



EMEC
European Marine Equipment Council

Strategy



marine equipment:
a knowledge-driven industry



EMEC (European Marine Equipment Council)
159 Rue Belliard
B-1040 Brussels
Tel: +32 2 230 90 64
Fax: +32 2 280 30 01
Mob: +32 498 22 82 16
Email: emec@skynet.be



Facts and Figures

EMEC stands for a strong European marine equipment industry. It optimises the interaction between the member associations and the European institutions, and drives the involvement of companies in all EU programs for increasing the quality of marine technology and the competitiveness and prosperity of the whole industry.

The European marine equipment manufacturers and suppliers represent a cluster of companies with a very significant role in the European maritime cluster:

- Direct employment in the maritime equipment sector is estimated at more than 262,000 whilst indirect employment amounts to about 436,000.
- Average yearly turnover is estimated at around €26 billion.
- The export share is nearly 46%.
- The expected annual growth for the coming year is 2.5% in production, 1.5% in added value and 1% in employment.
- The marine equipment sector is the third largest in the maritime cluster after shipping and fisheries.



Vision

To maintain its pre-eminence and leadership, the European marine equipment industry seeks a sustainable environment defined by:

1. MARITIME CLUSTER

a strong European maritime cluster with sufficient critical mass.

3. TECHNOLOGY

a continuous renewal of product and process technologies through research, development and innovation (RDI) activities, benchmarking and market research, with improved technical co-operation between companies in the maritime cluster and other partners, including higher education institutions, research institutes and classification societies.

5. RULES, RIGHTS AND REGULATIONS

intellectual property rights must be safeguarded, and a level playing field for the application of classification rules is urgently needed. All stakeholders have to be involved in the development of regulations.

2. INTERNATIONAL MARKETS

a strong presence at the main markets outside Europe.

4. CO-OPERATION

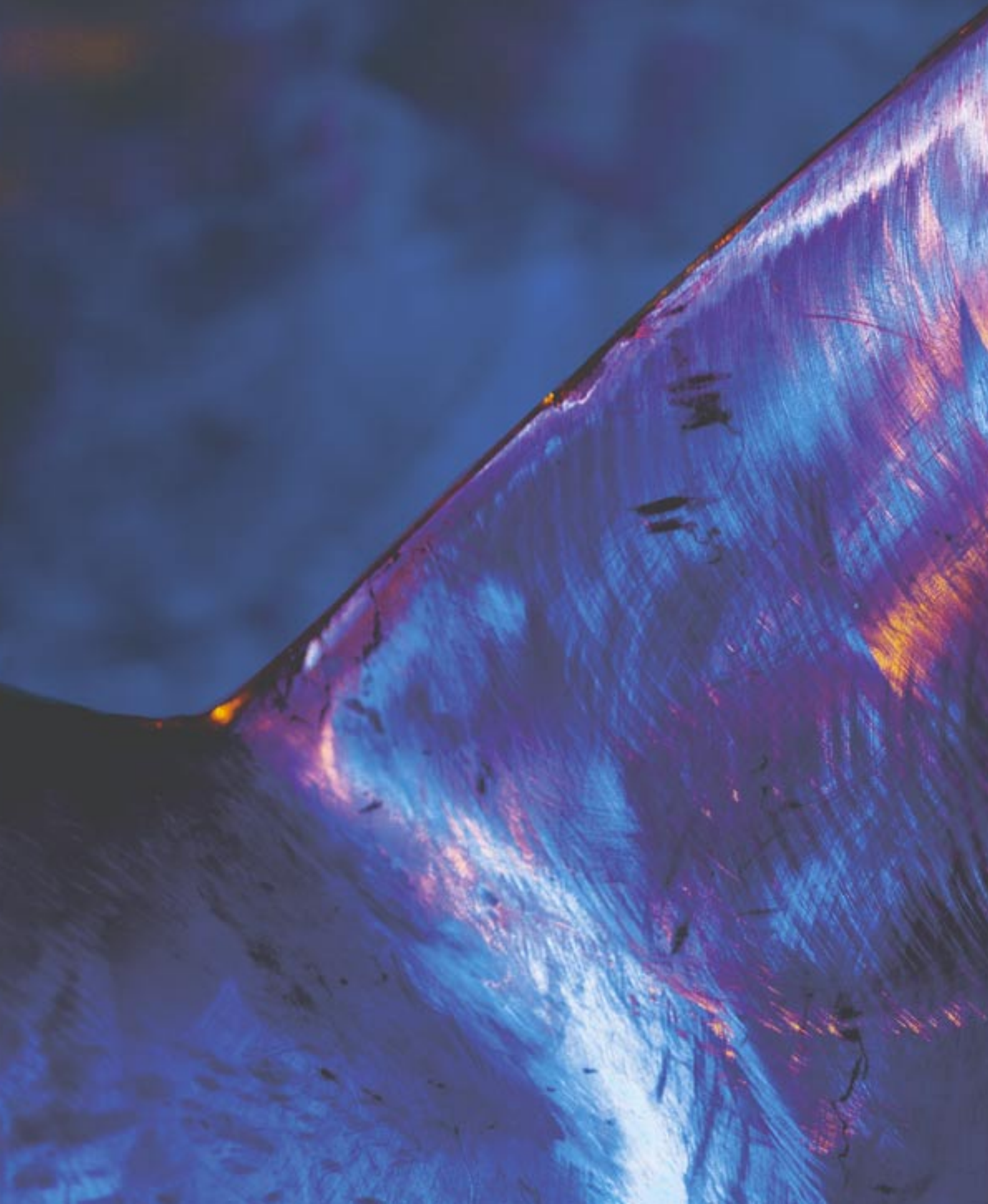
intensive cooperation with other sectors within the European maritime cluster, especially with shipowners, ship operators and shipbuilders, to identify and anticipate their needs, and a strong support for and further input to the "LeaderSHIP 2015" initiative.

