

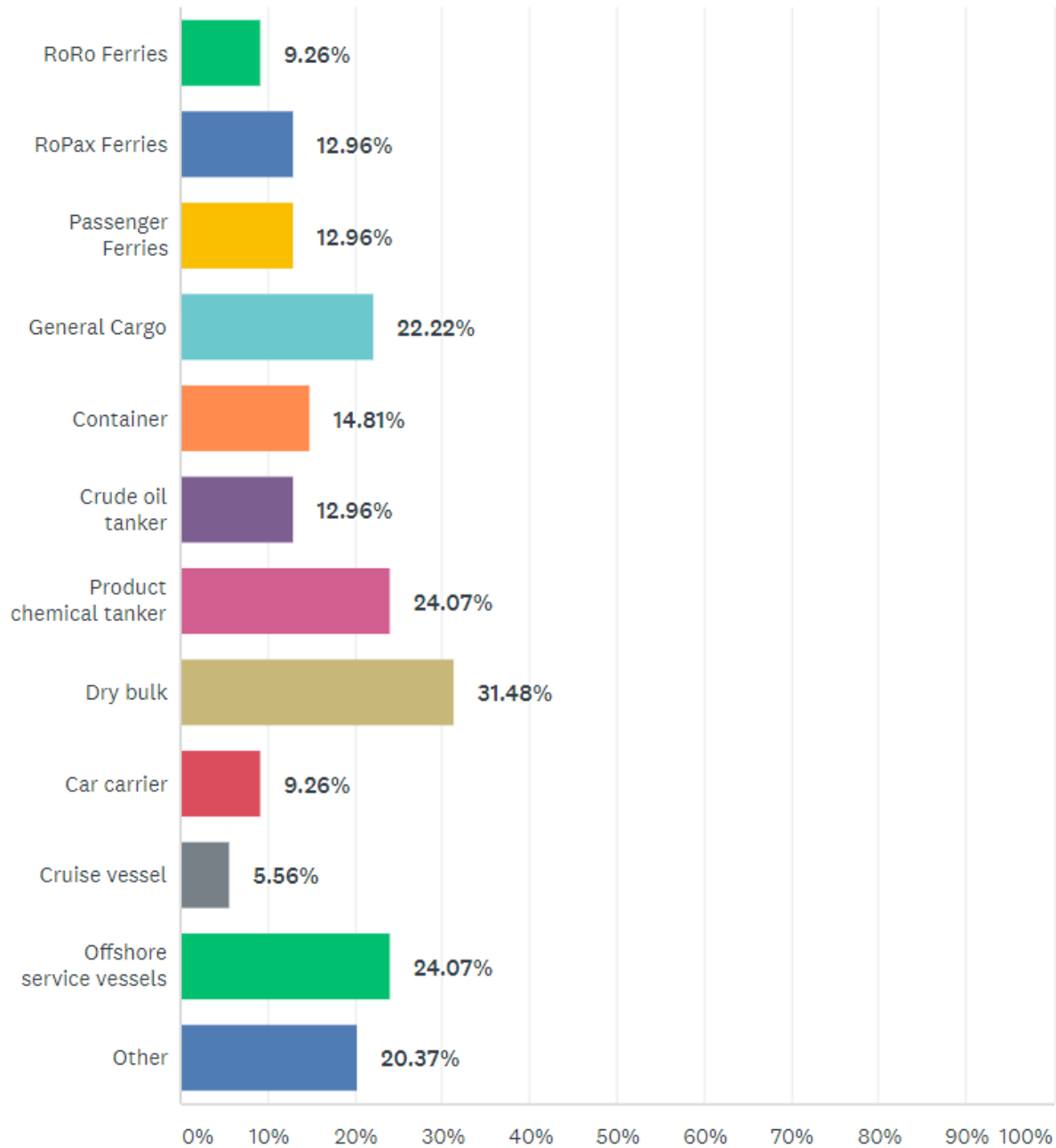
ECSA COVID-19 Survey June 2020

European shipping is facing a critical moment in the face of the current COVID-19 pandemic. Shipping companies, charterers, operators, shipowners, crew as well as onshore staff are all experiencing difficulties in continuing their operations. To better understand the economic impact of the pandemic on our industry and to assess the impact of EU and national measures put in place to alleviate the situation, ECSA conducted a second survey in June 2020 among companies and member associations.

