

## Report

### Informal Trade Meeting with SEA Europe

20 September 2016 at Marta House, rue de la Loi 223, 1040 Brussels

#### Participants

SEA Europe: Christophe Tytgat (SEA Europe)  
 Art. 4.1(b) (SEA Europe)

Business: John Murray (Society of Marine Industries)  
 Merja Salmi-Lindgren (Finnish Marine Industries)  
 Art. 4.1(b) (GICAN)  
 Jenny Braat (Danish Maritime)  
 Reinhard Lüken (VSM)  
 Jerzy Czuczman (Forum Okretowe)  
 Lars Gorvell-Dahll (NMT)  
 Roel de Graaf (NMT)  
 Hans Voorneveld (NMT/Damen Group)  
 Art. 4.1(b) (NMT)  
 Art. 4.1(b) (NMT)  
 Art. 4.1(b) (Meyer Werft)  
 Art. 4.1(b) (Pymar)  
 Art. 4.1(b) (Consortio 906)

Member States: Art. 4.1(b) (NL)  
 Art. 4.1(b) (LU)  
 Art. 4.1(b) (BE)  
 Art. 4.1(b) (BE)  
 Art. 4.1(b) (PL)  
 Art. 4.1(b) (PL)  
 Art. 4.1(b) (RO)  
 Art. 4.1(b) (DK)  
 Art. 4.1(b) (DK)  
 Art. 4.1(b) (PT)  
 Art. 4.1(b) (PT)  
 Art. 4.1(b) (UK)  
 Art. 4.1(b) (NO)  
 Art. 4.1(b) (IT)  
 Art. 4.1(b) (ES)  
 Art. 4.1(b) (HR)  
 Art. 4.1(b) (HR)

Art. 4.1(b) (CZ)  
Art. 4.1(b) (LT)  
Art. 4.1(b) (FI)  
Art. 4.1(b) (EL)  
Art. 4.1(b) (BG)  
Art. 4.1(b) (MT)  
Art. 4.1(b) (MT)

Commission: Art. 4.1(b) (DG TRADE G3)  
Art. 4.1(b) (DG TRADE G3)  
Art. 4.1(b) (DG TRADE B1)  
Art. 4.1(b) (DG TRADE B2)  
Art. 4.1(b) (DG TRADE B3)  
Art. 4.1(b) (DG TRADE F1)  
Art. 4.1(b) (DG TRADE C1)  
Art. 4.1(b) (DG TRADE C1)  
Art. 4.1(b) (DG GROW)

Christophe Tytgat delivered a presentation of SEA Europe and the current situation of the shipbuilding market, its main challenges in particular: high competition with Asian countries and protectionism in the US.

Dr Reinhard Lüken reported about market developments in the sector, cooperation with OECD WP6 and DG TRADE. He referred to the enclosed Facts & Figures sheet. Although the sector is affected by crisis and highly subsidised, it will shape the future of this planet, as it is indispensable to recover resources, service offshore platforms, assure transport around the globe, provide specialised technology for cruise vessels and defence fleets. Although OECD WP6 celebrated its 50<sup>th</sup> anniversary, shipbuilding issues have not evolved satisfactorily. Despite the global market being in a bad shape, the orderbook value in the EU has reached a market share of 61%. The supply chain in the EU is highly complex. For two decades, the EU has been pushed out of market segments. However, South Korea is now experiencing huge losses.

Danske Maritime added that the EU is a major supplier of marine equipment.

Art. 4.1(b) asked participants whether they have understood the strategic implications of China 2025. China aims to be a market leader by 2025 in several sectors and shipbuilding is amongst them. He referred to the FTA implementation, the *Enhanced Partnership* as mentioned in the *Trade for All Communication*. He invited business and Member States to name him the top three priorities to be able to focus efforts to harvest results and to think "out of the box". What other tools could be used besides diplomatic pressure? It is up to the industry to make the (TDI) case. 10 days ago, a new global forum on steel including G20 and OECD members was created. To be successful, Member States, business and the Commission have to work together.

Dr. Reinhard Lügen introduced the fast expansion of the shipbuilding sector in **China** and the ensuing collapse of demand. China aims to enter the cruise ship market.

Art. 4.1(b) informed on the upcoming EU-China Shipbuilding Dialogue in November 2016.

Art. 4.1(b) updated participants on the EU-China Investment Agreement. This agreement addresses investment protection, transparency, local content, level playing field, SoEs, environmental issues, labour aspects. Sector specific aspects will be developed as from 2017. Answering to a comment on the difficulty to own shipyards in China, she confirmed the lack of level playing field in this regard.

Art. 4.1(b) informed that the Chinese Scrapping and Newbuilding Scheme of Cargo Vessels has been raised with the Chinese authorities and invited participants to provide evidence. DG MOVE raised this issue in the framework of the implementation of the EU-China Maritime Transport Agreement.

Dr Reinhard Lügen referred to the trade disputes with **South Korea** and the Agreed Minutes between the European Community and the Republic of Korea relating to the world shipbuilding market (19 June 2000), the market situation after the collapse of Lehman Brothers and South Korea's cancellation of its participation at the shipbuilding fair in Hamburg this year. For the time being South Korea would barely be in competition.

Art. 4.1(b) indicated the good results for EU industry (55% increase in exports) and informed participants about the OECD meeting in May, the Industrial Cooperation Dialogue in July. The Trade in Goods Committee meeting will take place in November. Art. 4.1(b) commented on Public Procurement issues with South Korea.

Art. 4.1(b) updated participants on **TTIP** negotiations on maritime transport related restrictions, in particular the EU requests: allowing the use of EU vessels by US or EU operators for some non-transport related maritime services; maintenance and repairs in the EU of US vessels. SEA Europe is willing to provide information on the negative aspects of the Jones Act, especially for the USA themselves.

SEA Europe remarked that although **WP6** is not very effective, - because China is not part of it - it is nevertheless preferable to continue cooperation. On the other hand, G20 would be a real alternative.

Art. 4.1(b) and Art. 4.1(b) updated members on the **International Working Group (IWG) on Export Credits** on 6-8 July in Berlin.