

The Norwegian maritime cluster – internationally competitive or simply surfing on a global growth wave?

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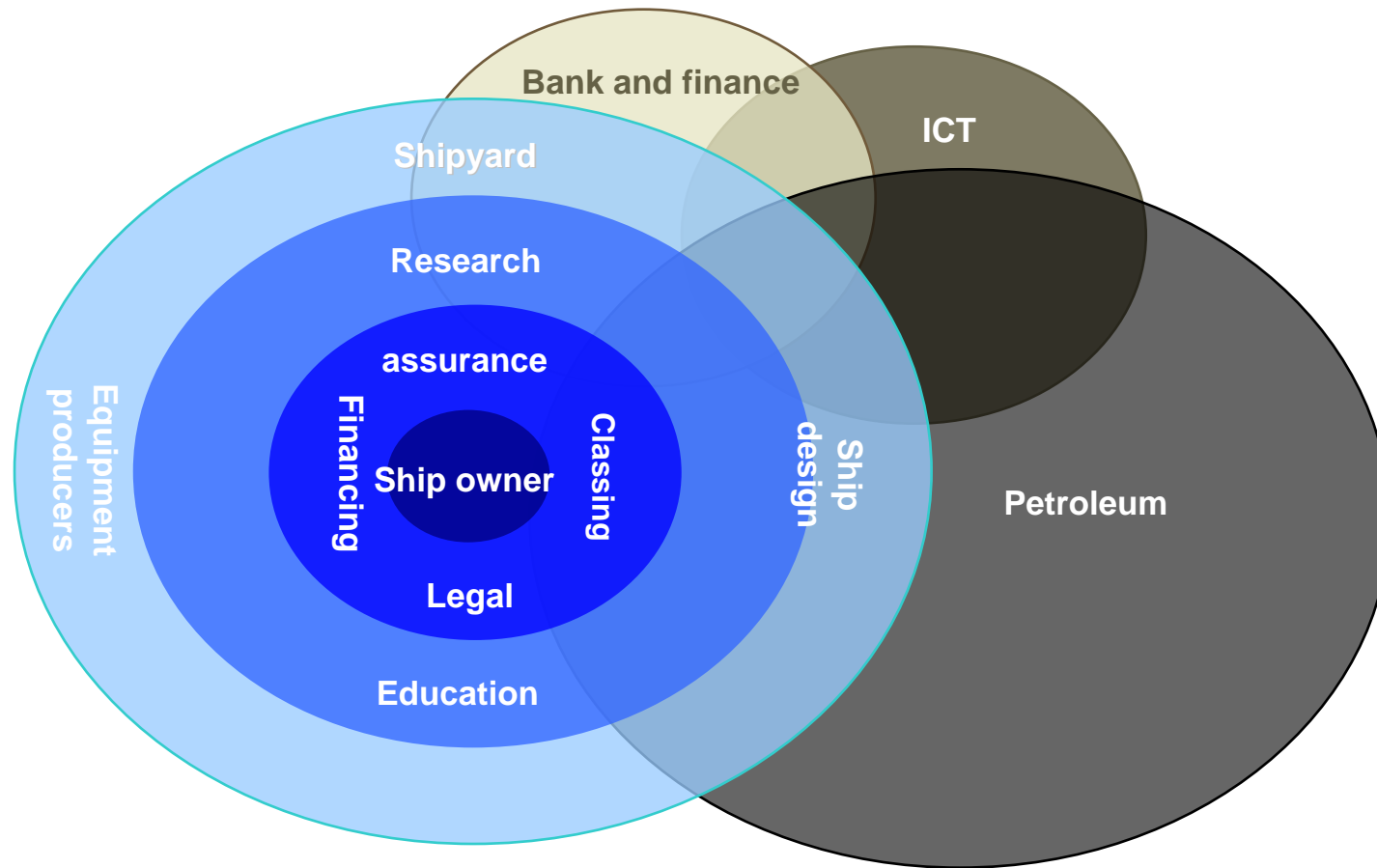
The Norwegian Maritime Cluster

A cluster is a geographical concentration of interconnected business, suppliers and associated institutions in a particular field.

They are considered to increase the productivity with which companies can compete.



• The complete Maritime Cluster





Ship Owners is the core of the cluster

A prerequisite for dynamism and further development of the cluster.

Norwegian ship owners are represented in most market segments

- Tank
- Bulk
- Chemical
- Reefers
- LNG
- RoRo
- Rig
- Offshore





Yards

- Long traditions for ship building
- Yards are small and specialized
- Focuses on high tech and competency demanding market segments
- The Worlds 4th largest yard grouping

Classification

- Det Norske Veritas (DNV) is one of the oldest and most important actors in the Norwegian maritime cluster and among the four largest ship classification companies of the world.
- DNVs market share has grown significantly the last year and is over 17 percent

Equipment producers

- Highly specialised and technology driven
- 7 percent of the world market

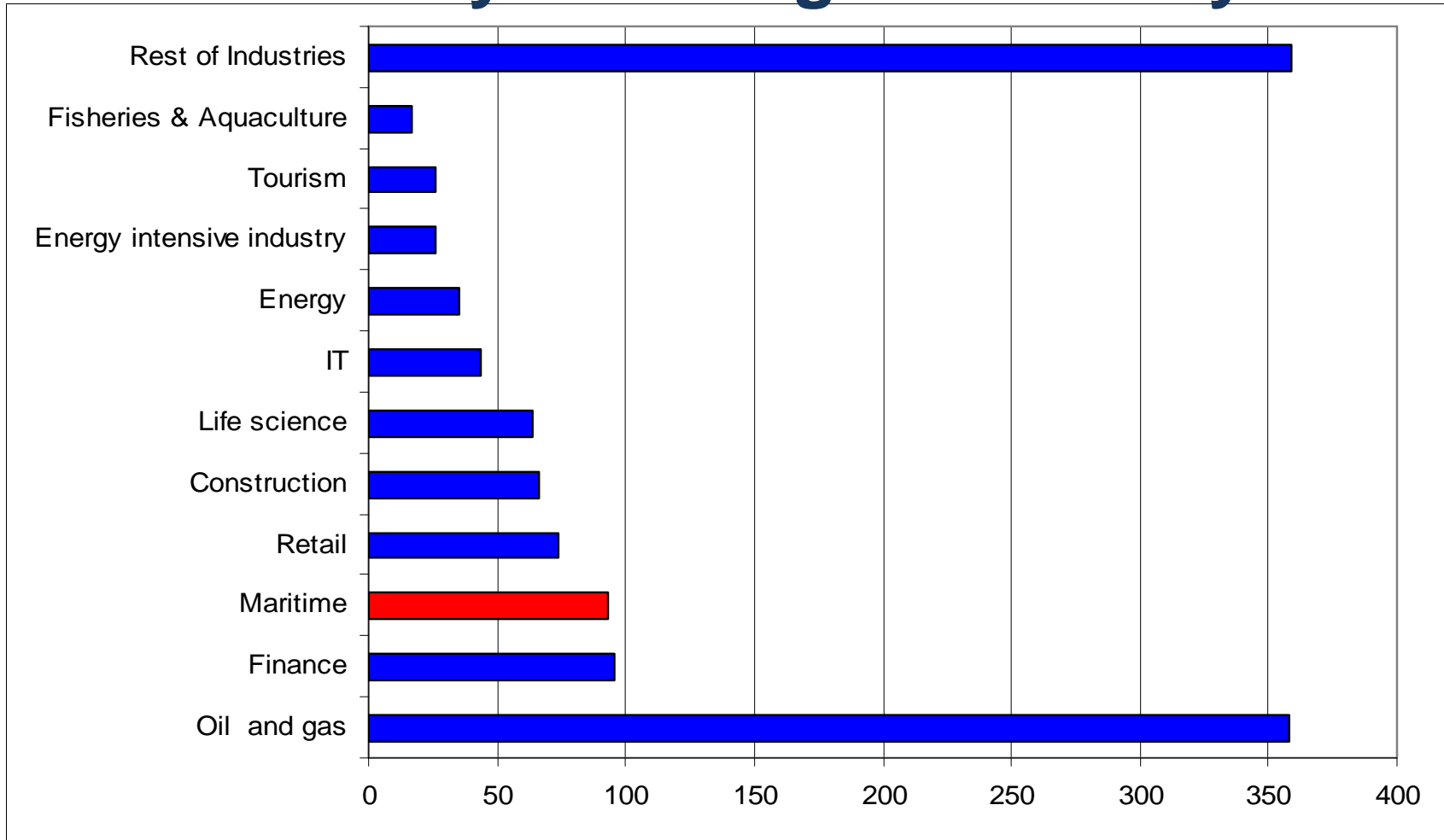
Ship assurance

- Marine insurance in Norway is based on both strong maritime and insurance competence and know-how
- The Norwegian ship insurance industry has a world market share of 20 percent
- Skuld and Gard are the major players with offices all over the world operated from Oslo and Arendal

Shipping Banks

- The Norwegian bank DnB NOR and Scandinavian bank Nordea are the two largest ship and rig financiers in the world

Norways 3rd largest industry



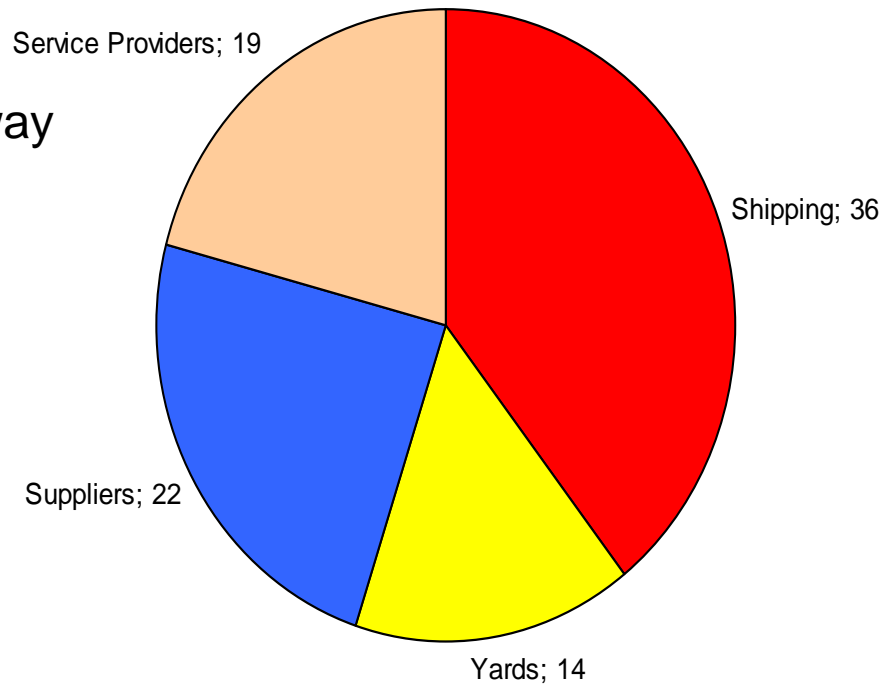
Maritime Value Creation

2006 figures

7,3 % of value creation in Norway

91 billion NOK

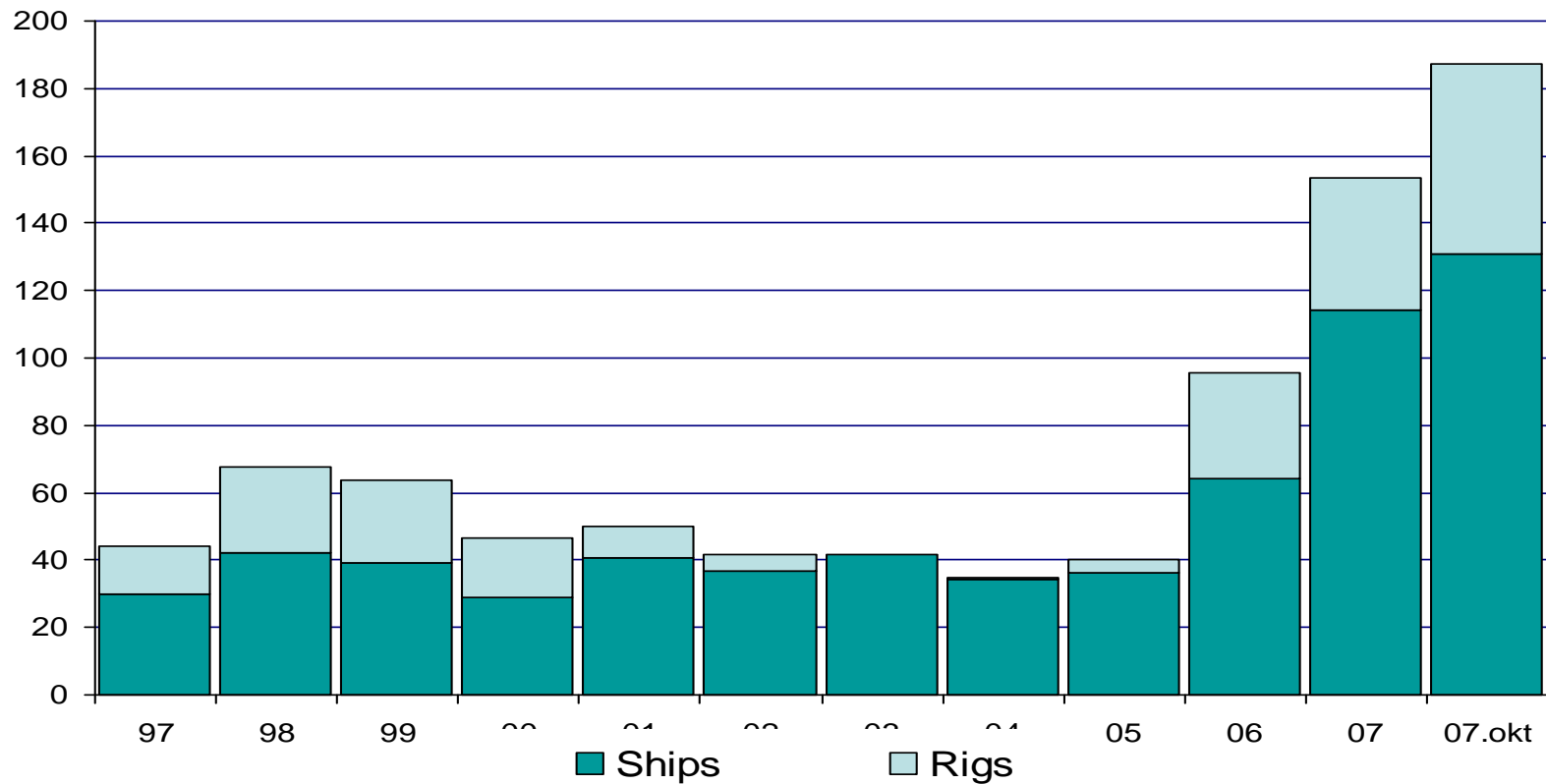
90 000 – 100 000 employees





Ships and Rigs in order

Ships and rigs on order in billion NOK



Starting point: European Maritime benchmark 2003



Key questions of Attracting the winners

→ Which countries are the most attractive locations for maritime business today?

