
Kawasaki Heavy Industries to delay ship dock expansion

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Bloomberg reported that Kawasaki Heavy Industries Ltd shipbuilding venture in China will delay construction of a second dock in Dalian by three years as the global recession dries up demand.

Mr Tomokazu Taniguchi president of Kobe, Japan-based Kawasaki's shipbuilding unit said the plan will be postponed until 2015 instead of early 2012. Mr Taniguchi declined to provide details of the funding, which will be shared between the Kawasaki group and partner China Ocean Shipping Group Co or Cosco. Kawasaki will also offer technical assistance.

He said that "Under such circumstances, construction of the second should be postponed. We haven't got a single order for new ships since the fourth quarter.

Mr Taniguchi said construction of the first dock at the new yard in Dalian northeastern China will be completed at the end of this year as scheduled because order backlogs will provide work until 2013. The shipyard will have the capacity to produce 10 very large crude carriers, or VLCCs a year after the second dock is completed in 2015.

He said that Kawasaki 50-50 venture with Cosco called Nantong Cosco KHI Ship Engineering Co or Nacks was created in 1995. The capacity of Nacks' docks in Nantong, eastern China has already surpassed Kawasaki's main yard in Sakaide city, southwestern Japan. The existing Chinese yard can also build 10 VLCC annually.

Mr Taniguchi said the Nantong yard builds large-size dry bulk carriers, container ships and car carriers, and half of the vessels built at the yard are designed for Cosco. He said that the new production site in Dalian will build VLCCs and iron ore carriers. Kawasaki will continue to focus on liquefied natural gas tankers at its Japanese docks.

Kawasaki Heavy's sales from shipbuilding, the origin of its businesses, accounted for 9% of its total revenue for the year ended March 31st. The Kobe, Japan based Company also makes motorcycles, airplanes, trains and industrial plants.

(Sourced from Bloomberg)

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