

State Policy towards the Shipbuilding Industry: The Case of Ferry Construction for Polish Shipowners

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Abstract

The Polish state's policy towards the shipbuilding industry after 2015 was aimed at its reconstruction, among other things, through the implementation of the "Batory" program. The purpose of the article is to examine the assumptions and implementation of one of the government projects, namely "Batory," which assumed, among other things, innovation in the shipbuilding sector and stimulation of the construction of Polish vessels (passenger-car ferries for Polish shipowners—Polska Żegluga Morska (PŻM) and Polska Żegluga Bałtycka SA (PŻB SA)). In pursuit of the above research objective, answers to the following research questions were sought: (1) What was the condition of the shipbuilding industry in terms of ship production and the number of people employed? (2) What decisions did the government take with regard to the construction of ferries for Polish shipowners? (3) What factors influenced the failure of the "Batory" Project? In the research, the decision-analysis, comparative, dogmatic, and statistical methods were used. The article is based on legal acts, transcripts of the sittings of the Sejm of the Republic of Poland, reports of the Supreme Chamber of Control (NIK), and the situation in the shipbuilding industry in Poland as described on the gospodarkamorska.pl website. It is therefore an analysis grounded in political science.

Keywords: shipbuilding industry, shipyards, the "Batory" program, government decisions, shipowner

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1. Introduction

Before 1989, Polish shipbuilding yards were among the top European shipbuilders. In the centrally planned economy, the strong position of the Polish shipbuilding industry resulted from the financial assistance provided by the government to shipyards and the stable situation on the sales market. The largest customer for ships built in Polish shipyards was the Soviet Union. The political and economic transformation in the countries of Central and Eastern Europe in the late 1980s left Polish shipyards struggling to pay their financial obligations to their cooperators for the materials supplied and services rendered (Kieżun 2011, 27–30). The financial crisis in the Polish shipbuilding industry resulted from a limited market for shipyard services, rising interest rates on loans and the government's removal of subsidies for ship exports. At the same time, starting in the 1990s, China, South Korea and Japan began to dominate the world shipbuilding market (Ionescu 2011). The dominant position of Chinese and Korean shipyards on the world market was the result not only of their low labor costs but, above all, of state subsidies and dumping practices. Unfair competition had an impact on the decline in orders for new ships from, among others, Polish shipyards.¹

1. See: "Study on Competitiveness of the European Shipbuilding Industry. Within the Framework Contract of Sectoral Competitiveness Studies—ENTR/06/054." Final report, ECORYS SCS Group, Rotterdam, October 8, 2009, Available at <https://ec.europa.eu/docsroom/documents/10506/attachments/1/translations/en/renditions/native>.

Between 1990 and 2008, shipyards in Poland underwent ownership transformations to enhance their ability to compete effectively in the global shipbuilding market. Nevertheless, the process of restructuring the shipyards in Szczecin, Gdańsk and Gdynia did not achieve its intended goal (Biniek and Tałasiewicz 2011). The Council of Ministers was unable to attract investors interested in purchasing the state-owned shipyards in Szczecin and Gdynia. Since 2002, their operations have been running at a loss despite the state aid granted to them by the Polish government. In 2008, the European Commission (EC) ruled that the state aid granted to the Szczecin and Gdynia shipyards was incompatible with European Union (EU) law and must be returned. The EC's decision triggered the start of the liquidation process of these companies.² Despite the liquidation of the shipyards in Szczecin and Gdynia, private entities specializing, among other things, in hull construction and ship conversion, began operating on the premises. Since the liquidation of these shipyards, no large shipyard has been established in Poland that would play a significant role in shipbuilding and co-operate with the existing private companies. Since 2009, the ownership structure of the shipbuilding industry has been dominated by private companies, whose operations do not incur losses. At the same time, Polish yacht shipyards, led by Balt-Yacht and Sunreef Yachts, have gained strong position in European and global markets. In 2021, Poland was the world's eighth and Europe's fifth exporter of yachts and other recreational and sports vessels ("Polskie jachty..." 2021, 1–2).

The article analyzes the government's decisions concerning the Polish shipbuilding industry after Zjednoczona Prawica took power in 2015. Its purpose is to examine the assumptions and implementation of one of the government's projects, namely "Batory," which involves, among other things, innovation in the shipbuilding sector and stimulation of the construction of Polish vessels (passenger-car ferries for Polish shipowners—Polska Żegluga Morska (PŻM) and Polska Żegluga Bałtycka SA (PŻB SA)). In view of the above, it is reasonable to find answers to the following research questions: (1) What was the condition of the shipbuilding industry in the context of ship production and the number of people employed? (2) What decisions did the government make regarding the construction of ferries for Polish shipowners? (3) What factors influenced the failure of the "Batory" Project?

