

[Home](#) > [Green marine](#)

# SMM Digital: Redundancies in European shipbuilding sector set to increase

**BUSINESS & FINANCE (HTTPS://WWW.OFFSHORE-ENERGY.BIZ/TOPIC/BUSINESS-FINANCE/)**

February 2, 2021, by Jasmina Ovcina



**Kjersti Kleven**, Chairwoman, SEA Europe, image from SMM Digital live press conference

**The shipbuilding industry has been hit hard by the impact of the coronavirus pandemic quashing shipowners' interest in investing in new ships.**

The pandemic crushed down on an already battered industry suffering from overcapacity, weak demand, and flat world trade growth.

The European shipbuilding sector was doing fairly well mostly due to the fact that its key branches focused on building high-end and high-value cruise ships and general passenger ships, a sector that was in clover prior to the pandemic.

However, as COVID-19 pounded the tourism industry, resulting in the suspension of sailing and massive losses in the cruise sector, the European shipbuilding sector started to feel the heat as well.

In the first half of 2020, the global shipbuilding industry saw a 62% drop in orderbook in tonnage and more than 70% drop in value when compared to 2019.

#### BUSINESS & FINANCE

#### Global ordering of ships hit hard in H1 of 2020

(<https://www.offshore-energy.biz/shipbuilding-in-dire-straits-global-ordering-hit-hard-in-h1-of-2020/>)

6 months ago

*“Our figures for the remainder of the year confirmed that this trend continued throughout the whole year,”* **Kjersti Kleven**, Chairwoman, SEA Europe, said during today’s press conference kick-starting SMM Digital in Hamburg.

Commenting on the shipbuilding market, **Dr. Martin Stopford**, CEO of the shipping intelligence network Clarkson Research, said that shipyards were facing a big orderbook gap.

This year the world shipyards will deliver about 80 million dwt of ships, while orders for next year, based on what has already been booked, will be down to 55 million dwt, Stopford added.

China is still number one on a global scale with about 11 million Compensated Gross Tonnage (CGT), followed by shipbuilders from South Korea with 9 million CGT and Japan at about 6 million CGT.

*“Against this background, you would expect prices to fall, but they fell by only 4% last year, which is pretty robust and new building prices slip back by 3%. So, we’re not getting the sort of collapse of prices we saw in the 80s when they literally went down by 30 or 40% in a couple of years. One of the reasons for this is that investors are not so worried about the price, they’re worried about how to order a ship that won’t be obsolete in 10 years, and this is a major problem,”* he pointed out.

Kleven believes the delay in investments would continue until better market conditions and confidence in the market return, especially in Europe.

*“Like in other businesses, both shipyards and equipment companies have had severe challenges in their production and many of them had to stop their productions. Due to these delays, some companies have been faced with liquidity problems and last, but not least, until this day there have been difficulties with foreign workers as many of them have not able to return to work due to border closures, similar to seafarers but not in the same extent,”* Kleven explained.

*“Finally, we have seen significant layoffs taking place already in 2020, and these are even expected to increase as of this year and onwards. We all know that redundancies have a negative impact on the sector’s know-how and skills at a time where we are really looking for new talent and investing in new skills that we need to cope with the green and digital transition.”*

She added that the pandemic has put further pressure on Europe’s ability to keep a strong maritime technologies sector.

*“I would say looking at the industry as a whole with masses of demand, the shipbuilding sector is a growth industry. However, we need digitally ergonomic designs, by that I mean we need to ensure that the ships have the item 14 technology that will enable them to achieve the sort of goals both in the performance area, logistics, and the carbon saving climate change area,”* Stopford concluded.