Based on the responses received, the impact of the COVID-19 pandemic on shipping is becoming more dramatic by the end of June across segments, both in terms of turnover and employment. This second survey shows that the industry has not gotten over the initial shock of the crisis.

Overview of segments:

Figure 1: Segments covered by the survey respondents



Section One: Economic impact

Expectation on turnover (2nd half of 2020 compared to 2nd half of 2019):

- Across all segments, at least 70% of the companies expect a decrease in turnover.
- The hardest hit segments are RoPax Ferries, Passenger Ferries, RoRo, General Cargo, Car carriers, Offshore service vessels (esp. oil & gas) and Cruise.
- More than half of the RoPax Ferry and Passenger Ferry companies are expecting a turnover decrease above 20%, with one fifth of the companies expecting a turnover decrease of above 40%.
- More than half of cruise companies are expecting a minimum turnover decrease of 40% and more than one third (40%) of the cruise companies estimate to lose more than 60% of their turnover.

Expectation on turnover (2021 compared to 2020):

- Across all segments, nearly 40% of the companies see a pick-up in turnover compared to 2020.
- The remaining 60% expect a stabilisation or a further decline of turnover.
- Offshore service vessels, car carriers, cruise vessels, which are along the hardest hit in 2020, are also the least optimistic about the development of turnover in 2021¹.

¹ For offshore wind it's likely that performance will be better, though no separate information is available on this.

Figure 2: Expectation on turnover (2nd half of 2020 compared to 2nd half of 2019)

