Introduction

PH Geographical Configuration

- Archipelagic country of 7,100 islands
- Coastline length of 36,289 million kms
- Sea areas of 2.2 square kilometres

By its geographical configuration, the Philippines is best for shipbuilding.
GOVERNMENT POLICIES AND INCENTIVES FOR THE SBSR SECTOR

1. **PD 666** issued on 05 March 1975 - declared shipyards as non-public utilities wherein 100% foreign equity is allowed.

2. **PD 1221** issued on 17 October 1977 - Required all Philippine-Registered oceangoing ships to undergo drydocking/repairs in licensed MARINA registered shipyard.

3. **E.O. No. 226** and implementation of the Investments Priorities Plan (IPP) - Exemption from payment of duties and taxes from importation of ship's spare parts.

4. **Republic Act No. 9295** issued on May 2004 - Exemption from payment of 12% Value Added Tax and allows shipyard entities to fully owned by foreign investors.

EMERGING SHIPBUILDING NATION

- The arrivals of foreign shipbuilders in the country have propelled the growth of exports of Philippine-made ships.
- Philippine shipyards are now building more ships of bigger tonnage capacities like bulk carriers, containers and tankers.

<table>
<thead>
<tr>
<th></th>
<th>Hanjin Shipyard</th>
<th>Kappel Shipyard</th>
<th>Tsuneishi Shipyard</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual Capacity</strong></td>
<td>18 Vessels</td>
<td>9 Vessels</td>
<td>16 Vessels</td>
</tr>
<tr>
<td><strong>Types of Vessels &amp; Tonnage</strong></td>
<td>Bulk Carrier 205K DWT Container 12,800 TEU Tanker 320K DWT</td>
<td>Rig Pontoon/Tug Boats</td>
<td>Bulk Carrier of up to 180K DWT(Cape Size), Car Carrier</td>
</tr>
<tr>
<td><strong>Location</strong></td>
<td>Subic</td>
<td>Batangas</td>
<td>Cebu</td>
</tr>
<tr>
<td><strong>Project Cost</strong></td>
<td>US$ 1.77 Billion</td>
<td>US$ 33.33 Million</td>
<td>US$ 267 Million</td>
</tr>
<tr>
<td><strong>Employment</strong></td>
<td>25,000</td>
<td>5,801</td>
<td>13,000</td>
</tr>
</tbody>
</table>
Industry Performance

Order Book by Country, ex-China, Japan and Korea
Brazil ranks 4th, Philippines 5th, Taiwan 6th and Vietnam 7th.

Source: IHS Fairplay

NUMBER OF MARINA-LICENSED SBSR ENTITIES AS OF CY 2013

Total: 107 SBSR

Small 85 (79.43%)

Large 7 (6.5%)

Medium 15 (14.1%)
The 7 Large Shipyards by Geographical Distribution

- **KEPPEL SUBIC SHIPYARD**
  - Cawag, Subic

- **SUBIC DRYDOCK CORPORATION**
  - SBMA

- **HANJIN HEAVY INDUSTRIES SUBIC, ZAMBALES**

- **HERMA SHIPYARD & ENGG., INC.**
  - Mariveles, Bataan

- **KEPPEL MARINE PHIL. INC.**
  - Batangas City

- **F.F. CRUZ & CO., INC.**
  - Iloilo

- **TSUNEISHI HEAVY INDUSTRIES**
  - Balamban, Cebu

**CAPABILITY TO COMPETE GLOBALLY**

- **Shipbuilding Giants in the PH**

- **Coverage**
  - Design, construction, overhaul, repair and alteration of watercrafts
  - Manufacturing outfittings for ships and vessels
  - Engineering and fabrication services
  - Conversion services for both foreign and Philippine clients

- **Philippine Advantage**
  - 100% foreign ownership of companies
  - Available areas suitable as shipbuilding bases
HANJIN PHILS.

- “World’s best shipbuilder” since 1992
- Established in 2006 with US$1.8 B investments
- Has delivered more than 51 ships to clients around the world
- Considering to build another shipyard in Misamis Oriental, Mindanao

Source: www.hhic-phil.com

HANJIN PHILS.

SHIPYARD FACILITIES
- 4 ultra-large cranes
- 2 drydocks
- Automated assembly lines

Dry Dock No.5
(370m x 100m x 12.5m)

Dry Dock No.6
(550m x 135m x 13.5m)

QUAY WALL : 4 Km

Shipyard Area
330 Hectares

Sea Linkages, Transportation, and Shipping Services
**HANJIN PHILS.**

- MV Argolikos, US$60 M - First Philippine-made container ship
- Weighs 41,000 tons; 258.9 meters in length, a width of 32 meters, height of 19 meters and actual speed of 24.6 knots

**TSUNEISHI**

- In the PH since 1994
- Subsidiary of Tsuneishi Corp. (Japan) and Abotiz & Co.
- Builds merchant ships using technologies and standards used by Tsuneishi Japan
- Delivers 20 ships a year
- Will deliver its 213th vessel on December 10, 2013
- Employees working for Tsuneishi: 13,000 (600 are organic, the rest are subcontractors)

Balamban, Cebu
Area: 147 hectares.
TSUNEISHI

- Built the Tenshu Maru in 2010, the first and the biggest cargo vessel built in the PH
- 291.90 meters long, 45 meters wide, 24.50 depth
- 92,900 gross tonnage, 9 cargo holds w/ a helipad

Source: www.thic.com

KEPPEL PHILS.

