European Network of Maritime Clusters

Boompjes 40, 3011 XB Rotterdam, Netherlands

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Commissioner Sinkevičius

Rue de la Loi / Wetstraat 200

1049 Brussels, Belgium

Dear commissioner Sinkevičius,

These times ask for cooperation, support and an ambitious view on the future. The European Network of Maritime Clusters (ENMC) is reaching out to you to share today's and tomorrow's maritime challenges, the opportunities that are awaiting and how these can be addressed with the public and private parties cooperating. The ongoing support of financial institutions, central governments and the European Commission to make sure that the maritime cluster is able to cope with current liquidity challenges and survive this crisis strongly is needed and is much appreciated. The European maritime cluster is a key part of the EU Blue Economy which according to the EU Blue economy report of 2019 directly employed over 4 million people and generated €658 billion of turnover. The traditional sectors and the emerging sectors are both relevant. The knowledge and expertise of the traditional sectors are needed for both established and new markets. *Source: The EU Blue Economy report 2019.*

The maritime cluster and the value of the sector

The European maritime cluster is a valuable network of knowledge institutes, shipyards, terminals, shipowners, ports, fishermen and maritime (service) suppliers to name a few. The cluster is a combination of startups, scale ups, SMEs, mid-caps and corporates that are

active in developing and maintaining sources of renewable energy at sea, connecting Europe to the world economy by transporting 76% of EU's external trade by sea and 32% of intra EU trade, sailing and yachting, developing blue biotechnologies, keeping coastal tourism, strengthening the maritime and logistics value chain and guaranteeing Europe's , security and a leading role in maritime business as well as its digital and industrial sovereignty. A few topics where the maritime cluster is of strategic relevance concern securing (renewable) energy, bringing food from sea to land and supplying European industries with (raw) materials, innovative ships and offshore platforms, innovative (green) technologies and keeping our feet dry thanks to amongst others dredging. Keeping the ecosystem intact is of the essence to the well-functioning of the cluster. The strength of the maritime cluster lies in its diversity of the markets it serves, the vessels it sails and in its push for sustainable innovation.

By sustaining the blue economy, its (industrial) capabilities and competitiveness, the European Union maintains one of its futureproof engines that are needed for a strong and resilient European Union and for securing Europe's leading role in maritime business.

Challenges and opportunities

Challenges

The maritime cluster faces a multi-layered challenge now: it is sailing through the current rough storms of the health and economic crisis and preparing to get back on its feet in a sustainable manner while keeping an international competitive edge internationally and facing considerable societal challenges and expectations. Due to the COVID-19 crisis borders are closed, worldwide demand has fallen and production has been reduced or even stopped. The current lack of crew changes at a sufficient scale is creating a very difficult situation for all the seafarers that guarantee the essential seaborne trade and movement of people by sea. Equally, foreign workforce in industrial plants could not return to work because of border closures, with a negative impact on industrial production. When seafarers are stuck on board that causes personal stress and fatigue, creating serious health and safety issues for the crew, the vessel and its environment.

The current situation has led to the postponement of investments in new vessels and refits, with a perspective that new orders will not come back before 2023/2024 earliest. Innovative programs are (partly) put on hold and due to the value chain connection these developments hit various parts of the maritime sector. A ban on most travelling opportunities across Europe severely reduces the income of coastal tourism and make the exchange of international students practically impossible.

The crisis is expected to impact the cluster heavily this year and in the coming years as global trade is expected to continue to decline for some time, resulting in trade uncertainties and a delay in investment decisions. As this crisis will create economic losses in the coming years, it will put serious pressure on the future prospects and continuity of the whole European maritime cluster. A turnover fall of more than 20% over 2020 might become an optimistic estimation if the current economic situation continues. At the same time, Asia is already financially supporting its local maritime cluster community, in addition to the financial support that already existed before the COVID-19 crisis. Global competitiveness of the European maritime cluster might deteriorate as a consequence.

Without a maritime cluster, Europe loses innovative power to take the lead in the greening of waterborne transport and the energy transition work, a substantial employment sector, an efficient and sustainable manner to feed its people from the seas and oceans and the ability to solve complex water issues. Europe will also lose a way of life since the maritime cluster is one of the cornerstone sectors in various countries and regions of the EU. To make a difference worldwide the cluster gains in importance by being innovative and sustainable while being internationally competitive. That gives us a layered puzzle that can be solved with a decent timeline and a different approach to economic models in which public finance plays a role as well and business models with a longer horizon are made possible with public guarantees.

