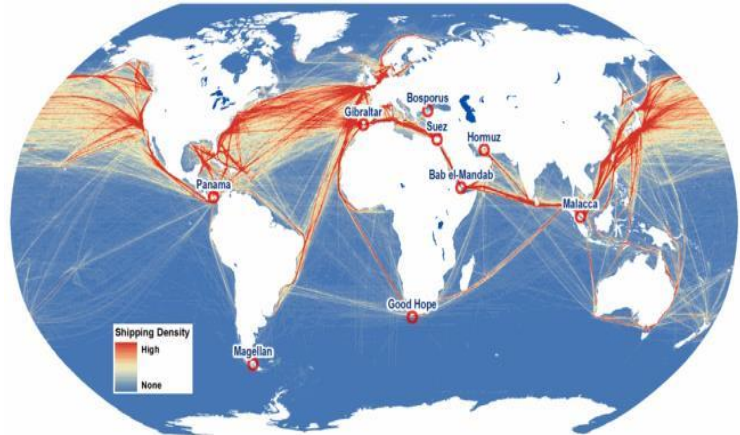


Current and past policies for expanding maintaining or reducing shipbuilding capacity:

OECD
Working Party
No 6
9th November 2015

Martin Stopford
President,
Clarkson Research

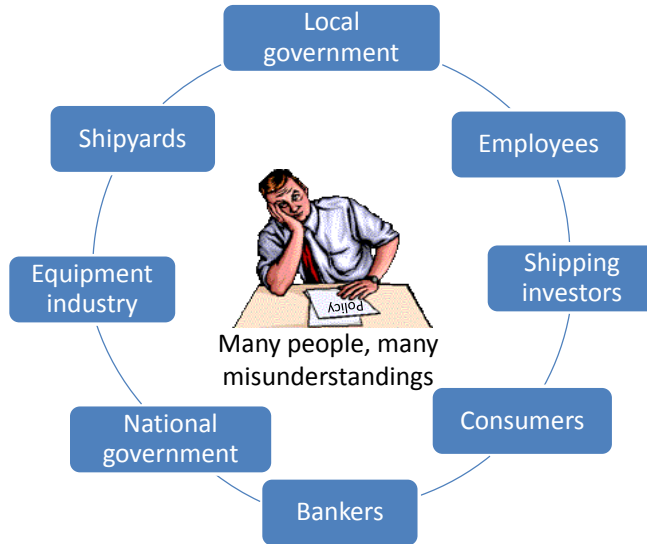


Agenda

1. Shipbuilding & policy objectives
2. Cyclical challenges in shipbuilding
3. Regional development - driven by cycles
4. Domestic and export markets
5. A few other issues



