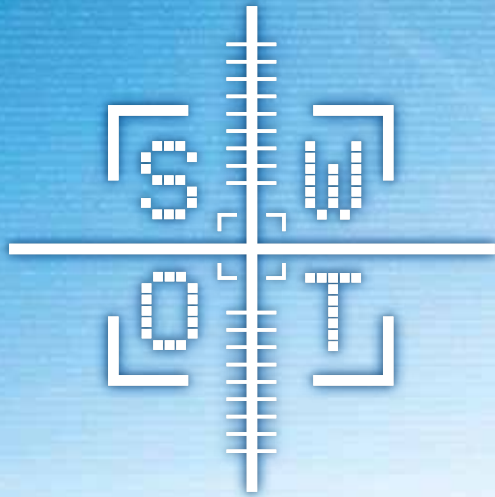


ANNUAL REPORT 2011

Threats and Opportunities from the Sea



EUROPEAN DREDGING ASSOCIATION





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'S.W.O.T' ANALYSIS

WHEN CONSIDERING THEIR STRATEGIC OPTIONS, ORGANISATIONS OFTEN USE THE SWOT ANALYSIS AS A TOOL TO IDENTIFY THE PROS AND CONS TO ACHIEVE THEIR OBJECTIVES AND, ON THIS BASIS, DECIDE ON THE FUTURE COURSE TO TAKE.

IN ORDER TO PROGRESS TOWARDS ITS DESTINATION AND ACHIEVE EXCELLENCE, AN ORGANISATION WOULD HAVE TO IDENTIFY, AMONG ITS INTERNAL FACTORS, ITS **STRENGTHS** AND **WEAKNESSES** IN ORDER TO RESPECTIVELY NURTURE THE FORMER AND CONVERT THE LATTER INTO **STRENGTHS**. **THREATS** AND **OPPORTUNITIES** ARE THE EXTERNAL FACTORS THAT WILL HINDER OR FACILITATE OUR JOURNEY.

IN THIS ANNUAL REPORT THE EUROPEAN DREDGING ASSOCIATION IS SCRUTINISING ITS JOURNEY OVER THE YEAR 2011 AND HIGHLIGHTS THE KEY **STRENGTHS** OF THE EUROPEAN DREDGERS, THEIR POSSIBLE **WEAKNESSES** AS WELL AS THE KEY **OPPORTUNITIES** TO BE SEIZED AND THE **THREATS** TO BE AWARE OF.

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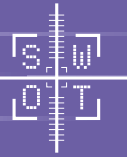
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*“EuDA is the official
interface between the
European Dredging Industry
and the European Institutions.”*

SWOT



INDUSTRIAL POLICY



Seas of Opportunities to seize!

Oceans and seas both pose Threats and offer Opportunities to the European Dredging Industry which can build on its Strengths and learn from its Weaknesses.

Dredgers need to continuously build up their Strengths and work on their Weaknesses, in order to seize the seas of Opportunities as well as to transform the Threats from the oceans into concrete Opportunities.



2011 a year of questioning

Marc Stordiau, Chairman

After a few transition years following the outburst of the 2008 global financial and economical crises, 2011 did not witness their end but saw the emergence of an institutional crisis in Europe. In fact, 2011 raised serious questions about the single European currency, about the Eurozone and its membership as well as about the feasibility of a monetary union without a fiscal union.

On another note, 2011 was also marked by a major natural disaster which developed into a nuclear disaster: following a combination of two extreme

natural events, an earthquake causing a tsunami, two extreme natural events, the Japanese city of Fukushima was struck twice in a very short space of time. When natural extreme events occur, the level of preparedness of the most vulnerable regions will be decisive in their response to prevent these events from becoming 'disasters' and also determine in the long term the level of resilience of the area to these extreme events. A reflection on these issues and on other related "Threats and Opportunities from the Sea" was organised during our 2011 Annual General Assembly. EUDA is of the opinion that the sea and the drains in general will play an important role in the future energy supply of our modern world!

As far as European dredging companies are concerned, 2011 showed good performances from them with more high tech ship launches to confirm their

health and positive perspectives. Many projects are won by Europeans around the world however for each successful tender, many more are lost. Winning projects became more and more hard fought as the competition around the world grows fiercer. Dredging markets, suffering from the general global slowdown, are also increasingly affected by the 'austerity measures' which tend to delay the implementation of certain projects. Moreover, this difficult situation is aggravated by the unfair practices of certain countries, namely China, using tied aid schemes to close markets to global completion and reserve these markets for their heavily subsidised state-owned dredging companies.

Members of the EuDA Board



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F. de Wit



F. Heinis



G. Loeck



C.J. van de Graaf



G. Vandewalle



“EuDA encourages governments around the world to make better use of the available European expertise and experience.”

In 2011, the European Dredging Association (EuDA) has been actively involved in many discussions and debates at national, European and international levels on issues affecting directly or indirectly the European dredging industry. EuDA's main purpose remains the interfacing with the European Institutions and most of its activity in 2011 was engaged in discussions with the European Commission on a wide range of topics including:

- 1) CO₂ and on Sulphur emissions;*
- 2) the enforcement of the ILO Maritime Labour Convention;*
- 3) the Blue Growth and Green Growth Strategies;*
- 4) Maritime Spatial Planning and Integrated Coastal Zone Management;*
- 5) the future waterborne R&D needs.*

However, discussions at European level need to be relayed at national and international level in order to be more effective. Therefore, EuDA restricts its activity to focused actions:

- at national level, EuDA initiated debates on the implementation of revised Waste Framework Directive with regards to Dredged Material in various Members States (including UK, Spain and Italy);*
- and at international level EuDA contributed significantly to a joint submission by Belgium and Netherlands to IMO on the implementation to Hopper Dredgers of the Ballast Water Management Convention.*

EuDA's 2012 political agenda is in continuity of its past efforts and will focus on:

- 1) The revision of the European State Aid Guidelines**
- 2) The new regulations with respect to emissions by marine vessels**
- 3) The implementation of the Maritime Labour Convention (MLC 2006)**

“EuDA is pleading for the continuation of the Guidelines on State Aid to Maritime Transport.”

European State Aid Guidelines

Following the transfer of competences on State Aid to Maritime Transport from DG MOVE (transport) to DG COMP (competition) in 2010, the revision of the current State Aid Guidelines to Maritime Transport, dating from 2004, has been delayed without affecting their validity and continuity.

An analysis of all notifications and decisions since 2004 lead Vice-President Joaquín Almunia to call for a **public consultation** on this subject, which has been announced EuDA has prepared a position paper and will organise meetings with the officials of DG Competition to properly inform them about the specific situation of the European Dredgers.

As explained previously, China is using its might to close key markets in Africa, South America and Asia. EuDA therefore asks the support of the European authorities to continue palliating these disadvantages by renewing the State Aid Guidelines to Maritime Transport and including the self-propelled seagoing Cutter Suction Dredgers in this scheme.

The new regulations with respect to emissions by marine vessels

For the last few years, air emissions by human activity have been under the scrutiny of the policy makers and the legislators around the world. Unsurprisingly, the most significant progress has been achieved on the issue of CO₂ emissions. All sectors are concerned and maritime transport is no exception. However, being a truly global industry, the only suitable forum for legislating its sectors is the International Maritime Organization (IMO). One of the main outcomes in IMO has been the agreement on the technical and operational measures to reduce CO₂ emissions from shipping, namely: the Energy Efficiency Design Index and Ship Energy Efficiency Management Plan for ship types representing approximately 70% of the world tonnage. This represented a major step forward in the policy for reduction of CO₂ emissions from shipping.

In a joint statement submitted in 2010, the European Dredging Association and its international sister organisation, the International Association of Dredging Contractors, invited the Member States sitting in IMO to note that the technical measure they had agreed upon, the Energy Efficiency Design Index, could not be applied to dredgers. The European

Dredgers proposed instead an alternative approach more suitable for their type of vessels and activity.

Besides the developments with the greenhouse gases, EuDA will continue to follow very closely the developments in legislation and policies, relating to SO_x, NO_x and other emissions of maritime vessels.

The implementation of the Maritime Labour Convention (“MLC 2006”)

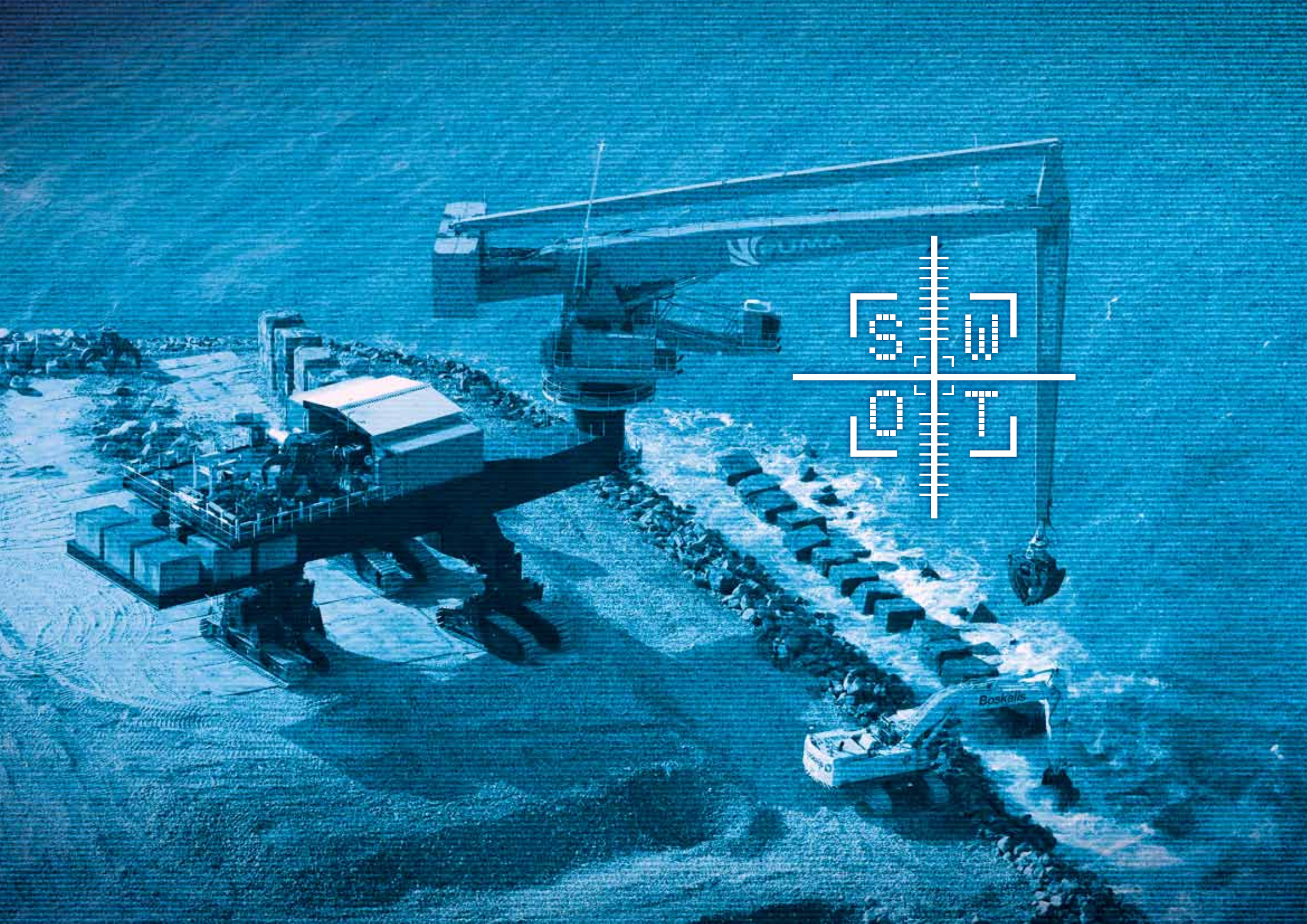
As the ILO Maritime Labour Convention (MLC 2006) was translated at European level into a European Directive (2009/13/EC), the main challenge remains its implementation at national level in the different EU Members States and its ratification. The conditions for ratification of International Maritime Conventions are: *ratification by at least 30 Member States with a total share in the world gross tonnage of ships of 33 per cent.* The ratification status on 4th November 2011 was **20 ILO Member States** representing **54% of the world fleet**. It is expected that the MLC 2006 will be ratified by the end of 2012, entering into force the following year.