The article verifies the thesis that the Szczecin shipyard's failure to build ferries for Polish shipowners in 2020 resulted from no indication of the source of funding for the "Batory" Program, the lack of experience of Maritime Repair Yard Gryfia SA in building passenger-car ferries, and the absence of a strong center for building large ships on the premises of Szczecin Industrial Park Ltd. (SPP, now Szczecin Shipyard Wulkan Sp. z o. o.). In order to verify the above thesis, research methods characteristic of the social sciences were used, including the dogmatic, decision-analysis, comparative, and statistical methods.

The first method found application in the analysis and interpretation of legal acts. The subsequent one, i.e. the decision-analysis method, was used in presenting the decisions of the governments of Beata Szydło and Mateusz Morawiecki in the construction of ferries for Polish shipowners. In turn, the comparative method provided an opportunity to discuss the assumptions and implementation of the "Batory" Program, related to the construction of ferries for Polish shipowners, as well as the changes taking place in the shipbuilding market in Poland in 2015–2021. Finally, the statistical method was used to illustrate the dynamics of ship production and the number of people employed in the shipbuilding industry.

The research covers the years 2015–2021. The article is divided into sections that refer to the following:

- the state of the shipbuilding market
- the government's decisions to revitalize the shipbuilding industry
- the implementation of the "Batory" Program to build passenger-car ferries for Polish shipowners

2. In order to implement the EC's decision, the Polish parliament passed a law on December 19, 2008 on compensation proceedings for entities of special importance to the Polish shipbuilding industry. As a result of this legislation, on December 13, 2011, Szczecin-Centrum District Court in Szczecin issued a decision declaring the company Stocznia Szczecińska Nowa sp. z o.o. bankrupt, which meant liquidation of its assets. In the case of the Gdańsk shipyard, the 6th Commercial Department of the District Court of Gdańsk-Północ in Gdańsk, issued a decision on the liquidation bankruptcy of Stocznia Gdynia SA in 2015 (Kamola-Cieślík 2016).

The literature on the subject provides limited coverage of issues concerning the government's post-2015 shipbuilding development program. The article is based on legal acts, transcripts of the sessions of the Sejm of the Republic of Poland, reports of the Supreme Chamber of Control (NIK)³, and the situation in the shipbuilding industry in Poland as described on the *gospodarkamorska.pl* website. It is therefore an analysis grounded in political science. The article takes up the issue of shipbuilding as a subject of political science research within the framework of sectoral policies occurring in the area of public policies.

1 The state of the shipbuilding market in Poland

Between 2015 and 2021, the structure of total shipbuilding revenues did not change significantly. During the years of the COVID-19 pandemic, one could observe a trend towards reducing the share of state-owned subsidiaries in the shipbuilding market. Revenue from the shipbuilding sector in Poland in 2015 was generated by small and medium-sized private companies at 93%, and in 2021 at 96%, as shown in figure 1. In 2020, compared to 2018–2019, there was a temporary increase in the share of the Remontowa Holding SA capital group in the revenue structure of the shipbuilding industry. In 2021, the share of this entity in the revenue of the shipbuilding sector was at 13%.

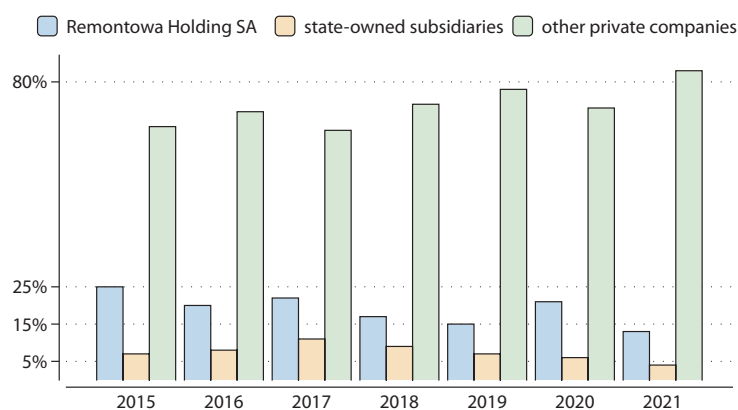


Figure 1. Structure of total revenues of the shipbuilding industry in Poland in 2015–2021

Data source: (Czuczman 2023).

