

Vigo Declaration

adopted at the meeting of the EMF sector committee on shipbuilding
on 20 May 2010 in Vigo, Spain

The EMF urges the European Commission and the EU Competitiveness Council to adopt a 'European emergency programme to save shipbuilding in Europe!'

At its meeting on 25/26 June 2009 in Berlin, the European Metalworkers' Federation's (EMF) shipbuilding committee issued a joint 'Berlin Declaration', summed up under the title **Avoid Redundancies – Safeguard Competitiveness – Enter New Markets**. In this document, the EMF's members were demanding a common European strategy to overcome the crisis in shipbuilding.

Further to this, and as a reaction to the initiative by the EMF and other stakeholders, a string of measures emerged at the level of the European Commission (the new LeaderSHIP programme), the European shipbuilding regions and the European Economic and Social Committee. Despite these initiatives, the EMF's shipbuilding committee has yet to see any concerted European industrial policy initiative from the policymakers aimed at preserving a substantial core of shipyards and suppliers and employment in this future-facing sector.

In light of the existential crisis in shipbuilding and continued job losses at yards (**42,000 jobs shed since 2008!**), the EMF fears for the survival of shipbuilding in Europe. At its meeting on 20 and 21 May 2010 in Vigo, Spain, trade unionists from the key European shipbuilding nations urge the European Commission and the EU Member States represented in the Competitiveness Council to move swiftly to implement a **European emergency programme** to save shipbuilding in Europe.

Such a programme must include five elements:

1. Stimulating demand
2. Safeguarding ship financing
3. Innovation and environmental protection
4. Creating fair competitive conditions
5. Safeguarding jobs and preventing industrial erosion

Although many other industries have seen the situation becoming somewhat less tense as a result of the improving economic position, this has not been the experience of the maritime sector. The current situation in the global shipbuilding market continues to be characterised by a huge slump in demand (some 80%) and distortions to competition as a result of State interventions (in particular the aid programmes in China and Korea, which are worth billions), as well as increasing overcapacities. The EMF underlines however, that Europe has not contributed to the creation of these overcapacities. They are a result of the continued, state subsidised capacity expansion in Asia.

EUROPEAN EMERGENCY PROGRAMME

The EMF is accordingly urging the European Commission and the Competitiveness Council to agree a European emergency programme to save the shipbuilding industry in Europe:

1. Generating demand

The European Metalworkers' Federation proposes that ships in the European ferry fleet which are over 30 years old and only authorised to operate with special permits be withdrawn from circulation and replaced by new vessels. The EMF believes that this would achieve the following effects:

- It would generate new orders for yards and maritime suppliers in Europe as long as it is insured that these orders are placed in Europe
- It would make a significant and immediate contribution towards driving down harmful emissions
- It would boost innovative, green and safer technologies in shipbuilding
- It would improve the infrastructure, in particular with regard to the efficiency of transport.

2. Safeguarding ship financing

The credit crunch caused by the economic and financial crisis has served only to exacerbate the chronic problem of ship financing in Europe. It seems that the banks in the EU Member States are now completely withdrawing from the business of ship financing.

The EMF therefore demands that

- the national financing and guarantee systems for shipbuilding in EU Member States be safeguarded
- the EU Member States prevail upon the European Investment Bank to press ahead with the introduction of a European financing and guarantee instrument
- European banks treat the financing of maritime technology as their core business

3. Environmental protection and innovation

The EMF demands strategic, legislative and financial incentives from the Council of Ministers and the Commission, so that ship owners order environmentally friendly and energy-efficient ships, and Europe's maritime industry can invest and expand its know-how in this field. The EMF's proposals include the following measures:

- The taxation of ships must be linked to the environmental track record of ships
- The introduction of an incentive programme for the scrapping or refitting of old, environmentally harmful vessels pursuant to certified scrapping standards (IMO standards)

- The expansion of SECA/ECA to all EU coasts. Current attempts to hinder the implementation of certain SECA/ECA areas must be resisted at all costs!
- Ship owners and operators that cause environmental damage must be held responsible.

Yards must systematically explore **new, additional areas of work and innovation** as alternatives to the shipbuilding market characterised by over-capacity. Particularly ripe opportunities include marine engineering as well as onshore and offshore industry. This does not mean withdrawing from shipbuilding, but further developing the industrial structure in the shipbuilding and associated marine supply industry with regard to offshore wind energy as a promising area for the future. This encompasses both new shipping products and products beyond the actual construction of ships, and holds fresh challenges for the yards and the supply industry.

The EMF urges that a European project be initiated and a specific contribution towards the opening up of new industrial concepts be created.

The viability and competitiveness of the European shipbuilding industry depends on its **capacity to innovate**. For this reason industry must act anti-cyclically. This implies that activities and investments in the area of RDI must be intensified significantly and the development of junior staff must be promoted.

The EMF believes that the previous programme of innovation subsidies needs to be expanded. Innovation subsidies must be awarded irrespective of contracts, where imminent innovation demonstrably improves a ship's environmental and energy balance. Specifically in response to the way the crisis is developing, short-term subsidies to innovation need to be significantly increased. The EMF believes that the offshore industry needs to be included in the programme.

4. Creating fair competitive conditions

Creating fair global competitive conditions is pivotal for the EMF but doubts remain over the prospects for a successful conclusion of an OECD agreement on shipbuilding.

The EMF therefore urges the EU Commission to deploy all the resources at its disposal in a bid to impose fair global competitive conditions. The EMF urges the Council of Ministers and the Commission to proceed without delay with launching an investigation into commercial measures against unfair competitive measures by Asian States.

5. Safeguarding jobs and preventing industrial erosion

Since 2008, 42,000 shipbuilding workers have lost their jobs in the dockyards. There is also the threat of over 20,000 job losses in 2010. The supply industry is likewise affected by job losses, and in addition is planning to shift production to Asia. The disappearance of shipbuilding means the loss of an industrial pillar for entire regions and countries in Europe, such as Poland and Malta. Whole regions are seeing their industries being eroded without the creation of replacement jobs. The EMF is calling for immediate action

by all relevant players in Europe in order to preserve an important industrial sector in Europe!

The EMF is likewise calling on the industry and the EU Member States to introduce or continue measures to protect employment and to use the European funds to avoid redundancies, to shore up labour market policy and to provide workers with qualifications.

AH, 20 May 2010