Item 1: Shipbuilding Policy Objectives

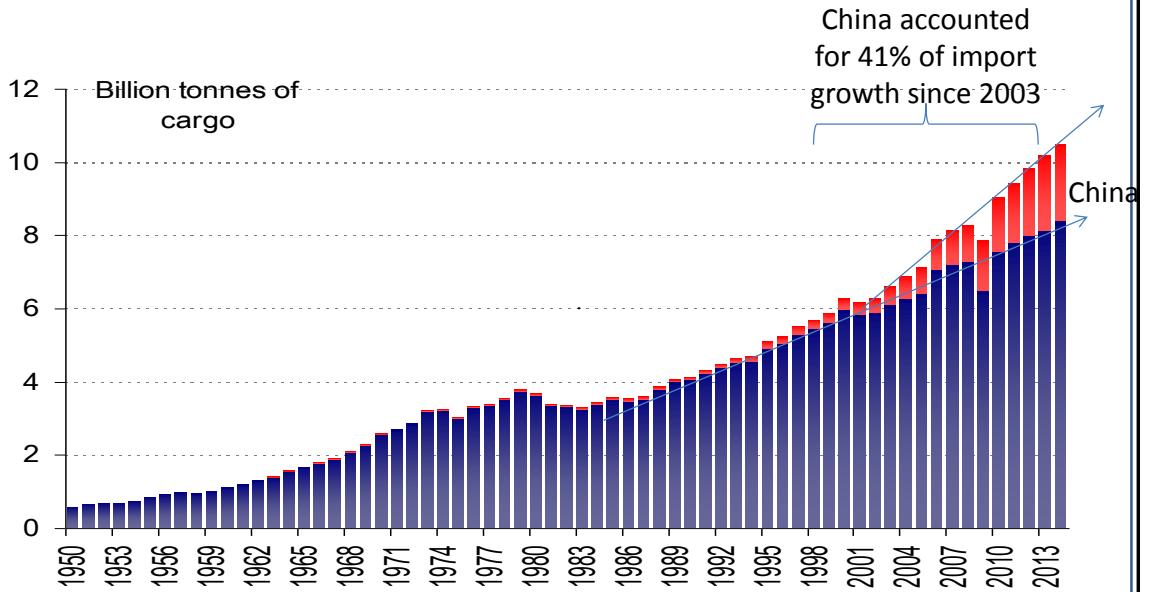


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10 billion tonnes of cargo in 2014 nearly half China



Martin Stopford, Clarkson Research

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Item 2: Cyclical challenges in shipbuilding

