

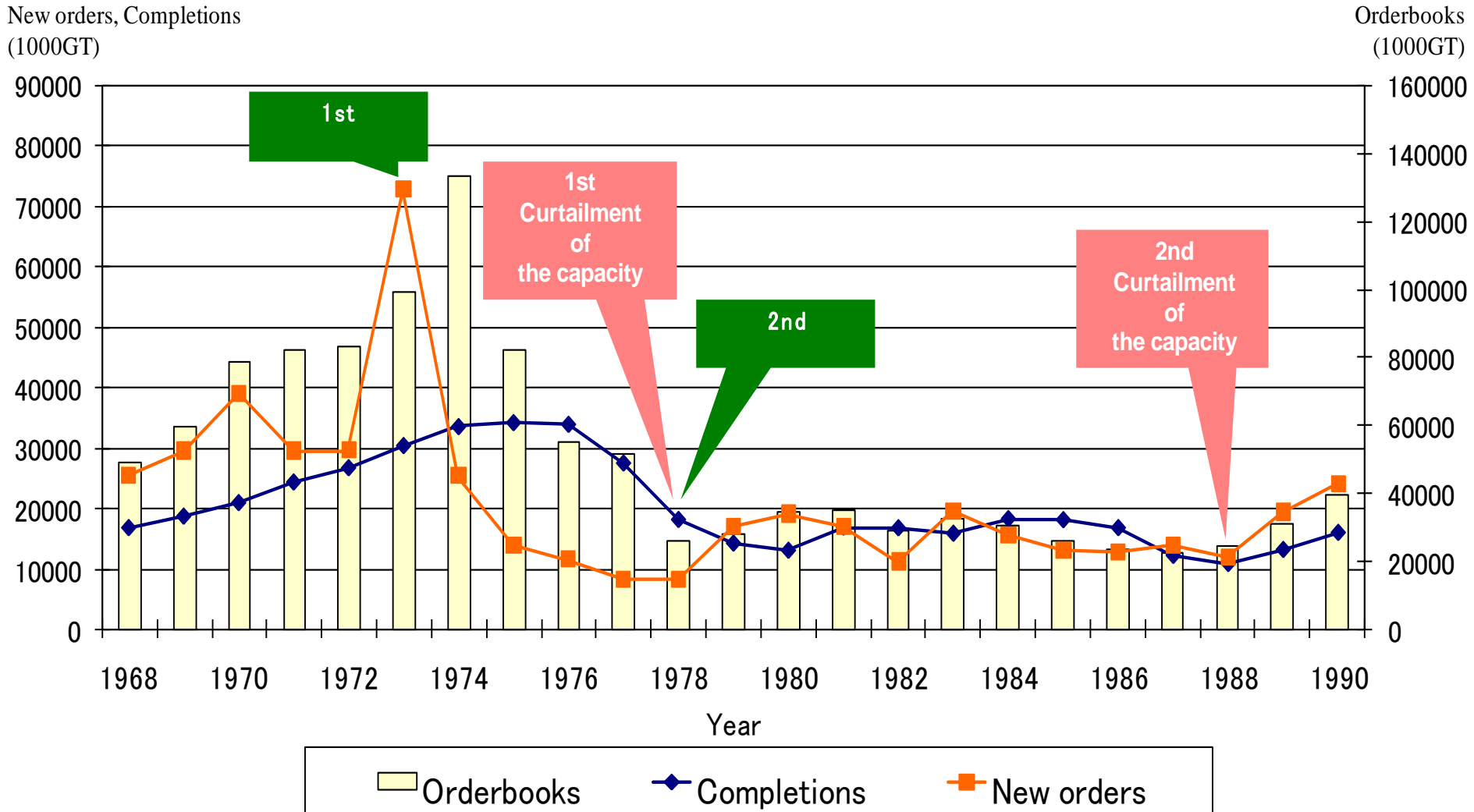
# Future Short and Long term Policy Agendas

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Ministry of Land, Infrastructure,  
Transport and Tourism (MLIT), JAPAN

