

2023 SHIPBUILDING MARKET ANALYSIS

NB: The data presented here pertains specifically to the newbuilding market for commercial sea-going vessels equal or larger than 100 Gross Tonnes (GT). Inland vessels, naval vessels, very small sea-going vessels, and maintenance & repair activities are excluded.

Definitions:

Compensated Gross Tonnage (CGT): An indicator of the amount of work that is necessary to build a given ship (size and ship type). mCGT: million CGT.

Deliveries: The completion of newly constructed vessels by shipyards. Once a shipbuilding project is finished, the shipyard officially delivers the vessel to the customer. The delivery of a ship marks the end of the construction process and the beginning of its operational life.

Orderbook: The total vessel orders that a shipyard has secured but not yet delivered. Shipbuilding orderbooks are essential for assessing the shipbuilding industry's current and future workload and are often used as an indicator of the industry's health and growth.

New orders: The contracts and agreements signed between shipbuilders and clients, which result in the construction of new vessels. These orders represent the latest additions to a shipyard's workload.

Cargo carrying vessels, CCV: Bulk carriers, container and dry cargo vessels, Ro-Ro vessels, and tankers. **(Other) non-cargo carrying vessel, (O)NCCV:** Dredgers, tugs, offshore supply vessels, research vessels, fishing vessels).

Source: SEA Europe's Market Monitoring and Trade Working Group (2024), aggregated from S&P Global (2024).

1. Where do shipowners order their vessels?

- In 2023, China and South Korea collectively secured over 80% of global orders (in value), with China claiming 55% and South Korea 26%, while **Europe received only 7% of these orders.**
- **European owners placed the largest portion (47%) of new global orders in terms of value in 2023.** Of these, 85% were allocated to Chinese and South Korean shipbuilders, with **merely 8% directed towards Europe.** NB: European shipyards do not build large container ships, tankers and bulkers any more because they lost cargo shipbuilding to Asia in the last decades.
- European shipowners differ significantly from their Asian competitors, who place their orders predominantly in domestic shipyards. Indeed, Chinese and South Korean shipowners place 94% and 92% respectively of their orders domestically (measured in Compensated Gross Tonnage). Japanese owners primarily source from Japan, China, and South Korea.

2. What types of commercial ships are manufactured in European shipyards?

- **European shipyards have the know-how to build any commercial ship type. Nevertheless, they are presently primarily focused on the production of complex and innovative vessels,** notably

