

COUNCIL
WORKING PARTY ON SHIPBUILDING

Cancels & replaces the same document of 15 December 2006

THE DEVELOPMENT OF CHINESE SHIPBUILDING INDUSTRY IN RECENT YEARS

(Paper by China)

This document by China will be presented at the first 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

JT03219740

THE DEVELOPMENT OF CHINESE SHIPBUILDING INDUSTRY IN RECENT YEARS

1. The year 2005 saw the annual shipbuilding volume of 12.12 million DWT, with 7.52 million DWT for export (including the ships built for Hong Kong ship owners), accounting for 62% of the total. Our major ship types are bulk carriers, crude oil tankers and container ships at present. China is still at the initial stage in the field of the high-tech ships like LNG carriers and offshore engineering projects, and it is still a blank in the field of luxury cruise ships. Generally speaking, China shipbuilding industry is currently still at the growth stage having its growth speed and level consistent with the both growth speed of national economy and the progress rate of industrialization in China.

2. The Chinese government provides macroscopic directions to the development of the industry. The policy guidance and influence are mainly manifested in the following aspects:

I. Continuously expanding opening to the outside world to promote the integration of Chinese ship market with the world market

3. As a traditional industry and machinery industry, the shipbuilding has transformed from former restriction to a certain extent to the current permission and encouragement of foreign capital.

4. China has abolished the import license management of various types of ships on January 1, 2004. The import tariff rate for all types of ships has long been lower than the concession that Chinese government has committed to WTO.

II. Eliminating restrictions, encouraging competition to promote competitive development of shipbuilding enterprises of different categories

5. During the last few years, China shipbuilding industry has witnessed a rapid growth of joint-stock enterprises, Sino-foreign joint ventures, foreign enterprises, Hong Kong, Macao and Taiwan invested enterprises as well as other private enterprises, in shipbuilding sector. China shipbuilding industry has already formed the pattern of the competitive development of the enterprises of various characters and categories.

III. Encouraging the enterprises to carry out merger and restructuring based on the principle of market mechanism to promote optimization of organizational structure of the industry

6. Taking account of the present situation of China shipbuilding industry, which features big in number and small in production scale, Chinese government encourages the enterprises to carry out mergers and restructures in compliance with the market mechanism to establish modern and large-scaled shipbuilding companies/groups.

IV. Enhancing the macroscopic direction to promote the development of shipbuilding capacity in an orderly way

7. The Chinese government has issued this year the *Long and Mid-term Development Plan for China Shipbuilding Industry*. Currently, our related government departments are researching and enacting the

Regulations on the Management of Shipbuilding License, which aims to strengthen the management of construction of all shipbuilding facility projects, including the facilities for building small and medium-sized ships.

8. On the other hand, along with the sound development of shipbuilding capacity, the Chinese government has been step by step closing down and washing out the backward shipbuilding capacities.

V. Encouraging technical innovation to strengthen self-development capability

9. Under the circumstance that the requirements for safety, environmental protection and energy saving in shipbuilding sector are getting higher and higher, our Chinese shipbuilding enterprises have to vigorously carry out technical innovations, in order to build quality ships in compliance with the international rules and specifications.