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## Slowdown signs - Chinese small shipbuilders to get hit more

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China Daily quoted an industry insider as saying that despite the positive impact of a stimulus package announced by the government recently, China's shipbuilders, especially the mid and small scale players, would be deeply affected by the financial crisis.

Chinese shipbuilders should try to improve shipbuilding capability, tweak their product mix and focus on producing hi-tech ships instead of conventional vessels.

Mr Hu Keyi, the technical and marketing director of Jiangnan Shipyard Co Ltd, made the comments on the sidelines of the annual session of the Chinese People's Political Consultative Conference yesterday. He said that since last October, majority of the local shipbuilders, including the leading players, have got no new orders. The building capacity is much more than demand."

Mr Hu said "At that time, domestic and foreign ship owners came to us for discussing possible deals, although few deals were eventually struck. But this time, nobody has even come to enquire. He said that the industry has not bottomed out, and cannot recover until at least the end of this year."

Mr Hu predicted "The second round of attack is coming. He said that the orders that shipbuilders have on hand were finalized over the past two years and are due for delivery before 2012. The problem now is that "the ship owners do not need ships as they have no goods to ship, and they therefore have a cash problem. He added that as a result, they will be much more demanding than before and will refuse to sign the consignment sheet and pay for the ship. Those shipbuilders who are not technically qualified will easily go bust when they do not receive payments on time.

Mr Hu said "The package will certainly work, but there should be more detailed measures such as tax reduction and training to foster more industry professionals. The shipbuilders should find ways to weather the crisis."

(Source: China Daily)

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