

The balance of transatlantic boat trade tips in favour of Europe

A 25% TARIFF ON ALL AMERICAN BOAT IMPORTS COMING INTO THE EU COMES ON TOP OF AN ALREADY ADVERSE EXCHANGE RATE FOR US EXPORTERS

WORDS: ARLENE SLOAN

Europe posted its fastest growth since 2007 as economic recovery consolidated and delivered real GDP growth of 2.6% in 2017. Against that backdrop, a return of consumer confidence and willingness to spend on discretionary items finally gave traditional boating markets in Europe the boost they needed to put boat sales in the industry's second biggest market back on a growth path. Rising employment and incomes have provided a sustainable foundation for continued GDP gains in 2018, albeit at more modest forecast pace of 2.1%.

Our annual round-up reveals that Europe-based businesses are trying to make the most of the turnaround and reaping some of their best results across the region in a decade. As *IBI's* consolidated figures for Europe demonstrate, the region holds huge potential for boating, home to an estimated 36 million boaters, a fleet of some six million boats, and some of the world's most coveted cruising grounds served by more than 4,500 marinas.

This rosy outlook, however, is more clouded by the recent outbreak of trade tensions instigated by US President Donald Trump. Retaliatory measures imposed by the EU in June, in response to US tariffs on steel and aluminium imports include a 25% tariff on all boats imported from the US.

DOLLAR DAMPENER

But US-made boats have not been enjoying success in Europe's recovery to the same degree as locally built boats. Although Western Europe remains the second-largest destination for US boats and engines, American exports to the region have been suffering over recent years as the US dollar gained strength over the euro and British pound, which has made US boats less competitively priced.

Overall US boat and engine exports recovered somewhat in 2017 but as the figures on the facing page show, dollar value of outbound boats to Europe came to only US\$335m – less than half that of incoming boats from the EU, which approached US\$900m last

year. Total volumes of US boat exports were higher than imports last year, but if excluding lower value segments such as rowboats, canoes, PWCs, inflatables and other boats, American imports into Europe drop to just about 2,200 units.

The European impact of these boat tariffs will fall disproportionately on dedicated importers and dealers for US

brands. *IBI* has already reported on the cancellation of orders for US boats by European dealers and estimates the potential loss of distribution margin to these dealers could be about 10-20% of import value or somewhere between US\$30m-60m.

UNDERMINING CONFIDENCE

Undoubtedly, this will be painful to individual dealers and their American boatbuilding partners, but because the value of imports are relatively small in terms of the overall European boating market (which is estimated at more than US\$22bn in spending across all categories), it is perhaps not surprising that the consensus regarding the potential impact of the tariffs on US boats was relatively muted among European industry representatives canvassed for this report.

Many of those *IBI* interviewed for this year's round-up judged that EU tariffs on boats will have a limited impact on local

markets over the short term. However, to be clear, most also expressed concern that prevailing protectionist actions could escalate and dampen global growth and are united in objecting to the imposition of tariffs on both sides of the Atlantic.

The most insidious and unpredictable threat of the current tariff tensions impacting the US, China, Canada, Japan and Europe is that it will undermine confidence in both business investment and consumer spending – which would be a real blow to an industry that has struggled for 10 years to regain its footing.

As the industry well knows, confidence is the real currency that underpins the health of the boating market. ■ ➔

EUROPE STATS

GDP (2017)
\$17,278 bn (+2.6%)

REAL GDP GROWTH (1Q '18, ANNUALISED)
2.2%

NUMBER OF ADULTS
550.8 m

NUMBER \$ MILLIONAIRES
10.8 m

BOAT PARK
~6,300,000

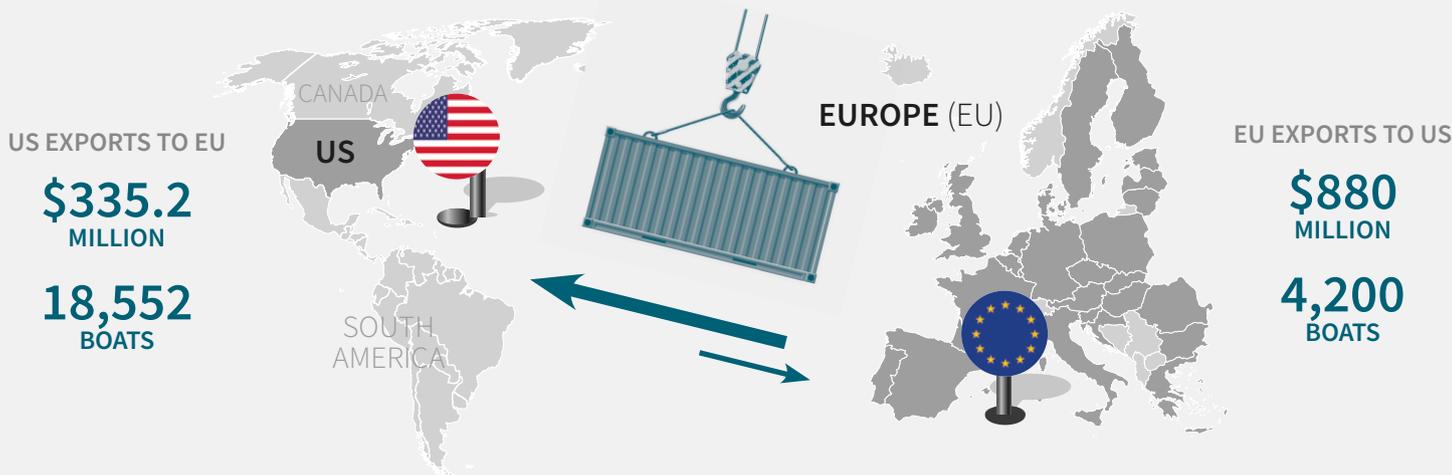
CONSUMER CONFIDENCE (JUL '18)
+46.2%

NEW CAR SALES (JAN-JUN '18)
+2.8%

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STATS & FACTS

COMPILED BY ARLENE SLOAN



US BOAT EXPORTS TO THE EU 2017

BOAT CATEGORIES	VALUE (\$mil)	UNITS
Sterndrive Motorboats	\$30	616
Inboard Motorboats	\$91	472
Outboard Motorboats	\$36	793
Sailboats w/out Aux Motors	\$1	230
Sailboats w/Aux Motors	\$38	75
Inflatables	\$3	1,012
Rowboats & Canoes	\$4	4,928
Other (incl. PWCs)	\$129	10,426
Total	\$333	18,552

Source: US Intl Trade Commission

TOP 10 EU MARKETS FOR IMPORTS FROM US (ALL BOATS)

COUNTRY	VALUE (\$mil)	UNITS
Spain	\$105	1,794
Italy	\$54	1,003
Belgium	\$51	731
Germany	\$41	3,862
Netherlands	\$21	3,915
France	\$21	2,567
United Kingdom	\$19	2,430
Finland	\$5	614
Malta	\$4	40
Sweden	\$4	612

EU BOAT EXPORTS TO THE US (2017)

BOAT CATEGORIES	VALUE (\$mil)	UNITS
Sterndrive Motorboats	\$88	174
Inboard Motorboats	\$657	551
Outboard motorboats	\$5	89
Sailboats w/Aux Motors	\$103	322
Sailboats w/out Aux Motors	\$12	1,025
Inflatables	\$6	1,211
Other (incl. PWCs)	\$9	825
Total	\$879	4,197

Source: US Intl Trade Commission

TOP 10 EU MARKETS FOR EXPORTS TO US (ALL BOATS)

COUNTRY	VALUE (\$mil)	UNITS
Italy	\$333	349
France	\$189	1,405
United Kingdom	\$180	1,194
Netherlands	\$72	234
Poland	\$38	102
Germany	\$21	237
Spain	\$11	129
Finland	\$10	87
Sweden	\$7	17
Slovenia	\$6	98

AUSTRIA



▲ Frauscher saw revenues climb 35%

SUMMARY Good growth in mid-size sailboats & cats. Croatia top draw for charters. Electric & small motorboats popular.
GDP(2017) \$440 bn
REAL GDP GROWTH (1Q '18, ANNUALISED) 2.3%
NUMBER OF ADULTS 7.1 million
NUMBER \$ MILLIONAIRES 248,500
BOAT PARK 65,000
CONSUMER CONFIDENCE (JUL '18) -5.4%
NEW CAR SALES (JAN-JUN '18) +3.4%



The Austrian leisure marine market, whilst small, entered 2018 on a strong footing, having just completed its second consecutive year of growth. Despite being a mountainous, landlocked country with few places to enjoy boating, its citizens enjoy a high standard of living and plenty of disposable income; with limited places to berth, most boaters can afford to keep their yachts in nearby Italy, Croatia or Slovenia.

