



# EuDA Annual General Meeting

12 November 2009, Brussels

## The European Dredging Industry

**Reflection points**

**Trade Issues with China**

**Impact of the Guidelines on Dredging Fleet**

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*Chairman*

*European Dredging Association*

European Dredging Association 2009



# Agenda

- Market Access
- Fiscal Treatment
- Conditional development aid (to Africa, South America)
- Impact of European Guidelines on State Aid to Maritime Transport on dredging fleet



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## Access to Chinese Market

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# Market Access

## Before 2004 (pre-WTO)

- **temporary import** of dredging equipment allowed;
- beyond 6 months,  
prorata taxation based on **14 years depreciation**.

## After 2004 (WTO, decree 113)

- temporary import of dredging equipment not allowed  
instead, **charter tax system** for building equipment  
=> this measure was aiming at protecting local shipbuilding
- theoretical access through WOFE or EJV  
=> no access in practice (lowest qualification only)





# Market Access

## Dredgers' requests

- allow **temporary import** of dredging equipment again;
- prorata taxation based on **25 years depreciation**;
- take **foreign capital, personnel and equipment** into account to give dredging qualification licenses;
- allow **WOFE** or **EJV** to work on projects with the **mother company permits**.
- include **dredging** in the (2002) EU-China agreement on maritime transport.



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## Fiscal Treatment

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# Fiscal Treatment

## Currently big tax differences between

- local Chinese and foreign dredging companies :  
about **30% higher taxes** for foreign dredging companies
- foreign dredging companies are paying about **15% higher taxes** than foreign shipping companies



# Fiscal Treatment

## Dredgers' requests

- Level playing field: equal treatment and fair tax regime
- eliminate **import VAT (17%) - Customs Duties (3%)**
- lower **withholding tax (10%)**





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## Conditional Development Aid

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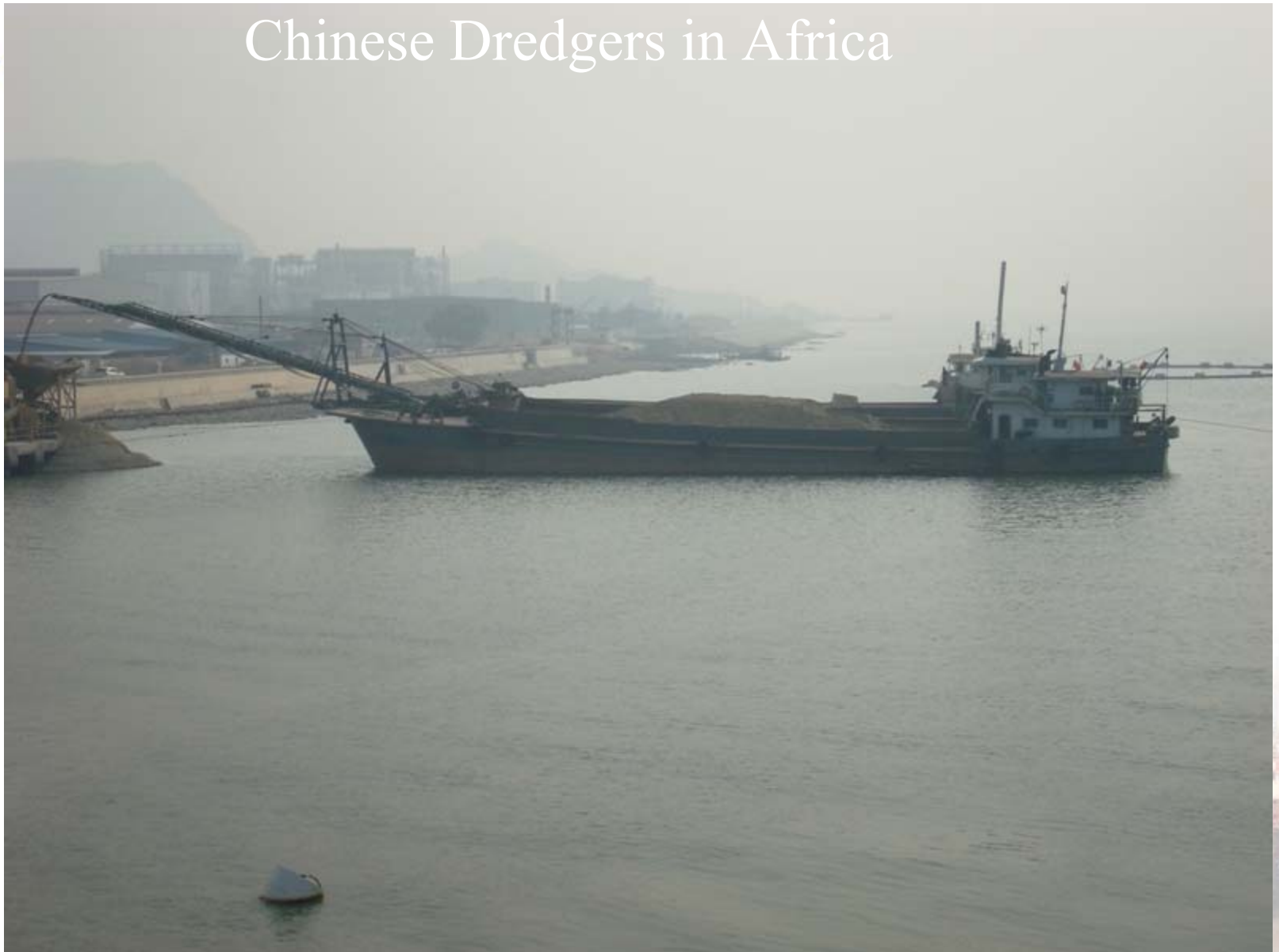
# Conditional development aid