In 2010, EuDA conducted an internal study to better assess the implementation of ILO MLC 2006 in

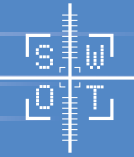
each Member State and raise awareness among the members on the potential pitfalls. The results of this study were used in 2011 to prepare EuDA's response to the Public Consultation by the European Commission on *the enforcement of the International Labour Organisation Maritime Labour Convention relevant provisions*. In its submission, EuDA insisted that competition distortions should be avoided, including any possible MLC related 'significant flag disadvantage', and that consistency and coherence between the different European Directives as well as with the International Legislation are of utmost importance.

When considering the implementation of the MLC, one key aspect for the dredging sector should be an improvement of the '*social*' *level playing field* by enforcing a minimum standard and by eliminating the so called 'social dumping' practices (living and working conditions onboard dredgers well below any acceptable standard), mainly from some Asian dredging operators. However, the process will be slow and will affect only the new built ships, with no significant impact expected on the roots of the big differences in the costs of labour around the world.

*With our best regards, Marc STORDIAU Chairman
and his colleagues of the Board of EuDA.*



RESEARCH AND DEVELOPMENT POLICY



“Scientia potentia est” (Knowledge is Power)

The most successful companies

KNOW WHAT they are doing,

KNOW WHY they do it

KNOW WHO will do it and

KNOW HOW to do it.

Knowledge is power and harnessing the oceans' power, like the dredgers do, requires a lot of knowledge as well as the creation of “new knowledge”. This is why European Dredgers invest continuously in Research & Development and implement new technologies in their equipment and innovative methodologies and processes in their projects.

Innovative European Dredgers are the Global Open Markets Leaders

In the high tech maritime market segments where the European dredgers are active, the only way to keep growing and maintain global leadership is to innovate. Therefore, the European dredging companies continuously invest in R&D and Innovation in their new vessels and equipment as well as their processes and operations. World leadership in global markets is not a destination but a continuously moving target.

EuDA members invest in improving the efficiency of their operations and systems but they also invest significant amounts in new exploring and testing equipment to improve global environment conditions.

The Blue Planet

Covering around 70% of the planet's surface, the oceans are at the origin of life on Earth but they are also the Earth's life support system.

The oceans not only are an increasingly important source of raw materials, food and energy and an essential source of jobs and income for a significant part of the world's population but they also drive our climate and shape our environment.

The oceans provide an essential contribution to the EU's wealth and well-being: around 90% of Europe's international trade and 40% of the intra-EU trade is done through maritime transport. Maritime transport is a catalyst for economic development and prosperity, ensuring security of supply of energy, food and commodities. As a result, the maritime regions' contribution to the EU's GDP is estimated at around 40%. Moreover, with the continuously increasing world population, the role of the oceans as raw material reserves, energy suppliers as well as food providers (including aquaculture) is becoming more and more important.

As a consequence, the pressure from human activities on the oceans is soaring and exacerbating the vulnerability of some of the more and more

populated coastal areas, raising concerns about the coastal waters' quality. The field of marine and maritime research is very complex and cross-cutting by nature, involving different areas of knowledge, disciplines and sectors. Moreover, the oceans grand challenges know no borders and sustainable solutions cannot be found nor implemented by one single country or discipline. Action to remediate the situation involves significant research and knowledge building in a multi-disciplinary and cross-sectoral way.

More focused and coordinated efforts are needed in marine and maritime research. The European Commission's most promising joint research initiatives for our oceans and seas in Europe include the three FP7 "Ocean of Tomorrow" joint calls and the JPI OCEANS.

"World leadership in global markets is not a destination but a continuously moving target."

ERA and Joint Research Approach

In the context of the Lisbon Strategy (2000), the European Commission recognised the strategic importance of research (development and innovation) in maintaining and improving the competitiveness of European companies and launched the European Research Area (ERA) which has been revitalised with the Ljubljana Process (2008).

The ERA is a *European open space for knowledge and technologies in which transnational synergies and complementarities are fully exploited*. The ERA aims to join all research and development activities, programmes and policies in Europe. To implement its vision, ERA 2020, the European Commission has taken concrete steps to stimulate multi-disciplinary, cross-sectoral and cross-border initiatives including the joint calls and joint programming initiatives.

FP7 joint Calls ‘The Ocean of Tomorrow’ 2009-2013

Initiated by the Maritime Policy and its research component the “EU Strategy for Marine and Maritime Research” (COM (2008) 534), more and more research is being funded by the European Commis-



“The ERA is a European open space for knowledge and technologies.”

sion to join the research efforts to meet the major challenges in ocean management.

The first joint call of that type was FP7’s ‘**The Ocean of Tomorrow**’ which was launched in 2009 and with projects starting in 2010 (FP7-OCEAN 2010).

A second call followed, opened in July 2010 and closed in January 2011 (FP7-OCEAN-2011). While there was no joint call in 2012, the common effort was pursued with the launch of 9 topics dedicated to the support of the Marine Strategy Framework Directive (MSFD) within the FP7 main themes. A third and final call will be opened from 10th July 2012 and closes on 7th February 2013 (FP7-OCEAN-2013).

In total, the “Ocean of Tomorrow” joint calls will have dedicated a budget of **134 million euro** for the joint marine and maritime research topics. These topics are cross-thematic by nature and attempt to bridge the marine sciences and the maritime technologies and integrate in a coherent way the knowledge of the two research communities. Only with a multi-disciplinary approach and a multi-sectoral partnership can the expected results be delivered. The philosophy of the “Ocean of Tomorrow 2013” also links to the “Horizon 2020” proposal (FP8), which acknowledges the importance of cross-cutting approaches.

The Ocean of Tomorrow 2013

The aim of the “The Ocean of Tomorrow 2013” call is to pool the efforts of stakeholders from a broad range of sectors in order to develop innovative marine technologies necessary to assess and monitor the **good environmental status** of the seas, monitor current and new activities at sea and contribute to their sustainable operation. Therefore this 3rd and final FP7 joint call is pursuing the efforts started in 2010 and continuing to build a knowledge base for a sustainable growth of European sea-based activities: by improving understanding and the predictive capacity of marine ecosystems’ response to a combination of natural and anthropogenic factors, while fostering innovations to make the most of sea resources. Like in the previous calls, this call should provide a scientific foundation for feasible, sustainable management measures supporting policies, such as the new strategy for Europe EU 2020 or the Marine Strategy Framework Directive, and possible related technologies.

The call will be implemented through four topics:

- **Topic OCEAN.2013-1** (15 million euro): **Biosensors** for real time monitoring of biohazard and man made chemical contaminants in the marine environment. This topic is open for several Collaborative Projects of up to 6 million euro per proposal and a minimum of 25% the total requested EU contribution going to SME(s).
- **Topic OCEAN.2013-2** (15 million euro): **Innovative multifunctional sensors** for in-situ monitoring of marine environment and related maritime activities. This topic is open for several Collaborative Projects of up to 6 million euro per proposal and a minimum of 30% the total requested EU contribution going to SME(s).
- **Topic OCEAN.2013-3** (15 million euro): **Innovative antifouling materials** for maritime applications. This topic is open for several Collaborative Projects of up to 8 million euro per proposal and a minimum of 25% the total requested EU contribution going to SME(s).
- **Topic OCEAN.2013-4** (10 million euro): **Innovative transport and deployment systems** for the off-shore wind energy sector. This topic is open for 1 Collaborative Project of up to 10 million euro.



For the last few years, the European Dredgers have taken steps in the right direction with initiatives such as “Building with Nature”, which aims at integrating nature into project designs in order to better integrate the project into nature by taking into account its forces, both physical (e.g. tides, currents) and biological (e.g. ecosystems). EuDA is convinced that a concept such as ‘Building with Nature’ perfectly fits in the strategy and policy of the Commission and is confident that it has its place in joint calls such as ‘The Ocean of Tomorrow’ and in the upcoming Horizon 2020 framework programme.

“Joint Programming Initiatives aim at increasing the value of relevant national and EU R&D and infrastructure investments.”

Joint Programming Initiatives

The general purpose of Joint Programming Initiatives (JPIs) is to tackle the challenges that cannot be solved solely on the national level, but need coordination of national research activities and grouping of resources. JPIs are specialising and focusing on specific thematic, including the related sectors in a cross-disciplinary approach. Over time JPIs would help overcome the

fragmentation of European research as well as establish common research and innovation agendas. The JPI process combines a strategic framework, a bottom-up approach and high-level commitment from Member States. The importance of the oceans as well as the complexity of the associated research have been recognised and provided with a new long-term research coordination platform: the JPI OCEANS since 2011.



The Joint Programming Initiative Healthy and Productive Seas and Oceans (JPI Oceans)

is a long-term platform for the coordination and integration of European marine and maritime research. In the European Commission's terminology, “marine” research is reserved for the “natural” sciences (e.g. oceanography) while “maritime” research is reserved for the applied sciences providing knowledge for the human activities in or by the sea (e.g. maritime technologies).

JPI Oceans is a voluntary initiative open to all EU Member States and Associated Countries ready to invest in marine and maritime research. Because of its voluntary basis, JPI Oceans aims at devel-

oping joint research programmes with variable geometry (in which countries can be involved in the topics and in the way they choose). JPI Oceans now covers all European sea basins and already counts among its participating countries Belgium, Denmark, Finland, France, Germany, Iceland, Ireland, Italy, Lithuania, The Netherlands, Norway, Portugal, Romania, Spain, Sweden, Turkey and United Kingdom, with the European Commission represented in the Management Board as a non-voting member.

JPI Oceans will focus on making better and more efficient use of national research budgets, which represent 85% of the marine-maritime funding within Europe.

WATERBORNE Research Strategy: Updated WSRA & WIRM May 2011.

The Vision 2020, WATERBORNE's long term vision, was established in 2005 and sets out the long term research targets for the maritime and inland navigation industries. By definition, this document does not need frequent revision. However, the other core documents of the WATERBORNE Research Strategy, namely the WATERBORNE Strategic Research Agenda (WSRA) and WATERBORNE Implementation Route Map (WIRM), need to be updated on a 3 to 5 year basis to integrate the new results and findings of the ongoing research projects/programmes and update the progress made towards the WATERBORNE Research targets.

The WATERBORNE ETP has published its updated

research strategy documents in 2011. The documents have taken stock of the findings of many FP7 completed or still ongoing projects such as GOALDS, EXTREME SEAS, BESST, HERCULES (ABC), FLAGSHIP, STREAMLINE, POSEIDON, SAFEDOR, ...

As far as dredging is concerned, the most relevant research is captured under the following two exploitation outcomes: 11 Intermodal Waterways and 12 Accelerated Sustainable Port Development. Under these exploitation outcomes, ECOPORTS, EFFORTS and PEARL are the main FP7 funded projects. At the heart of the WATERBORNE strategy, the dredgers can find topics such as: Effects of Climate Change on

Waterborne Transport; Non Intrusive Measurement; Advanced Field Measurement Techniques; Understanding the Environmental Impact of Infrastructure Building & Dredging.

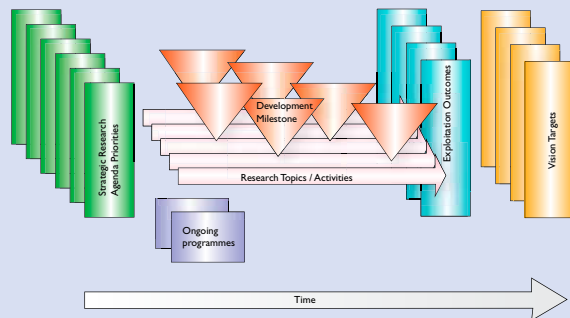
However more focused efforts are probably needed to support dredging related research, as dredging provides the main solution to coastal regions against sea level rise or the increased frequency of extreme events such as floods and storms.



