



Europe's waterborne industry determined to contribute to Europe's Climate Neutral Strategy

JOINT POSITION PAPER

ON THE EU STRATEGIC LONG TERM VISION FOR A PROSPEROUS, MODERN, COMPETITIVE AND CLIMATE NEUTRAL ECONOMY.

The European Union has set ambitious goals regarding the reduction of greenhouse gas emissions. It strives to be a global leader in the transition towards a net-zero-greenhouse gas emissions economy by scaling up technological innovations in various fields.

The waterborne transport sector is committed to contribute to this aim.



1. The waterborne industry: a key strategic sector for Europe's society, economy and climate

Europe has 23 out of 28 Member States with a coastline^a, which is much longer than the coastline of the US or Russia. Europe's maritime regions are the home of nearly 50% of the EU's population and account for almost 50% of the EU's GDP. Shipping is vital for trade since nearly 90% of international trade, 76% of the EU's external trade and 40% of the EU's internal trade is carried by water. European ship-owners control more than 40% of the world merchant fleet, whilst European seaports link Europe's transport corridors to the rest of the world and support the EU's internal trade.

European shipping and ports also link peripheral and island areas with the mainland of Europe. With more than 40,000 kilometres of navigable and uncongested waterways and over 250 inland ports, inland waterway transport and ports reach deep into Europe's heartland connecting hundreds of cities, agricultural and industrial regions. Inland waterway transport and short sea shipping dispose over a huge modal shift potential given the free capacities on the European waters. Maritime and inland shipping are key sectors for Europe's mobility and for taking cargo and passengers off EU roads, a strong asset to relieve our roads and provide competitive transport for shippers. This is also key to reduce the costs of congestion, which currently amounts to up to 100 billion euro per year.

By 2050, 80% of the EU population will live in cities. Waterborne passenger transport will contribute to making European waterfront cities uncongested zero-emission and smart mobility areas. The waterborne sector is therefore pivotal to develop European cities through fully integrated and zero-emission urban waterborne services.

The European dredging companies are world market leaders with about 80% share of the worldwide open dredging market. Although 70% of operations take place outside Europe, 90% of the returns flow back to Europe.

Europe's waterborne technology sector is a core sector of Europe's waterborne cluster and consists of shipyards and waterborne equipment manufacturers. European shipyards are global leaders in the building of complex ship types, whilst European waterborne equipment manufacturers are global leaders in the production of (advanced) waterborne equipment, systems and technologies. Ships built in Europe and waterborne systems, equipment and technologies produced in Europe are used for civilian or naval purposes and contribute to Europe's defence and to the security of its coastlines and citizens.

Furthermore, Europe's waterborne leisure and tourism sectors have the potential to foster a smart, sustainable and inclusive Europe and grow annually at a double digit rate.

In sum, Europe's waterborne sector is not only vital for Europe's economy and mobility but has a global leadership position in many segments of the maritime sector. In addition, the waterborne sector is strategic for Europe's defence and security and will have a centrepiece in achieving the EU's climate policy.

2. The Waterborne sector is committed to contribute to a clean planet

International shipping accounts for 2,5% of global CO₂ emissions and 13% of EU transport emissions. If it would be a country, it would be the 6th biggest CO₂ emitter in the world. If no measures are taken, emissions from shipping may further grow by up to 250% by 2050. For these reasons, the International Maritime Organisation has adopted an Initial Strategy for Reducing GHG from shipping^b. This strategy entails that by 2050 the total GHG emissions from shipping should be reduced by at least 50% compared to the 2008 level whilst pursuing efforts towards phasing them out as a point on a pathway of CO₂ emissions reduction consistent with the Paris Agreement temperature goals.

Inland Waterway Transport can contribute significantly towards diminishing the negative effects of transport, as acknowledged by the European Council in its recent conclusions^c. This contribution can be done in two ways, both by shifting freight transport from the road and by allowing for a more efficient energy use as well as an increased use of alternative fuels, in the spirit of the targets of the Paris Agreement on climate change. In a resolution adopted in Feb-

^a https://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Coastal_Member_States

^b <http://www.imo.org/en/MediaCentre/PressBriefings/Pages/06GHGInitialStrategy.aspx>

^c [Council conclusions on Inland Waterway Transport – see its potential and promote it!](#)

bruary 2019^d the European Parliament confirmed that a modal shift from road to inland shipping is necessary to achieve the objectives of the Paris Agreement. The European Parliament also acknowledged that inland waterway transport is essential to diminish further negative effects of transport. The transition towards zero-emission transport is for inland waterway transport laid down in the CCNR Strategy^e and the Mannheim Ministerial Declaration^f.