## Conditional Development Aid

- financing of infrastructure in developing countries is conditional to **hiring the financing country's contractors;**
- this is a clear example of government support to their own dredging industry (although listed on stock market)
- evidence is indirect but practical examples are numerous in many countries of Africa and South America
- some well known examples: Venezuela, Angola, Nigeria, Mauritania, Mozambique, Tanzania, ...

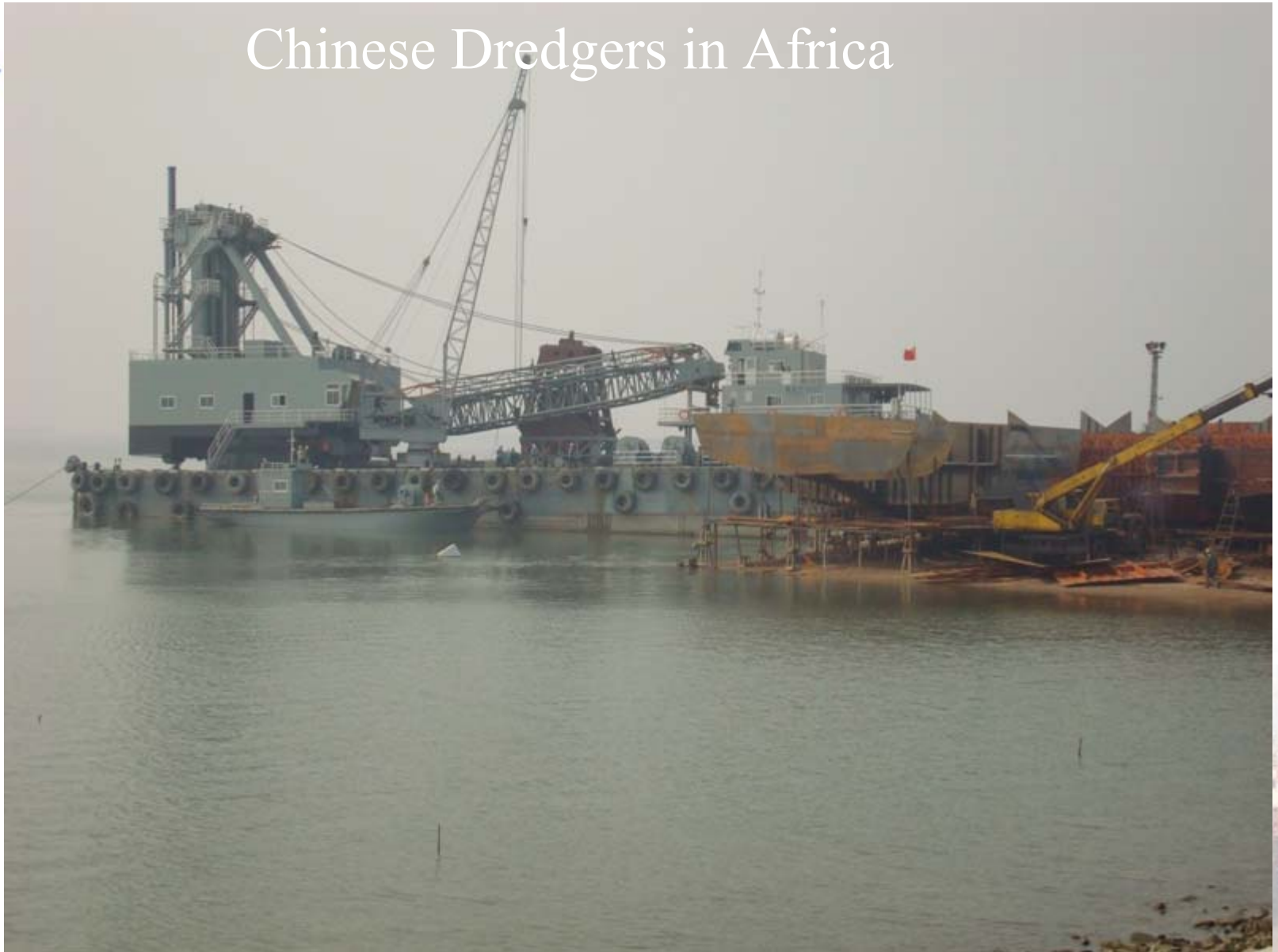


# Chinese Dredgers in Africa





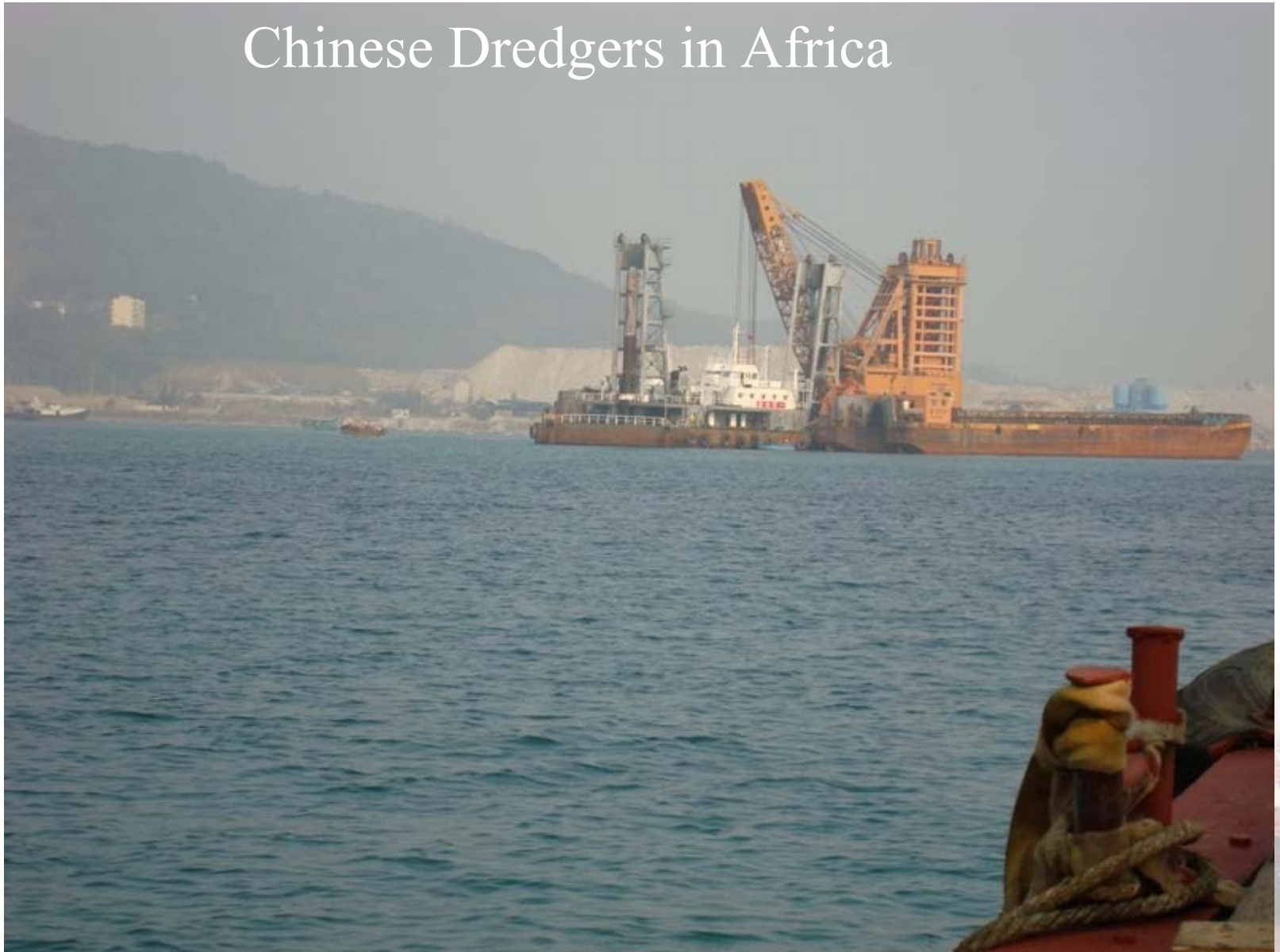
# Chinese Dredgers in Africa







# Chinese Dredgers in Africa





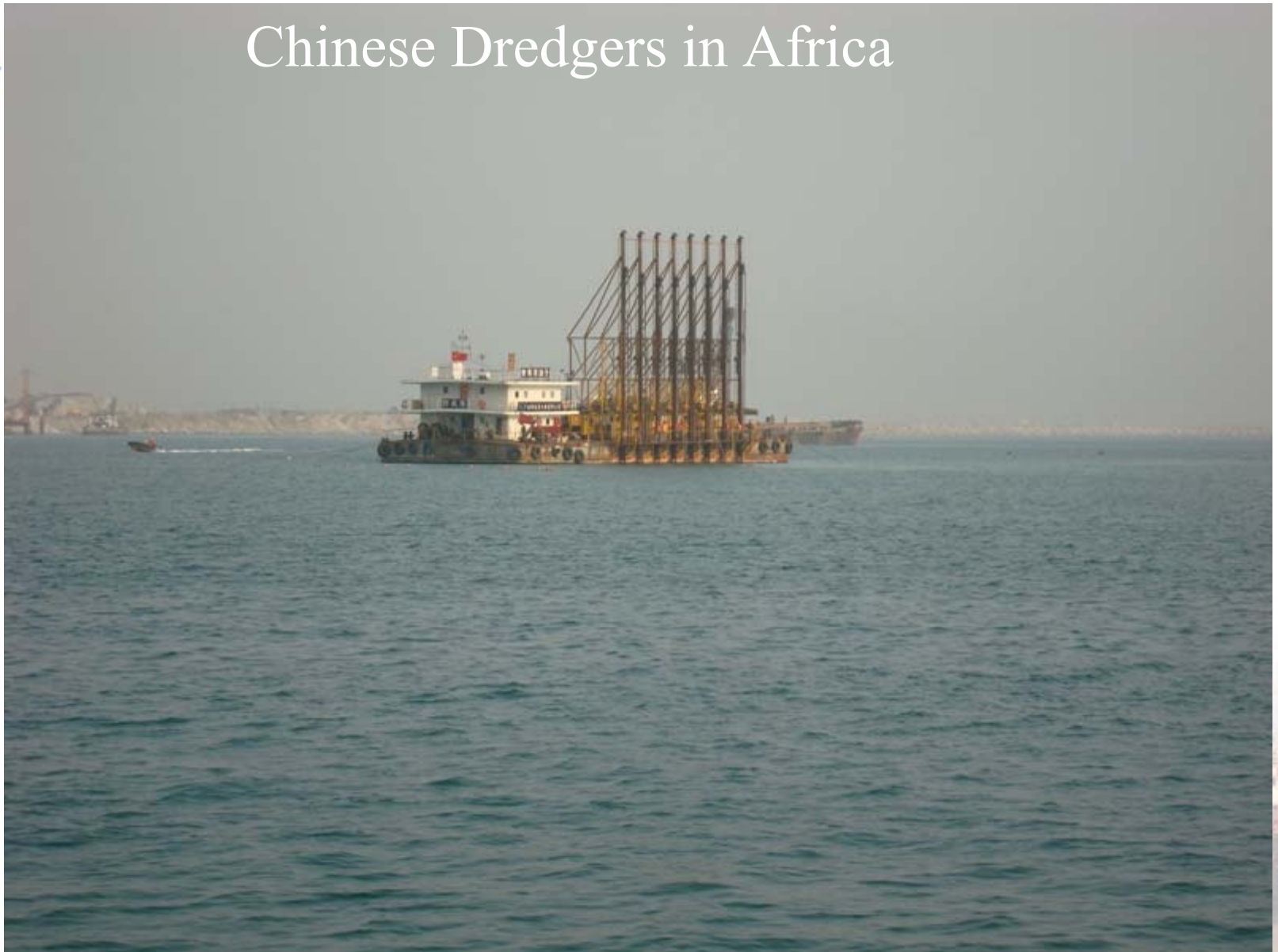
# Chinese Dredgers in Africa





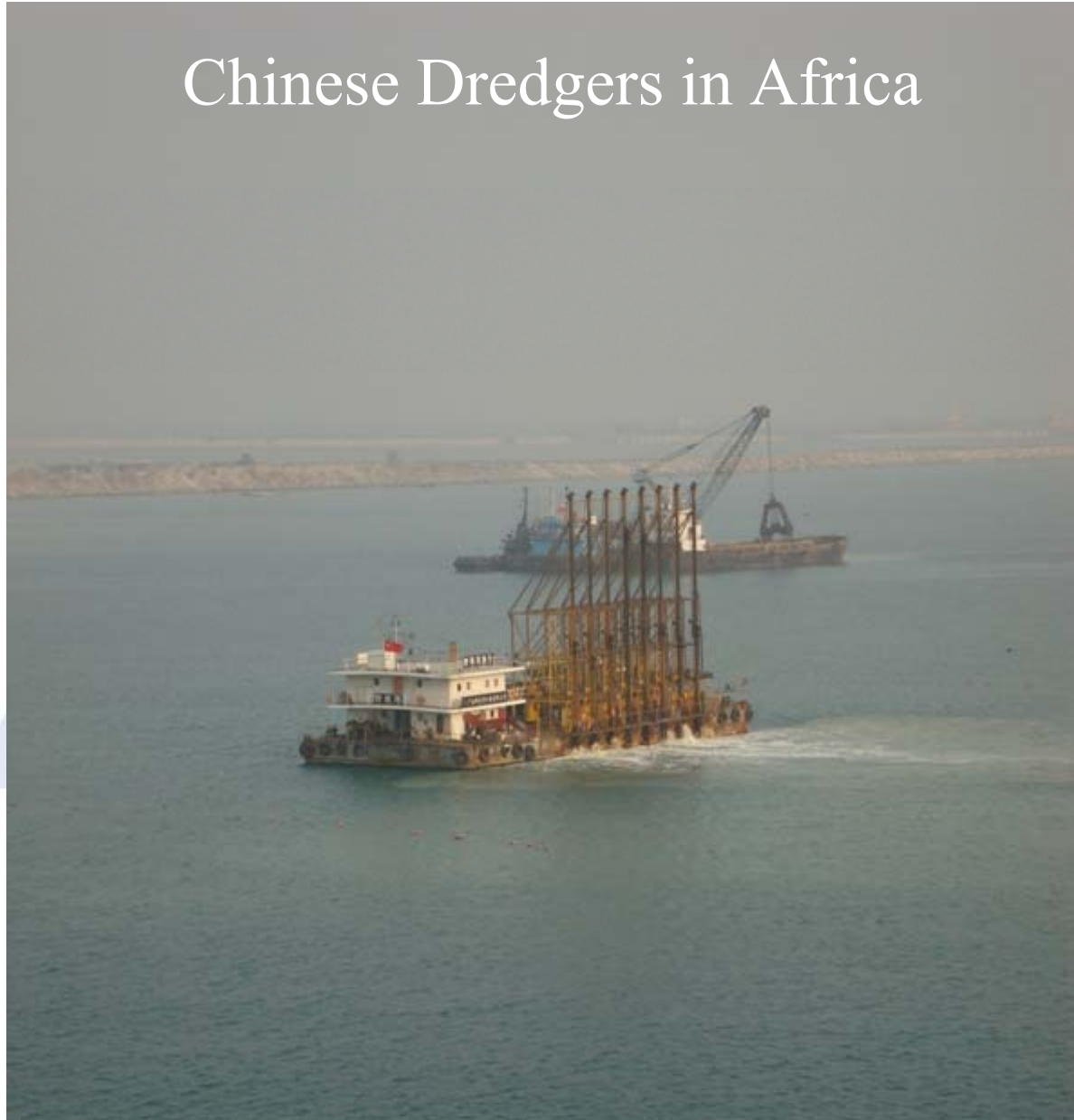


# Chinese Dredgers in Africa





# Chinese Dredgers in Africa



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# Chinese Dredgers in Africa