Shipbuilding cycles are going on at three different levels

Freight Rate

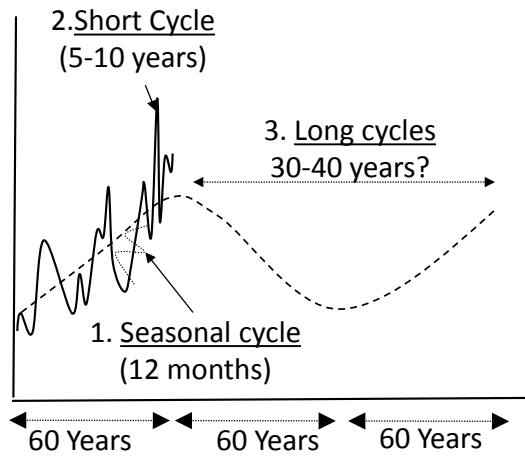


Figure 3.1 Compiled by Martin Stopford from various sources

Chart 2: Shipbuilding Cycles 1900-2015

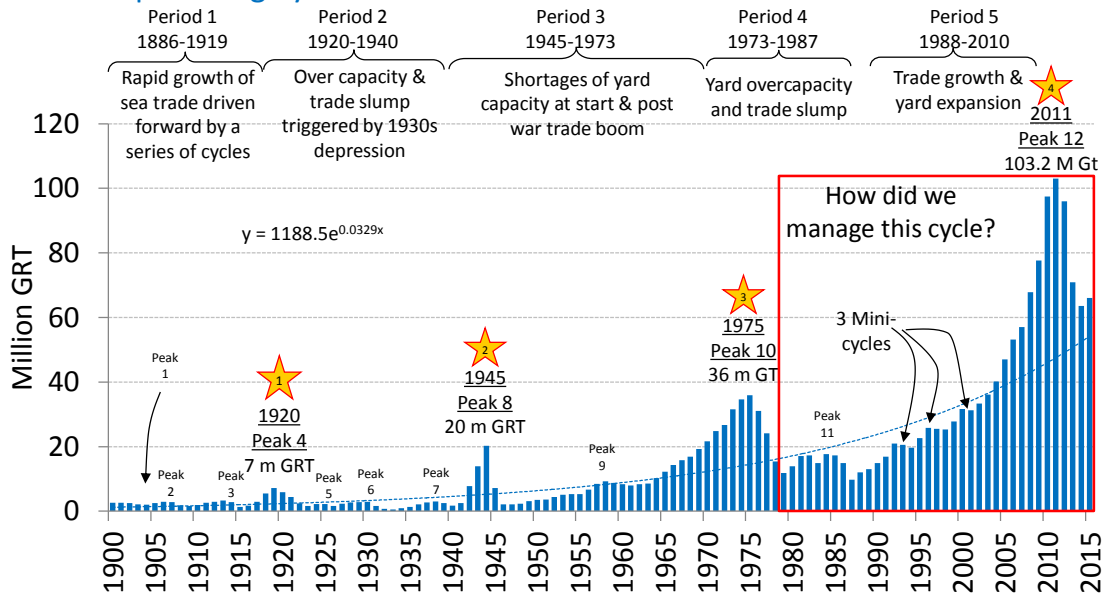
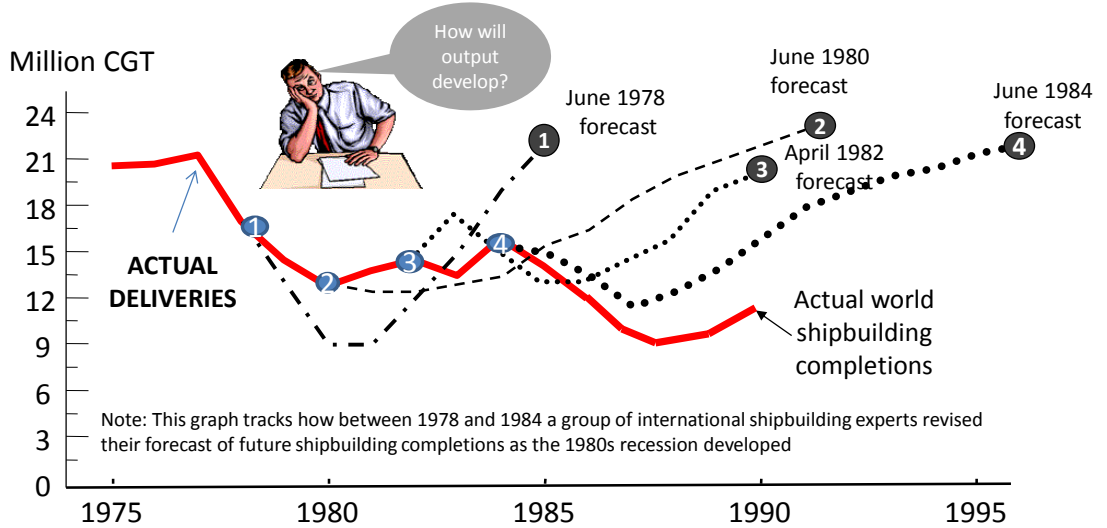


Chart 3: How Shipbuilders Saw the Market 1978-1984



Source: Comparison of forecasts of world shipbuilding completions from AWES publications

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Item 3: Regional development driven by cycles

