



German Shipbuilding Industry Stays The Course in Stormy Seas

Hamburg, 14/05/2019 — The industry trend in global shipbuilding as seen in recent years continued throughout the past 12 months: Demand for standard-ship types dominated by Asian yards, recovered only slowly, remaining below production for the fifth consecutive year. The newbuilding orderbook therefore continues to melt away. This development continued despite the fact that today's global shipbuilding output is 40per cent lower than during its peak in 2010. As the pressure on the industry continues, many governments feel prompted to intervene in the market and resort to subsidies and protectionist measures to shield their domestic industries.

German shipbuilding industry successful

A significant portion of the German shipbuilding industry has been able to separate itself from these developments by focusing on high-end niche markets: In seven of the past eight years more orders were acquired than delivered. Since 2010 the orderbook has nearly doubled. As a consequence, German shipyards have expanded their workforce. For 2018, the German Federal Office of Statistics recorded an 8per cent increase in the number of pay-roll employment at shipyards. The strong orderbook offers shipyards a solid planning basis to further improve productivity and continue to optimise production in preparation of future challenges, which are sure to come.

Also the German supply industry is weathering the difficult global market sentiment comparatively well. While it is struggling in some segments with the lasting weak the newbuilding activity for most of the standard ship types, it has repeatedly succeeded in generating business by bringing innovative solutions to market. In addition, products and systems which are primarily used for passenger ships can count on high demand leading to a growing need for qualified staff.

The Chinese challenge

Asian competitors are aiming to penetrate the high-tech shipbuilding market. "It is a sign of realism that the discussion has shifted from focussing only on the opportunities offered by China to viewing China also as a rival system. New ferries for the Baltic Sea are currently ordered mostly from China where yards offer discount prices thanks to generous government support. For decades we have been seeing these kinds of market distortions without being able to devise any form of discipline. This has to change, if we want sustainable, healthy markets" says DR. REINHARD LÜKEN, GENERAL MANAGER, GERMAN SHIPBUILDING AND OCEAN INDUSTRIES ASSOCIATION (VSM), commenting on the development at the press conference held on occasion of the VSM annual meeting.

11th National Maritime conference raises great expectations

The forthcoming 11th National Maritime Conference in Friedrichshafen at Lake Constance will explore this and other topics. The fact that this conference is held right before the



European elections offers a highly welcome opportunity to underline the vital importance of European policy for the competitiveness and global position of the German shipbuilding industry.

"Finding common solutions will help us all strengthen our global capabilities. It is time for Europe to represent its interests in the global arena with great confidence. The National Maritime Conference can have a significant impact in pushing its agenda in this context: Germany wants a strong maritime industry and is willing to make a significant effort, together with its European partners," stresses VSM PRESIDENT HARALD FASSMER.

'Global, smart, green'

True to its motto, the National Maritime Conference will not only focus on intensifying the national and European efforts to create a level playing field in the global shipbuilding market. The Conference's shipbuilding industry forum (Forum Schiffbauindustrie) will also discuss basic national issues, including collaboration with the German government as a customer, new developments in the labour market, or cutting red tape by simplifying bureaucracy. In addition, there is a need to significantly intensify the joint efforts to develop existing and new smart and eco-friendly technologies. The maritime energy transition can become a reality, but it represents a challenge the market cannot overcome alone.

Demands for a strong maritime Germany

In view of all this, VSM summarises its concept for a strong maritime Germany as follows and demands to:

- 1.) Increase joint investments in maritime education, research and development
- 2.) Create incentives to support the market success of sustainable maritime technologies
- 3.) Advocate smart, responsible public procurement and collaboration in an atmosphere of mutual trust instead of excessive bureaucracy
- 4.) Not only demand but jointly enforce a level playing field.

"We have successfully managed the structural transition towards high-tech shipbuilding.. Now it is imperative for us to safeguard valuable capabilities. There is plenty of homework for us to do in Berlin, but we cannot resolve the core issues in Germany on our own in the long term. Therefore, joint European action is of great importance to us." emphasises FASSMER.

The German Shipbuilding and Ocean Industries Association (VSM) represents the political and commercial interests of the German maritime industry and its complex value chains covering a great diversity of maritime market segments. For further information about the development of the German maritime industry please visit <http://www.vsm.de>.