



Ensuring Europe's security: A strong maritime industrial cluster for the green and digital transition

Main Recommendations

- **Strategic Role of Shipping for European Security**

European shipping is an asset for Europe and a cornerstone of the energy, food and supply chain security of the continent. European shipping controls 39.5% of the global tonnage. European shipping makes Europe a leader in the global supply chains and contributes to the competitiveness of the European economy, which is heavily reliant on trade.

- **European Maritime Industrial Strategy - Pillar of the Clean Industrial Deal**

An internationally competitive European shipping sector is a precondition and the driving force for a thriving maritime industrial cluster, as part as the new **European Clean Industrial Deal**. Our recommendations:

- **European shipping must stay internationally competitive**

Maintaining a level playing field between European shipping and its non-European competitors is crucial for retaining shipping companies in Europe, and for fostering a thriving European maritime cluster. A fit-for-purpose regulatory and taxation framework is crucial to ensure that EU shipping companies remain globally competitive.

- **Invest in industrial capacity for clean shipping fuels - At least 40% manufactured in Europe**

Scale up the production of low- and zero-carbon fuels for shipping and strengthen its value chain under the EU Clean Industrial Deal. Swiftly implement the Net-Zero Industry Act to ensure that its 40% benchmark for the manufacturing of low- and zero-carbon fuels for shipping in Europe is translated into immediate action.

- **Invest in industrial capacity and innovation for green and digital technologies – At least 40% manufactured in Europe**

Focus investments on retaining and capitalising on the European know-how in shipping innovation. To incentivise the manufacturing of state-of-the-art innovative technologies for the green transition of shipping, Member States should swiftly implement a 40% manufacturing benchmark under the Net-Zero Industry Act for key technologies.

- **Ensure access to finance for key investments**

Ensure access to adequate public and competitive private financing in the EU. The revenues of the EU ETS should be spent on energy transition-related activities to decarbonise shipping. Enhance European ship finance through a diversity of financing and funding tools involving banking finance, capital markets and private investors to enable better risk sharing of innovative and transitional projects.

- **People-centred transition**

A European Maritime Industrial Strategy must acknowledge the need to invest in new skills for the green and digital transition of shipping. 800.000 seafarers need to be reskilled for the green transition by mid-2030. The Commission and the Member States must support the joint efforts of the social partners, ECSA and ETF, to make our workforce future-proof.

