

COUNCIL
WORKING PARTY ON SHIPBUILDING

EVOLVING TECHNOLOGY, ECONOMIC CAUSALITIES AND THE REGULATORY
FRAMEWORK

[Presentation by the Community of European Shipyards' Associations (CESA)]

This document by the Community of European Shipyards' Associations 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.

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OECD Workshop

Evolving Technology, Economic Causalities and the Regulatory Framework

Reinhard Lüken
Paris, 18-19 December 2006

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CESA Scope

Shipyards represented by CESA

CESA originates in 1937

- 14 Member countries
- > 99% EU production
- > 85% geographical Europe
- ~ 300 Shipyards
- > turnover in bill. €
 - > 10 merchant
 - > 10-15 naval
 - > 3-5 maintenance, repair & conversion
- > 100.000 direct jobs

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Innovative industry

- Innovative designs at a high frequency:
 - Large cruise ships are becoming destinations
 - Ever larger containerships reduce shipping cost
 - Continously more efficient dredgers offer new possibilities e.g. in land reclamation
 - Purpose build hardware for deep-water off-shore exploitation
 - New energy saving hull and propulsion concepts
- Increase productivity and flexibility with new production methods

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Since the 70's the size of cruise vessels (measured in GT) has doubled every decade.

Genesis

Freedom

Voyager