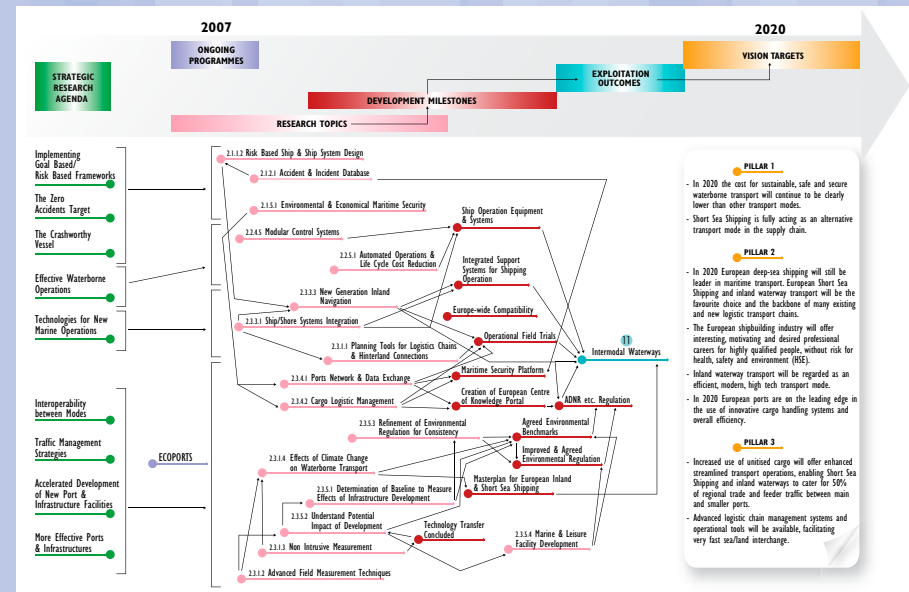
Implementation Route Map Approach

The research priorities in the chapters of the WATERBORNE Strategic Research Agenda (WSRA) cover a large number of activities referred to as **Research Topics** in the WATERBORNE Implementation Route Map. **Development Milestones** are the major results that the Research Topics will deliver over a 5 to 15 year time scale and together create substantial new world leading product capability.

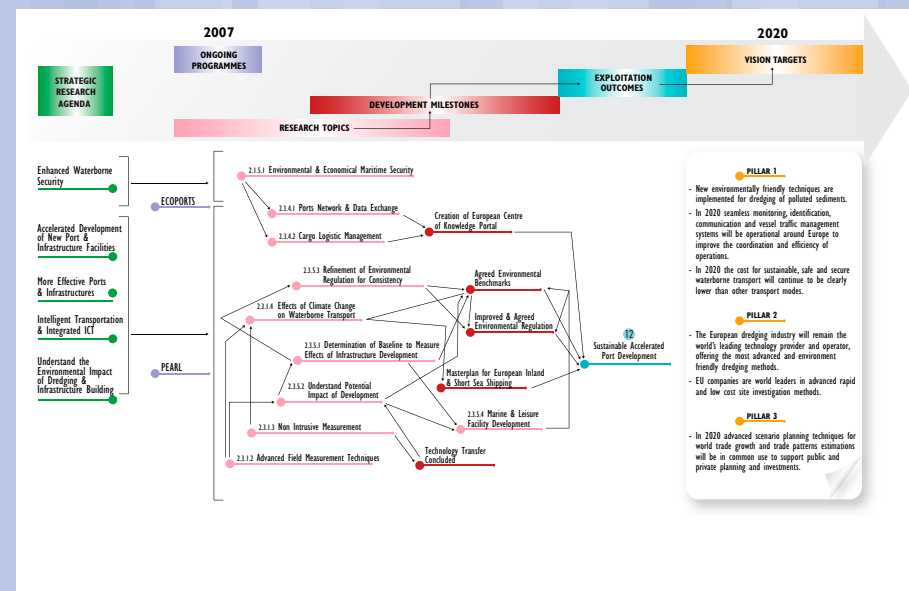
Enabled by Development Milestones, **Exploitation Outcomes** (EO) are the more tangible results of the rather abstract VISION 2020 targets. The Exploitation Outcomes are defined as *“Products, Services or Capabilities that can actually be delivered by the European Waterborne Industries that clearly enable and demonstrate achievement of the VISION 2020 targets”*. They are the achievements of the coordinated investments in the implementation of the WATERBORNE Research Strategy by all the waterborne stakeholders.

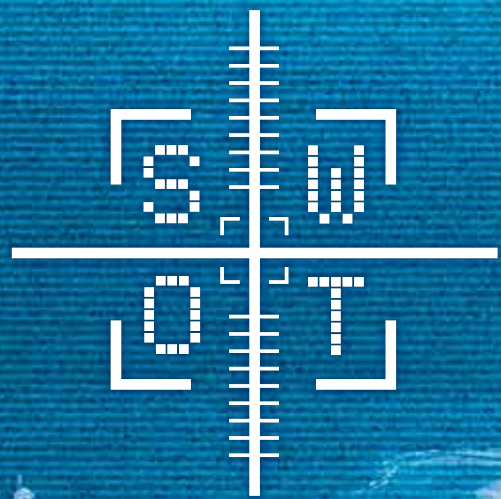


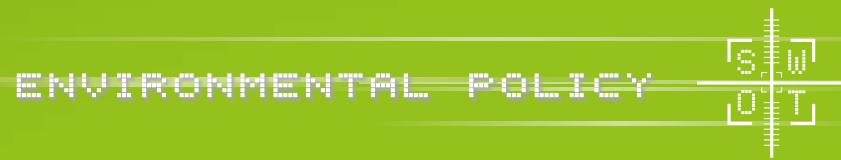
Route Map EO 11 Intermodal Waterways



Route Map EO 12 Sustainable Accelerated Port Development







When Weaknesses become Strengths

Despite its recognised necessity and demonstrated added value, dredging continues to struggle to improve its poor image as far as its environmental record is concerned.

The European Dredgers are constantly working on environmental issues in order to reduce their overall impact with the ultimate goal of complete integration of projects in Nature and of Nature in projects. This is why forefront initiatives such as “*Building with Nature*” have been started by the dredgers: to use the forces of Nature, both physical and biological, instead of fighting them and avoid, where possible, the destruction of Nature so that there would be no need to compensate it.

In 2011, the members of the Environment Committee (EnvCom) were:

Anneke Hibma (EnvCom Chairman, Van Oord)

Gerard van Raalte (Boskalis)

Mark Russell (BMAPA)

Erik Mink (Interel)

Jens Schmidt (Detlef Hegemann)

Fay van Dongen (Vereniging van Waterbouwers)

Bart Callaert (JDN)

Eric Van Wellen (DEME)

Paris Sansoglou (EuDA)

Environmental initiatives in DG MOVE White Paper (maritime transport)

On 28th March 2011, DG MOVE (Transport) published its White Paper, “Roadmap to a Single European Transport Area - Towards a competitive and resource efficient transport system”, describing its long term Policy objectives and Strategy for all the transport modes in Europe including shipping, inland navigation and ports.

The document is constituted of a roadmap of 40 concrete initiatives for the next decade to build a competitive transport system that will increase mobility, remove major barriers in key areas and fuel growth and employment. At the same time, the proposals will dramatically reduce Europe’s dependence on imported oil and cut carbon emissions in transport by 60% by 2050. To achieve its ambitions, the Commission’s plan announced:

- No more conventionally-fuelled cars in cities;
- 40% use of sustainable low carbon fuels in aviation;
- **at least 40% cut in shipping emissions;**
- A 50% shift of medium distance intercity passenger and freight journeys from road to rail and waterborne transport.



Members EuDA Environment Committee from left to the right: A. Hibma (EnvCom Chariman, van Oord), G. van Raalte (Boskalis), M. Russel (BMAPA), E. Mink (Interel), J. Schmidt (Detlef Hegemann), F. van Dongen (Vereniging van Waterbouwers), B. Callaert (JDN), E. Van Wellen (DEME) and P. Sansoglou (EuDA).

The White Paper gives a more prominent role to Infrastructures and Innovation. A more detailed Commission Staff Working Document accompanies the White Paper.

Out of the 40 initiatives, the following receive special attention from EuDA:

- 24. A technology roadmap
defragment EU research efforts; alternative fuels; Integrated transport management and information system.
- 25. An innovation and deployment strategy
identification of the necessary innovation strategies with governance and financing.
- 26. A regulatory framework for innovative transport
standardisation or regulation: appropriate standards for CO₂ emissions of vehicles in all modes, requirements on energy efficiency.
- 29. Carbon footprint calculators
Encourage business-based GHG certification schemes and develop common EU standards.

Revised Waste Directive

Thanks to a successful cooperation with the European Commission, 'dredged material' was removed

from the scope of the 2008 revised 'Waste Framework Directive' (WFD) unless proven hazardous. Building on this success, EuDA has continued its work on this issue, providing guidance and support to the European Commission and the Member States.

On the occasion of its workshop on '*Dredged Material and the Waste Framework Directive*' in 2010, EuDA identified significant differences in the implementation of the Waste/Water Directives between (and sometimes within) Member States.

As it appeared there is still a significant difference in the implementation of the Waste Framework Directive into the national legislations between Northern and Southern EU countries. In line with the new philosophy and approach of the revised Waste Framework Directive, EuDA's purpose is to open up the options besides landfill and promote ways outside the waste cycle: prevention of waste (beneficial use of dredged material) or end of waste cycle (treatment of contaminated mud and silt). When considering a follow-up and complementing second phase of the workshop, EuDA opted for a more focused approach targeting selected EU Member States in a country by country dialogue.

EuDA identified three possible target countries to start this second phase of lobbying: the UK, Italy and Spain. EuDA is considering the opportunity of organising these three national expert workshops with the support of the local dredgers and ports in the course of 2012. One of the main objectives of these workshops would be to trigger a national reflection on how to best implement the revised Waste Framework Directive in the context of the existing national regulatory framework. One of the main issues at stake is to align the national legislation with the revised European approach and take advantage of all the possibilities, other than landfill, for the relocation of dredged material. In the vast majority of cases, dredged material is not hazardous, therefore not waste, and should be treated as such by the national legislations across Europe.

A suitable format would be a national experts' workshop on '*Dredged Material and the Waste Framework Directive*' in which presentations would include: the European legislation, the revised Waste Framework Directive; the national related legislation and the national policy to develop maritime ports. The intention of EuDA with the national experts workshops is to open a constructive dialogue between the ministries and also with the national

dredgers. Opening a constructive dialogue at national policy level between the ministries in charge of environment and maritime infrastructures and exchanging views with the national stakeholders representing the ports and the dredgers would prove both necessary and useful.

Despite the general improvement following its revision, one prominent problem with the Waste Framework Directive remains the absence of a definition for a generic European non-hazardous category. The Commission has progressed in the search for assessment criteria but no clear methodology has been agreed yet. The key challenge for the dredgers is to make sure that the verification procedure for (non-) hazardousness of the dredged material remains fair, economical and manageable in all the EU Member States. The assessment criteria for hazardousness should be unambiguous as well as easy and practical to implement. Member States should however have some level of freedom for the development of threshold values for a screening system that would best suit their local situation.

Ship Recycling

In 2011, EuDA also attended a stakeholder hearing and contributed to a public consultation on ship recycling both organised by the European Commission. EuDA highlighted that the major ships in the EuDA fleet are dredging vessels >500GT which are normally covered by the Hong Kong Convention. The fleet of smaller auxiliary equipment (<500GT), accompanying and supporting the dredging vessels in the projects are disposed of in the same environmentally responsible way as the bigger vessels.

Marine Strategy Framework Directive & Maritime Policy

EuDA followed closely the developments in the implementation process of the Marine Strategy Framework Directive through the Marine Strategy Navigation Group (MSNG), coordinated by CEDA. In the context of the Marine Strategy Framework Directive, the Commission has established a Stakeholders' Consultation Group in which CEDA has a seat. CEDA liaises with the MSNG, which mainly aims at exchanging views, knowledge and experience on international navigation issues in the context of the goals and the implementation of the Marine Strategy Framework Directive. In this context, it is

also important to report that through the work of the MSNG, the level of cooperation between the associations (EuDA and CEDA) has improved.