Considering the structure of total revenues in the shipbuilding industry in Poland in 2015–2021, three market players can be distinguished: (1) the largest private capital group: Remontowa Holding SA; (2) state-owned subsidiaries; (3) other private companies. Remontowa Holding SA is a world-renowned capital group comprising more than 20 shipbuilding and offshore companies and two shipyards—Gdańska Stocznia “Remontowa” im. Józefa Piłsudskiego SA (specializing in the construction of modern ecological passenger-car ferries as well as high-tech offshore vessels) and Remontowa Shipbuilding SA (dealing with the repair and conversion of ships and platforms). The group of state-owned shipbuilding companies include MSR Gryfia SA, Stocznia Szczecińska Wulkan Sp. z o.o., Polska Grupa Zbrojeniowa Stocznia Wojenna Sp. z o.o., and Zakład Recyklingu Statków Szczecin Sp. z o.o. The last group of shareholders in the structure of total revenues of the shipbuilding industry (other private companies) includes, among others, small and medium-sized enterprises such as PTS Sp. z o.o., Hullkon Marina Faktory Sp. z o.o., Finomar Sp. z o.o., and Poltramp Yard SA. It can be noted that the private shipbuilding sector has found its feet in a market economy. State-owned enterprises, on the other hand, have been making losses for many years.

Economic activity in the shipbuilding sector is carried out by business entities, consisting of commercial companies, state-owned enterprises, civil partnerships, and individuals operating under the common name self-employed. Although the number of commercial companies in the shipbuilding sector increased by nearly 90% between 2015 and 2020, this process stopped in 2021 (figure 2).

3. [Polish name: Najwyższa Izba Kontroli—Ed.].

The dynamics of the growth of commercial companies reflected the interest of entrepreneurs in the shipbuilding industry despite the fact that it is difficult for start-ups. Difficulties occurring in the first years of companies in the shipbuilding sector were due to, among other things, the high cost of certifying the technological processes carried out, the lack of qualified workers, and under-investment in shipbuilding infrastructure.

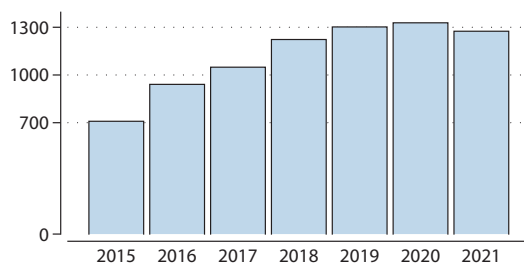


Figure 2. Number of commercial companies operating in the shipbuilding sector in Poland in 2015–2021

Data source: (Czuczman 2023).

Considering employment in the shipbuilding industry since 2015, it is important to note its steady growth. Even in the first year of the COVID-19 pandemic, there was no slowdown in employment growth. In 2021, there was a slight decrease of about 4% in the level of employment compared to the previous year, as shown in figure 3. The impact of the COVID-19 pandemic has not caused radical decisions by the management of shipbuilding companies to reduce employment. This is due to the fact that in the shipbuilding industry companies' development is planned for the long term and fluctuations in contract acquisition are considered a typical and temporary phenomenon.

In 2018–2019, there was a considerable decline in the production of new ships (figure 4), which was mainly due to the reduced level of production of the entities in the Remontowa Shipbuilding SA capital group.

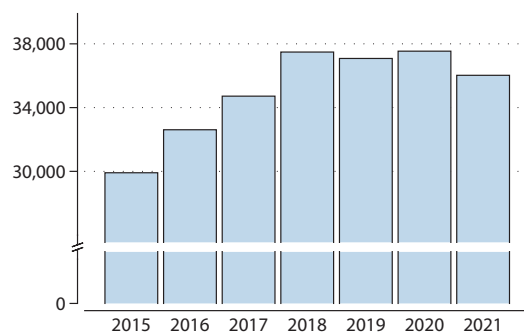


Figure 3. Number of people employed in the shipbuilding industry in Poland in 2015–2021

Data source: (Czuczman 2023).

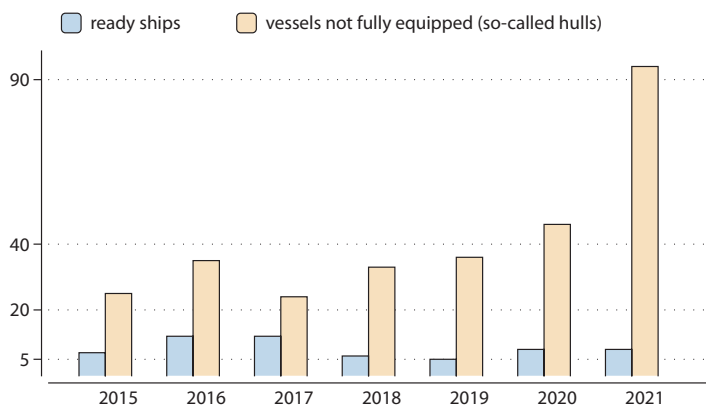


Figure 4. Production of ships and hulls in Poland in 2015–2021

Data source: (Czuczman 2023).

