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CPMR POLICY POSITION

OPINION FROM THE CPMR POLITICAL BUREAU

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LEADERSHIP 2020 – TOWARDS A STRONG MARITIME INDUSTRIAL POLICY!

This policy position sets out a number of details related to the “LeaderSHIP 2020” strategy developed by stakeholders during the year 2012 and presented at a high-level meeting organised by the European Commission and the association SEA Europe on 20 February 2013. The content of this position has been developed in recent months as part of the initiative “**Maritime Industries for Blue Growth**”¹, launched in October 2011 and led by the Region Pays de la Loire within CPMR.

The approach taken in this context is oriented around the idea of the differentiation and diversification of shipyards, especially towards marine renewable energies², as a strategic axis for the future of maritime industrial employment in Europe.

This idea has a potential to constitute a major component of the development of a broader European maritime industrial policy including shipbuilding, in which exceptional knowledge and skills are the industrial base of the maritime economy in our regions.

The development of maritime industries³ is of strategic importance and offers leverage for growth and jobs through the differentiation and diversification of shipyards, especially towards marine renewable energies. Alongside companies within their territories, and through active and ambitious policies, many regions have embarked on this track. Alongside them, the EU should implement a strong industrial policy that can support this positive view of the maritime industries, which are now placed at the heart of the EU’s ambitions for blue growth, research, innovation and competitiveness.

Convinced of the need for a strong industrial policy in the maritime area, the Regions welcome the initiative of the European Commission to renew the LeaderSHIP 2015 strategy by initiating the **LeaderSHIP 2020** process, especially as the approach chosen is far-reaching, ranging from shipbuilding to all maritime industries. From the outset, the maritime Regions have actively contributed to this process, which is organised around three areas of work:

- 1) International competitiveness and access to finance;
- 2) Research, Development and Innovation;
- 3) Training and Employment.

¹ The German, Spanish, Italian, Finnish, French and Polish Regions involved in the initiative “Maritime Industries for Blue Growth” signed a memorandum in December 2011 and co-organised a seminar in the European Parliament on 2nd February 2012 in the framework of the Seas and Coastal Areas Intergroup of the European Parliament, as well as a debate on European Maritime Day in Gothenburg in May 2012, to demonstrate the potential of maritime industries in terms of economic and social development in Europe and its territories. For more information see also: <http://www.crpm.org/fr/index.php?act=13,40>

² The term “marine renewable energies” designates all forms of ocean energy (tidal, current, wave, thermal, osmotic, marine biomass) and offshore wind energy (fixed and floating).

³ The term “maritime industries” covers the design, construction, and repair of all types of ships and other relevant maritime structures (such as marine renewable energy installations) and includes the whole supply chain of systems, equipment and services as well as research and educational institutions.

The following reflects on these three dimensions by highlighting the points that require special attention in the monitoring and implementation of the LeaderSHIP 2020 strategy.

International competitiveness and access to finance

The final LeaderSHIP 2020 report clearly describes the problem of the limited availability of long-term loans and the lack of guarantees, and also notes that “access to finance has become the single most important factor in competing for international shipbuilding contracts” and “sometimes contracts are being placed on the availability of finance over the technical competencies of the bidder”.

In this context, it is urgent to develop processes to **consolidate the arrangements for pre-financing ships** (including small vessels and yachts as well as subcontracting) across Europe to improve the competitiveness of the supply of European shipyards. Regions support the idea of an EU financial instrument managed by the EIB to improve liquidity in the market, restore fair competition within the Union and to strengthen the European industry to compete internationally. As a minimum, common rules should apply across the EU in order to **restore a level playing field**.

In addition, we welcome the idea of developing “**Blue PPP**” models in Europe for greening and retrofitting projects with a specific public interest, as proposed in the LeaderSHIP 2020 report.

As regards **financing the differentiation and diversification** of maritime industries, the working group report on this topic shows the possibilities of providing support through the Structural Funds. Keeping in mind the crucial role of SMEs in the value chain, we point out in this regard the need to preserve the possibility of supporting large companies by the ERDF in the future programming period. It is also crucial to enable a good coordination between the different funds (ERDF, ESF, EMFF), in order to assist business in a transversal manner to cope with changes concerning innovation, competitiveness, employment and skills. The smart specialisation of Regions could be the key to this kind of multi-fund mechanism and the development of integrated projects.

However, funding requirements to support the differentiation and diversification of maritime industries are such that the structural funds cannot be the only lever of public funding. Some examples of this include infrastructures for LNG (Liquefied Natural Gas) and hydrogen, or the modernisation of ports to accommodate marine renewable energy. This is indeed a cross-cutting challenge, and the instruments related to EU policies for transport, research and innovation, energy and training should all contribute towards the emergence of a strong and diversified maritime industry in Europe.

In this context, the issue of State aid guidelines needs to be addressed with a view to supporting the implementation of strong industrial policy which is taking shape in the maritime field: the ongoing modernisation process of State aid rules for 2014-2020 should allow Member States to support all activities of the maritime industry without any sectoral limitation and regardless of the size of the beneficiary, and to support all the infrastructures linked to the maritime industry, these being an essential prerequisite.

