COMMISSION OF THE EUROPEAN COMMUNITIES

COM (88) 723 final

Brussels, 12 December 1988

REPORT ON THE STATE OF THE SHIPBUILDING INDUSTRY IN THE COMMUNITY

(Situation at the beginning of 1988)

(presented by the Commission)

I. Introduction

(1) The Council Resolution of 19 September 1978 adopted the principle that the Commission would submit periodic reports on the state of the shipbuilding industry. This is such a report and seeks to outline the current situation in the shipbuilding industry and market in 1987 compared with previous years.

(2) It follows on from the report prepared by the Commission in October 1985 analysing the situation in 1984. The Commission did not submit a special report on the shipbuilding industry in 1985 or 1986 since all the data relating to this sector in these two years had been identified and discussed at length in the communications to the Council (Orientation paper on future aid for shipbuilding (Annex I to COM(86) 324 final) and Shipbuilding - industrial, social and regional aspects (COM(87) 275 final)).

(3) The Commission has confined itself in this report to a factual analysis of the situation in 1987 in view of the time it takes to collate definitive data for the shipbuilding industry which would have meant it could not present a report to the Council on the situation in 1987 before the end of the year.

Annex II describes recent developments in the industry in the Member States. The information and data it contains are largely drawn from the latest report by the Association of West European Shipbuilders (AWES).

Industrial policy and relations between the Community and its main competitors, particularly in the Far East, will be discussed later in the light of the political, strategic, economic, social and regional imperatives which the Commission and/or the Council consider should be dealt with in more detail.

II. General economic background

(1) The trend of the economic growth during 1987 maintained the same level as in the previous year (+ 2.8 %). However, during 1988, the economy in the industrialised countries benefited from an unexpected dynamism of its own as well as from world trade, leading to a better growth (+ 3.9 %) than expected at the beginning of the year.
The latest forecasts show that, despite some moderation, GDP growth is still likely to be strong in 1989 (around 3 %) in the OECD area, the seventh year of continuing expansion in activity.

(2) Industrial production followed the same pattern as economic growth in 1987. There was again a much lower rate of increase in heavy industry, of which shipbuilding forms a part, than in overall industrial production, as had already been seen particularly since 1980. This is even more striking confirmation of the fact that these two growth rates are independent of each other.

(3) According to GATT's estimates there was a 4% iincrease in the volume of world trade in 1987, higher than in 1985 or 1986 (3.5% in both years). Although much lower than the rapid expansion of the 1960s and 1970s, it is nevertheless (one and a half points) higher than the average rate of growth at the beginning of the 1980s.

(4) The fact that world trade has outstripped production is confirmation of the trend towards greater international specialization.

(5) GATT experts take the view that the volume of world trade could rise by at least the same rate as in 1987 (+4%) unless there are further jolts on financial markets or a serious recession in the United States.

III. Trend in shipping

(1) Shipbuilding, worldwide, has not escaped the effects of the problems on the shipping market caused by overcapacity of merchant fleets.

This excess capacity is due to divergent factors which have upset the overall balance of the sector with a serious slump in demand for shipping which has not been matched by a parallel trend in the fleet. A comparison of the present situation with that in 1973 will illustrate this effect: the present fleet is 30% larger whereas seaborne trade is 10% down.

(2) The placing of speculative orders for non-immediate needs (a phenomenon which was particularly marked in 1984) and the early replacement of ships before they have become obsolete by shipowners seeking to exploit the low prices offered by Far Eastern shipyards are some of the factors which have helped to maintain excess shipping capacity.

(3) The fact that the upturn in economic activity over the past few years has not been matched by an equivalent increase in the volume of shipping (referred to as decoupling effect) is also another new and very important factor. It was due namely to :

a) changes in trade patterns and a decrease in the average voyage distances for some of the main bulk commodities

b) the establishment of industrial production facilities in the newly industrialized countries

c) a reduction, in the wake of technical and economic progress, of the required tonnages with regard to the main bulk commodities such as oil, iron ore and other minerals

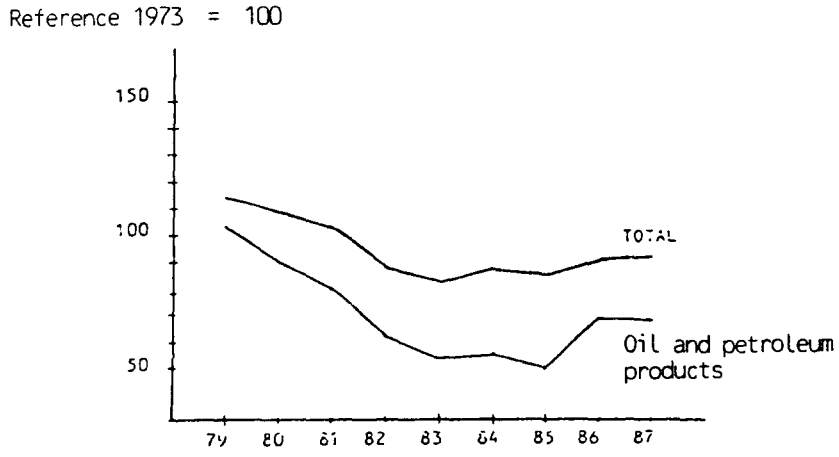
d) a growing trend in the industrialized countries towards "dematerialization" of the economy and "miniaturization".

(4) After zero growth in 1985 followed by a 3% increase in 1986 world shipping rose by only 1% in 1987.

(5) In terms of tonne-miles tonnage levels rose by 6.1% in 1986, after falling by 2.7% in 1985; however, the increase in 1987 was only 0.8% (Table 1, Fig. 1). Despite these increases levels in 1987 were still some 10% lower than in 1973.

(6) The improvement in 1986 was due to the increased volume of petroleum products carried as a result of the fall in oil prices.[1] Their tonnage levels stabilized in 1987 as the price of oil began to rise again.

Fig.1 World seaborne trade (tonne-miles)



Source: Fearnleys

(7) After a general slump in freight rates from the late 1970s the recent rise in these rates for container ships, oil tankers and bulk carriers in particular, combined with a more rational utilization of fleets, has, for the first time, brought about a marked improvement in the state of affairs in the shipping sector.

1 Crude oil and petroleum products make up around 60% of world trade.

IV. Fleet trends

(1) Despite the recent positive trend in shipping, the persistent excess merchant fleet capacity worldwide in virtually all sectors of the market, which is still put at around 20%, cannot be ignored.

(2) Tonnage withdrawn from the freight market tended to fall in 1986. This trend, which continued and even amplified in 1987, is of course attributable to the increase in the volume of shipping (Tables 2 and 3).

(a) Tonnage broken up: the record level of 47.8 million dwt in 1985 fell to 36.2 million dwt in 1986 and 22 million dwt in 1987, the lowest level since 1981. During the first months of 1988, this trend seemed to be continuing. In 1986 the decline in oil tanker and combination bulk carrier tonnage broken up was partly offset by the increase in that of bulk carriers but in 1987 there was a marked fall (some 50% compared with 1986) in bulk carrier tonnage broken up.

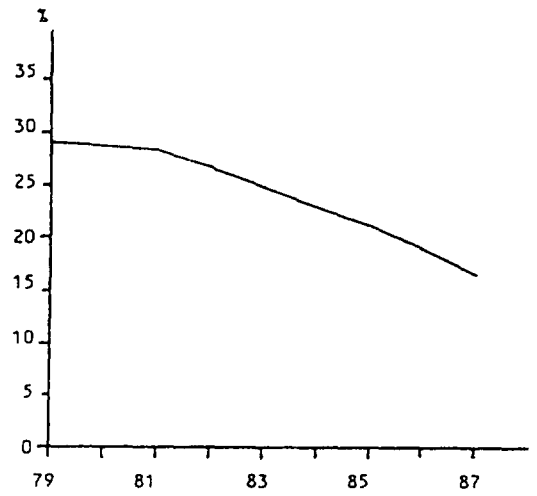
Of the countries specializing in the breaking up of vessels Taiwan increased its market share from 48% in 1986 to 54% in 1987. China and Korea slipped back slightly and now they have only a 20% share of the world market. India, Pakistan and Bangladesh have an 8% share, 1% less than in 1986. In Europe Turkey has improved its position to the detriment of Spain.

(b) Tonnage laid up: the level of tonnage laid up has steadily declined since 1983 with a particularly sharp decline from 1985 (-22% from January 1985 to January 1986, -53% from January 1986 to January 1987 and -34% from January 1987 to January 1988).

(c) Tonnage used for storage: as oil prices began to pick up the tonnage used for storage started to decline in 1987, falling to 12.6 million dwt at the beginning of the year.

(3) The Community fleet declined by 53.8 million gt between 1980 and 1987 to only 55% of its tonnage in 1980 (Table 3). The Community share of the world fleet also fell from 28.7% to 16.6% during the same period.

