
Chinese shipbuilding fund confident of raising funds

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According to a senior government official, the CNY 20 billion shipbuilding industry investment fund is well on track to raise the targeted funds by the end of this year despite its slow start. The government had recently announced a stimulus plan for shipbuilding industry and said it would accelerate the pace of establishing shipbuilding industry investment funds.

The industry fund, approved by the country's top economic planning body last August, aims to give a shot in the arm for the shipbuilding industry, which was hit hard by the global financial crisis. The fund will make equity investment in shipyards and engage in ship leasing business.

Mr Cui Jindu vice mayor of Tianjin at the 3rd China International Private Equity Forum recently said that China shipbuilding industry investment fund, based in the port city of Tianjin has no problem in sourcing the capital but will move slowly as the procedures take time.

Mr Zhang Guangqin president of China Association of the National Shipbuilding Industry said that it will also play a role in supporting mergers and acquisitions among shipyards and purchasing vessels cancelled by buyers.

Mr Zhang said that "The fund is newly set up and its operation was not fast in early 2009. The detailed stimulus plan gives a boost to the fund. The size of the fund in Tianjin is small and I hope there will be funds with larger size."

Mr Zhang said that "The fund allocates money to the industry when it faces problems like now. Besides, the fund connects shipyards, equipment suppliers and vessel buyers as a whole. China's shipyards welcome such attempt."

Mr Xu Hui chairman of Centrans Ocean Shipping Logistics Group in Tianjin, and a fund named Hongzhao have respectively put CNY 100 million (USD 14.63 million) as the registered capital for the fund with Xu serving as the CEO.

As the second largest shipbuilding country in the world, China is suffering from a steep decline in orders and vessel cancellations. In the first four months, new orders placed with the 70 key shipyards in China decreased by 96% YoY to 640,000 DWT.

(Sourced from China Daily)

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