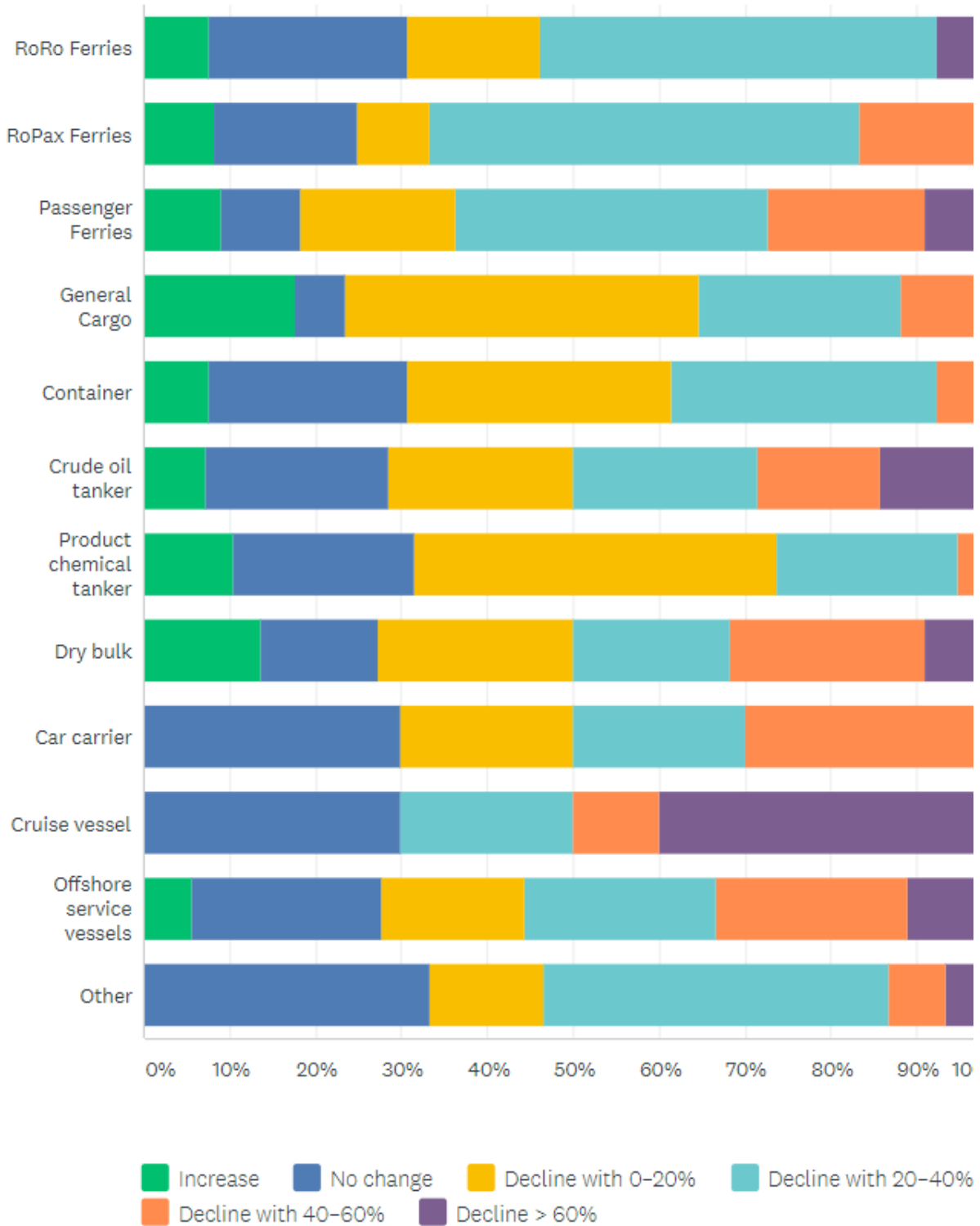
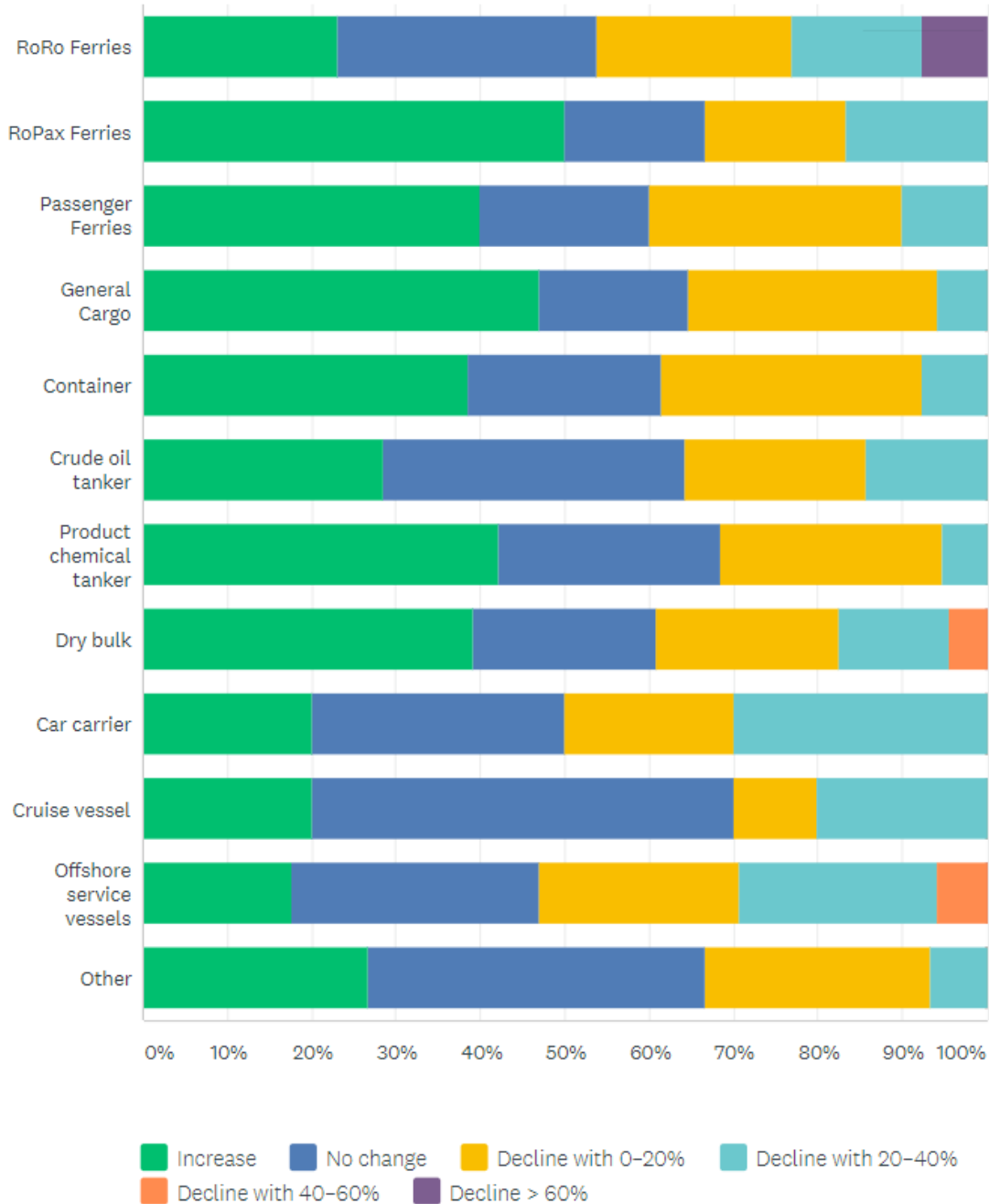