Opportunities

Good work in becoming more sustainable and developing new designs and technologies has been done. The maritime cluster is working together in the Waterborne Technology

Platform[1] on the development of technologies for emission free waterborne transport. The innovative character of the maritime cluster is key to its global competitiveness. The work done and the ambitions of the maritime cluster contribute to the success of the European Green Deal. What the sector needs is a recovery plan including an economic and financial safety with measures to hold liquidity within companies and stimulate measures that speed up government tenders so public investment actually supports companies without spending more money. Those measures should keep the sector up and running so that it can turn into a sustainably and globally competitive sector over the coming years. The recovery plan should support the transition of the maritime cluster in becoming more sustainable and strengthen existing maritime markets as well as new blue economy markets like the various renewable energy initiatives creating jobs and economic and societal value.

The blue economy of the future and the future of the European maritime cluster are interlinked. The knowledge and expertise of Europe's maritime organisations are the backbone of the new blue economy addressing the opportunities of renewable energy and aquaculture. Furthermore, the IMO initial strategy to reduce GHG emissions and European Green Deal require to build and sail greener vessels on the seas, oceans and inland waterways, as well as the corresponding infrastructure on the land side. Besides the blue economy the maritime cluster plays a strategic role in transport over water making sure goods are delivered to, within and exported from Europe. Sustaining a strong maritime cluster also means being aware of the geopolitical forces and the global level playing field. The European character of the sector contributes to its success and its value for the EU economy.

The impact today and coming months and how to keep a strong and sustainable sector

These unprecedented times ask for unprecedented measures. A financial safety net for the coming months including investments in the strategic sectors contribute to a quick recovery and that will keep the European Union at a strong position on world's stage. It will also help in avoiding that foreign companies take over strategic European companies. Parts of the maritime cluster are directly hit by the COVID-19 crisis such as ferries, cruise vessels, dry

[1] www.waterborne.eu

cargo and container vessels, shipyards, maritime equipment manufacturers, ports, including port services, cargo handlings etc. Other parts of the cluster will notice the impact later this year when investments in innovation and new investments in renewable energy have come to a temporary standstill influencing the entire supply chain. These times are difficult for maritime operations to be run in an effective and safe manner. Having people at the right place has become a challenge, in addition to attracting people to a fast-changing industry. In short, to keep its competitive edge and transfer to a sustainable maritime cluster in the coming decades a diverse set of public and private measures should be kept or put in place:

a) Extension of liquidity measures of banks and governments until the end of 2020/2021 for sectors that are hit later or cannot profit directly from an economic upswing in order to maintain the position of the European maritime cluster as a strategic asset for the EU;
b) In order to meet the industry's and EU institutions' ambitions on making the EU economy climate-neutral, the EU maritime cluster also needs support on the medium- and long-term with long term financing;
c) Alternative financing sources combining public funds and guarantees with bank loans and innovation programs that financially support experiments and pilots. The access for to green finance is challenging specifically for SMEs;
d) A European plan to revitalize passenger transport and coastal tourism in a safe and controllable manner as recently published by the European Commission;
e) Support of all international and European initiatives that stimulate the transition to a clean industry whether it be the ICS proposal linking a fuel levy and an R&D fund, approval of the candidate Co-Programmed Partnership Zero-Emission Waterborne Transport in the framework of Horizon Europe or the maritime fund with a focus on shipbuilding. Crucial is that these measures are only effective when implemented and enforced at the right level be it Europe or worldwide;
f) Improve the competitive position of waterborne transport vis a vis other land based transport modes and thus stimulate a modal shift;
g) A strong Connecting Europe Facility to support the transition to a green and digital maritime transport sector. Programs under Horizon Europe should stimulate innovation in established and new sectors of the Blue economy such as the partnership on zero-emission waterborne transport;

h) Financial incentives for maritime players that develop projects that contribute to the strengthening of a future proof blue economy;
i) Member states should act as launching customer and advanced scheduled governmental orders should stimulate the industry to implement green solutions. Use public procurement as a stimulator for investing in green technologies by financially rewarding innovation and investigate the positive impact on the whole maritime value chain of a fleet renewal scheme;
j) Stimulate the research and development, testing and deployment of alternative fuels and develop the bunker infrastructure in Europe.

By taking into account the above measures in the implementation of the recovery plan, the plan supports a resilient and sustainable future for the European maritime cluster.

Yours sincerely,

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