

SEA EUROPE WORKSHOP ON ACCESS TO EU FUNDING AND FINANCING TOOLS FOR THE MARITIME TECHNOLOGY SECTOR

SUMMARY REPORT

On 22 February 2019, SEA Europe held a well-attended Workshop to guide its Member-Companies and Member Associations in mapping all relevant funding or financing opportunities offered by EU programmes as well as understanding the practical steps required to access these tools. The event gave companies the opportunity to share their practical experiences and needs, to obtain useful insights, and to establish contacts with EU representatives in charge of these programmes. Finally, it allowed SEA Europe to convey to the EU institutions its key messages and recommendations to boost the competitiveness of the European maritime technology industry. The success and added value of the event was acknowledged in the very positive feedback from several participants.

The Agenda, list of participants and PPT presentations are enclosed.



1. Opening session

SEA Finance WG Chairman Roel de Graaf opened the day underlining that a sound financing infrastructure and easy-to-access public funding toolbox are key to enable the EU maritime technology sector to innovate, and hence steer the much-needed greening and digital transition of shipping and logistical operations and untap the potential of blue growth (in line with EU policy goals).

SEA Europe Secretary General Christophe Tytgat explained the complexity of shipbuilding projects in terms of (large-scale) financing needs both for the ship construction and post-delivery phase and the challenges of the European maritime technology sector in accessing finance. The significant time lapse from contract to delivery, during which substantial liquidity is needed for working capital purposes and for the required guarantees, makes ship finance a niche where few banks are available to operate. In the meantime, the share of Chinese banks in global ship financing has grown significantly in recent years compared to Europe, linked to industrial policy strategies aimed at upscaling the local shipbuilding and marine equipment industry (e.g. Made in China 2025).

Barbara Bonvissuto (DG GROW) fully acknowledged the strategic nature of the European maritime technology industry, highlighting its economic and societal importance and spin-off beneficial effects both upstream and downstream the industrial value chain. She then outlined the EU's industrial policy toolbox in the areas of access to finance, RDI and trade and competitiveness. Looking ahead, she drew

attention to the (new) “InvestEU” programme for the period 2021- 2027, which will replace and boost the “Junker Plan”. With a budget of EUR 15.2 billion (aiming to trigger €650 billion in additional investment), it will include four policy areas relevant also for the maritime technology sector: 1) Sustainable infrastructure - EUR 11.5 billion; 2) Research, innovation and digitization - EUR 11.25 billion; 3) SMEs - EUR 11.25 billion and 4) Social investment and skills - EUR 4 billion.

2. Presentation of EU funding Programmes & Companies Experiences

Renata Kadric (INEA) presented the **HORIZON 2020 funding opportunities for the waterborne sector** and drew the attention to the ongoing/planned calls for proposals. For the 2019 calls expected in the fall, a number of topics have been confirmed: Improved Production Processes in Shipbuilding (budget 15 million EUR) and Underwater noise mitigation and environmental impact (budget 8 million EUR). One additional topic (Decarbonising long-distance shipping, budget 20 million EUR) is currently being discussed by the H2020 Transport Committee.

Peter Crawley (DG RTD) outlined the framework of the future Research and Innovation Programme of the EU “Horizon Europe”. One of the new elements is the fact that industries will be clustered in accordance with their targets, like a cluster regarding “climate, energy and mobility”. The European Commission, European Parliament and Council of the EU are currently finalising the negotiations regarding the legal framework of the programme, and Peter emphasizes once again that Member States of the EU play a key role in EU decision making. Thereby, lobbying efforts at national level are key to ensure a proper inclusion of the maritime technology industry in the next EU programmes.

Paolo Guglia (FINCANTIERI) presented the Fincantieri Vision for 2030 and explained how the Group manages Research & Innovation activities. After explaining the complexity of the innovation process in shipbuilding, he outlined how the DNA of EU-funded waterborne R&D in Europe should be, namely: maritime oriented, tailored, cooperative (beyond R&D projects), industry/product/business oriented, diversified, facilitating integration of different technologies, and supporting both incremental development (high TRL) and introduction of disruptive technologies (low TRL).