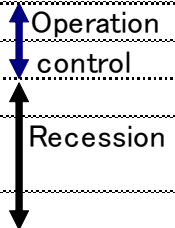
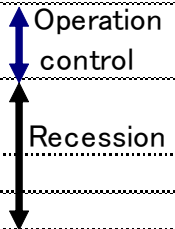
- 1. Past Shipbuilding Recessions**
- 2. Future short term Policy Agenda**
- 3. Future long term Policy Agenda**

## Transition of the world shipbuilding industry



## Chronological Table of Actions taken

	Market	International Dialogue	Within Japan
1950s			50% share of the world shipbuilding market
1973	<ul style="list-style-type: none"> <li>● 1st Oil Crisis</li> <li>- Sharp fall of tanker market</li> <li>- extremely glutted market</li> <li>- extreme price competition</li> </ul>		
1974			
1975			
1976	Friction between Japan and Europe	'General Guidelines For Government Policies in the Shipbuilding Industry' (OECD)	
1977			Instruction of the export price
1978			
1979	<ul style="list-style-type: none"> <li>● 2nd Oil Crisis</li> <li>● 'Mini boom' in the dry cargo market</li> </ul>		1st Curtailment of the shipbuilding facility (37%)
1980			
1981			
1982			
1983		Amendment of the General Guidelines in 1976 (OECD)	
1984	● 'Handy Bulk boom'		
1985		Plaza Accord	
1986			
1987			
1988	extremely glutted market		2nd Curtailment of the shipbuilding facility (23%)
1989			
}	The beginning of rapid development of the shipbuilding industry		



## Chronological Table of Actions taken

**Japan had cut down its shipbuilding capacity twice in the past recessions as a responsible position; as the leader of the world shipbuilders.**

	Market	International Dialogue	Within Japan
1976	Japan and Europe	Government Policies in the Shipbuilding Industry' (OECD)	
1977			Instruction of the export price
1978	<ul style="list-style-type: none"> <li>● 2nd Oil Crisis</li> <li>● 'Mini boom' in the dry cargo market</li> </ul>		Operation control
1979			1st Curtailment of the shipbuilding facility (37%)
1980			Recession
1981			
1982			
1983	<ul style="list-style-type: none"> <li>● 'Handy Bulk boom'</li> </ul>	Amendment of the General Guidelines in 1976 (OECD)	
1984			
1985		Plaza Accord	
1986			Operation control
1987			
1988	extremely glutted market		2nd Curtailment of the shipbuilding facility (23%)
1989			Recession
2000	The beginning of rapid development of the shipbuilding industry		

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1977			Instruction of the export price	↑ Operation control
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1989				
?	The beginning of rapid development of the shipbuilding industry			

## “General Guidelines For Government Policies in the Shipbuilding Industry ”

(adopted in 1976, amended in 1983)

