PRESS RELEASE

German shipbuilding in 2004 – a successful, optimistic, future-oriented industry

Shipbuilding today is a technologically fascinating industry, although its market is cyclical in nature, characterized by relatively long downturns, involving overcapacities and pressure on prices, followed by brief recoveries. Everyone connected with shipbuilding therefore carefully follows the technical and economic developments in the maritime sector in order to take advantage of the opportunities going and minimize risks.

This year's SMM is being held in a favourable global economic environment – as indicated by the numerous positive reports coming in from companies before the fair, which is the world's largest shipbuilding event. The upswing is certainly benefiting the international shipping sector: the increasing volume of goods transported on key routes, particularly from and to the Far East, has boosted demand for shipping services, causing freight and charter rates to rise to gratifying levels for carriers, as well as stimulating demand for newbuildings.

Shipyards in Asia have taken advantage of this situation to achieve a great increase in orders: they currently account for about 80% of all shipbuilding work in the world market. However, German yards have also again attracted considerable orders in the last 1½-2 years, their average order book delivery schedule thus covering about two years. The focus is on containerships and special-purpose tankers, although the segment for high-quality ferries and passenger ships has also picked up significantly following the severe slump in 2001-02.

This satisfactory development – which, because of equipment suppliers' high share of the input involved in technologically sophisticated shipbuilding projects, has also benefited German makers of marine components and systems – has been due to market forces as well as the good support given to European shipbuilding by economic policy measures. The politicians have correctly interpreted the causes and consequences of the one-sided shifts in the market to Asia and responded to the resulting threats by initiating a WTO action against Korea, in addition to permitting temporary defence measures. The German federal government and states have effectively supported this policy in Brussels and then allocated appropriate budgetary resources in Germany for the necessary promotion of the shipbuilding industry.

The market players have also shown initiative in a great many ways to ensure that they can hold their own in a fiercely competitive market (unfortunately still distorted owing to overcapacities and dumping prices) and extend their technological leadership.

The best way to gain an impression of the variety and effectiveness of companies' innovations and the ways in which they have adapted and rationalized their operations in response to market and technological developments is to

visit the SMM - the world's leading shipbuilding exhibition - and discuss the trends with the firms themselves. We cordially invite all interested persons, experts and other professionals involved with shipbuilding to visit the fair and see how companies have developed their capabilities to enable them to master the various challenges in their markets. You will find us on the SMM in hall 12EG, booth-no. 320.

We will continue to maintain and expand our top technical position in global shipbuilding, as indicated by the most recent announcements of extensive restructuring programmes involving cooperation and mergers between companies. And the efforts taken in the EU in the context of the LeaderSHIP 2015 initiative also show that shipbuilding as a future-oriented industry in Europe is moving with the times.

Ships will continue to be indispensable for carrying the growing volume of world trade, as well as performing a wide variety of special tasks in areas such as passenger transport, inland transport, national security and marine technology. It is fair to say that we can all be enthusiastic about the future of shipbuilding and marine technology.

DEVELOPMENT OF GERMAN SHIPBUILDING (ocean going ships)

	1990	1995	2000	2001	2002	2003	2004 1. HY
COMPLETIONS							
No.	118	93	63	53	68	62	30
GT (1.000)	881	1.100	1.006	1.107	1.283	998	449
CGT (1.000)	1.121	1.076	976	1.065	1.229	946	459
Mill. EURO	2.348	2.701	2.329	3.011	3.416	2.780	1.235
NEW ORDERS							
No.	121	170	158	17	50	102	57
GT (1.000)	841	2.410	2.436	135	813	1.882	1.100
CGT (1.000)	988	2.271	2.186	138	742	1.602	884
Mill. EURO	2.084	5.489	5.562	496	1.681	3.572	1.939
ORDER BOOK (as per end of period)							
No.	221	225	199	147	119	144	153
GT (1.000)	2.314	3.362	3.761	2.703	1.935	2.570	3.034
CGT (1.000)	2.490	3.194	3.670	2.649	1.912	2.323	2.585
Mill. EURO	5.394	7.752	10.646	7.832	5.511	5.867	6.053

Further information you can request from us or find it at our website: http://www.vsm.de

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