

Chinese Taipei's View on Market Distorting Factors

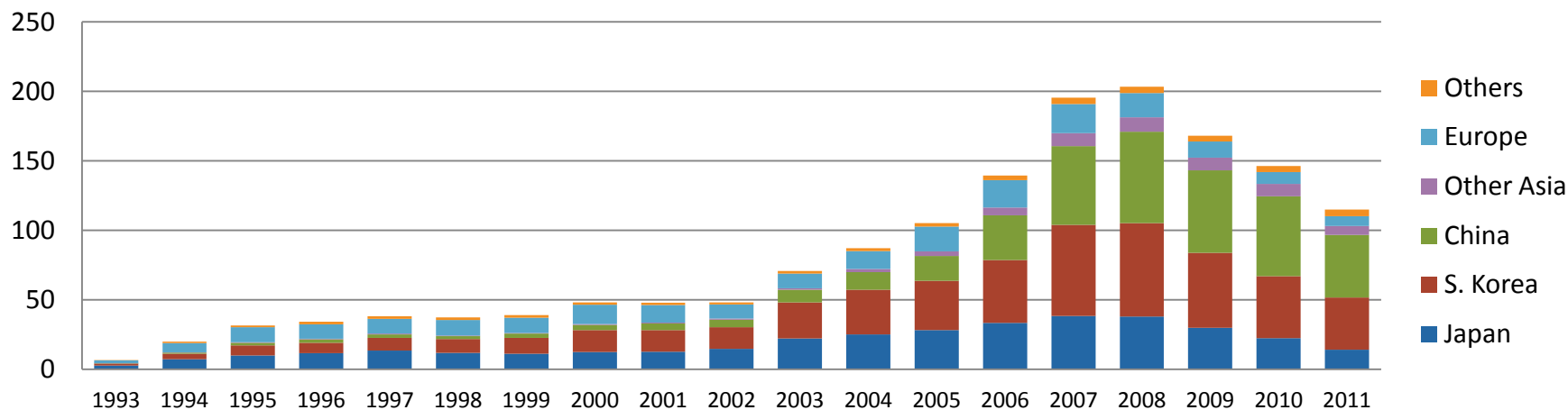
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Before the financial crisis

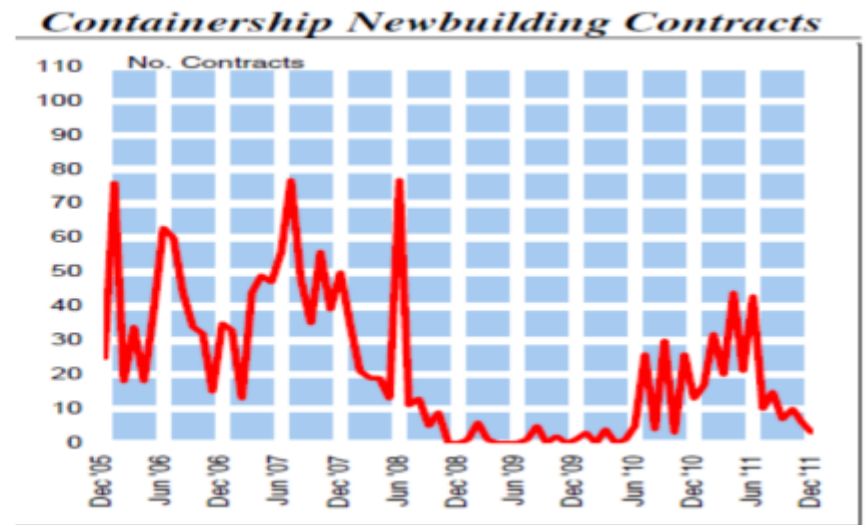
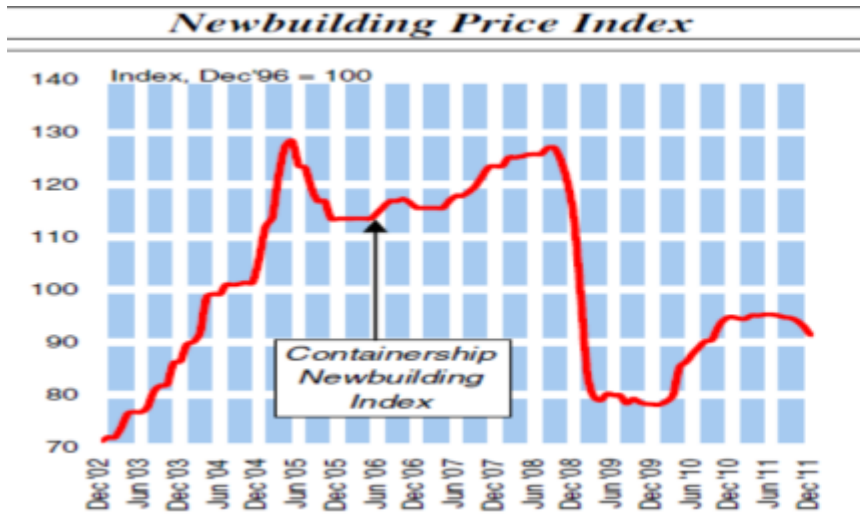
- Before the financial crisis, the shipbuilding market boomed and the market distorting factors may not exist or not to be concerned.