- For what kind of firms are the locations attractive?
- What are the locations' advantages?

→ In which countries do we find the most sophisticated companies?

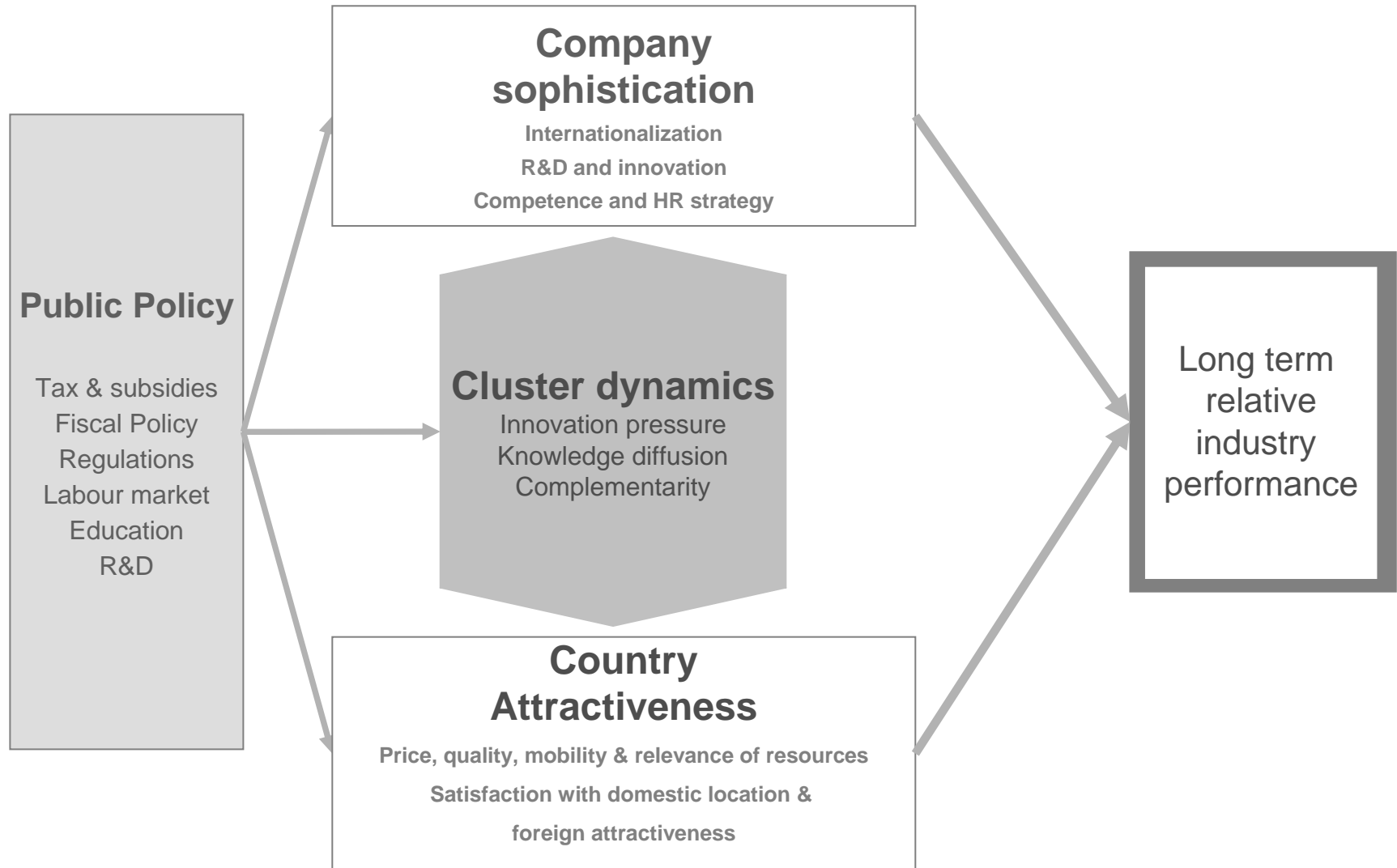
- What kind of companies are the most international, innovative and knowledge based?
- In which countries do we find these companies?

→ What are the future prospects of the national maritime industries?

- What will be the location pattern of European maritime industries?
- Where do we expect to find the most competitive national maritime industry?
- For what kind of firms will the locations be an attractive host in the future?

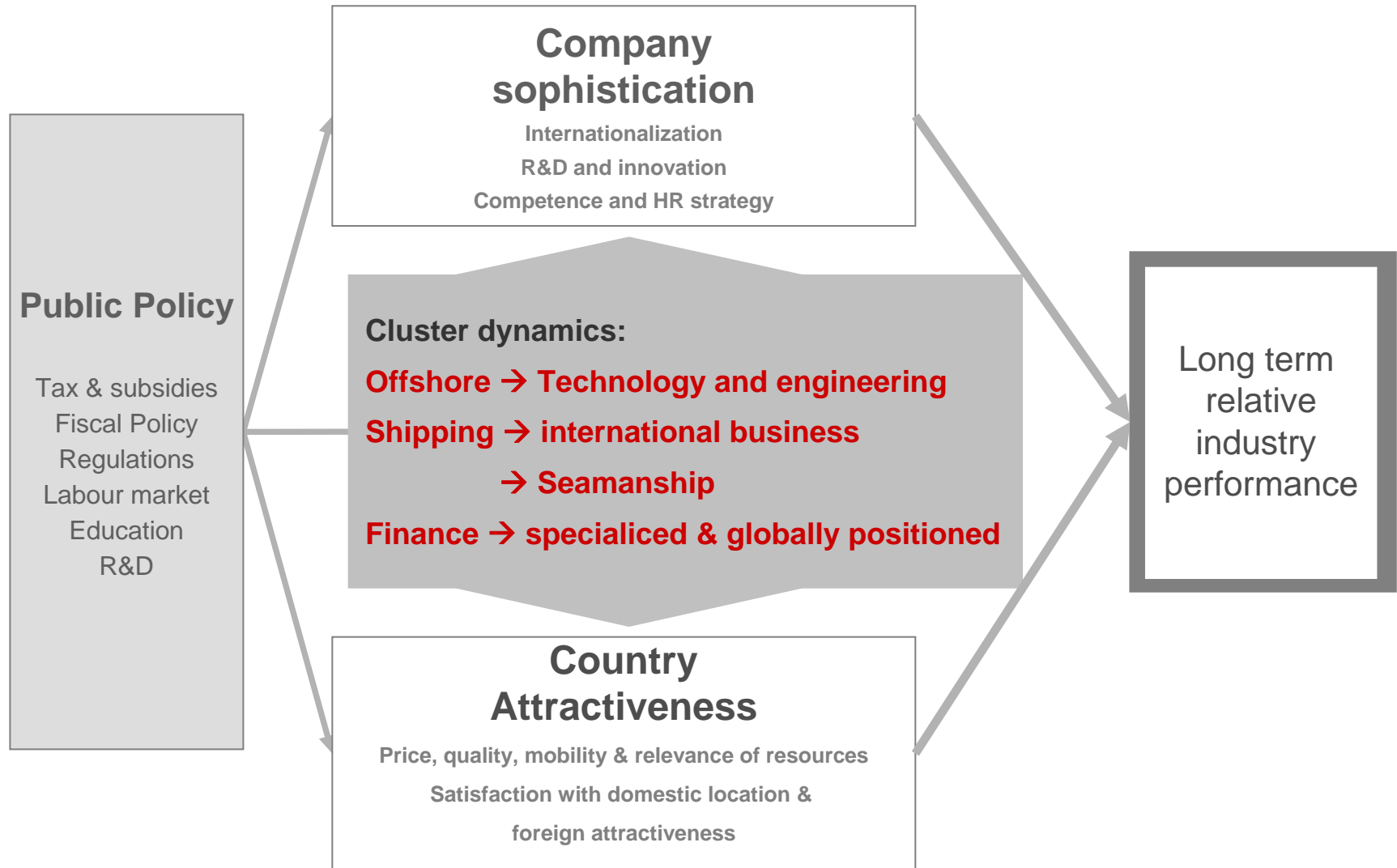


What explains long term industry competitiveness?



