Development in the Norwegian maritime cluster

1st European Maritime Cluster Organisation Roundtable
Wassenaar, Netherlands 26 - 27 April 04

By clicking the graphs the data-sheets will appear

erik.lahnstein@rederi.no, +47 22 40 15 00
The Norwegian Shipowners' Association
Themes to be elaborated

- The cluster organisation Maritim Forum
- The sectors making up the cluster
- Trends in development of cluster
- International position
- Some of the unique mechanism in the cluster
- The lack of cluster policy

Erik Jakobsen:
- Cluster research - definition of cluster, size, development
Maritimt Forum

- Open to all Norwegian companies and organisations involved in the maritime industry
- Its members comprise both employers and employees of maritime companies and organisations
- Established 1990
Maritimt Forum - members

Organisations
- Norwegian Shipowners' Association
- Federation of Norwegian Engineering Industries
- Metal workers association
- Norwegian Maritime Officers' Association
- etc.

Companies
- Shipowners
- Ship Yards, Ship Equipment Industries,
- Brokers, finance, insurance, class, consultants etc.

In total more than 600 members, included members in 8 regional organisations. At the local level, local government is typically represented.
Maritimit Forum - main objectives

• To positively influence the conditions of Norway's industrial policies on behalf of its members

• To strengthen cooperation and activity between the different sectors and players within the maritime industry

• To forward, on an international basis, the best interests of Norway's maritime industry
Maritime sectors
Employs 75,000

Source: Wergeland (1992)
Shipping at the centre

Source: Gabriel Benito 1999
Norwegian foreign going fleet mill. dwt.

New maritime policy
New maritime policies

Number of ships in the Norwegian foreign going fleet
Norwegians on foreign going ships

Cut in the refund scheme for seafarers

New maritime policy
Number of young people in maritime education and training
From growth...

- From the introduction of the new maritime polices in 1996 until 2001 the number of ships in the Norwegian foreign going fleet grew by 24 percent.
- From 1996 to 2000 there was a 19 percent increase in the number of Norwegians on board foreign going ships.

... to decline

- From 2001 till 2003 the Norwegian foreign going fleet is reduced by 6 percent measured by number of ships, and by 16 percent in tonnage.
- From 2000 till 2003 the number of Norwegian seafarers on foreign going ships have declined by 11 percent.
Policy matters!
Tonnage and people employed

Mill. dwt.

Norwegians

Total fleet

Tax-reform ‘92
Tonnage-tax ‘96

Norwegians (NOR and NIS)
NIS register

NIS - part of world fleet
1991  6,0 percent
2003  3,3 percent
2003 at a glance

- Norwegian controlled fleet down by 47 vessels
- Internationally contracting of vessels grew by 83 percent compared to 2002
  - Reduction in contracting by Norwegian companies
- Large companies sold out of Norway
- Several companies de-listed
- Owners of large Norwegian shipping companies based abroad

- Bonanza in international shipping, Norwegian shipping is decreasing in size - critical times
Norway as a maritime nation

- Controls 3rd largest merchant fleet in the world (ISL Bremen)
- 2nd largest maritime offshore industry, after the USA
- Employs 65,000 seafarers, of which 1/4 are Norwegians
- 20% of ship insurance market
- Classifies 17% of the world fleet
- Several leading ship-broker firms and leading shipping banks
- Leading manufacturers of ship equipment
- Leading institutions in shipping economics and maritime
Key figures

Shipping services:
- 11 per cent of total exports, 20 percent excluding oil and gas) (1997, part is falling as oil grows)
- 50 per cent of service exports
- In addition: all export from yards, equipment makers, brokers, banks etc.

- The maritime sector accounts for 6 - 9 per cent of total turnover of Norwegian companies. 2002: more than 50 bn NOK in value creation
- 70 per cent is made up of the shipping companies (1998)
Paradox...

- Norway - the country where shipping is of vital importance to the economy

  - we have the least competitive taxation system for shipping companies and seafarers, and

  - the lowest degree of political predictability
White paper 2. April 2004

Improvement of tonnage tax system - but still not in line with EU standard

Net wage scheme focused on competence
Key facts

- Important source of employment in coastal areas
- One of the few sectors in which Norway plays a global role
Many small co-operating companies

- Outsourcing
- Specialisation
- Flexibility
- Competition
- Many linkages
Important challenges

- Keep and develop the almost complete existing cluster diamond
- Strengthen the connections between the different parts of the cluster
- Strengthen recruitment
- Increase the research and innovation effort
- Attract foreign capital and competence
The most important measures in the maritime policy

- Tonnage tax system
- Tax-refund for seamen
- Contract subsidies to the yards

There is no true cluster policy!
The role of the government

- General terms for industrial activity
- Industry specific measures
- Basic physical and human infrastructure
- R&D
- Standards, regulatory measures
- Demanding customer
- Information and norms
New possibilities - examples

- Electronic charts
- Distant learning
- Tele medicine

- Early introduction of measures facilitating the development of new techniques for seaways transport.
New policies

From neo-classical inspired economic theories and factor price subsidising

To broad based policy stimulating innovation, knowledge creation and upgrading
EU policy has given results
Source: Sjøfartens Analys Institut

- **Holland (1996-2001)**
  - 40% growth in number of ships, 37% growth in tonnage
  - 69% more seafarers, 34% more national seafarers

- **GB (2000-2002)**
  - 13% growth in number of ships, 57% growth in tonnage
  - 35% more trainee positions onboard

- **Denmark (1988-2003)**
  - more than doubled the tonnage
  - the world's youngest fleet

- **Sweden (2001-2003)**
  - largest increase in the fleet in 7 years
  - 20% growth in number of seafarers