



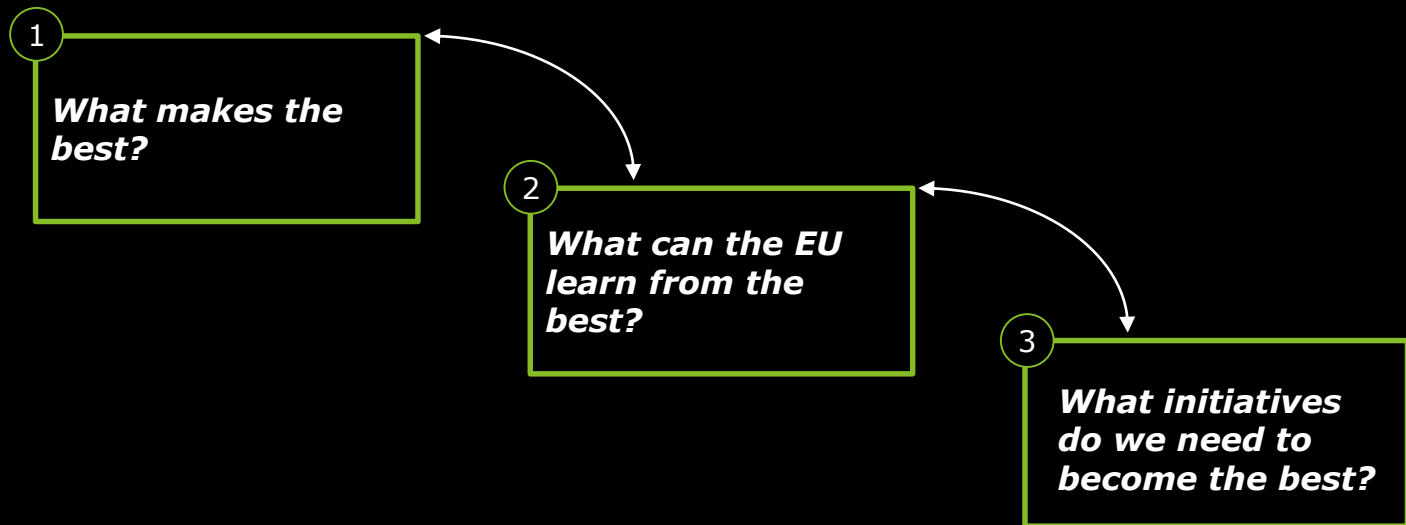
EU Competitiveness Study

A benchmark study commissioned by ECSA
Presentation by Claus Frelle-Petersen

1 March 2017, European Shipping Week 2017



We have answered three key questions for ECSCA



The situation: EU as a location for shipping companies and activities is under pressure

EU provides for a stable, competitive regime...



Solid maritime institutions throughout the industry.



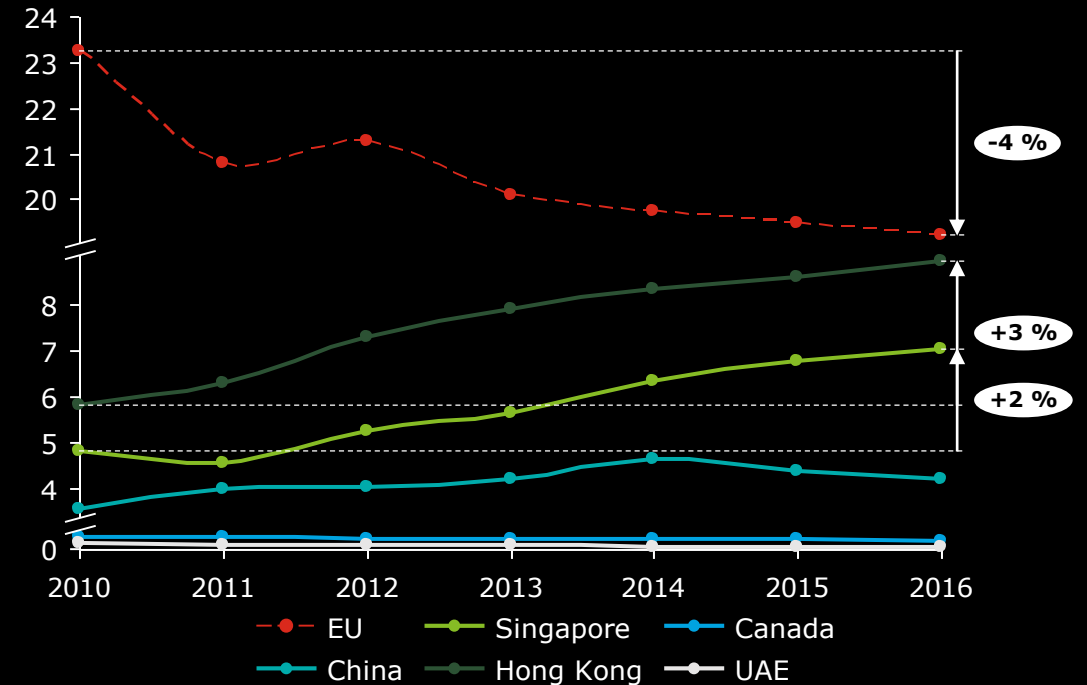
SAGs providing attractive and competitive fiscal conditions for core shipping operations.