Each region had its turn at the top.
This is hard for policy makers to manage



Photo: ANDRONIKI CHRISTODOULOU

Chart 4: Regional shipbuilding concentration 1903-2014

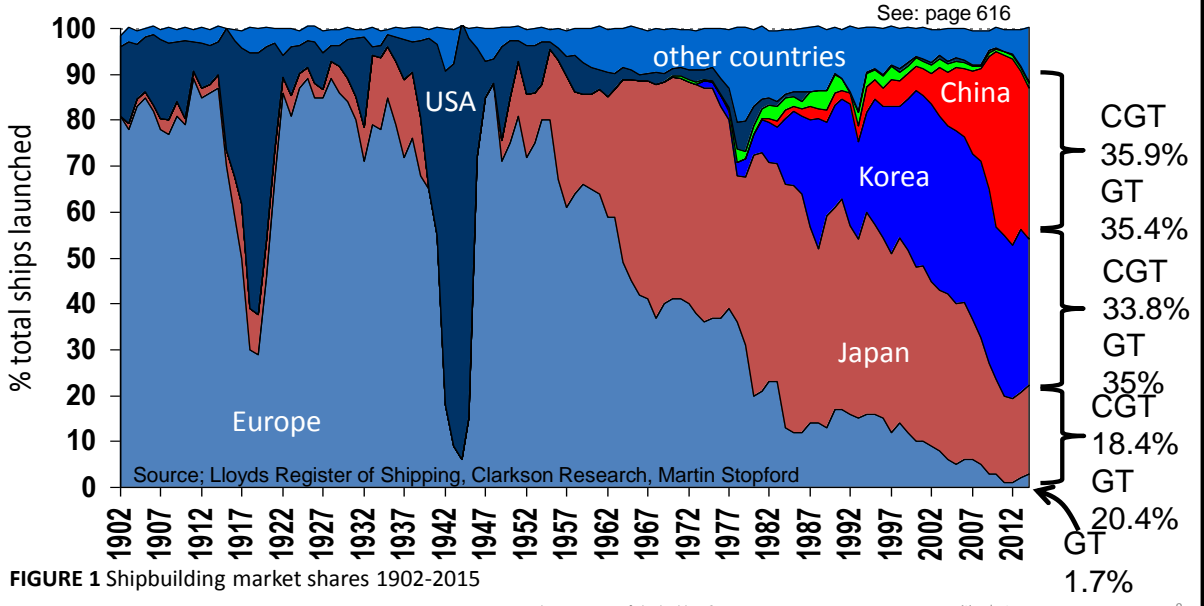


FIGURE 1 Shipbuilding market shares 1902-2015

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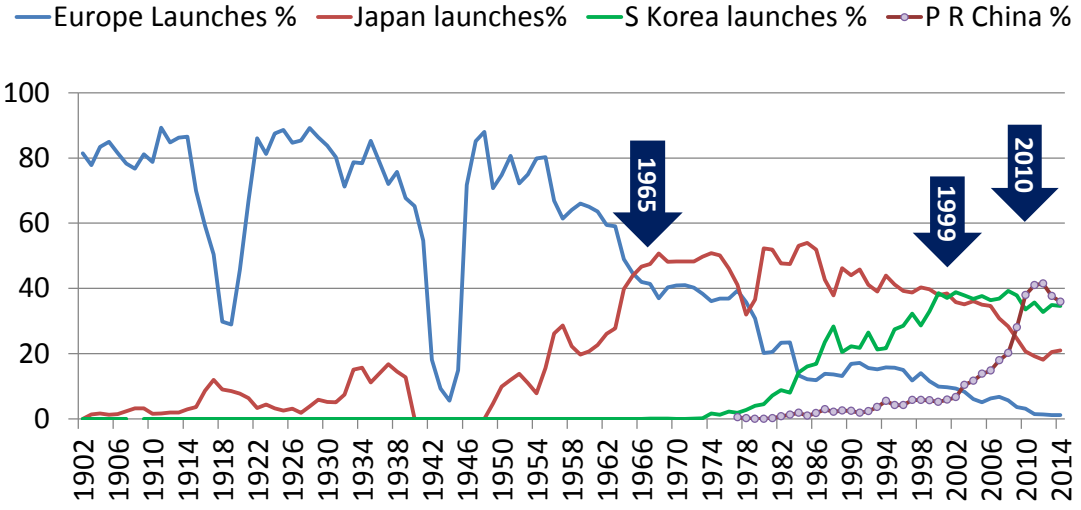
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Chart 5: Regional shipbuilding market shares

