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CESA & EMEC New Years' Reception 2009

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Speech by Kommer Damen

For further information, please contact: Dear Vice-President, dear Excellencies, dear Ladies and Gentlemen, dear winners of the CESA SMART Award,

P. Lancellotti, Secretary General of EMEC
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I believe we have just seen very encouraging examples of some brilliant talents and some intriguing ideas. Our industry will certainly continue to support this initiative. We need to cater for the next generation of European shipbuilders also in times of great economic challenges. It is essential that - while fighting for tomorrow - we must also keep in mind the day after tomorrow.

Shipbuilding as a global industry is greatly affected by the current economic crisis. We have been rather prudent in our market assessments and want to make sure not to be too alarmists. It has taken us almost ten years to turn around the public perception of our sector, which in the past was considered by many as an old industry, which is not very interesting for modern societies. I believe today, our fascinating technological achievements are recognised much more widely and we want to make sure it stays that way. High-end ships for all kinds of purposes belong to the most demanding and complex pieces of engineering that man-kind is capable of producing. Our engineering capacity opens tremendous business opportunities - Europe is only starting to realise the vast possibilities of utilising the ocean and seas. And particularly with our technological lead, Europe can significantly contribute to more environmental friendly maritime hardware - certainly an important request of our societies.

Having said that, it is also our responsibility to provide policy makers with a clear analysis of the challenges ahead - and these are indeed unprecedented. All three mass markets for standard shiptypes - containerships - bulk carriers - tankers - provide no reason for short term optimism. While cargo volumes are contracting, leaving parts of world shipping fleet unoccupied already today [*e.g. approx. 6-7% of the container fleet is layed-up*], the fleet will continue to grow by more than 10% p.a. for the next three years, despite strong rise in order cancellations and delays and despite accelerated ship scrapping. As a result, the demand for standard shiptypes could remain at a level of only 10% for the next three years. So there will be many shipyards and many ship equipment makers around the world looking eagerly for new contracts. And that means, they will also try to enter some of the high-end niche markets which European shipyards have focused on. We are not afraid of competition - but we are afraid of market distortions as seen in the past. Certainly something to be very closely monitored.



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We must pay attention to the bigger picture. The leading economic role of the western world is challenged since some years with China and other emerging economies calling for their legitimate participation in prosperity. This economic crisis could dramatically accelerate this process. The crisis has already, within a matter of a few months, changed a number of policy fundamentals. Anything seems possible today. For the industry policy for shipbuilding this means, we have to renew our thinking and revisit all options. To avoid any misunderstandings, let me make very clear, that is all options but one: we do not want to go back to any 20th century subsidy scheme!

With LeaderSHIP we are in the lucky position to have the best possible platform for policy development already in place. This industry has committed itself to a truly European process and we will continue to do so. No individual Member State has the means to address these challenges effectively. They may be faster, but their reach is insufficient for the long-run. I am convinced, if Europe is able to pull its strength together, we can come out of this crisis stronger than before. The effective support of the European institutions is a pre-condition - but the will as an industry community to act together and our efforts to convince Member States to support a truly European approach will be decisive to this end.

Let's work on this together. This is the time for **pragmatic solutions**.

But before we start - I suggest we use this nice evening for some further interesting discussion with a glass of wine or beer and some good food. You are, therefore, all warmly invited to join us now down-stairs for the diner buffet.

Thank you very much for your attention.

RL, 10 Feb 2009



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