One of the aims of the Marine Strategy Framework Directive is to improve the quality of marine ecosystems. This objective cannot be separated from the quality of the waters, hence the establishment of a "Good Environmental Status" of the European waters, monitored by 11 descriptors (for possible risks and pressures on the marine ecosystems). Adding to this the Marine Strategy Framework Directive imposes an ecosystems based approach for the management of the marine impacting human activities. Out of the 11 descriptors in the Marine Strategy Framework Directive, 4 have a possible relevance to the dredgers: seafloor integrity, hydrodynamics, contaminants and underwater noise. The last descriptor was the subject of a CEDA paper on underwater sound.

"A constructive dialogue must be opened at national policy level between the ministries of environment and of maritime infrastructures."

*“One of the aims is to
improve the quality of
marine ecosystems.”*



As far as the Maritime Policy is concerned, EuDA was particularly active on the Maritime Spatial Planning (MSP) and on the Integrated Coastal Zone Management (ICZM): EuDA contributed through multiple interviews and hearings, on the occasion of which EuDA conveyed the following messages:

- As far as Maritime Spatial Planning is concerned, the dredging sector needs to have access to 'winning areas' as well as 'relocation areas' to be able to operate properly: collecting or relocating sand, rock, gravel, silt ... from one part of the water environment to another;
- for MSP/ICZM, common European frameworks should be provided to help coordinate the Member States; however, sufficient flexibility should be foreseen, in space, time and policy to allow for more efficient implementation in the Member States; therefore, 'Soft Law' seems the best suited approach at European level;
- finally, programmes, such as ECOSHAPE in the Netherlands and Vlaamse Baaie 2100 in Belgium, should be further encouraged and supported at EU level.

CO₂ emissions

EuDA established in 2008 its CO₂ dedicated working group to tackle the issue of CO₂ emissions by the dredging fleet. This group supported EuDA's lobbying with factual information and targeted communications: e.g. CO₂ footprint (maritime emissions) of the European Dredging Sector (for a more detailed report on the activities of the CO₂ Working Group, see hereafter under Climate Change).

One of the main outcomes for the shipping industry during the 62nd meeting of the Marine Environment Protection Committee (MEPC 62) of IMO was the agreement on the technical and operational measures to reduce CO₂ emissions from shipping, namely: the Energy Efficiency Design Index (EEDI) and Ship Energy Efficiency Management Plan (SEEMP) for tankers and bulkers, representing more than 70% of the world shipping tonnage. This decision represented a major step forward in the policy on reduction of CO₂ emissions from shipping.

Other air emissions in ports (PM, NO_x, SO_x, VOCs)

In 2011, next to the CO₂ emissions, sulphur emissions and related issues dominated the main debates in IMO, in the European Commission or in regional conventions. These debates covered three essential aspects of the political framework to reduce sulphur emissions: the thresholds for sulphur content of marine fuels (which directly translates into sulphur emissions in the atmosphere); the timing (implementation dates) and the existing or future technological solutions including alternative fuels.

Following the developments in the air emissions issues quite closely from the very start, EuDA contributed to the various consultations and workshops dealing with the sulphur issue in coordination with the views of the shipowners (European Community Shipowners' Associations-ECSA and International Chamber of Shipping-ICS). Moreover, as more and more European ports become aware of and sometimes concerned about air quality in and around port areas, they started developing air emissions strategies. Therefore, EuDA also keeps a close contact and cooperates closely with the European Sea Ports Organisation, through ESPO's Sustainable Development Working Group.



On the 1st June 2011, DG MOVE & DG ENV jointly organised a consultation on “*Clean air at sea – promoting solutions for sustainable and competitive shipping*”, focusing mainly on the ‘sulphur issue’. EuDA was represented and shared the main concerns expressed by the European shipowners about fuel availability and fuel distribution infrastructures. EuDA reiterated the need for a realistic and practical approach.

In the debate of the ‘sulphur issue’, one of the main concerns is over the concrete implementation of IMO defined Emissions Control Areas (ECA) and more specifically over the European Sulphur Emissions Control Area (SECA) in the Baltic Sea. The available and proven technologies can help reduce sulphur emissions from ships burning heavy fuel oil down to the 0.5% threshold but below the 0.1% threshold, a change towards a low sulphur fuel is the only option. When such a switch occurs, fuel costs will unavoidably increase. Put in the broader context of transport logistics in the Baltic, these soaring costs would reduce the attractiveness of maritime transport to the benefit of land transport. The shipowners are warning that the lower thresholds for fuel oil sulphur content in the Baltic Sulphur Emissions Control Area would force a *switch from heavy fuel oil to distillates* and thereby push up the fuel costs of shipping. The resulting significant increase of costs would ultimately affect the competitiveness of maritime transport with regards to land transport and possibly cause a ‘*reverse modal shift*’ from sea to land (mainly to road transport).

Besides increasing the fuel costs, the switch to marine distillates also brings challenges on the energy supply side: the energy infrastructures, particularly the refineries are already unable to meet the current demand for distillates. How much political certainty and decisiveness will the energy majors need to make the necessary investments to adapt their production capacity to meet this new demand pattern? In line with the shipowners, EuDA also called for a more in depth cost benefit analysis and a review of the timing of the implementation in the Baltic Sea.

Ballast Water

Moreover at the MEPC 62, another main point of interest for the Dredgers was the clarification of the applicability of the Ballast Water Management Convention to the hopper dredgers.

The subject of ballast water is on the agenda of IMO and the regional conventions such as OSPAR and HELCOM. IMO adopted the Ballast Water Convention in February 2004 but the convention has not been ratified yet. So far in the discussion on regulating Ballast Water Management, residual load in hoppers is not an issue.

Belgium and Netherlands were planning to make a joint submission at MEPC 62 to clarify the situation of the water contained in the hopper dredgers with regards to the Ballast Water Management Convention. After contacts were made with the Belgian and Dutch officials, EuDA established a temporary Task Group on Ballast Water to help and support them in their task. The objective of the Belgo-Dutch document was to clarify the specific situation of water in the hoppers and agree at IMO level that the water load from the hoppers should be excluded from the scope of the Ballast Water Convention.

The Ballast Water Submission (which can be summarised as “water in the hopper is not ballast water”) was accepted by IMO without any further comments.

Extract from the Report of the Marine Environment Protection Committee on its 62nd Session.

“Implementation of the BWM convention

- 2.23 Having considered document MEPC 62/2/13 (Belgium and the Netherlands) providing information regarding hopper dredgers and the interpretation of the co-sponsors concerning the water present in the hopper area, the Committee concurred with the conclusions contained in this document and agreed that water present in the hopper area is not considered ballast water and instructed the BWRG to prepare a draft BWM circular to reflect this decision.”

“Water in the hopper is not ballast water.”

The temporary Task Group on Ballast Water was composed of the following members:

Piet Jan van der Giessen (BWTG Chairman, Boskalis); Pierre Tison (JDN); Robby De Backer (JDN); Arjan Schrijen (Boskalis); Joost Wijnands (Boskalis); Stefan Hansum (Van Oord); Erik Mink (Interel); Fay van Dongen (Vereniging van Waterbouwers); Eric Van Wellen (DEME); Paris Sansoglou (EuDA).

Members EuDA Task Group on Ballast Water

from left to the right
P. J. van der Giessen (BWTG Chairman, Boskalis);
P. Tison (JDN); R. De Backer (JDN);
A. Schrijen (Boskalis); J. Wijnands (Boskalis);
S. Hansum (Van Oord); E. Mink (Interel);
F. van Dongen (Vereniging van Waterbouwers);
E. Van Wellen (DEME); P. Sansoglou (EuDA).



The work of the Task Group on Ballast Water clarified the following points:

- Hoppers are not ballast tanks and they should not be equipped with ballast water treatment systems.
- As, dredgers usually remain in one ecozone during operations, there is no risk of transferring invasive alien species, which is the main concern of the Ballast Water Management Convention.
- The use of ballast tanks (fore peak) during operations should be allowed under the Ballast Water Management Convention.
- The risk of transferring invasive alien species arises when mobilising vessels from one part of the world to another, across several ecozones. During these trips, the water in the ballast water tanks should be used following the provisions of the Ballast Water Management Convention, like any other deep sea going cargo ship.
- All new dredgers (keel laid in 01/01/2010) are equipped with the ballast water treatment systems for the ballast tanks in compliance with the IMO standards.

After this successful lobby activity, the Task Group on Ballast Water was closed.

As Ballast Water may also raise issues in the implementation of the European Marine Strategy Directive, EuDA will continue to closely follow the legislative and policy developments and to promote the coherence of EU legislation with IMO and the regional conventions.

Habitats Directive and Expert Group on Estuaries & Coastal Zones

Instigated at the initiative of ESPO and EuDA, this Commission expert group on estuaries and coastal zones co-chaired by DG ENV and DG MOVE has successfully concluded its work. The mission of this group was to emphasize the particulars of dynamic marine environments and the possible consequences on habitats and navigation in view of the requirements laid down in the Habitats Directive. The focus is the decision making procedure in art.6.1 in combination with the goal to provide more legal certainty for the ports sector in planning development projects. EuDA actively participated to this Expert Group and provided expertise to the Commission. The Expert Group published its final report in Spring 2011, the *“Guidelines on the*

implementation of the Birds and Habitats Directives in Estuaries and Coastal Zones, with particular attention to port development and dredging”.

The distinction between capital and maintenance dredging has been clearly made. PIANC’s concept *“Working with Nature”* is explicitly mentioned and its philosophy (inspired by *“Building with Nature”*) is fully supported, even ‘strongly recommended’. The guidelines had also to reflect the Ems Case interpretation that maintenance projects on one site could be considered as one project. To accompany the guidelines, DG MOVE also produced a Staff Working Document to provide additional guidance to the Member States in the implementation of these guidelines. Only time will tell whether these guidelines will be useful in presenting a more pragmatic approach towards working in and near Natura 2000 sites.

A similar working group was constituted by the Commission to deal with the Habitats Directive in River environments. EuDA was actively participating in the work of this new expert group. This group’s work is benefiting from the experience of the previous and is progressing more smoothly and efficiently, having produced a second draft for the guidelines.

Finally, EuDA has further developed its links with the PIANC and became a (non-voting) member of its Environment Committee (PIANC Envicom).

Ems Case and the Environmental Assessments in the European legislation

During the summer 2009, EuDA was informed on the 'Ems case', which opposed the city of Papenburg to the Federal State of Germany. This case involved regular dredging (maintenance as well as capital) to facilitate the navigation along the Ems River but also the transport of large newbuilt vessels from the Meyer yard to the sea. As the main legislative framework was the European legislation (mainly Habitats Directive), the European Court of Justice in Luxembourg had to be consulted and provided an interpretation of this legislation. This interpretation was used as the main basis for the final judgement by the Court of Oldenburg in January 2011.

“EuDA is now member of the PIANC EnviCom.”

The Ems Case is now closed and brought to light the following key issues:

- *Should the maintenance works in the navigable channels of the estuary, authorised before any Natura 2000 designation, undergo an assessment of their implications following article 6.3 or 6.4 of the Directive after the designation of the estuary as a Natura 2000 site?*
- *The judgement does not distinguish between maintenance and capital dredging.*
- *The absence of a definition of ‘project’ in the Habitats Directive is causing confusion.*



Thank you, Dirk!

Following changes of his responsibilities within DEME, Dirk Poppe had to give up his seat in the EuDA Environment Committee.

On behalf of the EuDA Environment Committee, we would like to take this opportunity to thank you, Dirk, for your dedication and commitment to the EuDA Environment Committee and the environmental legislations threatening to affect the European dredgers.

We appreciated your enthusiastic contributions and clear points.

However, the work will continue with your successor Erik Van Wellen who we welcome onboard and to whom we wish all the best.

Thank you, Dirk
Farewell !

On behalf of the EuDA Environment Committee



D. Poppe

**Anneke Hibma,
EnvCom Chairman**

Thank you, Jens!

Following an increased workload within his company, Detlef Hegemann GmbH (Nassbaggerei), Jens Schmidt had to give up his seat in the EuDA Environment Committee.

On behalf of the EuDA Environment Committee, we would like to take this opportunity to thank you, Jens, for your dedication and commitment to the EuDA Environment Committee and the environmental legislations threatening to affect the European dredgers.

We appreciated your enthusiastic contributions and clear points.

However, the work will continue and we would like to invite your potential successor to come and join us.