In the first year of the COVID-19 pandemic, there was a collapse of the global supply chain due to lockdowns, which had an adverse impact on ship production. In addition, the rise in steel and energy commodity prices and inflation on a scale not known for years caused uncertainty in the Polish shipbuilding market and less interest among investors in offers from Polish companies. Between 2018 and 2021, the production of fully-equipped and ready-to-sail ships could not be increased. On the other hand, since 2015 there has been an increase in the production of hulls for the needs of foreign shipyards in Western Europe.

2 Government decisions on the development of the shipbuilding industry in Poland

In December 2015, as part of the program of the government of B. Szydło,⁴ the Ministry of Maritime Economy and Inland Navigation (Ministerstwo Gospodarki Morskiej i Żeglugi Śródlądowej — MGMiŻŚ) was established. The ministry, with Marek Gróbarczyk as its head, was created on the basis of the maritime economy department separated from the former Ministry of Infrastructure. MGMiŻŚ's areas of activity included revitalization of the shipbuilding industry, expansion of ports, development of fisheries, restoration of navigation on rivers, rational management of waters, and support for the development of maritime education.⁵ The establishment of the Ministry of Maritime Economy created institutional conditions for the development of the maritime economy, including the revitalization of the shipbuilding industry. Minister M. Gróbarczyk announced the preparation of a draft of an “act on the activation of shipbuilding and complementary industries, aimed at the reconstruction of the shipbuilding industry in Poland through tax, organizational and legislative mechanisms.”⁶ According to the minister, there was a demand for shipbuilding in Poland. Shipbuilding was to create conditions for the development of Polish companies in the steel and machinery industries. The government's goal was not to establish a shipyard in Szczecin along the lines of the defunct Szczecin shipyard Nowa Sp. z o. o. (SSN). Instead, it sought to create friendly laws and conditions for the reconstruction of the industry in Poland. It should be noted that the development of the shipbuilding industry in Poland was planned when most shipyards around the world were in crisis.

In June 2016, during the IV International Maritime Congress in Szczecin, Prime Minister Beata Szydło referred to the situation of the Polish shipbuilding industry, noting that “there [was] a huge potential on the Polish coast, including production,” and adding that “Polish shipyards [could] be leaders in ship production.”⁷ The prime minister announced the construction of two passenger-car ferries for Polish shipowner PŻB SA, to be built in Polish ship repair yards. At the same time, according to Minister M. Gróbarczyk, it was important for shipbuilding entities to have a chance to build ships while benefiting from tax exemptions. This was what the legal solutions provided for in the draft law on activation of the shipbuilding industry and complementary industries (commonly referred to as the Shipbuilding Law) were intended to achieve.

4. See: Sprawozdanie Stenograficzne z 1. posiedzenia Sejmu Rzeczypospolitej Polskiej w dniu 18 listopada 2015 r. (czwarty dzień obrad) [Shorthand report from the 1st sitting of the Sejm of the Republic of Poland on November 18, 2015 (fourth day of the session)]. Sejm Rzeczypospolitej Polskiej, Kadencja VIII, Warszawa, 2015, document available at https://orka2.sejm.gov.pl/StenoInter8.nsf/0/ACC7A0E8310D1F55C1257F01004844EA/%24File/01_ksiazka_d_bis.pdf.

5. See: Archiwalna strona Ministerstwa Gospodarki Morskiej i Żeglugi Śródlądowej [Archived website of the Ministry of Maritime Economy and Inland Navigation]. Ministerstwo Gospodarki Morskiej i Żeglugi Śródlądowej, last modified 2019-08-04, available at <https://www.gov.pl/web/gospodarkamorska/podstawowe-informacje> (accessed 2023-06-15).

6. See: “Gróbarczyk: przygotowaliśmy projekt odbudowy przemysłu stocznioowego” [Gróbarczyk: we have prepared a project for the reconstruction of the shipbuilding industry]. Statement cut of Minister of Maritime Economy and Inland Navigation Marek Gróbarczyk, published on 2016-05-17, <https://www.money.pl/gospodarka/wiadomosci/artykul/grobarczyk-przygotowalismy-projekt-odbudowy,110,0,2083950.html> (accessed 2023-05-12).