Strong human capital base and high maritime R&D expenditure.

...but is under increasing pressure from international centres

Merchant fleet by flag of registration, % of world fleet (GT)



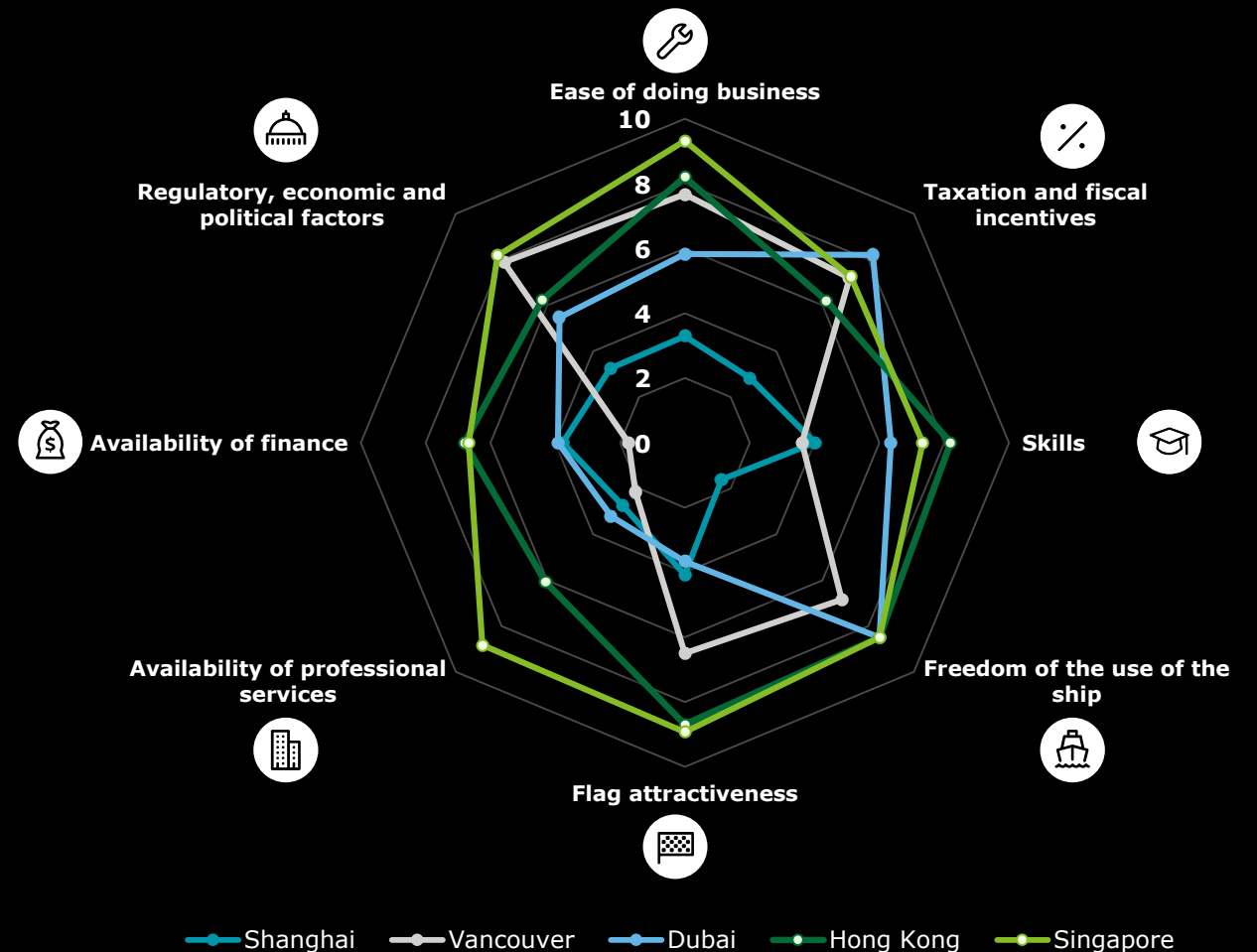
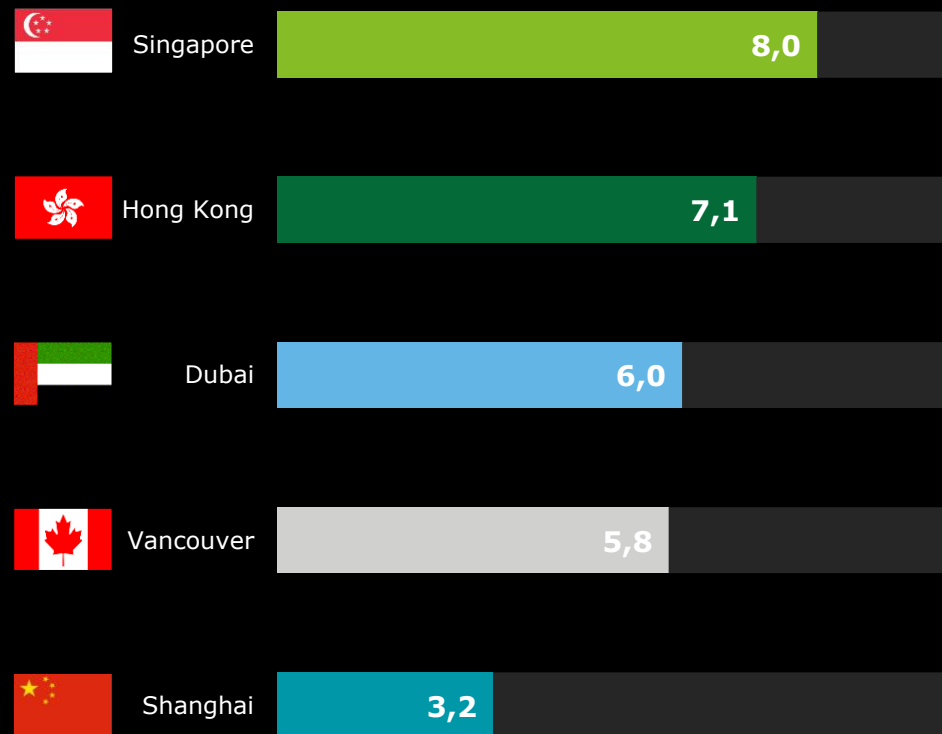


