Institute Labour and Economy
University of Bremen

IG Metall | Coastal Region

Employment, Orderbook and Perspectives of the Shipbuilding Industry in Germany

Panel Study, September 2009
-Results-

Executive Summary

For the 18th time, the German Union IG Metall-Coastal Region and the Institute Labour and Economy/University of Bremen are organizing the annually carried out panel study on **Shipbuilding Industry in Germany**. In September 2009 the works councils of all **37 German shipyards plus 3 component companies** have been asked by a standardized questionnaire for employment, order book, working conditions and perspectives. This panel could be understood as a **census**.
The **structure of the German Shipbuilding Industry**, as we know it from the last 5 years boom (2003-2008), **is dramatically changing** due to the global financial and economic crisis. Sustainable strategies are not existent till now. The current developments could lead to the ever lasting loss of industrial capacities, jobs and Know How in the German Shipbuilding Industry.

The lack of new orders, cancellations of orders and the non-acceptance of already finished newbuildings by the customers had led to the **bancruptcy of in total 6 yards** during the last 12 months.
Furthermore already decided or planned **sales of single yards** (Nobiskrug, Nordseewerke Emden and HDW Gaarden) contribute to these structural changes.

In the last 12 months there were a **dramatic decrease of direct employment** in the German Shipbuilding Industry: At 1 September 2009 the 40 companies directly employed 17,446 – a **loss of 3,084 jobs (= 15 %)** compared with the figure from one year before. **Never in the history of German Shipbuilding Industry the number of jobs was so low**.

During the period under report from September 2008 till August 2009 the number of orders of newbuildings (merchant ships) has sunken dramatically. **There was no order for container vessels (worldwide: 5) and no new orders for cruise ships**.
Cancellations of orders are the main reason why the capacity utilization of the yards has been reduced by 12 months (this is for 8 yards).

Despite of the losses of direct employment it is remarkable, to **what high amount the yards are using the flexibility instruments like working time accounts, overtime work, temporary work and esp.contracts for (out-sourced) work and labour**:
Extrapolated to the entire direct employment on German yards, the equivalent for the working time accounts and overtime work are 1,613 jobs.
For temporary work this equivalent are 2,023 jobs.
Directly linked to temporary work are the contracts of work and labour: Extrapolated to the entire direct employment on German yards, is the equivalent for this instrument 8,833 jobs.
In total the equivalent of all these 4 flexibility instruments are 12,469 jobs (compared with the 3,084 job losses during the period under report). In consequence it means that the direct employment (core staff) on German shipbuilding yards is continuing to decline not only because of the crisis but because of the mis-use of these instruments by the employers.

During the boom, **short time work** did not play any significant role. But since spring 2009 the importance of this labour market instrument **has been dramatically increased**: 7 yards have already introduced short time work and 2 further yards are planning to do this (according to the labour law in Germany, up 24 month the German Employment Agency is paying roughly two third of the monthly salary in order to avoid lay-offs).

A German speciality is the system of **dual apprenticeship**: School leavers will pass an apprenticeship in a company for about 3 years: 2 days a week they are attending special schools, 3 days a week they work in the company. This kind of qualifying/recruiting young people is effective for all kind of jobs (blue *and* white collar) and is enjoying a high esteem by the German society. After the 3 years the apprentices will pass an exam and after that they will have the chance either to get a job in a company or continue there education for example by going into higher education.
After 3 years growth, now the number of apprentices has been decreased from 1,492 in 2008 to 1,345 at 1 September 2009 – though t**he rate of apprentices** for the period under report **has been slightly increased to 8.02 percent for the period under report**.
91 percent of those apprentices who had passed their exams successfully, had been offered a job by the yards. But only 16 percent of these young men and women got an unlimited contract.

In the frame of our annually carried out panel study (the current one is No. 18) we are asking for the fourth time additionally to the yards study **the maritime supply industry**. In total the maritime supply industry in Germany is comprising about 400 companies with 72,000 direct employees. This industry is together with the Japanese maritime supply industry worldwide No. 1 and highly export-oriented. The companies are located all over Germany, not only in the coastal regions.
In our explorative survey of the maritime supply industry we asked selected companies (located only in the coastal regions) special questions. 11 companies with a total workforce of 4,613 participated in our survey. Insofar these results are not representative for the whole maritime supply industry in Germany. The sizes of the companies in our sample are very different: They reach from 135 up to 1,200 employees.

During the period under report all the questioned companies has **increased the number of jobs**, in only 2 company job losses can be registered.
Nearly all companies being asked are expecting for the next year a continuous employment.
Despite of the satisfying capacity utilization in the last 12 months short time work has been launched (or are planned) in 4 out of 11 companies.
The conclusion of the works councils in the maritime supply industry in Germany is, **that the crises of the shipbuilding industry will hit them time-delayed, as esp. the orders from the European Shipbuilding Industry are missed**.

Please note, that the full report is only available in German. For further questions please contact

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