

**23rd JECKU Top Executive Meeting
(6 November 2014, Paris, France)**

Chairman's Note

The 23rd JECKU Top Executive meeting was held in Paris, France on the 6 November 2014, and was attended by the top executives and representatives from the major shipbuilding companies in Japan, Europe, China, Korea and the United States.

The participants exchanged views on issues affecting the shipbuilding industry including the world economy and energy, regional shipbuilding situations, supply and demand, shipbuilding market by ship type, shipbuilding costs and environmental regulations which have become increasingly stringent in recent years.

In 2014 the general global economic situation remains challenging and this is reflected in the world shipbuilding markets where the order book has shown marginal growth in all regions. Nevertheless it was perceived that there are still structural challenges to be overcome and that opportunities are to be grasped in order to restore the strength of the shipbuilding sector.

Supply is still outstripping demand in the conventional shipbuilding markets creating imbalances in the day-to-day business. Measures have been taken to address this overcapacity with the yards focusing on quality of shipbuilding vs. quantity and specialization into new high-tech business fields such as the offshore market. However, these measures alone will not be enough to restore a healthy supply and demand balance in the sector. Further ideas and opinions were put forward and discussed by the regional shipbuilding delegations.

Focusing on the environmental footprint of shipping offers real opportunities for the shipbuilding sector to support the removal of under performing ships from the market and offer energy efficient, technologically advanced vessel solutions to the regulatory demands, which are placed upon the sector. Regulation, hence innovation is seen as a key driver to promote the fleet renewal into energy efficient vessel types and for the development of technologies to be retrofitted to ships to allow them to meet the energy efficient design profiles required today. Regulation needs to have implementation certainty in order not to impede technology development.

Going beyond the expected environmental regulatory horizon (EEDI, SO_x, NO_x, BWS), paradigm shifts for the shipping / shipbuilding industry were also discussed. This included focusing on the automation of vessels, transport productivity improvement and wider acceptance of big data and information technology. These paradigm shifts could offer real benefits to the shipping sector by pushing 'older' vessels out of the market and further driving orders for ships, which reduce the operational expenditure of the customer. Furthermore cooperation should be established among the shipbuilding regions to enhance the development of maritime technologies.

In order to take advantage of the opportunities offered by the paradigm shifts a closer policy coordination amongst the global shipbuilding community should be envisaged seeking to collectively focus on quality shipbuilding, reduction of excess capacity and the promotion of new innovations and technologies.

The Committee of Expertise for Shipbuilding Specifics (CESS) could play a prominent role in this coordination among the different shipbuilding regions for consistent policy development and seek regulatory certainty when adopting new international rules and standards. Furthermore it could provide an effective platform for exchanging best practices when exploring the introduction of paradigm shifts, which could revolutionise the global perception of shipping.

The JECKU Top Executive Meeting was reminded to be mindful of any practices that may lead to excess capacity and market distortions. Furthermore it was discussed that initiatives currently in place for dealing with overcapacity could be pursued for the healthy development of world shipbuilding.

China agreed to host the 24th JECKU Top Executive Meeting in 2015. All delegates agreed to meet in the autumn of 2015 in Zhongshan, Guangdong.

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