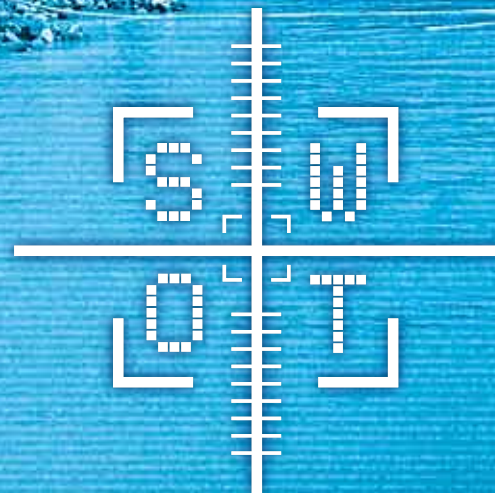
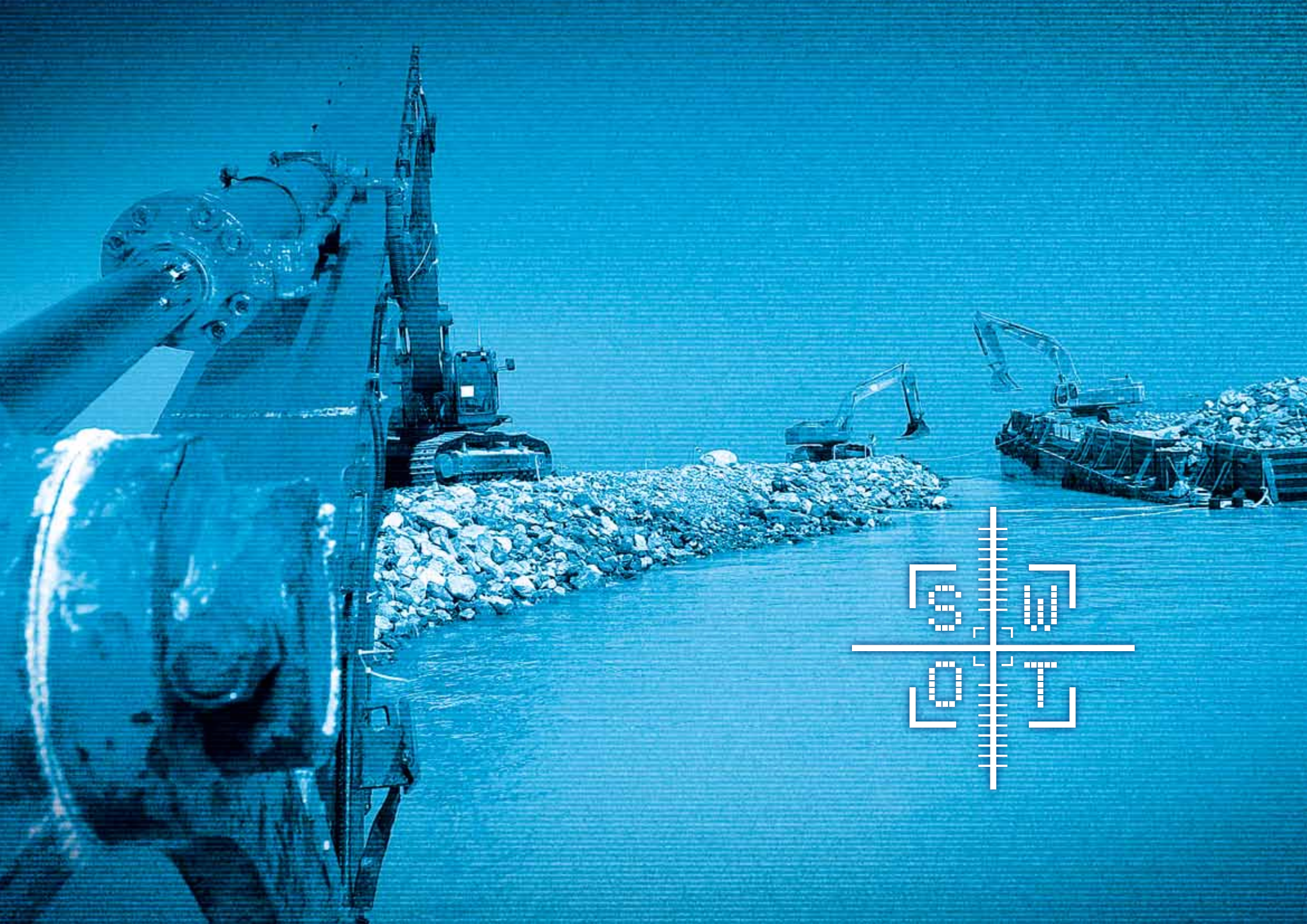
Thank you, Jens
Farewell !

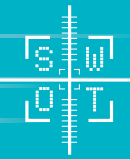
On behalf of the EuDA Environment Committee



J. Schmidt

**Anneke Hibma,
EnvCom Chairman**





When a Global Threat transforms into a Global Opportunity

Mitigating: European Dredgers are committed to reducing their CO₂ emissions and in doing so they are continuously improving their fuel performance.

Adapting: with their technologies and Know How, European Dredgers can protect the vulnerable low land coastal communities from sea level rise as well as from the surge of extreme events or weather (such as storms or floods).

Building: European Dredgers can re-build natural habitats. Creating new Nature while serving Societal needs (e.g. coastal protection), is more and more considered at the design stage of dredging projects. Moreover, international funds supporting projects aiming at recapturing CO₂ from the atmosphere and reducing its concentrations should consider the promotion and financing of the reconstruction of mangroves or other natural habitats which are natural “carbon sinks”.



W. Dirks (TGEF Chairman, Van Oord)

Members EuDA CO₂ Working Group from left to the right:

P. J. van der Giessen (Boskalis), F. van Dongen (Vereniging van Waterbouwers), P. Tison (JDN), E. Van Wellen (DEME), E. Mink (Interel), R. Kolman and P. Sansoglou (EuDA)



In 2011, the members of the CO₂ Working Group were:

Wouter Dirks (TGEF Chairman, Van Oord)

Piet Jan van der Giessen (Boskalis)

Fay van Dongen (Vereniging van Waterbouwers)

Pierre Tison (JDN)

Eric Van Wellen (DEME)

Erik Mink (Interel)

René Kolman (IADC)

Paris Sansoglou (EuDA)

The now well-established EuDA CO₂ Working Group functions as the central knowledge point of the European Dredgers dedicated to CO₂ related issues. Since its inception in 2008, the group has worked towards establishing a common CO₂ Strategy for the European Dredgers, preparing common positions as well as implementing concerted actions revolving around GHG reduction policies and better energy efficiency.

DG CLIMA consultations

Since the creation of the European Commission's Directorate General for Climate Action (DG CLIMA) in 2010, EuDA keeps regular contacts with its officials to inform them of the concerns of the European Dredgers regarding CO₂ emissions and their efforts towards their reduction.

In the frame of the European Climate Change Programme (ECCP), DG CLIMA organised in 2011 three 2-day meetings of the working group on shipping emissions. EuDA reiterated at those meetings its core messages as explicitly described in its position paper: when dealing with CO₂ emissions from shipping, an international solution (through IMO) should always have the preference over a regional (European only) one; EuDA also marked its clear support for the international levy fund approach against the Emissions Trading Schemes. These views were shared with the shipowners associations (ICS and ECSA), who also agreed to support the international levy fund approach.

EuDA CO₂ emission figures 2010

EuDA Dredging Equipment 2009	installed power kW	fuel consumption ton	CO ₂ emissions ton
Global operations and emissions	1,587,000	1,016,000	3,211,000
European operations and emissions	511,000	307,000	1,088,000

EuDA Dredging Equipment 2010	installed power kW	fuel consumption tonnes	CO ₂ emissions tonnes
Global operations and emissions	1,591,462	998,930	3,155,225
European operations and emissions	645,069	419,853	1,326,014

Pursuing EuDA's CO₂ Strategy, the CO₂ Working Group has collected the figures for the 2010 CO₂ emissions by the European Dredgers.

The 2010 figures showed that the worldwide CO₂ emissions of the European Dredgers decreased slightly below 3.2 Mt, representing approx. 0.3% of the global shipping emissions. These figures show a relative slowing down of the downward trend started in 2008. These reductions of the emissions since 2008 were indeed mainly to be attributed to the effects of the economic crisis, reducing the level of occupancy, and to the suspension of the mega projects in Dubai. On the other hand, the continuous increase in the European region is essentially due to the impact of the Maasvlakte 2 construction in the Netherlands.

International developments IMO Marine Environment Protection Committee (MEPC 62)

One of the main outcomes of MEPC 62 was the agreement on the technical and operational measures to reduce CO₂ emissions from shipping, namely: the Energy Efficiency Design Index (EEDI) and Ship Energy Efficiency Management Plan (SEEMP) for tankers and bulkers.

This represented a major step forward in the CO₂ reduction policy for shipping, but this does not exclude further direct action by the Commission (DG CLIMA) in this field.

CO₂ Task Group Emission Figures

In their joint Statement submitted to IMO in 2010, the European Dredging Association (EuDA) and the International Association of Dredging Contractors (IADC) invited the Member States to note that the technical measure they had agreed upon, the Energy Efficiency Design Index, could not be applied to dredgers. Instead the European Dredgers proposed an alternative approach and committed to prepare:

1. a set of fact based emission figures (different types of operations, normalised conditions);
2. a transparent calculation method (energy performance of specific types, variable project specifications);
3. a benchmark for future emission reduction.

To gather the appropriate knowledge and fulfil its commitments, EuDA established the Task Group Emission Figures (TGEF) in the Summer 2010. The group has been working towards substantiating these actions and towards insight on a strategy for the European Dredgers to follow. The TGEF internal study should be concluded in the course of 2012 and presented to the EuDA members.

The temporary Task Group on Emission Figures was composed of the following members:

Wouter Dirks (TGEF Chairman, Van Oord)

Geert Vanneste (DEME)

Eric Van Wellen (DEME)

Erik Reinders (Boskalis)

Dirk Westelinck (JDN)

Karel Allaert (JDN)

Ferrie Kints (Van Oord)

Robert van de Ketterij (IHC Merwede/MTI)

The EuDA action, although proactive, is timely and anticipates the growing trend among European public administrations to include CO₂ emissions (performance) in the requirements of the future tenders, representing a potential threat to the industry when dredging processes are misunderstood, wrongly taken into account or when the calculation methods are neither fair nor transparent.

The figures and benchmarks are very sensitive issues and the TGEF is making sure that:

- the models are simple to understand and use;
- the models are calibrated so as to remain close to reality;
- the choice of equipment is left to the contractor.

The work done by the TGEF received a lot of interest and appreciation from the management of EuDA and of its member companies. An information workshop will be organised in the course of 2012, during which will be presented and explained the background, the methodologies (detailed calculations) and the results (used data) of the TGEF work. Done properly and fully supported by the EuDA members, this work should prove useful to both the dredgers and their clients by providing a transparent, consistent and fair methodology to estimate CO₂ emissions by dredging vessels as well as a benchmark for emissions reduction.



Members temporary Task Group on Emission Figures from left to the right

above

W. Dirks (TGEF Chairman van Oord), G. Vanneste (DEME), E. Van Wellen (DEME), E. Reinders (Boskalis),

below

D. Westelinck (JDN), K. Allaert (JDN), F. Kints (van Oord) and R. van de Ketterij (IHC Merwede/MTI).

“Threats & Opportunities from the Sea” European Dredgers’ Contribution to some of the World’s Biggest Challenges

Sea-Level Rise, threat of Natural Disasters, such as earthquakes, and further exploitation of Ocean Energy Sources are among the most important topics on the political agendas in Europe and around the world.

While most efforts have been and still are concentrating on the prevention of the causes of Climate Change, mainly on the anthropogenic sources of greenhouse gas emissions, little debate and less attention is given to the adaptation to Sea-Level Rise. Adding to this, our coasts can also be threatened by Natural Disasters, which can strike without warning.

What can the European Dredgers do to prevent or reduce the damaging effects of such events? And what can they do after their occurrence?