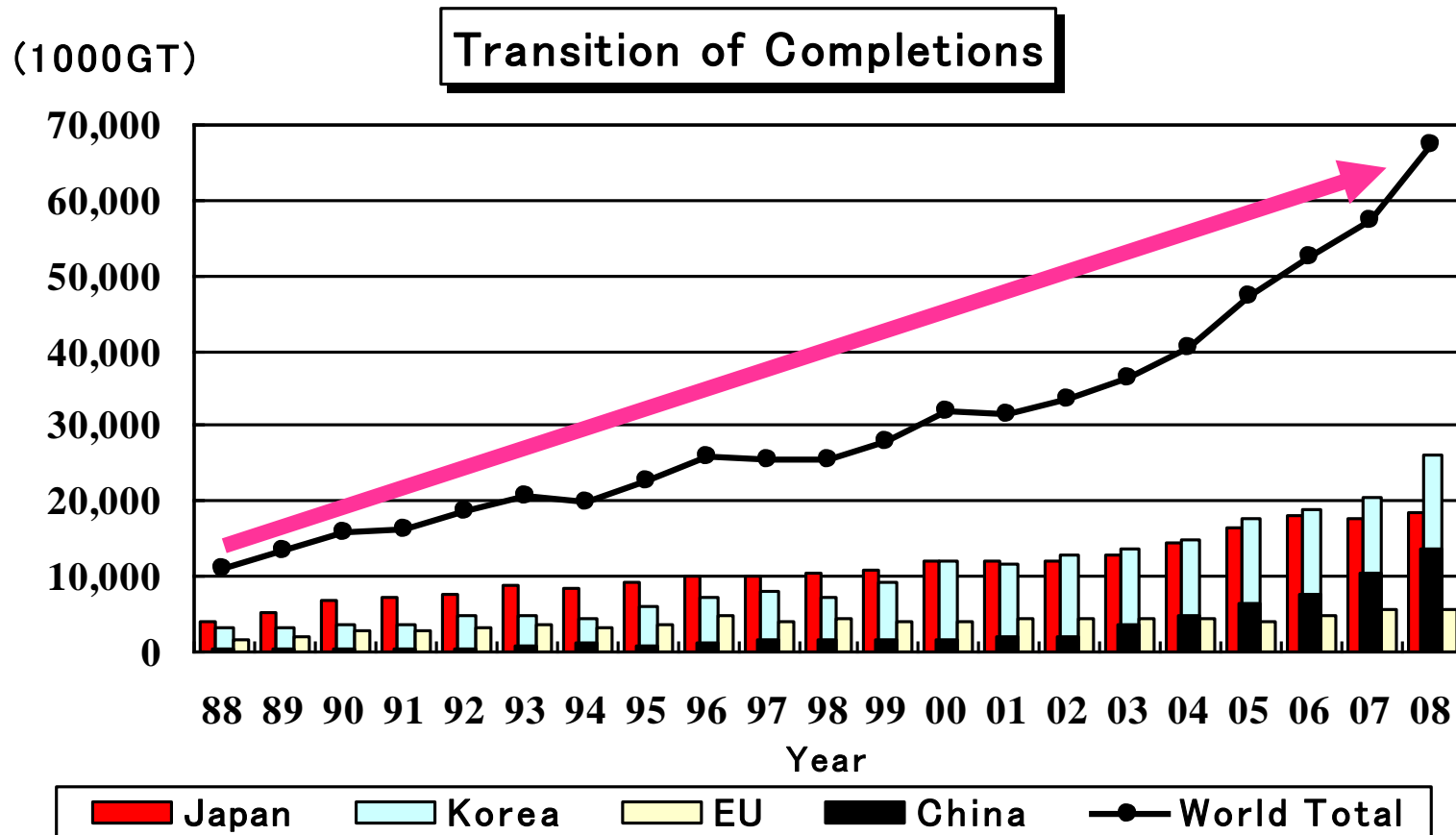
### < ABRIDGMENT >

Each government of WP6 should:

- endeavor to ensure that a priority aim in the restructuring of its shipbuilding industry remains the **appropriate adjustment of production capacity**;
- **not to take any measure nor give, directly or indirectly, any aid to its shipbuilding industry**;
- **watch that the practices of its industry remain**, particularly with regard to prices, in a framework of fair competition;
- **refrain from taking measures** which would **help to create new shipbuilding capacity** and would **aggravate the worldwide structural imbalance** in the shipbuilding industry;
- watch in particular that the restoring of normal and balanced conditions in the market not be disturbed by the premature reactivation of capacities.

