
Chinese shipbuilding industry keeps growing

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Marine Biz TV reported that although many analysts keep doubting about whether aggressive Chinese shipbuilders will manage to produce the larger part of the new building orders mainly of dry bulk carriers, placed during the past couple of years, one thing seems almost certain; that, China will account for almost 40% of the global shipbuilding capacity by the end of 2010 with an accumulative production base of 52 million DWT on an annual basis. In fact China will move one step further to reach the top of the world's shipbuilding capacity by 2012. These are some of the figures contained in a comprehensive new report on the Chinese shipbuilding industry compiled by DC Marine Supply.

In whole, Japan, Korea and China now account for 82% of the global shipbuilding activity, but China appears to be the latest trend thanks to low labor costs. As shipbrokers in Hellas have indicated a significant part of this expansion of Chinese shipbuilders has been fuelled by Hellenic shipping companies which also financed Japan and South Korea's shipyards in the previous decades. China's biggest shipbuilding base can be found in Shanghai where almost 12 million DWT can be produced annually with Zhejiang following at second place with 8 million DWT while third place is occupied by the province of Jiangsu with 7 million DWT. But as the actual figures already surpass those on paper, Jiangsu province actually completed 8.89 million DWT in 2008 and is on the way to have an actual capacity of 26.5 million DWT by 2010.

According to the report, "for most industries worldwide the global financial crisis has created uncertainties and generated several discussions as well as unanswered questions on the future. The shipbuilding industry is no exception. China's primary advantage lies in its low cost in labor resources, land, raw materials, overhead and financing as well as outsourcing. The sheer size of China a huge country with a population of 1.4 billion greatly magnifies the advantages of effective state led growth and sophisticated manufacturing. It produces the benefit of economy of scale."

Still the country's shipbuilding sector faces serious challenges. For example fierce competition in the world's market and the overcapacity scenarios can induce a decrease in building prices. The competition might become even fiercer which urges all local players in the industry to optimize management and enhance technical innovation as to secure a safer position. Competing by quality instead of price will be one of the factors to overcome the competition intensity including new product diversification, as many private yards focus on low-tech and low-value bulk carriers.

(Sourced from Marinebiztv)

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