In 2010 China overtook S Korea to become No.1 shipbuilder

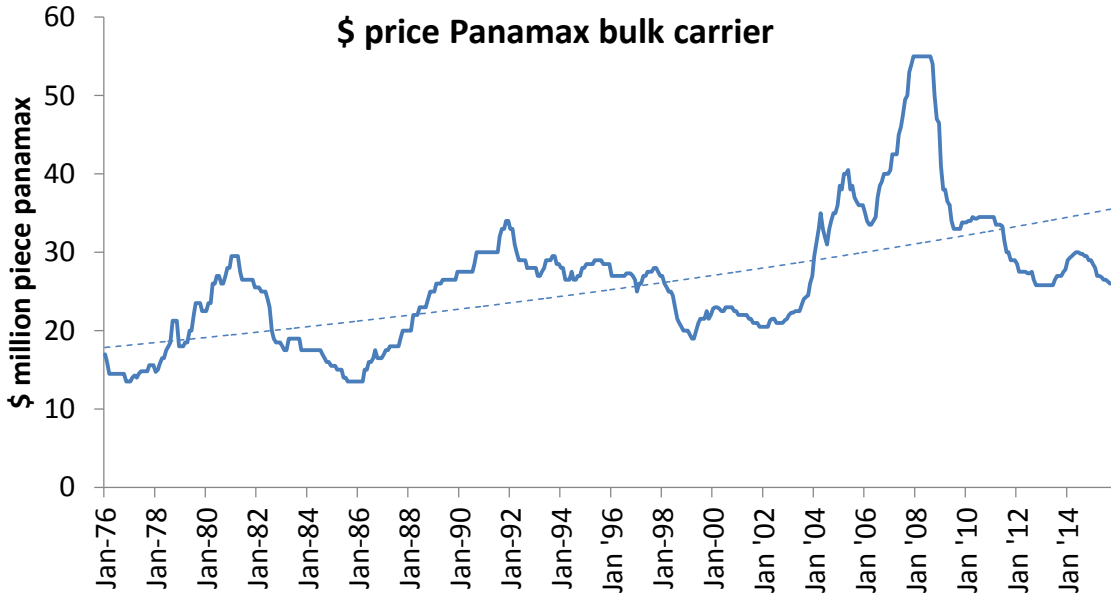


Source: Lloyds Register of Shipping, Clarkson Research

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Chart 6: Shipbuilding price of Panamax bulker \$ million

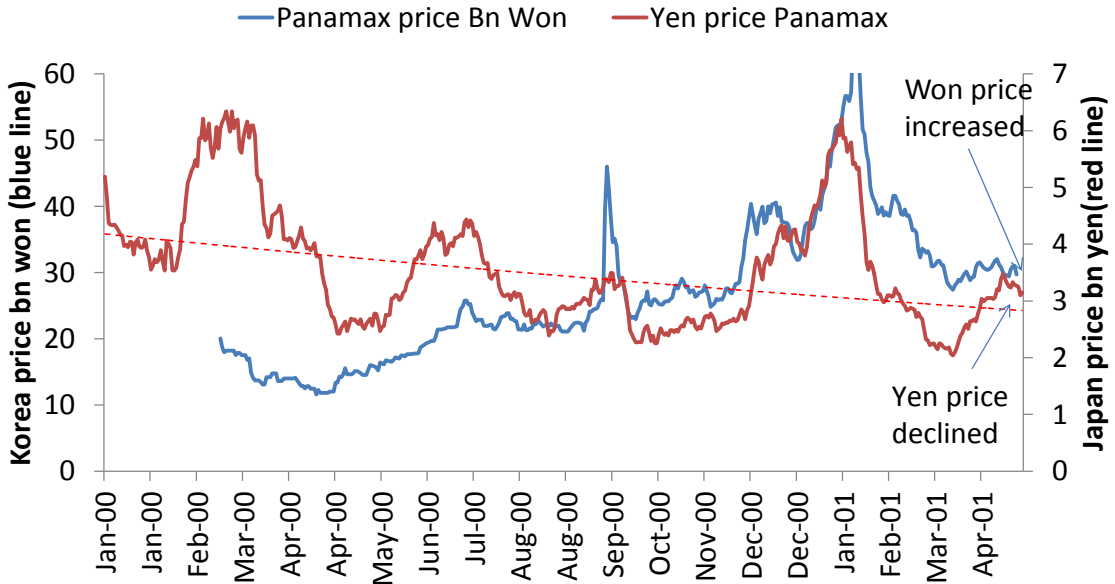


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Chart 7: Shipbuilding price of Panamax bulker in Yen & \$



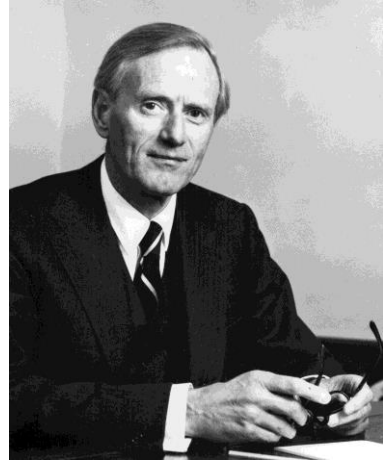
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Item 4: The shipping investors

Shipbuilding is a very volatile international dollar based market. Subsidies, currency and credit risk are key instruments



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Chart 8: 71% of the fleet under a foreign flag