Antongiulio Marin (DG MOVE) presented the **Connecting Europe Facility (CEF) Programme**, showing examples of co-funded maritime projects promoting vessels upgrades, innovative technology and alternative fuels uptake. He presented the 2019 CEF Transport Call and the (new) Blending Call's concept combining CEF support with financing from the EIB, National Promotion Banks or private-sector finance institutions. The Blending Facility will provide support through investment grants for Alternative Fuels deployment at the level of (port) infrastructure and mobile assets (for the latter, support will cover the costs differential of the innovative solution against the conventional solution).

Herman Van Bueren (DAMEN) shared DAMEN's views and experience with CEF. He recalled that while HORIZON promotes the development of new technologies, CEF has an important role in accelerating their market uptake through risk and cost reduction, and he also made recommendations for improving the projects selection process (e.g. use of CO2 formula-based scoring criteria).

Claus Schulze (DG MARE) presented the **European Maritime & Fisheries Fund (EMFF)** which finances projects and activities supporting Blue Growth Innovation and Technology development, including in e.g. offshore energy, sustainable fishing, marine renewable energies. One recent example of an EMFF funded project in the field of offshore renewable technology is NESSE (North Seas Solutions for Innovation in the Corrosion for Energy). The Commission jointly with the EIB is also working on setting up “an investment platform for the blue economy” to provide access to finance and funding assistance to innovative maritime SMEs and start-ups.

Sotiris Basiakos (EIB) presented the **lending activity of the EIB** for Inland Waterways (Infrastructure, Equipment, Vessels) and Shipping/Shipbuilding projects (newbuilding, conversion & retrofitting; Shipbuilding R&D programmes). In total, in the past 10 years, the Bank has provided financing for over 80 maritime transport projects. However, it was acknowledged that the maritime transport share accounted for only 7% of total EIB transport lending and, besides, the vast majority of such financing was related to port infrastructure. The number of shipping projects supported by the EIB is however increasing with the launch of dedicated programmes currently piloted (i.e. **Green Shipping Programmes**). Examples were shown of EIB-cofunded newbuilding and retrofitting activities taking place at EU yards. The EIB explained its procurement policy and due diligence assessment with respect to non-EU producer countries or shipyards concerned (e.g. IPR violations, potential breaches of trade agreements, risk of distortions caused by anti-competitive practices, such as state aids and injurious or below-cost pricing)

Armando Melone (DG GROW) presented the **EU COSME Programme** which aims at supporting the competitiveness of SMEs. COSME includes two main financial instruments to support SMEs in obtain financing: the **Loan Guarantee Facility** (Focused on higher risk SMEs/riskier transactions) and the **Equity Facility for Growth** (targeting SMEs in their growth and expansion phase on a cross-border basis and/or helping SMEs to internationalise).

Ted Eriksson (EASME) presented the **SME Instrument** programme that supports small companies with funding opportunities and acceleration services with a focus on market-creating innovations. He showed examples of successful maritime projects supported by the programme that involved e.g. in-Voyage Ballast Water Treatment Systems, Hydrogen syngas injection units for ships, or stabilisation devices for lifting and loading of cargo.

Katinka van der Jagt (DG CLIMA) presented the **Innovation Fund**, a new multi-billion EU fund that can be used for projects that help reduce greenhouse gas emissions and can cover up to 60% of the additional costs needed for the adoption of innovative technologies. First calls are expected in 2020 and regular calls will be launched until 2030.

3 SEA Europe Perspective and Conclusion

Christophe Tytgat concluded the event by wrapping up the discussions of the day and sharing the SEA Europe perspective. The European maritime technology sector is, or should be seen, as a strategic partner in advancing EU policy, industrial, transport and environment policy goals. As such, it should be equipped with the right tools allowing it to play its fundamental role. Both the EU and the Industry should work together to maximise the awareness and use of all existing funding and financing opportunities. While some steps have already been taken, more needs to be done to address the access to finance gap for risk-intensive innovation projects or to help smaller shipbuilding companies diversify their business or enter new markets including blue growth. The existing EU RDI and Technology Uptake programmes are fundamental and should be strengthened and made easier to access. However, innovation alone will regretfully not be enough for the European industry to successfully compete globally, given the magnitude and increasingly sophisticated range of state-supported financing packages and massive state aid deployed by other shipbuilding nations. New EU policy responses and a dedicated sectoral strategy, including dedicated financial schemes, are therefore required in view of the specificities of the maritime technology sector and its unique challenges (high capital-intensity, product complexity, long lead production times, exposure to global unfair competition, and no trade defence remedies available).