7. See: “Premier Szydło: polskie stocznie mogą być liderami produkcji statków” [Prime Minister Szydło: Polish shipyards can be leaders in ship production]. Statement cut of Prime Minister Szydło, wGospodarce.pl, published on June 9, 2016, <https://wgospodarce.pl/informacje/26437-premier-szydlo-polskie-stocznie-moga-byc-liderami-produkcji-statkow> (accessed 2023-04-10).

In July 2016, Parliament passed the government's draft shipbuilding law, which included solutions for the tax sphere, special economic zones and access to EU funds. The law provided for VAT exemptions on purchased materials and equipment used by companies to build or rebuild vessels. It should be noted that until then, only vessels ready for sale had been exempt from VAT. The shipbuilding bill also stipulated that companies would be able to choose the type of tax to be paid. They could opt to pay either the existing CIT or a new flat tax of 1% of the value of production sold (but only if the contract executed was worth more than EUR 5 million). The bill's proposed changes to tax laws were in line with EU law (Kapczyńska 2016, 5). The implementation of the Shipbuilding Law was a form of activation of the shipbuilding industry primarily in the Zachodniopomorskie Voivodship.

The issues concerning the development of the shipbuilding industry were so important to the government of B. Szydło that they were included in the Strategy for Responsible Development until 2020 (with an Outlook to 2030) (SOR).⁸ The document was adopted by the Council of Ministers in February 2017,⁹ and was authored by Deputy Prime Minister and Development Minister Mateusz Morawiecki. One of the pillars of the strategy was to provide a legal, organizational and financial basis for the development and increased competitiveness of the shipbuilding industry in the international market. The strategy envisaged the implementation of the "Batory" Program, which, among other things, was supposed to foster the construction of car-passenger ferries for Polish shipowners.¹⁰ The ferries were to be designed to carry passengers and cargo by sea (ro-ro) between the Polish port of Świnoujście and the Swedish port of Ystad.

In 2019, for the second time, Zjednoczona Prawica (PiS, Solidarna Polska and Polska Razem) won the elections and formed a government headed by Prime Minister M. Morawiecki. The following year saw changes in the government's organizational structure, involving a reduction in the number of ministries (from 20 to 14) in accordance with the ruling formation's election promises. The reorganization of the government's structure was aimed at streamlining its work and reducing expenditures on maintaining public administration. The MGMiŻŚ was abolished, and its former tasks were taken over by the Ministry of Infrastructure (MI). Its duties included supervision of the maritime industry, including the implementation of the "Batory" Program (Kakowska-Mehring 2021). The decision to abolish the MGMiŻŚ restored the status quo from before 2015, when the maritime economy had been under the authority of the MI. For maritime-related entrepreneurs, the liquidation of MGMiŻŚ along with the change in MI's organizational structure led to some difficulties in observing administrative procedures.

3 Implementation of the "Batory" Program for the construction of ferries for Polish shipowners

As part of the implementation of the "Batory" Program, on March 8, 2017, PŻB SA signed a contract for the construction of a ro-pax passenger-car ferry with MSR Gryfia SA in Kołobrzeg. The contract was signed on behalf of PŻB SA (the investor) by the company's president, Piotr Redmerski, and board member Andrzej Wróblewski, while MSR Gryfia SA was represented by the company's president, Marek Różalski, and plant board member Piotr Roniewicz ("PŻM i „Gryfia” podpisały..." 2017, 6). The contract included a "design and build" formula, which meant that MSR Gryfia SA became responsible for executing the entire investment from design work to ferry production. The government intended to involve SPP, a company with different business characteristics than MSR Gryfia SA, in the project. According to the government, SPP had the infrastructure (the Wulkan slipway) suitable for the construction of a ferry with an overall length of 202.4 meters and a width

8. See: "Informacje o Strategii na rzecz Odpowiedzialnego Rozwoju" [Information about the Strategy for Responsible Development]. Ministerstwo Funduszy i Polityki Regionalnej, last modified 2022-04-25, available at <https://www.gov.pl/web/fundusze-regiony/informacje-o-strategii-na-rzecz-odpowiedzialnego-rozwoju> (accessed 2019-04-10).

9. See: Uchwała nr 8 Rady Ministrów z dnia 14 lutego 2017 r. w sprawie przyjęcia Strategii na rzecz Odpowiedzialnego Rozwoju do roku 2020 (z perspektywą do 2030 r.) [Resolution No. 8 of the Council of Ministers of February 14, 2017 on the adoption of the Strategy for Responsible Development until 2020 (with a perspective until 2030)]. Monitor Polski z 2017 r. poz 260.

