

COUNCIL
WORKING PARTY ON SHIPBUILDING

IMPACT OF TECHNOLOGICAL AND ENVIRONMENTAL DEVELOPMENT ON THE INDUSTRY

(Paper by CESS)

This document by the Committee for Expertise of Shipbuilding Specifics will be presented at the third session of the Workshop with non-member economies on shipbuilding policies to be held on 18-19 December 2006.

Contact: Structural Policy Division, Mr. Danny Scorpecci. tel: +33 1 45 24 94 33;
fax: +33 1 44 30 62 57; e- mail: danny.scorpecci@oecd.org

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1. According to the Annotated Agenda, this session deals with new technologies that *i)* affect the design and construction of ships, *ii)* how will technology affect the shipyard, *iii)* particularly with regard to workforces, and safety and environmental regulations. This presentation deals with the last subject of safety and environmental regulations.

2. The Committee for Expertise of Shipbuilding Specifics (CESS) is organised by the five national shipbuilding associations – Japan, Europe, China, Korea and the United States. Its task is to deal with issues and subjects of common concern among the member associations and by sharing its resources to find areas of cooperation and raise common voices towards related industries and authorities.

3. It was a timely move from the shipbuilding industry to aim for such activities, because;-

- Shipping industry and classification societies have already established their international forums (Round Table, IACS) so that discussions can be effectively made – the lack of such function in the shipbuilding industry was making it difficult to present industry-based opinion.
- Safety and environment issues have come to the top of the agenda as the public took more notice of increased marine fatality and pollution incidents, with state governments putting greater pressures on IMO to quickly respond to establishing measures.
- Shipbuilding technology is a very specific area and not known to others outside the industry. New rules or regulations, or changes of them, may be made without considering the effect on the shipbuilders, which may in return bring negative impact unless the shipbuilders give an early warning before the enactment.

4. With the exception of the recent years when the shipping market has been booming, and the shipbuilders were enjoying such a good market because of rising demand for new ships, the shipbuilding market has more or less been generally on the decline in terms of ship prices to meet the tough competition in shipping. We cannot deny that during those years, shipyards sought economical solutions to meet market requirements. This is why shipowners are expecting the shipbuilders to be more proactive in providing good solutions to cater for safety and environmental protection, and to be knowledgeable enough to be ahead of the rule making game.

5. The highlighting topic for safety and environmental regulation is probably the common structural rules (CSR) developed by IACS and introduced last April, in line with the discussions developed at the IMO. While there are still some refinements to be made, CESS congratulates the efforts of IACS and hopes that refinements will continue to achieve the targeted function set by IMO. CSR will bring about an increase in the usage of steel, and furthermore will prompt judicious use of steel, from the shipyards' prospective, and this is the reason why shipbuilders are in close touch with classification societies.

6. There are many other issues that are being considered by IMO mainly in connection with ship operations, such as recycling, ballast water treatment, goal-based new construction standards (GBS), which needs to be established to ensure harmonisation with the CSR, and further emission controls being introduced by Marpol Annex VI etc. CESS has so far considered recycling and the GBS as important issues. Recycling issues at IMO will require an as accurate as possible grasp of location and amount of hazardous materials in the ship in relation with the Green Passport, and shipowners, who are the principal stakeholders, would seek help from shipbuilders. GBS is important not only in respect of steel structure, but is also related to corrosion protection to ensure safety of the steel structures. Other issues are probably not so important until the details of functional requirements of the equipment become the issue.

7. The effect of introducing new rules and regulations on safety and the environment upon the shipbuilders could vary widely, depending on the nature of such regulations. For instance, improved standards in coatings would have great influence in shipyard facilities, workforce and quality assurance procedures – the effect is somewhat large. GBS and CSR have great impact on structural design, which may affect other aspects and may require a whole review of the ship design.

8. In summary, rule changes are coming more in number and very quickly one after the other. Shipyards are more or less finding it difficult to set a common view and seek solutions that will satisfy all parties concerned, but the circumstances may not allow that luxury in respect of time. But shipyards cannot be passive. They need to be more proactive, otherwise the rules will be made to achieve the same objective, but the path towards this may be much tougher if our opinion is not reflected. Currently at CESS we feel that there has been greater progress for the shipbuilding associations getting together to address the problems as a whole industry rather than at individual levels.

9. As conclusion to this presentation, I would like to highlight the position of the shipbuilders' position in relation to the rule-making efforts taking place. Shipbuilders are well aware of the concerns on safety and environmental issues, and the desire from the general public to bring about effective solutions for improvement and are indeed willing to learn from other industry's experience. In other words, the shipbuilders world-wide are prepared to assume the chain of responsibility in the marine industry and make their contribution. Proactive participation in the discussions, preceded by coordination among the members to unify opinions is certainly meant for this purpose. It must not be forgotten, however that rule-making cannot be free from economic constraints, which need to be reasonably allocated to all stake-holders in the maritime industry. Certain solutions may unduly increase building costs compared to other solutions and the choice cannot be made for one party's convenience. It is crucial for a better maritime industry that discussions take place based on common understanding of the responsibilities as well as the situation of each party.