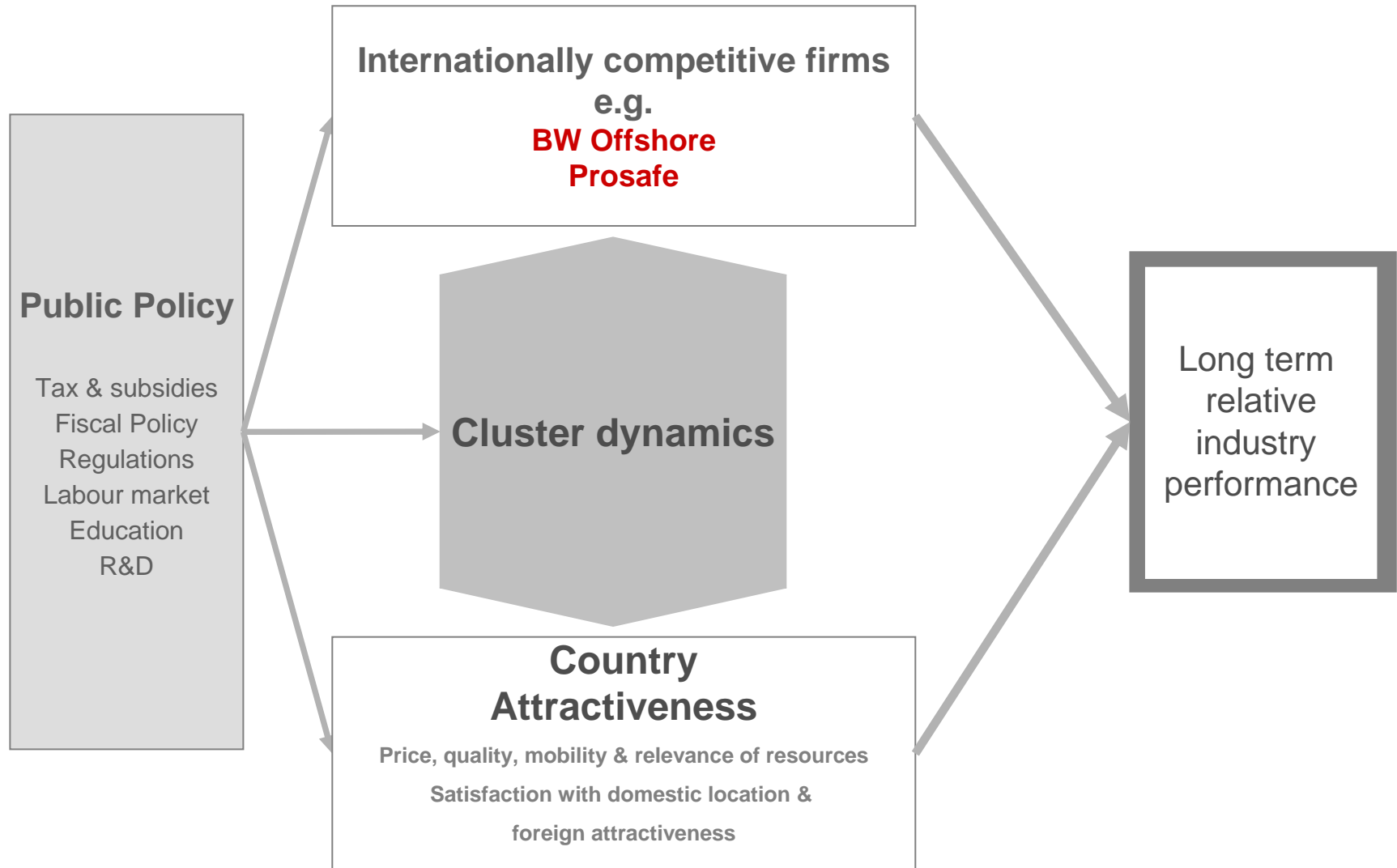


The FPSO case



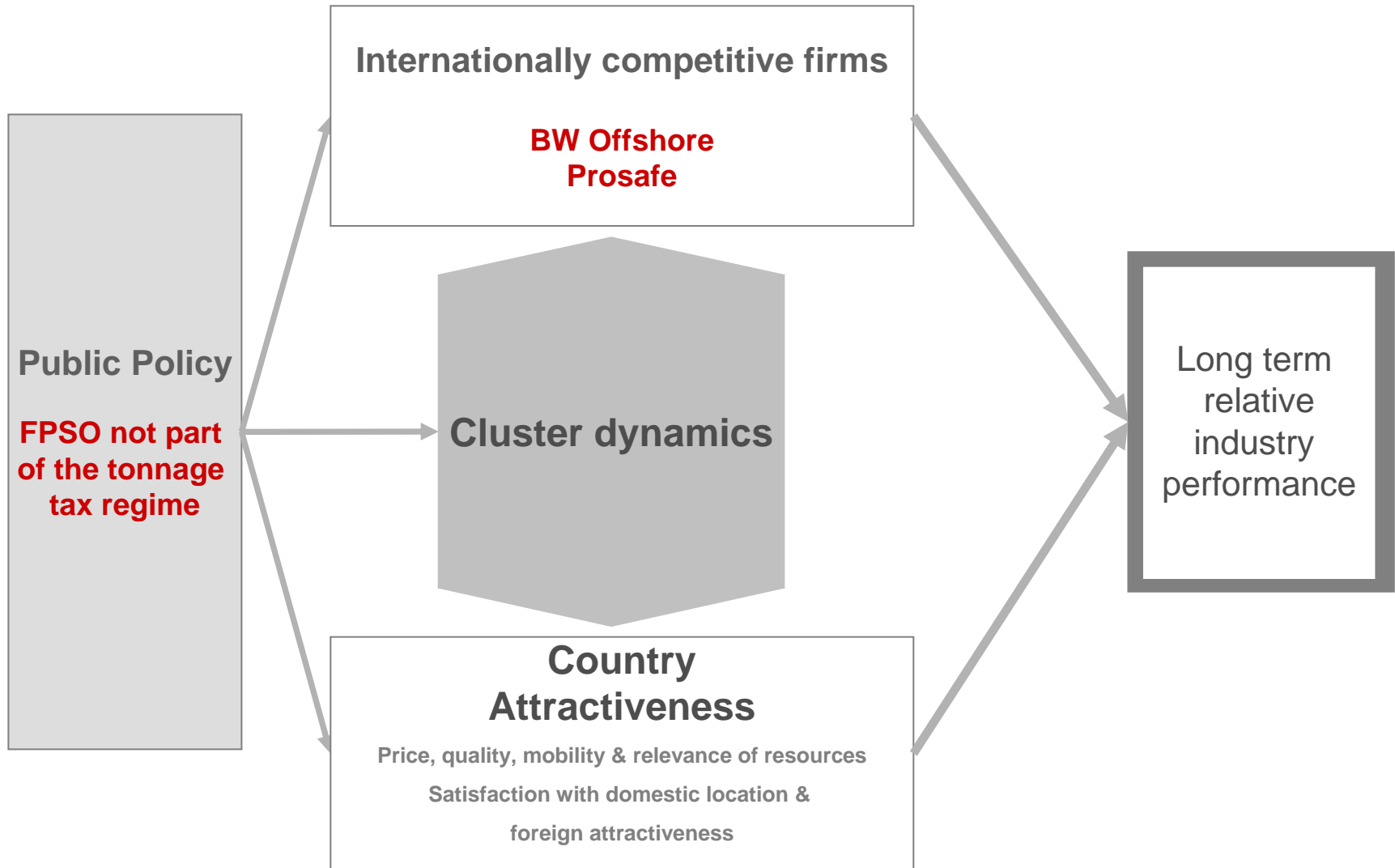


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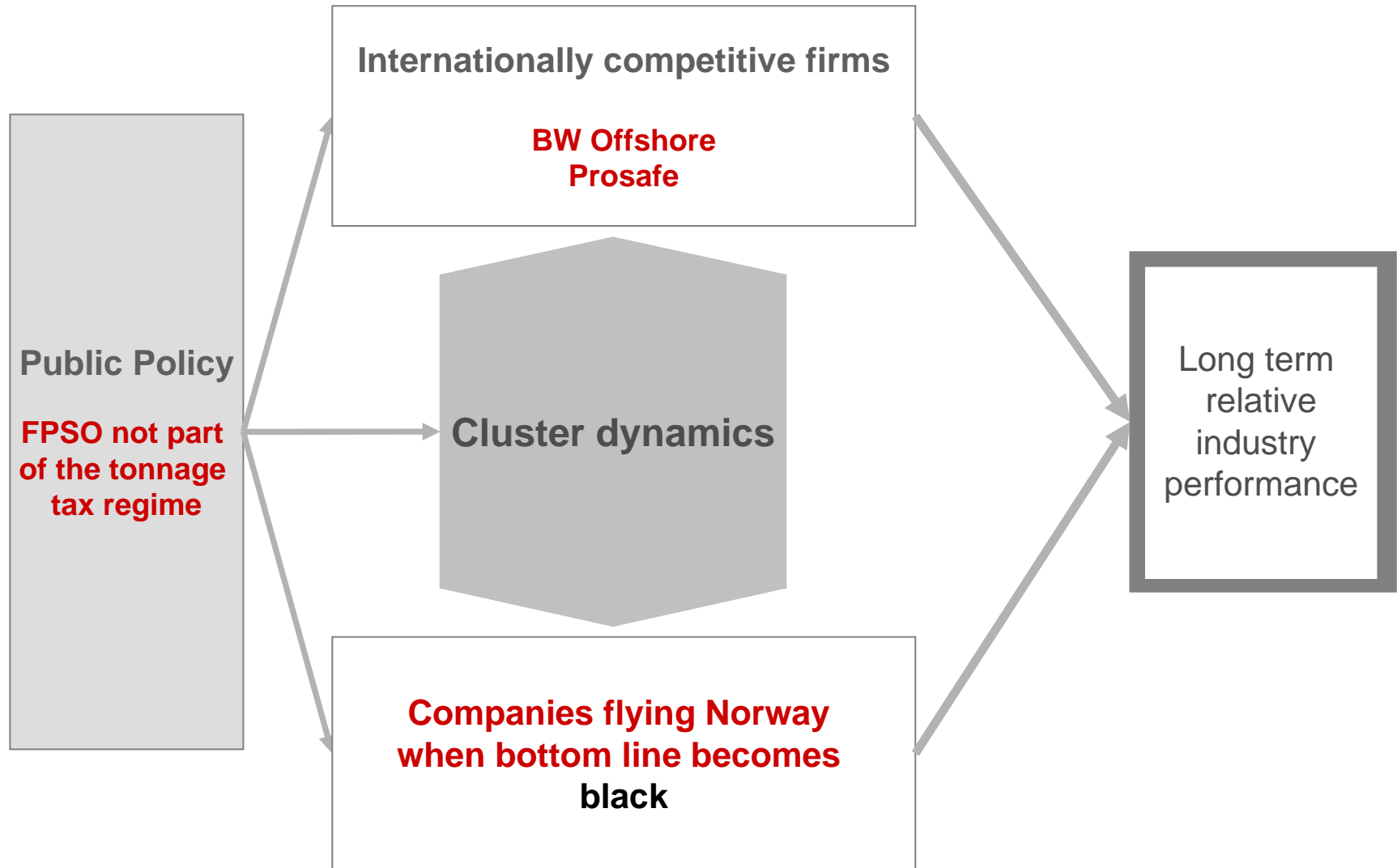


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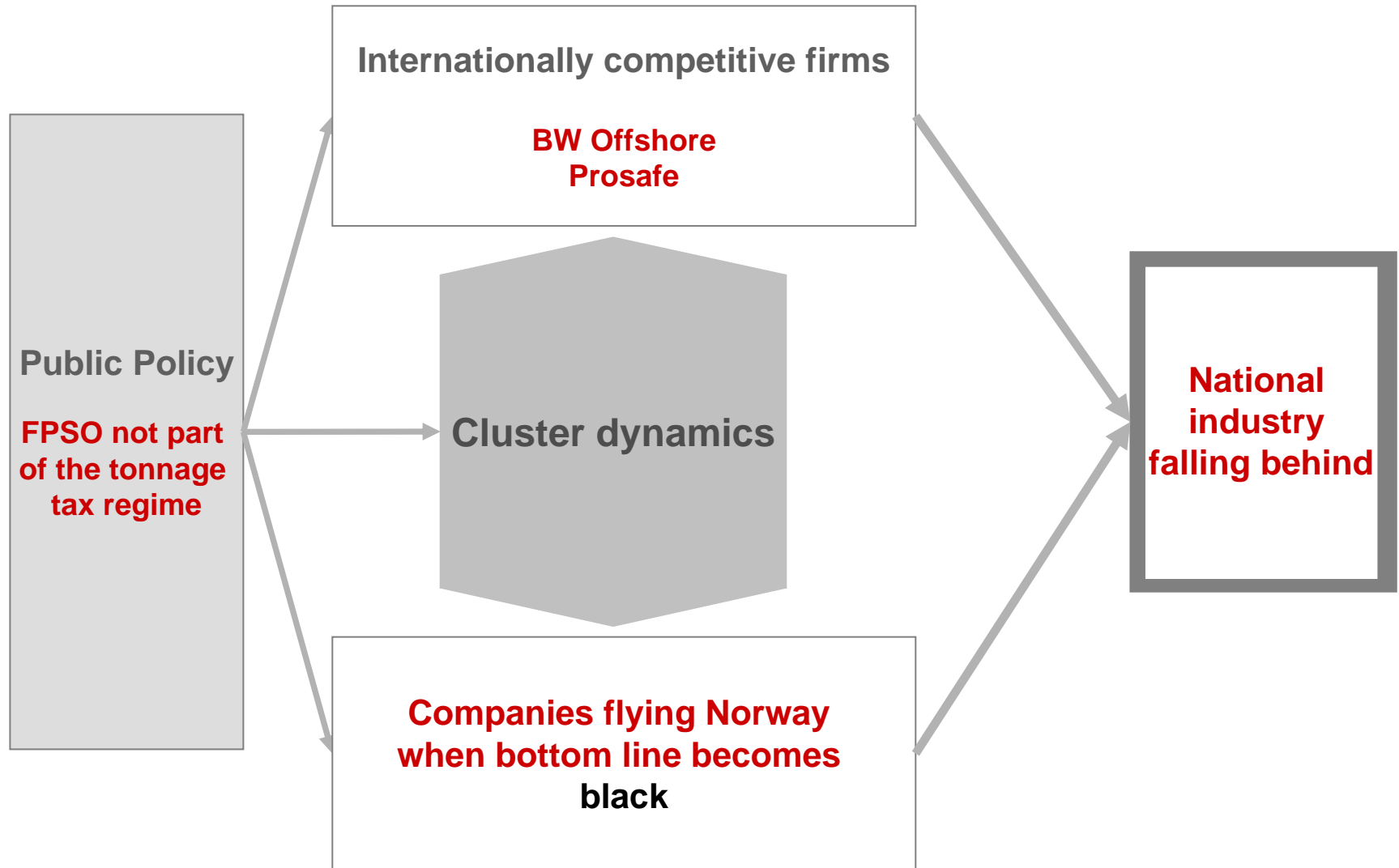


