



GREAT SUCCESSES IN ROBUST NICHES

Positive trend: Shipbuilding and maritime industries in Germany persist in spite of weak global market

Hamburg, 27/05/2015 — *Environment friendly cruise ships, the largest-ever offshore seismology vessel for oil and gas exploration, the longest-ever mega yacht, the world's most advanced scientific research vessel, fuel cell-powered submarines and state-of-the-art pipe and cable-laying vessels and offshore converter platforms:* These are just a few examples of the current high-tech product portfolio of the German shipbuilding and ocean engineering industry. Hardly noticed by the general public, many manufacturers have positioned themselves successfully in robust niches of the world market over the past decade.

HIGH LOSSES REPORTED FROM ASIA

The traditional cargo ship building industry has largely relocated to the Far East in recent years. However, that region is now suffering losses of a magnitude that would be unimaginable in a country like Germany. The Japanese shipbuilder Mitsubishi Heavy Industries was the first major Asian shipbuilding group to report losses: The Japanese company said its losses in connection with two cruise ships amounted to roughly one billion USD. Hyundai Heavy Industries, the world's biggest shipbuilding enterprise, attributes its balance sheet shortfall of nearly USD 3 bn mainly to several major projects for the offshore oil and gas industry. But even these figures are exceeded significantly by the losses incurred by at least two major Chinese shipyards, Rongsheng Heavy Industries and STX Dalian, who have reported debt of 3.1 bn and 3.8 bn, respectively.

And these are just a few examples. They indicate massive structural imbalances on a global scale: The past aggressive expansion strategies pursued by a number of key market players are now colliding with weakened global demand.

GERMAN SHIPBUILDING AND OCEAN ENGINEERING INDUSTRY ENJOYS SOLID GROWTH

"The German shipbuilding and ocean engineering industry has developed quite well over the past year, contrary to these global trends. There have been marked improvements in production volume, order intake and order books. Focussing on specialised markets has paid off," said VSM Chairman Harald Fassmer, Managing Director of the shipyard Fassmer Werft GmbH, commenting on the present situation during the press conference held on occasion of the VSM annual meeting.

"Yet companies in this country are not entirely unaffected by global developments. New solutions and successes are soon copied by other manufacturers. Furthermore, the crisis has once again prompted many of the competing countries to launch expansive subsidy programmes," Fassmer continued.



SHORTCOMINGS OF GLOBAL TRADE POLICY

The examples mentioned above are not exclusively attributable to business management practises. They are also symptoms of structural shortcomings of global trade policy which has encouraged aggressive expansion, speculation and the resulting market bubbles.

"These are the same governments who have been obstructing the introduction of binding international trade regulations for the shipbuilding sector for decades. Efforts to implement anti-dumping and anti-subsidy regulations, which in other industries form the firm structural basis of the global market, have not been successful to date," said VSM General Manager Reinhard Lüken.

The United States has drawn its own conclusions from this situation, adhering stubbornly to its 100 per cent protectionist policy for the shipbuilding industry. According to US law, all ships intended for American trades must be built in the United States. "This surely cannot be a paradigm for Germany, but it should be a key item on the agenda for the TTIP negotiations," Lüken pointed out. Germany alone can neither be expected to provide a solution for these global structural problems, nor can it be part to a subsidisation race.

SHIPBUILDING AND OCEAN ENGINEERING INDUSTRY IN GERMANY NEEDS STEADFAST POLITICAL SUPPORT

"The more urgent it is for governments on a national and European level to implement a steadfast industrial policy which accounts for the growth potential of the maritime sector. A well-designed framework of supportive conditions and effective measures, especially for research, development and innovation, should be provided to improve the business environment for our medium-sized companies and help them succeed. Our answer to global challenges consists in the acclaimed virtues of German medium-sized enterprises," Fassmer stressed.

VSM represents the political and commercial interests of the German maritime industry, from shipyards building oceangoing and inland waterway vessels to marine equipment suppliers. For further details on the development of the German shipbuilding and marine technology industry, please read the 2014/2015 VSM Annual Report. You may request a printed copy from VSM or download the report from our website at <http://www.vsm.de>.

For further information: Verband für Schiffbau und Meerestechnik e. V; ph.: (040) 2801 52-0, Fax: (040) 2801 52-30, Web: www.vsm.de, E-mail: presse@vsm.de