Hannes Grassl at Trend Travel & Yachting, one of Austria's leading boat dealerships and charter firms, told *IBI* that demand for sailing yachts from 40ft-44ft increased in 2017, as did monohull sailing yachts over 55ft and catamarans from 40ft-45ft. "Most of our clients want to keep their boats in Croatia," he says.

Trend Travel & Yachting represents Jeanneau sailboats and other French brands such as Neel Trimarans and Bali Catamarans. The company also operates two charter bases in Croatia and one in the Cape Verde Islands.

"Our yacht charter department is performing particularly well," says Grassl, adding that turnover grew by 8% in 2017. "Very low demand for charters in Turkey was outstripped by Greece and Croatia,

where demand was strong. We've also seen increased demand for the Caribbean, Polynesia and Thailand/Malaysia."

Most Austrian companies, whether they're targeting customers looking to use their boats at home or abroad, are small, family-run operations – and business is said to be thriving. In Austria itself,

“There is talk about the government tightening the rules for electric boats, which has created some instability in the market”

where restrictions on the use of marine combustion engines are in force on the country's lakes and rivers, electric boating and sailing are the norm.

"The market is still on a high level," says Stefan Frauscher of Frauscher Boats, Austria's biggest shipyard. "Electric boats are still very popular because of

government regulations for powerboats on our lakes. But the local powerboat market is performing well too," he says.

Whilst predominantly export-led, Frauscher managed to grow revenues by 35% during the year ended August 31, 2017 – its most recent available figures. More than 30 electric boats left the shipyard in Ohlsdorf during this time, and sales of premium motoryachts were on an even higher level.

"There is talk about the government tightening the rules for electric boats, which has created some instability in the market, but most of the players are feeling positive about the year ahead," Frauscher maintains.

Hannes Grassl is also optimistic. "The demand for charter is still growing," he says, adding that the new Jeanneau Sun Odyssey 319, 410, 440 and 490 will help lift sales next season.

As for the EU's decision to impose retaliatory tariffs on imported products from the US, both Frauscher and Grassl are largely unfazed. "Importers of powerboats from the US will have problems with the new taxes, but European manufacturers will be more than happy to close this gap," Grassl says. ■



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EUROPE | ROUND-UP

BELGIUM



▲ **New boat sales remain slow in Belgium**

SUMMARY Small motorboats dominate local market. New boat sales up in 2018, but financing is limited. Strong growth in boat licenses, lessons, rentals.

GDP(2017) \$529 bn

REAL GDP GROWTH (1Q '18, ANNUALISED) 1.3%

NUMBER OF ADULTS 8.8 million

NUMBER \$ MILLIONAIRES 340,000

BOAT PARK 45,000

CONSUMER CONFIDENCE (JUL '18) +100%

NEW CAR SALES (JAN-JUN '18) +2.8%



▼ **The 1st Belgian Boat Show Float in 2017 was a big success. This year's event will double in size**

While 2017 was a particularly bad year for Belgium's leisure marine firms, some segments of the industry are said to be picking up. Christophe Coseyns at Artexis, organiser of the Belgian Boat Show, told *IBI* that new boats from 8m-25m are difficult to sell – especially sailing yachts – and that charter is the preferred option for large models. Difficulties selling new boats are compounded by the widespread availability of second-hand yachts at rock-bottom prices.

“Sales of new boats in 2017 were bad,” Ludo Janssens at marine trade association Nautibel confides. “For sailboats, it wasn't good at all, while motorboats were only marginally better. Second-hand yacht brokerage was the only segment that performed well.”

Fortunately, 2018 is shaping up to be a bit better – particularly for sailboats over 40ft and small motorboats of 40ft and under. “Even 40ft-plus catamarans are doing much better,” says Janssens. “We're also noticing growth in boat rentals.”

For smaller sailboats under 40ft, Janssens says there's strong competition from the second-hand market.

Keen to reverse this trend, Artexis

“ *A lot of Belgians use the bigger boats in the Mediterranean. They often buy them there as well. The stupid BIV tax rule also sends customers to other countries* ”

recently launched a new on-water boat show in Breskens called the Belgian Boat Show Float. The first edition, in October 2017, was deemed a huge success, attracting around 4,500 visitors and 50 exhibitors. This year's event will be double the size on land and on water, with double the number of exhibitors.

Like last year, small motorboats under 9m continue to account for some 80% of local demand, and while many are taken to the Mediterranean for the summer boating season, others are used on the Belgian coast and inland waters. When it comes to bigger boats, most Belgians use and often buy them in countries like the Netherlands, France, Spain or Croatia.

“Using a boat in Belgium is not as attractive as in Holland or other countries,”

Johan Callebert at Powerboatscenter (PBC) told *IBI*. “Our coastline is boring with nowhere to anchor.”

PBC is an importer of Bayliner, Four Winns, MasterCraft and other powerboat models from the US. The company also offers maintenance and repairs. “Most of the boats we sell are trailerable, but some are bigger – up to 45ft – and those tend to be purchased second-hand,” Callebert says.

“A lot of Belgians use the bigger boats in the Mediterranean,” he adds. “They often buy them there as well. The stupid BIV tax rule (a one-time vehicle registration tax) in Belgium of about €2,500 on 7.5m-plus boats also sends customers to other countries.”

According to Nautibel's Ludo Janssens, one of the greatest challenges in the B2C market in Belgium is a lack of financing.

“There is, for the moment, just one small solution – French leasing,” he says. “However, French tax legislation is becoming less interesting.”

“But either way, there are no more yards in Belgium, so there's no more boat production and no export. From time to time a new (small) company will start a new project – like Domani Yachts. Let's hope it works!” ■



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CROATIA



▲ High sojourn tax threatens growth

SUMMARY Dynamic charter market, up 11% for 2017. Mid-size sailboats dominate charter fleet of 3,650. Marina taxes and scarce moorings threaten further growth.

GDP(2017) \$55 bn

REAL GDP GROWTH (1Q '18, ANNUALISED) 2.5%

NUMBER OF ADULTS 3.4 million

NUMBER \$ MILLIONAIRES 3,400

BOAT PARK 105,000

CONSUMER CONFIDENCE (JUL '18) +19.0%

NEW CAR SALES (JAN-JUN '18) +19.3%

Croatia, home to around 40% of the world's yacht charter fleet, is a top destination for visiting yachts and its nautical tourism sector has never been stronger. According to Slaven Štrković from the Croatian Association of Boatbuilding, part of the Croatian Chamber of Commerce, around 202,000 vessels passed through Croatian nautical ports in 2017, generating income of around €115m – an 11% increase over the previous year. Close to 700 companies operate in the Croatian charter sector, with a total fleet of around 3,650 yachts, making it the top yacht charter destination worldwide.

"Charter is a very important part of Croatia's leisure marine market," Štrković told *IBI*. "In 2017 there were 69,700 bookings and almost three million tourist nights related to charter. The market is growing every year."

Sailboats dominate the bareboat charter market, he says, accounting for 95% of all bookings. The weak spot in the market is the production of luxury yachts. In 2017, Croatia exported 92 sailing boats worth €10.1m, 65 motorboats and yachts worth €19.9m, and 616 RIBs and inflatables worth €705,344. There are roughly 105 small and medium-sized shipyards based in Croatia, of which just 50 are said to be active.

"Domestic boatbuilding companies need investment in their production capacities in order to maintain and improve their production levels," says Štrković.

"There are not many luxury motoryachts or sailing boats in domestic production. The capacities and probably the image of small Croatian shipyards is obviously not on a high-enough level for the production of most luxury yachts.

"Entrepreneurs often complain about insufficient state aid for boatbuilding manufacturers, and a lack of government support for this sector," Štrković explains. "Some 10 years ago, the Croatian government raised a tax on leisure boats, putting it into the luxury goods section, and the result was that many companies went out of business."