1. Past Shipbuilding Recessions
2. Future short term Policy Agenda
3. Future long term Policy Agenda

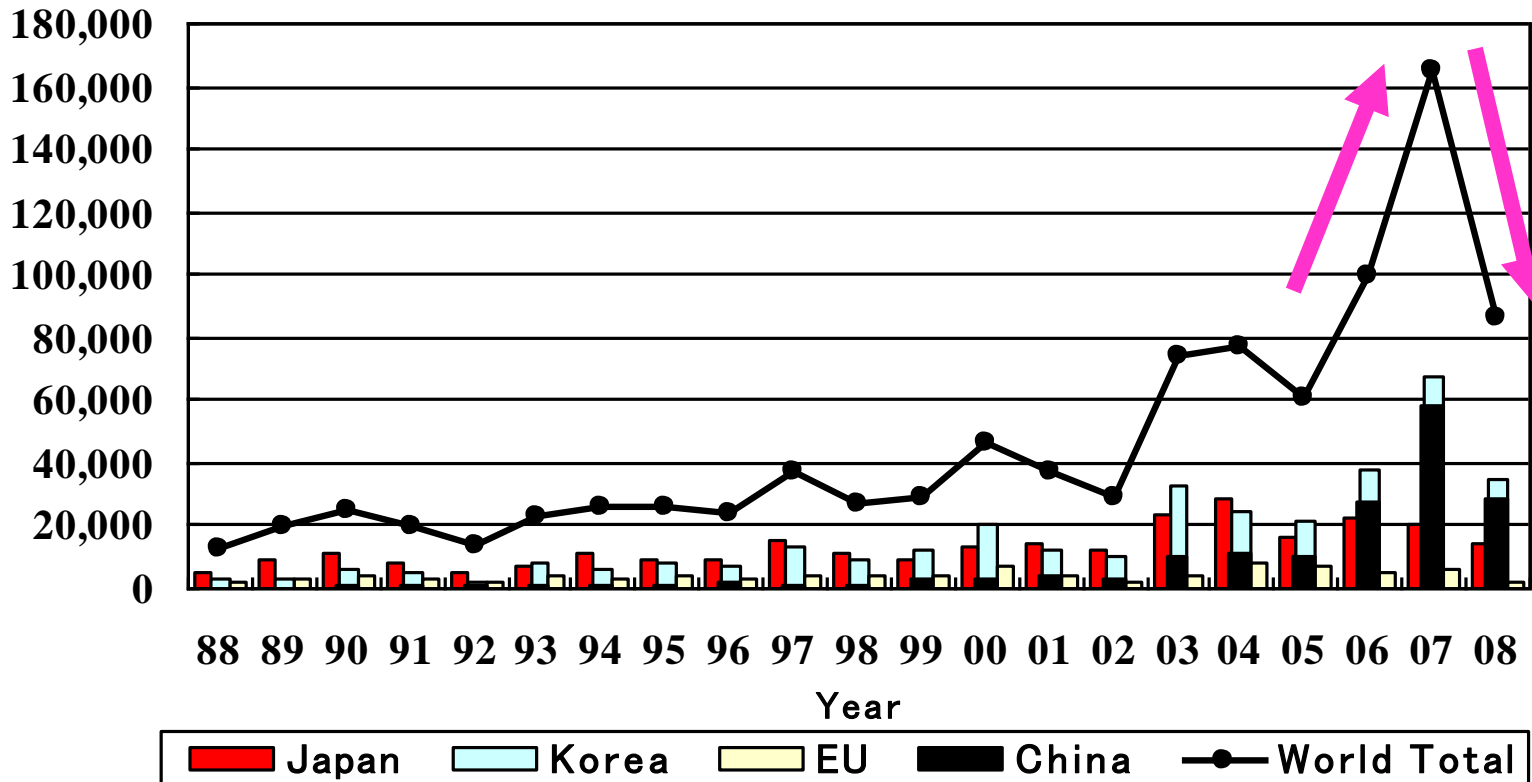
- ◆ Shipbuilding industry has been dominantly developed during the last two decades.
- ◆ Shipbuilding capacity has increased dramatically in the world.



- ◆ The boom of the maritime transport has left last autumn so that the shipbuilding market has fallen suddenly.
- ◆ Huge number of the cancellation of new-building has raised.

(1000GT)