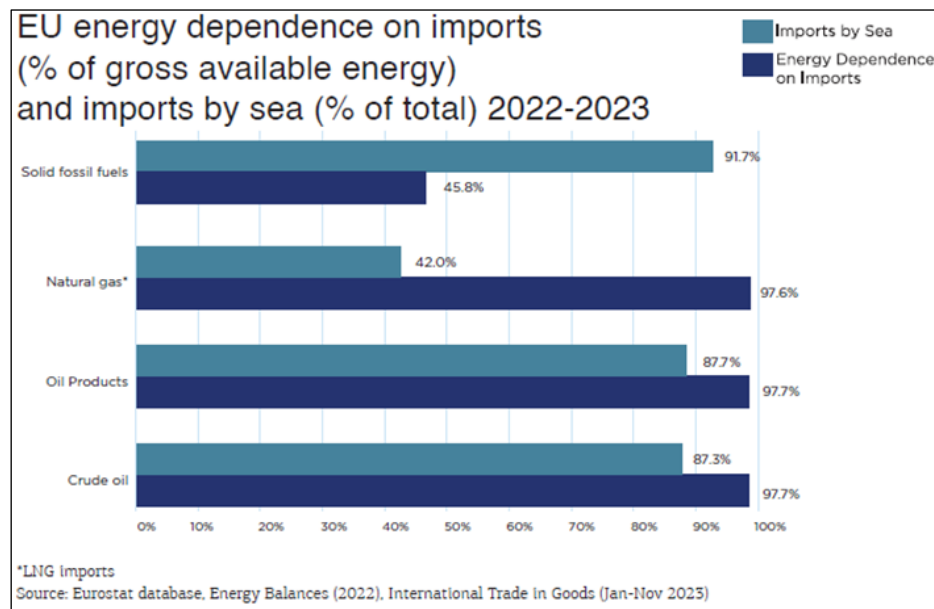


The Strategic Role of Shipping for European Security

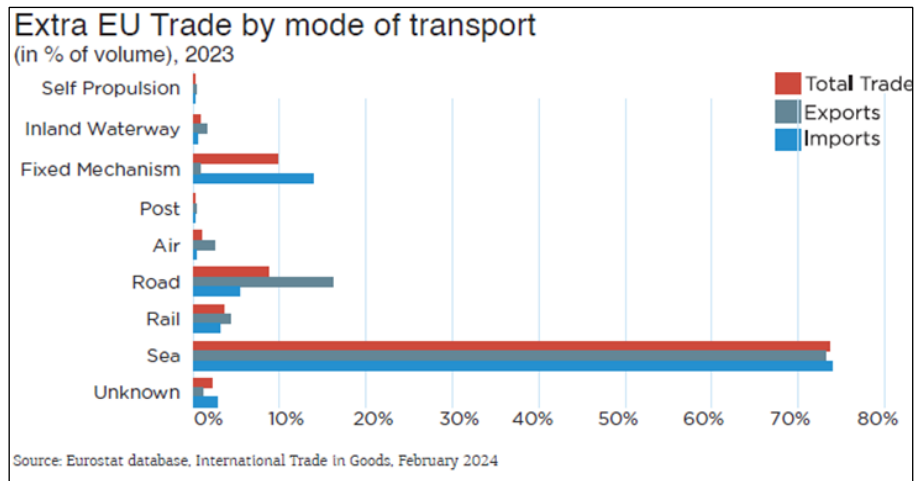
European shipping is an asset for Europe and a cornerstone of the energy, food and supply chain security of the continent. European shipping controls 39.5% of the global tonnage, across all key shipping segments, such as bulk carriers, container vessels, and energy carriers. Even in times of geopolitical uncertainty, European shipping makes Europe a leader in the global supply chains and contributes to the competitiveness of the European economy, which is heavily reliant on trade.

Shipping in numbers:

- **Energy security:** the EU imports a significant proportion of its energy needs via ships. For instance, 46% of the gas imports and 88% of crude oil imports to the EU are carried out by sea. The European shipping fleet represents 26% of LNG carriers, 35% of tankers and 20% of LPG carriers internationally.



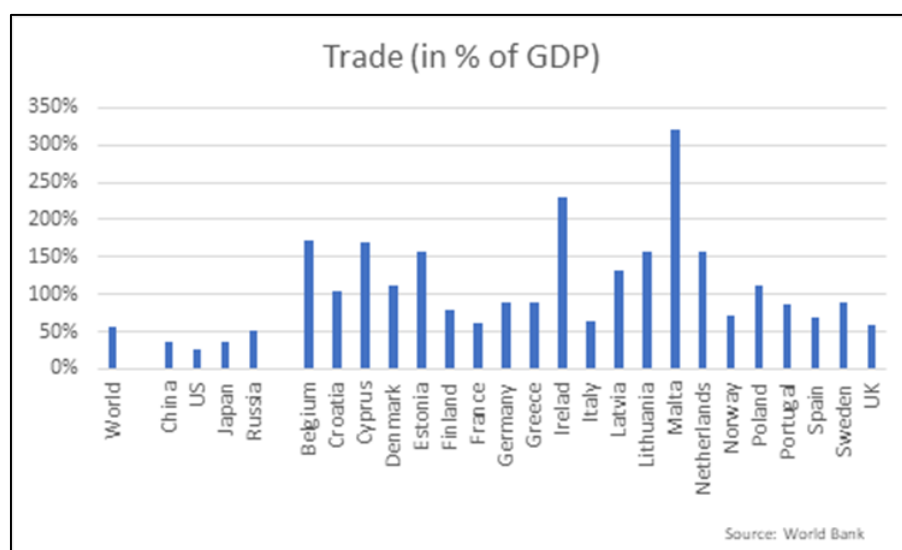
- **Supply chain security:** shipping moves around 76% of the EU's external trade and 30% of intra-EU transport of goods. Shipping has provided supply chain stability during crises (e.g. COVID, Ukrainian war, geopolitical instabilities). European shipping also ensures transport of raw materials indispensable for the green and digital transition, safeguarding security of supply for critical sectors such as renewable energy, e-mobility and defence.



