

## **OECD Council Working Party on Shipbuilding (WP6)**

### ***What is the OECD?***

Founded in 1961, the OECD is an intergovernmental organisation that brings together 34 member countries committed to democracy and the market economy. The OECD addresses the economic, social and environmental challenges of globalisation, and it is also at the forefront of efforts to understand, and to help governments respond to, new developments and concerns, such as green growth, structural change, innovation, corporate governance, the information economy and the challenges of an ageing population.

The OECD's work is not only for the benefit of members, as it reaches out to over 100 developing and emerging economies to share experience and expertise. See also the OECD web site at [www.oecd.org](http://www.oecd.org)

### ***What does the Council Working Party on Shipbuilding do?***

The work of the OECD is carried out in Committees and Working Parties, where national representatives advance ideas and review progress in defined policy areas. The OECD Council Working Party on Shipbuilding (WP6) is the only body that provides an international platform for the exchange of information and the carrying out of economic and policy analysis on all aspects of the shipbuilding sector. Its principal aim is to progressively establish normal competitive conditions in the industry, and in the course of achieving this objective it works to encourage transparency in the industry, and consults widely with both non-OECD economies and relevant industry groups.

### ***What is the relevance of the WP6 to non-OECD economies and industry?***

While the world's shipbuilding industry has been through a period of record production, it was severely affected by the 2008 global financial crisis, and the last two years have seen very low levels of new orders received by virtually all shipyards. The global industry now faces a number of challenges, especially given the growth of global shipbuilding capacity which, when current order books are depleted, will considerably exceed demand. This will place the economic viability of the industry under pressure in some parts of the world. Persistent worldwide overcapacity may encourage governments to provide support through subsidies and other measures, as well as other market distorting practices, which can create major structural problems even in the most efficient shipbuilding industries. These potential market distortions can be addressed through close cooperation among economies with significant shipbuilding sectors, and the active involvement of industry.

The WP6 has placed a high priority on establishing close working relationships with non-OECD economies. In particular, these economies were encouraged to participate on an equal footing with OECD members in the negotiations on a shipbuilding agreement that ran from 2002 until they were paused in September 2005, and Brazil, China, Croatia, the Philippines, Romania, the Russian Federation, Chinese Taipei and Ukraine participated in those negotiations. Since then, a close working relationship has continued with all of these economies, and both Croatia and Romania have become full participants in the WP6.

The WP6 also organises regular Workshops aimed at facilitating the exchange of information on policy and industry developments, and as well as the economies already mentioned other participants have come from India, Indonesia and Malta, amongst others.

The WP6 has also worked closely with industry groups representing shipbuilders, ship owners, ship operators and trade union interests, so that a wide range of perspectives can be taken account by WP6 members during their formulation of policy responses to address issues and challenges faced by the global shipbuilding sector.



### ***What are the Working Party's principal activities?***

While the negotiations on a Shipbuilding Agreement were terminated in December 2010, the Working Party's main focus remains the creation of normal competitive conditions in the industry through the identification and progressive elimination of subsidies and other measures that distort the market. Specific activities include:

- The compilation and analysis of subsidies and other support measures provided to the shipbuilding sector through an on-line Inventory. A number of non-OECD economies participate in this activity.
- Further consideration of the nature and effect of factors that can distort the shipbuilding market.
- The examination of factors that affect the structure of the world shipbuilding industry. A number of non-OECD economies and shipbuilding enterprises participated in this project, which was a major component of a Workshop with non-OECD economies held in December 2008.
- A report on ship financing practices and developments.
- A series of reports on the shipbuilding industries in both OECD and non-OECD economies. These are prepared with the participation of the respective economies, and so far reports China, Vietnam, Russia and Chinese Taipei have been completed, while a report on Turkey is currently in preparation.
- In consultation with key shipbuilder associations, the analysis of shipbuilding supply and demand.
- An examination of the interaction between the ship repair, conversion and shipbuilding sectors.
- Regular review and updating of the Sector Understanding on Export Credits for Ships.
- Environmental and climate change issues, and their implication for the shipbuilding industry.

### ***What are some of the Working Party's possible future activities?***

Some of the new activities by the WP6 for 2011/12 include:

- Following the termination of the Shipbuilding Agreement negotiations, the review of existing OECD policy instruments intended to shape OECD government's approach to the shipbuilding industry.
- An examination of short to medium trends in shipbuilding and the changing characteristics of the global shipbuilding market.
- Examination of green growth best practice in shipbuilding, addressing environmental, climate change management and sustainable development.
- Continued analysis of order books and price changes in the industry.
- Examination of the developments in the shipbuilding industry following the global economic crisis.
- Possible examination of the impact of technology on shipyard employment.

More information on the WP6 can be found on our website at [www.oecd.org/sti/shipbuilding](http://www.oecd.org/sti/shipbuilding) or by contacting Mr. Danny Scorpecci, Principal Economist at [danny.scorpecci@oecd.org](mailto:danny.scorpecci@oecd.org)

OECD  
March 2011