Order Book for Main Shipbuilding Country/region(Million CGT)



After the financial crisis

- After the financial crisis, the shipbuilding market has slumped badly and many shipyards struggled and search for help.
- Every government pursues prosperity for its industry and may lead to different countermeasures.
- We find there are two issues should be concerned.
 - the policy of steel plate supply
 - the policy of shipping loan



Steel Plate Price vs. Shipbuilding

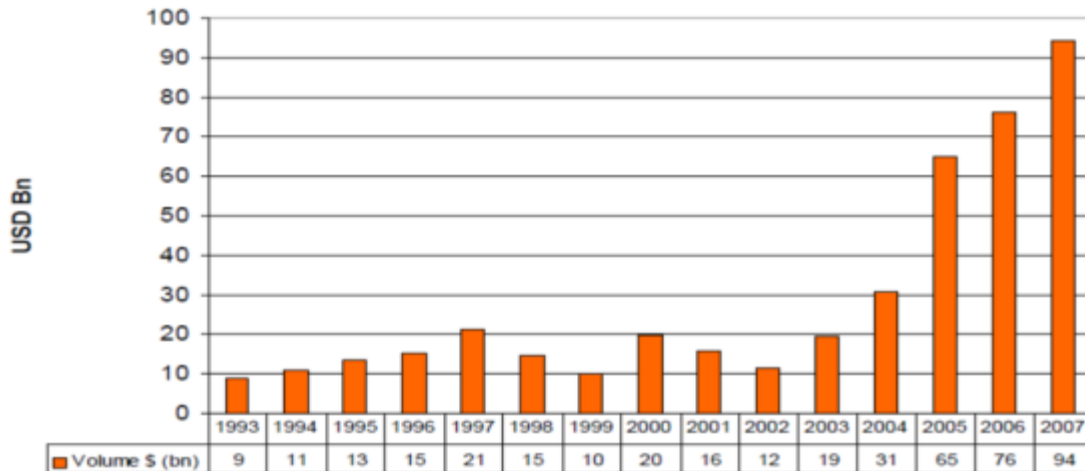
- The ratio of steel plate among shipbuilding cost is very high.
- Therefore, for any country, the policy of steel plate supply will play an important role for its shipbuilding competition in the market.
- factors to frame the policy of steel plate supply
 - Price exchange rate,
 - Demand-supply,
 - Scale of purchase,
 - Business relations, etc.

Ship type	Steel cost /total cost
CapeSize Bulk Carrier	Abt. 28~32%
8000 TEU C/V	Abt. 20~24%

Shipping Loan vs. Shipbuilding

- The trend of global shipping loans volume met the shipbuilding market.
- After the financial crisis, many ship owners met shipping loan problem.
- How to obtain the shipping loan became an important factor for owner, to decide where to put the shipbuilding order.

Global Shipping Finance Volume \$ (bn)



Shipping Loans Closed USDmn



Impact of government interventions

- the policy of steel plate supply
 - the policy of steel plate supply will play an important role for its shipbuilding competition in the market.
 - It may be a market distorting factor if the policy of steel plate supply not only depends on demand-supply of market, but also the influence of Government.
- the policy of shipping loan
 - When many banks met the credit crunch, the source and policy of shipping loan was easy influenced by the Government. It will effect the shipbuilding competition of a country.
 - It may be a market distorting factor if the above situation exists.



Conclusion and Suggestion

- For the long term, fair competition for the international shipbuilding market is important and consequential.
- Any market distorting measure should not be taken for granted. The two issues we mentioned will cause unfair competition if not managed properly.



THANK YOU FOR YOUR ATTENTION