- **Food security:** a high proportion of food products - for instance 88% of extra-EU trade in cereals and 82% in coffee and tea - are transported by ships. In principle, Europe imports crops and unprocessed agricultural material and exports processed agricultural products. European shipping has played a critical role in stabilising the international food prices during the war in Ukraine by facilitating the transportation of grain.

In today's geopolitical reality, with war and crises returning to Europe, it is crucial for Europe to maintain a strong merchant fleet. Nearly 90% of transports relating to defence from Europe, including personnel, vehicles, and goods, rely on sea transport. Europe's economy, population, and defence mobility depend heavily on seagoing vessels.

In addition to the supply chain security, trade plays a strategic role in Europe's competitiveness and growth. International trade is 57% of the global GDP. The EU is significantly more reliant on trade, which represents on average 100% of the EU's GDP compared to key economies like China (37%) and the US (27%). Investing in international trade partnerships should remain a key priority for the competitiveness of Europe.





As highlighted by the European Council in its [Strategic Agenda for Europe 2024-2029](#), it is key for the EU to pursue an “ambitious, robust, open and sustainable trade policy that allows fair trade agreements, opens third country markets to EU companies, defends EU interests, allows resilient and reliable supply chains to develop, guarantees a true level playing field and creates reciprocal market access opportunities.” Ensuring safe and secure international shipping routes is key to secure Europe’s strategic supply chains.

Last but not least, we must not forget Europe’s commitment to achieve net-zero emissions by 2050 both globally and in Europe. Europe is facing an existential transformation as it strives to meet its climate neutrality targets while maintaining and enhancing its competitiveness. A **European Clean Industrial Deal** should therefore mobilise the enormous investments needed for the energy and digital transition. This is the only way to enhance the competitiveness of strategic sectors of the economy including shipping, to ensure the energy and supply chain security of the continent and to deliver on a net zero carbon economy.

ECSA welcomes the commitment of President von der Leyen to put forward a Clean Industrial Deal in the first 100 days of the new term. A European Maritime Industrial Strategy must be an essential part of the new Clean Industrial Deal.

A European Maritime Industrial Strategy - A pillar of the Clean Industrial Deal

ECSA welcomes the Council conclusions on a “competitive European industry driving our green, digital and resilient future.” Member States crucially acknowledge the importance of the maritime sector and called on the Commission to develop a new strategy **that supports the European maritime industry, which is vital for the EU’s strategic interests, in the digital and green transition and that encompasses all the dimensions of the sector’s competitiveness.**

ECSA welcomes the recognition by the Member States of the need for a competitive, forward-looking, and future proof maritime industry, as a crucial element to support Europe’s competitiveness.

An internationally competitive European shipping sector is a precondition and the driving force for a thriving maritime industrial cluster, as part as the new **European Clean Industrial Deal.**

Our recommendations:

1. European shipping must stay internationally competitive

European shipping is a cornerstone of Europe’s energy, food and supply chain security. It operates in a highly competitive global market. European shipping is a geopolitical asset and a success story for Europe. Whilst the European economy represents around 15% of the global economy in terms of GDP, the European fleet represents around 40% of the global fleet.

This enables the EU to remain connected to global trade and a leader in the international supply chains. European shipping contributes significantly to the EU



climate targets, being an international frontrunner in the energy transition of international shipping and a major facilitator of international transportation of clean fuels.

A strong European shipping sector is the prerequisite for a competitive European maritime cluster of innovation. Internationally competitive European shipping is a precondition for preserving maritime knowledge in Europe and for fostering the development of cutting-edge clean technologies and clean fuels in Europe.

