

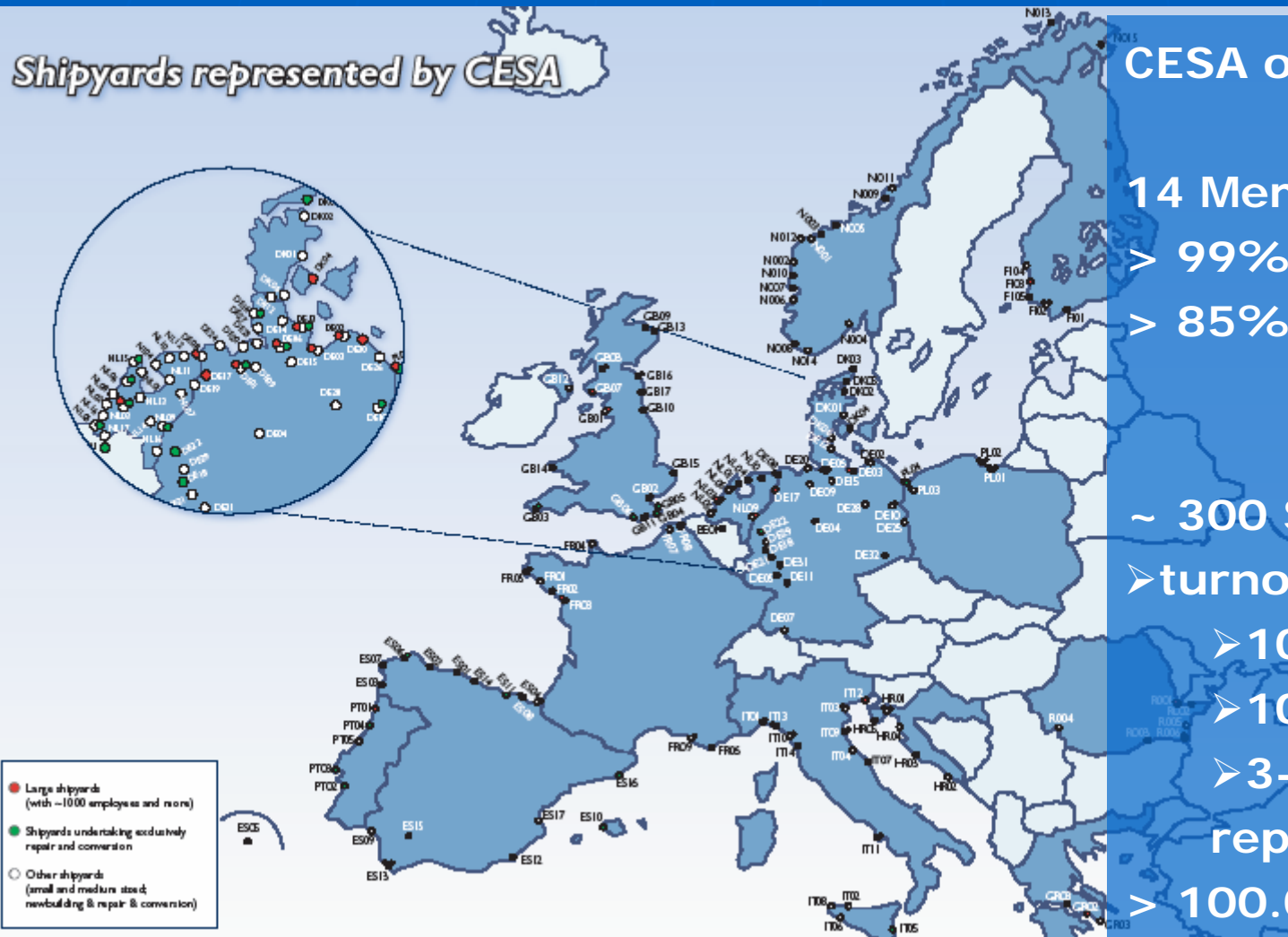
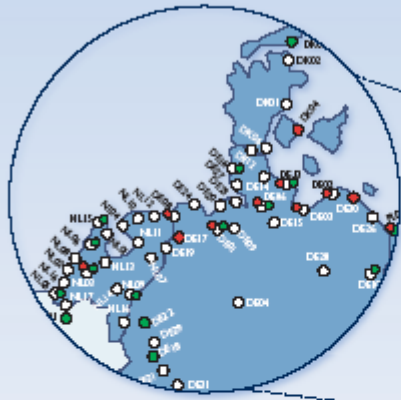
# LeaderSHIP 2015