Fig. 2 Community share of the world fleet



Source: LRS

The largest reductions in Member States' fleets over the past three years have been in Greece and the United Kingdom which together account for 64% of the reduction in the Community fleet compared with 1984.

An analysis of the world fleet by type of vessel shows that the Community is strong in the container sector (28.5%), in passenger ships, ferries, car ferries and supply vessels (20.8%) and crude oil carriers or oil products/chemical tankers (18.3%).

However, the Community share is lower for LNG carriers (11.7%), chemical products carriers (14.1%) and bulk carriers (14.8%) for which the share is below the percentage of these categories in the world fleet.

As far as the age of the fleet is concerned, although there are quite considerable variations from one Member State to another, in general terms only 34% of the Community fleet is less than 10 years old. This compares with 40% for all OECD countries, 39% for developing countries, 38% for Comecon countries and 30% for open registers. This too high proportion of ageing vessels in the Community fleet is a reflection of reduced investment by shipowners. If this situation continues, international competitiveness will inevitably suffer.

(4) In the light of this deteriorating situation in the shipping sector the Council adopted four Regulations on shipping[1] in December 1986. These form the first steps towards the formulation of a Community shipping policy.

(5) The Commission is preparing proposals dealing with short-term action as well as long-term and back-up measures to make the Community fleet more competitive.

---

1 Council Regulation (EEC) No 4055/86 of 22 December 1986 applying the principle of freedom to provide services to maritime transport between Member States and between Member States and third countries.

Council Regulation (EEC) No 4056/86 of 22 December 1986 laying down detailed rules for the application of Articles 85 and 86 of the Treaty to maritime transport.

Council Regulation (EEC) No 4057/86 of 22 December 1986 on unfair pricing practices in maritime transport.

Council Regulation (EEC) No 4058/86 of 22 December 1986 concerning coordinated action to safeguard free access to cargoes in ocean trades.

V. Situation in the shipbuilding industry

General trends

(1) Over the last three years the sector has continued to feel the effects of the structural crisis which blew up in 1976. These effects have taken the form of:

1. excess supply in relation to demand despite sustained efforts to cut capacity (60% in the case of the Community and around 50% in the case of Japan[1]) resulting in overcapacity worldwide of just over 20%;[2]

2. after steadily falling up to the mid-1980s prices began to rise in 1985 (the worst year as far as prices are concerned) up to the end of 1987 (in USD per cgt delivered). According to Table No 4 compiled by Fearnleys, this increase in (current) USD was 35% (ranging from 25% for a 31 500 cgt tanker to 50% for a 16 600 cgt bulk carrier).
   Nevertheless, it should be observed that as these price-increases during the last two years are calculated in current USD values, the positive effects of this rise have been undone to a considerable extent by the decrease of the exchange rate of the USD, not only as compared to Eurooean currencies but also as regards Yen and Won. Thus, 1987 prices, were even in USD, still some 30% lower than 1980 or 1981 levels[3]. This has meant that virtually all shipyards have suffered - mounting - huge losses over the last few years, with their prices failing to cover actual production costs and wiping out their profit margins.

---

1 According to AWES, world production capacity in 1976 was estimated to be 22.5 million cgt, 17.8 million cgt in 1985 and by 1990 it is expected to fall to 16.3 million.

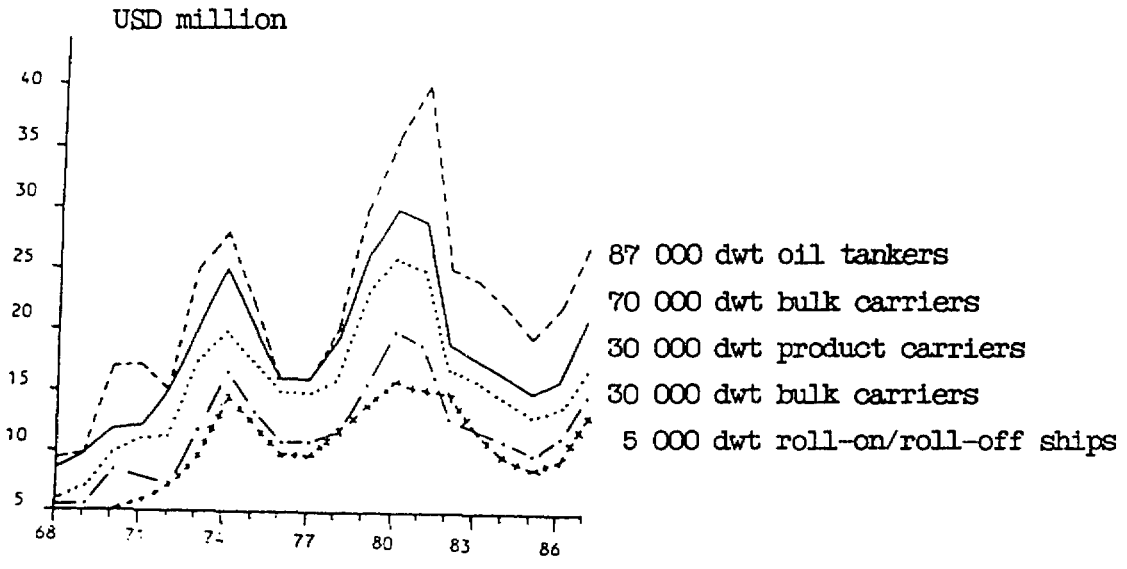
2 For the record: Korea and Finland have not followed the same capacity-cutting trend as in other countries.

3 See Fig. 3.

These losses have been and still are covered on the one hand, by direct subsidies from the governments of shipbuilding countries and indirect subsidies (guarantees from governmental or local authorities) or, on the other hand, by compensations for industrial/financial groups as well as "flexible" attitudes on the part of central banks;

3. a parallel excess of supply in the shipping sector, described in the previous chapter, has not generated economically sustainable demand for vessels. This demand has to be exacerbated by speculative orders fuelled by international price competition.

Fig. 3 Contract prices for orders of new vessels



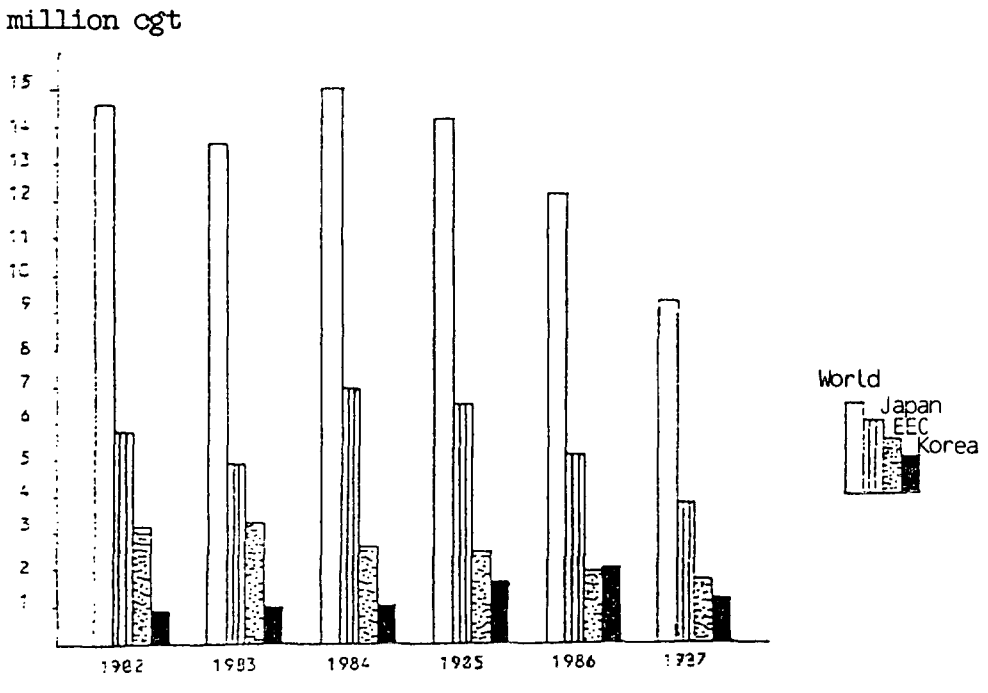
Source : Fearnleys & B.S. Business Development Statistics Service

Production (Tables 5 and 5a)

(1) In international terms 1987 had the lowest production levels for many years, the last time lower gross tonnage levels were recorded being 1965.

(2) In compensated gross tonnage terms Community production was 71% lower than in 1976. During the same period production fell by 54.5% in Japan and 58.1% in all other shipbuilding countries. On the other hand, Korea's production rose to 1.2 million cgt increasing its deliveries by 240%.

Fig. 4 Production



Source: Commission/LMIS contract.

(3) The volume of vessels delivered in the Community fell by a further 9.5% in 1987 after a 22.6% drop in 1986. This decline reflects the sharp falling off in world orders over the last few years.