10. See: "Informacje o Strategii na rzecz Odpowiedzialnego Rozwoju." Op. cit.

of 30.8 meters. The ferry was to be a modern vessel meeting high environmental standards, capable of accommodating a crew of 70 and 400 passengers on board, and powered by liquid natural gas (LNG). The vessel was planned to be commissioned in early 2020.¹¹ The Supreme Audit Office's post-inspection documentation showed that the construction of the ferry for PŻB SA was to cost PLN 784 million. The funds for the project were to come from PŻB SA's own funds (PLN 75 million), the Company Development Fund of SA (PLN 100 million), the Capital Investment Fund (PLN 200 million), the Polish Development Fund SA, and loans from Bank Gospodarstwa Krajowego and the European Investment Bank (PLN 409 million).¹² It should be noted that Maritime Minister M. Gróbarczyk did not inform the public about the source of funding for the ferry project and its costs. An audit of the implementation of the "Batory" Program conducted by the Supreme Audit Office (NIK) revealed that the Ministry of Maritime Economy and Inland Navigation, as the entity responsible for implementing the program, had not indicated its source of financing. Also, the government's strategy for responsible development had not specified how the "Batory" Program would be financed. In addition, the Minister of Maritime Economy and Inland Navigation had not issued any decision obligating PŻB SA to finance the construction of the ferries. One possibility was that the minister might have decided to increase PŻB SA's share capital, which could have affected its creditworthiness. It should be noted that the Kołobrzeg shipowner was unable to finance the construction of the ferries from its own resources. One of the reasons was the high costs incurred by PŻB SA related to the purchase and modernization of the Cracovia ferry in 2017. Thus, the lack of financial security prevented the implementation of the "Batory" Program.¹³

The contract between PŻB SA and MSR Gryfia SA for the construction of a passenger-car ferry was the first contract implemented under the "Batory" Program. It is worth recalling at this point that the government's program planned the construction of two ferries rather than one. However, this change of plans was not officially addressed by the Council of Ministers. Neither did PiS Chairman Jarosław Kaczyński comment on it. However, in May 2017, during his visit to Szczecin, he stated that two ferries for PŻB SA and four for PŻM would be built on the SPP grounds. It should be noted that in the PiS's leader's statement no date was given for the signing of a contract for the construction of a second ferry for the Kołobrzeg-based shipowner.

Moreover, entrusting the construction of ferries to MSR Gryfia SA was not the best decision of the government. MSR Gryfia SA, which is a repair shipyard, specialized in the repair of vessels and did not have the organizational, technical and financial capabilities to build ferries on its own. This was one of the reasons for the failure of the "Batory" Program.¹⁴

On June 23, 2017, the keel (the first hull element) for the construction of a passenger-car ferry for PŻB SA was laid in Szczecin at the Wulkan slipway located in SPP. The ceremony was attended by representatives of the government—Deputy Prime Minister and Minister of Development and Finance M. Morawiecki, Minister of Maritime Economy and Inland Shipping M. Gróbarczyk and Deputy Speaker of the Polish Parliament Joachim Brudziński, as well as the presidents of PŻB SA (P. Radmerski), SPP (A. Strzeboński) and MSR Gryfia SA (M. Różalski). Politicians from the governing party and the public media publicized the act of laying the keel for the construction of the ferry, treating it as a symbol of the reconstruction of the shipbuilding industry in Szczecin after an eight-year hiatus in the shipyard's operations. Laying the keel without the technical design of the ship had no economic and technological justification. It was an unjustifiable action from the point of view of the principles of ferry construction.¹⁵

11. See: "Szczegóły budowy promu dla PŻB" [Details of the construction of a ferry for PŻB]. PortalMorski.pl, article published on June 6, 2017, <https://www.portalmorski.pl/stocznie-statki/35840-szczegoly-budowy-promu-dla-pzb> (accessed 2023-04-10).

12. See: "Realizacja wybranych projektów flagowych Strategii na rzecz Odpowiedzialnego Rozwoju. Jednostka kontrolująca: Departament Gospodarki, Skarbu Państwa i Prywatyzacji" [Implementation of selected flagship projects of the Strategy for Responsible Development. Controlling unit: Department of Economy, State Treasury and Privatization]. Najwyższa Izba Kontroli, 2021-05-19, available at <https://www.nik.gov.pl/kontrola/P/19/019/KGP/>.

13. Ibid.

14. See: "Program Batory: Ambitny projekt, który utknął w stoczniowej rzeczywistości" [Batory Program: An ambitious project stuck in the shipyard reality]. Portal Stoczniowy, article published on June 17, 2023, <https://portal-stoczniowy.pl/program-batory-ambitny-projekt-ktory-utknal-w-stoczniowej-rzeczywistosci/> (accessed 2023-10-07).