European Shipyards' response to  
the Lisbon Agenda

Reinhard Lüken  
Community of European Shipyards'  
Associations

# CESA Scope

Shipyards represented by CESA



- Large shipyards (with ~1000 employees and more)
- Shipyards undertaking exclusively repair and conversion
- Other shipyards (small and medium sized, newbuilding & repair & conversion)

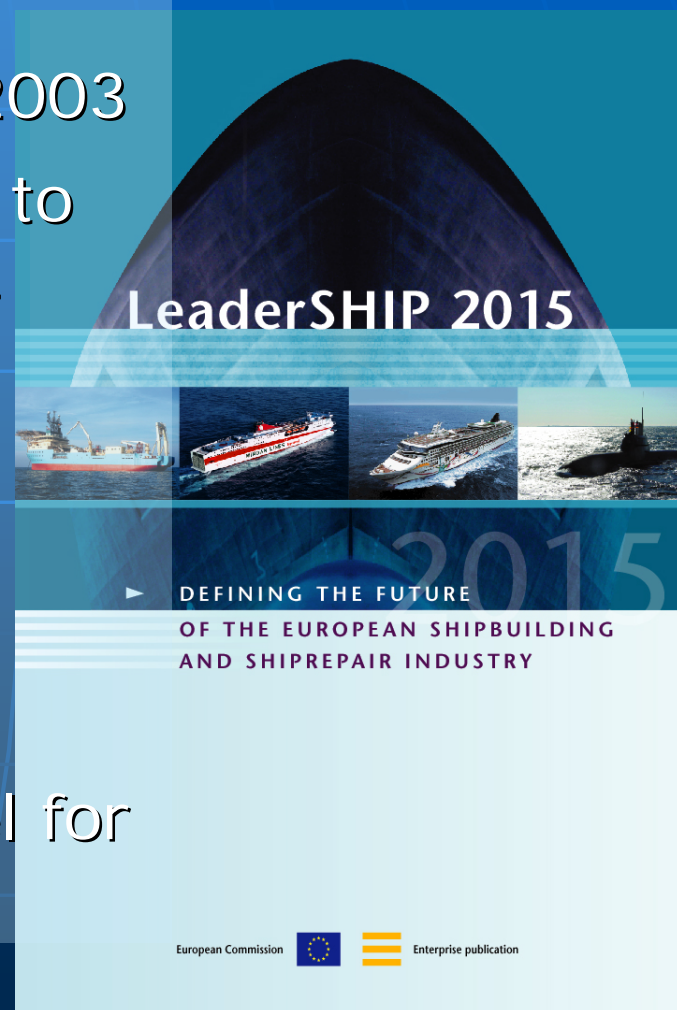
CESA originates in 1937

- 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

# LeaderSHIP 2015

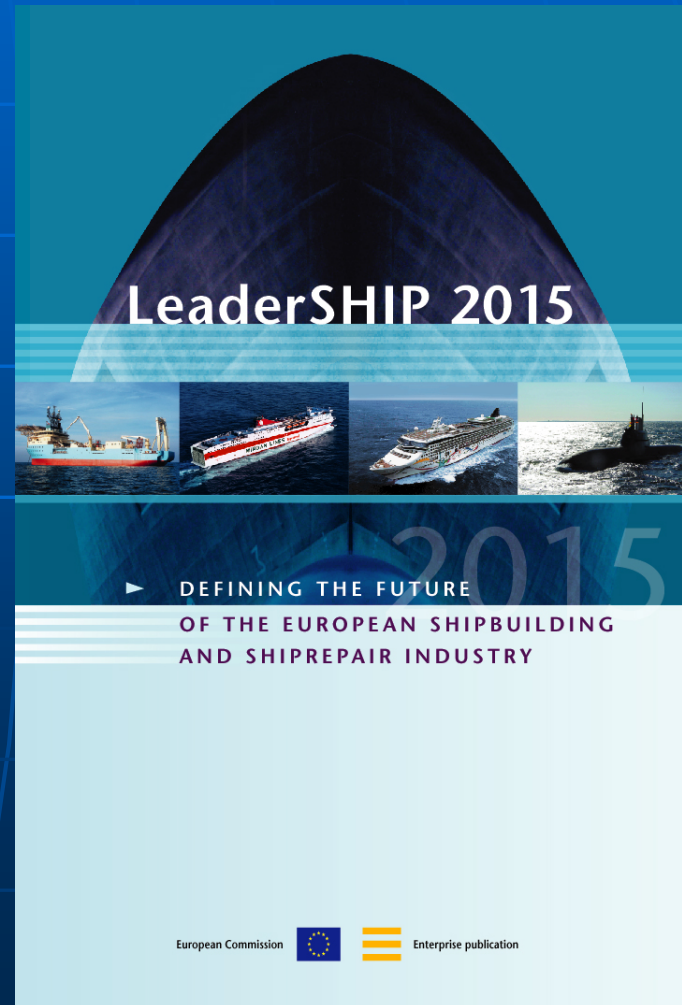
- Initiated by CESA in 2002
- High Level Group formed in Feb. 2003
- Joint recommendations presented to EC President Romano Prodi in Oct. 2003
- EC adopts LeaderSHIP 2015 communication in Nov. 2003
- Implementation continuously monitored by High Level Group
- LeaderSHIP 2015 is the role model for successful sector policy