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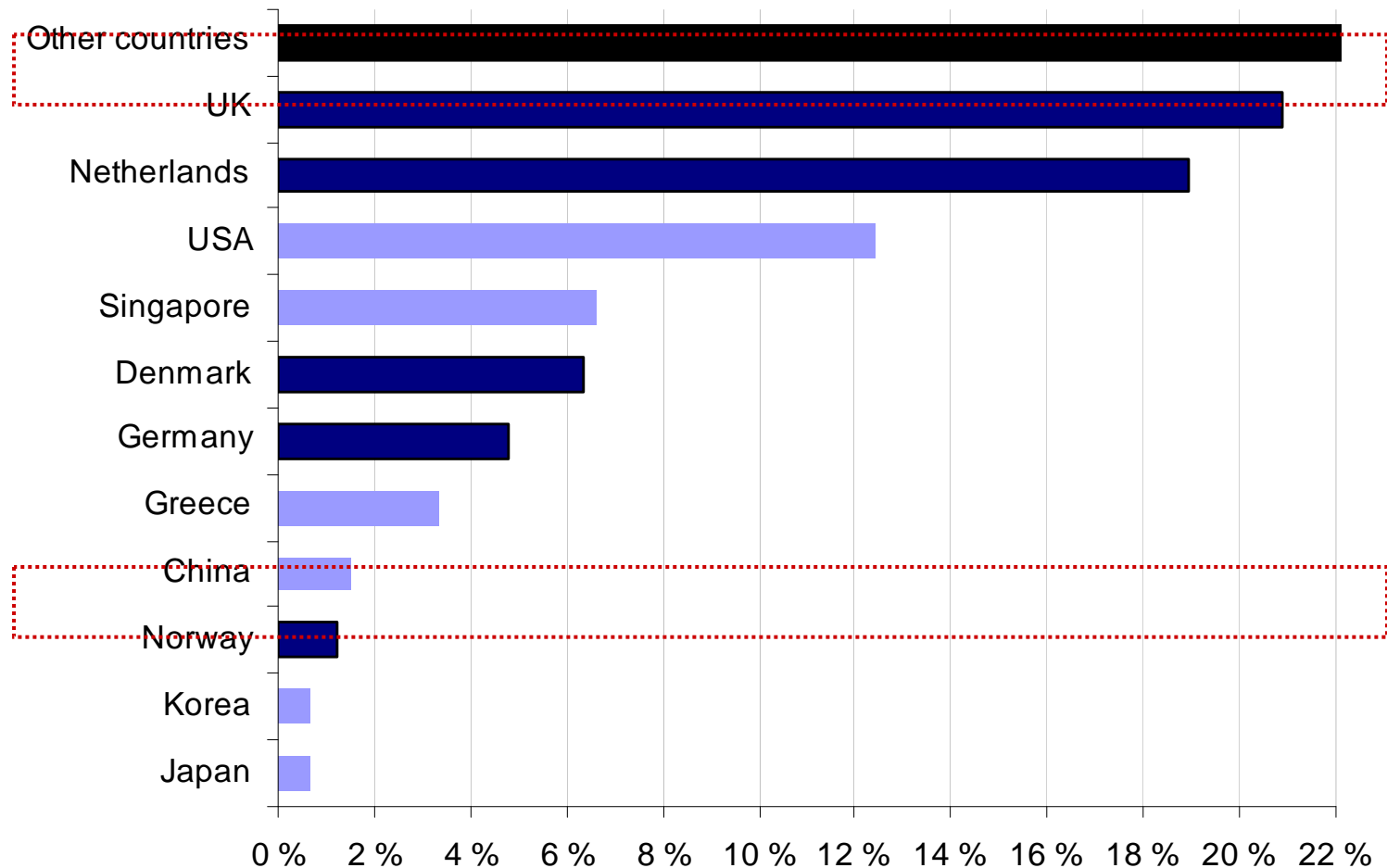


The FPSO case



UK was the most attractive location for headquarters in 2003

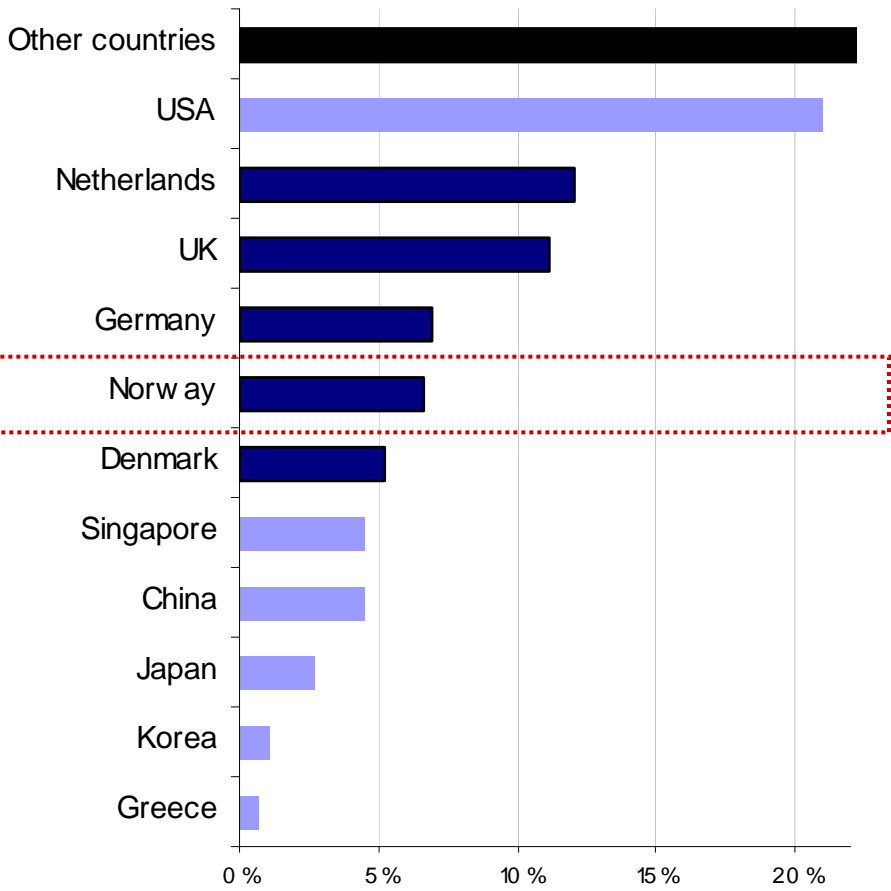
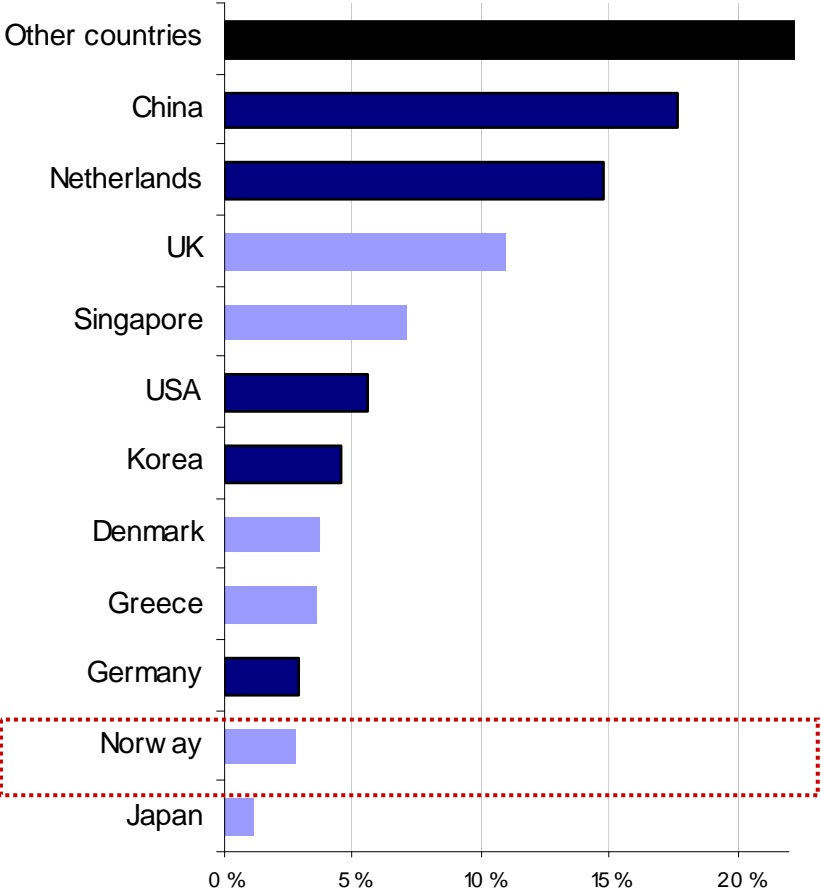
The competitiveness of locations for headquarters



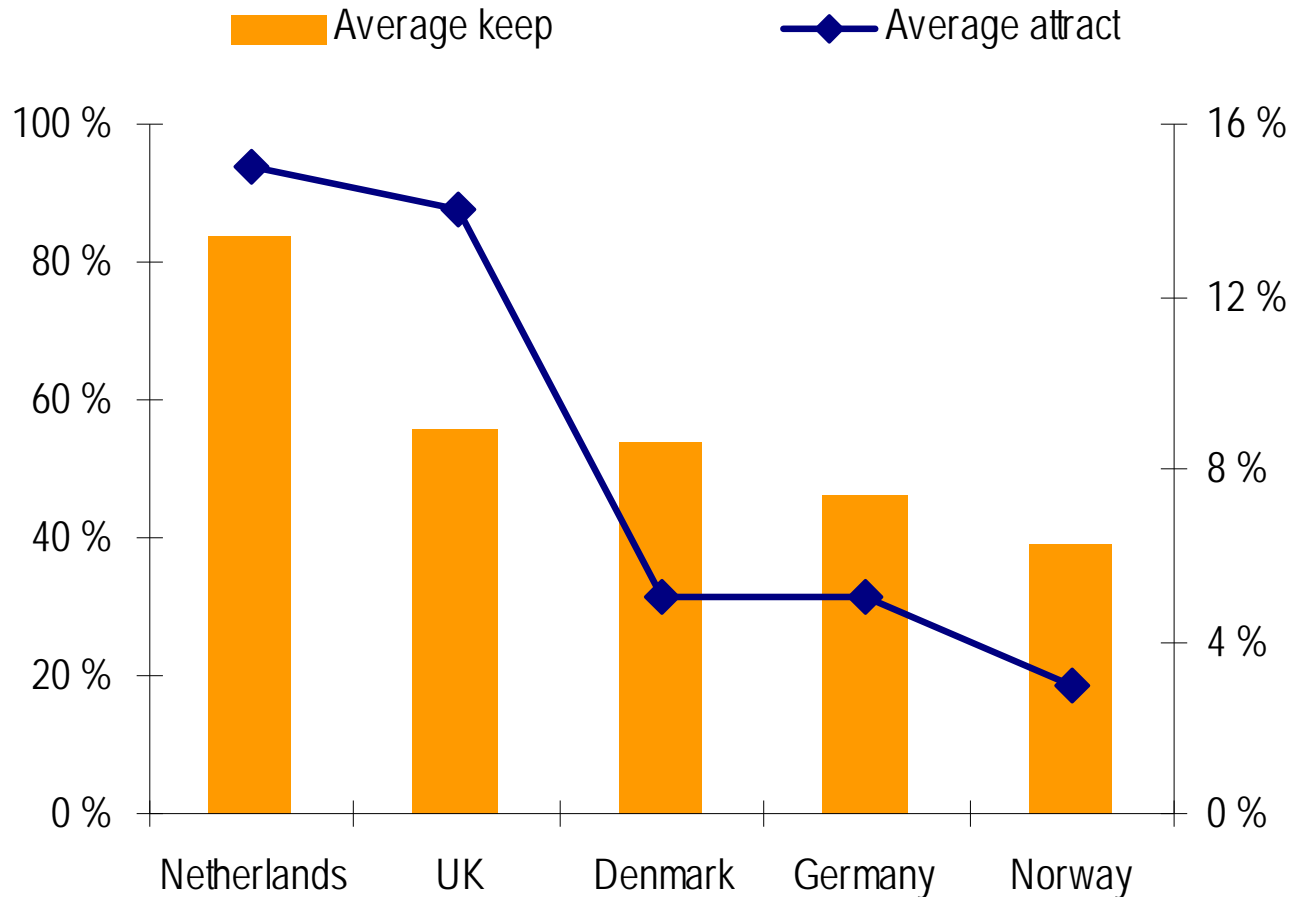
Norway was more attractive as a host for R&D activities than for operations

The competitiveness of locations for operations

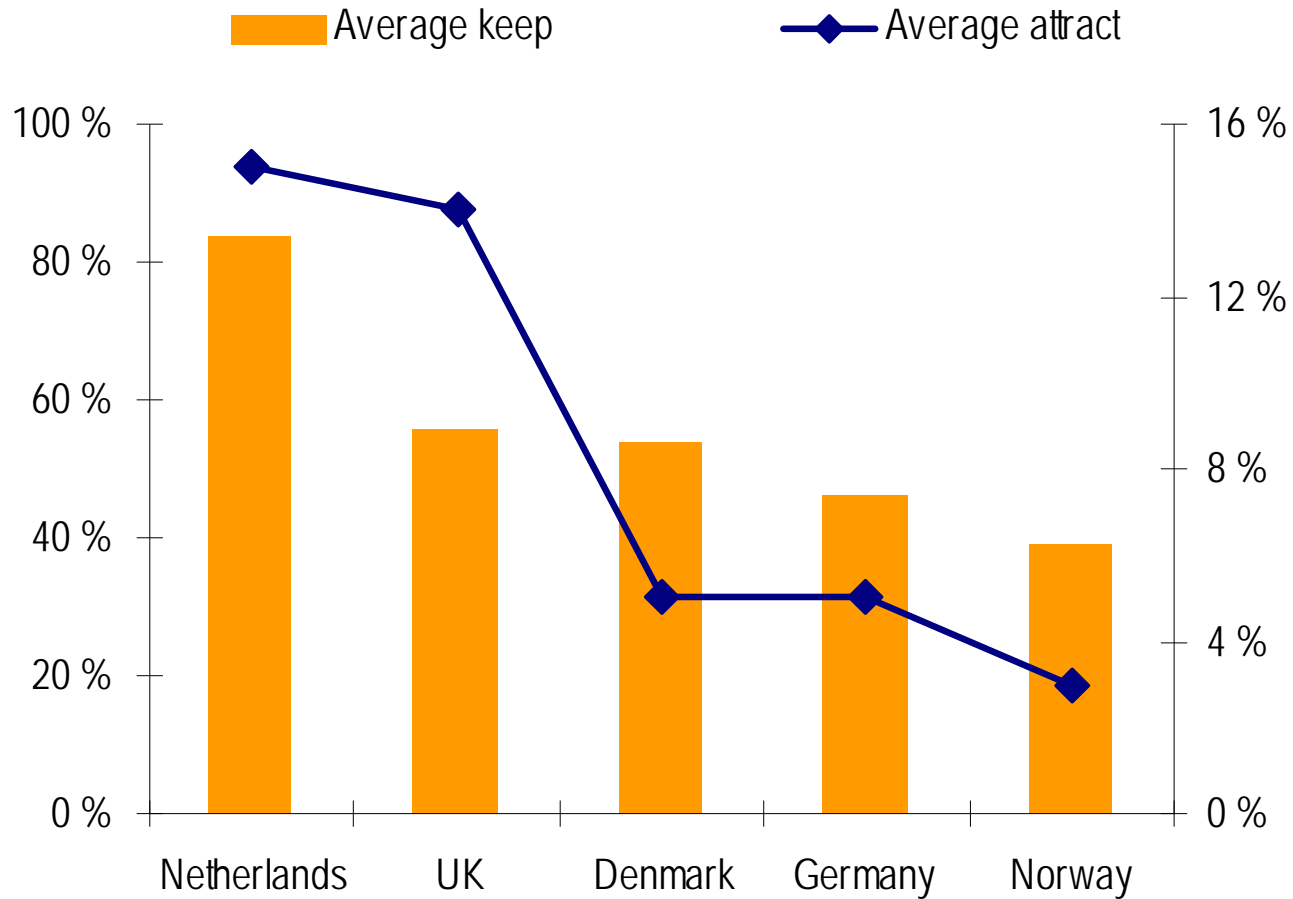
The competitiveness of locations for R&D