Too few marinas and places to berth is another drawback in Croatia. "There are new moorings in the marinas every year, but still it is not enough."

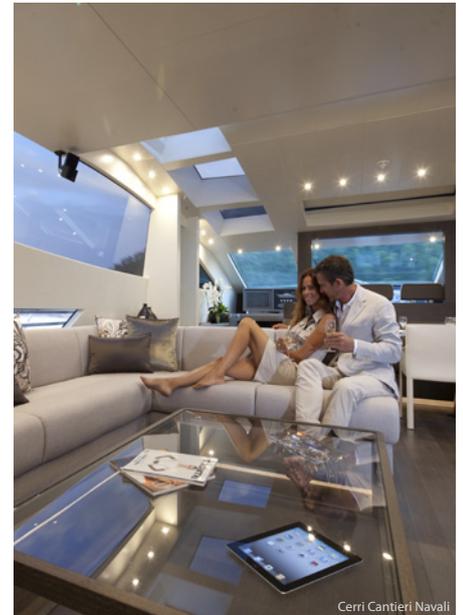
Compounding the problem is a new sojourn tax (a tourist or visitor's tax) introduced by the Croatian government in 2017. This year, the government significantly raised the rate applied at marinas on all types of boats – private, charter and superyachts. "This has created big problems, and some charter companies are allegedly moving to other Mediterranean countries," Štrković says.

Total-Croatia-News.com reports that owners of yachts from 9m-12m previously had to pay around €150 per year. The tax is now around €775. Vessels above 20m previously had to pay €227. They will now pay €1,939.

Late last year, the Marina Association at the Croatian Chamber of Commerce sent a letter of complaint to the government. Association president Sean Lisjak said the increase was introduced during the peak of the tourist season and did not receive much attention. There has now been a backlash among boaters and marina owners. "We've sent a letter asking for an explanation as to why these draconian fees are being introduced and what type of consequences they will have for nautical tourism in Croatia," he said. "Clients are really disgusted with this decision. Depending on vessel category the increases range from 56 to 753%."

Lisjak urged the parliamentary committee overseeing the tax to reconsider and find a "rational" solution. "If something does not change, one can expect a dramatic drop in the nautical traffic in the Adriatic," he said. "Every kuna means a lot, but it's better to earn that kuna in the marinas and restaurants than from the tax. ■ ➡"

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EUROPE | ROUND-UP

DENMARK



▲ Quorning's Dragonfly 25 trimaran

SUMMARY Sailboat & fishing boat exports sustain Danish builders. Imported motorboats lead domestic sales. Exceptional summer boosts marina stays.
GDP(2017) \$287 bn
REAL GDP GROWTH (1Q '18, ANNUALISED) -0.6%
NUMBER OF ADULTS 4.4 million
NUMBER \$ MILLIONAIRES 211,000
BOAT PARK 310,000
CONSUMER CONFIDENCE (JUL '18) -8.5%
NEW CAR SALES (JAN-JUN '18) -2.5%

In Denmark, the smallest of the four Scandinavian markets, 2016 and 2017 were the boating industry's best years since the financial crisis – and 2018 is shaping up to be another solid year of growth. According to Statistics Denmark, just under 900 yachts were produced in Denmark last year – a substantial rise over 2012, when numbers were closer to the 100 mark. "Yacht production in Denmark is back at 2007/08 levels," says Sonja Ernstsén,

SONJA ERNSTSEN, GENERAL MANAGER
SKIB & BAD

Turnover at dealerships has halved since 2009, but we expect increased revenues in 2018 due to an exceptionally good summer this year

general manager at Danish boating industry association Skib & Bad (formerly Danboat). "Turnover at dealerships has unfortunately halved since 2009, but we expect to see increased revenues in 2018 – not least because of the exceptionally good summer we've had in Denmark this year.

Ernstsén told *IBI* that optimism could be felt from within the industry as early as spring 2017, not long after the Fredericia Boat Show in February pulled in record crowds. Feedback from that time was overwhelmingly positive. And while the number of overnight stays at Danish marinas has also halved since 2007, this year's warm weather is providing added impetus. "In May alone, the number of nights increased by 42% compared with May 2017," Ernstsén said.

In terms of production, Denmark specialises in sailboats and small fishing vessels – mostly for export to Europe, Greenland and the US. X-Yachts is the country's largest serial boat producer with an output of around 200 performance-oriented sailing yachts each year, followed by a handful of smaller companies such as Quorning Boats, builder of the Dragonfly range of trimarans.

In terms of usage, however, the Danes tend to favour small motorboats, and sales of new and used models are enjoying relative strength. New boat rental companies that focus on electric powerboats, says Ernstsén, are an emerging trend. "This activity is primarily focused on the major cities," she explains, adding that sales of sailboats are still very slow.

In 2013, the Danish government introduced an insurance premium tax of 1.34% on yachts and other items such as property and vehicles. "The fee is usually higher than the actual premium amount for insurance," Ernstsén explains. "Together with the effects of the financial crisis, this has severely reversed the entire Danish yacht industry.

"The leisure marine sector is now a tax target with more and more key restrictions," she says. "Unfortunately, it's a regulatory regime is based on limited knowledge of the facts." ■

FINLAND



▲ Finnish boat exports are strong

SUMMARY Early spring sales expected to boost 2018 results. Aluminium motorboats enjoy rising popularity. Export demand for Finnish sailing yachts remains strong.
GDP(2017) \$244 bn
REAL GDP GROWTH (1Q '18, ANNUALISED) 3.1%
NUMBER OF ADULTS 4.3 million
NUMBER \$ MILLIONAIRES 80,000
BOAT PARK 1,160,000
CONSUMER CONFIDENCE (JUL '18) -4.3%
NEW CAR SALES (JAN-JUN '18) +8.0%

Beautiful spring weather in Scandinavia helped lift boat sales in Finland this year, with an exceptionally warm May taking boaters as well as dealers by surprise. "The weather plays a large role in boat sales, particularly with regards to small boats, and currently the sales are good," says Jarkko Pajusalo, CEO of Finnish marine industries federation Finnboat.

In 2017, Finnboat member companies reported aggregate net sales of €535m (ex-VAT, based on production and import prices) – a 3.3% increase on the year before. Domestic sales were down 0.6% to €251m, whereas exports climbed by 7.3% to reach €284.1m.

"Two already strong trends became even more pronounced in 2017," says Pajusalo. "The popularity of aluminium-built motorboats continued to grow, and large sailing yachts built in Finland fared well on global markets."

Finnboat's latest figures for the first ➔



▲ Finnboat's CEO, Jarkko Pajusalo



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six months of 2018 show a similar trend, with sales in the recreational boating sector up 2% compared to the same time last year. The highest growth segment was by far PWCs with 36% growth, while motorboats were 6% behind last year in new boat registrations.

“The motorboat market has strong segments too, such as outboard-powered and aluminium boats and the manufacturers are clearly showing

“ *The few sailing boats visible at Finnish boat shows stand out from the crowd, which is an opportunity that many boat-makers are missing* ”

strong effort in developing these segments,” says Pajusalo. “We see PWCs as one of the main ways for the younger generation to enter boating, but similarly small and affordable outboard-powered boats are in the entry-level market.”

Meanwhile, sailboats continue to suffer from weak consumer demand. As *IBI* went to press, only 11 new units had been registered this year. “Sailing as a hobby continues to be strong, but the market for new sailing boats appears to be saturated,” says Pajusalo. “The average



▲ Aluminium boats are popular in Finland

age of registered sailing boats in Finland is 26.5 years and the existing fleet is ageing. This increases the demand for upgrade and maintenance, but also results in higher imports of younger pre-owned boats due to the fact that the Finnish fleet renewal is so slow.

“There is still a market for sailing boats in Finland, but it requires some investment and risk-taking from the manufacturers to support the dealers,” he adds. “The few sailing boats visible at Finnish boat shows stand out from the crowd, which is an opportunity that many boat-makers are missing.”

In addition to changing consumer habits, Pajusalo told *IBI* that the Finnish market is held back by the sheer number of boats already in the country. With 1.16 million boats and 21 boats per 100 people, Finland has the highest boat density in the world.