6. ORGANISATION

strong European Marine Equipment Council with increased direct participation of marine equipment companies that facilitates the above priorities.



MARITIME CLUSTER



A strong maritime cluster in Europe is essential in creating the right environment for sound innovation, expanding exports and effective partnership working.

The cluster comprises the whole European maritime cluster: ship building and repair yards, shipowners (seagoing, short sea, inland navigation, fisheries, dredging), offshore oil and gas, marine contractors, navies, service providers, ports, (mega) yachts etc. Marine equipment and services have a strong interest in the well being of the entire cluster. Without the benefits of a strong home market no quick design-production feedback can be generated, therefore hampering innovation in the supply chain.

The shipbuilding industry generates highly integrated very complex products which require a remarkable amount of scientific knowledge as well as intelligent manufacturing technologies. Ships are the largest mobile objects under manufacture, and their long life-cycle together with their high level of safety and operating autonomy in a generally hostile environment make them one of the most sophisticated capital goods for investment. All this can be extended to the whole maritime industry which is clearly strategic for Europe, giving as a result the absolute need for a healthy and powerful marine equipment industry.

Growing globalisation is accompanied by increased seaborne trade, requiring an integrated, efficient and reliable transport system. Also the aggressiveness of non-European competitors is growing and the advanced exploitation of all kind of marine resources, including energy production, has increased. This makes the world more complex for the equipment industries.

In order to maintain the strength and critical mass of the European maritime cluster the initiatives of individual sectors (shipbuilders, shipowners) towards the European Commission should be supported, and integrated into a sectoral approach where possible. In that respect it is recommended that EMEC should write its own strategic plan, based on the strengths of the marine equipment industry, but amongst others inspired on LeaderSHIP 2015, the Maritime Industries Forum and the Waterborne initiative. This plan should be finished by mid 2005 and launched with a prepared PR-strategy. Particular attention must be paid to new initiatives in short sea shipping and the use of sea/wind energies as they could create new possibilities for technology providers.

