

Statement at Press Conference (Summary)

September 15 2009

The following is a summary of the conference held by Mr. Motoyama, Chairman of the Shipbuilders' Association of Japan (SAJ).

Japan's Recent Shipbuilding Market

● **Contracts in August 2009**

According to a report compiled by Japan Ship Exporters' Association (JSEA), the tonnage of orders for export placed in August 2009 is 11 ships at 0.26 million compensated gross tons (CGT). The total tonnage for export signed during January and August this year is 80 ships at 1.76 million CGT, down by 76% from the same period last year (7.27 million CGT).

The new order contracts so far this year remain at very low level, since the shipping market negatively affected by the world financial crisis is not showing the sure signs of recovery yet, and the business attitudes of shipowners are still gloomy.

● **Outlook**

The newbuilding contracts will grow stagnant for some time in the future, given the current severe situation in most shiptypes.

However, Japanese shipbuilders are not so much anxious as to the operation ahead, due to the following reasons:

1. For past some years we had maintained the high level of order intake.
2. We have fortunately seen much less order cancellations than other shipbuilding regions, such as the Republic of Korea and China where a large number of orders have reportedly been cancelled.
3. We have a substantial backlog equivalent to Japan's more than 3-year production.

The seaborne trade, showing negative growth this year, will surely increase in the foreseeable future with the world economic recovery. Consequently we firmly believe that it is very important to build up the radical management strategy from the long-term view -not to become over-sensitive to the short-term market fluctuation-.

● **Contracts in the world**

According to the statistics compiled by Lloyd's Register - Fairplay, the tonnage of orders placed in the world first half this year is 3.42 million CGT (Japan: 1.73 million CGT, Republic of Korea: 0.5 million CGT, China: 0.52 million CGT -declining sharply year-on-year in every country-).

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