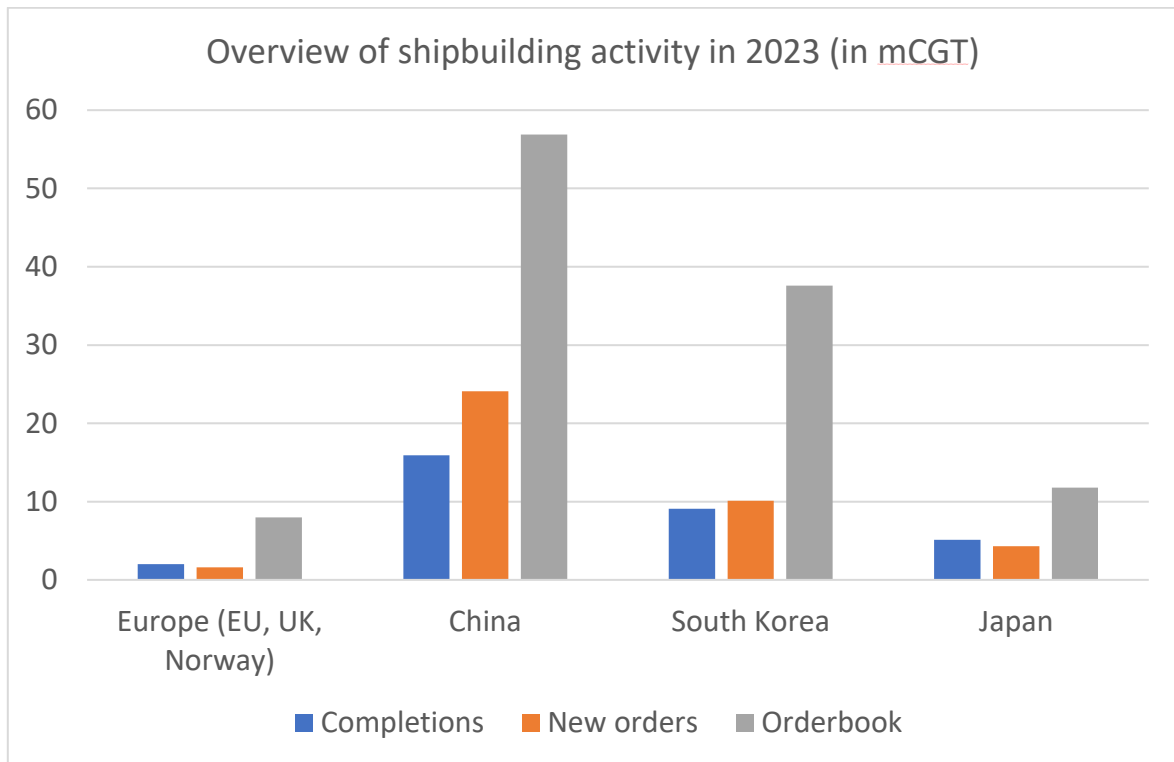
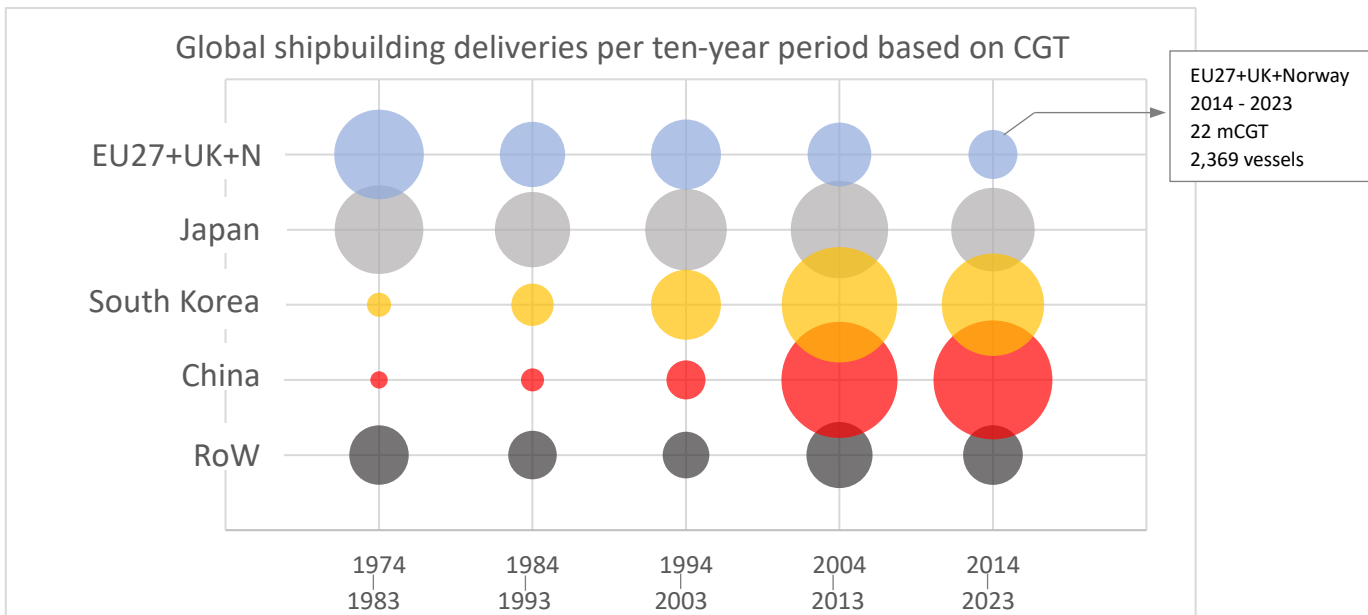
cruise ships. They also provide strong expertise in fixed and floating platforms (including for wind energy), as well as in ship maintenance, repair, conversion, and retrofit.