Figure 3: Expectation on turnover (2021 compared to 2020)



Without national measures, expected development in seafarers jobs

2nd half of 2020 on 2nd half of 2019:

- For seafarer positions, half of the companies expect to see a decrease in employment figures.
- One third of the companies are expecting job losses between 0 and 20%.
- One fifth of the companies are expecting significant job losses (at least 20%) and one out of ten companies expect a minimum 40% decline in seafarer jobs.

2021 on 2020:

- No sign of returning to pre-COVID levels of hiring. Some 60% of the companies are not expecting a recovery of the number of jobs.
- Around one third of the companies are expecting further job losses in 2021.
- One out of ten companies expects further and significant job losses in 2021 (minimum 20%).

Without national measures, expected development in office jobs

2nd half of 2020 on 2nd half of 2019:

- Nearly half of the companies are expecting a decrease of office positions.
- One fifth of the companies are expecting job losses between 20-60%.

2021 on 2020:

- No sign of returning to pre-COVID levels of hiring. Some 60% of the companies are not expecting a recovery of the number of jobs.
- Around one third of the companies are expecting further job losses in 2021.
- One out of ten companies expects further and significant job losses in 2021 (minimum 20%).

Note: There are national/regional measures in place supporting employment. Although, in the majority of the cases these measures are not sector-specific, they are effective.

Figure 4: Expected development - without the effect of national supportive measures - for 2nd half of 2020 compared to the same period of 2019, with regards to seafarer and office jobs