As for exports, the latest Finnboat statistics show that sales were down by 6% in the first four months of 2018 compared to the same time last year. The value of Q1 2018 boat exports totalled €52.28m, which was 6.32% less than a year ago. Altogether 2,673 boats were exported in the first three months of 2018 (3,372 in Jan-Mar 2017) at an average price of €19,559 per boat (€16,551). The biggest export destinations were Sweden, Norway, Russia, Germany and Switzerland.

“Our traditional markets – Sweden and Norway – have been slow so far, whereas we have seen nice growth in countries like Russia and Switzerland,” says Pajusalo. “The export order book is strong and the second half of 2018 will probably show growth as deliveries of bigger yachts should have taken place by then.”

Like most of Scandinavia, an exceptionally warm summer in Finland has driven record numbers of people out onto the water. “Based on our annual pulse, which we always take at the beginning of the year, our members are more optimistic than last year,” Pajusalo adds. “Some 61% of companies expect their net sales to grow versus 51% in the previous year.” ■



▲ Global growth boosts French production

SUMMARY Europe’s largest consumer boating market on an upward trend. French builders expect gains in boat production, exports and local sales.
GDP(2017) \$2,834 bn
REAL GDP GROWTH (2Q '18, ANNUALISED) 1.7%
NUMBER OF ADULTS 49.2 million
NUMBER \$ MILLIONAIRES 1,949,000
BOAT PARK 510,000
CONSUMER CONFIDENCE (JUL '18) 0.0%
NEW CAR SALES (JAN-JUN '18) +4.7%

Signs of growth in the French leisure marine market were underlined by Yves Lyon-Caen, president of the Federation of Nautical Industries (FIN), at the traditional press conference at the start of last year’s Paris Nautic Boat Show. “We are experiencing a favourable national environment, backed by an international market that is equally positive,” said Lyon-Caen, who is also the president of the Supervisory Board of Groupe Beneteau. “The market is very dynamic in the USA, particularly the outboard motor sector, and it is just as good in Europe. Against this global growth, French nautical operations have been very dynamic.”

This is particularly true for sectors involving the growing outboard motor market, with engines that are becoming even more powerful for units of 10.5m-11m.

Precise details on the French nautical industry come from the ‘Chiffres Clés du Nautisme’ (Key Figures for Boating) published annually by FIN. The 2017 edition of this ‘industry bible’ presents annual figures from September 2015-August 2016. The 2018 edition was not available as *IBI* went to press. ➔



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With a total of 40,510 employees, the whole of the French nautical sector had a turnover of €4.6bn for the period, up 4.3% on the previous year. Retail trade, maintenance and refit activities represent the largest sector, or 32% of the total industry, with turnover of €1.66bn (+1.4%). The industrial sector – covering both production and import of boats – accounted for 23% of the total industry and was up 12% in 2015/16 with reported turnover of €1.07bn. Turnover in the equipment sector was €540m, up 2.3% for the period.



▲ Yves Lyon-Caen, FIN president

Boat production did particularly well with turnover of €945.5m (up 12% compared to €843.4m the previous period). After solid growth of 13% in 2014/15, sailboat production – the spearhead of the French boating industry – has further improved to reach turnover of €563m in 2015/2016, up nearly 10% with more than 78% generated in export markets. These results have consolidated France's position as world leader in the sailboat industry. While live-aboard monohulls registered milder progress with sales of €307.4m (+0.8%), the multihull segment continued to accelerate, achieving turnover of €247.5m (+15.5%).

French motorboat production has also been climbing – up nearly 20% with turnover of €368.6m, driven by the dynamic market for units between 9m-12m and those over 15m. Exports during 2015/16 also consolidated France's presence on the international market in motorboats, representing 70% of segment turnover.

France's domestic market registered a convincing recovery as well, increasing 23% to reach €237m, after four successive years of contraction. French motorboat sales accounted for nearly €109m (up 25%) while home demand for sailboat sales also posted strong gains of approximately 22% to €122m in turnover.

In all, 50,336 leisure boats were manufactured in France in 2015/16, up 20.6%. This positive outcome marks a turnaround after the preceding years of contraction and is principally the result of swift sales in larger boats over 12m – with a turnover gain of 20% for motorboats and 22% for multihull sailboats. ■

“ We are experiencing a favourable national environment, backed by an international market that is equally positive ”

While the Volvo Ocean Race now has an undisputed overall champion – congrats to Dongfeng Race Team – we at Mastervolt also feel a little like winners too. All seven yachts in this close race were fitted with our electrical systems and each came through 45,000 nautical miles unscathed. The way they endured extreme weather, sky-high waves, stifling humidity, heavy rains and summer & winter conditions in the same week is a tribute not only to our premium quality products. The Mastervolt engineers and race support team also put in a winning performance to make us proud. Like to know more about our systems? See www.poweredbymastervolt.com/system for details.

EUROPE | ROUND-UP



GERMANY



▲ German firms are optimistic for 2018

SUMMARY Charters booming at home and abroad. Catamaran and larger sailboats are selling well. Bavaria sale reported to be 'imminent'.
GDP(2017) \$4,171 bn
CONSUMER CONFIDENCE (AUG '18) 2.3%
NUMBER OF ADULTS 67.2 million
NUMBER \$ MILLIONAIRES 1,959,000
BOAT PARK 485,000
CONSUMER CONFIDENCE (JUL '18) -0.9%
NEW CAR SALES (JAN-JUN '18) +2.9%

German leisure marine firms reported another year of moderate but steady growth in 2017, with sales of marine goods and services (excluding superyachts) up by 4% over the previous year to just over €2bn. It was the best year since the financial crisis of 2008/09 and was buoyed, in part, by a strong and stable economy.

"We've had growth in nearly all segments of the watersports industry," says Jürgen Tracht, managing director of national watersports association BVWW. "The only exception was diving, which is not doing that well because of the political situation in Egypt and Turkey."

According to the BVWW's annual year-end survey, 85.7% of respondent companies said that business in 2017 was 'better than' or 'equal to' the year before. "People have money, they have it in their pockets, and they're spending some of it on boating," Tracht told *IBI* at the Düsseldorf boat show in January.

There is a clear trend in Germany towards large sailing yachts and catamarans, both sail and power. "People want bigger, more expensive boats," says Tracht. "At the same time, there's another trend towards small, outboard-powered

▶ BVWW managing director Jürgen Tracht



motorboats that can be handled easily. People like them because they offer more onboard living space, less maintenance and lower fuel costs. These things are important to consumers."

Statistics show that 4,614 boats valued at €183.98m were imported into Germany last year, with motorboats accounting for €126.2m (68.6%) of the total. Most came from Poland, Belgium, the US or France – particularly small outboard-powered boats, small and mid-sized inboard models, and sailboats.

A new generation of younger boaters with limited access to finance has also helped boost sales at charter firms, as most choose to rent instead of buy. With 7,800km of inland waterways that are mostly drivers' license-free, Germany is a popular destination for local watersports enthusiasts.

According to the latest figures, German charter and rental companies reported growth of 5-8% in 2017 for both domestic and foreign destinations. "Our charter companies are doing really well," says Tracht. "They had a very successful season in 2017 and business was extremely good on the inland waterways."

"Boat exports are also doing really well because so many countries outside of Germany are doing well," says Tracht, adding that demand is mostly for large inboard motoryachts and sailboats.

Domestic builders exported 3,096 boats worth €1.88bn in 2017, including 1,776 motorboats worth €1.75bn (a 93.2% share of total sales and a figure that includes the sale of six superyachts valued at €1.2bn).

Germany also claims to be the second-largest builder of sailboats worldwide, exporting 861 units worth €122.9m in 2017. Most are destined for the US, UK, France, Croatia, Italy and the Netherlands.

Casting a dark shadow over the German market this year, however, was the shock news in April that Bavaria, one of the world's biggest production boatbuilders and the largest series boat producer in

Germany, had filed for voluntary administration and was seeking a strategic and financial investor to put the operation back on a sound financial basis.

As *IBI* went to press, Bavaria's owners – private equity firms Oaktree and Anchorage – said they were expecting the sale of the business to complete within days.