Along with the reflection on how to reduce greenhouse gases emissions, the political debates on the international scene also focus on how to reduce fossil fuel dependence and on the search for sustainable alternative sources of energy. Although covering the majority of the Earth’s surface, the oceans host

some of the most promising, often renewable, and largely underexploited energy sources.

Which are the possibilities of cooperation and project development between the European Dredgers and the ocean energy exploitation?

After briefly elaborating on these issues, the conference concluded on the possible solutions the European Dredgers can offer to prevent or mitigate threats from the sea as well as to seize its opportunities.

Threats from the Sea

“Sea Level Rise”

by Mrs. Ida Brøker (DHI GROUP);

“Natural Disasters”

by Mr. Erik Van Wellen (DEME);

Opportunities from the Sea

“Renewable Energy from the Sea”

by Mr Karl Christian Strømsem (the European Ocean Energy Association);

In conclusion

“European Dredgers’ Contribution to the World’s Biggest Challenges”

by Mr. Hendrik Postma (Royal Boskalis Westminster).

“Investment in adequate coastal defences TODAY may prove to be the best insurance available on the market.”



Key Messages from the conference:

1. Threats from the sea can take different forms

- **Sea Level Rise**, Climate Change related, can lead to Coastal flooding as well as increased Coastal erosion;
- **Natural Disasters** vary in intensity and/or frequency.



2. Adaptation/Coastal defence measures

- they aim at reducing the vulnerability and/or improving the resilience of potentially threatened coastal regions;
- their main objective is to prevent the “occurrences” of some extreme (natural) events from becoming disasters;
- an integrated sustainable approach is needed and should include:
 - *safety against flooding;*
 - *environmental protection and improvement;*
 - *economics, stakeholders’ and societal interests.*
- the selection of measure(s) is about determining and implementing acceptable levels of risk:
 - *in the short term, data collection and monitoring should be organised to improve our understanding and better assess the possible risks;*
 - *however adequate preparation times are needed with the application of suitable skills & resources, to deliver the appropriate defences corresponding to the selected risk levels;*
 - *therefore investment in adequate coastal defences today may prove to be the best insurance available on the market today, tomorrow or in the next hundred/thousand years;*

3. Opportunities from the sea for the dredging industry

- the sea, because it is largely underexplored and therefore also underexploited, continues to offer huge potential in terms of food resources (including aquaculture), energy resources (both fossil and renewable), other mineral resources as well as transport and recreational infrastructures;
- these opportunities are as big for the dredgers which facilitate many maritime activities at different stages (site preparations & installation; cables/ pipes laying; maintenance work), including the exploitation of some state of the art offshore activities (e.g. deep sea mining for rare earths);
- research, however, is more than ever needed to fill the constantly increasing knowledge gaps surrounding the sea and to seize its opportunities in a sustainable way. Indeed,
 - *Climate Change is creating or accelerating changes in dredging volumes and/or locations;*
 - *reactive and proactive methodologies for capital and/or maintenance dredging constantly need new and innovative solutions including specific equipment for new types of operations;*
 - *hazard warning preparedness will have to be improved;*
 - *solutions for sediment management will have to be both sustainable and flexible.*

Participants and guests at
the EuDA AGM 2011



Ida Broker



Erik Van Wellen

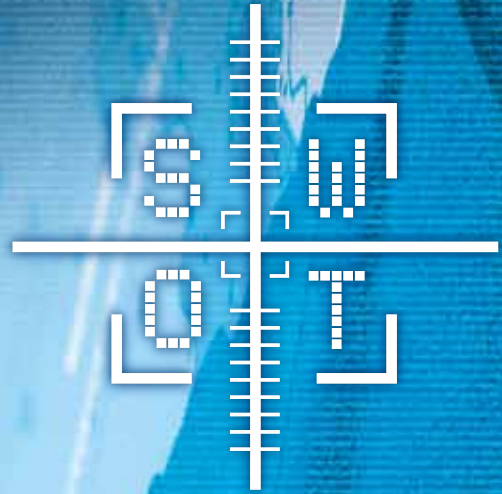


Karl Christian Strømsem



Hendrik Postma







The Dredgers' People seize Opportunities from the seas.

People are the main vector for building and using knowledge. The success of dredging projects essentially depends on their design and execution by knowledgeable, innovative, well-trained and skilled dredging teams and crews.



Members EuDA Social Committee from left to the right

above
B. Monteyne (Chairman, DEME), B. T. Franzen (Rohde Nielsen), H. Bleker (Vereniging van Waterbouwers),

middle
P. Piron (Jan De Nul), T. van Schaik (Van Oord), R. Veenstra (Boskalis)

below
F. Kröcher (Josef Möbius Bau-AG), Paris Sansoglou (EuDA)

In 2011, the members of the Social Committee (SocCom) were:

Bruno Monteyne (Chairman, DEME)

Bo Toft Franzen (Rohde Nielsen)

Henry Bleker (Vereniging van Waterbouwers)

Philip Piron (Jan De Nul)

Ton van Schaik (Van Oord)

Robbert Veenstra (Boskalis)

Frank Kröcher (Josef Möbius Bau-AG)

Paris Sansoglou (EuDA)

1. Implementation of the Maritime Labour Convention at European level.

As the ILO Maritime Labour Convention (MLC 2006) was translated at European level into a European Directive (2009/13/EC), EuDA pursued its efforts on the implementation at national level in the different EU Member States / Flag States of relevance. It has to be noted that the European Directive will only enter into force when the Convention has been ratified. The conditions for *ratification of International Maritime Conventions* are: *ratification by at least 30 Member States with a total share in the world gross tonnage of ships of 33 per cent.* The ratification status on 4th November 2011 was **20 ILO Member States** representing **54% of the world fleet.**

In 2010, EuDA raised the awareness of the members on the potential pitfalls for the dredgers of the national implementation process of ILO MLC 2006 and collected information on the legislative process in the Member States of highest relevance. EuDA presented its findings at the 2010 AGM during the Open Part Conference and used these to prepare a response to the 2011 European Commission Public Consultation on *the enforcement of the International Labour Organization Maritime Labour Convention relevant provisions*. In its submission, EuDA highlighted that:

- Maritime transport industries are global and regional (legislative) distortions should be avoided;
- consistency and coherence between the different European Directives as well as with the International Legislation are utmost important issues;
- compliance to MLC 2006 of the documents on-board should take into account the possible use of 'substantial equivalence' in the legislation of the Flag State (issuing the certificates);
- areas of (possible) concern for the dredgers include: the definition of ship and of seafarer; 'No more Favourable Treatment' of Port State Control; Employment contracts (employment agencies); Medical certificate; timely MLC Certification of the fleet.

When considering the implementation of the MLC, one key aspect for the dredging sector should be an improvement of the 'social' level playing field by enforcing a minimum standard and by eliminating the so called 'social dumping' practices (living and working conditions onboard dredgers well below any acceptable standard), mainly from the Asian dredging operators.

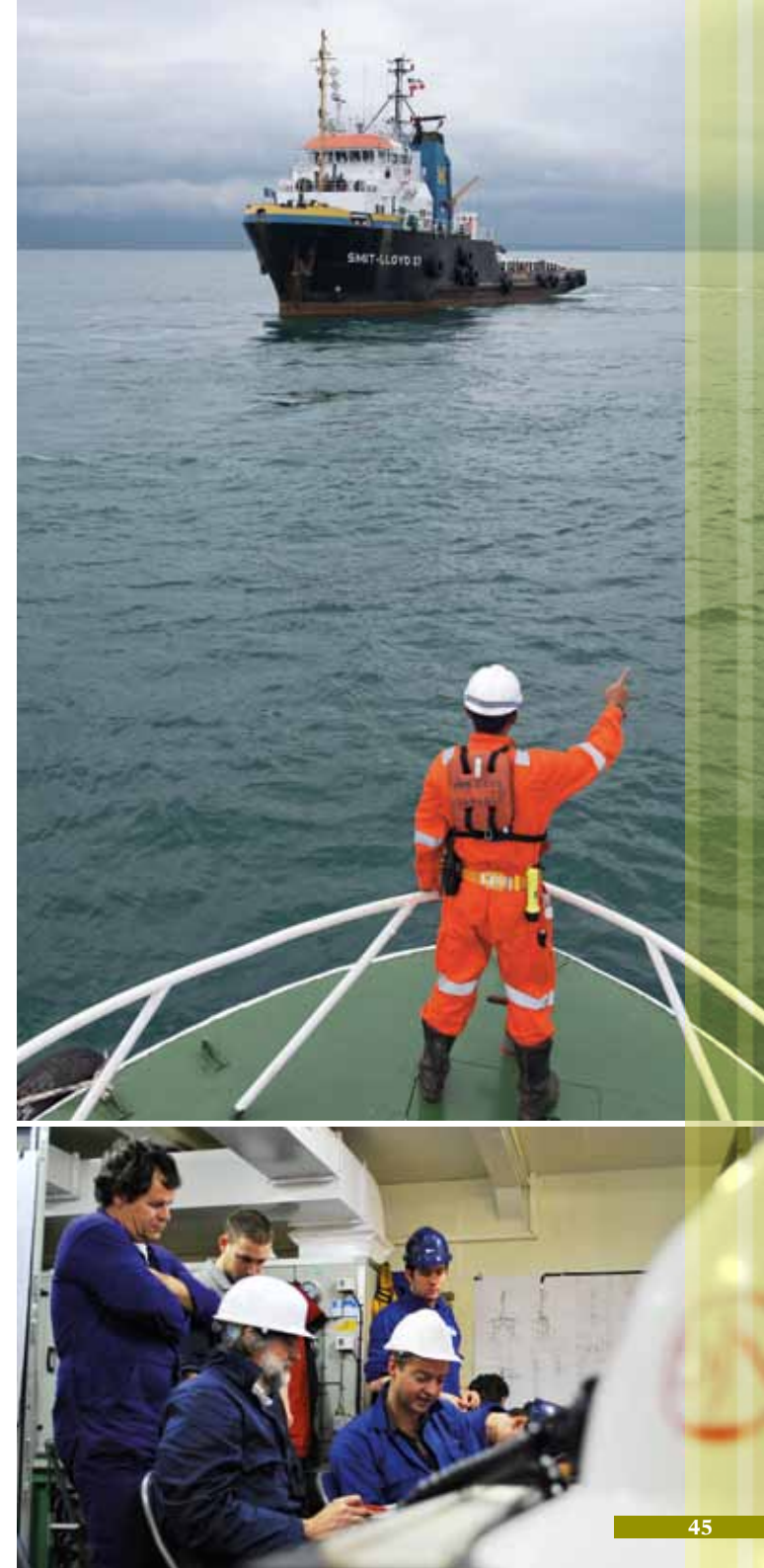
When considering this aspect, EuDA highlighted that:

- the possible effects of MLC concerning 'social dumping' by the Asian contractors are expected to mainly affect the vessels and equipment;
- due to the 'grandfather clause' and the delay in ratification (not before end of 2012), the possible effects of MLC will certainly not be immediate as the Convention will mainly concern new buildings and will not have too much impact on the current fleet;
- finally, no significant effects are expected on the actual costs of labour (as the MLC provisions don't foresee any quantitative obligations in terms of salaries, social security coverage, pensions, ...).

Therefore, EuDA concluded that:

"Although welcoming the ILO Maritime Labour Convention 2006 as a step in the right direction, the possible improvement of the 'social' level playing field through the enforcement of the MLC Convention will, at best, be a slow process with no significant impact on some key sources of social imbalance and unfair competition, namely the big differences in the costs of labour around the world, as the Convention is not setting any quantitative standards or obligations".

As the Members of EuDA are operating in many Member States and under more than one Flag, EuDA remains vigilant as far as possible competition distortions on the social field and work are concerned, in order to avoid any 'flag disadvantage' linked to the implementation (timely or delayed) of the ILO Maritime Labour Convention.



2. Revision of the Standards for Training, Certification and Watch Keeping.

Closely monitored by EuDA, the IMO Convention on Standards for Training, Certification and Watch Keeping (STCW) was revised in Manila in 2010. This Convention will enter into force on 1st January 2012 and should be fully implemented by Member States by 1st January 2017.

The European Commission has adopted on 14th September 2011 a proposal for a Directive amending Directive 2008/106/EC (on the minimum level of training of seafarers) in order to implement the so called 'Manila Agreements' into EU law. This pro-



posal will be discussed in the Council as well as in the European Parliament before final approval and effectively becoming a Directive.

