



(Final)

**17th JECKU Top Executive Meeting
November 6, 2008, Miyazaki**

Chairman's Note

The 17th JECKU Top Executive Meeting was held on November 6, 2008 in Miyazaki. Eighty-one senior executives from the leading shipbuilding companies in Japan, Europe, China, Korea and the USA attended the meeting.

The meeting was held at the time of increasing concerns over slowdown of global economy spreading beyond the financial market, and so the attending shipbuilding leaders actively exchanged opinion on the world economy, shipping and shipbuilding market trends and other important issues such as cost development, human resources, enhanced rules and regulations, environmental concerns, intellectual property rights, to share common understanding and perception of the industry at large.

The meeting noted that the shipbuilding demand, which was unprecedentedly prosperous for some time in the past years, is now showing signs of weakness. This may lead to a drawback particularly in contrast to a steady growth in shipbuilding capacity for some years to come. The need for a rational judgment of the situation based on long term perspective was voiced towards a sound and balanced development of the industry.

On the other hand, the opinions of the attendants were echoed that the current business environment for shipping and shipbuilding will finally be a turning point for a sound and prosperous development of world shipbuilding industry.

The increase in shipbuilding costs, particularly characterised by the steep rise in the price of steel for some years in the past, was a focal point of discussion, noting a recent downward in the price of steel and raw materials



that began with the economic slowdown. While concerns on the business performance were understood, concern was also addressed from the responsibility aspect to serve other industries with a stable supply of ships. The leaders invite other industries to share common concerns so that repetition of rises of this nature can be avoided in the future.

The meeting also highlighted the human resources issue so that the shipbuilding industries would continuously make efforts to ensure that shipbuilding technology and skills are transferred to the new generation. Furthermore, with regards to the tightening of rules and regulations, the meeting discussed that the shipbuilding industry would do its best to promote safety and to protect the environment and would need to join voices. The meeting considered highly of activities of the Committee for Expertise of Shipbuilding Specifics (CESS), and further support was given by the attendants for the continuation of CESS activities.

A further aspect of importance was the Intellectual Property Rights, where the leaders were all concerned for promoting awareness to all concerned industries as well as within the shipbuilding industry itself.

As it was jointly expressed during the meeting while the global economy is expected to be slow for a while, the newbuilding market will be able to recover gradually, only if the financial markets normalise early on. A further point was also raised that globally shipbuilding industry needs to make every effort to strengthen its competitiveness and create new demand by constantly developing new products and markets.

The meeting concluded that the participants will continue to work towards a sustainable industry and agreed to meet in Berlin at the end of October next year.