In the meantime, German leisure marine firms have entered 2018 with a healthy dose of optimism. "We've just had the best year since the financial crisis of 2008/09 with turnover a little bit more than €2bn, which is 4% more than the year before. It's not that much, but it's nice to see and it's a good sign," says Tracht. "There's no doubt about the future, from our point of view." ■



GREECE



▲ Charter is a growing sector in Greece

SUMMARY Industry decline reversed in 2017, up 12%. Boat rentals & powerboat sales (3-6m) expanding. Taxes threaten industry growth.
GDP(2017) \$299 bn
REAL GDP GROWTH (1Q '18, ANNUALISED) 2.3%
NUMBER OF ADULTS 9.0 million
NUMBER \$ MILLIONAIRES 88,000
BOAT PARK 175,000
CONSUMER CONFIDENCE (JUL '18) +4.8%
NEW CAR SALES (JAN-JUN '18) +23.7%

After years of austerity and economic reform, the Greek nautical sector saw double-digit growth in 2017 – a welcome change from the decade-long downturn that characterised the industry in the wake of the financial crisis. John Tyligadas, secretary general of Greek marine manufacturers' association SECAPLAS,



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told *IBI* that charter boats spearheaded the growth, followed by boatbuilding. This, in turn, helped lift sales of marine services and aftermarket products.

“Boat rentals is an expanding sector of the industry and we expect growth to continue well into the future,” Tyligadas told *IBI*. “Local boatbuilding has seen an important increase in sales as well, with the segment that scores most being small/medium-sized 3m-6m motorboats.”

According to the latest industry statistics, 2,919 boats were produced at Greek yards in 2017 – a 16% rise over the previous year but still 60% down on pre-crisis levels. Of this total, 85% were small boats under 6m in length.

“The particular strength of our national brands lies in the ability to build bespoke and highly customised boats, in contrast to bigger players that may not be able to do so due to their high-volume production orientation,” Tyligadas explains, adding that Greek motorboats from 5m-10m are big sellers in the EU and other nearby markets.

In Greece itself, where VAT is a hefty 24%, all recreational boats over 7m in length are subject to an additional 10% ‘luxury’ tax – a measure that is strangling the sector’s growth. If overall taxes were brought down to viable levels, says Tyligadas, the local market would be able to put more focus on the medium to large-sized boat segment. “This would enable boatbuilders to produce higher margin boats, which would also increase sales in the services and aftermarket sectors,” he says. “As such, the aggregate taxes collected from our industry’s activities would be larger by volume than they are today by percentage.”

According to Tyligadas, Greece has more than a few outdated regulations in need of modernisation. “Taxation should also be revisited and simplified as the sheer amount and uncertainty scares off potential customers,” he says. “SECAPLAS, along with the other marine associations, is at the forefront of communicating the industry needs for growth as well as the GDP contribution potential to the relevant government agencies and we are confident that we’ll see a rational and pro-growth national framework in the next couple of years.”

Also under consideration by the Greek government is a new mooring tax

for visiting yachts. Stavros Katsikadis, president of the Greek Marinas Association (GMA), has strongly criticised the move which, according to some sources, could result in a 60% rise in the annual cost of a marina berth.

If the new tax is implemented, its impact could potentially devastate the country’s marine tourism sector, driving foreign-owned yachts to moor elsewhere. And with Greece having recently banned non-EU flagged yachts from chartering in the country, Turkey

is becoming an increasingly popular charter destination.

Nevertheless, Tyligadas says the mood in Greece is considerably more positive now than it was last year. “Marine firms are beginning to design for the future as well as plan for the expansion of their operations, something which was just not the case a short few years ago,” he says. “This sentiment stems from the increase in boat sales for 2017 and the prospects of more growth in the coming years.” ■ ➔

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ITALY

▲ Genoa show back in growth phase

SUMMARY 2017 up about 10%, marking four years of growth. Boat purchase/leasing contracts reveal strong domestic sales. 80% of Italian made boats are exported.
GDP (2017) \$2,310.1b
REAL GDP GROWTH (2Q '18, ANNUALISED) 1.1%
NUMBER OF ADULTS 48.5 million
NUMBER \$ MILLIONAIRES 1,288,000
BOAT PARK 578,000
CONSUMER CONFIDENCE (JUL '18) +0.3
NEW CAR SALES (JAN-JUN '18) -1.4%

The Italian leisure marine market experienced its fourth consecutive year of growth in 2017, driven by strong exports and a domestic resurgence of all things boat-related. While official figures won't be presented until the 2018 Genoa Boat Show in September, Carla Demaria, president of Italian trade association UCINA, told *IBI* that the sector grew by roughly 10% last year and that 2018 is heading down a similar route. "Exports are leading the way, as usual, with over 80% of boat production sold abroad," she says. "The stronger segments are maxi RIBs and superyachts, which are always in high demand."

Lamberto Tacoli, president of Nautica Italiana, agrees. "A growing trend is undoubtedly the RIB and maxi-RIB market," he says. "The growing demand for these new and luxurious inflatables is indeed remarkable. Another sector which is booming at present are under-40ft motorboats. The second half of 2017 registered a positive trend also for small powerboats up to 20ft, thanks to an improved consumer index amongst the Italian population."

According to Nautica Italiana, the value of new-boat production in Italy

reached €2.3bn in 2017 – up 14% compared to the previous year. The figures come from a study prepared by Deloitte for the trade group.

"The market in Italy is growing both in terms of boatbuilding and chartering on the Italian coast," says Tacoli. "For the first time, Italy was the leading country last year for superyacht calls."

Recent statistics from Italian leasing association Assilea show that the total value of boat-buying contracts signed in 2017 soared by 58% over the previous year, while the number of contracts signed was stable yet substantial. This trend continued into the first five months of 2018. "These statistics are important as they show the tendency of boat purchase leasing contracts, the most common financial contract for Italian buyers," says UCINA's Carla Demaria, who also serves as president of the board of directors at Monte Carlo Yachts (MCY).

But while Italian customers may be back, there is still plenty of scope for growth. "This is especially true for the mid-range boat segment, which vanished during the financial crisis," Demaria adds. "Outboard-powered motorboats and multihulls, however, are all excelling due to the availability of engines with greater thrust and the increasingly popular concept of having multiple motors. These can now be found on boats of up to 15m, an unprecedented length."

A recent poll shows that 69% of UCINA members expect sales to grow in 2018, while 17% expect business to be on a similar level to last year. Only 3% of associate

CARLA DEMARIA, PRESIDENT
UCINA

Outboard-powered motorboats and multihulls are all excelling due to the availability of engines with greater thrust

members expect the situation to worsen. Demaria points to the new Italian boating code that came into force in February, bringing with it a raft of boater-friendly regulations that should boost sales in the coming season. "There are interventions which benefit marina activities on our coasts, such as the reduction of VAT to only 10%, and that make our coasts more competitive with regards to France, Croatia and Spain," she says.

Meanwhile, Lamberto Tacoli at Nautica Italiana warns of potential dark clouds on the horizon. "Though the outlook appears positive, many firms are on the lookout for problems that might potentially arise from the export market, especially in the USA," he says. "Should they be actuated, the steep trade tariffs imposed on EU goods are certainly a matter of concern for the whole Italian nautical sector."

UCINA has operated since 1967 and organises the Genoa International Boat Show, which will celebrate its 58th edition in September. ■



◀ UCINA president Carla Demaria says the trend for large outboard installations is having a direct impact on the domestic market ▶



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NETHERLANDS



Photo: Heesen Yachts

▲ Builders like Heesen had a banner 2017

SUMMARY Exports fuel banner year for superyacht builders & suppliers. Local market remains weak. Marina vacancies average 15%.
GDP(2017) \$916 bn
REAL GDP GROWTH (1Q '18, ANNUALISED) 2.8%
NUMBER OF ADULTS 13.2 million
NUMBER \$ MILLIONAIRES 335,000
BOAT PARK 508,000
CONSUMER CONFIDENCE (JUL '18) 0.0%
NEW CAR SALES (JAN-JUN '18) +12.1%

Dutch marine firms reported a slight improvement in turnover last year, with total industry sales up 1.0% to an estimated €2.27bn. According to national watersports association HISWA, the local market remains weak. Marinas, boatbuilders (excluding superyachts) and services all reported a decline in turnover in 2017, whereas Dutch suppliers, brokers, charter and retail operators saw growth. “Boat rentals are doing well, and so are sales of engines and small open boats, or sloops. We’re seeing a trend towards open boats or boats with smaller cabins,” says HISWA manager Jeroen van den Heuvel.