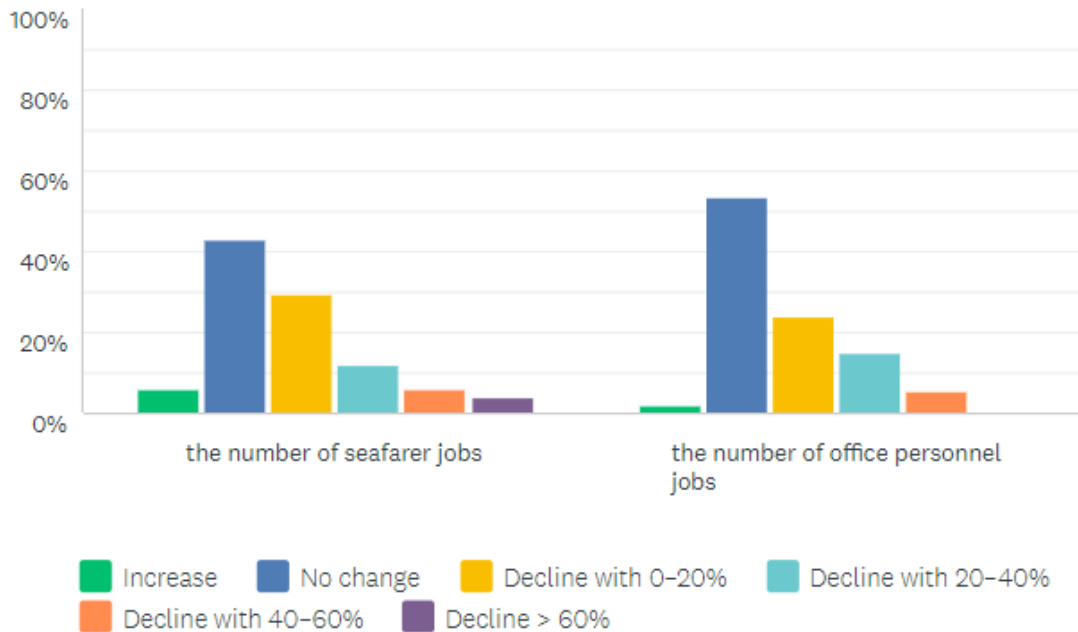
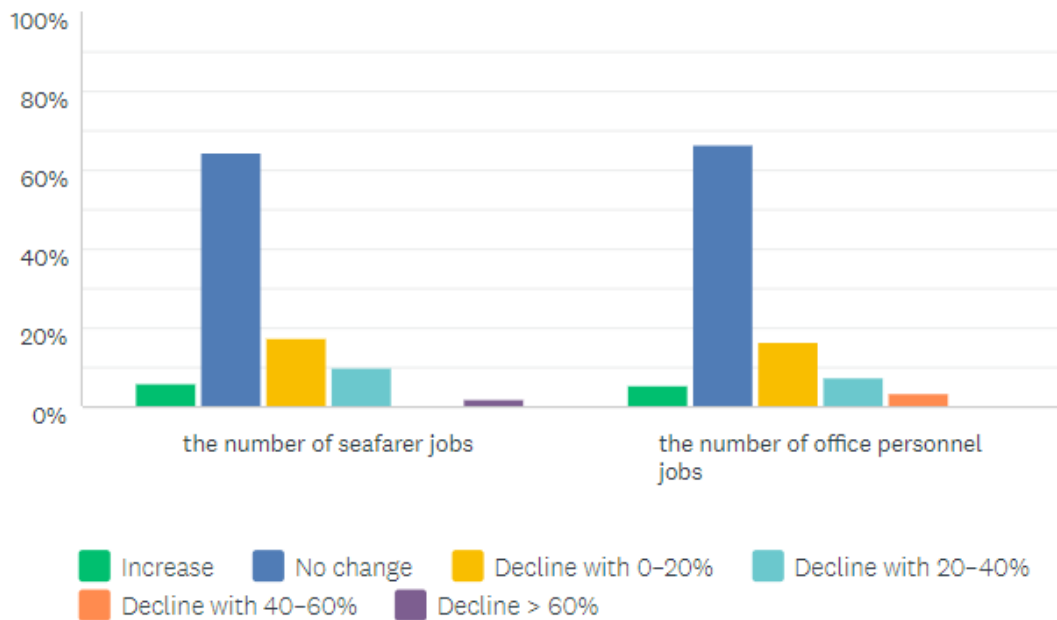


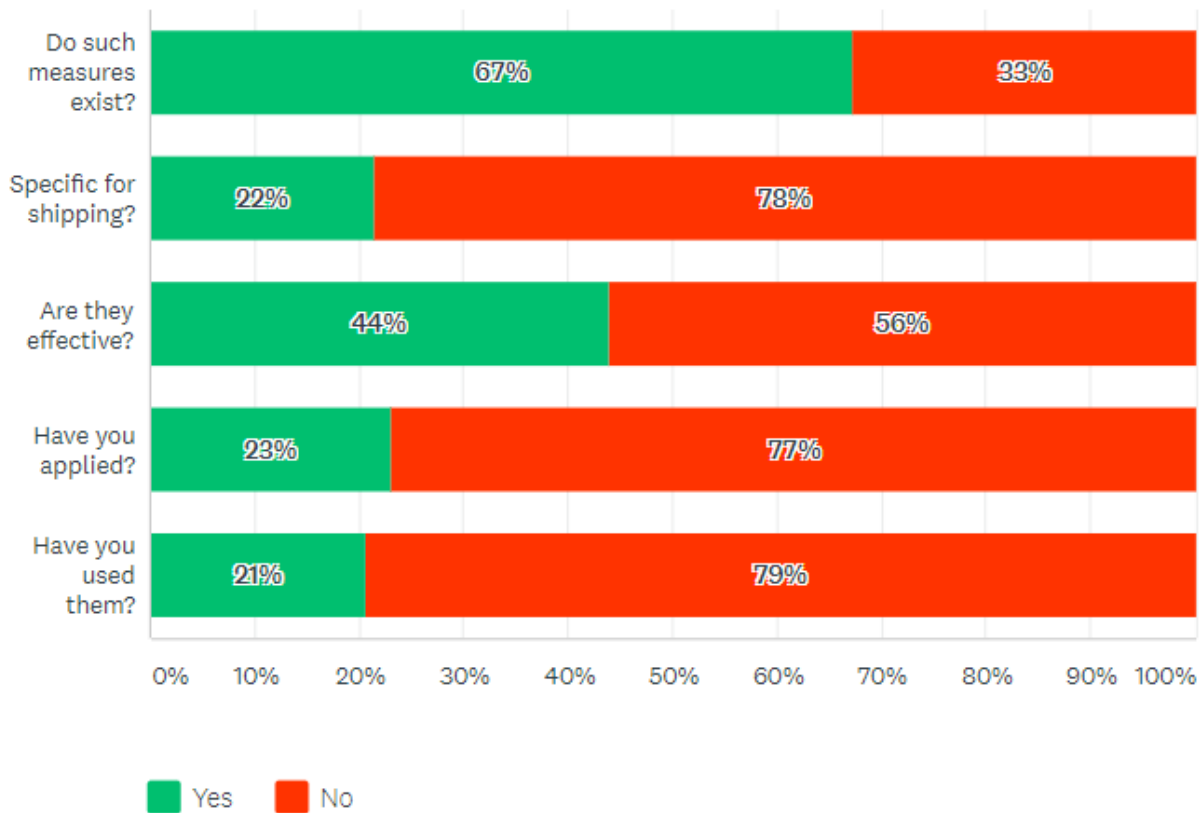
Figure 5: Expected development - without the effect of national supportive measures - for 2021 compared to 2020, with regards to seafarer and office jobs



