

SUPERYACHTS

A luxury that renders quality employment

Rather than being subject to negative and even offensive comments, such as those heard during a parliamentary session where some MPs dared to defend the importance of our sector, the yachting industry – and particularly the superyacht industry – should enjoy the same respect and the same esteem as it does in the rest of the world.

In the midst of a hard-hitting crisis, we cannot afford to sink, as we are, an entire industry capable of producing almost eight indirect jobs per direct job and of contributing a 5.24% multiplier effect to GDP, according to data from the Innovamar Foundation.

A yacht is not a merchant ship

Based on this observation, we need to analyse the reasons behind this situation which is severely jeopardising the survival of an entire sector and the solutions which can be applied to prevent it from sinking. First and foremost, the reason why the yachting industry is in serious danger stems from its dependence, totally and exclusively, on the Ministry of Public Works, more specifically the Merchant Navy, which regards, considers and registers any pleasure boat as a merchant ship. This situation, which already negatively influences the yachting industry in general, is aggravated when it comes to yachts over 24 metres in length. A law, adopted by certain port authorities last summer, bans superyachts from anchoring without a permit. When requesting this permit, though, it is systematically refused. This clearly underlines the need to differentiate a yacht from a merchant ship, because to all intents and purposes, especially those concerning use, contamination and safety, they are totally different. Most countries around the world have grasped this point and sought out appropriate solutions, with France being the quickest on the uptake, creating in 1967 a yachting regulation body, the *Conseil Supérieur de la Navigation de Plaisance et des Sports Nautiques*, which continuously adapts to the inevitable developments in the industry. In other countries, yachting depends on various different ministries, such as industry, trade, economy, finance and, in many cases, tourism.

Therefore, no longer being exclusively controlled by the Merchant Navy would be the first major step towards the long overdue development of the yachting industry in our country.

The end to a tax like no other in Europe

The other factor aggravating the already complicated situation mentioned above is the so-called "registration tax", otherwise known as the loathsome "Special Tax on Certain Means of Transport", which adds 12% onto the 16% VAT rate, resulting in 28% (30% when the VAT rate is raised to 18% in July) taxation on the purchase of any vessel over eight metres LOA. There is the possibility of requesting exemption from this tax if the yacht in question is going to be used exclusively for charter and does not exceed 15 metres in length. Nobody has ever understood the reasoning behind this

limit, which apart from being totally incomprehensible also puts a stop to the progression of luxury charters in Spain. The injustice doesn't end here, though. To further complicate the matter, the Merchant Navy forces any yacht with guests embarking or disembarking at a Spanish marina to pay the 12% registration tax, regardless of the vessel's nationality or flag. This obviously deters the international charter fleet from visiting our shores. Once again, Spain is at a total disadvantage to other European countries, where no similar taxes are in force. On the contrary, Croatia and Malta have just cut VAT on yachts, and countries such as France, Italy and more recently Holland operate yacht leasing schemes to reduce VAT obligations. What's more, yacht registration has been simplified and made cheaper in the UK, Holland and Malta to curb the proliferation of flags of convenience.

The first step towards solving this matter would be to eliminate the 15-metre restriction on registration tax exemption, thus favouring the promotion of luxury charters in Spain. We will never tire of saying that the only way to give the yachting industry the boost it so needs and deserves is to allow non-Spanish charter yachts to freely sail in Spanish waters, as they do around the whole of the Mediterranean, without the need to hold a charter licence to operate in Spain, thus following the lead of France, Italy, etc.

We could continue listing other regulations, decrees, laws or ordinances which thrust Spain into a position of extreme vulnerability faced with our European competitors, such as nautical certificates – both amateur and professional, safety equipment, periodical inspections, etc., all closely linked to the dependence on one ministry and specifically the Merchant Navy. If this point were to be changed and if the interests of other ministries such as industry, trade and tourism, came into play, we are certain that everything would change and there would be a bright future for those who work in the Spanish yachting industry. What's essential is that Spain emulates the legislative and taxation systems in force across the rest of Europe, basically what the entire sector has been demanding for years.

Take off the blinkers

Some people might think this doesn't really affect them, that it's a worry only for a small group of well-off people who can afford to buy and run a yacht, like the blinkered views uttered by certain MPs at the previously mentioned parliamentary session, making references to a celebrity yacht owner of questionable repute. All these people should open their eyes and realise that any economic sector being suffocated by laws hindering its future development is damaging to the country as a whole. You only have to look at the importance of the yachting sector in Spain as regards to GVA contribution – 5,536 million or 0.68% – and employment – some 113,000 jobs – and compare these figures with other European countries. One more interesting fact, taken from a prestigious international magazine, is that only one of the 52 superyachts commissioned in 2009 was built in Spain, in other words a global market share of just 1.92%, which goes to confirm the insignificance of our country in the superyacht market.

Even more disheartening is the following information: of the 372 million euros generated in 2009 by the Mediterranean charter sector (72% of the world total), Spain's contribution is so minimal that it doesn't even feature in the statistics



published by industry bodies. This situation, the causes of which we've already explained, is even more worrying when, thanks to a report published by the Innovamar Foundation, the yachting industry's high multiplier effect has been clearly proved: 7.59% with regard to employment – in other words, almost eight indirect jobs per direct job; 3.58% when it comes to production (input of 4,664 million euros and total output of 16,697 million euros); and 5.24% when looking at Gross Value Added (5,536 million euros in total from an input of 1,057 million euros).

According to European industry estimates, due to lost opportunities for charters and the restrictive nature of our legislation, Spanish companies miss out on business to the tune of 600 million euros per year, whilst 25,000 to 30,000 jobs are not created. This lost revenue, calculating an average of 12% VAT, would create 72 million euros of revenue for the Treasury Department. When compared to the 30 million euros that the Treasury Department received from the registration tax in 2008, this is quite a significant loss, both for central government and the autonomous communities. What's more, revenue from this tax was even lower in 2009 – around 20 million euros – due to the plunge in the number of registrations in Spain.

Elite nautical tourism, especially British, French, Dutch, German and Scandinavian, offers a high potential for generating revenue and employment, proved by the fact that a nautical tourist spends on average 140 per day – twice the amount of a land-based tourist, and this shoots up to 450 euros when it comes to a superyacht. This type of tourism usually features repeat visitors and its impact on the environment is far less than conventional tourism, factors which reinforce the importance of making Spain a preferred destination for nautical tourists. Unfortunately no policies to this effect exist in Spain. There is a lack of market strategy to meet existing demand and an unwillingness to adapt to new tourism trends, which – added to the strict government legislation and abusive taxation system – hinder the yachting industry's growth and expansion and fail to take advantage of the stunning Spanish coastline.

It's difficult to comprehend that countries such as France, Holland, Great Britain, Croatia and Italy endeavour to promote the yachting industry, even seeing it as alternative employment for those who lost their jobs in sectors in steep decline, such as construction and commercial fishing, whereas in Spain absolutely nothing is being done to eliminate the barriers that are halting the industry's development.

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