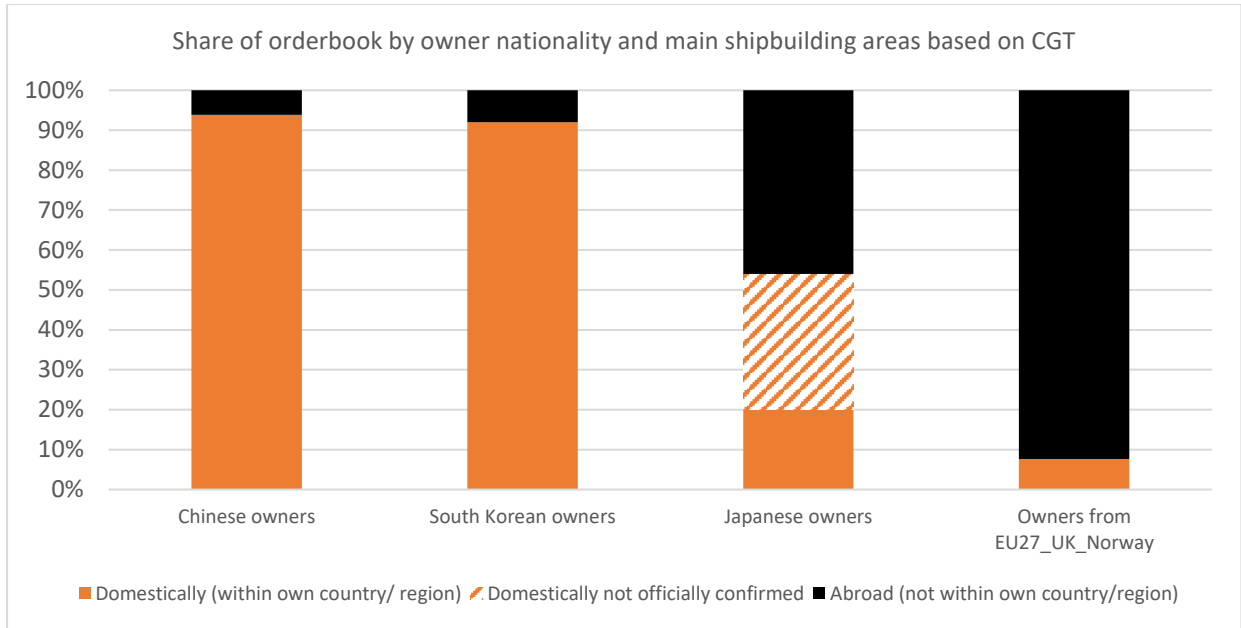
- **Europe currently holds a dominant position in the construction of cruise ships**, having delivered all orders from Western shipowners in this segment. Nonetheless, **China is rapidly emerging as a significant competitor**, gradually solidifying its foothold and striving to establish a full-fledged supply chain within the cruise industry. As a remarkable example, China's first domestically built large cruise ship, Adora Magic City, completed its first trial voyage in 2023.
- Apart from cruise ships, **the construction of various non-cargo carrying vessels remains significant for Europe**. These include, but are not limited to, tugboats, dredgers, offshore vessels, research vessels, and fishing vessels. However, European shipbuilders are experiencing a decline in both absolute terms and market share within this segment, although they have not yet relinquished it entirely.
- European shipyards also retain a **presence in the manufacturing of shortsea vessels**, contributing to the market with their expertise and high-quality craftsmanship.