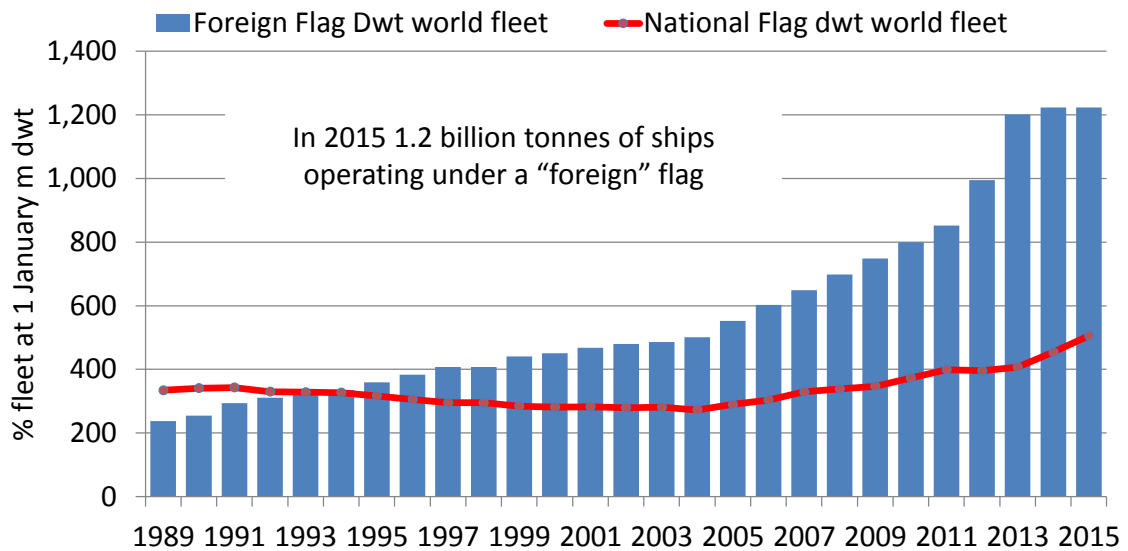


Chart 9: Regional shipping & shipbuilding market share - Europe

For 60 Years from 1900-60 Europe had 80% Market Share

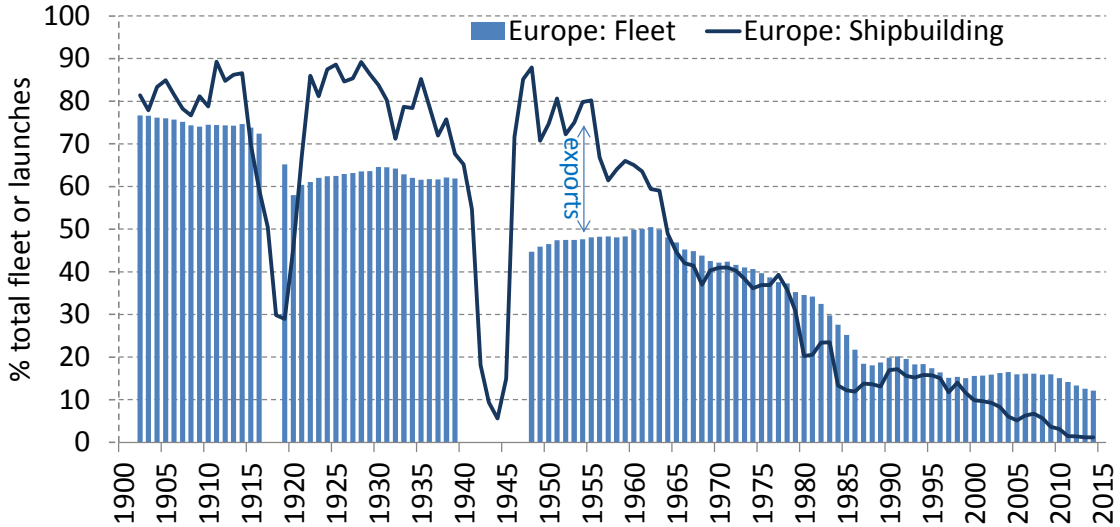


Chart 10: Regional shipping & shipbuilding market share - Japan