Short term liquidity – government measures:

- In the majority of European countries, there are government measures in place to address short-term liquidity issues.
- Most of government measures addressing liquidity are not sector-specific.
- More than half of the companies claim that government measures addressing short-term liquidity are not effective enough to alleviate liquidity pressure.
- Around one quarter (23%) applied for such measures, and around one fifth of the companies made use of them.

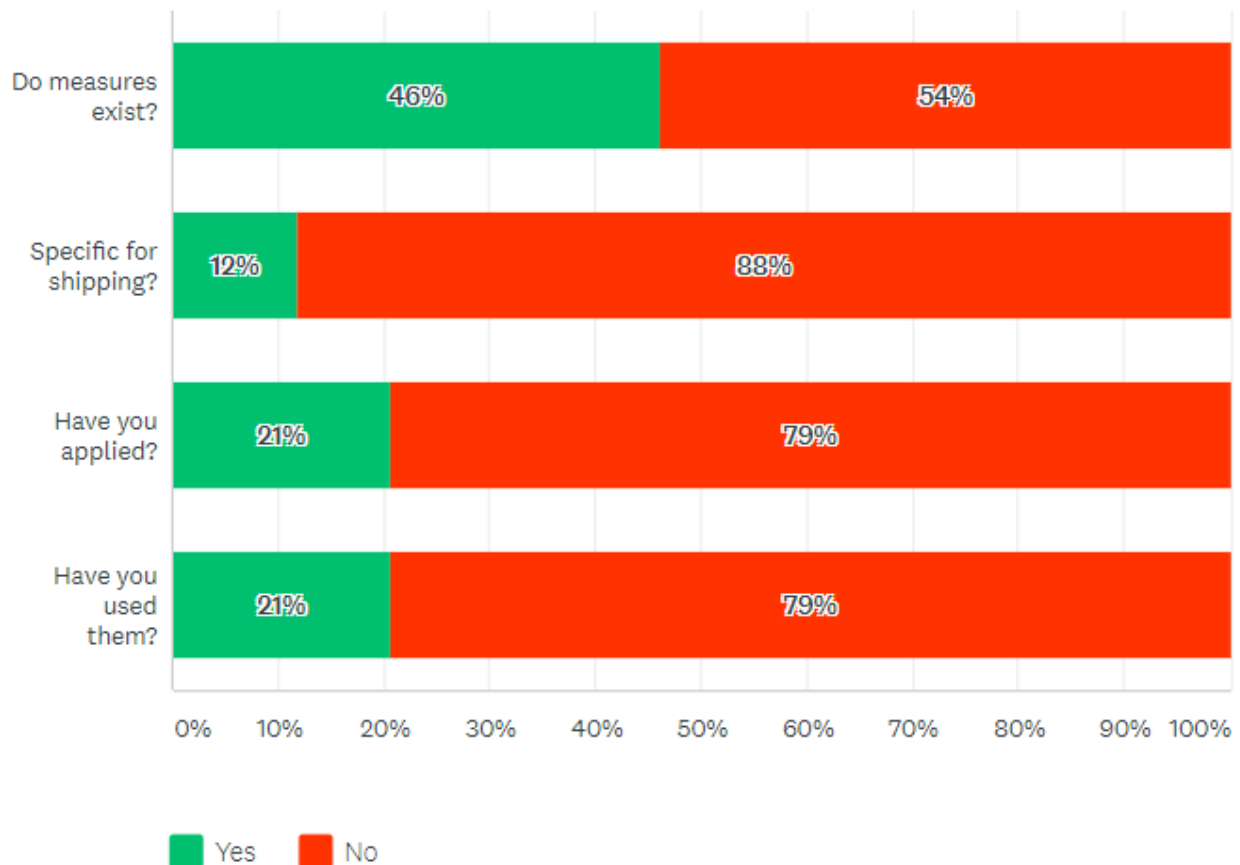
Figure 6: Governmental measures for short-term liquidity issues