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## **Impact of European Guidelines on European dredging fleet against world fleet**

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# State Aid to Maritime Transport

## The Case of Dredging

'Dredging' activities are, in principle, not eligible for aid to maritime transport. However, fiscal arrangements for companies (such as tonnage tax) may be applied to those dredgers whose activity consists in 'maritime transport' — that is, the transport at deep sea of extracted materials — for more than 50 % of their annual operational time and only in respect of such transport activities. Eligible dredgers are only those registered in a Member State (no derogation from the flag link is possible). In such cases, separate accounting for maritime transport activities is required .

- 1. Not eligible in principle for aid to maritime transport.**
- 2. Eligibility for the Maritime part of dredging activities with the condition that 50% of annual operational time of concerned ships (seagoing, self propelled, registered in a Members State) is spent on transport of extracted/dredged materials.**
- 3. Extraction and Dredging excluded however recent decisions authorised aid to cable-laying activities (DK).**

### **Key Arguments (similarities with maritime transport):**

- qualified seafarers under same labour-law and social framework
- sea-going vessels under same technical and safety controls
- risk of relocation of on-shore activities
- global market (fierce competition)

(2) Thus dredging activities carried out, inter alia, mainly in ports will not qualify for aid in favour of employment of Community Seafarers.

(4) The ships used by these operators also extract dredge materials which they carry afterwards. Extraction or dredging as such do not qualify for State aid to maritime transport.





# The Case of Dredging

- continued-

The Commission also accepts that in maritime transport ships do not always sail loaded because of imbalances on certain trades.

## 1. Activities of the dredgers eligible for state aid

- sailing between the port and the extraction site;
- sailing between places of extraction;
- sailing between the place of extraction and the place where the extracted materials are to be unloaded, including the unloading itself;
- unloading of extracted material;
- sailing between the place of unloading and the port;
- sailing to provide assistance at the request of public authorities in connection with clearing up after oil spills etc.

## 2. Activities of the dredgers not eligible for state aid

- sailing at place of extraction;
- extraction;
- dredging.