(4) The fact that the drop in Community production in 1987 (9.5%) was less than the world's average (-23.8%), caused the Community share of the market to rise from 15.7% in 1986 to 18.6% in 1987.

(5) Japan maintained its 41.7% share of the world market in 1987 registering little change over the previous year (41.9%).

(6) Despite a fall in production in 1987, which was mainly due to cyclical factors, South Korea continues to be one of the most competitive countries worldwide with a market share of around 13%. It should, however, be noted that these cyclical problems do not appear to have had a serious effect on expected production performance in early 1987. At the end of 1986 the Korean order book contained orders for vessels totalling 1 110.5 cgt for delivery in 1987, a figure very close to actual production levels for the year as a whole (1 193.5 cgt).

New orders (Tables 6 and 6a)

(1) After falling in 1986 to their lowest level since the beginning of the crisis new orders stabilized at 9.5 million cgt in 1987. This figure is a long way below the average of the 1980s (around 12 million cgt).

(2) There was a slight improvement in new orders for Community shipyards in 1985, mainly owing to speculative orders, but their level hardly reached 1.5 million cgt in 1986 and stood at only 2 million cgt in 1987. This slightly lower level of orders than in 1985 (2.2 million cgt) is only 63% of the level of new orders in 1976 (3.1 million cgt).

(3) Although there has been a downward trend in new world orders for more than ten years, the Community has managed to improve its relative market share from 16.7% in 1986 to 20.2% in 1987, regaining its 1976 level.

Japan's share of new orders dipped (32% in 1987 compared with 36.2% in 1986) in the wake of the revaluation of the yen and competition from Korea.

South Korea's share of the world market has risen steadily (from 7.8% in 1985 to 14.3% in 1986 and 19.9% in 1987).

The Eastern Bloc countries had captured just under 20% of world orders in 1986 but their share in 1987 was only the average of previous years (10.9%).

(4) In 1987 Community shipowners ordered a total of 1.7 million cgt in vessels. These orders, which were 1.3 million cgt higher than in 1986, were placed mainly with national shipyards (77.6%) (Table 7).

Only 3.3% of the tonnage ordered by Community shipowners went to the shipyards of a Member State other than their own.

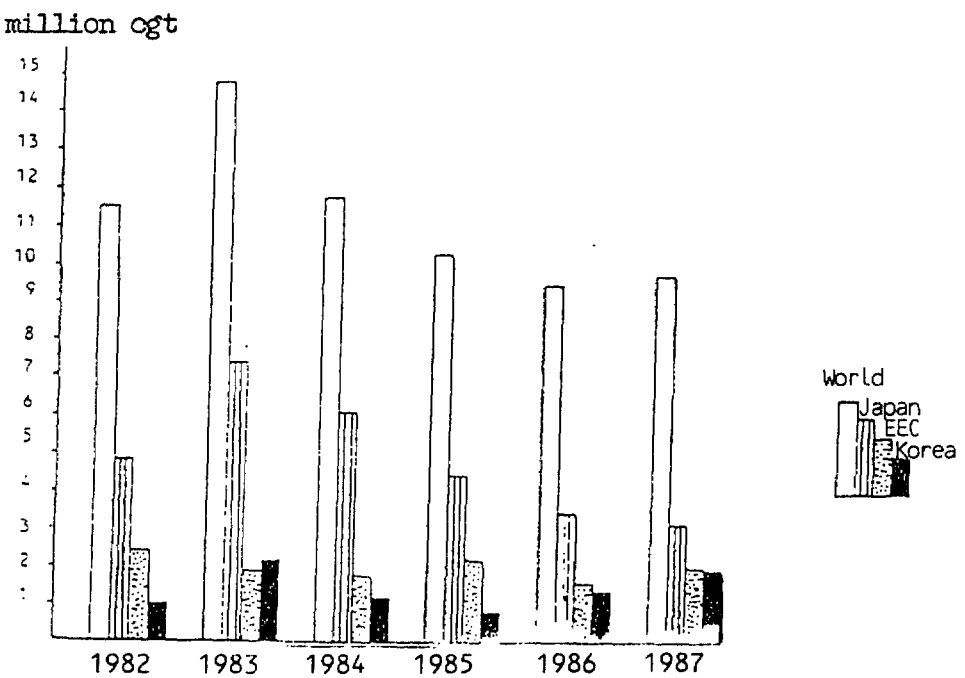
(5) Community shipyards exported 28.7% of their production outside the Community. This level has hardly changed compared with previous years.

(6) It will be seen from a breakdown by type of vessel of new orders at world level that the greatest decline has been for bulk carriers (Table 8).

The generally sustained level of oil tankers ordered (particularly VLCCs) in 1987 confirms a trend which had already emerged in the second half of 1986 for old vessels to be replaced.

The Community share in 1987 for all main types of vessels except bulk carriers (which has become marginal - 4.4%) has improved compared with 1986. For non cargo carrying vessels the share was 28.7% in 1987. The Community share for oil tankers was 7.7% (mainly attributable to orders placed in Spain).

Fig. 5 New orders



Source : Commission/LMIS contract.

Order books (Tables 9, 9a and 10 and Annex II)

(1) After slumping in 1983 Community shipyards' order books continued to thin out each year right up to 1986 (3 million cgt). This trend was reversed for the first time in 1987 with a 20.2% increase in Community shipyards' order books (3.7 million cgt) compared with 1986. The Community share of world order books has continued to rise from 18.3% in 1985 to 19.7% in 1986 and 22.4% in 1987. This increase is largely due to cyclical orders (in the case of Italy, for example, in the wake of the law adopted in December 1986 to renew the fleet) or increases in subsidies given to the industry (in the Federal Republic of Germany, for example, subsidies have risen from 12% to 20% including for vessels for export).

The consistent level of Community order books also reflects the fact, which has already been pointed out in earlier reports, that Community shipyards have longer lead times compared with Asian yards. This is partly due to the fewer number of hours worked per year and partly to the type of vessel ordered which is very sophisticated and hence takes longer to build.

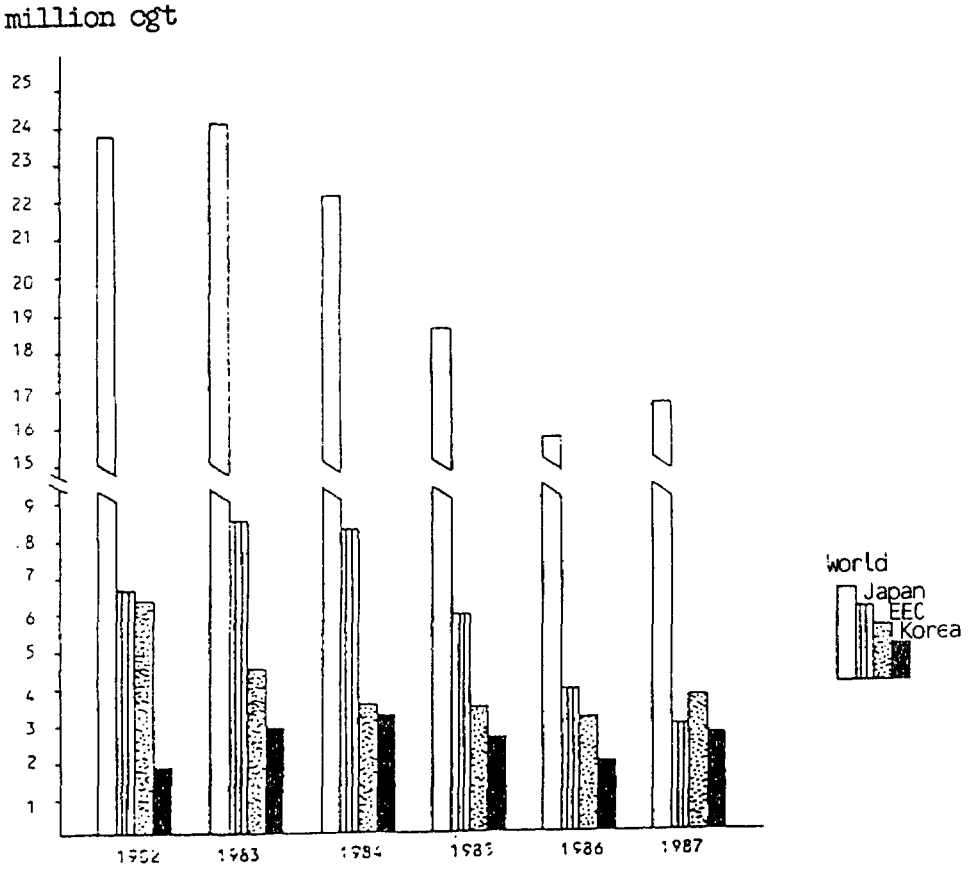
The ratio between tonnage ordered and tonnage completed is higher for the Community than for Asian shipbuilders.