- In the PH since 1981 for repair of vessels
- Started building ships for international clients in 1993
- Subsidiary of Keppel Singapore
- Uses same technologies and standards as those of Keppel Singapore
Keppel Batangas Shipyard is located in the Keppel Philippines Marine-Special Economic Zone in Bauan, Batangas.

- Holds a track record of building more than 90 new ships ranging from tankers, barges, tug boats and landing crafts to asphalt carriers.
Sea Linkages, Transportation, and Shipping Services

COLORADO SHIPYARD CORPORATION

- In the PH since 1972 for repair of small types of vessels
- Started building ships for foreign customers in 2010

Presently building a 76 Meter 1300 DWT combination passenger/cargo vessel off for Tahiti. Design was done in France, and CSC is proving additional engineering to support the project.

The vessel can carry about 100 passengers and 62 TEU containers above deck and in the cargo holds including reefer containers.
COLORADO SHIPYARD CORPORATION

- Colorado also builds pleasure yachts/boats made of fiber glass or aluminum.

HERMA SHIPYARD INC.

- Started operations in 2000 for repair of vessels in its shipyard in Mariveles, Bataan and started to build new ships in 2007.
- Facilities: 1 Graving Dock can accommodate vessels up to 150 m or 10,000 Dwt and 60.96 m Floating Dock.
**HERMA SHIPYARD INC.**

The launching of M/T Matikas and M/T Masinop

- Built in Herma shipyard with Filipino skills and talent
- Built to international design and construction standards

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**GENSAN SHIPYARD AND MACHINE WORKS, INC.**

- Location: General Santos City, Sarangani Province
- Facilities: 2 Floating Docks with Lifting capacity of 2,500 & 1,500 tons
  Twin Slipways with lifting capacity of 5,000 tons each
GENSAN SHIPYARD AND MACHINE WORKS, INC.

- Started in 2002 for repair and building of fishing vessels
- Will start building and repairing bigger ships in December 2011

EXPORT PERFORMANCE

PHILIPPINE EXPORTS OF SHIPS (US$ Million)

Source: NSO
### MANPOWER PROFILE FOR SHIPBUILDING

<table>
<thead>
<tr>
<th>Category</th>
<th>2012</th>
<th>%</th>
<th>Skills Set</th>
<th>Salary Range (P/mo)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managerial Personnel</td>
<td>2,702</td>
<td>6</td>
<td>Management</td>
<td>25,000 - 45,000</td>
</tr>
<tr>
<td>Administrative Personnel</td>
<td>4,954</td>
<td>11</td>
<td>Administrative</td>
<td>10,000 - 15,000</td>
</tr>
<tr>
<td>Technical Personnel</td>
<td>5,855</td>
<td>13</td>
<td>Naval Architects &amp; Engineers (electrical, mechanical, marine; with knowledge in computer-aided designs), Electricians</td>
<td>25,000 – 35,000</td>
</tr>
<tr>
<td>Skilled Workers/ Semi-Skilled Workers</td>
<td>31,527</td>
<td>70</td>
<td>Welders, Crane Operators, Steel Cutters, Outfitters, Painters, etc.</td>
<td>15,000 – 25,000</td>
</tr>
<tr>
<td>Total</td>
<td>45,038</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The salary scale of workers in Philippine shipyards is about 50% lower than those working in Korea and Singapore according to Hanjin and Keppel.
Sources of data: MARINA and BOI; Jobstreet salary range report

### PULL FACTORS

- **Qualified and Competent Manpower**
  - Key to the success of the shipbuilding industry in the international market

- **Favorable Sites for Shipyards**
  - Ships are protected against rough seas and strong winds
  - Adequate space and water depth for anchorage in the immediate vicinity of the yard
  - Sea channels favorable for sea trials
  - Non close proximity to a community
PULL FACTOR: Suitable Sites

- Calm waters/moderate winds
- Remote area
- Deep sea
- Adequate water space

Source: Hanjin Subic

Source: Tsuneishi Cebu

Favorable sea channels for sea trials

Source: Keppel Subic

PULL FACTOR: Available Areas

Where to Set Up

- New site for shipbuilding facility Port Irene, Cagayan Valley
- The 54,000-hectare business hub of Cagayan Economic Zone Authority (CEZA) in Port Irene being primed to be the country’s next world-class shipyard
- Existing shipyards strategically located in the country whose owners are determined to enter into shipbuilding arrangements with foreign investors
Available Areas Suitable to Host Shipyards in the Philippines

- Promotion of MARITIME INDUSTRIAL PARK (MIP) as a One-Stop-Shop
- Location: PHIVIDECE INDUSTRIAL ESTATE
MARITIME INDUSTRIAL PARK (MIP)

Covers an area of 100 hectares and houses maritime-related infrastructure such as shipbuilding and shiprepair, oil depot/tank farm, spare parts depot and other maritime related facilities.

Thank You!

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Website: www.marina.gov.ph