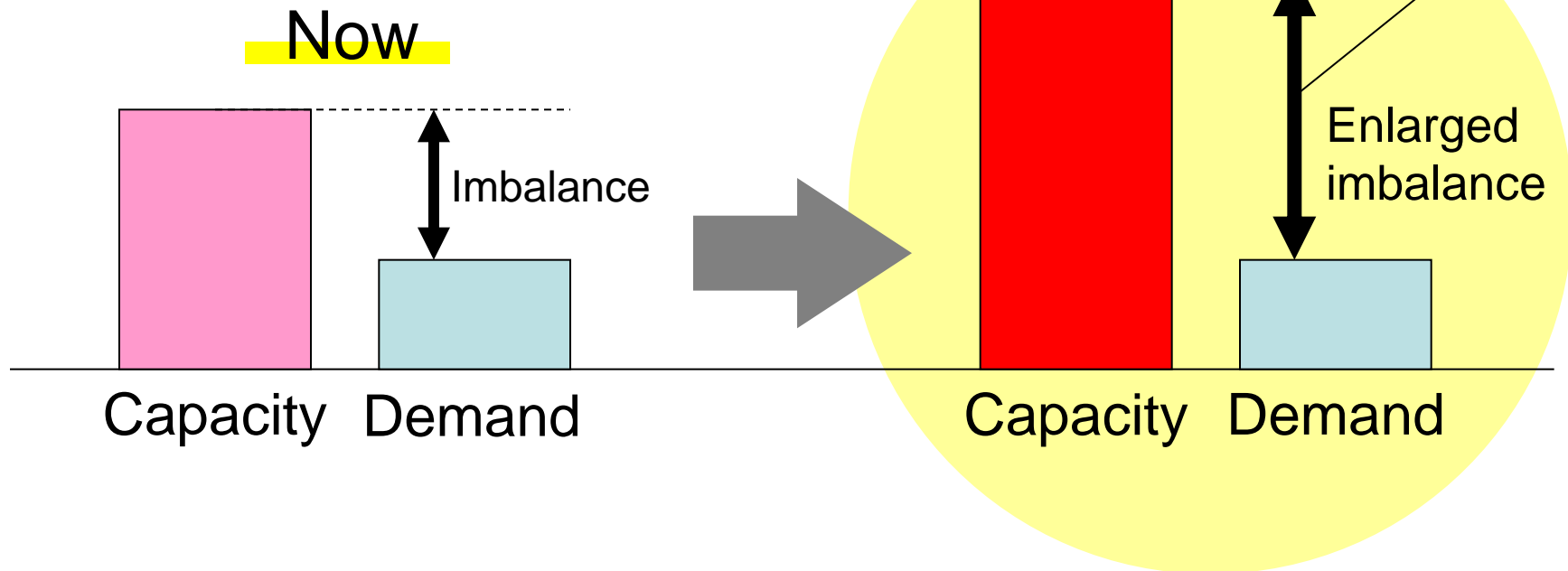
Transition of New orders



Lloyd's statistics

## Current shipbuilding market is obviously glutted.

Further expansion of shipbuilding capacity makes the imbalance of supply and demand larger.



**The serious gap of supply and demand makes this recession more severe and protracted.**

Appropriate short term policy is . . .

< Fine action >

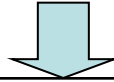
**China prohibits new expansion projects  
for coming three years.**

**Every country should stop not only new  
projects but also every ongoing expansion  
projects.**

The matter requires haste.

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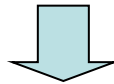
The imbalance of supply and demand



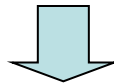
Extreme price competition



Many Shipbuilders will be in management difficulty



If any country inappropriately bails out their yards

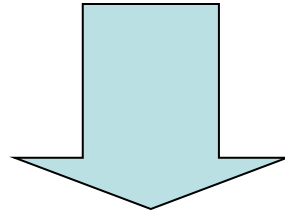


Other countries will start aid to their yards



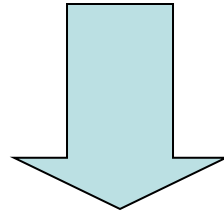
**It makes this recession more severe and longer**

Fundamental needs to keep the normal competitive conditions.

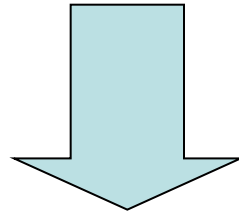


**Need to establish Shipbuilding Agreement**

Needs to avoid reoccurrence of  
imbalance of Capacity and Demand



forecasting capacity and future demand



**New creation of superfluous capacity shall be  
refrained taking into account future demand**

# Conclusions

## Desirable shipbuilding Policy

### Short term

- Stopping any expansion of shipbuilding capacity

### Medium and Long term

- Establishing framework for harmonization and development of the world shipbuilding industry
- Refraining new creation of superfluous capacity

**Thank you for your kind  
attention.**

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