



JECKU Chairman's Note 2019

Global Shipbuilders united in call for rationalisation of maritime business

The 28th JECKU Top Executive Meeting was held in Viareggio, Italy on 24 October, 2019, attended by more than 83 Presidents, CEOs and other high level representatives from major shipbuilders in Japan, Europe, China, Korea and the United States.

In addition to the traditional JECKU Agenda with reports by each of the delegations on shipbuilding and economy in their respective regions, and individual market briefs by ship types and so on, the attendees engaged in constructive reflections on some of the structural challenges in the industry. These resulted in the following shared assessments:

Ships are magnificent products created by ingenuity and passion. Shipbuilders around the world cherish their profession and are rightfully proud of impressive technical achievements realised on a daily basis. However, at the same time global shipbuilders share awareness of a profound lack of rationality in the industry. For more than one decade, the global shipbuilding market has been suffering from poor trading conditions. Softer demand has pushed prices downward and shipyards have accepted numerous contracts at unsustainable prices. Major shipbuilding price indexes have shown a drop of more than 30% from their peak while production costs have steadily increased in parallel. The views maintained by the leaders of the shipbuilding industry in the past years again need to be renewed to seek efforts to develop level playing field towards a healthier market.

While the rationale for the individual project partners may be compelling in each case – the customer getting a product at low cost, the builder being able to keep up operation and avoiding more costly idle factories – the outcome for the entire maritime business community is devastating: shipping suffers from too many ships, pressing down freight and charter rates. Shipbuilding maintains unneeded production capacity in the hope of a market recovery to arrive soon. This way, the risk/profit ratio is hopelessly poor, particularly when considering the scope of complications that may relate to constructing or operating large complex assets such as ships.



This practise is not new. On the contrary, it can be traced time and again since decades. And despite this being the case, the maritime community has delivered invaluable services to world trade and with it to global prosperity. However, now we are called on to undertake yet another major transformation: cease to contribute to climate change and environment pollution while keeping world trade seamlessly afloat.

Shipbuilders are eager to tackle this new task, developing new technical solutions and making best use of the opportunities offered by digitalisation. At the same time it must be clear that a massive up-scaling of resources to be dedicated to this important task is a pressing precondition. The same applies to our customers. Huge investments are needed to develop adequate technology and implement sustainable shipping.

To this end, profitability of all players involved has to improve significantly. The industry and academia must address the mechanisms that lead to the current undesired constellation and must reflect its traditional way of responding to economic challenges. At the same time also governments need to review existing framework conditions for the shipbuilding sector, as they may contribute considerably to the described phenomena.

To expect a different outcome from applying the same solution attempt over and over is irrational. Unfortunately, we continue to observe just that time and again. Overcapacity and low profitability haunt the shipbuilding industry. We call for a joint effort by all parties involved to address these core problems and thereby create framework conditions that allow industry to forcefully tackle maritime sustainability.

Viareggio, 24 October 2019



List of Participants (Japan)

	#	Name	Position	Affiliation
Japan	1	Mr. SAITO, Tamotsu	Chairman of the Board (SAJ Chairman)	IHI
	2	Mr. TERASAWA, Nobuhiko	Associate Director	IHI
		Mr. MAEJI, Kazuto	Manager	IHI
	3	Mr. NAKAMURA, Yoshinobu	Senior Corporate Adviser	Sumitomo Heavy Industries
	4	Mr. MIYAJIMA, Koichi	Director	Sumitomo Heavy Industries Marine & Engineering
	5	Mr. OMIYA, Hideaki	Senior Executive Adviser	Mitsubishi Heavy Industries
	6	Mr. TSUCHIYA, Takashi	Managing Expert	Mitsubishi Shipbuilding
	7	Mr. MURAYAMA, Shigeru	Chairman of the Board	Kawasaki Heavy Industries
	8	Mr. FUJITA, Shoichiro	Senior Manager	Kawasaki Heavy Industries
		Mr. TASAKA, Hideki	Senior Manager	Kawasaki Heavy Industries
	9	Mr. KATOH, Yasuhiko	Senior Advisor	Mitsui E&S Holdings
	10	Mr. YASUOKA, Sho	Manager, London Representative Office	Mitsui E&S Shipbuilding
	11	Mr. MISHIMA, Shinjiro	Executive Advisor	Japan Marine United
	12	Mr. MAETA, Yoshinori	Director and Managing Officer	Japan Marine United
	13	Mr. IWAMOTO, Hiroshi	Counselling Staff	Japan Marine United
	14	Mr. YAMAMOTO, Atsushi	Deputy General Manager	Japan Marine United
	15	Mr. HIGAKI, Yukito	President	Imabari Shipbuilding
	16	Mr. HIGAKI, Kazuyuki	Senior Managing Director	Imabari Shipbuilding
	17	Mr. KASHIWAGI, Yoshinobu	Director	Imabari Shipbuilding
	18	Mr. KAMICHIKA, Yoshinori	Senior Managing Director	Oshima Shipbuilding
	19	Mr. SEBE, Michikazu	Executive Managing Director	SAJ
	20	Mr. TSUCHIYA, Toshifumi	General Manager	SAJ
21	Mr. SUZUKI, Takeo	Manager	SAJ	
22	Mr. MINATO, Takuya	Director	JETRO London	



List of Participants (Europe and China)