(2) At national level order books have become fuller in almost all Member States. This increase has been particularly marked in Italy (+85.9%).

(3) As regards the other major shipbuilders, Japan's share has steadily fallen since 1984 (37.2%) to 17.6% at the end of 1987 whereas Korea's share continued to rise from 12.2% in 1986 to 15.9% in 1987.

(4) Although there has been an improvement in Community order books, they still, in absolute terms, account for only 60% of 1982 tonnage and a number of shipyards is clearly having to interrupt work programmes.

Fig. 6 Order books at the end of the year



Source: Commission/LMIS contract

Employment

(1) The total number of jobs in Community shipyards fell by nearly 59% between 1975 and 1987 (65% in the building of new cargo ships and 52% in the repairs sector).

(2) Table 11 shows major divergences between Member States in the contraction of the workforce in the shipbuilding industry. The fall in employment in 1987 (-17.1%) was, however, much faster than that in the previous two years (around 12%).

(3) In view of the decline in employment levels and expected trends for the next few years the Commission presented proposals for Community programmes in the social and regional sector[1] on 7 August 1987.

On 26 August this year the Council approved the Community programme (RENAVAL) for the European Regional Development Fund. It aims at developing new economic activities in the regions hit by the restructuring of the shipbuilding industry. The Commission approved on 8 August 1988 a revised specific Community programme of accompanying social measures[2]; it wishes that the Council should adopt this programme in the second half of the year.

Fig. 7 - Employment in the Community shipbuilding industry

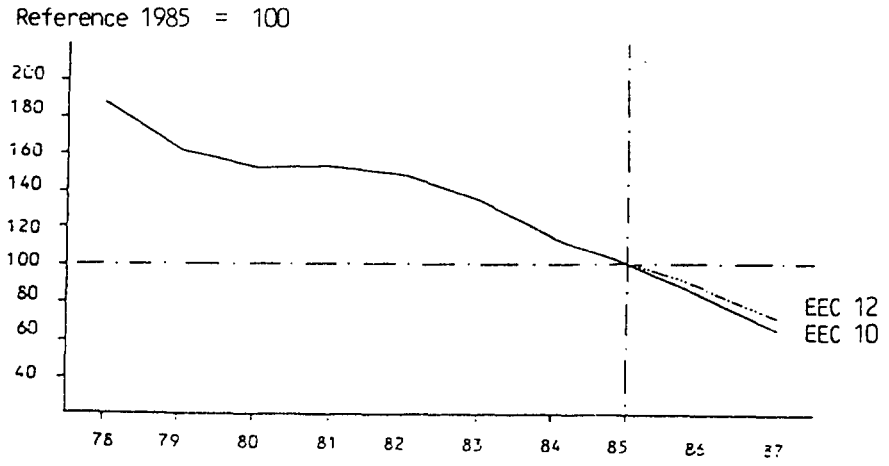


Table based on national sources

1 COM(87) 275 final amended by documents 6388/88 of 19 May 1988 and 7440/88 of 28 June 1988 to take account of Parliament's opinion (doc. 7026/88 PE. RESOL 250 RC 11) and to ensure consistency with structural fund reforms.

2 COM (88) 455 final

Annex I

STATISTICAL ANNEX

TABLE 1 - WORLD SEABORNE TRADE AND CARGO FLEET

	Oil products				Other cargo				TOTAL			
	Seaborne trade		Fleet*		Seaborne trade		Fleet*		Seaborne trade		Fleet*	
	'000 million tonne-miles	reference 1973=100	million dwt	reference 1973=100	'000 million tonne-miles	reference 1973=100	million dwt	reference 1973=100	'000 million tonne-miles	reference 1973=100	million dwt	reference 1973=100
1973	10 217	100	234.3	100	5 187	100	205.6	100	15 404	100	439.9	100
1974	10 621	104	275.4	118	5 766	111	218.6	106	16 387	106	493.9	112
1975	9 730	95	313.0	134	5 636	109	230.7	112	15 366	100	543.7	124
1976	11 149	109	343.9	147	5 874	113	247.4	120	17 023	111	591.3	134
1977	11 403	112	356.1	152	6 050	117	268.6	131	17 453	113	624.6	142
1978	10 546	103	353.0	151	6 388	123	279.8	136	16 934	110	632.7	144
1979	10 497	103	350.9	150	7 016	135	287.0	140	17 513	114	637.9	145
1980	9 239	90	348.4	149	7 372	142	293.0	143	16 611	108	641.3	146
1981	8 193	80	342.9	146	7 469	144	305.9	149	15 662	102	648.7	147
1982	6 282	62	322.5	138	7 217	139	320.6	155	13 499	88	643.0	146
1983	5 558	54	301.4	129	7 022	135	331.0	156	12 580	82	632.4	144
1984	5 648	55	285.1	122	7 778	150	341.2	166	13 426	87	626.2	142
1985	5 157	50	257.1	110	7 908	152	348.2	169	13 065	85	605.3	138
1986	5 905	58	249.7	107	7 951	153	345.5	168	13 856	90	595.2	135
1987 Est.	5 905	58	245.5	105	8 059	155	342.2	166	13 964	91	589.7	134

*as at the end of the year. p = provisional. Source: Fearnleys, Oslo.

Tonnage laid up					Tonnage broken up				Tonnage used for storage			
	Month	No	grt	dwt		No	grt	dwt		Month	No	dwt
1978	VII	765	29 651	55 289								
	X	737	25 486	47 507	1978	1 088	12 840	21 703				
1979	I	595	16 678	30 290					1979	I	40	7 856
	VII	417	11 206	20 063	1979	904	6 997	11 137		VII	37	6 668
	X	353	7 490	12 518						X	37	6 672
1980	I	298	6 204	10 603					1980	I	39	7 112
	VII	268	6 767	12 249	1980	887	9 184	15 940		VII	45	9 199
	X	233	5 371	9 512						X	67	14 266
1981	I	229	4 840	8 283					1981	I	74	16 866
	VII	246	8 618	15 562	1981	824	9 789	17 517		VII	77	15 668
	X	287	10 399	19 014						X	149	35 950
1982	I	353	14 111	26 391					1982	I	120	28 757
	VII	624	25 437	49 122	1982	1 081	18 086	32 160		VII	79	18 295
	X	1 071	35 293	67 260						X	64	13 860
1983	I	1 292	40 657	77 168					1983	I	58	11 812
	VII	1 403	45 093	85 755	1983	1 323	20 299	36 881		VII	70	13 482
	X	1 429	42 641	80 959						X	78	14 868
1984	I	1 383	40 805	77 274					1984	I	73	13 450
	VII	1 202	35 629	66 341	1984	1 500	19 661	34 757		VII	95	19 672
	X	1 147	33 049	61 593						X	98	21 164
1985	I	1 015	31 048	58 194					1985	I	86	17 847
	VII	926	28 750	54 510	1985	1 722	26 345	47 801		VII	87	18 101
	X	963	30 083	57 086						X	91	18 223
1986	I	840	24 219	45 262					1986	I	78	14 169
	VII	741	16 639	30 325	1986	1 576	20 860	36 164		VII	86	16 916
	X	698	13 781	24 283						X	92	18 807
1987	I	606	12 073	21 368					1987	I	96	20 142
	VII	484	9 923	17 248	1987	1 094	12 936	22 005		VII	75	16 499
	X	423	8 991	15 491						X	63	13 306
1988	I	379	8 216	14 115					1988	I	62	12 607

SOURCES : Institute of Shipping Economics - Bremea : Howard Houlder Chartering Ltd.

