS agreement (agreement on Trade-Related Aspects of Intellectual Property Rights) under WTO rules or establishing such other measures, as appropriate, to provide the necessary safeguards.

It is also worthwhile to further raise the political awareness of the problem and to reconsider funding of know-how transfers to developing countries that actually compete with the European Union's industries (i.e. India or China).

More effort should be undertaken and sufficient incentives offered to prevent European engineers and specialists from emigrating, thus avoiding a "brain drain".

Of course, the companies themselves should be also more careful in i.e. disclosing the know-how to their Asian business partners while outsourcing.

4.3 . Facilitated access to foreign markets

Since European marine equipment manufacturers are in the world avant-garde in terms of technical innovation, almost half of their production finds buyers outside Europe. The sector would welcome more support measures within the Community's common trade policy with regard to their presence on the foreign markets, especially in top

shipbuilding Asian countries such as China and Korea. The EU should work for the abolition of discriminatory rules and practices favouring local products in these countries, for example, local content rules for marine equipment or regulations prohibiting foreign investors from getting controlling interest in the companies based there.



4.4. Simplification of the rules and regulations

“The interdependence of the maritime sectors and policies may mean that legislation developed for the needs and objectives of one policy may have unintended and contradictory impacts on other maritime goals in the overall context of sustainable development. Where such impacts can be identified the Commission believes that amendments to Community legislation in question should be considered. To avoid a theoretical, bureaucratic exercise, the Commission appeals to stakeholders to identify such cases, in order to propose changes based on an integrated analysis.”

EMEC is in full agreement with this statement from the Green Paper. A working group, chaired by EMEC, has been set up within the Maritime Industries Forum to deal with simplification of the rules and regulations that affect the maritime industries.

The ratification of international conventions is yet another issue related to regulatory framework. The global nature of the maritime sector demands global solutions, hence the IMO is the right forum for setting regulation. Still, not all EU member states are quick to ratify even these conventions which diligently comply with the policy of the EU, since corresponding initiatives are being taken by the EU as well to tackle the same problems. As a result it has become difficult to raise political attention to the necessity of ratifying some of the international conventions.



Summary - 10 Actions for a European Vision for the Oceans and Seas proposed by EMEC:

1. Reinforcing statistical data on the European maritime cluster
2. Attracting skilled human resources for the European maritime cluster
3. Supporting maritime research
4. Facilitating cooperation between stakeholders within the European maritime cluster through the reinforcement of the structure and activities of MIF
5. Reinforcing co-operation on the policy-making level in the European Union with regard to maritime matters
6. Promoting the maritime identity in Europe
7. Ensuring mutual recognition and harmonisation of technical standards
8. Providing effective Intellectual Property Rights protection
9. Facilitating access to foreign markets for the EU exporters
10. Simplifying the rules and regulations that affect the maritime sector

EMEC members:

AEDIMAR

AFMI

AMEM

ASSONAVE

CMEM

DANISH MARITIME

FORUM OKRETOWE

GICAN-COFRENA

HME

NORSK INDUSTRI MARITIM

SMI

VDMA

VSM

Spain

Finland

Austria

Italy

Croatia

Denmark

Poland

France

The Netherlands

Norway

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Germany

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