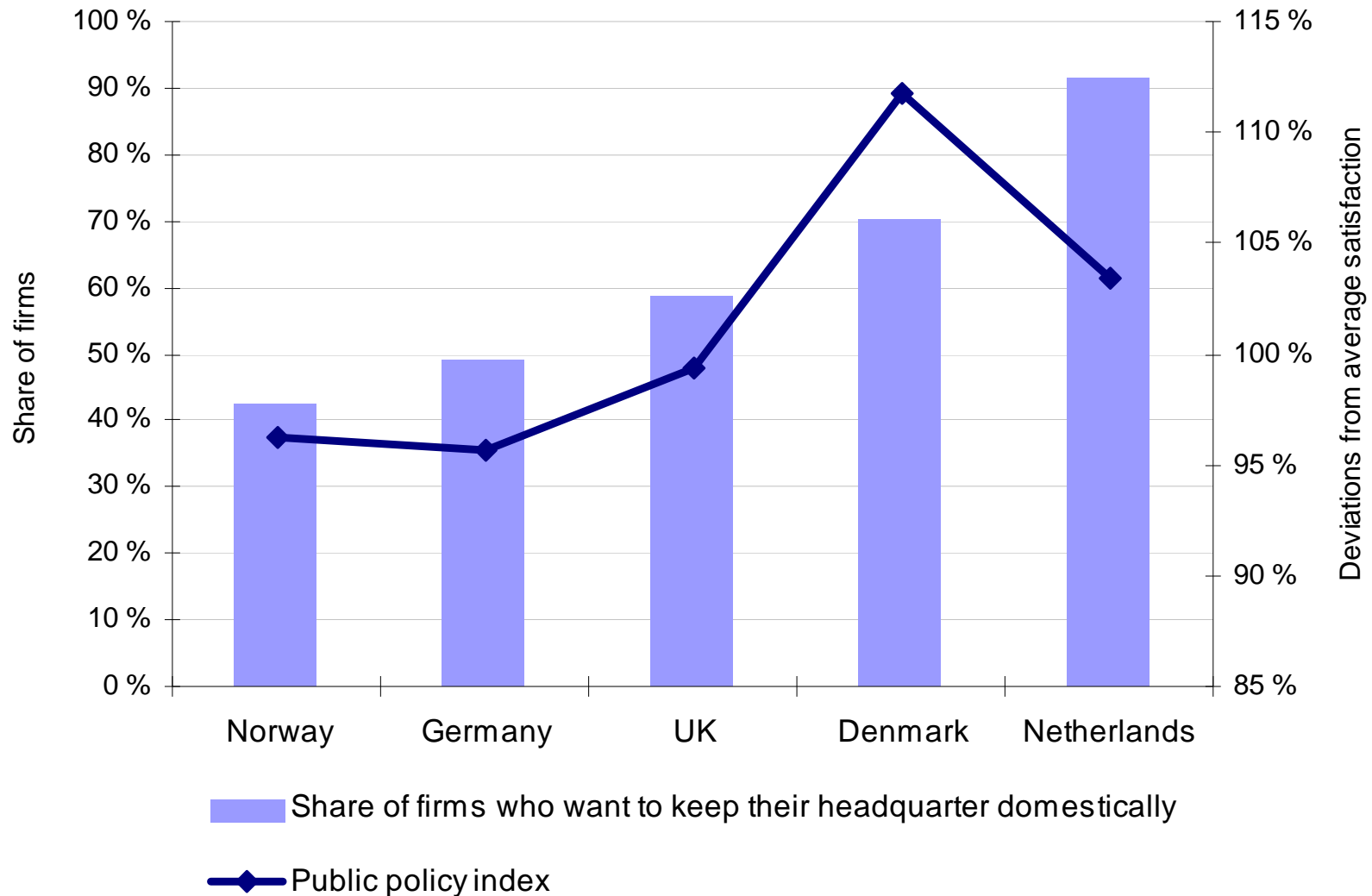
Netherlands was the *most* attractive country for both foreign and domestic



... and Norway the *least* attractive



Many explanations, but impossible to rule out public policy

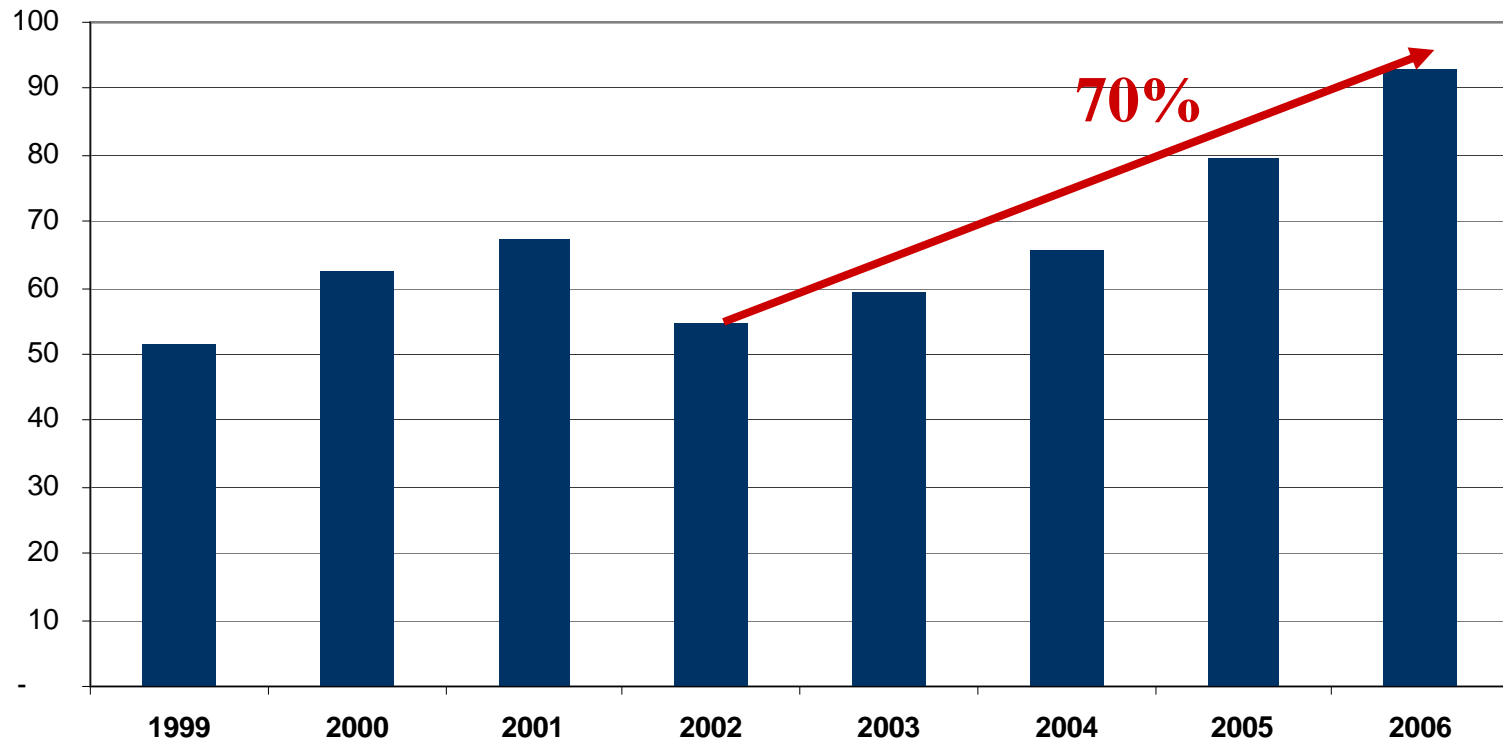


So what has happened since
2003?

**Has Norway lost its maritime
industry?**

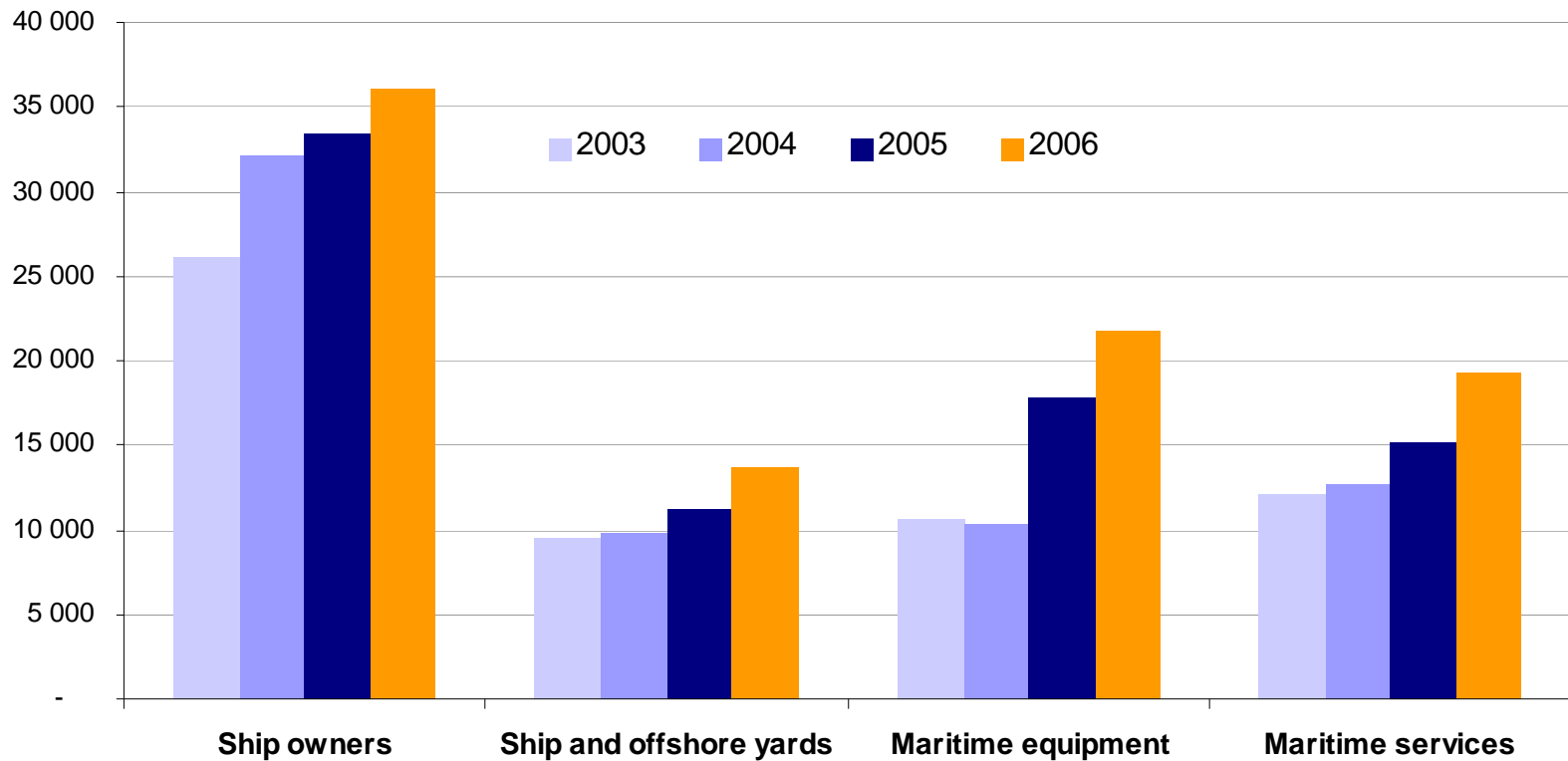
Well, value added grew with 70% from 2002 to 2006

Value creation growth in the Norwegian maritime industry from 1999 to 2006. Billion NOK