TABLE 3: WORLD AND COMMUNITY FLEETS

A. Fleet as at 1 July (in million grt/gt from 1984)

	1960	1970	1975	1977	1979	1980	1981	1982	1983	1984	1985	1986	1987
World	129.8	227.5	342.2	393.7	413.0	419.9	420.8	424.7	422.6	418.7	416.3	404.9	403.5
EEC 10	48.1	68.3	96.8	105.9	110.4	111.1	109.9	104.5	95.9	87.7	80.5	70.9	60.8
% EEC 10	37.1	30.0	28.3	26.9	26.7	26.5	26.1	24.6	22.7	20.7	19.3	17.5	15.1
EEC 12	50.5	:	103.4	114.4	119.9	120.6	119.4	114.0	104.8	:	88.2	77.4	66.8
% EEC 12	38.9	:	30.2	29.1	29.0	28.7	28.4	26.8	24.8	:	21.2	19.1	16.6

B. Member States' fleets by flag (in '000 grt/gt from 1984)

	Existing fleet							Broken up							Laid up						
	1981	1982	1983	1984	1985	1986	1987	1981	1982	1983	1984	1985	1986	1987	1981	1982	1983	1984	1985	1986	1987
Germany	7 708	7 707	6 897	6 242	6 177	5 565	4 318	143	185	250	176	318	–	26	17	409	501	318	208	–	–
Belgium	1 917	2 271	2 274	2 407	2 400	2 420	2 268	–	–	58	–	–	–	–	–	–	–	–	–	–	–
Denmark	5 048	5 214	5 115	5 211	4 942	4 651	4 873	110	144	–	–	287	–	–	144	793	843	993	503	–	–
France	11 455	10 771	9 868	8 945	8 237	5 936	5 371	397	479	658	464	1 451	73	–	297	519	1 343	1 536	723	499	272
Greece	42 005	40 035	37 478	35 059	31 052	28 391	23 560	1 691	3 027	2 931	4 061	3 326	2 877	929	2 308	10 248	9 937	5 902	3 731	1 646	1 402
Ireland	268	239	223	221	194	149	154	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Italy	10 641	10 375	10 015	9 158	8 843	7 897	7 817	210	259	705	348	1 019	397	425	206	1 610	1 635	1 136	673	402	194
Netherlands	5 468	5 393	4 940	4 586	4 301	4 324	3 908	65	548	394	421	479	–	–	–	–	462	290	–	148	–
UK	25 419	22 505	19 122	15 874	14 344	11 567	8 505	1 026	1 107	932	501	387	181	133	770	2 591	2 272	2 084	1 327	190	156
TTL EEC 10	109 929	104 510	95 932	87 703	80 470	70 900	60 774	3 642	5 749	5 928	5 971	7 267	3 528	1 517	3 742	16 170	16 993	12 259	7 165	2 885	
SPAIN	8 134	8 131	7 505	:	6 256	5 422	4 949	21	215	263	181	302	203	37	266	696	616	–	..	–	63
PORTUGAL	1 377	1 402	1 358	:	1 437	1 114	1 048	11	2	55	–	56	19	–	–	–	–	365	223	–	–
TTL EEC 12	119 440	114 043	104 795	:	88 163	77 436	66 771	3 674	5 966	6 246	6 152	7 625	3 750	1 554	3 948	16 866	17 609	12 624	7 388	2 885	
TTL WORLD								9 754	18 086	20 299	19 658	26 345	20 860	12 936	11 348	38 815	40 924	31 876	25 878	12 213	8 495

Sources: Existing fleet: Lloyd's Register of Shipping
Other data: Institute of Shipping Economics, Bremen (Annual or, if unavailable, monthly figures)

: Unavailable

TABLE 4 - CONTRACT PRICES FOR ORDERS OF NEW VESSELS, 1976-1986

(Prices at the end of the year in USD million as charged by the Japanese and Korea yards)

	1976	1978	1980	1981	1982	1983	1984	1985	1986	1987
30 000 dwt product carrier	15.0	16.0	26.0	25.0	17.0	16.0	14 5	13.0	14.0	17.0
87 000 dwt oil tanker	16·0	20.0	36·0	40·0	25.0	24.0	22 0	19.5	22.0	27.0
10 000 dwt oil tanker	-	38.0	57.0	68.0	48.0	46.0	42 0	36.0	41.5	45·0
96 000 dwt oil/bulk/ore	23.0	24.0	47.0	44.0	30.0	28·0	26 0	22.5	25·5	30·0
30 000 dwt bulk carrier	11.0	12.0	20.0	19.0	13.0	12.0	11 0	10.0	11·5	15·0
70 000 dwt bulk carrier	16·0	19.0	30.0	29.0	19.0	18.0	16 5	15.0	16.0	21·0
20 000 dwt bulk carrier	24.0	26.0	44.0	42·0	26.0	25.0	24 0	20.5	23·0	29.0
25 000 cbn LNG carrier	105·0	115·0	150.0	175·0	150·0	150.0	130.0	130.0	120·0	145·0
75 000 cbn LPG carrier	42·0	45·0	75.0	75·0	53.0	50.0	45.0	42.5	47.5	55·0
5 000 dwt roll-on/roll-off ship	10.0	12·0	16.0	20.0	15.0	12.0	10.0	9.0	10.0	13·0
Average price in USD/cgt		1114	1822	1885	1281	1190	1087	969	1089	1309

Source: Fearnleys

TABLE 5 - PRODUCTION (completions)

	1976 1000 cgrt coeff. AWES	1982 1000 cgrt coeff. 1978	1983 1000 cgrt coeff. 1978	1984 1000 cgrt coeff. 1978	1984 1000 cgt coeff. 1984 (1)	1985 1000 cgt coeff. 1984	1986 1000 cgt coeff. 1984	1987 1000 cgt coeff. 1984
Germany	1468,0	757,3	811,3	673,8	662,2	641,2	578,7	396.4
Belgium	139,8	83,0	173,2	102,2	102,3	124,4	45,0	25.9
Denmark	560,6	329,2	338,5	389,1	355,4	444,0	350,7	194.4
France	672,4	353,3	356,8	363,1	357,2	164,1	145,0	207.9
Greece	:	61,8	35,7	32,8	39,8	43,8	24,7	6·6
Ireland	20,3	-	19,2	-	-	-	-	-
Italy	353,9	156,2	217,0	183,1	182,3	123,8	60,9	224.8
Netherlands	940,0	390,0	415,8	248,8	259,3	310,2	262,8	146.2
United Kingdom	985,1	394,0	319,3	295,9	305.3	164,4	141,5	162.3
TOTAL EEC 10	5140.1	2524.8	2686.8	2286.9	2263·8	2015.9	1609.3	1 364.5
Spain	734.0	587.4	488.7	:	345.9	400.3	229.8	328.4
Portugal	53.0	31.2	124·7	:	18.5	40·3	61.0	26.3
TOTAL EEC 12	5927.1	3143.4	3300.2	:	2628.3	2456.5	1900.2	1 719.1

Source: Commission/Lloyd's Register of Shipping contract

: Unavailable

(1) Series revised in March 1986

TABLE 5A - PRODUCTION (completions)

	1976		1982		1983		1984		1984		1985		1986		1987	
	1000 cgrt	%	1000 cgrt	%	1000 cgrt	%	1000 cgrt	%	1000 cgt	%	1000 cgt	%	1000 cgt	%	1000 cgt	%
	coeff. AWES		coeff. '78		coeff. '78		coeff. '78		coeff. '84[3]		coeff. '84		coeff. '84		coeff. '84	
EEC 10[1]	5 140·1	23.3	2 524.8	17.3	2 686·8	19.8	2 288,9	15,5	2 263·8	15.1	2 015·9	14.2	1 609.3	13.3	1 364.5	14.8
EEC 12	5 927.1	26·8	3 143.4	21.5	3 300·2	24.4	:		2 628.3	17·5	2 456.5	17.3	1 900.2	15.7	1 719.1	18.6
WESTERN EUROPE[2]	8 285·8	37·5	4 285.0	29.4	4 375·6	32.3	3 509.2	23·8	3 403·0	22·7	3 088·9	21.8	2 438.8	20.1	2 168.7	23.5
JAPAN	8 348·8	37·8	5 811.1	39.8	4 908·2	36.2	6 704.3	45.5	6 951.1	46·3	6 498.4	45.9	5 085.4	41.9	3 795.3	41.1
REST OF WORLD INCLUDING:	5 444·4	24·7	4 491·7	30.8	4 268·5	31.5	4 531.6	30·7	4 643.9	31·0	4 581·3	32·3	4 614.9	38.0	3 281.0	35.5
EASTERN BLOC	2 755·4	12.5	1 678.4	11.5	1 634.8	12.1	2 062.4	14.0	2 192.3	14·6	1 601.7	11.3	1 412.4	11.6	1 092.7	11.8
SOUTH KOREA	349·4	1·6	880.3	6.0	985.5	7.3	1.072.2	7.3	1 014.9	6·8	1 633·5	11.5	1 971.4	16.2	1 193·5	12.9
TOTAL	22 078·2	100·0	14 587·8	100.0	13 552.3	100 0	14 745.1	100.0	14 998 1	100.0	14 168.6	100.0	12 139.1	100.0	9 245.0	100.0

Source: Commission/Lloyd's Register of Shipping contract

: Unavailable

[1] 1976 excluding Greece

[2] EEC + rest of AWES: Association of West European Shipbuilders
Non-EEC members are Finnish, Swedish and Norwegian shipbuilders' associations