# LeaderSHIP 2015

## Simple Goals:

- Enhance/maintain leading position in selected market
- Sound Profitability



# LeaderSHIP 2015

## Level Playing Field

Sound competition;  
counteract on market  
distortions

## Research, Development & Innovation

Enhance investments in RDI  
for products and processes

## Advanced Financing

Competitive Instruments  
particularly related to pre-  
delivery financing

## Safety & Enviroment

Sound regulatory  
framework

## Naval Shipbuilding

Improve cooperation of  
navies & harmonise certain  
rules

## Intellectual Property

Effective action to address  
knowledge-drain

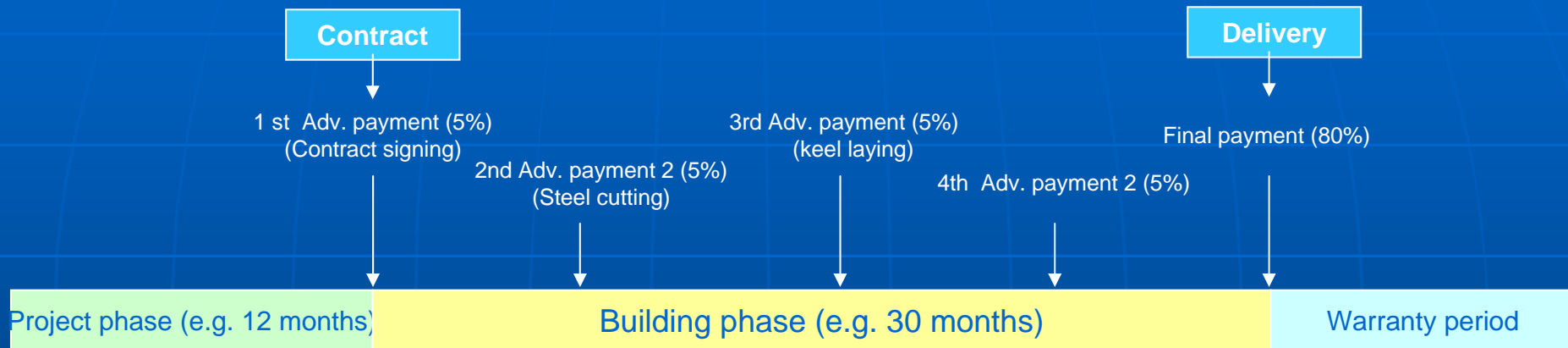
## Skilled Workforce

Promote Social Innovation  
to ensure availability of  
skilled workforce

## Industry Structure

Industry driven approach  
to structural questions

# Financing



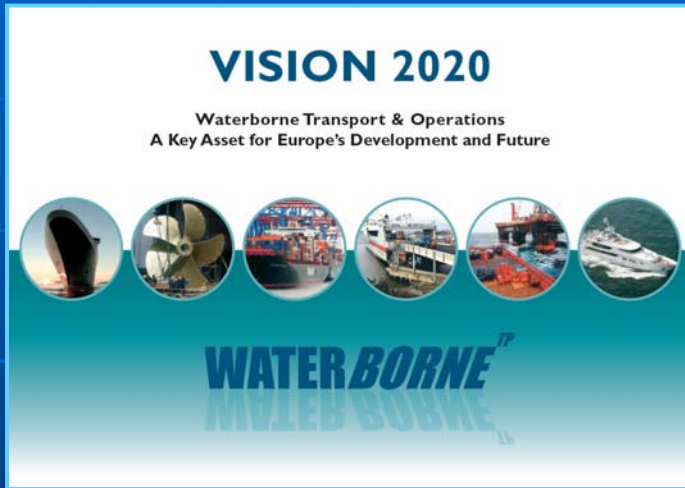
- Discussion with banks for the long term financing
- Bid bonds
- Hedging of currency risks

- Construction loans
- Advanced payment guarantee
- Performance guarantee

- Warranty

- Proposal for a new instrument by the EIB failed
- Workshop with Member States on 20 Oct. 2006
- Aiming at a clear go-ahead from the Council