Part of the plan should be the position of European marine suppliers in the supply chain. On the one hand our industry is the equipment supplier to the yards, on the other hand we are technology partner and responsible for the life time maintenance. Suppliers contribute approximately 70% to the added value of a ship. They are also the drivers of many technological developments.

ACTION 1

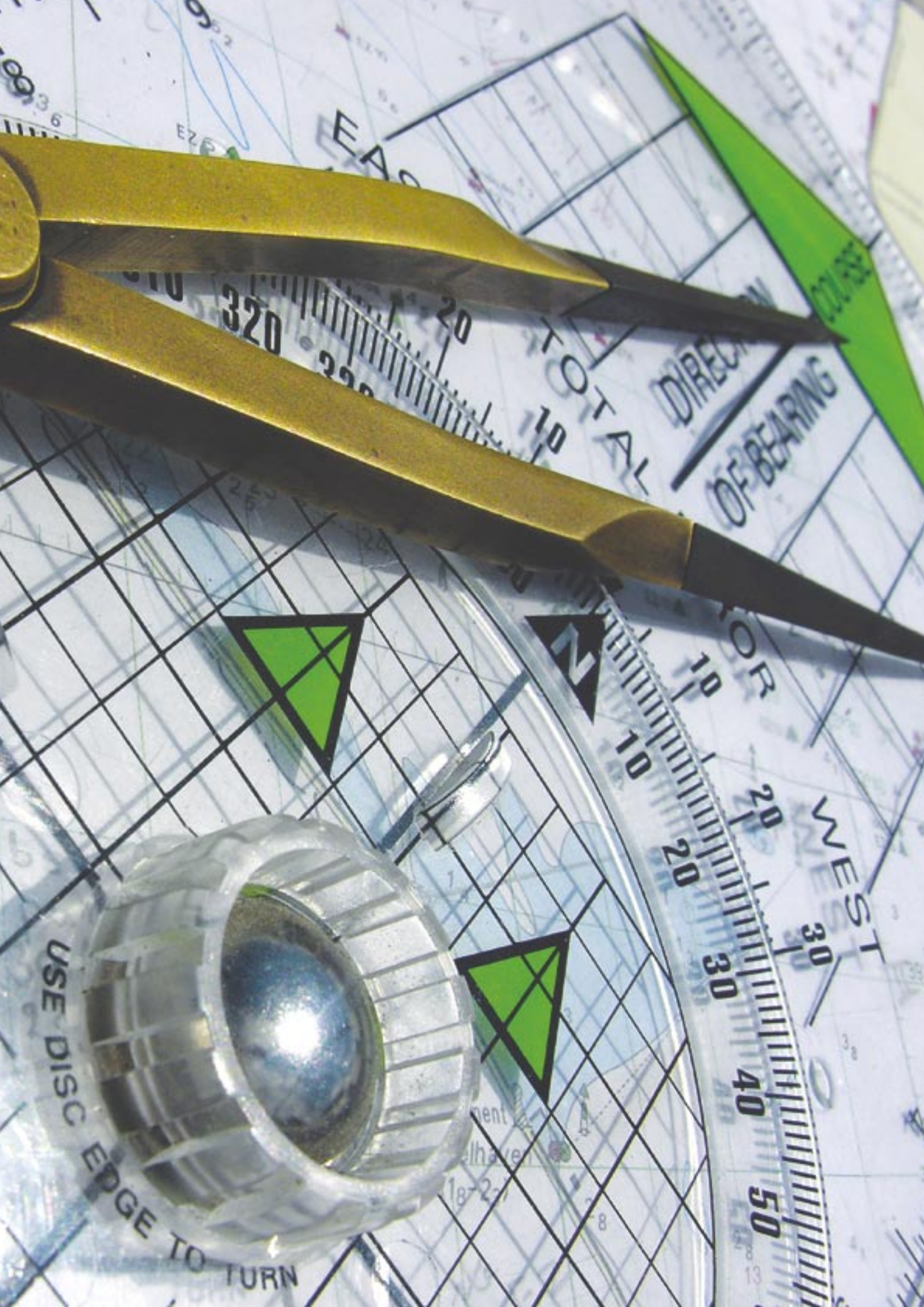
Improve the statistical base of the European marine equipment cluster;

ACTION 2

Create and present 'The leadership vision of marine equipment suppliers'

ACTION 3

Define possible working structures between the yards and key suppliers.



