New dynamism of Polish Shipbuilding industry. In tune with global trends.

Mr. Chairman, Distinguished Guests, Ladies and Gentlemen,

I wish to thank you for your invitation and I want to stress how pleased I am to be able to participate for the second time in Mare Forum in Sopot. While last year I was speaking more on the geostrategic aspects of the maritime economy, which is a theme I am certainly more familiar with, I was asked this year to participate in this panel - on shipbuilding industry and I will try to share some of my thoughts on its development in Europe and Poland.

Ladies and Gentleman,

At the beginning let me start with some - perhaps - controversial thesis on the historical links between Poland and the sea. Although for centuries we were reaching Baltic Sea and for some much shorter time our territories were extending up to the Black Sea, our real understanding of the potential of being a maritime country is much more recent. I am aware that I'm saying this in Sopot, city close to Gdansk and Gdynia and to many inhabitants of those cities it might sound like a real blasphemy. But we should be even more proud that maritime economy became a jewel in the crown of our economy and it generates important revenues, jobs and obviously is one of the main gates for innovations, despite the fact that it is a relatively new sector in historical terms. The importance of that sector - in consequence - mobilizes Poland's particular attention to all world trends which could influence its prospects in the future.

Maritime economy is not an easy one. Shipping as well as shipyard industry is cyclical and extremely sensitive to market volatility. Additionally, construction and ship servicing largely moved to the countries of East Asia. Financial crisis in Europe also took its toll. During that crisis European order-book has shrunk up to 30% of the pre-crisis level.

It is becoming more and more evident that for Europe to retain its competitive edge it is necessary to scale productive capabilities to world demand while at the same time finding competitive niches and enhanced cooperation with partners. Europe should not and can not resign from its maritime industry ambitions. We require adequate shipbuilding potential, at least because of the very simple fact that 90% of Europe's external and 40% of Europe's internal trade is transported by water. Europe needs a high-quality shipping sector that can compete around the world. Poland aims at contributing to this goal.

We believe that from political-economic point of view two major processes will be shaping mid-term conditions for shipbuilding industry: stable but probably less dynamic growth of China and rising US gas and oil production and its export capacities. Those two trends will have major (although contradictory) impact on maritime transportation and industry. The first will mean its slowing down, as China is the main importer of commodities and the second, positive - for tankers construction and shipping as more petrol will be exported overseas from the US (and possibly Canada). So demand for tankers will remain strong, at least, in the short term. In the mid and longer term this trend will not be necessarily confirmed as it is expected that the overall global oil demand growth will average just 0.6% per year through to 2040. This is because the link between economic growth and oil demand will weaken as the world adopts alternatives to hydrocarbon fuels and enhances vehicle fuel efficiency.

Success of Polish shipbuilding industry is highly dependent on the correct reading of global shipbuilding industry and markets' trends. Although Polish companies are not expected to compete in the market for tankers, the conclusions derived from global climate and energy predictions drive us into looking for niches in the worldwide shipping production, where we could still be competitive.

Let me point out some of the characteristics of our indigenous shipbuilding capacities.

Polish shipbuilding industry is in a strong growth phase. According to EMIS report, total industry profit amounted to PLN 10 billion in 2014 (11.7 % growth y/y), despite a drop in sales. Those revenues are generated in all sectors: design, production, repair and all this in various kinds of ships.

Poland is on the path of returning to the group of leading global shipbuilding nations. For the past decades Poland had enjoyed a strong position due to its capacity to compete in building high-quality ships of various kinds for high demanding owners. The simple repetition of that success today will be difficult. However, the government made out of shipbuilding industry one of the highest priorities and intends to bring shipyard industry back to full scale operation. Presently, maritime industry in Poland is estimated to employ up to 120 k employees. Polish shipyards like Remontowa, Gryfia, Stocznia Marynarki Wojennej, Baltyard, Mars, Nauta and others work for shipowners from all over the world. Today, ship production and repair is the second gross added value branch in Poland. Remontowa Holding is the biggest company of that sector in Poland. And the position of the shipyard industry in Poland will be further reinforced by capital consolidation through a state-owned found. The aim is to create the biggest shipyard consortium of companies in the Baltic sea region.

Government involvement will be seen also in providing financing for maritime industry project of high industrial added value like the construction of passenger ferries, building ship-recycling shipyards – a project that have all the chances to revolutionize the market or building new, multipurpose offshore platforms. A government programme Batory (part of the Plan for Responsible Development) aims at moving Polish shipbuilding sector into a larger oceanic specialized vessels. This programme is built on the forecast for growing demand for the LNG and LNG transport vessels.

What are the Poland's advantages…

What we have most precious are people: engineers, researchers, highly skilled workers who are the custodians of our best expertise accrued throughout past decades. We have universities – Naval Academy in Gdynia, Gdańsk University of Technology and Szczecin University of Technology or Gdańsk University. We have also well-developed secondary and vocational maritime schools in Darłowo, Gdańsk, Świnoujście and Kołobrzeg.

We have also R&D Marine Technology Center which is an incubator for the most innovative solution.

Last but not least, we have an active engagement of Polish central and regional authorities aimed to scale-up the activities of this industry and to take full advantage of our assets.

So to summarize: Polish maritime industry is a trustworthy, reliable partner, who offer experience, quality and new technology for a competitive price.

The conclusion is clear: Polish shipyard industry is a stable sector with well-paid jobs, innovative solutions and increasing market share. But we all know that to win on the global market one has to employ all its assets in the smartest way. The smart way is also finding partners, which can offer specialized partnerships in all production and sales stages. How can we work together is going to be discussed later during the today. And I can only hope that this conference and meetings to follow will bring material effects. I wish all participants fruitful and inspiring discussion and look forward to follow-up, especially with a view of next year's *Posidonia* International Shipping Exhibition where Poland expects to come with a strong exposition.

Thank you for your attention!