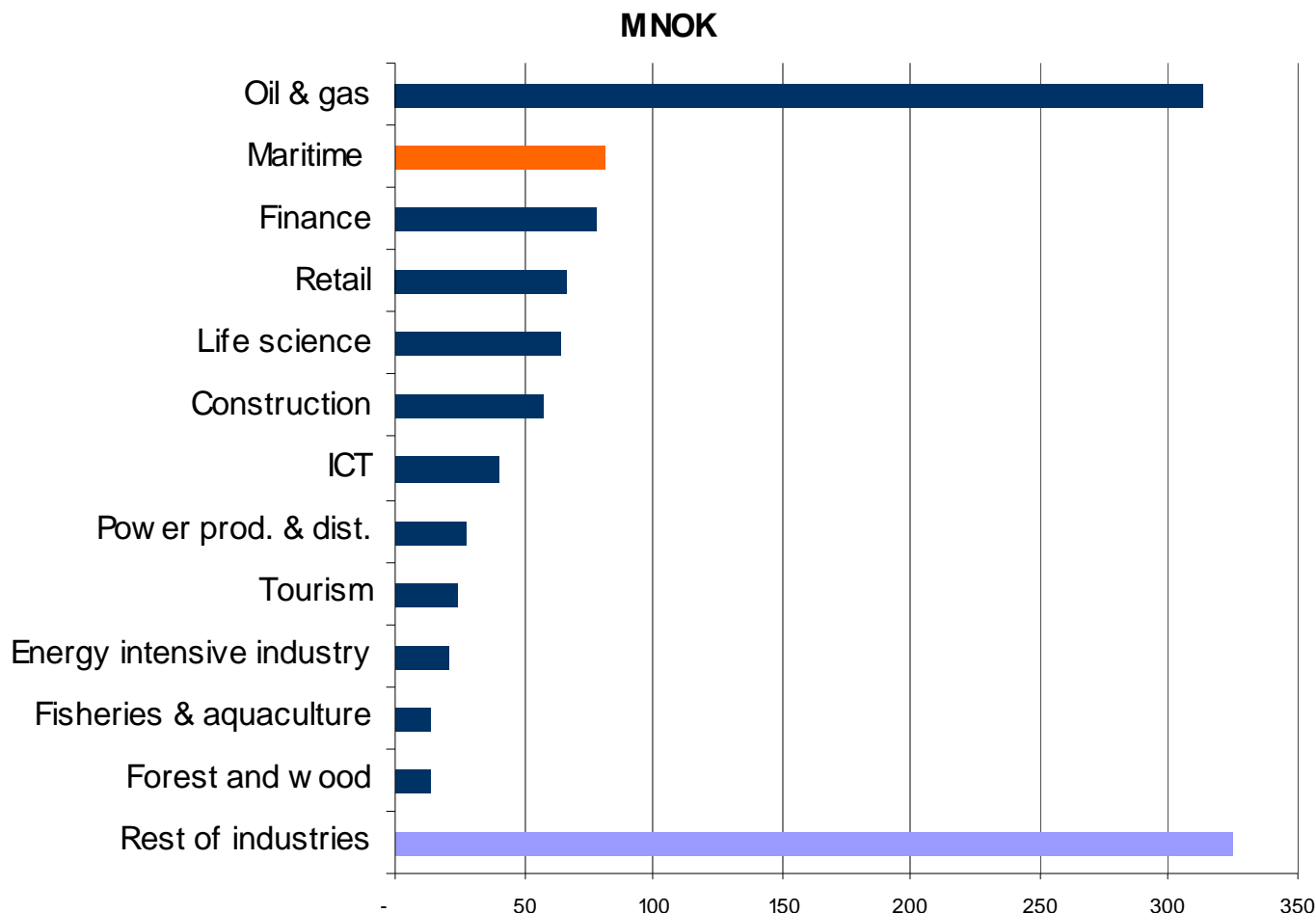
All parts of the cluster grow

Verdiskapingsvekst fra 2003 til 2006 for maritime hovedgrupper. Løpende MNOK

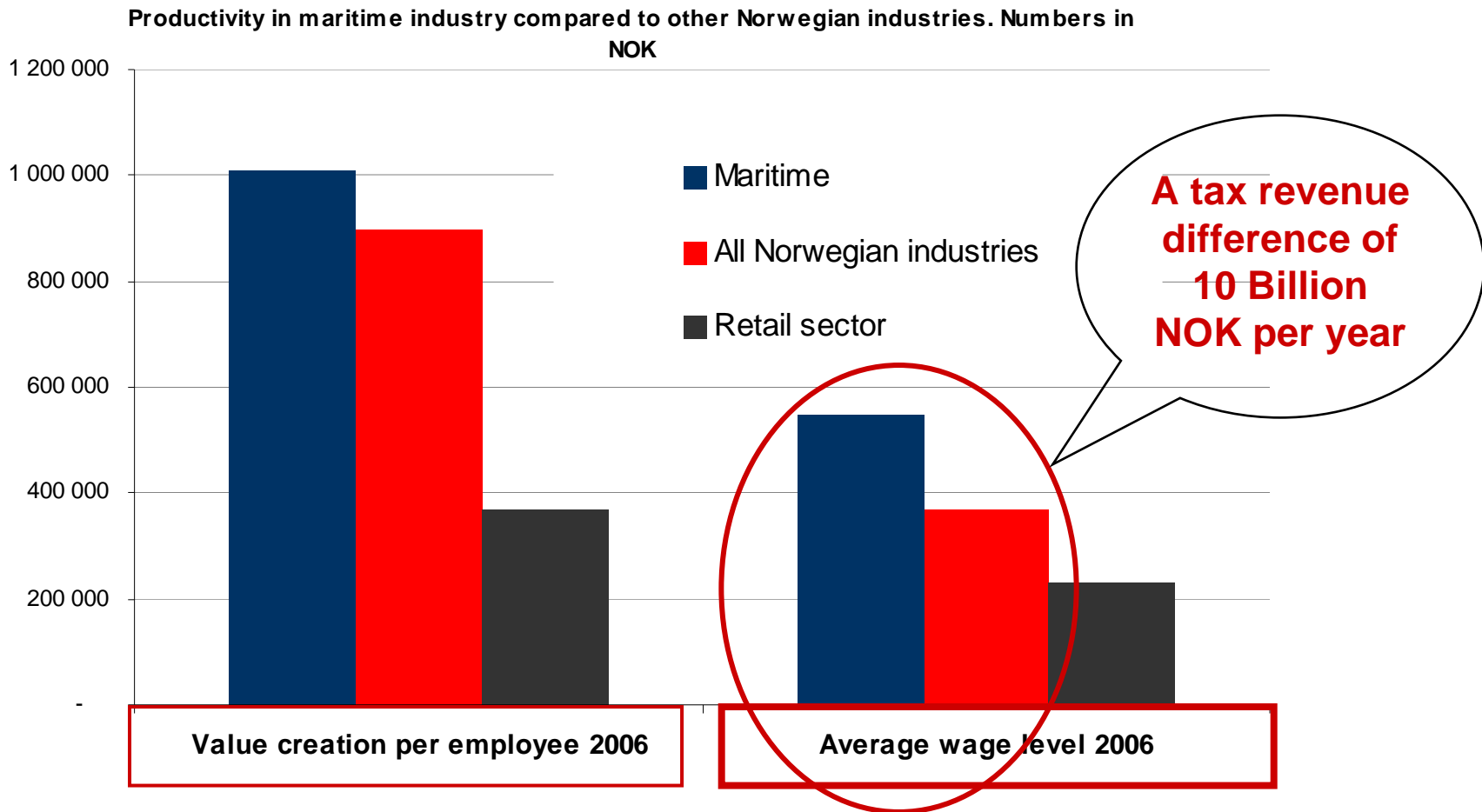


Furthermore, maritime is still the second largest industry in Norway

The largest industries in Norway, ranked by value added in 2005.



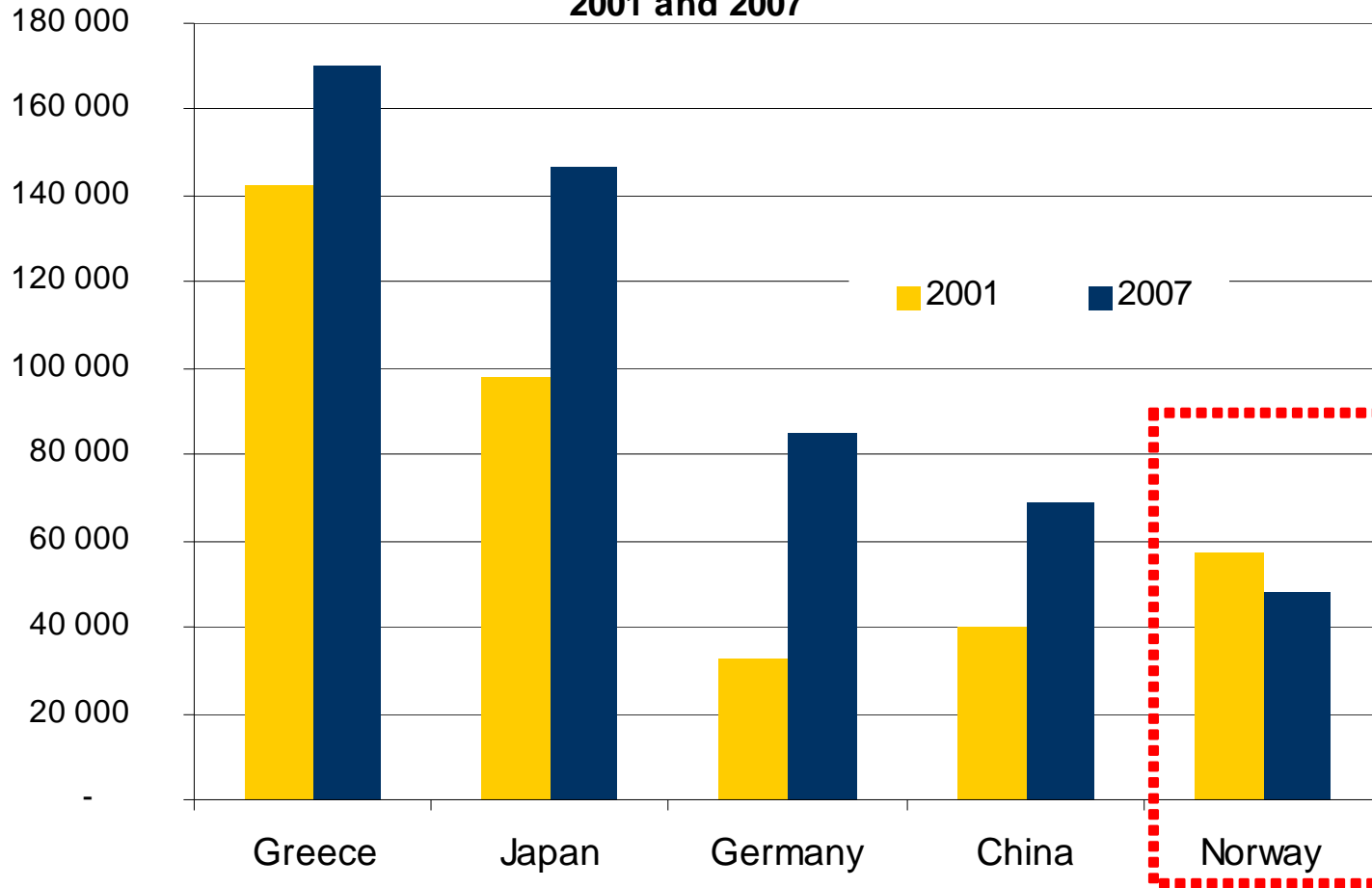
And it is actually quite productive



Is Norway about to regain competitiveness or are we just surfing on an historically long wave of market growth?