With this mixed sustainable track record, the waterborne sector is determined to reduce overall emissions from shipping as well as to fully support the further positive contribution from inland waterway transport, in line with the European Commission's Strategy "A Clean Planet for All"^g, which has identified "clean, safe and connected mobility" as one out of 7 priorities.

3. Europe's Waterborne sector is determined to contribute to realizing Europe's "A Clean Planet for All" Strategy

Investing in innovation is investing in Europe's future. It is a condition to compete globally and improve the daily lives of EU citizens. The changing climate is going to bring profound changes to society and to the economy. Europe and its waterborne sector need to act fast to be able to lead the new wave of innovation and set the standard for global competition.

In its recently issued "[Strategic Research Agenda](#)", the Waterborne sector in Europe aims for the following ambitious vision:

- By 2030: Build zero-emission new short sea ships and new inland vessels, whilst decrease GHG emissions during navigation by 50% for other ship types.
- By 2050: Have zero-emission shipping for all ship types, including ships operating in deep-sea trades.

With these targets, the Waterborne sector in Europe is fully in line with the European Commission's strategy for a prosperous, modern, competitive and climate neutral economy. These targets also go beyond the IMO's initial Strategy, which sets as ambition for 2050 a reduction of CO₂ emission of international shipping of at least 50% compared to 2008 levels^h. While taking up the role as a frontrunner, in order to provide workable and realistic solutions to the European and international shipping industry in general, the waterborne sector however realizes that achieving a global emission free shipping sector is dependent on successive decision making by the IMO, because of the much needed global level playing field.

To realize this ambitious vision and to take up its role as a frontrunner, the waterborne sector needs – more than ever before – to make significant investments in and benefit from financial support for research, development and innovation. Moreover, the waterborne sector needs to establish cross-sectoral cooperation with other modes of transport, the logistics' chain and other industries. In addition, innovative business models will need to be identified to reach this ambition. Both digitalisation and technological innovation can substantially support a more efficient organization of the transport chain and contribute to the transformation of waterborne transport to a zero-emission mode of transport. But further developments regarding digitalization and automation will also need significant investments in research, development and innovation.

4. Solving weaknesses and threats, whilst taking opportunities and chances

Whilst aiming to realize its ambitious vision and to remain a frontrunner in terms of sustainability, the waterborne sector in Europe needs to stay ahead of its global competitors in terms of innovation. In the coming years research and innovation (R&I) into new technologies will therefore be crucial, not only to compete on innovation with Europe's global competitors but also to move towards zero- emission and allow the sector to roll out new innovative solutions.

^d [European Parliament resolution on NAIADES II – An action programme to support inland waterway transport](#)

^e Strategy adopted in December 2017: "the CCNR also continues to support national, regional and global sustainability goals and initiatives, in particular by adopting the vision of zero emissions from inland navigation vessels by 2050": https://ccr-zkr.org/files/documents/strategieCCNR/Strategy_en.pdf

^f Adopted during the Congress of the Central Commission for the Navigation of the Rhine on 17 October 2018: https://www.zkr-kongress2018.org/files/Mannheimer_Erklaerung_en.pdf

^g https://ec.europa.eu/clima/news/commission-calls-climate-neutral-europe-2050_en

^h In 2023 the final strategy will be decided upon by the IMO, in line with the Paris COP21 timelines

However, Europe's shipyards – and increasingly also maritime equipment manufacturers – continue to be confronted with serious unfair competitive practices (such as massive state aid, cheap export credits and other financial incentives, building below costs), trade protectionism (such as local content requirements), aggressive state capitalism (Made in China 2025) and artificial demand creation (South Korea).

The impact of these policies for Europe's shipyards, combined with the absence of any international instruments offering a true global level playing field, has already been clearly demonstrated with regard to the building of merchant ship types (like containerships, tankers and bulk vessels), which Europe has almost completely lost primarily to the benefit of South East Asia. However, the continuing competitive pressure from Asia as well as the impact of the overcapacity in merchant ship types and the unwillingness of Asian shipbuilding nations to enter into negotiations with Europe to establish a legally binding global instrument offering a true global level playing field for shipbuilding, are now threatening Europe's global leadership position in the building of complex ship types, including cruise ships.