[3] Series revised in March 1986

TABLE 6 - NEW ORDERS

	1976	1982	1983	1984		1985	1986	1987
	1000 cgrt coeff. AWES	1000 cgrt coeff. 1970	1000 cgrt coeff. 1970	1000 cgrt coeff. 1970	1000 cgt coeff. 1984[1]	1000 cgt coeff. 1984	1000 cgt coeff. 1984	1000 cgt coeff. 1984
Germany	726·1	716·7	550.4	716·7	644·5	819.7	328.8	533.8
Belgium	75.0	43.3	58·7	80.7	69·5	26·8	43.2	34·0
Denmark	317·1	250.6	426·9	433·1	405.2	86·0	305·9	219·2
France	63·6	175·9	136.4	95·6	106·5	262·5	132.4	60·5
Greece	:	10·3	4·6	7.7	7·4	29.4	5·1	6·5
Ireland	19·2	1·3	-	-	-	-	-	-
Italy	301·5	243·2	57.1	70.0	68.2	257,4	229·0	408·7
Netherlands	626·4	309.0	237·3	303·6	218·4	269·8	137·0	91·9
United Kingdom	627·6	301.5	150.4	108·3	107·6	224.4	112·0	116·5
TOTAL EEC 10	2756·6	2051·8	1623·8	1815·7	1657·2	1975·8	1 293·3	1 471.1
Spain	297.0	323·9	221.1	:	92.2	197·6	258·5	421·7
Portugal	73·0	27·8	36·0	:	30·6	1·2	29.5	78.1
TOTAL EEC 12	3 126.6	2 403·5	1 881.9	:	1 780.0	2 174·6	1 581.3	1 971·0

Source: Commission/Lloyd's Register of Shipping contract

: Unavailable

[1] Series revised in March 1986

TABLE 6A - NEW ORDERS

	1976		1982		1983		1984		1984		1985		1986		1987	
	1000 cgrt coeff. AWES	%	1000 cgrt coeff. '78	%	1000 cgrt coeff. '78	%	1000 cgrt coeff. '78	%	1000 cgt coeff. '84[3]	%	1000 cgt coeff. '84	%	1000 cgt coeff. '84	%	1000 cgt coeff. '84	%
EEC 10[1]	2 756.6	17.2	2 051.8	17.8	1 623.8	10.9	1.815.7	14.8	1 657.2	14.0	1 975.8	19.1	1 293.3	13.6	1 471.1	15.1
EEC 12	3 126.6	19.6	2 403.5	20.8	1 881.9	12.7	:		1 780.0	15.1	2 174.6	21.1	1 581.3	16.7	1 971.0	20.2
WESTERN EUROPE[2]	4 659.6	29.1	2 965.5	25.7	2 404.5	16.2	2.741.7	22.3	2 411.7	20.5	2 478.6	24.0	1 979.1	20.9	2. 819.4	29.0
JAPAN	7 337.5	45.9	4 859.4	42.1	7 389.1	49.8	6 240.3	50.8	6 040.0	51.3	4 440.0	43.0	3 431.6	36.2	3 120.5	32.0
REST OF WORLD	3 985.3	25.0	3 708.3	32.2	5 056.5	34.0	3 308.6	26.9	3 326.0	28.2	3 402.6	33.0	4 071.3	42.9	3 800.3	39.0
Including:																
EASTERN BLOC	1 896.0	11.9	1 069.0	9.3	1 544.0	10.4	1 012.3	8.2	1 143.9	9.7	1 414.0	13.7	1 874.9	19.8	1 058.5	10.9
SOUTH KOREA	325.4	2.0	1 002.5	8.7	2 147.1	14.4	1 236.6	10.1	1 180.9	10.0	806.5	7.8	1 352.4	14.3	1 942.6	19.9
TOTAL	15 982.4	100.0	11 533.2	100.0	14 850.1	100.0	12 290.5	100.0	11 777.6	100.0	10 321.3	100.0	9 482.0	100.0	9 740.2	100.0

Source: Commission/Lloyd's Register of Shipping contract

: Unavailable

[1] 1976 excluding Greece

[2] EEC + rest of AWES: Association of West European Shipbuilders
Non-EEC members are Finnish, Swedish and Norwegian shipbuilders' associations

[3] Series revised in March 1986

TABLE 7 - BREAKDOWN OF ORDERS BY FLAG

ORDERS PLACED BY COMMUNITY SHIPOWNERS:

With shipyard in: A: national market, B: other EC countries, C: third countries	1976			1982			1984 (1)			1985			1986			1987		
	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C
% of total	64	5	31	77	1	22	63.9	3.9	32.2	74.9	11.3	13.8	76.6	7.0	16.4	77.6	3.3	19.1
TOTAL in '000 cgrt/cgt	3 027			1 876			2 039			1 630			1 297			1 737		

ORDERS RECEIVED BY COMMUNITY SHIPYARDS

From shipowner in: A: national market, B: other EC countries, C: third countries	1976			1982			1984			1985			1986			1987		
	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C
% of total	70	5	25	73	1	26	78.7	4.7	16.6	61.8	9.3	28.9	62.8	5.8	31.4	68.3	3.0	28.7
TOTAL in '000 cgrt/cgt	2 756			1 988			1 657			1 976			1 581			1 971		

[1] Series revised in March 1986

Source: Commission/Lloyd's Register of Shipping contract

Remarks: 1976 - EEC excluding Greece; 1986 - EEC including Spain and Portugal

There may be slight differences in the totals compared with similar data in other tables.

TABLE 8 - TREND OF NEW ORDERS BY TYPE OF VESSEL

	Oil tankers		Bulk carriers		Cargo ships		Non-cargo vessels		TOTAL (including unspecified)	
	1000 cgrt	%	1000 cgrt	%	1000 cgrt	%	1000 cgrt	%	1000 cgrt	%
1977 World	790.6		1783.2		8497.3		2969.8		14040.9	
EEC	30.9	3.9	75.1	4.2	1764.4	20.8	670.5	22.6	2540.9	18.1
1978 World	1185.4		534.8		6163.8		2912.7		10796.7	
EEC	56.2	4.7	23.6	4.4	1341.3	21.8	591.5	20.3	2012.6	18.6
1979 World	3364.8		2744.9		5148.4		2949.8		14207.9	
EEC	168.1	5.0	466.5	17.0	1172.6	22.8	747.6	25.3	2554.8	18.0
1980 World	2960.2		4325.3		4780.1		2291.9		14357.5	
EEC	273.7	9.2	425.9	9.8	1023.4	21.4	740.8	32.3	2463.8	17.2
1981 World	1166.7		4934.9		4967.9		2433.0		14053.1	
EEC	75.1	6.4	487.9	9.9	1342.7	27.0	606.4	24.9	2525.2	18.0
1982 World	662.6		2335.3		5679.9		2135.4		10813.2	
EEC	70.3	10.6	197.5	8.5	1093.2	22.0	628.0	29.4	1989.0	18.4
1983 World	1682.1		5370.3		5910.8		1886.9		14850.1	
EEC	92.3	5.5	110.7	2.1	1039.9	17.6	380.9	20.2	1623.8	10.9
1984 World	1176.2		3890.6		4742.2		1956.8		12088.7	
EEC	179.3	15.2	165.6	4.3	944.2	19.9	448.8	22.9	1815.7	14.6
	1000 cgt	%	1000 cgt	%	1000 cgt	%	1000 cgt	%	1000 cgt	%
1984 World[1]	470.1		3918.4		5299.9		2089.2		11777.6	
EEC[1]	15.3	3.3	152.8	3.9	1029.7	19.4	459.3	22.0	1657.2	14.1
1985 World	575.4		2454.5		5138.8		2152.4		10321.3	
EEC	18.0	3.1	154.9	6.3	1033.5	20.1	769.6	35.8	1975.8	19.1
1986 World	1199.7		1296.0		4208.4		2778.0		9482.0	
EEC	0.0	0	108.0	8.3	768.6	18.3	704.7	25.4	1581.3	16.7
1987 World	1404.6		1033.2		4899.7		2402.7		9740.2	
EEC	107.5	7.7	45.3	4.4	1128.1	23.0	690.1	28.7	1971.0	20.2

[1] Series revised in March 1986

Source: Commission/Lloyd's Register of Shipping contract

Remarks: 1986 + 1987 - EEC including Spain and Portugal

TABLE 9 - ORDER BOOKS

	ORDER BOOKS AT 31 DECEMBER							
	1976 1000 cgrt coeff. AWES	1982 1000 cgrt coeff. 1978	1983 1000 cgrt coeff. 1978	1984 1000 cgrt coeff. 1978	1984 1000 cgt coeff. 1984 (1)	1985 1000 cgt coeff. 1984	1986 1000 cgt coeff. 1984	1987 1000 cgt coeff. 1984
Germany	2 113.3	990.1	649.5	680.9	607.1	809.3	529.7	686.9
Belgium	277.0	261.1	143.7	138.1	136.1	62.1	60.0	75.0
Denmark	923.5	603.9	707.7	747.2	692.2	442.1	429.2	473.9
France	1 770.4	978.5	598.6	331.9	263.3	382.7	371.2	234.5
Greece	:	191.4	146.1	121.7	137.4	119.9	102.8	121.5
Ireland	43.9	20.0	2.1	-	-	-	..	-
Italy	1 036.2	480.4	356.3	230.4	195.5	345.2	465.2	864.8
Netherlands	917.1	498.8	308.8	379.0	331.6	300.3	195.6	141.8
United Kingdom	1 989.4	714.1	506.1	302.7	292.3	352.5	325.4	369.7
TOTAL EEC 10	9 070.8	4 738.3	3 418.9	2 932.0	2 655.5	2 814.2	2 480.4	2 968.1
Spain	:	1 325.3	967.4	:	690.5	491.5	527.7	635.6
Portugal	:	258.4	124.1	:	138.3	94.0	67.0	108.3
TOTAL EEC 12	:	6 322.0	4 510.3	:	3 484.4	3 399.7	3 075.1	3 712.1