Norway lost its position as the third largest shipping nation of the world

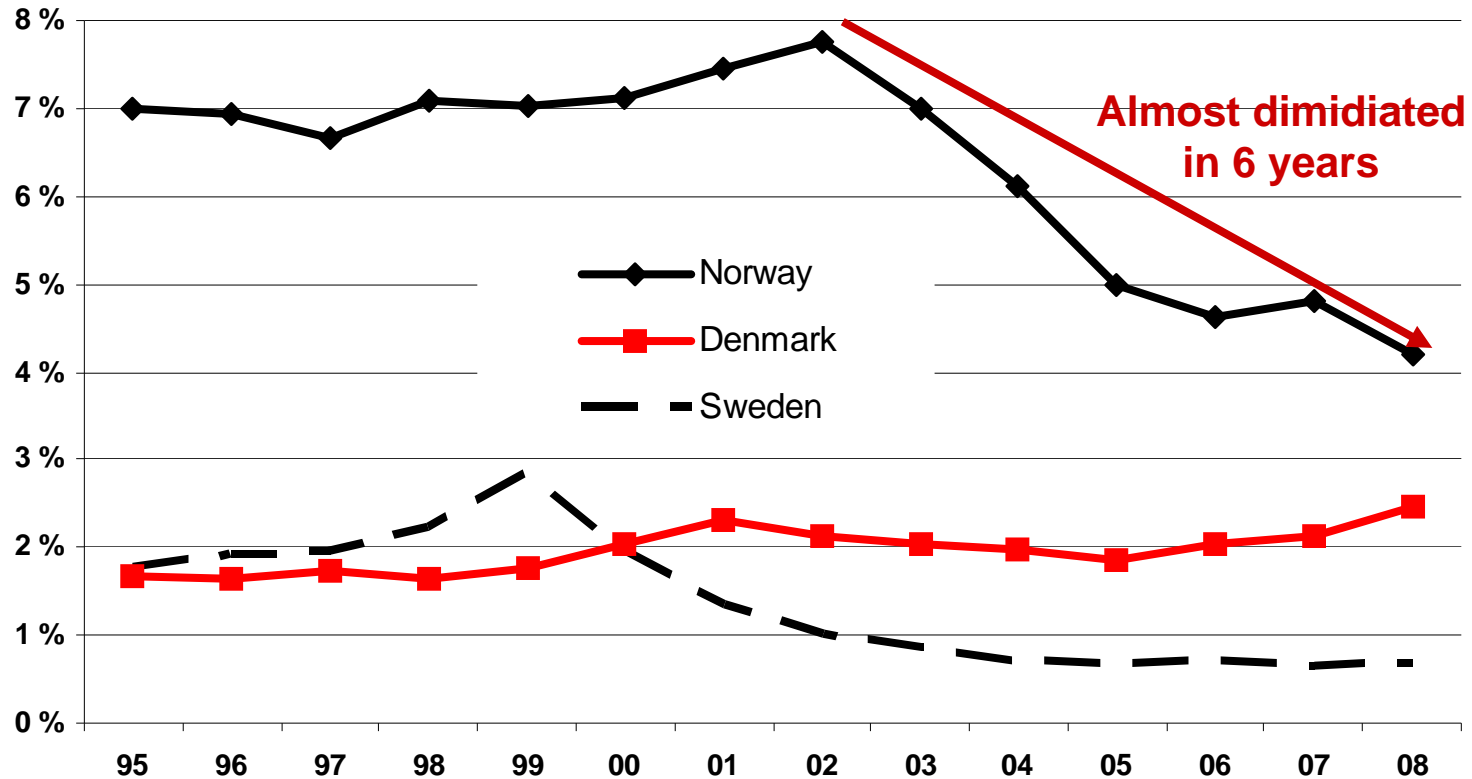
The five largest shipping nations of the world. Ranked by dwt in 2001 and 2007



Source: ISL / Norwegian Shipowner Association

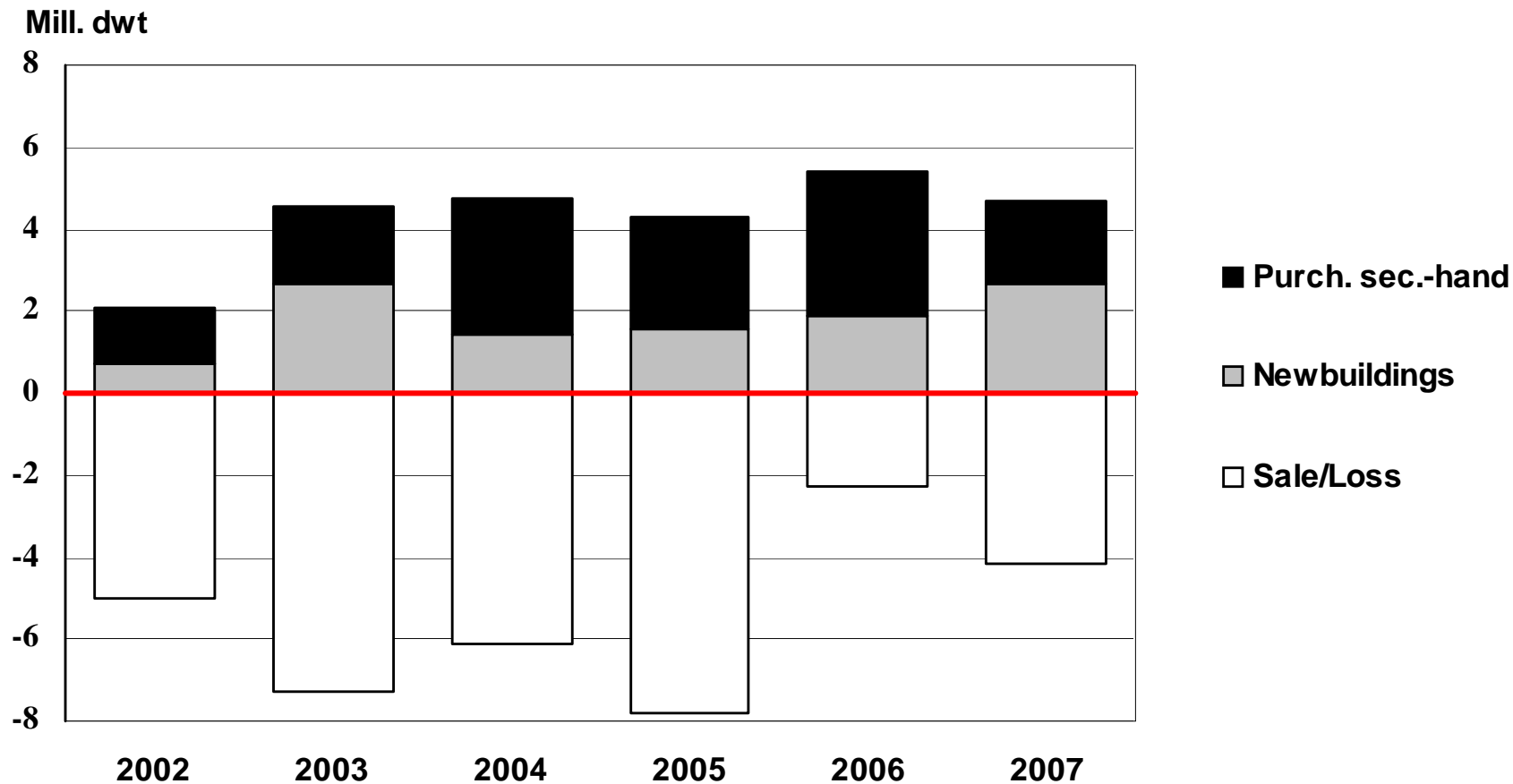
The Danes gain while the Norwegians lose market shares

Development of the Norwegian, Danish and Swedish fleet from 1995 to 2008. Share of fleet fleet



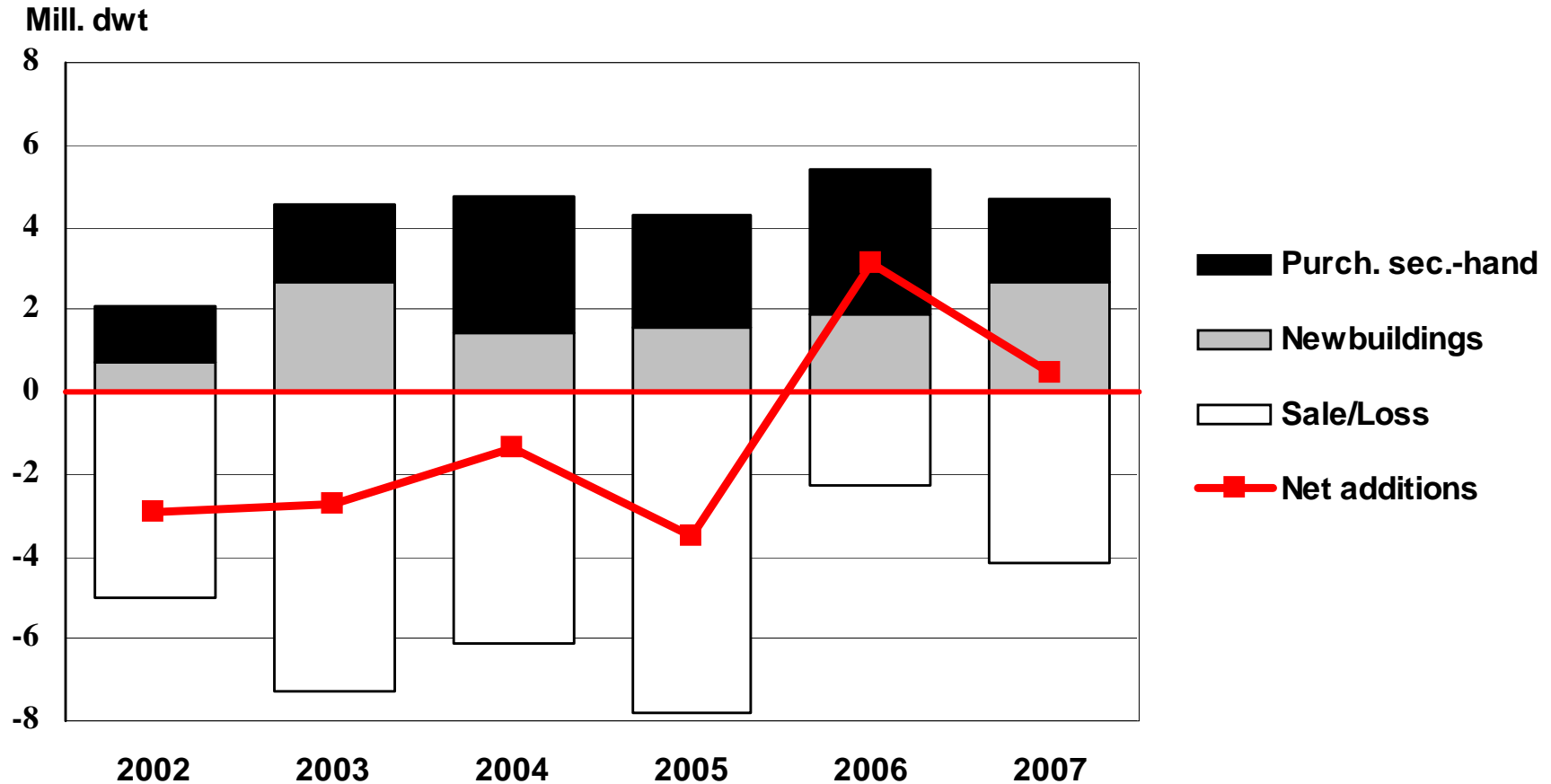
Source: ISL / Norwegian Shipowner Association

It was not until 2006 the Norwegian fleet started to grow

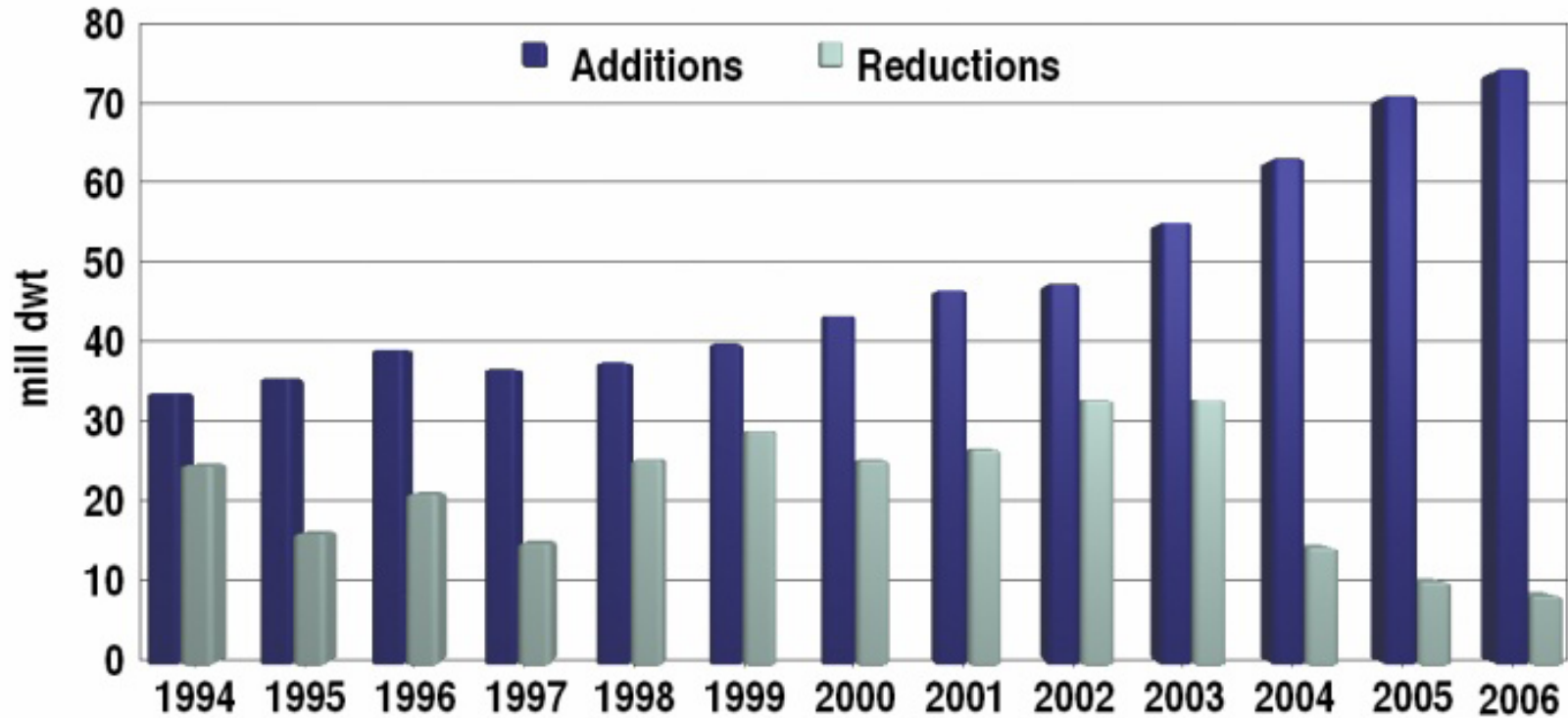


Source: ISL / Norwegian Shipowner Association

It was not until 2006 the Norwegian fleet started to grow ...