Marinas, however, continue to struggle with low occupancy rates – the result of weak domestic boat sales. “The average marina in the Netherlands has 15% of empty space. There are not enough boats to fill the marinas,” van den Heuvel explains.

Like other mature boating markets, the Dutch marine industry

◀ HISWA manager
Jeroen van den Heuvel

is being held back by an ageing boating population and lack of newcomers to the sport. Van den Heuvel says a strong and growing economy has only stimulated the need for immediate necessities such as large household items or cars. “Boats are lower on the list,” he says.

Exports, on the other hand, have proved a lifeline. “The superyacht industry is doing well, as they have in recent years, and our equipment suppliers are doing good business in foreign countries,” he says.

The Dutch superyacht sector had a banner year in 2017, launching 21 yachts worth €1.19bn – up from €927m in 2016 when Dutch yards launched 18 yachts. “We’re selling more superyachts at a higher total value, while also steadily increasing market share,” says Jeroen Sirag, export director at HISWA Holland Yachting Group, a lobby of 11 builders and 16 suppliers. Sirag told *IBI* the Dutch industry is planning investments “over the next two years in bigger facilities...The same, by the way, goes for suppliers.”

“*Boat rentals are doing well, and so are sales of engines and small open boats, or sloops. We’re seeing a trend towards open boats or boats with smaller cabins*”

Feadship is opening a fourth yard in Amsterdam in 2019. There, it will be able to build to 160m. “The boats we build are getting longer. There is an evident shift to bigger,” Feadship CEO Jan-Bart Verkuyll told *IBI*, adding that higher taxes on imported US steel and aluminium will have no effect on Feadship’s business, given that its steel is made in the Netherlands.

Nevertheless, many of the smaller Dutch yards will be feeling the impact. “Some companies are very concerned,” says HISWA’s van den Heuvel. “We import a lot of sportsboats and boats especially made for sportfishing from the USA. These additional taxes are feared.” ■

NORWAY



▲ Mood positive at Oslo show in March

SUMMARY Warmest May in 100 years spurs record boat sales. Sales of small day cruisers & bow-riders up 15%. Poland & Finland lead imports.
GDP(2017) \$380 bn
CONSUMER CONFIDENCE (JUN '18) 0.3%
NUMBER OF ADULTS 4.0 million
NUMBER \$ MILLIONAIRES 201,000
BOAT PARK 800,000
CONSUMER CONFIDENCE (JUL '18) -3.4%
NEW CAR SALES (JAN-JUN '18) -1.6%

A long and drawn-out winter meant that Norwegian boat sales started much later this year. But when they did, business took a marked turn for the better. “Boat sales in Norway have been good so far, thanks to the warmest May in 100 years,” says Leif Bergaas, CEO at marine trade association Norboat. “Never before have our dealers sold so many boats in just one month.”

Demand continues to be driven by small day cruisers and bow riders from 4m-8m, with retail sales in that sector up by roughly 15%.

“Norway is a boating country,” says Bergaas, adding that almost one million pleasure boats currently ply its waters. “With a coastline of 100,000km and beautiful scenery, it’s no wonder that so many people get into boating. This explains the sheer number of dealers in our industry.”

Around half of the estimated 13,000 boats sold in Norway last year were below 8m and most were imported. Poland was the leading source of outboard-powered boats over 5.5m in length, accounting for 1,427 units, while Finland placed second. Sales of aluminium vessels, however, came

LEIF BERGAAS, CEO
NORBOAT

Business in 2018 appears to be on the same level as last year. We expect continued market stability with no big fluctuations

mostly from Finnish producers. Though a growing trend, aluminium boats are not yet as popular in Norway as they are in Sweden or Finland, though they are preferred modes of transport in the commercial sector. Sailboat brands are few and far between.

“In the absence of compulsory registration for recreational craft, it’s difficult to provide exact figures on the industry,” Bergaas explains. “However, business in 2018 appears to be on the same level as last year, and we expect continued market stability with no big sales fluctuations.”

Bergaas told *IBI* that the atmosphere at Norwegian dealers is positive – a mood that was reflected in this year’s Oslo International Boat Show (Sjoen for Alle) in March. Despite being a relatively small show, the Oslo event is a key barometer of the industry’s health.

Ibiza Boats, for example, sold 29 small motorboats at the show. “That’s very good and more than expected,” CEO Helge Duus told *IBI*, adding that 170 boats should leave the Ibiza factory in Arendal this year. Torstein Nilsen at Viknes was also pleased. “We were very satisfied, even if we didn’t sign any sales deals at the show,” he said. “We had much better interest than previous years, especially for our new Skilsö 930.”

Viknes builds around 80 motorboats each year at a facility in Askøy, just west of Bergen.

Nilsen also reported a slightly better market for used motorboats in Norway, with a strong demand for second-hand boats in general. “Some prices for used boats have even gone up since last year,” he said. ■



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POLAND



▲ The Wind & Water exhibition in Warsaw

SUMMARY Second-largest producer of small powerboats (mostly for export). Interest also rising for boats at home and in the Med. Builders expanding to match growth.
GDP(2017) \$525 bn
REAL GDP GROWTH (1Q '18, ANNUALISED) 5.2%
NUMBER OF ADULTS 30.6 million
NUMBER \$ MILLIONAIRES 57,000
BOAT PARK 35,000
CONSUMER CONFIDENCE (JUL '18) -14.8%
NEW CAR SALES (JAN-JUN '18) +10.5%

With limited demand for luxury yachts in Poland, the country's shipyards rely heavily on exports with around 95% of sales intended for overseas markets. Core production is from 6m-9m, and many yards double up as subcontractors for foreign firms. Small and medium-sized family-owned companies comprise a significant share of the estimated 900 businesses that are active in the Polish sector, but the availability of skilled labour and the relatively low production costs have also attracted major international players to Poland, such as Parker, Beneteau, Jeanneau and others.

According to Polboat, the Polish Chamber of Marine Industry and Water Sports, local builders produced around 21,500 boats in 2017 – up more than 13% from the previous year. This represented a near two-fold increase compared with 2009, when the Polish sector was hit by the global economic downturn and output fell to around 11,000 craft.

“Every year we report a sales increase of between 10% and 15% compared with the preceding 12 months,” says Polboat secretary general Michał Bąk. “The main export destinations [for Polish

boatbuilders] are Western Europe, Scandinavia, and the US.”

Bąk said that the increase in production in 2017 was particularly driven by motorboats. Polboat expects the industry's export sales for last year to be similar to 2016 – around PLN 950m (€25.5m).

When IBI visited this year's Wind & Water exhibition in Warsaw, the overall impression was of an industry experiencing a strong growth phase in OEM business and the domestic aftermarket. Investment in expanded boatbuilding facilities by many of the leading builders has been in response to improvements in world markets. However, there has also been a definite uplift in domestic demand for boats – both for use in Poland and for larger craft kept in the Adriatic and Mediterranean – and many exhibitors were very upbeat about the prospects for further growth during the next three years.

“Local builders produced around 21,500 boats in 2017 – up more than 13% from the previous year. This represented a near two-fold increase compared with 2009”

Poland's boat market is responsible for a relatively minor share of domestic production, but local industry representatives consider the luxury segment of the market – yachts with a price tag of more than €200,000 – to have the best potential, and expect it to continue its growth by a robust 10% per year.

The fact that the show attracted several representatives from overseas component and equipment suppliers visiting importers and major OEM clients reflects how important the Polish industry has become to the international supply chain. For a few years now Poland has been the European leader in the production of boats in the 5m-8m range and is now rapidly expanding production of larger models. ■

SLOVENIA



▲ Slovenia's Internautic boat show

SUMMARY Boatbuilders & component suppliers cite good exports. Imported sailboats, small powerboats & RIBs capture local sales. Many owners keep bigger yachts in Croatia.
GDP(2017) \$71 bn
REAL GDP GROWTH (1Q '18, ANNUALISED) 4.6%
NUMBER OF ADULTS 1.7 million
NUMBER \$ MILLIONAIRES 3,400
BOAT PARK 20,000
CONSUMER CONFIDENCE (JUL '18) -300%
NEW CAR SALES (JAN-JUN '18) +6.8%

Slovenia's leisure marine market, whilst small, is developing slowly. Most of the growth is coming from a handful of export-focused yards, whose high-quality standards of production, commitment to the environment and willingness to take on new and innovative projects have placed them firmly on the global yacht-building map.