For 35 Years from 1966-1994 Japan had 40-50% Market Share

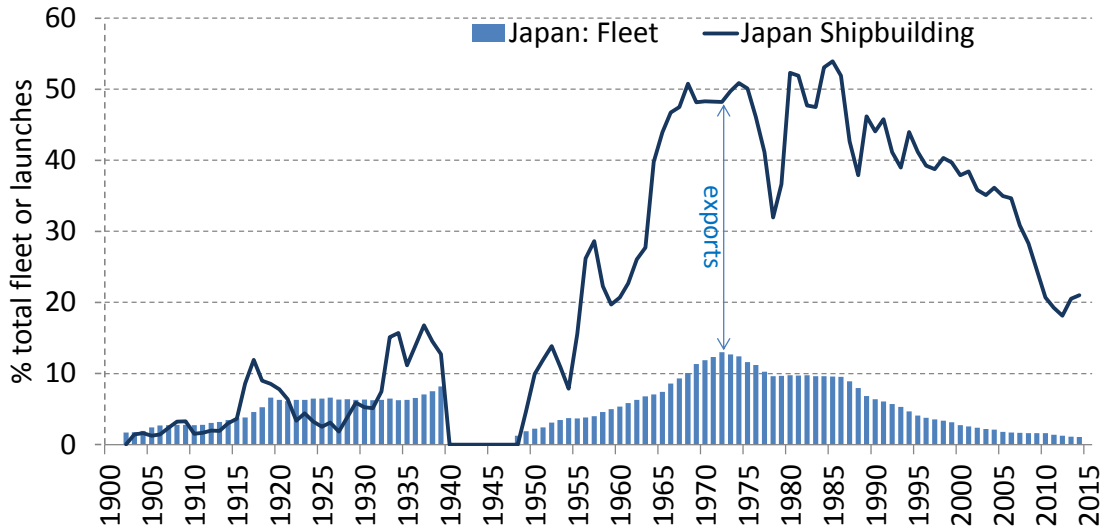


Chart 11: Regional shipping & shipbuilding market share – S Korea

For 15 Years from 1995 to 2010 S Korea had 35-40% shipbuilding market share

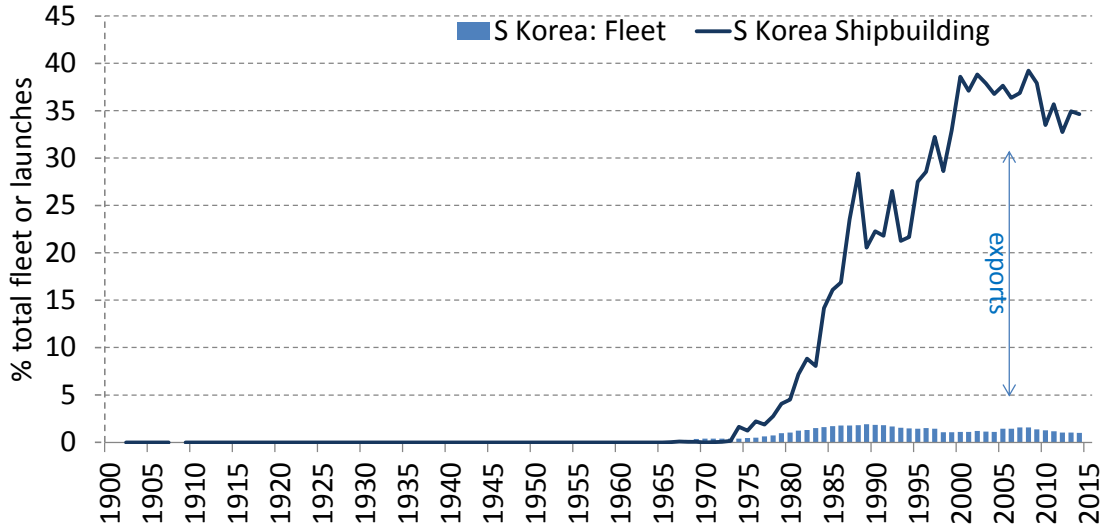
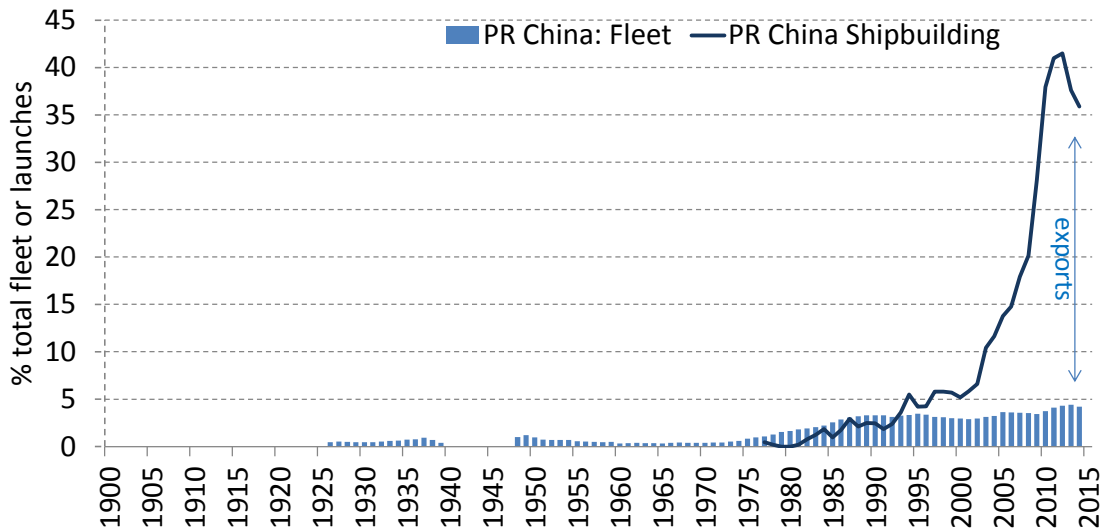