# WATERBORNE<sup>TP</sup>

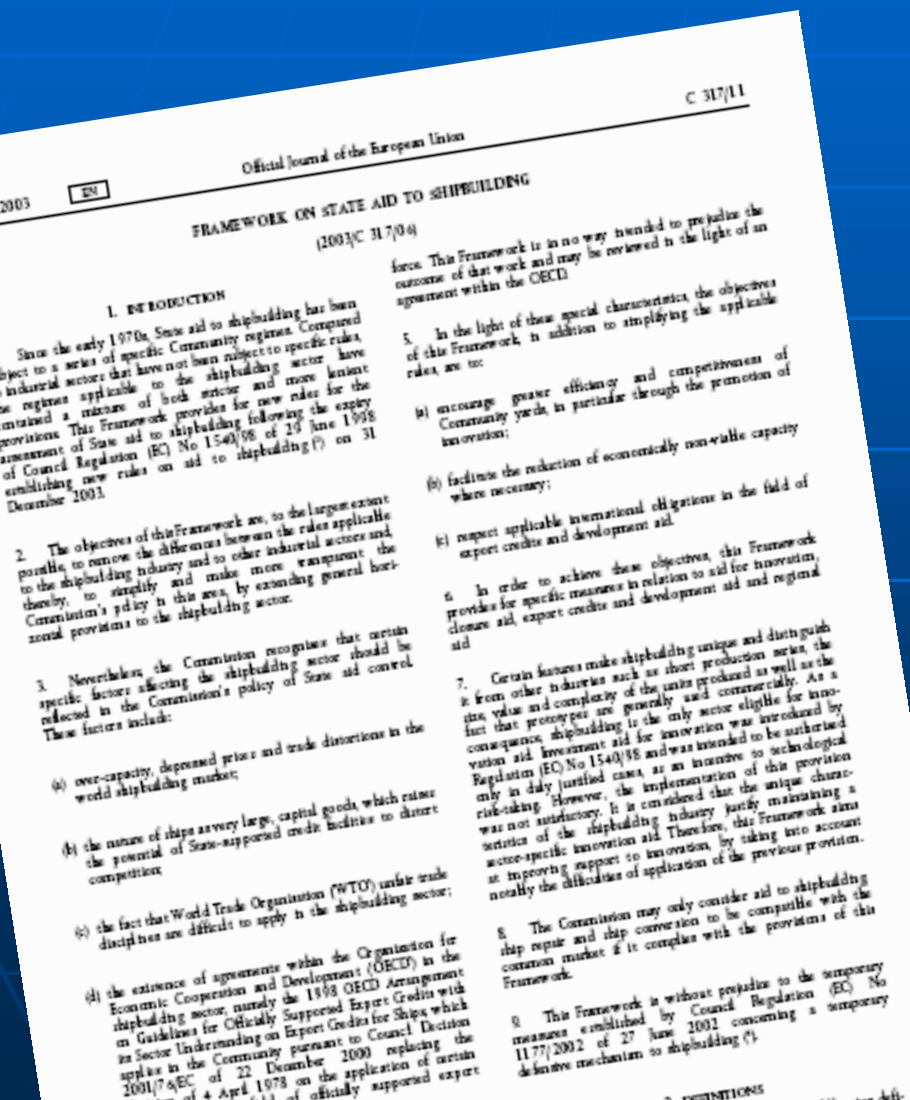


- Industry driven research agenda
- Joining forces of the entire Maritime Cluster in Europe



- Detailed break-down of research goals
- Industry input is essential to ensure effective FP7