3. EU State Aid.

EuDA actively follows the developments regarding State Aid in Europe and particularly the scheme on state aid to maritime transport which covers maritime dredging.

Following the transfer of competences on State Aid to Maritime Transport from DG MOVE (transport) to DG COMP (competition) in 2010, the revision of the current State Aid Guidelines to Maritime transport have been delayed. According to expert opinion, confirmed recently by EU President Herman Van Rompuy, this situation does not affect the validity and continuity of the current Guidelines.

At the request of Vice-President Joaquín Almunia, Commissioner for Competition, an analysis of all notifications and decisions since 2004 was made and a report was prepared.

Based on the conclusions of this analysis, Vice-President Joaquín Almunia decided to open a **public consultation** on this subject to be

announced in the beginning of 2012. EuDA is finalising a position paper and preparing meetings with DG COMP's relevant unit F2 on Transport State Aids. EuDA's objective will be to properly inform DG COMP about the specific situation of the European Dredgers, as illustrated in the past by the clarifying decisions of the Commission.

4. Social initiatives in DG MOVE White Paper (maritime transport)

In the course of 2011, DG MOVE (Transport) published its White Paper, *"Roadmap to a Single European Transport Area - Towards a competitive and resource efficient transport system"*, describing its long term Policy objectives and Strategy for all the transport modes in Europe.

The document is constituted of a roadmap of 40 concrete initiatives for the next decade to build a competitive transport system that will increase mobility, remove major barriers in key areas and fuel growth and employment.

Out of these 40, EuDA has identified 2 initiatives of relevance for the social aspects in the maritime transport sectors.

9. A Social Agenda for maritime transport

The main objectives of this initiative include :

- the implementation of the **Maritime Social Agenda**, following up to the Commission's Strategic goals and recommendations for the EU's maritime transport policy until 2018;
- the enforcement of the **Maritime Labour Convention** (MLC);
- the **inclusion** of the currently excluded seagoing workers within the scope of several EU labour law directives;
- the amendment of the seafarers training Directive (2008/106/EC) to take into account the 'Manila Agreements' of the IMO STCW Convention.

11. An evaluation of the EU approach to jobs & working conditions across transport modes.

The main relevant objectives of this initiative include:

- an appraisal of the sectoral social dialogue processes;
- the employee involvement, in particular through European Works Councils;
- the quality of work in all transport modes (training, certification, working conditions and career development), with a view to creating quality jobs, developing the necessary skills and strengthening the competitiveness of EU transport operators.

Thank you, Jan!

Two years ago, Simon Hoek, the first chairman the Social Committee of EuDA, took a well deserved retirement after 37 years at the service of the dredging industry.

Jan den Hartog took on the difficult challenge of fitting Simon's shoes in the EuDA Social Committee while he had already filled them as HR Director at Boskalis. Committed and available, you brought fresh ideas and stimulated interesting discussions in the group. Well done Jan!

Unfortunately, following the merger of Boskalis with Smit, Jan saw his workload increase significantly and he had to give up his position as chairman of the Social Committee.

On behalf of the EuDA Board of Directors, we would like to take this opportunity to thank you, Jan, for your time and efforts heading the EuDA Social Committee and for your commitment to the sometimes tricky social legislative issues affecting the European dredgers.

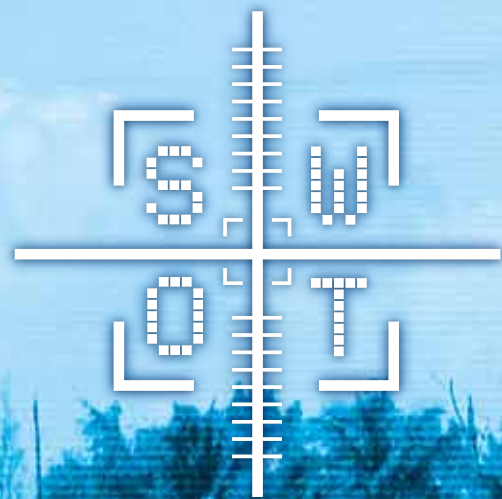
However, life goes on and we would like to wholeheartedly welcome your successor, Bruno Monteyne from DEME, to whom we wish already all the best.

Thank you, Jan. Farewell!

Marc STORDIAU, Chairman



J. den Hartog





Man-made Threats to Global Trade

Besides the natural Threats from the oceans, additional man-made Threats such as piracy are plaguing the safe ocean passage along the coasts of politically unstable regions in the world.

Despite the necessary and welcome short term military interventions, such as EU NAVFOR-Atalanta, the most durable way to do away with those Threats is to re-build the local economies in these rogue countries and use their access to the sea to integrate them in rather than tempt them with the global seaborne trade.

Security issues matter for the Dredgers

With the hijacking of the Pompei, on 18th April 2009, EuDA members have been thrown into the headlines for unwanted reasons. Unfortunately these events keep occurring regularly, especially around the Eastern and Western Coasts of Africa (through the Gulf of Aden and along the Somali, Cameroonian or Nigerian coasts). European Dredgers, like their other shipowner colleagues had to take protective measures against piracy and, despite these, still had to worry about the safety of the crews and ships navigating in these “pirate infested” areas.

In its communications on the subject, EuDA repeatedly called for determined and decisive action from the concerned European Authorities in support of the European maritime transport industries. EuDA is a keen supporter of a ‘comprehensive approach’: comprehensive geographically (tackling the African continent as a whole), comprehensive in time (developing and implementing short, medium and long term strategies) and comprehensive in terms of means to deploy (including military as well as economic and humanitarian actions).

Since it was first established, the European Union naval operation ‘Atalanta’ has proven both extremely necessary and useful. Set for one year at a time, the operation has been repeatedly extended because the security problem is far from resolved and continues to spread beyond the Gulf of Aden into the neighbouring regions.

The European Council decided to extend the Operation’s mandate until December 2014 to the great relief of the shipowners using the Gulf of Aden. Restoring security in this growing geographical area, as vast as the surface of the US, is a ‘mission impossible’.

Following more than 20 years of ineffective central government, piracy has been able to develop in Somalia. Since 2007, piracy has exploded in the Gulf of Aden and around the 3,000 kilometre coastline of Somalia, through which over 20,000 ships transit every year. Thanks to international navy patrols, this number has for the first time been reduced in the Gulf of Aden and the overall progress of the Somali pirates’ attacks has been stabilised ... however, in 2011, 237 incidents were attributed to them with 25 vessels effectively hijacked. Note also that the real number of attacks is higher as all are not necessarily reported. On a positive note, the number of crew members taken hostage has diminished to 802 in 2011.

*“A ‘comprehensive approach’
- geographically,
in time or in means -
is needed against piracy.”*



Possible actions and way forward

In the short term, key measures and actions for the prevention of attacks should be promoted, such as:

- the recommendations contained in the BMP4 4th edition from the 'Best Management Practices' issued by the maritime transport industry, which include better training of seafarers, ships adapted and equipped with self protecting measures;
- the presence of military personnel onboard.

EuDA is in principle opposed to the use of private armed guards on board ships as this might create an escalation of violence in the pirate attacks. In

the BMP4, the recommendation highlights that *"if armed Private Maritime Security Contractors are to be used they must be as an additional layer of protection and not as an alternative to BMP"*.

In this context, EuDA welcomed the Commission Recommendation to use the best practices, BMP4, developed by the industry.

Military action is useful, and even indispensable, but on its own it cannot eradicate the roots and causes forcing the Somalis to embrace piracy.

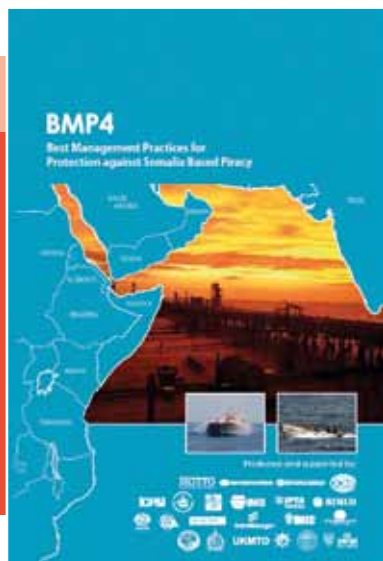
In fact, it constitutes a significant step towards the pacification of the littoral states concerned. Key measures still necessary to improve the effectiveness of military action in the concerned regions should include:

- improving the legal framework limiting the actions of the Navy;
- increasing the prosecution of captured pirates thanks to more agreements like the EU-Kenya one, also with non EU countries;
- keeping the payment of ransom legal (no ban on payment of ransom);
- improving the fight against money laundering;
- rebuilding the military capacity of the littoral states, by training local soldiers (on land) as well as local coastguards.

In parallel, actions targeted towards improving and insuring local sustainability should include:

- the continuation and increase of humanitarian aid to these regions, food delivered by the World Food Programme feed more than 2 million people;
- the fight against illegal fishing and dumping in the Somali territorial waters.

In the long run, including the countries where piracy thrives in the 'EU Strategy for Africa' would be in both Europe's and Africa's interests: aiming at (re) establishing political stability, the rule of law and insuring economic growth in all of these countries, focusing particularly on the East Coast. As long as the rift between rich and poor keeps deepening, no long term solution can be found for these African countries. Without proper living conditions and work their population is driven to despair, continuously feeding the pirate dens with new recruits.



European Maritime Security Policy

The overall objective of the EU's maritime security policy is to protect the European citizens and economies from the consequences of unlawful intentional acts against shipping and port operations.

Since 16 June 2004, the Commission is assisted in matters of maritime security policy by a Regulatory Committee, composed of experts representing all Member States: Maritime Security Committee (MARSEC). In this forum, chaired by the Commission, periodical exchange of information on security issues, best practices and indications on national instructions take place between Member States and Norway and Iceland.

Since 11 September 2006, the Commission also meets with the Stakeholder Advisory Group on Maritime Security (SAGMaS) which is a forum where the

stakeholders can regularly express their views on the work of the Regulatory Committee, MARSEC. EuDA joined SAGMaS in 2009, shortly after the hijacking of the Pompei.

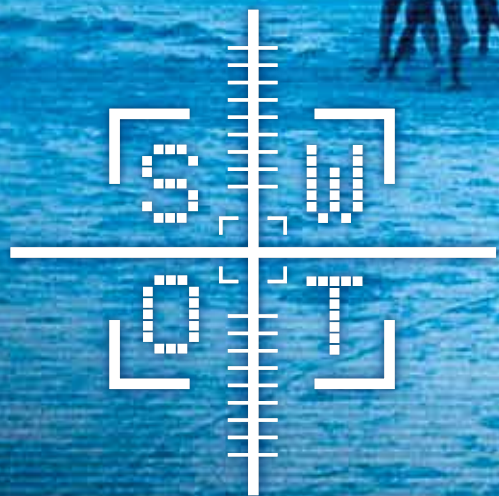
The discussions in this European Commission group cover in principle the security aspects of the entire maritime transport logistics chain and, besides piracy, deal with issues ranging from training, drills & exercise to e-Maritime, or Stowaways/illegal immigrants.

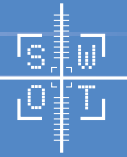
“The EU's maritime security policy is to protect the European citizens and economies through secure shipping and port operations.”



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Opportunities from global markets and Threats from unfair Competition

In global markets, Opportunities can come from the opening of closed markets or the creation of new markets while Threats often come from the forced closing of open markets (e.g. through Tied Aid Schemes) or from severe restrictions to access the markets.

This is why European Dredgers promote global level playing field and access to markets without barriers: competition can only be fair when all play by the same rules and have unrestricted access to the markets.

In 2011, the Members of the temporary Task Group on Indian Market Access were:

Pierre Potvliege (TGIMA Chairman, DEME)

Niels de Bruijn (Van Oord)

Jaap Wiersma (Boskalis)

Guido Cockx (JDN)

Paris Sansoglou (EuDA)



Introduction

At the end of June 2011, a few concerned members brought to EuDA's attention a new development in India requesting its intervention: in March 2011, India had increased its import customs duties on dredgers and their spare parts. India also ruled that a certain percentage of the crew of international dredging companies providing services in India must be composed of Indian citizens.

