The Role of European Maritime Technology Manufacturers in the Offshore Industry

Workshop on Shipbuilding and the Offshore Industry
OECD, 24 November 2014

Douwe Cunningham, Secretary General

Global Considerations
Connection between oil price, exploration, number of profitable fields and the need for offshore vessels
Fossil Fuel to Dominate for Decades

Source: IEA 2013. Based on New Policies Scenario

Offshore will be the Main Beneficiary

Source: Barclays
Offshore Orderbook (% $)

Offshore Orderbook by 1st January 2014 in bn $ per area

Source: IHS Fairplay

New Orders for Offshore Vessels (CGT)

Source: IHS Fairplay
European Maritime Technology Industry Developments

Source: IHS Fairplay
**Specialization of European Yards**

**Comparing Ratios of $ Bn/ M CGT:**

**2007:**
- 20M CGT / $ 66bn
- 45% OB Cargo Carriers
- 55% Passenger, Offshore & ONCV

**2013:**
- 5.7M CGT / $ 30bn
- 25% OB Cargo Carriers
- 75% Passenger, Offshore & ONCV

- 2013 Ratio = $ 5.3 bn/m CGT
- 2007 Ratio = $ 3.3bn/m CGT

**European Orderbook in Million CGT**

**Clarkson’s Estimation on European Orderbook Value**

**Orderbook in bn $ - 1st July 2014**

**Market Shares**

- **KOREA** 34%
- **China** 30%
- **EU28+NW** 12%
- **Japan** 6%
- **Brazil** 5%
- **US** 5%
- **RoW** 5%

Source: IHS Fairplay + Clarkson

Source: Clarkson
Marine Equipment | Steel
---|---
72% | 28%
67% | 33%
67% | 33%
68% | 32%
67% | 33%
73% | 27%
60% | 31%
72% | 29%
75% | 25%
72% | 20%
75% | 25%
78% | 22%
81% | 19%
77% | 23%
79% | 21%
74% | 26%
71% | 29%
72% | 28%
69% | 31%
75% | 25%
73% | 27%

Source: Balance Technologies Consulting, 2000
Last decade saw a shift from shipbuilding towards equipment

Typical Pipelay Vessel CAPEX Development

- Vessel: 76%
- Mission Equipment: 24%

Driven by deeper waters, harsher conditions and demanding reservoirs.

Source: Royal IHC

Offshore: Maintaining Competitiveness
Challenges of Specialisation

- Custom built vessels
- System of systems constructions
- Strictest safety regulations
- Most stringent environmental standards
- Emphasis on lifecycle support

Challenges of Entering the Market

- Level Playing Field
- The financial and economic crisis
- High levels of investment needed in the short term
- Close cooperation with designers, manufacturers and builders needed
- RDI intensive
- Oil price fluctuations
- Niche market
European Efforts to Promote Offshore

- Access to innovation aid to stimulate innovations and prototype development
- Focus on Blue Growth and policies to unlock the economic potential of the maritime economy
- Making most effective use of regional clusters

Thank You For Listening...