# Support for Innovation

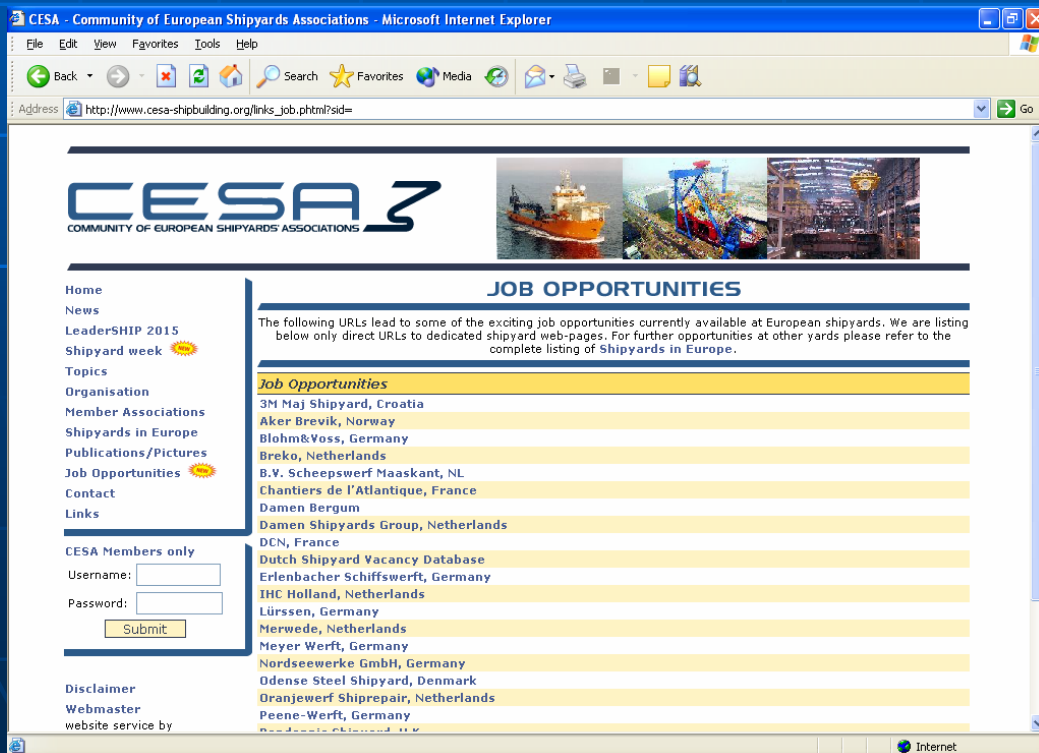


- The new framework revised the 1998 provisions on innovation aid
- Insufficient implementation by Member States
- EC prolonged the provisions until end of 2008
- Sound monitoring required