At international level, Europe should take determined action to promote fairer trade conditions on free markets.

While today a restructuring process seems inevitable, it is necessary to emphasise the opportunities for growth and the **emergence of European industrial champions** in the maritime industry. RDI can be an important factor for moving in this direction, through a more collaborative approach of the players in Europe.

Research, Development and Innovation

The **Public-Private Partnership** (PPP) proposed in the report which may emerge in the Horizon 2020 programme is a very important step towards a large scale collaborative approach. At present, a PPP is planned to be set up in the field of shipbuilding on the aspects of efficiency (mainly energy efficiency) and safety (p.29). Another PPP on new promising markets for blue growth, such as ocean energy and offshore wind power, is essential to give substance to the new structuring of the maritime industries sector. There are big investment needs in R&D for this new industry to be economically viable in the long term and become a sector of excellence in the international market, capable of being exported. It is therefore essential that the European Commission has a comprehensive approach to marine renewable energy in its future initiatives, and in particular that the expected communication on ocean energy covers the fixed and floating offshore wind sector which still has strong requirements in terms of R&D.

The idea of a large-scale meta-demonstrator is also in step with a real kind of collaboration that can foster the emergence of European champions. At the same time, the financing of physical demonstrators and prototypes is a separate issue that also needs to be addressed.

Given the specificities of the maritime industries sector and international competition, the recommendation to maintain favourable rates for the specific framework on **state aid** for innovation in the maritime industries in the context of the ongoing reform of state aid guidelines is crucial. It is necessary to take a **broad-based approach to the definition of innovation**, including prototypes designed to be marketed, whether this is in a specific regulation for shipbuilding or included under the horizontal rules (Block Exemption Regulation and Community Framework for State Aid for Research, Development and Innovation). The new State aid rules shall also allow a more effective support to **innovation**: the proposal of extending the scope of application of the General Block Exemption Regulation to include the new category of innovation is highly welcome, but it must be combined with higher aid intensities for innovative investments, especially in cases where the test of prototypes is too expensive, thus preventing their further commercial or industrial use.

Furthermore, in order to avoid the danger of Europe being left far behind in the area of key technologies, the current **matching clause** in the area of RDI should be extended to include product development and production. Member States would thus be able to support product development and production in such a way that their businesses are not put at a disadvantage in comparison with their global competitors, while still avoiding any breach of World Trade Organisation law.

Clusters play an important role in structuring the economic development in given areas and are in many cases supported by the regional authorities. The **role of clusters** is also central to initiate collaboration on specific projects, both at the regional, national, transnational and European level. The new **regional aid rules** should allow member States to support clusters as the pivotal trigger of the recovery strategy to exit the crisis, and to promote their smart specialization as inherently linked to the particular economic potential of the territory, regardless the size and the sector of the undertakings. Future strategies in this area should pay special attention to SME access to RDI, strengthening their ability to provide expertise and technologies with high added value for large groups active in different markets.

Finally, RDI efforts should focus not only on products but also on **improving production processes** to strengthen the global competitiveness of the European industrial base in shipbuilding and marine renewable energy. There is a need to facilitate interconnections throughout the value chain through an integrative approach to technological innovation and non-technological innovation, in an open and extended innovation approach. For example, RDI projects for marine renewable energies (ocean energies as well as offshore wind) can benefit the maritime industries' development as a whole. They should therefore be included in the SET Plan (Strategic Energy Technology Plan), and future Horizon 2020 calls.

Training and employment

Skills, training and attractiveness of the maritime professions are a key differentiator of European maritime industries. There is a need in this area to **assist employees** in integrating new technologies to face successfully the challenge posed by industrial change in the sector.

The report's recommendations for improving the use of European programmes for identifying, formalising and connecting skills, and to improve the visibility and image of the sector, as well as mobility are indeed crucial. The future establishment of a European Sector Council for Employment and Skills in the field of shipbuilding is an essential step towards improved **forward planning and coordination of skills**. It will help to support the differentiation and diversification of maritime industries, as well as intra-and inter-sectoral mobility.

To conclude, it needs to be stressed how closely blue growth and industrial policy are linked. Blue growth depends on dynamic maritime industries, and the performance of maritime industries relies on an ambitious industrial policy.

A broad industrial base is essential to take full advantage of new opportunities that are opening up to the maritime industries. Going into new areas of blue growth presumes starting from the existing industrial base. The more the industrial base of a territory is large and diverse, the greater its capacity for innovation will be, by allowing cross-fertilisation and transfer of innovation between industry and academia, between large companies and SMEs, and from one sector to another.

This is the major challenge of the LeaderSHIP 2020 strategy to assist this industrial transformation that is occurring in our territories. Europe must make the choice of a maritime industrial policy that addresses such major issues in a transversal manner and puts them at the heart of EU policies.

Maritime Regions strongly support the approach that has been adopted and are ready to contribute to the implementation of the LeaderSHIP 2020 strategy, particularly in the context of their smart specialisation strategies, building on the experience on their territories and of past projects.