

**25th JECKU Top Executive Meeting
October 20, 2016 Gyeongju, Korea**

Chairman's Note

The 25th JECKU Top Executive Meeting was held in Gyeongju on October 20, 2016, and was attended by representatives from major shipbuilders in Japan, Europe, China, Korea and the United States.

This year the meeting was opened with the report of a guest economist on the world economy and energy. Each of the delegations provided a report on shipbuilding in their respective regions. Global supply and demand was discussed including individual briefs on specific ship type markets. Lastly, the CESS chairman delivered the report which consisted primarily of the activities of regulatory bodies.

All of the delegations expressed concerns about the current world economic situation. Slow growth continues, led primarily by major emerging economies, and growth projections in future continue to decline. Signs of protectionism in many parts of the world form a worrisome trend and geopolitical risks will add to the uncertainty of global trade.

The latest shipbuilding situations in each country were presented. The decrease in new orders and few positive signs of recovery in near future cause a difficult situation to most of the delegations. They agreed that the shipbuilders need to promote mutual understanding as to what is needed to bring healthy recovery of the market.

The delegations have also exchanged the views on the global fleet supply, demand and shipbuilding capacity. In the past year, shipping oversupply has continued to drive ship prices down while simultaneously reducing demand. The discussion over the ship type sectors showed clearly that certain sectors have been significantly impacted by this trend.

The delegations formed a consensus that it will take a long time for a complete recovery of shipping and to see improvements in the supplydemand gap in shipbuilding industry.

The delegations agreed that it is imperative to reflect a common voice in the decision making process at the International Maritime Organization (IMO). Ship Construction File (SCF)' issue of Goal- Based Standards (GBS) was mentioned as an example of joint response.

While the delegations acknowledged that the difficult market situation in shipbuilding is linked to a slow and uncertain economic recovery and a mismatch between shipbuilding capacity and demand, it was also recognized that the challenges of environmental requirements which will be tightened could provide the opportunity for innovation. Innovation in Shipbuilding technologies will be of core importance for a steady development of the ecofriendly maritime industry and could also open up new business areas.

The delegations shared the view that shipbuilders need to urge regulatory authorities to implement worldwide environmental regulation which stimulates innovation while at the same time safeguard intellectual property.

The participants also agreed that any regulations that may form disturbance to the level playing field are not helpful in creating a healthy market and the global discipline on Export credits is essential for fair competition.

In conclusion, all the participants agreed to make constant disciplined efforts for a continued sound development of the shipbuilding industry and to intensify corporate social responsibility for the industry

The United States will host the 26th JECKU Top Executive Meeting in 2017. The delegates have agreed to meet again in November 15~16, 2017 in San Diego, California.

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