A Task Group on Indian Market Access (TGIMA) was established by EuDA as a temporary task group with a clear focus and limited duration. The task group is advising the EuDA Board on the specific matters of concern it was created for (India's decision) and on the course to follow, implementing the agreed strategy.

The main task of the Task Group on Indian Market Access was to prepare and implement a **lobbying strategy** targeting the European Commission, Belgium, the Netherlands and Luxembourg, India and any other relevant institution or organisation. The main objective of this strategy is to cancel the Indian Decision to raise import duties (as well as to impose unfair requirements on personnel on board) targeted at foreign contractors' vessels (including Europeans), equipment and staff, significantly distorting the competition in the area in favour of the local contractors.

Facts

In 2011, besides actively supporting its national dredging companies with positive measures in their favour, India also started discouraging the activities of foreign dredging companies on its territory by means of the following measures:

1° in March 2011, India increased its import customs duties from 0% to **9.577%** on dredgers (HS8905.1000), and from 12.83% to **23.845%** on related spare parts (HS8487.9000) - *Finance Bill 2011; S. No 113 of notification N.01/2011 - Central Excise dated 01/03/2011;*



Members of the temporary Task Group on Indian Market Access from left to the right: P. Potvliege (TGIMA Chairman, DEME), N. de Bruijn (van Oord), J. Wiersma (Boskalis), G. Cockx (JDN) and P. Sansoglou (EuDA).

2° additionally, India also ruled that a certain percentage of the crew of international dredging companies providing services in India must be composed of **Indian citizens** - *Ref. D.O.F. No. B-1/3/2011 - TRU dated March 2011.*

According to EuDA legal advisor's interpretation, confirmed by the European Commission, India's decision was within its rights and engagements under its agreement with the World Trade Organization (WTO): therefore **Indian measures were legally unchallengeable at WTO level.**

Despite being legal, these measures were clearly at odds with fair competition and free market access that the European Union, one of the biggest trading partners of India, is promoting in general and more particularly with its Free Trade Agreements.

The new tariffs and the crew-related obligation adversely impacted European dredging companies' competitive position in the Indian dredging market and meant in practice that these companies were likely to be progressively excluded from the Indian dredging market.

Moreover, these measures had counterproductive effects on the development of the Indian ports and might restrict the development of the Indian economy, both outbound and inbound. Indeed, India lacked the technical capability to perform larger and more complex projects. Among these were also included the projects for the oil & gas industry. Due to the strategic importance of this industry, the Indian government decided to grant an exemption to the above mentioned measures for the dredging works occurring for the offshore oil & gas industry (*Specific Circular 21/2001, 01/03/2001*). This situation confirmed that India was aware of harming its own growth perspectives with these measures and had set a precedent with the exemption for the offshore oil & gas industry.

European Dredgers' Strategy

The European Dredgers determined that the most effective course of action to deal with this issue was through the European Union political, diplomatic and commercial networks. The European Union is one of the most important economies in the world and can use its influence to correct or at least improve this situation damaging for both sides.

The Strategy of the Dredgers was to act in a coordinated fashion through the European Dredging Association, EuDA, for informing and activating of the Commission and through their respective National organisations for informing and activating of the Local governments.

Once the EuDA Task Group on Indian Market Access was established, it developed and finalised the European Dredgers' Strategy and identified the most relevant political opportunities to achieve its goal. To implement its strategy, EuDA prepared a memo to the attention of the targeted institutions and organisations.



Main milestones achieved in 2011

- The Task Group on Indian Market Access was established in July 2011.
- Preparatory comments from EU during WTO Trade Policy Review of India (September 2011);
Using its contacts with the Market Access Unit of the European Commission DG TRADE to link with the EU delegation in India, EuDA successfully raised political awareness of the counterproductive impact of the Measures on both the European Dredging Companies and the development of the Indian maritime infrastructures and trade perspectives.
- Action through Benelux and EU diplomacy and bilateral relations well as through the EU delegation.
Additionally, the regional government of Flanders repeated the European Dredgers' message during a trade mission to India.
- Action through Indian Private Ports
EuDA members also raised awareness inside India by informing the Indian private ports of the situation and of its potential costly consequences for them. Many Indian private ports reacted and contacted their government to share their concern and worry about the decision.

Next steps

In the process of revising its five-year plan, India will have to decide in February 2012 whether to keep the measures unchanged or repeal them.

In case of satisfactory results from the above mentioned combined actions, no further action would be taken and the task group would be closed, having achieved its purpose. In the opposite case, EuDA will pursue its actions at European or International levels.

“EuDA’s strategy is to cancel the Indian Decision that is significantly distorting the competition in the area in favour of the local contractors”

“EuDA always supports and encourages fair competition and free access to world markets.”





Belgium

DEME Building Materials NV (DBM)
Dredging International N.V.
N.V. Baggerwerken Decloedt & Zoon
Jan De Nul nv
Fédération du Dragage Belge A.S.B.L.
Flanders Dredging Corporation NV



Cyprus

Boskalis Westminster Dredging & Contracting Ltd.
Van Oord Middle East Ltd



Denmark

Rohde Nielsen A/S



Estonia

Terramare Eesti OU



Finland

Terramare Oy



France

EMCC
Atlantique Dragage S.A.
Atlantique Dragage Sarl
Société de Dragage International 'SDI' SA
Sodranord SARL
Sodracco International SAS



Germany

Brewaba Wasserbaugesellschaft Bremen mbH
Detlef Hegemann GmbH (Nassbaggerei)
Josef Möbius Bau GmbH
Nordsee Nassbagger-und Tiefbau GmbH
Vereinigung der Nassbaggerunternehmen E.V.



Ireland

Irish Dredging Company
Van Oord Ireland Ltd



Italy

Boskalis Italia
Dravo SA
Societa Italiana Dragaggi SpA 'SIDRA'



Latvia

Baltic Marine Contractors SIA



Luxembourg

European Dredging Company S.A
Jan De Nul Group (Sodifra SA)



Netherlands

Aannemingsbedrijf L. Paans & Zonen
Baggerbedrijf De Boer B.V. / Dutch Dredging B.V.
Baggermaatschappij Boskalis B.V.
Ballast Nedam Baggeren bv
Boskalis B.V.
Boskalis International B.V.
Boskalis Offshore bv
Dredging and Contracting Rotterdam B.V.
Mijnster zand- en grinthandel bv
Tideway B.V.
Van den Herik B.V.
Van der Kamp B.V.
Van Oord ACZ Marine Contractors bv
Van Oord Nederland bv
Van Oord nv
Van Oord Offshore bv
Vereniging van Waterbouwers
Water Injection Dredging bv



Portugal

Dragapor Dragagens de Portugal S.A.

Dravo SA



Spain

Flota Proyectos Especiales, S.A. (Grupo ACS)

Dravo SA

Sociedade Española de Dragados S.A.



Sweden

Boskalis Sweden AB



UK

British Marine Aggregate Producers Association

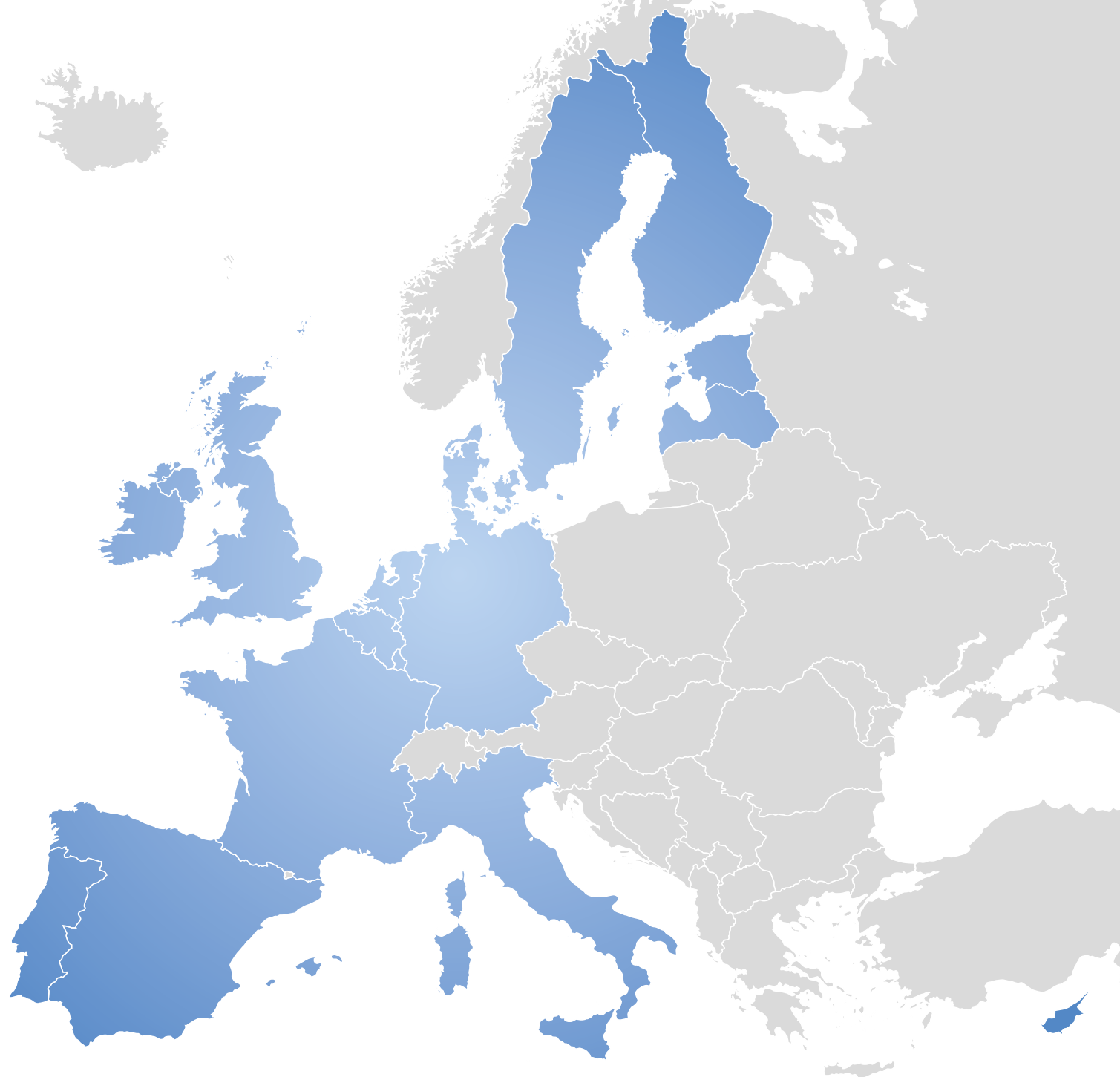
Dredging International (UK) Ltd.

Jan De Nul (U.K.) Ltd.

Rock Fall Company Ltd

Van Oord UK Ltd.

Westminster Dredging Co. Ltd.





EuDA

Founded in 1993, the European Dredging Association (“EuDA”) is a non-profit industry organisation for European dredging companies and related organisations to interface with the various European Union’s (“EU”) Institutions and also some International Organizations (such as IMO, HELCOM or ILO). EuDA members employ approximately 25,000 European employees directly “on land and on board of the vessels” and more than 48,300 people indirectly (through the suppliers and services companies). The combined fleet of EuDA’s members counts approximately 750 seaworthy EU-flagged vessels.

Dredging activities are not well known by the wider public, but as a matter of fact, the European dredging companies, members of EuDA, are world market leaders with about 80% share of the worldwide open dredging market and a turnover of 7.0bn Euro in 2010. Although 70% of operations take place outside Europe, 90% of the returns flow back to Europe.

The Association serves its members in all kinds of requests related to dredging issues, presently strongly emphasising Social and Environmental affairs. These issues are coordinated by the Secretariat and executed by its specialised working groups composed of experts from the member companies.

The Association will pursue its goals by endorsing policies to create fair and equitable conditions for competition; commits to respecting applicable national, European and international rules and regulations; commits to operating its fleet safely, effectively and responsibly.



EuDA Secretariat **Paris Sansoglou, Secretary General** **Isabelle Gourdin, secretary**

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