

CLIA Breakfast

"Getting to carbon neutral cruising by 2050"

1. Introduction

- Thank CLIA and Marie-Caroline for the invitation of SEA Europe to CLIA's first breakfast briefing.
- SEA Europe represents the interests of Shipyards' & Maritime Equipment Manufacturers in EU, Norway & Turkey. Our sector, known as the "European maritime technology sector", consists of 300 shipyards and more than 22,000 maritime equipment manufacturers of all sizes.
- Before the pandemic crisis, our sector generated an annual production value of €128 billion and created jobs for more than 1 million people in Europe's maritime regions. Many maritime regions in Europe depend on their local shipyard and its supply chain.
- Amongst these 300 shipyards are those that build cruise vessels, notably Fincantieri, Meyer Werft, Meyer Turku and Chantier de l'Atlantique, and those that retrofit existing cruise ships into greener vessels, such as Navantia, Chantier de Marseille, or Damen Shiprepair and Conversion.
- Cruise ships are amongst the most complex products in the world (see slide).

2. Turning carbon neutral cruising into a reality

SEA Europe's presence at this breakfast briefing is not a coincidence since the maritime technology sector will be a key industry to translate the European Green Deal and Fit-for-55 into reality for shipping and for cruising. Whilst SEA Europe pays great importance to and focuses on the ongoing political discussions, our member-companies are developing innovative solutions to for carbon neutral shipping and cruising by 2050.

In concrete, SEA Europe's members focus on several aspects:

First of foremost Research and Development.

The road to carbon neutral shipping and cruising is challenging. Many solutions do not exist yet or are not yet mature for deployment onboard vessels. However, the co-Programmed Partnership on Zero-Emission Waterborne Transport, a financial envelop of €530 million in the context of Horizon Europe, will enable the entire maritime sector to carry out R&D to make waterborne transport and cruising, zero-emission by 2050.

Secondly, Design, Building and Retrofitting.

European shipyards develop new designs, solutions, and building strategies to make shipping carbon neutral and more energy efficient (see slide). The very first LNG-powered vessel, the AIDANova, was a cruise ship and with this vessel the cruise sector stopped the chicken and egg debate between the industry, ports and policymakers on who should go first on LNG for shipping.

The AIDANova illustrates the cruise industry's willingness and capability to be a key driver for zero-emission shipping. This is because cruise ships move people with societal expectations as opposed to cargo. But above all, let's not forget that cruise shipbuilding and its supply chain are a European business, from which other ship segments and even foreign competitors have been benefiting from.

Carbon neutral cruising by 2050 will require more than just building new cruise ships. It will also require – and this will likely be very challenging – to retrofit existing cruise ships into carbon neutral vessels.

Thirdly, zero-emission equipment manufacturing

Carbon neutral cruising also demands innovative zero-emission fuels and technologies, equipment, or systems. This too is largely a European driven exercise, with European manufacturers as global leaders in the production and supply of innovative and advanced maritime products, including environmental-friendly and climate neutral products.

Over the past years, European equipment manufacturers have indeed been instrumental in developing dual-fuel engines, in producing emission reduction systems for NO_x, SO_x, Particulate Matters, or greenhouse gases, but also in developing other novelties such as air lubrication systems.

These companies are now – together with shipyards and ship and cruise operators - looking for new fuels (hydrogen, methanol, ammonia, battery power, or synthetic fuels), zero-emission technologies and other environmental neutral as well as energy-efficiency systems, such as advanced water waste treatment systems, water management systems, or sophisticated recycling schemes. In this respect, the cruise industry is also a key driver for innovation.

Importantly, the innovations developed for cruise ships will not only be beneficial for the cruise itself but also for other ship types as well as for onshore solutions since cruise ships are after all a kind of floating mini cities.

3. Significant investments

Carbon neutral cruising will require significant investments on many fronts. This is why SEA Europe has called for using money from the inclusion of shipping into EU ETS and the penalties from violating FuelEU Maritime to be exclusively invested in the wider maritime cluster, including in the cruise supply chain.

The capability of the maritime and cruising sector to make these significant investments will determine whether carbon neutral shipping and cruising will be a reality by 2050 or not. The maritime and cruise sector indeed need to rely on the fullest financial support of commercial banks as well as public authorities and for this reason the taxonomy discussions are crucial. Unhelpful proposals, in particular on cruising, should be avoided by all means as its impact will be wider than the vessels alone. Such proposals will negatively impact the wider cruise sector's supply chain, value creation and jobs in maritime regions. Instead, taxonomy should be held based on facts, as opposed to NGO-driven emotions and agendas, and the shipping industry should be given a place at the table of these discussions.

4. Do not make the same mistake

For 4 decades, European shipyards have suffered from unfair competitive distortions, resulting in Europe losing one ship type after another. Contrary to Asia, Europe does not have sector-specific policies yet and does not have any trade defence mechanism to combat the negative consequences from massive state aid, cheap finance, injurious pricing and other government-driven policies. European shipyards and their supply chain have survived thanks to innovation and creativity. This ability will – more than ever before – be crucial in getting for instance cruising carbon neutral by 2050. But the innovations developed for cruising will be important for getting the entire maritime sector carbon neutral, in line with the European Commission's climate ambitions. This maritime sector, is and remains strategic for Europe's defence and security as well as for Europe's strategic maritime dependence and the cruise sector is one of the key pillars of Europe's maritime industry.

Thank you.