Panamax

1970 1st generation

1980 2nd generation

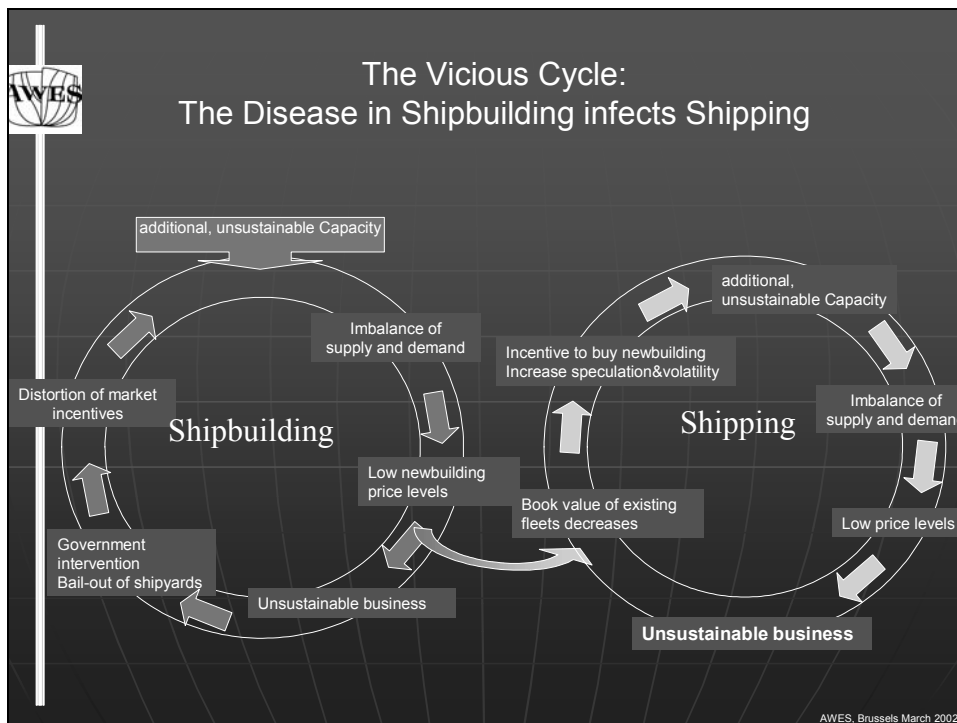
1990 3rd generation

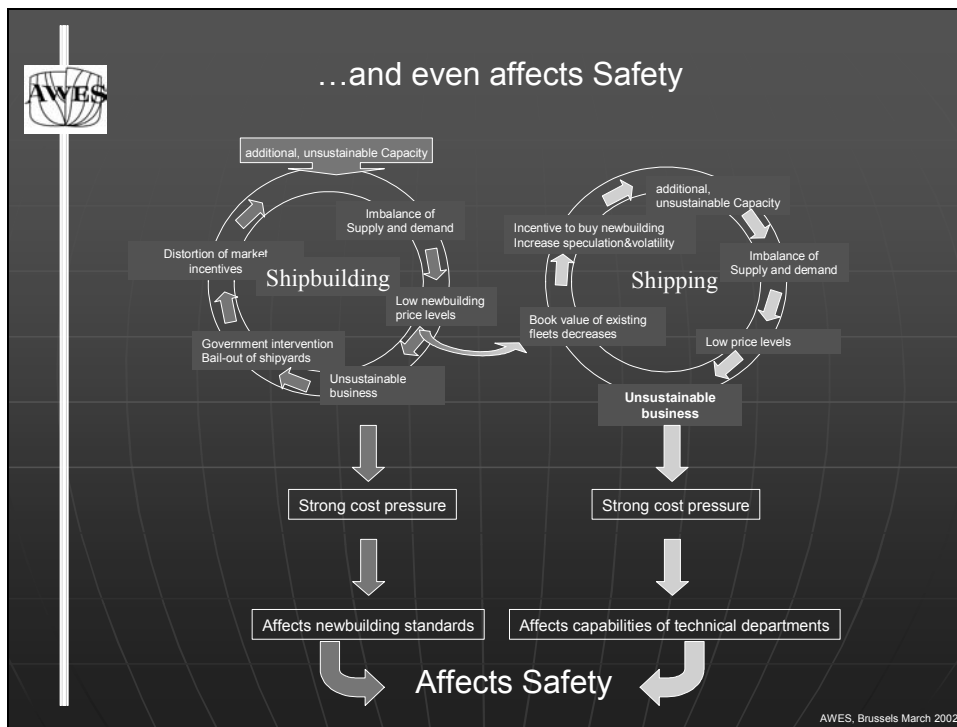
2000 4th generation

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Safety concerns

- Structural overcapacities in world shipbuilding have had a negative impact on safety (see "vicious cycle" presented in 2002)
- Counteraction by the shipping industry (in response to public pressure): more prescriptive rules

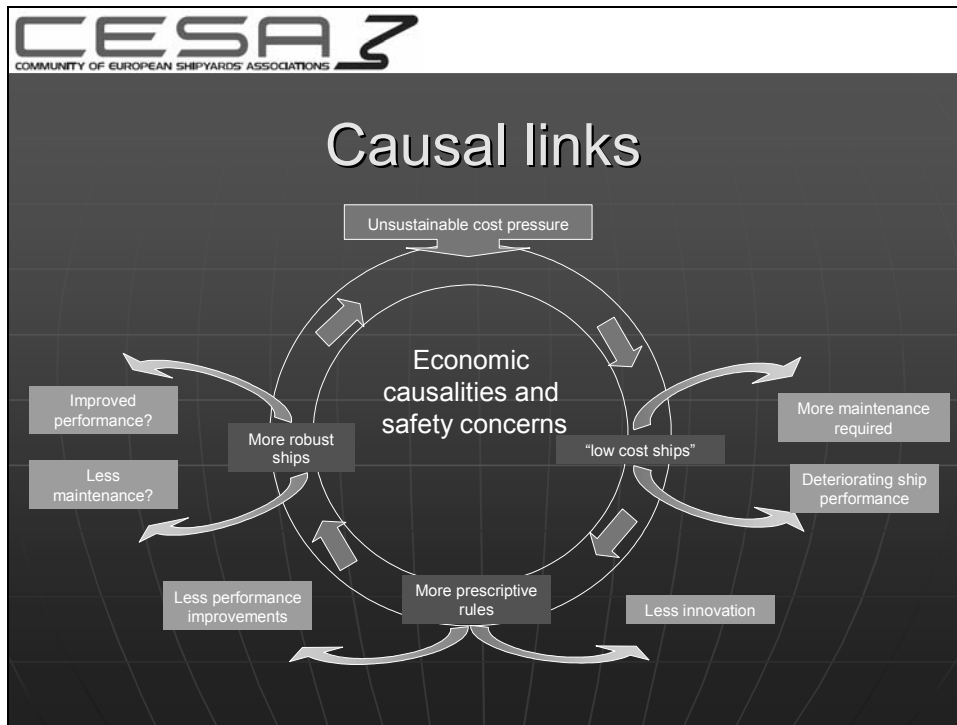





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Right approach?

- Technology or system - to which extent to regulate the product / the operation? (compare cars, planes, ships)
- Is the enforcement sufficient?
 - responsibilities of Flag States
 - homogenous application of rules



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- ## Summary
- Unrealistic cost pressure is harmful
 - Global standards and homogenous application of rules are important
 - Proper maintenance remains crucial
 - While prescriptive rules do not necessarily ensure better performance ...
 - ...they do hinder innovation for sure



Conclusion

- Need for sustainable business safeguard
- Prescriptive rules will move the problem to a higher cost level without solving it
- Global performance standards also for the operation, in particular for maintenance
- Need for effective and homogenous rule enforcement



+++ Thank you for your attention +++

more info at

www.cesa.eu