## Skilled Workforce

- Yards offer several 1000 new jobs
- Shipbuilding established the first formal Social Dialogue Committee in the metal sector



The screenshot shows a Microsoft Internet Explorer browser window displaying the CESA3 website. The address bar shows the URL: [http://www.cesa-shipbuilding.org/links\\_job.phtml?sid=](http://www.cesa-shipbuilding.org/links_job.phtml?sid=). The website features the CESA3 logo and a navigation menu on the left. The main content area is titled "JOB OPPORTUNITIES" and contains a list of shipyards offering jobs. The list includes:

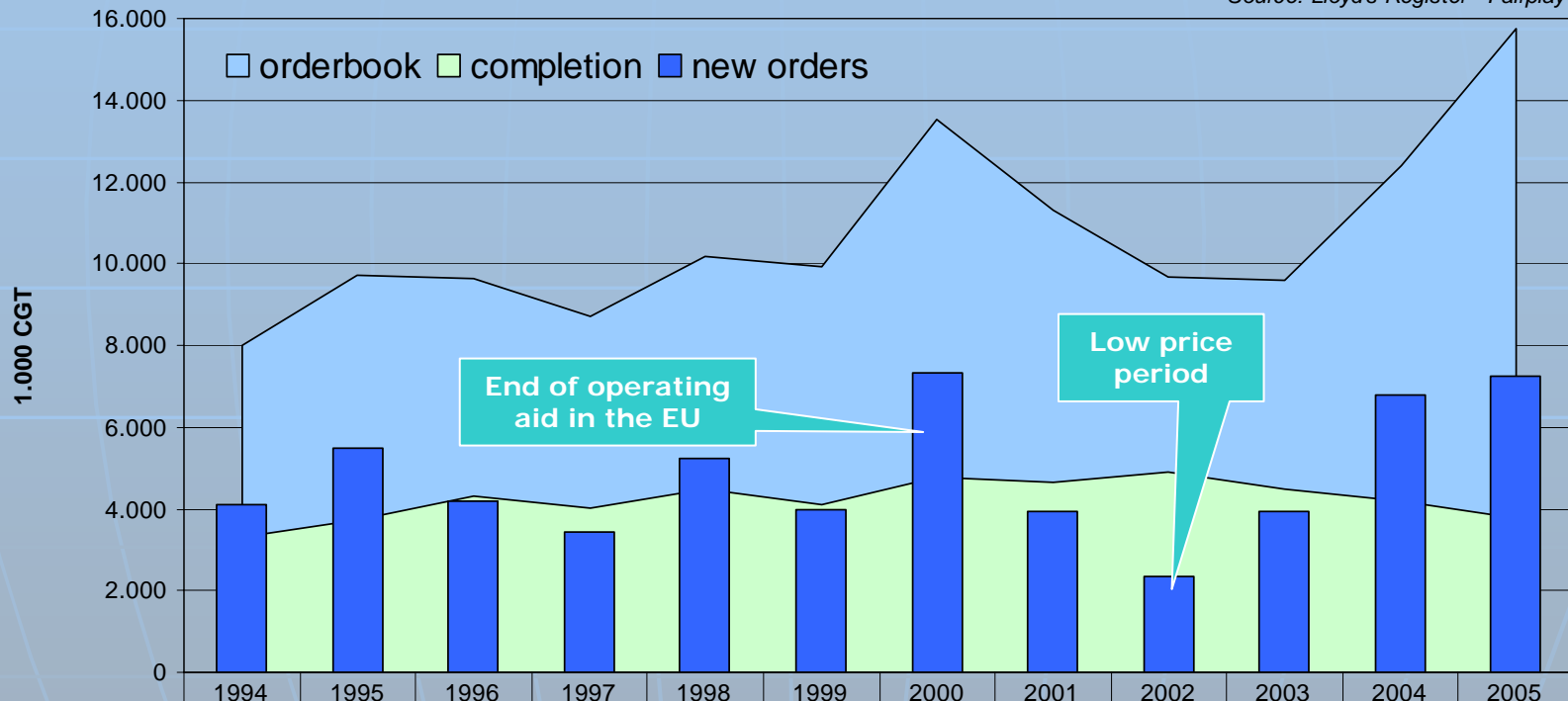
- 3M Maj Shipyard, Croatia
- Aker Brevik, Norway
- Blohm&Voss, Germany
- Breko, Netherlands
- B.V. Scheepswerf Maaskant, NL
- Chantiers de l'Atlantique, France
- Damen Bergum
- Damen Shipyards Group, Netherlands
- DCN, France
- Dutch Shipyard Vacancy Database
- Erlenbacher Schiffswerft, Germany
- IHC Holland, Netherlands
- Lürssen, Germany
- Merwede, Netherlands
- Meyer Werft, Germany
- Nordseewerke GmbH, Germany
- Odense Steel Shipyard, Denmark
- Oranjewerf Shiprepair, Netherlands
- Peene-Werft, Germany
- Peenewerf, Germany



