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## Recession reports - Tuzla shipyards in state of collapse

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Hurriyet Daily reported that in the past 15 months, orders to build 200 ships were canceled at Tuzla. The number of workers retreated to 8,000 from 38,000. Nearly all subcontracted workers were fired and 60% of regular staff was laid off.

Last year, the shipyards, located at the southern tip of Istanbul, saw production plummet by 90% while employment declined 75%.

Pre crisis, the Tuzla shipyards were building 150 ships each year but as global trade screeched to a halt the shipyard zone has been pulled towards economic paralysis.

The shipyards have received just one order for 2012.

The government is rumored to be preparing a new stimulus package for the shipbuilding sector, but shipyard owners have lost hope and lay off workers. The stimulus rumors were fueled by Turkish economy minister Mr Ali Babacan's surprise visit to Tuzla last week.

Tuzla's name as a shipbuilding hub was heard more frequently starting from 2005. Between 2005 and 2008, global shipbuilding expanded 89% while the sector grew a record 360% in Turkey. In the same period, Turkey advanced from 23rd to 8th in production capacity and rising to the fifth in orders.

In the meantime, China and South Korea's industries were standing firmly on their feet with state support. China's shipbuilding sector grew 47% on an annual basis last year. Now, half of the 46 shipyards at Tuzla are inoperative while the rest engage in repair and maintenance.

Mr Metin Kalkavan owner of the Sedef Shipyard and also president of the Chamber of Shipping said that other countries took precautions that saved time for their respective industries. Meanwhile, we have been retreating from fronts that we were able to reach after 40 years. Before the crisis we were the worlds fifth in orders. Now we rank 10th. Next year will be much worse. Deliveries scheduled for this year number at 120 and at 23 for next year provided there are no cancellations.

Mr Kalkavan said that "A ship is built in nearly 2 years. As of today, there is only one order for 2012. Normally we have the capacity to make 300 ships per year. But we barely receive new orders. Last year, global orders amounted to 33 million tons. Turkey was able to get less than 150,000 tons from this. This cannot go on."

Mr Muhsin Divan vice chairman of Desan Shipyard said that repair and maintenance activities should have been insurance for the crisis for Tuzla shipyards, but due to infrastructure problems the opportunity was lost. Many entrepreneurs canceled orders due to the crisis. Those being built were left half finished as financial means eroded. Tuzla has become a graveyard of half built ships.

Mr Divan said that if the shipyards had more floating docks, maintenance work could help turn the wheels. Unfortunately, only 3 or 4 yards have this opportunity, out of more than 40. The state should have encouraged repair and maintenance. Some 250 jobs are created for each 40,000 tonnes or 50,000 tonnes ship sent in for repairs.

(Sourced from Hurriyet Daily News)

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