Source: Commission/Lloyd's Register of Shipping contract

: Unavailable

[1] Series revised in March 1986

TABLE 9A - ORDER BOOKS

	ORDER BOOKS AT 31 DECEMBER															
	1976		1982		1983		1984				1985		1986		1987	
	1000 cgrt coeff. AWES	%	1000 cgrt coeff. '78	%	1000 cgrt coeff. '78	%	1000 cgrt coeff. '78	%	1000 cgt coeff. '84[3]	%	1000 cgt coeff. '84	%	1000 cgt coeff. '84	%	1000 cgt coeff. '84	%
EEC 10[1]	9 070.8	22.9	4 738.3	20.0	3 418.9	14.2	2 932.0	13.0	2 655.5	12.0	2 814.2	15.2	2 480.4	15.9	2968.1	17.9
EEC 12	:		6 322.0	26.6	4 510.3	18.7	:		3 484.4	15.8	3 399.7	18.3	3 075.1	19.7	3712.1	22.4
WESTERN EUROPE[2]	15 839.2	40.0	8 212.6	34.6	5 900.8	24.5	5 057.8	22.5	4 624.1	21.0	4 273.9	23.0	3 843.3	24.6	4933.8	29.8
JAPAN	12 093.8	30.6	6 640.2	28.0	8 477.9	35.1	7 969.6	35.4	8 221.5	37.2	5 915.2	31.9	3 915.9	25.0	2918.5	17.6
REST OF WORLD INCLUDING:	11 636.1	29.4	8 878.7	37.4	9 739.8	40.4	9 464.8	42.1	9 226.9	41.8	8 374.8	45.1	7 886.5	50.4	8703.7	52.6
EASTERN BLOC	2 570.7	6.5	2 206.2	9.3	2.546.0	10.6	2 318.6	10.3	2 242.2	10.2	2 294.4	12.4	2 884.8	18.4	3149.6	19.0
SOUTH KOREA	943.2	2.4	1 854.9	7.8	2.898.4	12.0	3 203.9	14.2	3 223.1	14.6	2 578.7	13.9	1 909.2	12.2	2639.1	15.9
TOTAL	39 569.1	100.0	23 731.5	100.0	24.118.5	100.0	22 492.2	100.0	22 072.6	100.0	18 563.9	100.0	15 645.7	100.0	16555.9	100.0

Source: Commission/Lloyd's Register of Shipping contract

: Unavailable

[1] 1976 excluding Greece

[2] EEC + rest of AWES: Association of West European Shipbuilders
Non-EEC members are Finnish, Swedish and Norwegian shipbuilders' associations

[3] Series revised in March 1986

TABLE 10 - ORDER BOOKS AND DELIVERY SCHEDULE

	1987					
	1000 cgt coeff. 1984					
	Prod. 1987	Total order book at 31 Dec. 1987	For delivery in:			
			1988	1989	1990	1991 et seq.
Germany	396.4	686.9	474.1	181.4	31.5	-
Belgium	25.9	75.0	45.0	30.0	-	-
Denmark	194.4	473.9	244.9	127.5	101.4	-
France	207.9	234.5	181.8	52.7	-	-
Greece	6.6	121.5	99.0	22.5	-	-
Ireland	-	-	-	-	-	-
Italy	224.8	864.8	289.9	342.8	127.2	105.0
Netherlands	146.2	141.8	136.2	5.6	-	-
United Kingdom	162.3	369.7	270.0	97.7	2.0	-
TOTAL EEC 10	1364.5	2968.1	1740.9	860.2	262.1	105.0
Spain	328.4	635.6	394.1	197.5	31.9	12.2
Portugal	26.3	108.3	65.1	24.5	18.7	-
TOTAL EEC 12	1719.1	3712.1	2200.0	1082.3	312.6	117.2

TABLE 11 - EMPLOYMENT IN SHIPBUILDING IN THE COMMUNITY

(New building)

	1975	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Belgium	7 467	6 614	6 258	6 523	6 347	4 680	4 104	4 060	3 923	2 995	2 548
Denmark	16 630	12 000	9 900	11 400	11 350	11 800	11 200	10 300	10 200	7 000	7 000
France	32 500	25 300	23 000	22 200	22 200	21 600	21 000	16 940	15 058	13 700[1] [6]	8 940[6]
Germany	46 839	31 113	27 369	24 784	26 521	27 600	25 966	22 189	22 260	18 184	12 875
Greece	2 316	:	:	2 672	3 393	2 900	2 812	2 000	2 000	1 709[1]	1 621
Ireland	869	840	750	750	762	882	550	-	-	-	-
Italy	25 000	20 000	19 000	18 000	16 500	13 750	12 800	12 800	12 000[4]	11 570[4]	9 500[4] [7]
Netherlands[2]	22 662	17 540	14 540	13 100	13 100	12 800	11 250	10 330	6 236	5 400[4]	3 600[4]
United Kingdom	54 550	41 050	31 200	24 800	25 345	25 000	20 486	14 655	10 200[3]	8 500[3]	8 000[3]
Total EEC 10	208.833	154.457(5)	132.017(5)	124.229	125 518	121 012	110 168	93 274	81 877	69 058[1]	54 084
Spain	:	:	:	:	:	:	:	:	18 000	18 000	17 300[4]
Portugal	:	:	:	:	:	:	:	:	5 370	5 087	5 020
TOTAL EEC 12	:	:	:	:	:	:	:	:	105 247	92 145[1]	76 404

(Table compiled from national sources)

[1] Revised figures

[2] From 1975 to 1984 = including naval dockyards estimated to be:
1975: 1 800; 1978 and 1979: 3 200; 1980: 3 400; 1981 and 1982: 3 200; 1983 and 1984: 2 800.

[3] Excluding jobs in Harland & Wolff Shipyard (Northern Ireland).

[4] This figure for 1985 and 1986 was 4 000 and for 1987 3 500

[5] Estimated

[6] Excluding Greece

[7] The figure for 1986 and 1987 covers jobs in new shipbuilding and naval and para-naval building (conversion, naval vessels and off-shore vessels).

[8] 2 780 unemployed should be added to this figure; of these 2 000 represent a structural overcapacity for whom no new jobs can be found

: Unavailable

OVERVIEW BY MEMBER STATE (*)

(*) Source: AWES 1987/88 annual report

BELGIUM

A. GENERAL SITUATION OF THE INDUSTRY

During the years 1986/1987, Boelwerf NV reduced its workforce by 40% to a total of 1900. A similar action was carried out by the medium sized yard NV Scheepswerven van Langerbrugge. This yard employs 150 workers.

Mid-1987, an agreement was made between Scheepswerven van Langerbrugge and Fulton Marine to form a group in order to defend common interests and to collaborate on newbuilding and repair work.

B. NEWBUILDING

- The orderbook at the end of 1987 equalled 73 720 cgt, comprising 4 ships: 1 LPG tanker, 2 product carriers and 1 dredger.

- New orders during 1987 were for 2 LPG tankers and 1 dredger.

- Deliveries during the year 1987 equalled 22 021 cgt.

DENMARK

A. GENERAL SITUATION OF THE INDUSTRY

After several years of declining activity the situation stabilized somewhat in 1987, but slim order books in some yards and a difficult market suggest that further reductions will take place during 1988.

Substantial reorganizations are being carried out by Danyard A/S and its Elsinore repairyard closed in spring 1988; very substantial reductions of manpower and capacity have been announced in the yard's facilities in Aalborg.

B. SHIPBUILDING

- During 1987 members of the Danish Association completed 14 merchant ships totalling some 168,000 cgt, i.e. 45% less than the compensated gross tonnage completed the year before (1986: 313,000 cgt).

- New orders were placed for 17 merchant ships in 1987 totalling 182,000 cgt - 33% down on 1986 (1986: 270,000 cgt), but as new orders were bigger than the extraordinary low level of completions, the order book increased by 6% from end-1986 till end-1987 i.e. to 25 ships representing 407,000 cgt (1986: 385,000 cgt).

- As from 1 October 1985 to 1 October 1986 newbuilding employment with the yards was reduced by 3,460 workers down to 6,300 workers (- 35%). In the 12-months' period up to 1 October 1987 the newbuilding employment declined further down to 6,070 workers. Newbuilding employment is expected to decrease by a further 1-2,000 workers during 1988.