ECSA recommendations:

- Maintaining a level playing field between European shipping and its non-European competitors is crucial for retaining shipping companies in Europe, and for fostering a thriving European maritime cluster.
- European shipping competes on the global stage. Global challenges can only be addressed through coherent regulation ensuring a level playing field at international level.
- Cutting red tape and reducing administrative burden is crucial to the competitiveness of European industry and SMEs, as highlighted by the new Commission's Political Guidelines. Making business easier and deepening the single market, including by completing the single market for short sea shipping¹, will result in a positive impact for the whole maritime cluster.

To preserve and enhance the strength and competitiveness of European shipping, stable European framework conditions are essential. The lack of an international level playing field would undermine the competitiveness of the European companies compared to their non-European counterparts and will result in a significant loss of the EU controlled ships to shipping centres outside Europe, undermining Europe's access to world trade and its maritime resilience in times of geopolitical uncertainty.

A fit-for-purpose regulatory and taxation framework is crucial to ensure that EU shipping companies remain globally competitive.

2. Invest in industrial capacity for clean shipping fuels - At least 40% manufactured in Europe

The 'Fit for 55' package introduces new ambitious measures for Europe to reduce emissions by at least 55% by 2030 and become carbon neutral by 2050. Shipping contributes to the EU climate targets covered by the EU ETS, a carbon pricing mechanism, and the FuelEU Maritime Regulation, a clean fuel standard for shipping. The IMO also reached in July 2023 a historic agreement for GHG emissions from international shipping to reach net-zero by 2050.

For shipping to meet its 'Fit for 55' targets, clean fuels must be made available in sufficient quantities and at an affordable price. Shipping is one of the most difficult sectors to decarbonise and faces increasing competition for access to clean fuels.

¹ Letta E. (April 2024) Much more than a market, <https://www.consilium.europa.eu/media/ny3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf>

"The EU maritime industry is unable to fully benefit from the Single Market in short sea shipping because maritime traffic between EU countries remains international traffic. Customs procedures applied to goods circulating between EU countries, and burdensome non-harmonised reporting is required at each port call"



The Net-Zero Industry Act (NZIA) crucially recognises clean fuels technologies for shipping which need to be fostered for Europe to meet its climate goal.

While fuel availability is an immense challenge, ECSA believes it can be an opportunity to support the industrial ambitions of Europe, recognising fuel suppliers as an integral part of the maritime industrial cluster.

ECSA recommendations:

- The Net-Zero Industry Act should be swiftly implemented in the national climate plans of the Member States to ensure that its 40% benchmark for the manufacturing of low- and zero-carbon fuels for shipping in Europe is translated into immediate action. This is key to scale up the production of low- and zero-carbon fuels for shipping and strengthen its the value chain under the EU industrial strategy.
- This should be matched by a mandate requiring fuel suppliers to produce in the EU at least 40% of the marine fuels needed to comply with the FuelEU Maritime targets, including advanced biofuels and e-fuels. This would ensure that fuel suppliers produce fuels compliant with the FuelEU Maritime's targets in sufficient quantities and align the FuelEU Maritime Regulation with the Net-Zero Industry Act.
- To further incentivise production, Member States should make the Renewable Energy Directive (RED III) sub-target of 1.2% for the supply of Renewable Fuel of Non-Biological Origin (RFNBOs) in legally binding.
- At the same time, priority access to low- and zero-carbon fuels should be given to shipping as provided for in the Commission's Communication on the 2040 climate target. Therefore, no further incentives for the use of additional quantities of advanced biofuels and e-fuels in road transport should be introduced.
- The 40% benchmark of NZIA for advanced biofuels and e-fuels for shipping should be translated into concrete requirements for port infrastructure, as well as investments to turn major European ports into energy hubs.

3. Invest in industrial capacity and innovation for green and digital technologies – At least 40% manufactured in Europe

Europe is at the forefront of shipping innovation. European companies are leaders in the manufacturing of state-of-the-art equipment, such as low carbon and efficient ship engines. European shipyards are specialised in complex, technologically advanced, high-value vessels, such as offshore installations and service vessels, cruise ships and military vessels.