3. To what degree has the European shipbuilding industry experienced a decline in its market presence?

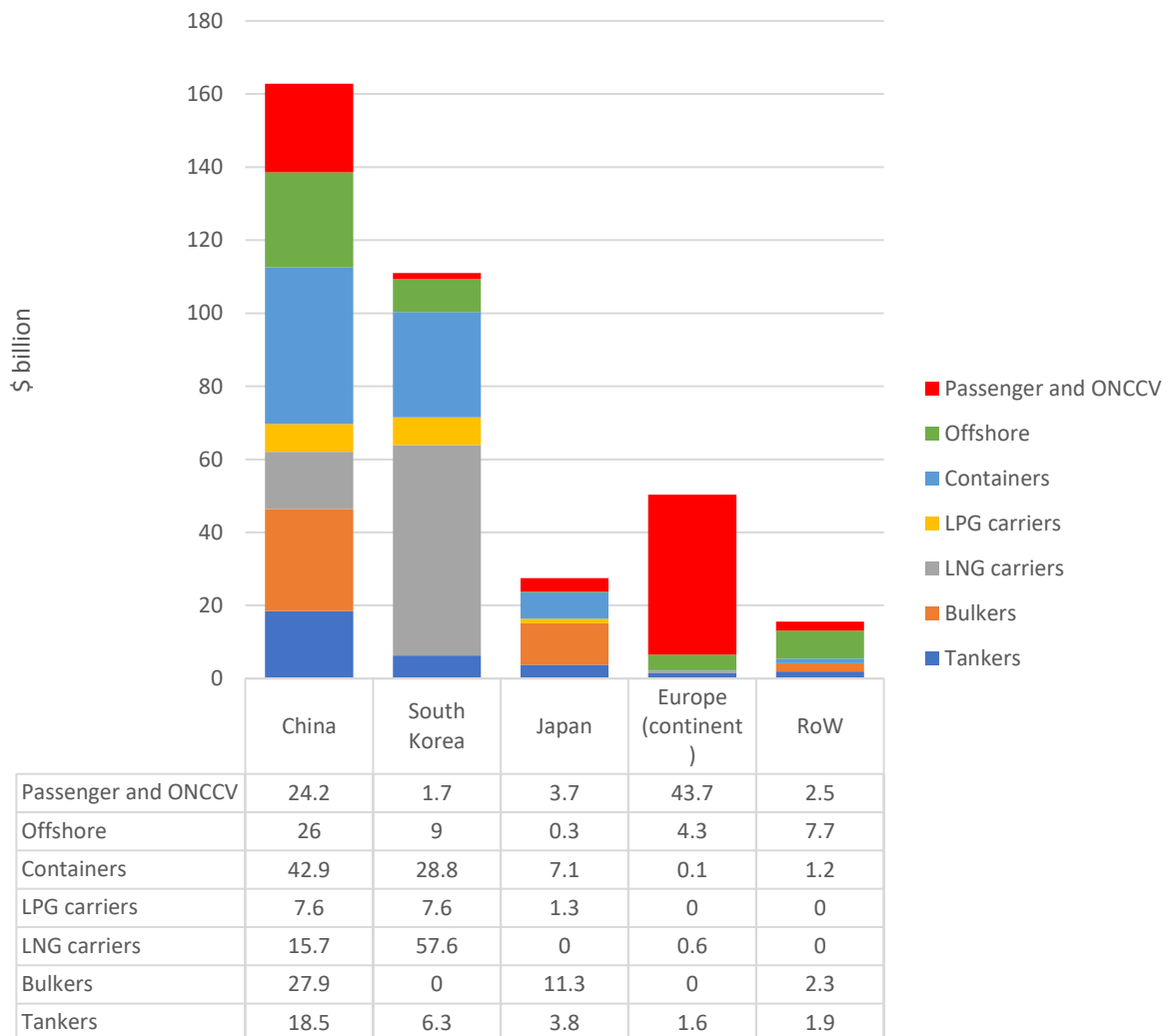
- Over the past decades, the market share of European shipyards declined significantly, amounting today to:
 - **7% when measured by Compensated Gross Tonnage** (averaged from 2019 to 2023).
 - **16% in terms of the total value of ships** (averaged from 2019 to 2023).
- **Europe has lost nearly its entire merchant shipbuilding sector** (including tankers, bulkers, carriers, and container ships) to Asia, along with a **substantial portion of its non-cruise passenger ship production** (such as ferries), and a **large part of its offshore construction**.
- In the market of complex shipbuilding where Europe still has a global leadership, it is now also experiencing severe competitive pressure from China.

