

## **Towards Establishment of Fair Competitive Environment in Shipbuilding**

- Statement of SAJ on the Breakdown of Negotiations at OECD WP6 -

The on-going over-supply situation keeps pressurising the global shipbuilding industry, with unsustainably low price order activities prevailing, resulting in evermore severe distortions in international shipbuilding. This situation is primarily attributable to governmental supports in some shipbuilding nations. Massive fund injections and financial supports dishonouring international rules to companies in fatal state by governmental financial institutions have resulted in preserving superfluous capacity that should have been dismissed from the market, and have naturally distorted fair international competition, putting sustainability of shipbuilding industry in danger.

The Shipbuilders' Association of Japan (SAJ) has all along earnestly worked towards seeking fair international competitive environment, but to our disappointment, at the OECD WP6 Meeting in last December, the opinion of a certain member state has caused stoppage of the efforts to discuss the framework in realising fair competitive conditions.

JECKU Top Executive Meeting is held annually to discuss issues on private basis, and the 5 members participating from Japan, Europe, China, Korea and USA have already jointly concluded that establishment of fair competitive environment is indispensable in the global shipbuilding market, and this has been specifically reflected in the Chairman's Note for a number of times. In light of such background, the outcome of the OECD WP6 Meeting is therefore puzzling and irrational.

Without achieving suitable levels of shipbuilding capacity through market mechanisms leading to fair price order activities, the world's maritime industry cannot restore its health and therefore cannot fulfil our future social responsibility. In particular, the government support issue is beyond the private sector's control, and we can only hope that the governments of the relative shipbuilding nations, who are the very parties in charge, will act responsibly and quickly make their serious challenges for promising solutions.

Tamotsu Saito

Chairman

The Shipbuilders' Association of Japan

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