	#	Name	Position	Affiliation
Europe	23	Mr. MEYER, Bernard	Managing Partner (Chairman of Euroyards)	Meyer Werft
		Mr. MEYER, Tim	Managing Director	Meyer Werft
		Mr. WEIGEND, Thomas	Managing Director	Meyer Werft
	24	Mr. DAMEN, Kommer	Chairman	Damen Shipyards Group
		Mr. BERKVEN, René	Chief Executive Officer	Damen Shipyards Group
	25	Mr. BONO, Giuseppe	Chief Executive Officer	Fincantieri
	26	Mr. MAESTRINI, Alberto	General Manager	Fincantieri
	27	Mr. MATARAZZO, Luigi	Executive Vice-President	Fincantieri
	28	Mr. CENI, Paolo	Executive Vice-President	Fincantieri
		Mr. PIANTINI, Andrea	Director ASSONAVE	Fincantieri
	29	Mr. LÜRSEN, Friedrich	Chief Executive Officer	Lürssen Maritime Beteiligungen
	30	Mr. LE JONCOUR, Arnaud	Senior Vice-President (Vice-Chairman of Euroyards)	Chantiers De L'atlantique
	31	Mr. BOULAT, Jean-Charles	Vice President EU & NATO	NAVAL
	32	Mr. MARTINEZ PEREZ DE ROJAS, Donato	Director	Navantia
	33	Mr. VANDER HEYDE, Dave	Chief Executive Officer	ROYAL IHC
	34	Mr. DEN HEIJER, Sander	Sector Manager	Netherlands Maritime Technology
	35	Mr. LÜKEN, Reinhard	General Managing Director	VSM
	36	Mr. TYTGAT, Christophe	Secretary General	SEA EUROPE
37	Mrs. VERHOEVEN, Véronique	Financial & HR Manager	SEA EUROPE	
38	Dr. STOTT, Paul	Senior Lecturer	Newcastle University	
China	39	Mr. CHEN, Minjun	Executive Vice Chairman	CANSI
	40	Mr. JIN, Peng	Secretary General	CANSI
	41	Mr. XIE, Yu	Vice Director	CANSI
	42	Mr. SUN, Wei	Vice President	CSSC
	43	Mrs. XU, Miao	General Manager Assistant	CSSC
	44	Mr. ZHENG, Chengrong	Senior Operations Manager	CSSC
	45	Mr. WANG, Yan	President	China Institute of Marine Technology & Economy
	46	Mr. HONG, Fangzhi	Director	China Institute of Marine Technology & Economy
	47	Mrs. ZHAO, Zhen	Engineer	China Institute of Marine Technology & Economy
	48	Mr. CHEN, Fuming	Chairman of the Supervisory Board	Shanghai Waigaoqiao Shipbuilding
	49	Mr. HU, Keyi	Science & Technology Committee Leader	Jiangnan Shipyard
	50	Mr. LI, Yunxuan	Project Manager	Jiangnan Shipyard
	51	Mr. LIU, Hanjun	Assistant Director	Jiangnan Shipyard
	52	Mr. LI, Dong	Chief Engineer	CSSC Huangpu Wenchong Shipbuilding



List of Participants (China (cont.), Korea and the United States)

	#	Name	Position	Affiliation
China	53	Mr. ZHOU, Mushun	Chief Engineer	Guangzhou Shipyard International
	54	Mr. ZHU, Hongguang	Deputy Director	China Shipbuilding Industry
	55	Mr. LU, Wei	Division Chief of International Dept	China Shipbuilding Industry
	56	Mr. WANG, Guohai	President	Qingdao Beihai Shipbuilding Heavy Industry
	57	Mr. WANG, Xiaohai	Chairman	Tianjin Xingang Shipbuilding Heavy Industry
	58	Mr. ZHANG, Yuhuan	Vice-President	Dalian Shipbuilding Industry
	59	Mr. SUN, Chongbo	Senior Engineer	China Shipbuilding Information Center
	60	Mr. ZHAO, Zengshan	Vice-President	COSCO Shipping Heavy Industry
	61	Mr. PAN, Zhiyuan	Dean of Design & Research	COSCO Shipping Heavy Industry
Korea	62	Mr. LEE, Sung Gun	Chief Executive Officer	DSME
	63	Mr. PARK, Hyung Gun	Executive Vice-President	DSME
	64	Mr. SON, Jin Seck	Director	DSME
	65	Mrs. BOK, So Young	Manager	DSME
	66	Mr. KA, Sam Hyun	President & CEO	Hyundai Heavy Industries
	67	Mr. PARK, Seung Yong	Senior Executive Vice-President & COO	Hyundai Heavy Industries
	68	Mr. YOON, Eui Sung	Senior Vice-President	Hyundai Heavy Industries
	69	Mrs. KIM, Eun Ji	General Manager	Hyundai Heavy Industries
	70	Mr. KIM, Woo Jin	Sales Officer	Hyundai Heavy Industries
	71	Mr. NAM, Joon Ou	President & CEO	Samsung Heavy Industries
	72	Mr. KIM, Kyoung Hyeok	Executive Vice President & CMO	Samsung Heavy Industries
	73	Mr. OH, Seong Il	Vice President	Samsung Heavy Industries
	74	Mr. YOON, Brian	Head of SHI London	Samsung Heavy Industries
	75	Mr. MIN, Kwan Joon	Manager	Samsung Heavy Industries
	76	Mr. LEE, Sang Kyun	President & CEO	Hyundai Samho Heavy Industries
	77	Mr. YUNE, Sung Il	Executive Vice President	Hyundai Samho Heavy Industries
78	Mr. SHIN, Hyeon Dae	President & CEO	Hyundai Mipo Dockyard	
79	Mr. PARK, Tae Yung	Vice President	Hyundai Mipo Dockyard	
80	Mr. LEE, Byeong Cheol	Vice-Chairman	KOSHIPA	
81	Mr. KIM, Sung Hyun	General Manager	KOSHIPA	
82	Mr. KWON, Bong Ki	Senior Manager	KOSHIPA	
USA	83	Mr. WETHERALD, Tom	Director	General Dynamics NASSCO