Annex I
Charts on global shipbuilding activity

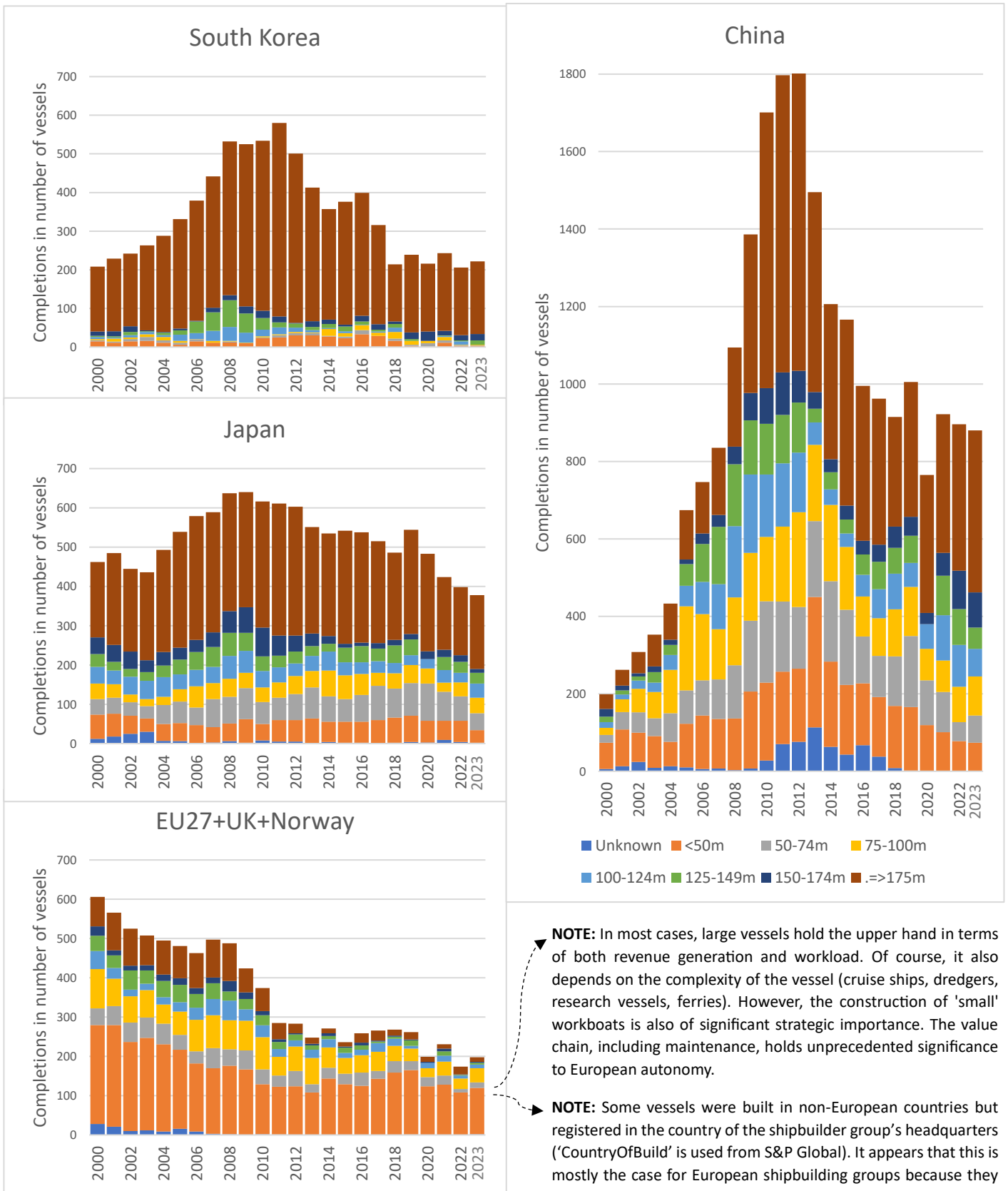




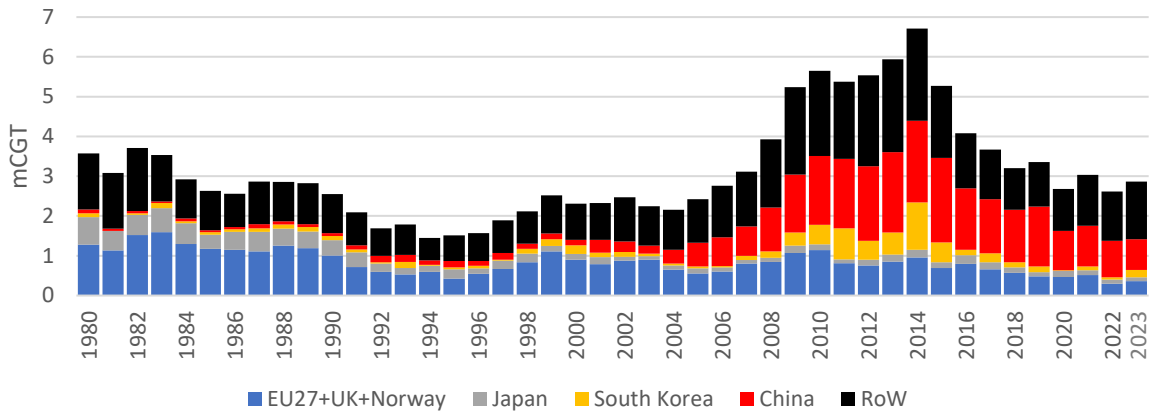
Value of world orderbook by main shipbuilding areas (in bn. \$) end of 2023