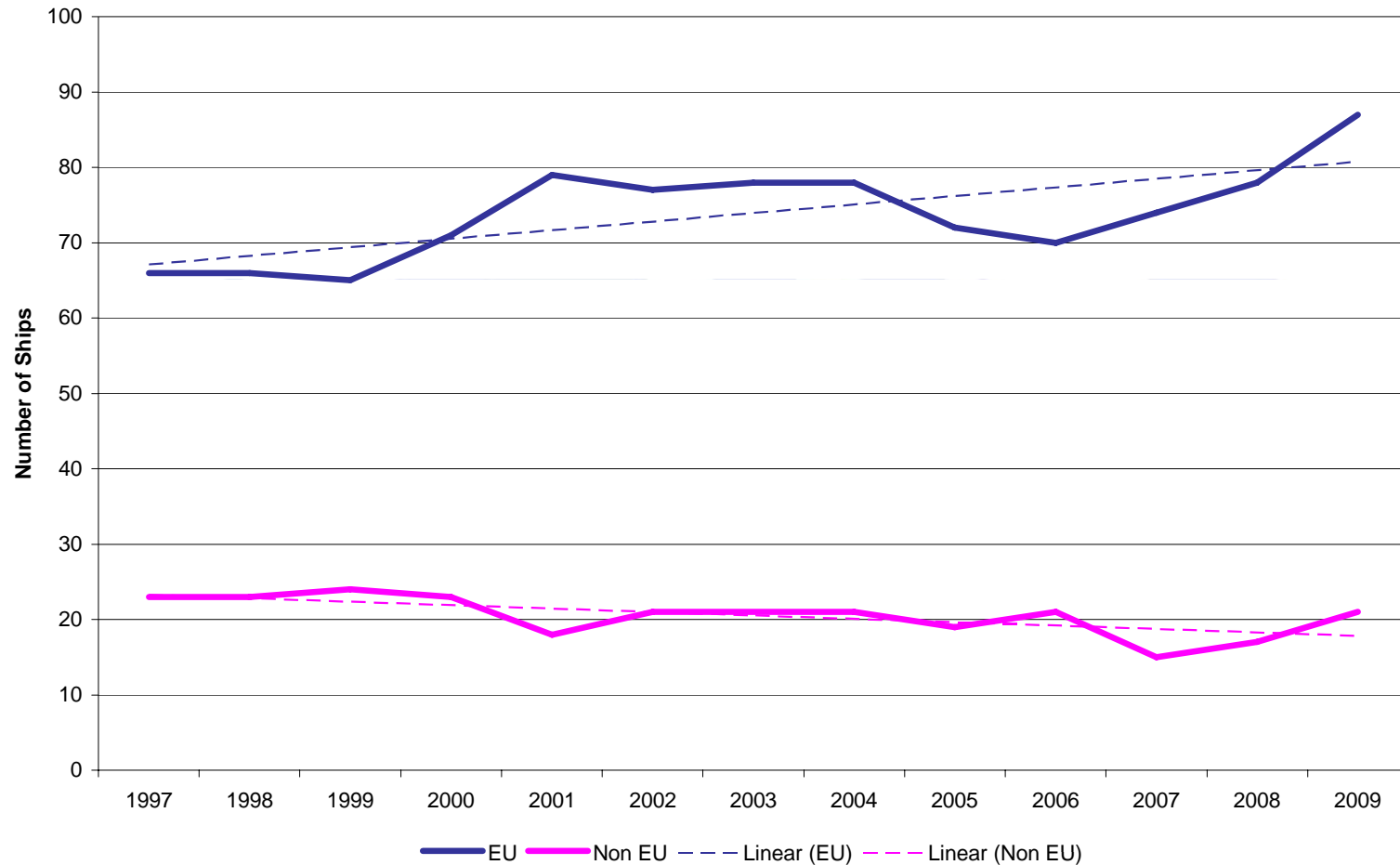




# Impact on flagging of TSHD fleet

(number of ships)