The race for leadership in green and digital technologies has become the battlefield of international competition. Europe needs to unlock immense amounts of investments to meet its green targets.

ECSA recommendations:

- Focus investments on retaining and capitalising on the European know-how in shipping innovation and boost our manufacturing capacity for innovative



technologies for the green and digital transition of shipping, including by providing better conditions for Research & Innovation.

- To incentivise the manufacturing of state-of-the-art innovative technologies for the green transition, Member States should swiftly implement in the national climate plans for a 40% manufacturing benchmark under the Net-Zero Industry Act for key technologies of relevance for the green transition of shipping, including innovating propulsion technologies.
- To foster the energy security and the decarbonisation of Europe, retaining technologies leadership in offshore installation and service vessels is critical.

4. Ensure access to finance for key investments

The green and digital transition of shipping requires immense investments. Access to adequate public and competitive private financing in the EU is vital for the competitiveness of shipping companies in Europe vis-à-vis their global competitors.

Strengthening ship finance in Europe will benefit the European maritime industrial cluster by supporting the development of innovative technologies and clean fuels in Europe.

ECSA recommendations:

- The revenues of the EU ETS should be spent on energy transition-related activities to decarbonise the shipping sector at the EU and the Members States' level. The earmarked revenues for the maritime sector under the Innovation Fund should be used as soon as possible to bridge the price gap between conventional and clean fuels and to support investments in innovating technologies providing an additional incentive for suppliers to scale up industrial production in Europe, while ensuring a level playing field and not leading to market distortions.
- In particular, the Commission should tailor dedicated mechanisms, among others auctions or (carbon) contracts for difference, to support the scaling-up of industrial production in Europe of clean fuels for the shipping sector, using the experience it gained from the European Hydrogen Bank pilot auction.
- ECSA calls on the Commission to introduce the mechanism of Auctions-as-a-Service, which allows Member States to use EU ETS national revenues to top up EU funds, for any calls opened under the Innovation Fund and on Member States to use this opportunity to multiply the effects of the Innovation Fund. This will provide further incentives to European manufactures of clean fuels and innovative technologies. ECSA supports the use of the national revenues of the ETS for the energy and digital transition of the sector.
- To ensure better access to banking finance for European shipping companies, the prudential regulation and risk weight requirements should be reviewed. All finance instruments should be designed considering the distinctive features of shipping and its needs. This is key to enable the banking sector to enhance the competitiveness of the European fleet and finance the green transition of the sector.



- European ship financing opportunities should be enhanced through a diversity of financing and funding tools involving capital markets and private investors to enable better risk sharing of innovative and transitional projects.

5. People-centred transition

Seafarers are the beating heart of our industry. Shipping is undergoing an existential transformation linked to green and digital technology. Future clean fuel technologies will require new skills, education, and operational training for seafarers.

The green and digital transition will require to upskill and reskill 800.000 seafarers in the next 10 years internationally. The transition will also give us the opportunity to increase the attractiveness of the shipping sector, create new profiles and new careers and to enhance participation of women and underrepresented groups.

ECSA recommendations:

- A European Maritime Industrial Strategy must acknowledge the need to invest in new skills for the green and digital transition of shipping. The Commission and the Member States must support the joint efforts of the social partners, ECSA and ETF, to make our workforce future-proof. Access to targeted and fit-for-purpose funding for seafarers' training is critical. Funding options at EU and national level such as upskilling funding, grants, or cost offsetting-training programs should be explored.
- The strategy should in particular build on the knowledge and networks developed by the [SkillSea](#) project, led by ECSA and ETF, which addressed future-proofed skills for maritime professionals. The EU maritime industrial strategy should support the implementation of the project deliverables, in particular through the EU Maritime Skills Forum to be launched by the social partners in October 2024.

Shipping is a global industry which needs international regulation and standards. The EU should take a leading role in the revision of the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STWC) to ensure seafarers' training standards are updated. The EU and the Member States should also support the ongoing work at IMO level for swift development of interim guidance for the use of alternative fuels.



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