According to Tone Britovšek, a founding member of the Slovenian Marine Industry Association (SMIA), one of the most important developments in recent years was the rebirth of Greenline, the former Seaway-owned builder of hybrid drive motoryachts that was rescued from insolvency by SVP Yachts in 2015.

As of 2016, Greenline has successfully presented and launched eight new models from 30ft-65ft. Elan, one of Slovenia's leading producers of performance sailing yachts and cruisers from 21ft-50ft, is also said to be performing well on export markets, while French yard Beneteau has just acquired a majority stake in Seascope. The yard, whose mission is to bring the performance of modern open race boats to recreational sailors by making them more practical and affordable, builds boats from 4.3m-8m and generated ➔

revenues of €4.2m in 2017. Other builders of note include Alfastreet, a producer of small electric-powered boats for use on lakes, and Seafaring Yachts.

According to Britovšek, Slovenians are mostly interested in chartering boats or having their own small sportsboat below 30ft. Yacht charter is a popular activity amongst Slovenians, but with just 47km of coast and only two big marinas, the opportunities for growth are limited. “Charter is not strong in Slovenia due to the fact that it is much easier and cost effective to rent a boat in neighbouring Croatia,” Britovšek says.

Those with large yachts tend to keep them in Croatia, mostly for practical reasons or cheaper mooring costs. “Slovenian marinas have the highest prices for mooring and services in the Adriatic,” he says.

“Local customers are more interested in inflatables, smaller fishing sport boats and sailing yachts of up to 50ft.”

“It is important to note, however, that Slovenian ports are very popular starting points for many newcomers when starting their nautical experience,” he adds.

At the 2018 Internautica Boat Show, held at Marina Portorož in May, Slovenian boat importers reported strong sales and encouraging leads. Interest was mostly for sailboat brands such as Hanse, Jeanneau and Beneteau, as well as Bavaria and X-Yachts. Small sportsboats from US and Italian manufacturers were also in demand.

“Bigger powerboats are sold globally and are sometimes delivered through Slovenian marinas, which are used as a kind of assembly point for different European producers – mainly for logistical reasons associated with transportation,” Britovšek explains.

As for weak spots in the market, Britovšek cites a shortage of engine and equipment maintenance and repair services, a poorly organised aftersales network, and the Schengen border with Croatia as just some of the industry’s barriers to growth.

“Financing is also not as easy to get as it was before the crisis,” he says.

“It’s not impossible to get a mooring space, but the high price could be one of the reasons why people choose not to buy.” ■

“Charter is not strong in Slovenia due to the fact that it is much easier and cost effective to rent a boat in neighbouring Croatia”

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SPAIN



▲ Spanish yacht charter is thriving

SUMMARY Thriving rental market (most boats are under 8m). Improving boat sales, especially over 12m. Strong superyacht refit business.
GDP(2017) \$1,774 bn
REAL GDP GROWTH (1Q '18, ANNUALISED) 2.70%
NUMBER OF ADULTS 37.4 million
NUMBER \$ MILLIONAIRES 428,000
BOAT PARK 200,000
CONFIDENCE (JUL '18) -0.8%
NEW CAR SALES (JAN-JUN '18) +10.1%

Once home to a thriving boatbuilding sector, Spain – with its 8,000km coastline and excellent weather year-round – has emerged from the crisis to become one of the world’s top charter destinations. According to ANEN, the Spanish marine trade association, boat rentals are booming – particularly in the Balearics, whose cruising grounds are known for their affordability and general safety.

ANEN’s latest figures show that 5,275 recreational boats were registered under the Spanish flag in 2017 – a 9.4% rise over the previous year. The largest boats, those over 12m in length, were up by 42% on average. “Charter is the sector that’s grown the most from 2014 to 2017,” ANEN’s president, Carlos Sanlorenzo, told *IBI*. “In 2017 alone, 1,570 recreational boats were registered in Spain for rental use – a rise of 24.7% compared to 2016.

The most popular boats for rental purposes are those below 8m in length, representing 83.6% of the country’s charter fleet. This segment grew by 20.6% last year in terms of registrations.

“The lengths that have grown the most, however, are boats over 12m, which grew at an average of 78%,” Sanlorenzo says.

▶ ANEN president
Carlos Sanlorenzo



By type of vessel, inflatables had the worst results in 2017 with a drop in registration of 1.6%. Sailboats are also growing at a slower pace than motorboats, although in 2017 they offered positive results with a 6.2% rise. “There’s less of a sailing culture in Spain,” Sanlorenzo explains.

As for boat manufacturing, Spain has lost almost 60% of its industry since the global financial crisis, although shipyards that specialise in niche markets such as superyachts or fishing boats are thought to be holding up well.

“So far this year we’re seeing a market slowdown compared to the 2017 season,” he adds. “However, we’ve noticed that boat users are changing and looking into new ways of enjoying the sea, especially related to the charter sector. In line with this, companies are incorporating new lines of business to offer their customers novelties adapted to the demand.”

Meanwhile, ANEN has been working tirelessly in recent years to convince the Spanish government to abolish a 12% ‘matriculation tax’ that is applied to the value of all private boats over 8m in length that are registered to Spanish residents, who also pay a hefty 21% VAT on all luxury purchases.

“It’s a tax that doesn’t exist anywhere else in the world,” Sanlorenzo states. “This tax, added to VAT, increases the price of a boat by 33%, which makes us less competitive and is a big obstacle to the development of the sector.

“It is also necessary to simplify bureaucratic procedures, which in some aspects are still very slow,” he adds. “In terms of funding, there is also a pending issue (which we intend to promote from our association) involving the financial sector more in the business activity of recreational boating.

“But undoubtedly the main problem going forward is taxation,” says Sanlorenzo.

In June this year, Mariano Rajoy was ousted as Spain’s prime minister

following a vote of no confidence in parliament and replaced by socialist rival Pedro Sanchez. “From our association’s point of view, we have an important short-term challenge to promote institutional relations with the heads of the competent bodies in our sector, within the new government in Spain,” Sanlorenzo explains.

“We need to continue moving forward in updating the legislation of our sector and to achieve a more favourable tax policy for Spanish recreational boating.

“In this regard, we are in contact with the automotive sector associations, in order to add synergies and raise together to the Spanish administration similar measures to achieve a taxation that allows both sectors to gain competitiveness, productivity and employment.” ■

SWEDEN



▲ Record sales at Stockholm show

SUMMARY New boat sales off 5-10% from 2017 tally (20,000 units). Best business is in small boats, including open aluminium models, up to 8m. Used boat segment is attracting newcomers.
GDP(2017) \$521 bn
REAL GDP GROWTH (2Q '18, ANNUALISED) 3.3%
NUMBER OF ADULTS 7.7 million
NUMBER \$ MILLIONAIRES 335,000
BOAT PARK 755,000
CONSUMER CONFIDENCE (JUL '18) +2.8%
NEW CAR SALES (JAN-JUN '18) +16.5%

Sales of new boats have been on the rise in Sweden for the last four years, increasing by roughly 20% each year since 2015. But while the country’s leisure marine market entered 2018 on a similar footing, Mats Eriksson, CEO of Swedish marine industry association SweBoat, told *IBI* that momentum has since waned. ➔



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◀ Mats Eriksson, SweBoat CEO

Like the rest of the world, Sweden's boating market was hit hard by the financial crisis, losing approximately half of its value.

The number of boats sold domestically plummeted in 2008/09 to its lowest point of around 12,000 units, less than half the 25,000 units sold in the boom years.

But business has slowly recovered. SweBoat's Mats Eriksson told *IBI* that 2017 was the industry's best year in a decade, with 20,000 new boats sold. Small motorboats continue to dominate the market, with the trend for open aluminium boats up to 8m showing no signs of abating. Other growing trends include charter sailing and sportfishers.

"Small outboard boats, the Nordic brands, are doing well," says Eriksson. "The rest, less so. Aluminium, however, is still very popular."

Finnish boat producers were out

in force at this year's Stockholm International Boat Show, exhibiting boats in aluminium as well as GRP in all sizes. Brands like Buster, Grandezza, Finnmaster, Targa, Bella, Flipper and Husky are all well-known on the Swedish market. High-profile domestic brands like Anytec Boats are popular too.