Flag evolution of TSHD

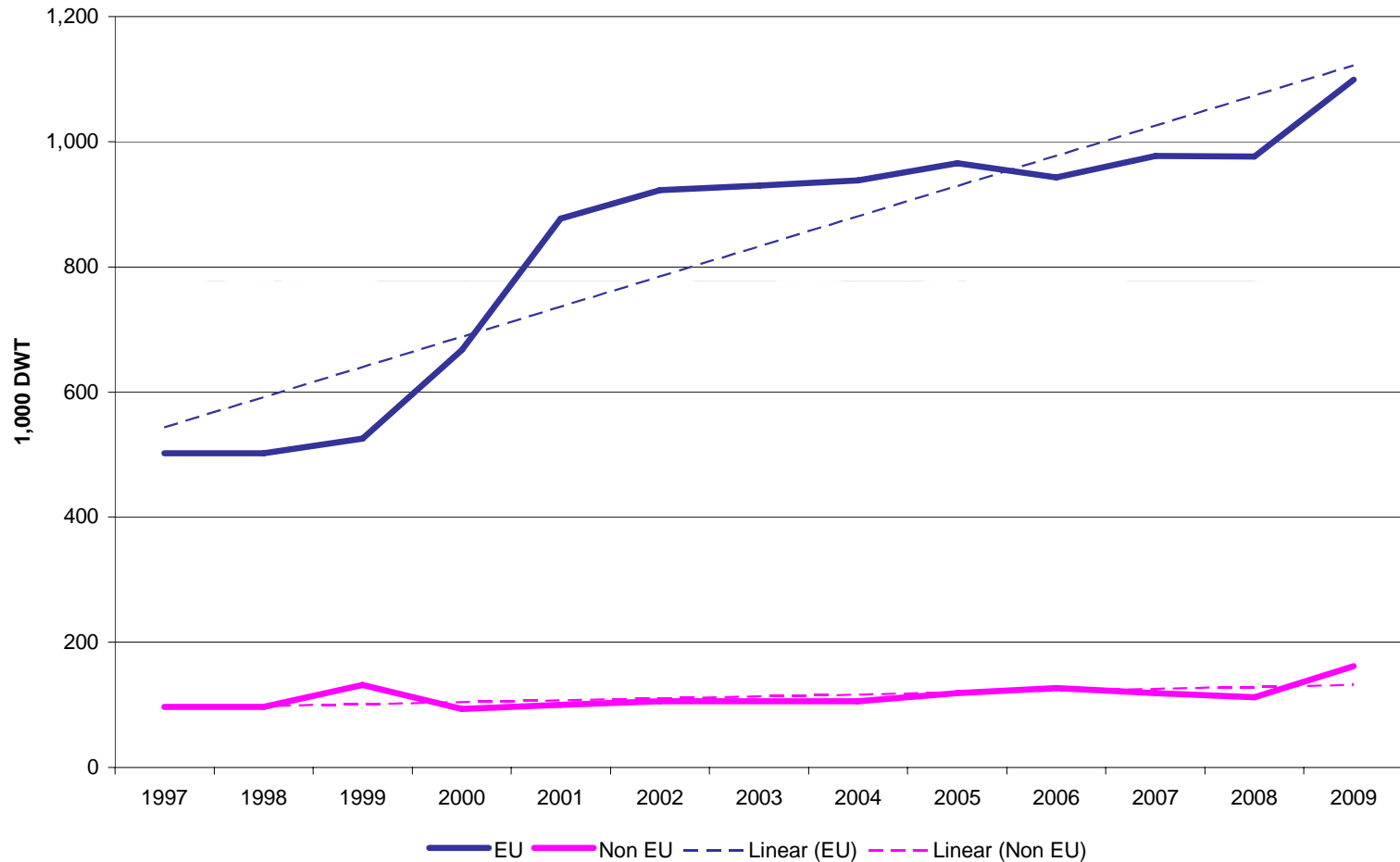




# Impact on flagging of TSHD fleet

(DWT)

Flag evolution of TSHD



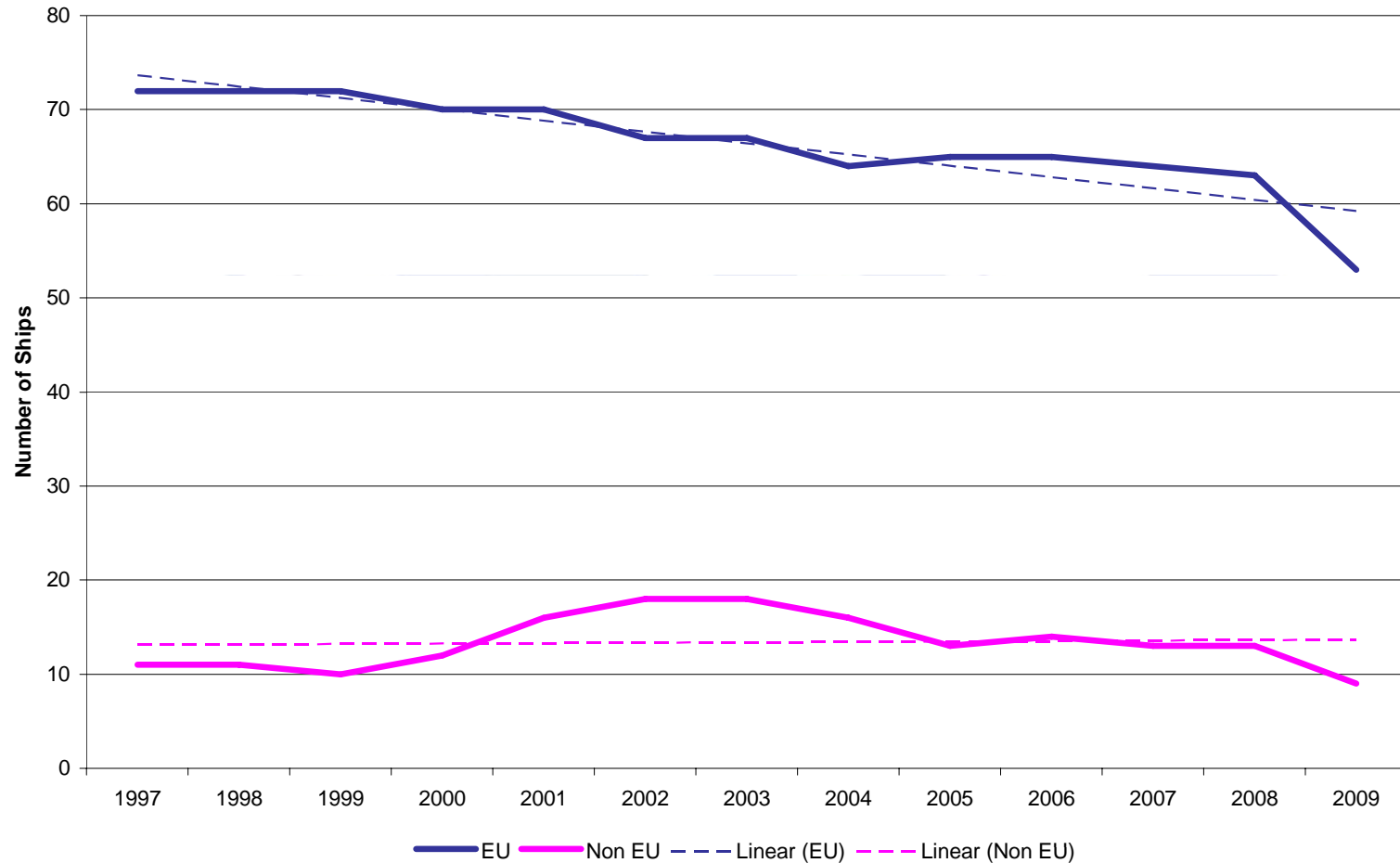
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# Impact on flagging of CSD fleet