- Training workshops
- Image campaign
- Address ageing

# Completion, New Orders, Orderbook in European Shipbuilding (CESA Members)

Source: Lloyd's Register - Fairplay



	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
orderbook	7.995	9.720	9.638	8.694	10.180	9.938	13.541	11.314	9.666	9.610	12.406	15.738
completion	3.308	3.743	4.332	4.031	4.467	4.098	4.782	4.665	4.896	4.498	4.194	3.766
new orders	4.102	5.493	4.187	3.424	5.239	3.987	7.316	3.921	2.341	3.951	6.798	7.226

# Sound Performance

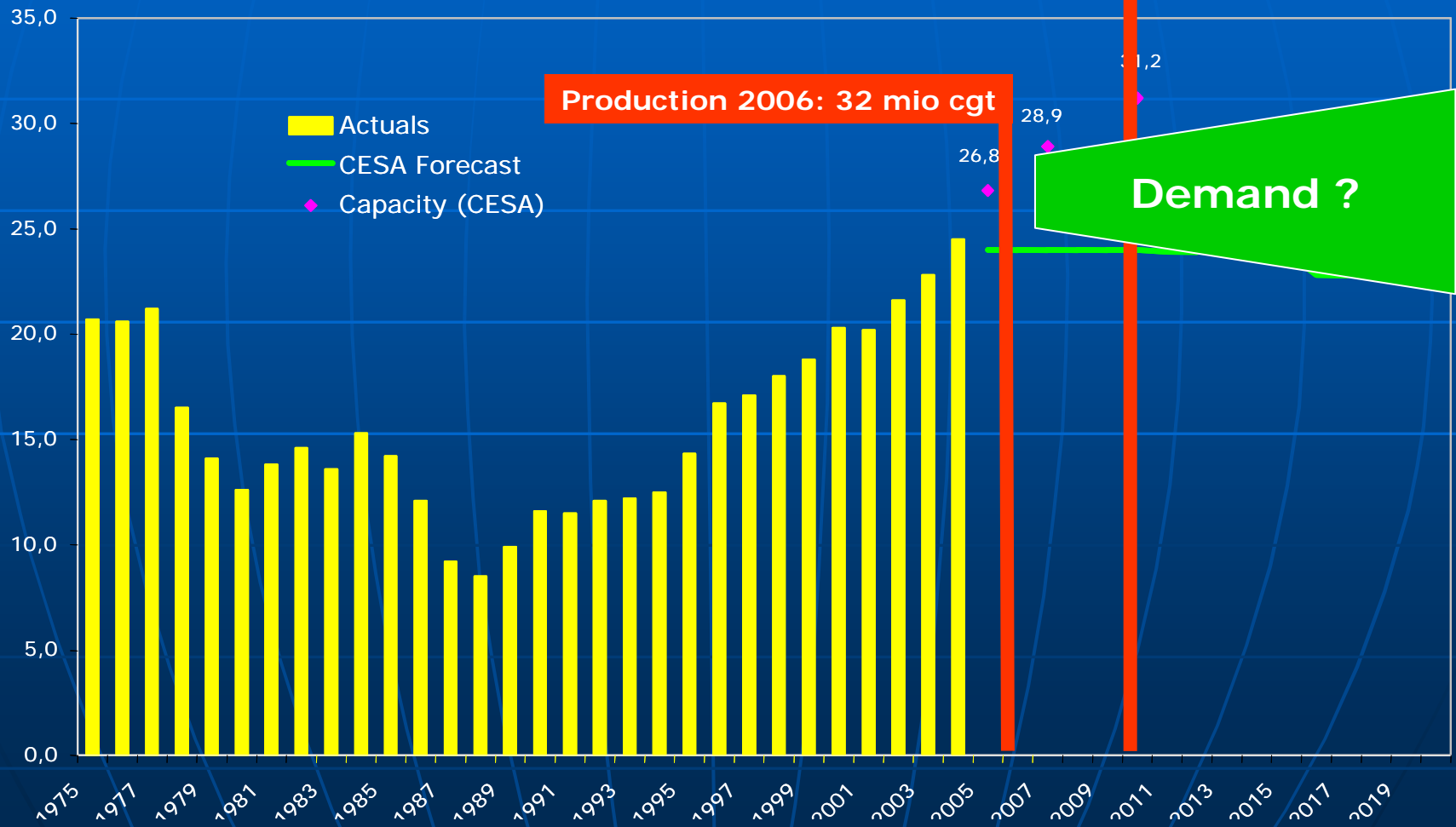
- Order in-take in 2005 continued to grow in Europe & China and slowed down in Japan & Korea
- Profitability has further improved for most yards in Europe (due to sound precaution on inflation)
- Investments are increasing substantially but focusing on productivity increase not on expansion

**New orders in 1000 cgt**

	2002	2003	2004	2005	Delta 04/05
CESA*	2.341	3.842	6.798	7.226	6,3%
JAPAN	7.965	10.501	13.675	8.620	-37,0%
SOUTH KOREA	6.071	17.553	15.806	13.960	-11,7%
REPUBLIC P. CHINA	2.796	5.235	5.691	6.067	6,6%

Capacity 2010: 50 mio cgt ???

# Supply & Demand – 2004 Forecast



# Capacity expansion

- China: 100 shipyards under construction
- Vietnam: government plans to be 4<sup>th</sup> player after China, Korea and Japan
- India: Government announced 1,6 bn \$ investment for shipyards
- Further extensive programmes in Russia, Indonesia, Brasil, Iran, Australia etc.

# Challenges ahead

- Increasing overcapacities expected
- Strong inflation & exchange rate risks
- Maintain the technological leadership
- Ensure top productivity
- Effective IPR protection
- Sound regulatory developments
- Ageing workforce & recruitment campaign
- Level of competitiveness differs substantially across Europe

# Commitment!

- Shipyards' challenges are identical to general manufacturing challenges
- LeaderSHIP offers an opportunity for the EU to deliver real action to secure prosperity
- Success of the LeaderSHIP 2015 process depends on the commitment of all Stakeholders
- No time to loose – we must continue to implement, not continue to discuss

# Conclusion

- Performance and fundamentals promise a prosperous future for European Shipyards
- The key is: Europe joins its forces
- Decisive policy cooperation for growth & employment
- **Time to deliver!**



**+++ Thank you for your attention +++**

**more info at**

**<http://www.cesa.eu>**