

Shipbuilding: Industry, Process & Benchmarking Country Selection

Shipbuilding involves construction of ships and floating vessels. It normally takes place in a specialized facility known as a shipyard. In the 20th century, shipbuilding (which encompasses the shipyards, the marine equipment manufacturers, and many related service and knowledge providers) grew as an important and strategic industry in a number of countries around the world.

Historically, the industry has suffered from the absence of global rules and tendencies towards (state-supported) over-investment due to the fact that shipyards offer a wide range of technologies, employ a significant number of workers, and generate income as the shipbuilding market is global.

Shipbuilding is therefore an attractive industry for developing nations. Japan used shipbuilding in the 1950s and 1960s to rebuild its industrial structure; South Korea started to make shipbuilding a strategic industry in the 1970s, and China is now in the process of repeating these models with large state-supported investments in this industry. Conversely, Croatia is privatising its shipbuilding industry.

Countries selected for benchmarking Indian shipbuilding sector include **China, South Korea and Japan**. These three countries contributed to around 65% of global shipbuilding exports of US\$ 174 billion in 2010.⁷ Korea led the pack with contribution of 27% to global shipbuilding exports, closely followed by China with global exports contribution of 23% in 2010. Japan stood third contributing to 15% of global shipbuilding exports in 2010.

SEGMENTS	India's Exports (US\$ '000)					
	2005	2006	2007	2008	2009	2010
Light vessel, dredger, floating dock, and floating/submersible drill platform	2,79,140	4,21,454	5,92,733	9,18,321	10,56,707	27,21,690
Tugs and pusher craft	25,308	88,521	1,46,516	3,09,602	5,35,271	5,21,930
Cruise ship, cargo ship, barges	1,94,578	2,63,836	5,29,383	12,94,877	19,23,865	5,20,245
Vessels, including warships and lifeboats other than rowing boats	1,36,758	5,613	607	75,537	1,79,712	4,51,142
Fishing vessels and factory ships	12,583	310	36	669	711	18
Vessels and other floating structures for breaking up	229	38	78	16,286	62,996	2,070
Floating structure (raft/tank/coffer-dam / landing stage)	231	2,090	20,546	1,277	3,779	2,956
Yachts & other vessels for pleasure or sports	83	776	58	2,419	117	3,286

Source: International Trade Centre Trade Statistics, D&B Analysis

⁷ International Trade Centre Trade Statistics, D&B Analysis

Shipbuilding				
Country	Exports data for Shipbuilding Sector		% contribution to global Shipbuilding exports in 2010	CAGR of Exports (2005-10)
	US \$ billion			
	2005	2010		
Republic of Korea	17.23	46.74	22.09%	26.82%
China	4.66	40.30	53.93%	23.12%
Japan	11.80	26.04	17.15%	14.94%
Germany	2.04	6.86	27.52%	3.94%
Italy	3.85	5.41	7.00%	3.10%
India	0.65	4.22	45.44%	2.42%
Poland	3.05	3.21	1.05%	1.84%
France	1.91	2.78	7.74%	1.59%
United States of America	1.99	2.62	5.59%	1.50%
Russian Federation	0.56	2.32	32.63%	1.33%
Singapore	1.01	2.31	18.04%	1.33%
United Kingdom	1.24	2.25	12.59%	1.29%
Netherlands	1.46	2.10	7.62%	1.21%
Spain	3.61	1.98	-11.36%	1.13%
Croatia	0.91	1.44	9.79%	0.83%
Norway	1.57	1.31	-3.52%	0.75%
Denmark	0.96	0.97	0.07%	0.56%
Thailand	0.28	0.41	7.80%	0.23%

Source: International Trade Centre Trade Statistics, D&B Analysis