China, for instance, is pressing cruise owners to build their cruise vessels in China; whilst orders for newbuilt ferries move rapidly to China. Also newbuilt orders for LNG merchant vessels go massively to South Korea even though Europe build the first LNG (cruise) ships.

The supply of subsidised newbuilds prevents a recovery in shipping markets by artificially increasing the supply of cargo capacity in times this is not needed nor wanted. These measures create an uneven playing field, hamper the free and equal access to international maritime transport and contribute to the global overcapacity. Part of this measures is also the support to secure stable cargoes for Korean flagged vessels, which is a flag reservation measure of a particularly protectionist character.

If EU decision-makers, however, fail to realize the negative impact of a global level playing field for Europe's shipyards, maritime equipment manufacturers and European shipowners, and do not support the ambitions from Europe's Waterborne sector e.g. to make waterborne transport green and to contribute to Europe's "A Clean Planet for All" Strategy, the future of Europe's climate agenda for waterborne transport will regrettably be decided outside Europe, particularly in Asia.

For this very reason and because this threat is very real, we call upon the EU to act as a global climate leader and to firmly support zero-emission mobility and trade ahead of all foreign competitors in waterborne transport, waterborne technology and shipbuilding. **The economic added value of Europe's waterborne sector is at stake, as well as employment in the maritime cluster, security and defence, climate and mobility and ultimately Europe's global maritime leadership. The time to act is now.**

||| 5. A holistic and unified action is needed

The Waterborne TP calls upon the European Commission and the Member States to:

1. **In order to come to a coordinated approach, a dedicated platform of key stakeholders (industry as well as authorities) needs to be established to discuss both innovation priorities as well as deployment needs in terms of regulation and financing. In the current stage, there is a patchwork of initiatives regarding greening of waterborne transport;**
2. **Ensure that sufficient resources are made available in the future MFF for both collaborative research and innovation (at least € 1.5 bln.), as well as for support of frontrunners to be able to implement alternative technologies and concepts, via a a-one-stop-shop for efficient dispersal. Taking into account the research and development needs related to the transformation towards zero-emission waterborne transport (commercial and leisure), the fund will complement to funding for research and deployment of market-creation and breakthrough technologies (like hydrogen, fuel cells etc);**
3. **Safeguard the development and implementation of new technologies and concepts by commitment to co-develop necessary regulations and policies to support the European Waterborne Transport Sector and the European Waterborne Technology Industry.**

These actions should focus on tackling challenges for new ships as well as existing vessels.



WATERBORNE TP has been set up as an industry-oriented Technology Platform to establish a continuous dialogue between all waterborne stakeholders, such as classification societies, shipbuilders, shipowners, maritime equipment manufacturers, infrastructure and service providers, universities or research institutes, and with the EU Institutions, including Member States (www.waterborne.eu)



European Technology Platform to develop a comprehensive strategy for R&I and market deployment of logistics and supply chain management innovation in Europe



European association for forwarding, transport, logistics and customs services



The European Barge Union (EBU), inland navigation freight and passenger carrying industry in EU



European Private Port Companies and Terminals (FEPORT), terminal operators and stevedoring companies in EU seaports



The European Community Shipowners' Associations (ECSA), national shipowners' associations of the EU and Norway



Inland Navigation Europe (INE), national & regional waterway authorities and organisations promoting transport by water in EU



The European Federation of Inland Ports (EFIP), inland ports and port authorities in EU, Switzerland, Serbia and Ukraine



The European Inland Waterways Transport Platform, representing the sector of barge owners and operators at EU level



The European Shippers' Council (ESC), Representing the interests of manufacturers, retailers and wholesalers.



Network Inland Waterways Europe (NIWE), regions cooperating to stimulate multi-functional use & sustainable development of waterways and adjacent areas



The European Skippers' Organisation (ESO), European private inland shipping entrepreneurs in EU



SEA Europe, European shipbuilding and equipment manufacturing industry



The European Dredging Association (EuDA), European dredging companies and related organisations



International Association of Public Transport (UITP), worldwide network gathering all public transport stakeholders and sustainable transport modes

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