15. Ibid.

The implementation of this project was expected to initiate cooperation between PŻB SA and MSR Gryfia SA, facilitate the development of the Polish fleet, and restore the production of large ships in Szczecin. Recreating the potential of the Kołobrzeg-based shipowner's fleet was necessary because the youngest ferries were about 20 years old. At the same time, an increase in ferry traffic on Baltic routes had been observed for several years.

According to the timetable for the construction of the passenger-cargo ferry, the first section construction work was scheduled to begin in late 2017 and early 2018. Work on the slipway was scheduled for June 2018. The launching of the vessel, on the other hand, was scheduled for 2019. In the following year, PŻB SA was to deliver the ferry.

The construction of the ferry for the Kołobrzeg shipowner required the reconstruction of the shipyard's infrastructure taken over by SPP. According to SPP President A. Strzeboński, the investment needs amounted to PLN 93 million. In 2017–2018, SPP allocated PLN 10 million from its own funds to renovate the Wulkan slipway and refurbish the shipyard's assets and infrastructure. In January 2018, the name of SPP was changed by the decision of the General Assembly. The company was restored to its historic name—i.e., Stocznia Szczecińska Sp. z o.o. The return to the old name was a symbolic expression of the shipyard's return to its traditions. The change in the company's name occurred in parallel with the government's decision to build ferries for PŻB SA on the sites of the former SSN. In 2021, the name Stocznia Szczecińska Sp. z o.o. was changed to Stocznia Szczecińska Wulkan Sp. z o.o. The lack of financial security for the full reconstruction of the infrastructure of Szczecin Shipyard Wulkan Sp. z o.o., including the purchase of machinery and equipment for ferry construction, had an impact on the start of ferry construction.

The construction of the ferry for PŻB SA did not proceed according to the approved work schedule. In November 2018, in an open letter, trade unions operating at MSR Gryfia SA informed representatives of state authorities (including the Prime Minister and the Minister of Maritime Economy and Inland Navigation) about the shipyard's difficult financial situation and referred to the construction of a ferry for PŻB SA as follows: "The flagship project, which was to be the construction of a passenger-car ferry for Polska Żegluga Bałtycka, is in its infancy. Seventeen months have passed since the keel was laid, and even the design work on the vessel has not been completed. At the same time, it is already known that the project will neither be concluded on schedule nor can it be concluded at its planned cost. Also, this venture has no real sources of financing and no prospects for a positive financial result" (Gibas 2018).

In February 2019, the Minister of Maritime Economy and Inland Navigation M. Gróbarczyk, during a conference on the Development of the Shipbuilding Industry in Poland, referred to the reasons for the ineffectiveness of the "Batory" Program, which had been pointed out three months earlier by trade unionists from MSR Gryfia SA. The minister stated that the original deadline for the commissioning of the passenger-car ferry to PŻB SA could not be met due to organizational and design delays. As a result, the delivery date for the passenger-car ferry was postponed to late 2020/2021 ("Szczecińskie ro-paxy..." 2019; Bielecki 2019). The findings of the Supreme Chamber of Control indicated that the designer's default was due to the fact that PŻB SA and MSR Gryfia SA had failed to agree on the basic parameters of the ferry.¹⁶ The lack of progress in the construction of the ferry resulted in the establishment of Polskie Promy Sp. z o.o. Established by PŻB SA in April 2020, Polskie Promy was tasked with coordinating the construction of ferries for Polish shipowners PŻB SA and PŻM. It is worth noting that the establishment of the company created an opportunity to generate additional costs for the shipowner. Shipowners around the world were rather unwilling to establish a shipbuilding company since they were well-informed about the conditions for the shipyard's implementation of the project.

On January 21, 2021, during a session of the Sejm of the Republic of Poland, Deputy Infrastructure Minister M. Gróbarczyk (Minister of Maritime Economy and Shipping until October 2020), referring to the situation related to the construction of a ferry for PŻB SA and the newly-established company Polskie Promy Sp. z o.o., stated, "The 'Batory' Program, that is the construction of ro-paxes, has not been halted in any way. It was put on hold for the duration of the pandemic

16. See: "Program Batory: Ambitny projekt...", op. cit.

due to the impossibility of carrying out this task. On the other hand, new Polish ferries have been constructed. The company in question is one that combines two shipowners, PŻM and PŻB. A new agreement has been formed to implement the construction of these ferries.”¹⁷