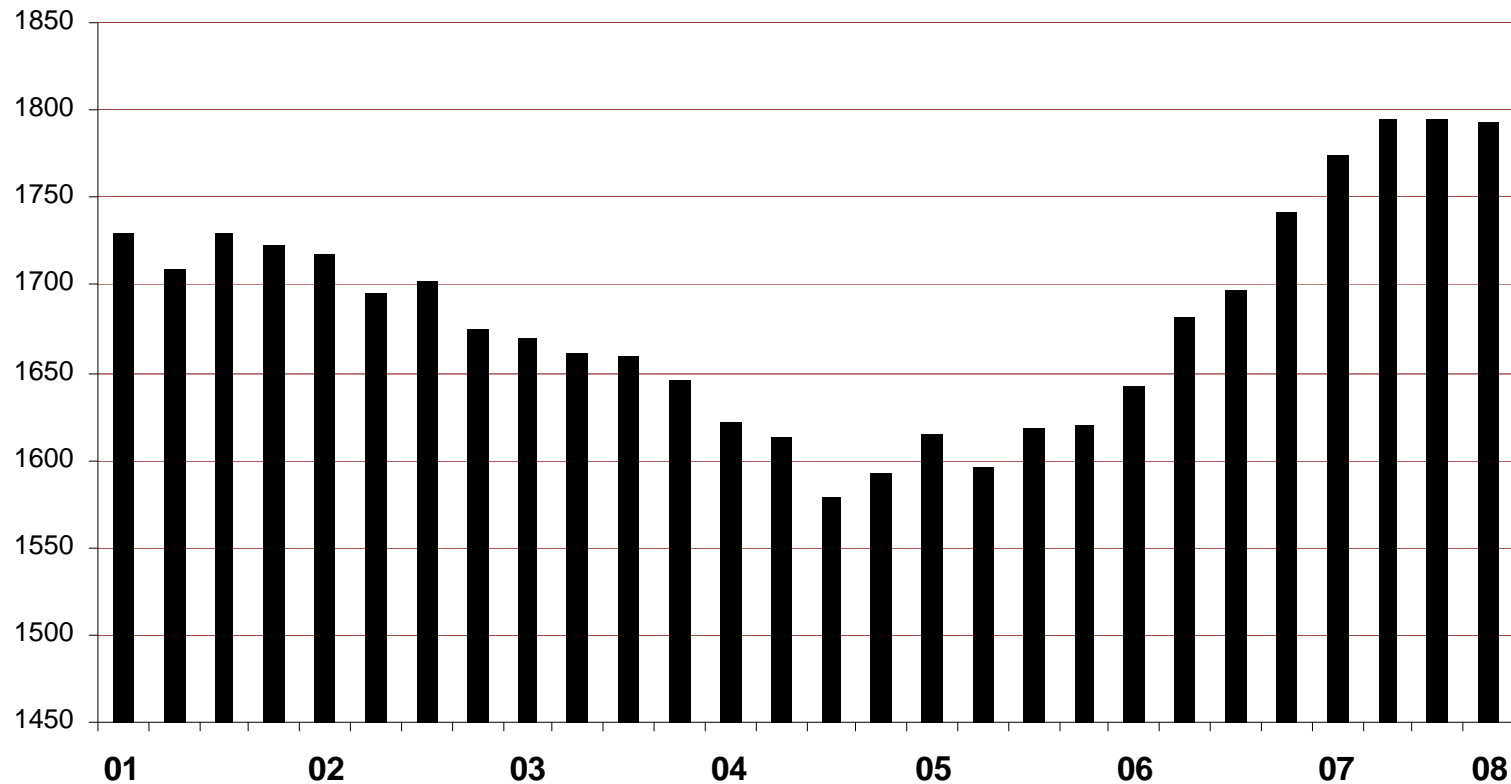
... while the world fleet has grown every year



Source: ISL Shipping Statistics and Market Review

Number of ships in the Norwegian fleet tell the same story

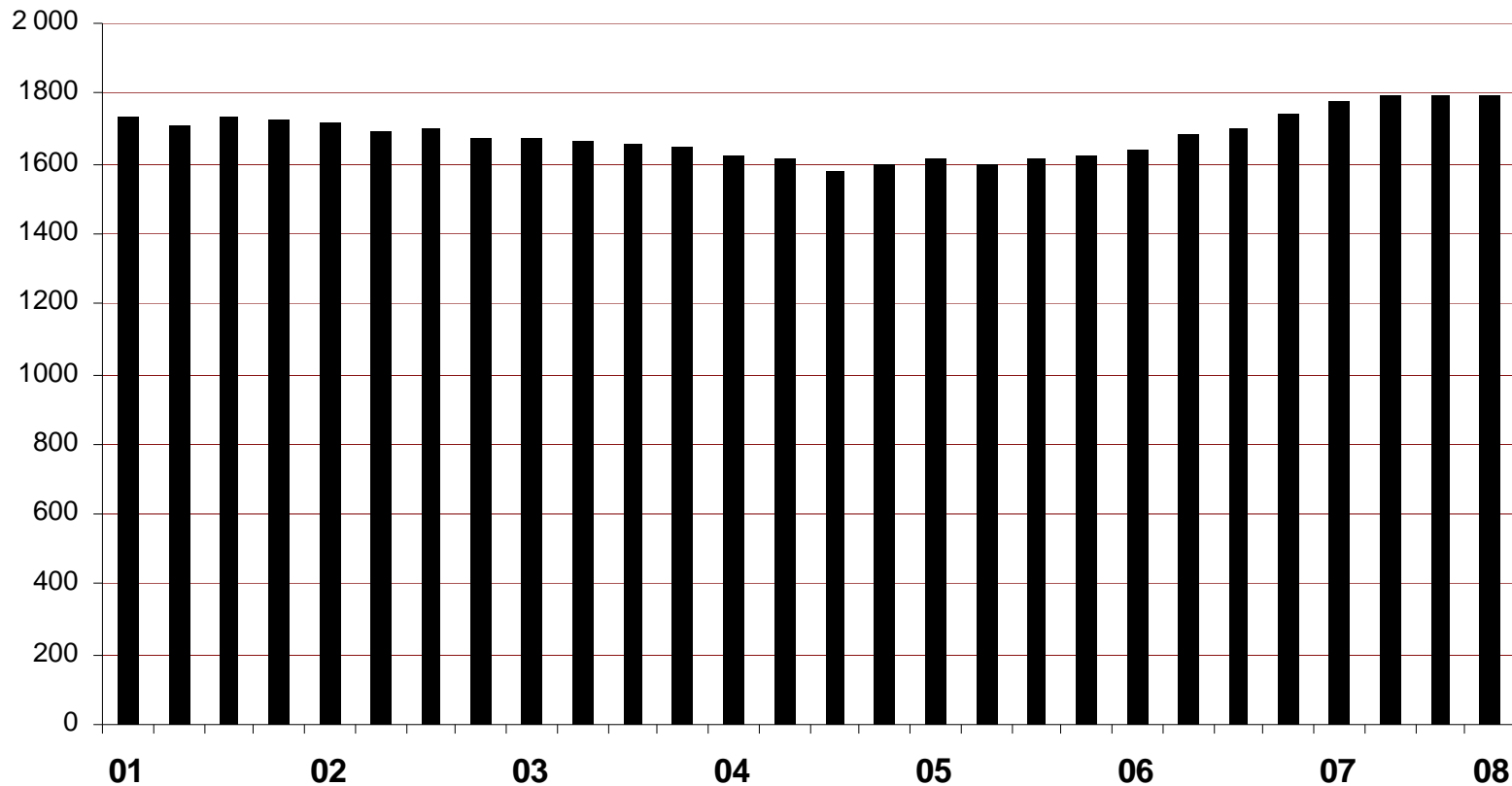
Number of ships in the Norwegian controlled fleet



Source: ISL / Norwegian Shipowner Association

... particularly if you use the right scale

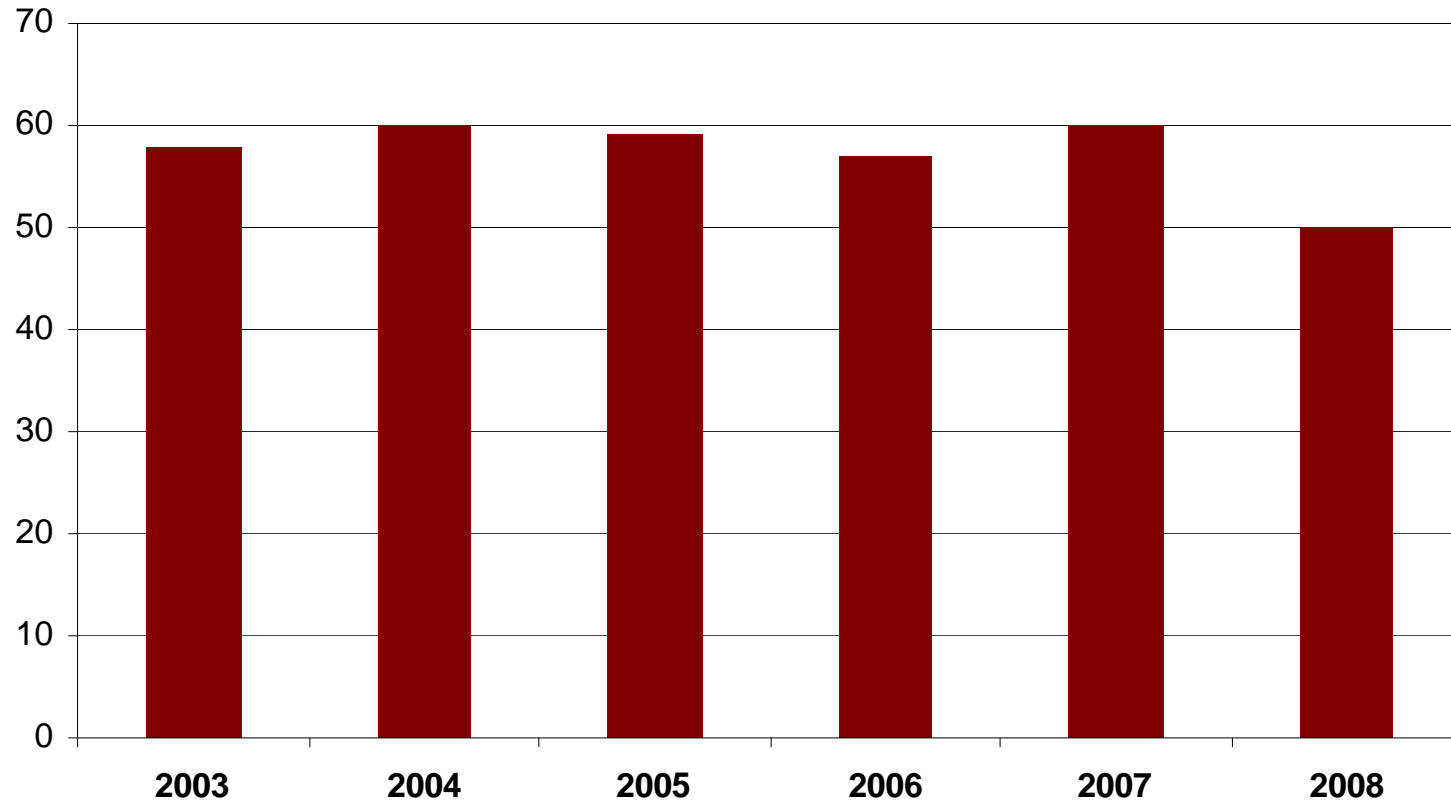
Number of ships in the Norwegian controlled fleet



Source: ISL / Norwegian Shipowner Association

... and number of rigs don't seem to grow

Number of Norwegian controlled rigs (mobile offshore units)



Source: ISL / Norwegian Shipowner Association

But look at the companies

- **Shipping:** BW Gas and BW Offshore
 - located headquarters in Oslo
- **Finance:** DnB Nor and Nordea
 - The two leading shipping banks of the world
- **Brokers:** Platou and Fearnley
 - Among the largest and fast growing in newbuildings and freight
- **Class:** DNV
 - still winning market shares
- **Services:** Wilhelmsen Maritime Services
 - A global Maritime Superstore with 4.500 employed in 340 offices in 80 countries
- **Legal:** Wikborg Rein
 - Serving leading shipping and offshore firms all over the world
- **Technology:** Kongsberg Maritime
 - Dynamic Positioning and other innovative solutions for ships and floaters all over the world

Conclusion

- Companies are internationally competitive and grow fast
- The cluster is dynamic, innovative and competent
- However, Norway loses market shares
 - due to a tax regime that **has been** unfavorable for shipping companies
- **Countries compete to attract *activities* – not companies**
- Norway is competitive for knowledge intensive maritime activities
 - Execution of ownership – HQ functions, investments, strategic management and governance
 - Financial, legal and other sophisticated services
 - R&D and education
 - Advanced, tailor-made equipment, systems and moduls, particularly for offshore purposes

Future competitiveness

- The Norwegian cluster will remain competitive, but change in structure and focus
 - More HQ activities – transnational governance
 - More execution of ownership
 - More advanced maritime services
 - Corporate finance
 - Legal services and insurance
 - R&D and education
 - Less manufacturing but more technology development – a **lab** for maritime innovations
- Choosing the right strategy, Norway can be a **global knowledge hub**

Thank you for listening!