FRANCE

A. GENERAL SITUATION

- Restructuring of the French shipbuilding industry was actively pursued during 1987 and was characterized in particular by the concentration of activities in a reduced number of yards.

  Thus, the construction of large ships is now centered at the Saint-Nazaire yard of Alsthom's Shipbuilding Division, with a workforce of about 4,800 people. This is the result of the following operations:

  * the closure of its Dubigeon subsidiary at Nantes; an important part of the latter's personnel was transferred to Saint-Nazaire;

* the gradual tapering of Normed's activities as a result of the decision taken in 1986; this group has seen the closure of the Dunkirk site in 1987 to be followed by, likely in 1988, La Ciotat yard when it has completed its last vessel. Also the case of La Seyne will be settled during 1988.

As regards Ateliers & Chantiers du Havre - building medium-sized ships - the workforce was reduced nearly by half when their subsidiary Ateliers & Chantiers de La Rochelle-Pallice was closed in May 1986. This company is now the only remaining shipyard in Le Havre employing about 1000 people.

The smaller yards have also been deeply restructured. This concerns in particular the ongoing liquidation of the Manche S.A. Group - its Saint Malo yard will probably be taken over by a new owner - and drastic labour cutbacks at Constructions Mécaniques de Normandie and at Chantiers & Ateliers de La Perrière.

- In terms of total workforce, restructuring operations as a whole resulted between 1986 and the middle of 1988 in a reduction from 13,500 to 7000 persons.

B. NEWBUILDING

- During the year 1987, ships completed aggregated 250,000 cgt, due to the delivery at the end of the year of the "SOVEREIGN OF THE SEAS", the largest cruise ship of the world counting for approximately 110,000 cgt.

The year was still marked by the continued presence of the French yards in the range of high added-value vessels, especially cruise-ships.

GERMANY

A. GENERAL SITUATION

In 1987 the restructuring of the German shipbuilding industry accelerated. A report commissioned by the Coastal States in 1986 came to the conclusion that a further cut-back of newbuilding capacities was inevitable. The German Shipbuilding and Ocean Industries Association stated in a memorandum that the total turnover in shipnewbuilding would fall from 3 billion DM p.a. to 2 billion DM p.a., thus making a further reduction of capacities necessary. By the end of 1987 8,500 employees out of a total of 10,000 envisaged had been released leading to an employment figure of abt. 32,000 at the end of the year.

There are now three major shipbuilding groups in Germany:

1) Bremer Vulkan with affiliated companies Werften Schichau Seebeckwerft AG, Bremerhaven; Lloyd Werft Bremerhaven GmbH, Bremerhaven and Neue Jade Werft GmbH, Wilhelmshaven.

2) HDW with affiliated Werft Nobiskrug in Rendsburg, which concentrates on shiprepairing.

3) Blohm + Voss has joint management with TNSW, Emden.

Compared with the former structure of activities of the industry, where merchant ship newbuilding represented the dominant part, the new composition of activities is as follows: 45% merchant shipnewbuilding, 15% Naval shipbuilding and 20% each on repairs and non-shipbuilding activities.

B. SHIPNEWBUILDING

- The competitiveness of the German Industry was negatively influenced by the development of exchange rates. In 1987, the DM was appreciated against the US-Dollar by 23% (27% in 1986).

- In 1987, shipnewbuilding production decreased again. The completions included 67 ships totalling 420,000 cgt, equivalent to a turnover of 2 billion DM.

- New orders amounted to 60 ships with a total of 510,000 cgt equivalent to 2,3 billion DM. Not all shipyards participated in this order-volume. Especially smaller yards are still suffering from a lack of work.

GREAT BRITAIN AND NORTHERN IRELAND

A. GENERAL SITUATION

The year 1987 was a period of consolidation for British Shipbuilders, after the extensive restructuring which took place in 1986. The shipyard of Smith's Dock, in Middlesbrough, closed in February, on completion of its last ship, and the land was sold to the local Port Authority. Most of it is to be used as an offshore support base, though the dry-docks have been reactivated for shiprepair.

A further reduction in the remaining workforce of British Shipbuilders, as announced in May 1986, has since taken place. By the end of December 1987, total employment in British Shipbuilders and all its subsidiary companies had fallen to 6,368, compared with 8,051 a year earlier, and fewer than 5,000 are engaged in newbuilding.

British Shipbuilders Enterprise Ltd., a company set up to help redundant employees find new occupations, completed its task and was dissolved at the end of the year.

Since 1987, BS is no longer engaged in shiprepairing.

As regards Harland & Wolff in Belfast, which is also a state-owned ship- and repairing yard but independent from BS, the continuing depressed state of the market and the absence of new work may lead to further reductions in the workforce, which stood at about 4,200 during 1987.

B. NEWBUILDING

Orders for only four ships were placed with British Shipbuilders in 1987, totalling 66,500 cgt; two container ships, a small ferry and a dredger. Ten ships of 140,881 cgt were completed, and an order for one small ship was cancelled. The orderbook at 31 December 1987 was thus reduced to 29 ships of 188,000 cgt.

GREECE

A. GENERAL SITUATION

Employment in newbuilding and repairing was further reduced by 1,683 persons, or 23,8% to 1986 figures. Most of these remained in the yards, employed to industrial production.

B. NEWBUILDING

No new orders were placed with the Greek yards in 1987. Work continued at "Hellenic Shipyards" for the building of 4 reefer vessels of 4,500 cgt ordered late 1985 for Russian interests. Diversification to industrial works for government account continued in both "Hellenic" and "Eleusis" shipyards. A number of new orders were placed by Greek owners in foreign yards.

ITALY

A. GENERAL SITUATION

The process of restructuring of the major shipbuilding industry is going on and encouraging results were achieved in 1987: new and more advanced efficiency targets are being set.

With regard to capacity reduction, the shipbuilding sector is, in particular, seeking further early retirement measures in order to speed up the removal of structural redundancies (650 units have left in 1987) which are now under Unemployment Compensation Fund and, therefore, not involved in the production activity.

B. NEWBUILDING

The orders acquired in 1985 and at the end of 1986 - thanks to the starting of the long awaited modernization process of the Italian fleet - allowed, at the end of 1987, a workload of about 725,000 cgt.

In 1987, completions amounted to 232,650 cgt compared to only 52,500 cgt in 1986.

THE NETHERLANDS

A. GENERAL SITUATION

Developments in both the newbuilding and the shiprepairing sector of the Dutch Shipbuilding Industry can only be defined as being very poor. Also in the sector of the builders and repairers of small seagoing and inland waterway vessels the situation was very difficult.

Several ship and/or repair yards were closed and many had to reduce their workforce considerably. During 1987, the reduction in manpower of the members of CEBOSINE and "Hoogezand" was 15%, from 13,260 to 11,270 (the total for 1983 was 22,000).

B. NEWBUILDING (ships over 100 gt)

Despite the fact that some yards managed to book rather fair orders, the temporarily increased level of the generic support system did not prove to be an adequate answer to the present crisis of the remaining capacity.

During 1987, some 1,600 employees lost their job. Six yards were closed down and five were restructured.

Order intake for seagoing vessels comprised: 69 ships, aggregating 176,700 cgt, of which for export 35 ships, aggregating 49,300 cgt. For comparison: in 1986, orders for 53 ships (121,575 cgt) were received.

The output amounted to 74 ships totalling 20,000 cgt of which for export: 37 ships totalling 60,100 cgt.

The small shipbuilding yards, building and repairing seagoing ships smaller than 100 gt, vessels for inland navigation, service vessels and other non-cargo vessels are still in a difficult economic situation as also during 1987 the penetration of the larger yards in the traditional market sector of the smaller yards increased.

PORTUGAL

A. GENERAL SITUATION

As a major step for further restructuring of the industry shipyards or groups were invited on a world-wide basis to take concession of operating the Setenave yard. A decision is expected for 1988.

Shiprepairing yards underwent far-reaching restructuring; the remaining capacities could find a better employment than in former years.

B. SHIPNEWBUILDING

Deliveries amounted to 16 ships 27,300 cgt. New orders received amounted to 24 ships with 81,600 cgt.

SPAIN

A. GENERAL SITUATION

1987 has been rather a good year for the Spanish shipbuilding industry.

The changes in management of the public yards and a more aggressive commercial policy have enabled these yards to be more active on the international market resulting in a significant number of new contracts.

During 1987, agreements between the public and private shipyards in Spain were concluded. These agreements accomplished the founding of a new association, UNINAVE where all yards, public and private, will be represented. Although this newly founded association has been legally set up, not all of private yards are already associated. For the time being, CONSTRUNAVES continues to represent the Spanish Shipbuilders.

B. SHIPNEWBUILDING

In 1987 ships completed totalled 340,513 cgt. New orders received amounted to 501,614 cgt.