In March 2021, the PŻM Labor Council approved PŻM’s purchase of Polskie Promy Sp. z o.o. The agreement between PŻB SA and PŻM included a provision that “no obligations of the previous owner of the company (arising from various formal and informal agreements with external parties) are imposed on PŻM” (Kakowska-Mehring 2021). Thus, it was clear from the above provision that the keel laid for the construction of the ferry for PŻB SA remained the property of the Kołobrzeg shipowner. Deputy Infrastructure Minister M. Gróbarczyk confirmed that PLN 12.5 million had been spent on the project to build a ferry for PŻB SA in 2016–2020. The funds had been used, among other things, for the construction and laying of the keel, an advance payment for the ferry project, model studies of the hull, and forecasts for the development of the shipping market (Jaźwiński 2021). Polskie Promy Sp. z o.o. was recapitalized by State Treasury to PLN 650 million. The State Treasury then took a stake in the company, becoming its dominant shareholder.

On November 26, 2021, Gdańska Stocznia Remontowa im. J. Piłsudskiego SA signed a contract with Polskie Promy Sp. z o.o. to build three ferries. Two units will be operated by Unity Line of the PŻM group, and one by PŻB SA. Gdańska Stocznia Remontowa im. J. Piłsudskiego SA received guarantees with a total value of EUR 110 million from Korporacja Ubezpieczeń Kredytów Eksportowych SA (KUKE SA) for the construction of the ferries. The project involved Santander Bank Polska, mBank, and Bank Gospodarstwa Krajowego, which were to provide bank guarantees related to supplies for the shipyard. At the same time, each of the banks could take advantage of the counter-guarantees provided by KUKE SA.¹⁸ The newly built LNG-powered ferries will be able to carry 400 passengers and a crew of 50. Gdańska Stocznia Remontowa im. J. Piłsudskiego SA will cooperate with at least twenty companies in the construction of the ferries (including the Finnish companies Wärtsilä and MacGregor). The contract for the construction of the three ferries is worth more than PLN one billion (Boroń 2022). The first ferry is to be handed over to the shipowner in 2025. It will serve the Świnoujście – Ystad line.

Conclusion

The Polish state’s policy towards the shipbuilding industry after 2015 was aimed at its reconstruction despite the fact that more than 10,000 shipbuilding-related entities were operating on the Polish market. The Polish government took measures to support the activation of the shipbuilding sector, including the implementation of the “Batory” Program. The reconstruction of the shipbuilding industry in Szczecin was to consist in the establishment of a center whose task was to consolidate private companies in Szczecin Industrial Park Sp. z o.o. and the production of ferries for Polska Żegluga Bałtycka SA by Morska Stocznia Remontowa Gryfia SA. Unfortunately, ferries for the Kołobrzeg shipowner were not built in Szczecin in 2017–2021. The “Batory” Program was modified in terms of the ferry contractor. The construction of ferries for Polish shipowners (PŻM and PŻB SA) was undertaken by Gdańska Stocznia Remontowa im. J. Piłsudskiego.

The difficulties in implementing the “Batory” Program were related, among other things, to the lack of a ship design, the failure to indicate the source of financing the project, and the state of the SPP site (now Stocznia Szczecińska Wulkan Sp. z o.o.), where the production was planned, which was heavily degraded and in need of reinvestment and revitalization. In addition, no loan guarantees for the construction of the ferry could be obtained and there was a lack of qualified

17. See: Sprawozdanie Stenograficzne z 25. posiedzenia Sejmu Rzeczypospolitej Polskiej w dniu 21 stycznia 2021 r. (drugi dzień obrad) [Shorthand report of the 25th session of the Sejm of the Republic of Poland on January 21, 2021 (second day of the session)]. Sejm Rzeczypospolitej Polskiej Kadencja IX, Warszawa, 2021, document available at https://orka2.sejm.gov.pl/StenoInter9.nsf/0/DA0B7FC04ACC53CEC125866500118DD1/%24File/25_b_ksiazka_bis.pdf.

18. See: “Ruszyła budowa promów ro-pax dla polskich armatorów” [The construction of Ro-Pax ferries for Polish shipowners has started]. Portal Morski.pl, article published on October 24, 2022, <https://www.portalmorski.pl/wiadomosci/stocznie-statki/52218-ruszy-la-budowa-promow-ro-pax-dla-polskich-armatorow> (accessed 2023-05-10).

personnel. It should also be noted that MSR Gryfia SA, specializing in ship repair rather than ship production, had no experience in building such a specialized vessel as a passenger-car ferry. Moreover, MSR Gryfia SA had been incurring losses from its operations for several years.

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