Completions by main shipbuilding areas in number of vessels per length category

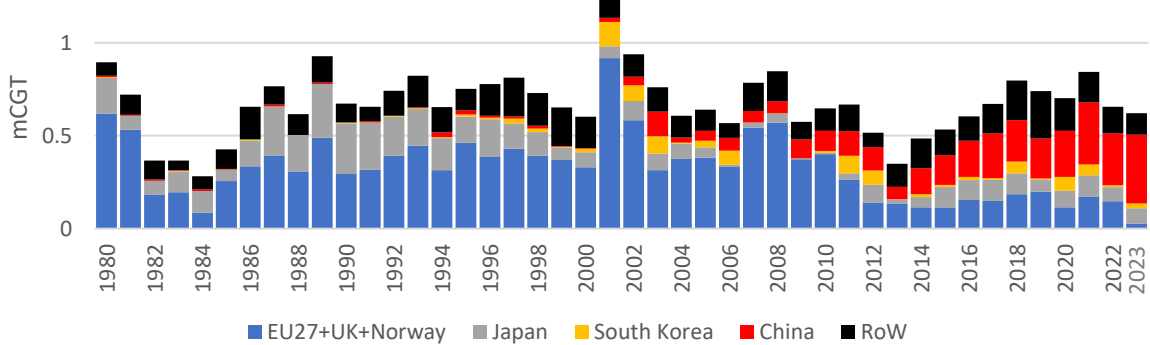


Non cargo carrying vessels shipbuilding deliveries by main shipbuilding areas in mCGT



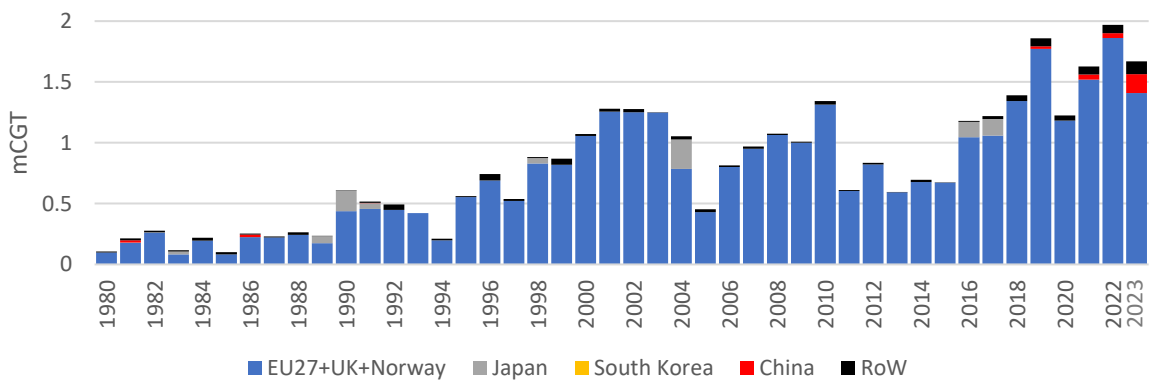
Including (but not limited to): Tugs, Dredgers, Offshore Vessels, Research Vessels, Fishing Vessels. Excluding: Cargo Carrying Vessels, Passenger Ships, Cruise Ships, FPSO (oil), FSO (gas), FSO (oil), Gas Processing Vessel, Offshore Construction Vessel (Jack Up).

Passenger and 'passenger/RoRo' shipbuilding deliveries (excl. cruise) by main shipbuilding areas in mCGT



Including: Passenger Ships, Passenger/Ro-Ro Ships (Vehicles) and Passenger/Ro-Ro Ships (Vehicles/Rail). Excluding: Cruise Ships, Landing Crafts, Rail Vehicles Carriers, Ro-Ro Cargo Ships, Vehicles Carriers.

Cruise shipbuilding deliveries by main shipbuilding areas in mCGT



Annex II Charts on Europe's shipbuilding activity

