

Damen Holding BV terminates agreement on Mangalia shipyard

The legal framework for the association between Damen Holding BV and the Romanian government on the Mangalia Shipyard has been cancelled, according to Damen group, a minority shareholder in the Mangalia Shipyard.

Damen Holding BV (Damen) is said to be a strategic player in the shipbuilding industry in Romania, owning and investing in the largest shipyards in the country (Galati and Mangalia) and operating the largest naval design company in Romania.

At the same time, Damen provides over 3,500 local jobs, having completed over 400 projects in Romania and built over 30 vessels for 14 navies and coast guards around the world, including NATO and EU countries.

In 2018, Damen decided to invest in Mangalia and agreed to transfer to the Romanian government a 2% stake in the company that operates the Mangalia Shipyard, allowing the Romanian government to become a majority shareholder in this company with a 51% stake, in exchange for receiving and keeping operational and managerial control of the shipyard.

Under the existing partnership, Damen provided financing, know-how, specialised resources, as well as clients and contracts in order to transform the site in Mangalia into a competitive one in Europe. That was possible as a result of the approval of government emergency ordinance 73/2018, amending emergency ordinance 109/2011 on corporate governance of state-run companies.

According to Damen, with the adoption of Law 187/2023, the legal framework under which the association operated with regard to the Mangalia shipyard was cancelled. The legal framework that currently applies violates the conditions offered, agreed and guaranteed in favor of Damen by the Romanian government in 2018, completely invalidating the principles that were the basis of Damen's decision to invest in the Mangalia shipyard. In addition, this fact comes after more than three years of other blockages in the decision-making process, no other type of help, involvement or funding from the Romanian partner.

Over the past four months, Damen has repeatedly tried to prevent any negative impact on the shipyard, workforce and customers.

Damen is said to have insisted on a genuine dialogue and a quick solution to be implemented before the entry into force of the law, in order to minimise any disruption to the shipyard's activity and to resolve the current difficult situation.

According to Damen, following an already difficult collaboration and now facing these unilateral changes, it is thus faced not only with a breach of the contract, but also with the breach of the relationship of trust in the Romanian state.

After a previous notice of breach of contract by which Damen expressed for the last time its readiness to find a possibility for the continuation of the association, to which no solution was offered by the Romanian side, Damen had no other option than to issue the notice of termination of the Association Agreement concluded in 2018 with the Romanian partner.

Damen also says that by taking this step, provided for in the contractual framework of the association, Damen, as a foreign investor, protects its rights, investment, customers and projects at the Mangalia shipyard.