It was very much a case of 'quality trumps quantity' at this year's Stockholm show, as exhibitors saw record sales on a slightly smaller turnout than usual. Around 78,497 people visited the nine-day event in March, a drop of 4.9%. "We saw record sales from the boat exhibitors and I'm astonished how good sales were at the show in spite of the drop in visitor numbers," said Hanse Thorslund, show project manager.

One of the big Swedish dealers at the show was Marindepån, with 1,000m² of stand space and 58 boats. The company had 10 sales people working the show, all of whom were busy.

Öregrund Marine Service AB, producing Viggo aluminium boats, also reported strong sales. "We were very satisfied... this year we sold six boats

in total," said Stig Andersson, sales and marketing manager.

For the first time in years, it seemed as if sailboats were back – there were eight bigger sailboats in total with brands like Najad and Hallberg-Rassy represented.

However, Mats Eriksson at SweBoat says the sailing boat market is still struggling, having lost 90% of its sales since 2007. "Out of 20,000 new boats sold in 2017, only 100 were sailing boats," he says. And as *IBI* went to press, Eriksson sounded a word of caution. "Expectations for 2018 were high, but so far business hasn't delivered accordingly. We're around 5-10% down," he says. "Small boats up to 5m are performing the best – both domestic and European brands – but the larger boats, regardless of which country they come from, are down.

"We have a huge used-boat market in Sweden, with a lot of good quality boats from the year 2000 onwards. There are too many models available in too good of a shape. New boaters are coming into boating, which is positive, but the number of used boats on the market needs to decrease." ■



▲ Numarine's 26XP expedition yacht

SUMMARY Lagging tourism is hurting sailing holidays & charters. Outboard boats (25-40ft) and RIBs see rising demand. Turkish lira faces fresh crisis as *IBI* goes to print.
GDP(2017) \$851 bn
REAL GDP GROWTH (1Q '18, ANNUALISED) 7.4%
NUMBER OF ADULTS 53.3 million
NUMBER \$ MILLIONAIRES 78,000
BOAT PARK 92,000
CONSUMER CONFIDENCE (JUL '18) +4.0%
NEW CAR SALES (JAN-JUN '18) -9.8%

Overall, 2017 was a positive year for the Turkish leisure marine industry. Despite political uncertainties and a rapidly declining lira, boat imports increased slightly and there was some growth amongst boatbuilders too. Turkey's pleasure boat market, which relies heavily on marine tourism through yacht charters and sailing holidays, has suffered more than its fair share of obstacles in recent years – a failed political coup, a long and drawn-out military offensive in Syria, and a wave of terror attacks in Turkey have kept tourists away. But the country's bareboat charter market, having undergone significant shrinkage over the last two years, is now showing signs of expansion.

Speaking on behalf of Turkish industry association Dentur, Deniz Özçakır of Trio Deniz, one of the county's leading boat dealerships, told *IBI* that monohull sailing

boats from 40ft-60ft have been a top performer in the Turkish market for the last decade. "There is rising demand for sailing catamarans too, but the supply is very limited in this segment globally, hence growth is limited. But outboard-powered boats from 25ft-40ft are seeing a rise in demand and there are many newcomers to the megayacht segment. We're also seeing a positive trend in the RIB market for bigger and faster models."

Small sailboats and motorboats under 40ft, on the other hand, are struggling. "Wealthy buyers who can self-finance go for bigger sizes and do not require financing for their purchases," says Özçakır. "However, the potential buyers for smaller boats are motivated by good financing options, which are less available in Turkey in the last couple of years due to regulations that limit foreign currency borrowing and rising interest rates for TRL financing." ➔

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High mooring costs also pose a challenge. The number of new marinas in Turkey has almost doubled in the last 10-12 years, but most of them are geared towards the high end of the market. It is a huge burden, says Özçakır, especially for small boat owners with limited financial resources.

“Although Turkey is a peninsula surrounded by great seas, access to water for boat owners is extremely limited,” Özçakır claims. “There are almost no public boat-ramps, no dry storage and no boat services in many of the coastal cities, making

boating a very inconvenient activity.”

When the global financial crisis hit in 2008, most Turkish boatbuilders were exporting their products to North America and Europe, with few sales on the domestic market. “Most of them went out of business and never came back,” Özçakır concedes. “However, there is now a new wave of Turkish builders who are offering good design, innovative models and great build quality in addition to value for money. Most of these builders are focusing on larger-sized motoryachts of 60ft and above.”

At Numarine, one of Turkey’s biggest boat yards, company founder and chairman Omer Malaz told *IBI* that domestic sales of its high-performance motoryachts from 62ft-105ft are stable. “Almost every year we sell 25-30% of our production in Turkey,” he says. As *IBI* went to press, Numarine had just launched and delivered its second 26XP expedition yacht in a full displacement design. “We’re feeling more positive than this time last year, thanks to our XP line,” says Malaz. “We already have solid interest in our new 45XP.” ■



▲ Southampton show turns 50 this year

SUMMARY Domestic hire & charter markets continue to perform well. Weak pound continues to hurt sales of imported boats. British motor yacht exports remain robust.

GDP (2017) \$2,914 bn

REAL GDP GROWTH (1Q '18, ANNUALISED) 1.2%

NUMBER OF ADULTS 50.6 million

NUMBER \$ MILLIONAIRES 2,189,000

BOAT PARK 550,000

CONSUMER CONFIDENCE (JUL '18) -11.1%

NEW CAR SALES (JAN-JUN '18) -06.3%

Despite issues related to Brexit and the US-EU trade war, the British leisure marine market is in relatively good form. The industry saw moderate growth over the last 12 months, fuelled by segments that have benefitted from the weak pound – motoryacht and dinghy exports, for example, as well as domestic boat hire and charter services. Marinas and boatyards are also faring well, as warm summer weather and a low pound-to-euro exchange rate persuaded boaters to keep their yachts in UK waters rather than sail or cruise on the continent.

David Pougher at British Marine told *IBI* that domestic demand is mostly for RBs and small, outboard-powered motorboats, with only sales of the smallest engines under 4hp contracting. Boat hire services, charter, and the passenger boat/marine tourism markets are all performing well. It’s the new-boat market, he says, that is fragile.

“New-boat sales are depressed, particularly imported boats due to the higher costs associated with the weakened pound and, now, additional tariffs on craft imported from the US,” Pougher explains. “Sailing yachts also continue to struggle, with this segment losing a lot of ground since the recession.”

British importers have already been hit heavily by the drop in the value of the pound since the EU Referendum, which increased their costs massively, damaging an already sensitive market. “Prior to the EU Referendum, US imports were around a third of total boat imports. This dropped to only 5% after the referendum due to the cost of importing from the US,” Pougher explains. “This exchange rate fluctuation has led to a loss of businesses and jobs being lost and put at risk. An additional tariff of 25% on top of the low value of the pound will raise costs even further for importers of US boats and is just unsustainable for them, with some dealers cancelling all future orders for the time being. It will hurt the market and cause further businesses to go under,” he warns.

Nevertheless, many UK firms are positive about future growth prospects. Exports remain competitive, thanks to the continued low value of Sterling,

with motoryachts over 24m and their supporting tenders/motor cruisers most in demand. According to the latest figures from British Marine, around 38% of exports are destined for the EU, followed by the US at 25%. Meanwhile, markets in the Middle East and South East Asia are showing promise, with growing interest and investment. Many UK boat manufacturers are reporting healthy forward order books for the next two to three years.

“Global economic growth means international marine markets are growing and British consumers are spending,” says Pougher. “However, Brexit uncertainty – particularly relating to trading arrangements and continued access to skilled marine labour – and the US-EU trade tariff conflict has eaten away at some of that positivity. Some segments are more enthusiastic, of course, and these tend to be the sectors that have benefitted more from the weakness of the pound – ie, strong exporters, and hire, charter and passenger boats in the domestic market.”

Like other mature boating markets, Britain’s leisure marine sector continues to grapple with an ageing customer base and increased competition for consumers’ time and money. Access to marine financing remains an issue, and business operating costs continue to impact the sector – especially for micro and small businesses, which currently make up almost 85% of the UK marine industry.

“The market is undergoing a slow transition to one of a lower ownership environment,” Pougher says. ■

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