

## Tripartite Meeting 2019 – Opening Speech by Shipbuilders (ASEF Part)

It is my great pleasure for me to be given the opportunity to deliver opening speech shared with the distinguished guest from Sea Europe. I would like to address briefly the current situation facing the global shipbuilding market.

We experienced another year of low activities despite our hopes of seeing recovery, which is long overdue.

The key questions of over-capacity still dampen the market, while profitability needed for future investments to cater for the need to adapt to the changing world in terms of technology and human resources is far from reaching desired levels.

Newbuilding orders until June 2019 was one-third of last year, with the orderbook slightly over 2 years. This means that some of the shipyards' backlog could be well below 2 years to give the shipyard the stability for sustainability. Maintaining levels of skilled human resources is becoming increasingly difficult.

It is true that gradual recovery of shipping revenues are observed due to some encouraging market expectations relying on economic growth, however, perhaps they rely only on tankers and not bulk carriers or container ships. Shipowners are yet needed to change sentiment to place orders, but it is not easy since increase in demand will only provide opportunities for the existing idle capacity to be activated.

Under such situation, shipbuilders engaged in building commercial tonnage have made little progress in doing anything to improve the market, and any newbuilding projects would have attracted many shipyards that could lead to deadly competition.

While shipbuilders have the task to deal with many of the regulatory matters for safety and environmental protection, the uncertainties have been in our way just to only steadily work to deliver the ships ordered.

Although the governments are trying to help promote the environment to develop technology, such as in Japan to further promote i-shipping, autonomous ships, human resource measures, as well as improvements in shipping efficiency, the basic fundamental recovery is needed to be able to add momentum.

We are coming to a turning point where many routine aspects are needed to make renewed start in structuring the industry that can take care of its future.