EAS

320

20

TOTAL
DIRECT

OF BEARING

WEST

20

30

40

50

USE DISC
EDGE TO
TURN

A strong presence in the major markets outside Europe is essential in order to maintain the current European leadership in marine equipment production.

INTERNATIONAL MARKETS

A strong presence in the major markets outside Europe is essential in order to maintain the current European leadership in marine equipment production. After establishing the current export share outside the European Union, a target should be set for a sustainable, increased share of the world shipbuilding market. However: internationalisation is more than exports only; it involves a well balanced mix of exports, investments, outsourcing, and strategic co-operation.

At present the Far Eastern shipyards are dominating the world with China's share showing an impressive increase. Penetrating those markets presents some difficulties due the subtle different way of doing business. Cultural misunderstanding may be the first cause of a breakdown in the business relationship which may ultimately lead to the failure of the business. However, the problem is often two-way. Asian businessmen need to know and understand their European trading partners as much as Europeans need to understand the Asian one. It is worth noting that the order book of the Asian yards is mainly filled with contracts from European owners. The reality is that many equipment companies are already manufacturing in the Far East with the research and development remaining in Europe.

A dialogue with European shipowners is necessary in order to maintain and improve the opportunities for European suppliers. Further benefits may accrue by investigating the possibility of combining country presentations in the Far East, where it is often difficult for European companies to enter the market, and the individual trade promotion budgets of national governments and the industry are not large enough. In particular in Japan and South Korea, which together are responsible for 60% of world shipbuilding production, a co-ordinated European approach should be pursued instead of national presentations. The EU Commission should give political support to European initiatives focused on trade promotion in the aforementioned countries. Note: this does not include any order related support, guarantees etc., but is solely focused on collective promotion.

ACTION 4

Promote trade with Japan and South Korea on a European level by organising EU led delegations and European presence at trade shows



A continuous renewal of product and process technologies through RDI activities, benchmarking and market research, including improved technical co-operation in the maritime supply chain, is continuously being pursued by the European marine equipment industries.

TECHNOLOGY

By the end of 2004 the EMEC R&D group (EMECRID) was launched. Given the positive atmosphere amongst the trade associations, especially with CESA, this EMEC initiative has to work as close as possible with COREDES in order to provide the most positive result of this co-operation. Similar terms should be established with ECSA.

- **Electrical and automation systems (including Man Machine Interfaces)**
- **Propulsion**
- **Steering, stabilising, mooring and anchoring**
- **Control, navigation and communications**
- **Cargo handling**
- **Waste handling, ballast water, sewage and the environment**
- **Ship design, shipbuilding and accommodation**

The goal of RDI will not only be better products, but also the best quality-price trade-off whilst maintaining exemplary standards of safety, operability and environmental responsibility. Improvements in the production process and focus on life cycle management will also be key factors in the innovation strategy. In this respect an important responsibility rests on the shoulders of the suppliers. They are not only responsible for the building period of the ship, but for the whole life time support as well. Indeed, the relationship with the shipowners is key as they are, in fact, our final clients. Operational reliability and low cost expectations of shipowners

and operators demands ease of operation and maintenance/support equipment and first class, world wide equipment services and repair networks.

The proof of the pudding will no doubt be the involvement and commitment at the grass roots level of individual companies, either leader firms or smaller experts. The scope should be process as well as technology, and in the course of 2005 the first concrete project proposals should see the light of day.