(number of ships)

Flag evolution of CSD

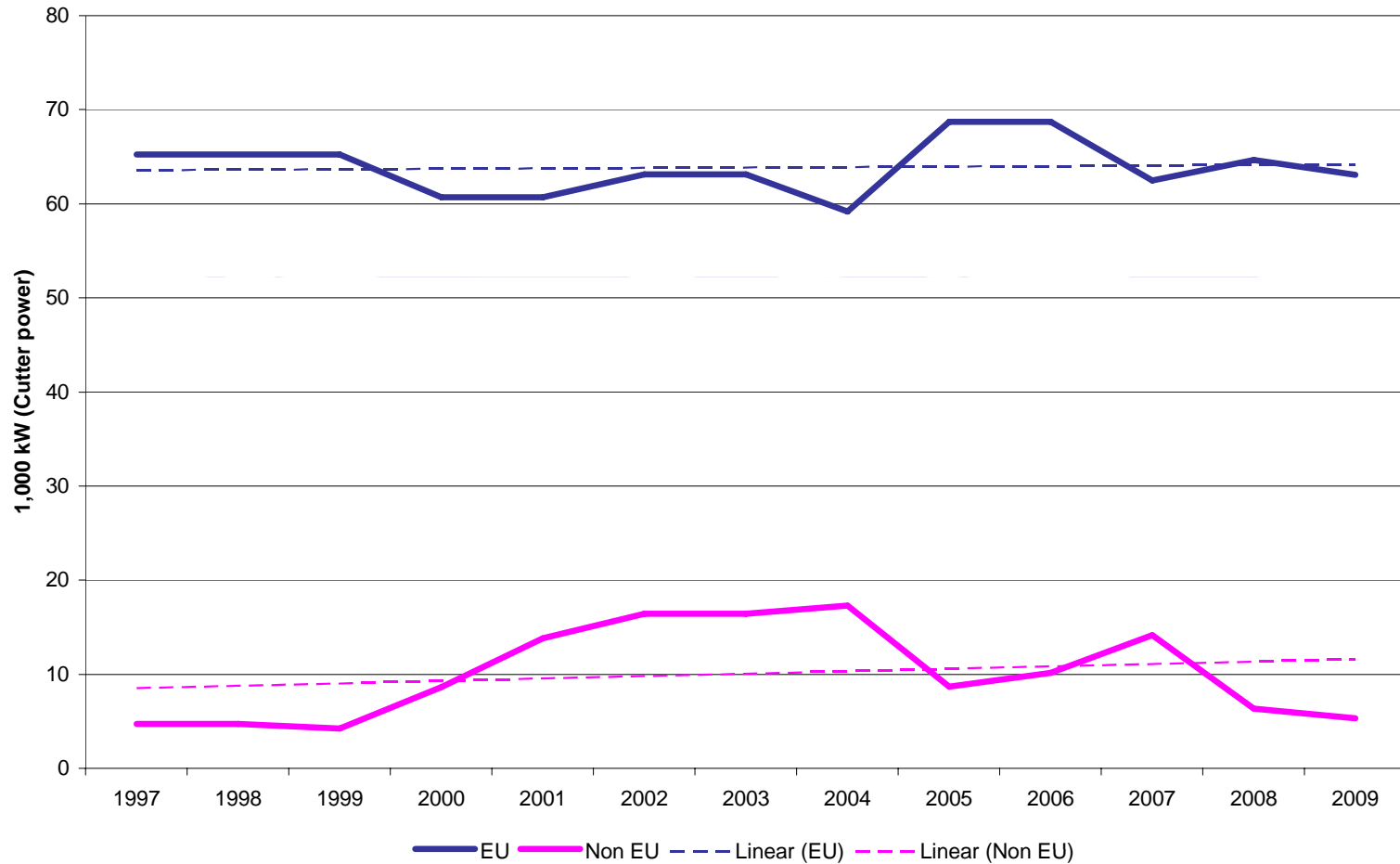




# Impact on flagging of CSD fleet

(kW)

Flag evolution of CSD







# Thank you !

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