

German yards struggle after dismal year



Booming repair and conversion, here at B+V Repair, is keenly contested

Far eastern yards still have plenty of newbuilding work but once the current order backlog is cleared they will be in the same position as the once-great European yards. Tom Todd looks at the state of the German industry as a barometer of what may happen elsewhere in the coming year.

Abattered German shipbuilding industry is limping towards the end of what has to be one of the most dismal years in its recent history, and the signs are that things will get even worse.

The year 2009 has seen the unthinkable happen with at least one major yard, possibly two, giving up merchant shipbuilding altogether, and more of the country's best-known yards, among them the quintessentially German Blohm & Voss and now reportedly also HDW, heading for majority foreign ownership.

German politician Juergen Koppelin

warned: "If a German shipyard concept is not worked out soon, foreign investors will take over German yards in order to remove troublesome competitors and acquire patents".

The German shipbuilding association, VSM, said yards took orders for just 12 ships worth €387 million in the first nine months of 2009. That compares to 46 ships worth €2.9 billion in the whole of 2008.

There have been further orders taken since September and last quarter orders are always difficult to predict. All the same, the VSM's Gerhard Carlsson says demand this year is 90% down, even though production has been relatively high - the result of good

orders from pre-crisis days.

German yards delivered 43 ships in the first nine months of 2009 worth €2.3 billion. Others were built but not delivered. Still others were cancelled. As of November, there were 118 ships worth €0.9 billion on the books (of which some were built but undelivered). A year earlier there were 172 ships worth €13.3 billion.

Carlsson said "we urgently need more orders over the coming months to secure capacities long-term".

Even the few big yards still building, like cruise ship specialist Meyer Werft and ro-ro specialist FSG, are starting to echo that because no follow-up orders are coming in. Meyer, which still has work to 2012, is reported facing cuts in its design offices in the new year.

Even before then, however about 1000 workers at Nordic Shipyards (ex Wadan, ex Aker Ostseewerften) and hundreds at the Hegemann Group's Volkswerft and Peene-Werft are going without Christmas bonuses and holiday pay to keep their yards afloat.

And they are among the lucky ones. More than 2000 used to work at Nordic until what seems like just the blink of an eye ago. About 2000 work at Volkswerft, Peene-Werft and at Hegemann's third yard Rolandwerft, but some 400 of them will lose their jobs in the new year.

Hegemann has to trim personnel to win bank and local financing for continued newbuilding. Earlier reports spoke of €280 million but there was word in December that €20 million more might be needed.

Volkswerft was reported to be not badly



Special ships, small yards in the spotlight

off with six ships on order and 13 options as of October while Peene had nine orders and one option. Nordic has work on two big ferries up to next April and August, but the yards' new Russian owner has now said it could be mid 2010 before there are new orders.

Elsewhere container feeder ship building, the bread and butter of German yards in recent years, is grinding down.

Nordseewerke was delivering its last boxship in spring and moving to wind turbines. HDW completed its last boxship after two others were cancelled. Cassens was building the novel, wind-powered *E-Ship 1* after giving up feeders and J.J. Sietas ended years of container ship production and moved to special ships. Sietas is one of the few yards to have just booked a newbuilding - its second ferry order this year.

It could be that the immediate future at least might belong to smaller yards like Sietas and to small specialist builders. Public sector ship orders are rising as authorities helpfill gaps in yard workloads during the recession by renewing police, pilotage and other workboat fleets.

Current German small ship and work boat building ranges from the Sietas ferries through SWATH ships to scientific research, survey and river patrol boats. Small ship leaders Fassmer and Abeking & Rasmussen have enviable order books and small yards like Barthel, Knierim, SSB, Hitzler and Havelberger also appear busy.

High repair and conversion demand is also

part of it. Lindenau MD Dieter Kuehne reported "a significant increase in repair work" but told *The Motorship* that competition was murderous as big yards sought to plug newbuilding gaps. Germany's two biggest repair/conversion yards, Lloyd Werft Bremerhaven and Blohm & Voss in Hamburg have been busy all year and will stay occupied into the new year.



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