We see EU's competitive challenge as a global one.

EU policies need to be refocused and adopt a much stronger global perspective




The benchmarking of the international centres


Overall, Singapore and Hong Kong are on top while other centres perform well on single factors





We have identified a range of gaps in the EU policy framework compared to the best maritime centres

Competitiveness factor	Policy gap	Priority
 <p>Taxation and other fiscal incentives</p>	<ul style="list-style-type: none"> - Higher EU flag link requirements for tonnage tax eligibility - More restrictions on activities, including chartering activities - Set requirements for ring-fencing of income from non-shipping activities 	<ul style="list-style-type: none"> - High - Medium - Medium
 <p>Regulatory, economic and political factors</p>	<ul style="list-style-type: none"> - Interpretative policy changes in the application of the SAGs result in a higher risk - Legalistic interpretations trumps pragmatism 	<ul style="list-style-type: none"> - High - Medium
 <p>Availability of professional services</p>	<ul style="list-style-type: none"> - Lack of integrated focus on the entire shipping cluster, including the strong EU maritime professional service sector 	<ul style="list-style-type: none"> - Low
 <p>Skills</p>	<ul style="list-style-type: none"> - Higher (flag link) eligibility requirements for trainees - Narrower scope of training schemes - Fewer types of offered training 	<ul style="list-style-type: none"> - Medium - Low - Low

Competitiveness factor	Policy gap	Priority
 <p>Flag attractiveness and legal framework</p>	<ul style="list-style-type: none"> - Additional EU requirements in implementation of IMO/ILO standards - Flag requirements on crewing EU seafarers - Lack of cross member digital solutions for global shipping 	<ul style="list-style-type: none"> - High - Medium/high - Low
 <p>Ease of doing business</p>	<ul style="list-style-type: none"> - High focus on administrative procedures for intra-EU trade 	<ul style="list-style-type: none"> - Medium
 <p>Availability of finance</p>	<ul style="list-style-type: none"> - High focus on intra-EU investment support (under CEF, H2020 and EIB investment programmes) - High administrative complexity for EU financial offerings - Uncertainty surrounding new Basel regulations 	<ul style="list-style-type: none"> - Medium - Medium - Medium
 <p>Cross cutting</p>	<ul style="list-style-type: none"> - Lack of comprehensive, globally oriented EU shipping and maritime strategy - Lack of common platform for promotion of EU shipping 	<ul style="list-style-type: none"> - High - Low

Key recommendations: EU policies on shipping must be lifted to a new global level
Important to safeguard and keep the core elements of the current regime, however, EU policies need to be further developed to improve the competitive position of the EU

Overall recommendation

Formulate a comprehensive and globally oriented policy

- A renewed ambitious policy should support both the EU-internal competitiveness as well as the global competitiveness of the shipping and wider maritime sector
- The policy should cut across policy fields like transport taxation, environment, education, etc.

Other key recommendations

Improve legal clarity around the application of the SAGs

- While the SAGs should remain soft regulation, there is a need to create certainty about the degree of flexibility that member states are allowed under the SAGs
- The EU should increase clarity around the applicability of SAGs by clarifying principles of eligible activities

Assess and ease the flag link eligibility criteria for entering the TT

- Strong flag link requirements may discourage the use of the flag
- Instead of insisting on more restrictive flag requirements, the EU should focus on the conditions it provides for strategic and commercial management activities of shipping companies

Avoid deviating from or going beyond IMO/ILO conventions

- Regulation outside IMO/ILO that increases operative costs should be avoided in order for the EU to offer competitive conditions for reflagging of existing vessels and flagging of new ones
- In cases where the EU implements higher standards, the full effects should be assessed

Thank you!

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