Chart 12: Regional shipping & shipbuilding market share – China

For 5 Years from 2010-2015 China had 35-40% Market Share



ITEM 5: A few other issues

- Product range change problematic (due to skill mix)
- Capacity adjustment (down) is complex for yards
- Financial performance hard to control in recessions
- Closing shipyards raises difficulties (subsidy cheaper?)
- Subsidy systems undermine management authority
- Capacity management – difficulty measuring efficiency
- The case for local versus national subsidies

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ITEM 6: Conclusions

- The economic forces behind the cycles are powerful and difficult for policymakers to manipulate.
- Monitoring is powerful

Worker removing the supporting wooden blocks from under the ship ATTALIA that was ordered by the Greek shipping company N.J.Goulandris Maritime Inc, to prepare it for its launching and naming ceremony.

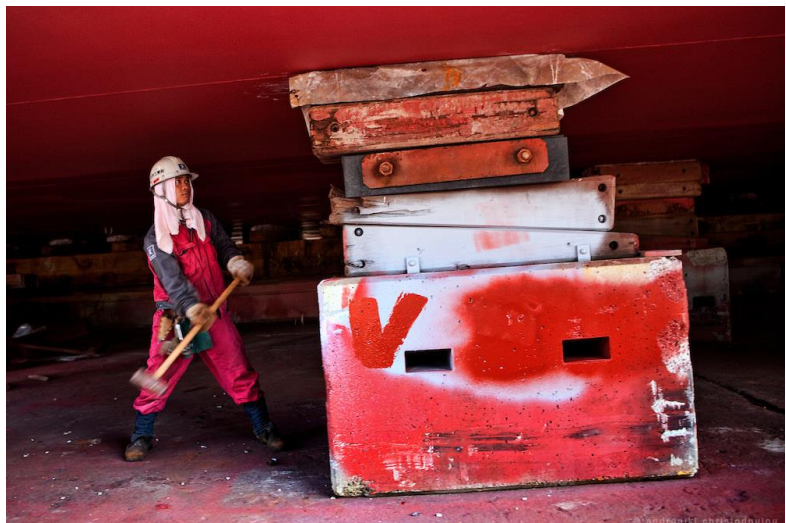


Photo: ANDRONIKI CHRISTODOULOU

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