

**24th JECKU Top Executive Meeting
5th November 2015, Zhongshan China**

Chairman's Note

1 The 24th JECKU Top Executive Meeting was held on 4th-6th November, 2015 in Zhongshan. 123 delegates participated from five shipbuilding regions including Japan, Europe, China, Korea and US.

2 The meeting covered the world economy, regional shipbuilding situations, shipbuilding markets by ship type, shipbuilding supply and demand, and shipbuilding costs. Additionally, the impacts of oil price, the exchange rate and some other factors on the shipbuilding industry of each region were discussed.

3 Regarding the global economy, it is recovering slowly, while the growth of each of economic entities is quite different. Specifically, the recovery of the US economy is stable and interest rates may rise in future. For Europe, the euro zone will continue to apply the QE policy which is likely to have a positive impact on its recovery. Japan will emerge from deflation and will maintain QE policy. The GDP of China is likely to keep increasing in a medium or high speed, although facing the downward pressure. In the past year, the exchange rates fluctuated significantly. The US dollars kept strong, Euro, YEN and WON devalued, and CNY was steady against the US dollar. The global trade growth was slow and the global shipping industry is still in a tough situation. The participants shared the view that recovery period for the shipbuilding industry will be longer than estimated in the past.

4 The latest shipbuilding situations were presented respectively by regions. The orderbook of Japanese shipyards has been increasing continuously, and tankers have taken a greater shares of the newbuilding contracts. The value of the European orderbook has increased slightly, 60% of which was made up of passenger ships. The completion of Chinese shipyards is still steady, although the newbuilding contracts declined dramatically this year. The delivery of Korean shipyards decreased and new order by ship type have changed with diversification. LNG powered ship may be a future trend of the global shipping development. The world's first LNG powered containership

built by a US shipyard was delivered in October. The emission regulations will continue to play a key role in new vessel designs. The US is scheduled to begin exporting LNG by end of the year and the crude oil export ban may be lifted.

5 The shipbuilding market for different ship types has also been reviewed. Due to the drop of oil price, crude tanker market has been kept active. However, the heavier delivery next year will bring great pressure to the future market. The bulk carrier market was depressed due to fleet overcapacity and low freight rates. Containership newbuilding delivery above 10,000 TEU has shown considerable growth since 2013 and the maximization trend of the container ship has been obvious. The concerns have also been expressed that overcapacity may hinder the recovery of the boxship market in 2016. Gas price fell due to plunging oil price and LNGC oversupply has led to charter rate falling and shorter charter periods. The future of the cruise market seems to be optimistic. Also affected by the fall of oil prices, offshore structure and offshore support vessel markets significantly declined.

6 The delegates have also exchanged views about the global fleet supply, demand and capacity. The global trade growth has been declining since the beginning of this year, leaving more uncertainties for future recovery. The high rate of orderbook to existing fleet combined with fleet overcapacity will have negative impacts on future shipbuilding demand. The active yards also have the issue of idle building capacity. Additionally, some capacity for the construction of offshore structures will come back to haunt shipbuilding.

7 The delegates generally shared the view that the world economy will need a longer time to recover. Although the developed countries are acting as the dynamic for the global economic growth, the emerging and developing economies, especially China and India, are making great contributions to the global economic recovery and seaborne trade. Global shipbuilding industry still needs to further recover. It has been agreed that all parties should share more information and exchange further constructive opinions in order to address different formulas to better cope with the challenges.

8 The delegates have agreed that the 25th JECKU Top Executive Meeting will be held in Gyeongju in Autumn 2016.