Short term liquidity – bank measures:

- Nearly half (46%) of the companies indicated that banks offered measures addressing short-term liquidity issues.
- Only 12% of the banking measures are sector-specific
- One-fifth of companies applied for and used banking measures addressing liquidity issues.

Figure 7: Bank measures for short-term liquidity issues

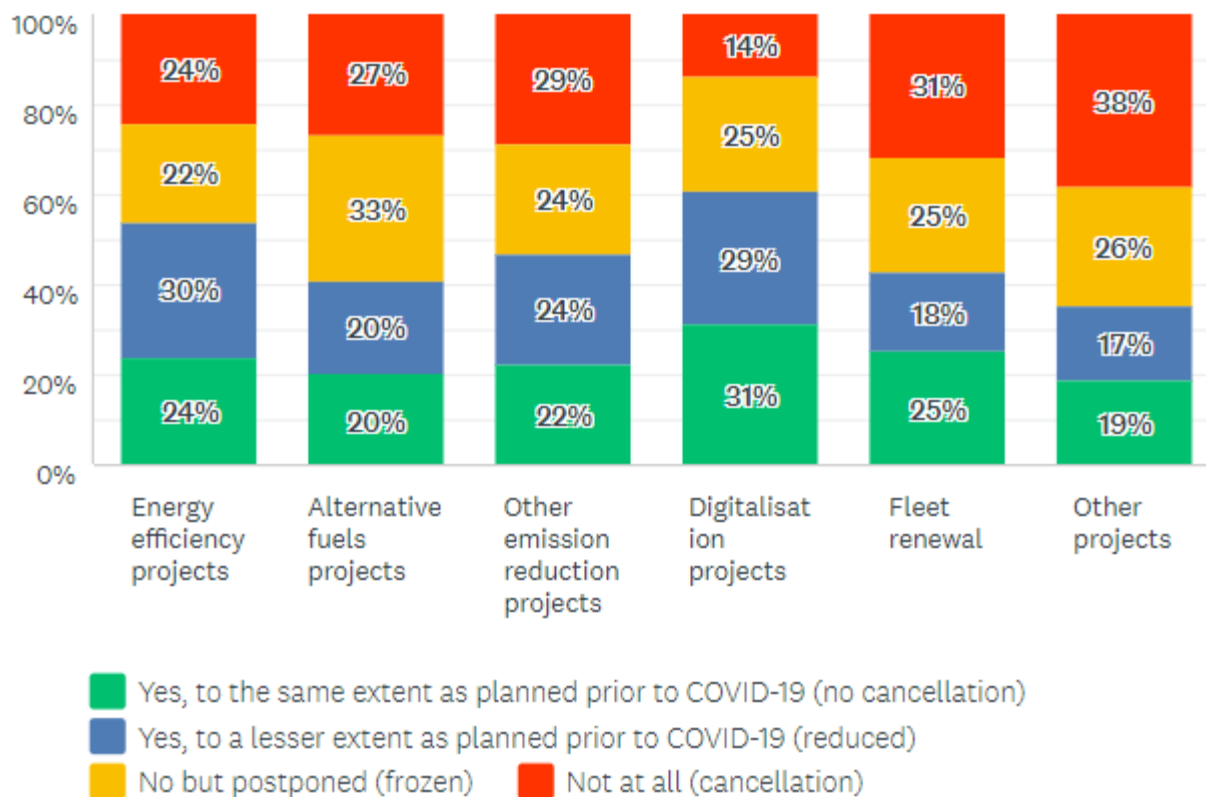


Section Two: Impact on investments

Investment expectations for 2020:

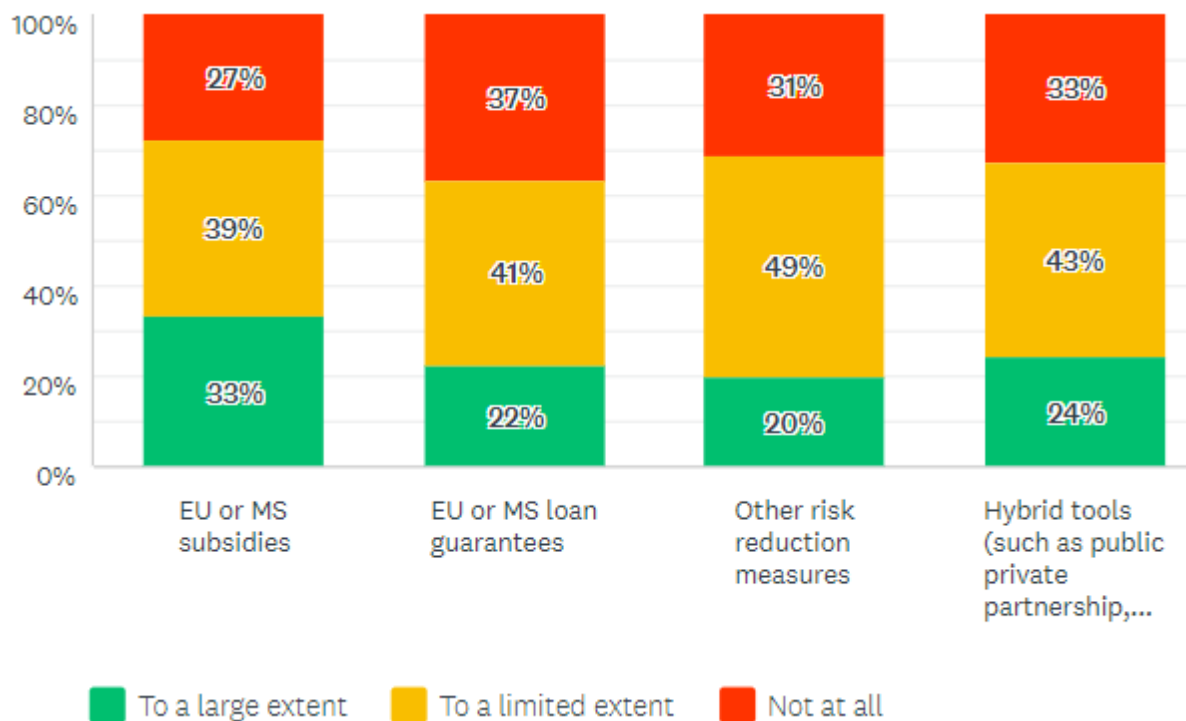
- Around one quarter of the companies indicated that they would cancel any of their investments except for digitalisation projects.
- Half of the companies indicated that in spite of the COVID-19 impact, they would still invest energy-efficiency projects in 2020, but more than half of them still has to reduce the investment.
- More than half of the companies are not investing in 2020 in alternative fuel projects, other emission reduction projects and fleet renewal.
- Digitalisation projects seem to be viewed differently with 60% of companies still investing in them and significantly less are cancelling these projects compared to other areas of investment.

Figure 8: Do you expect to be able to invest in 2020?



In order to support the investment projects (mainly focusing on sustainability and digitalisation) the following financial instruments are considered to be helpful. It seems that direct subsidies are most welcomed. However, none of these measures are sufficient to ensure that the initially-planned investments projects would still go ahead as originally foreseen.

Figure 9: What financial tools would be sufficient in order for the expected investments to go ahead?



- End -