ACTION 5

Make a strategic RDI plan for key-technology areas and get the commitment of at least 20 marine equipment leader firms to participate in and drive the EMECRID initiative;

ACTION 6

Coordinate projects for European RTD Framework Program, on behalf of the many SME's in the marine equipment sector.



CO-OPERATION

Intensive cooperation with the other sectors within the European maritime cluster, especially the shipowners and shipbuilders, to identify and anticipate their needs, and a strong support for and further input to the "LeaderSHIP 2015" initiative, are essential for ensuring the well being of the whole maritime cluster.

EMEC has contributed through its chairman to the formulation of the LeaderSHIP 2015 initiative. LeaderSHIP is not a shipyard initiative only, but refers to the shipbuilding industry in general, and thus to a large extent also to the equipment industry. Several of the strategic goals therefore provide a suitable platform to also formulate the specific goals for the equipment industry, either in cooperation with the shipyards or individually. In particular, the following recommendations of LS 2015 are also applicable to the equipment industry:

- **Improving research, development and innovation (RDI) investment**
- **Promoting safer and environment-friendly ships**
- **European approach to naval shipbuilding needs**
- **Protection of European property rights**
- **Securing access to a skilled workforce**

As regards RDI investments, an important step has already been made with the launching of the EMECRID initiative. Further promotion of this initiative, in particular with regard to SME's, will however be necessary.

ACTION 7

Develop further the LeaderSHIP 2015 initiative with regard to the equipment industry, with particular focus on RDI.



RULES, RIGHTS AND REGULATIONS

Of particular concern for EMEC member companies is the protection of their know-how, i.e. their intellectual property. Appropriate tools are needed to protect the companies, in particular SME's, if they are doing business abroad. This is a major priority which requires special attention by EMEC with the help of the Commission.

The application of classification rules can differ from country to country, and can sometimes be the subject of powerplay by large companies or governments. It is of the utmost importance that European manufacturers are treated on an equal basis to other competitor nations.

Shipping regulations (i.e. IMO, SOLAS and standardisation regulations) should not harm the industry interests; all interested parties must be involved in their development so that technical and economic feasibility is controlled and proved.

ACTION 8

the scope of the current EMEC working group on classification issues should be broadened, and more parties, including the European Commission, should be involved in order to safeguard the legal interests of the industry.



ORGANISATION

In order to successfully implement a new strategy for the sector, a strong European Marine Equipment Council is needed that facilitates the above priorities. The current EMEC constitution and structure must be revised in such a way that the political influence can be maximised, the progress of initiatives like **EMECRID** can be monitored, and a network of excellence maintained.

In this sense, it is essential that EMEC expands its scope beyond the direct involvement of trade associations. EMEC should create an '**EMEC-Network**' for Europe's most advanced equipment suppliers.

The **EMEC-Network** has four main tasks:

- **Maintain a social network of industry leaders to facilitate new initiatives to strengthen the marine equipment sector**
- **Provide input for EMEC and radically increase its influence**
- **Take initiatives in the field of RDI/EMECRID**
- **Challenge SME's to join European projects**

The **EMEC-Network** will sponsor EMEC through an annual fee. The money raised will be used to strengthen the EMEC structure. In order to avoid competition with the trade associations, every **EMEC-Network** member must be a member of an EMEC national trade association. Leading firms from European countries that are not represented in EMEC can take part without membership of their national association.

EMEC Members

AMEM	Austria
CMEM	Croatia
AFMI	Finland
GICAN-COFRENA	France
VDMA	Germany
VSM	Germany
ASSONAVE	Italy
NORSK INDUSTRI	Norway
FORUM OKRETOWE	Poland
AEDIMAR	Spain
HME	The Netherlands
SMI	United Kingdom

EMEC (European Marine Equipment Council)
rue Marie de Bourgogne 52
B-1000 Brussels
Tel: +32 2 230 90 64
Fax: +32 2 280 30 01
Mob: +32 498 22 82 16
Email: emec@skynet.be