



21st JECKU Top Executive Meeting  
October 18, 2012, San Diego

**Chairman's Note**

The 21st JECKU Top Executive Meeting was held in San Diego on October 18, 2012, and was attended by representatives from major shipbuilders in Japan, Europe, China, Korea and the USA.

This year the meeting was opened with the report of a guest economist on the world economy. In traditional fashion, each of the delegations provided a report on shipbuilding in their respective regions. Global supply and demand was discussed as well as individual briefs on specific ship type markets. Shipbuilding costs and environmental issues and increasingly strict regulations were also discussed. Lastly, the CESS Committee Chairman delivered his report which consisted primarily of the activities of regulatory bodies.

All of the delegations expressed concerns about the world economic recovery. Slow growth continues, led primarily by developing economies, but future projections of growth continue to decline. The debt crisis in Europe and the impact of anticipated fiscal austerity on the part of the United States were discussed as impediments to current and future growth and the source of risk for the future economic recovery.

Negative trends noted last year in the shipbuilding industry continued, including an increasing imbalance between supply and demand, and falling ship prices. In the past year oversupply has continued to drive ship prices down and while simultaneously reducing demand. The discussion of ship type sectors showed clearly that most sectors have been significantly impacted by this trend. The delegates acknowledged that these factors have created a crisis in shipbuilding that is likely to be with the industry for several years to come. The delegates also acknowledged that all related stakeholders in the maritime industries need to work actively together to overcome the crisis.



The participants acknowledged that the current tough market situation will call for an even closer coordination with the related industries and for the shipbuilders to reflect a common voice in the rule making process at the International Maritime Organization (IMO). The Energy Efficiency Design Index is being further implemented with the participation of the shipbuilding industry to make the solutions more practical and effective. Shipbuilding technologies will be of core importance to the steady development of the eco-friendly maritime industry and such closer coordination will serve to open the way for introduction of further meaningful and innovative solutions such as alternative fuels like LNG.

While the delegates acknowledged that the crisis in the shipbuilding industry is linked to a slow and uncertain economic recovery and a mismatch between shipbuilding supply and demand, it was also recognized that the twin challenges of environmental requirements, now coming into effect, and major changes in world energy markets provide the opportunity for innovation. The shipbuilders have the opportunity to help revive their markets by working together along with the related industries on international regulatory issues and by providing innovative products to the market.

The Japanese shipbuilders will host the 22nd JECKU Top Executive Meeting in 2013. The delegates agreed to meet in November 2013 in Okinawa, Japan.

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