



22nd JECKU Top Executive Meeting

(14 November 2013, Okinawa, Japan)

Chairman's Note

The 22nd JECKU Top Executive Meeting was held in Okinawa, Japan on 14 November 2013, and was attended by top executives and representatives from major shipbuilding companies in Japan, Europe, China, Korea and the United States.

The participants frankly exchanged views on issues surrounding the shipbuilding industry including the world economy and energy, shipbuilding situations in respective regions, supply and demand, shipbuilding market by ship types, shipbuilding costs as well as environmental regulations which have increasingly become stringent in recent years.

The world economy in the future is projected to grow at a modest pace although currently there are a number of global economic uncertainties including the energy issues and concerns on slowdown in certain emerging economies. Efficiency gains and increasing environmental awareness will curb future energy demand in advanced countries. In contrast, emerging nations can be expected to bring growth in world primary energy consumption. Particularly, demand for natural gas is likely to steadily grow both in advanced and emerging countries.

With ongoing adjustments of fleet availability such as slow-steaming, increased demolition of aged and unprofitable vessels, and peaking-out from the rush of massive newbuilding completions, a gradual recovery is expected in the future shipping market. Although some improvement in the current newbuilding market is conceivable from the latest figures, this can be considered a rebound from the sharp drop in contracts placed last year. Therefore, it is premature to conclude that we have overcome the crisis and are in a phase of recovery and growth.

While there are differences in perception of the definition of capacity among delegations, it is obvious that the market has been in a state of over-capacity for some years. In order to minimise the supply-demand imbalance, the shipbuilders



need to create new demand through technical innovations and to intensify diversification into new business fields such as ocean development, offshore wind power and engineering whilst absorbing the over-capacity.

While the market of major ship types remains stagnant, we find some shipowners ordering highly-efficient bulk carriers or larger size containerships at attractive prices. As the increment of shale gas production in North America and the development of deep-water oilfields are foreseen, we anticipate firm demand for LNG carriers and offshore-related vessels or facilities.

We shipbuilders, as one of the stakeholders in the maritime industry, will meet the challenges of the current trend to tighten regulations for the environmental protection. We will cooperate with the International Maritime Organization (IMO) and other regulatory bodies and will continue our constant efforts to build innovative and eco-friendly vessels. At the same time, through the Committee for Expertise of Shipbuilding Specifics (CESS), a body under JECKU, we will proactively present our common positions during the rule-making process so that rules or regulations are well balanced while realistic and practical for shipbuilders.

The CESS Chairman indicated in his report that the Committee will keep a close eye on developments of the relationship between aged vessels and a number of deficiencies. From the aspect of securing protection of the marine environment and safety, substandard ships should promptly retire from service. The shipbuilding industry will therefore appeal to the shipping and related industries for proper maintenance of their fleet, and further aim to create a framework which facilitates the market penetration of eco-friendly vessels while phasing out inefficient vessels.

Europe will host the 23rd JECKU Top Executive Meeting in 2014. All delegates agreed to meet in the autumn 2014 in Paris.

(End)