

For the 41st World Congress of IAFEI

# Better Ships, Better Life

Vice Chairman of CACFO

Shanghai Waigaoqiao Shipbuilding Co., Ltd.

Wang Debao



# Introduction



**Waters, the cradle of human civilization; Ships, the ties for cultural exchange. Shipbuilding is a driving force for progressive history, sharing the lifecycle with human race. Its advancement reflects the fundamental elements of lifestyle as well as economic mode in different ages. It is the narration of human exploration with the track of times.**



## A. The Milestones of Shipbuilding Development



**In pre-historical age, our ancestors built various kinds of canoes with stone tools with the reference to natural floats. Canoes were made of excavated wood, and they led us to the world of waters.**





## A. The Milestones of Shipbuilding Development

**In the agricultural age, the marine transportation needed to be promoted due to the surge of commodity trade. Around 2000 years ago, Chinese started to build wooden vessels. Vessel stability and rapidity were upgraded through the modification of dimension. Some of the vessels were durable and well-carved, displaying the craftsmanship of that period.**





## A. The Milestones of Shipbuilding Development



**In the industrial age, steam engine was invented by James Watt in 1781, unveiling the Industrial Revolution. The world's first steel ship came into existence in 1820.**

## A. The Milestones of Shipbuilding Development



**Jiangnan Machinery Works, the first Chinese national enterprise, was established in 1865. It is the cradle of Chinese national enterprise and industrial workers. In the following 146 years, from periodic table of chemical elements, steel, machine tool, submarine to modern ship, the enterprise has seen many No.1s and witnessed the cultural and technological achievements in China's modernization.**







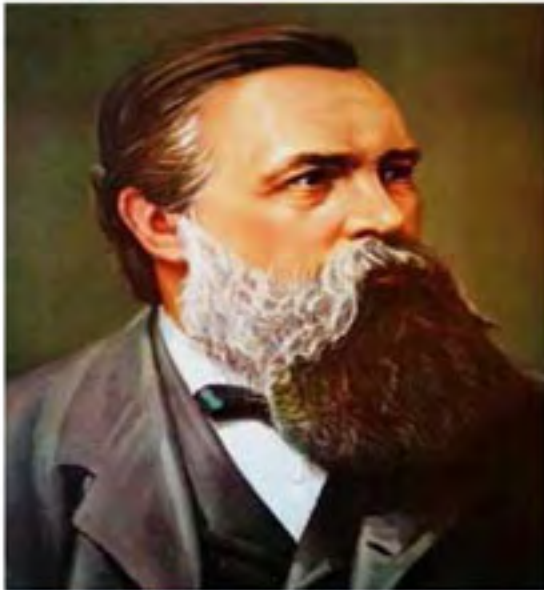
## A. The Milestones of Shipbuilding Development



**In the march of 1926, Mao Zedong indicated in his thesis on the analysis of Chinese social hierarchy, 2 million modern proletarian workers mainly came from the industries of railway, mining, shipping, textile and shipbuilding. Shipbuilding had been a pillar industry 75 years ago.**



## A. The Milestones of Shipbuilding Development



**Friedrich Engels described the modern warships as a floating factory, because it was both the output and representation of modern industry. Relative research pointed out 97 out of 116 Chinese national economic sectors are directly relevant to ships, accounting for 94%. 90% of world trade shipment volume is shouldered by vessels, and vessels are indispensable to transportation, energy, food, environment, expedition, tourism and other activities.**



## B. Chinese Shipbuilding Ranks No.1 Worldwide

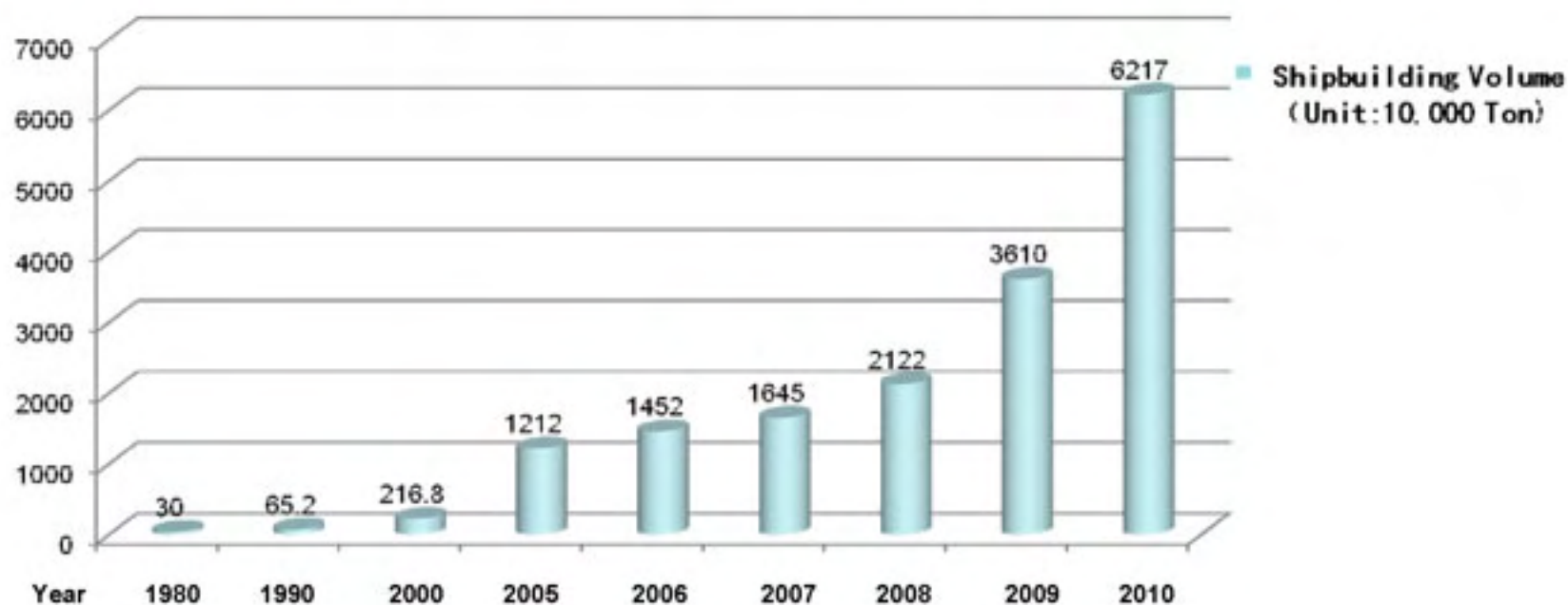


Chinese shipbuilding has witnessed a rapid development in the new century. In the May of 2002, then-premier Zhu Rongji wrote the comments showing China's determination of being world No.1 shipbuilder. In the August of 2006, a scenario for shipbuilding industry in medium and long term was issued by the state council. With the governmental guidance, the Chinese shipbuilders availed of the opportunity to achieve leapfrog development. China replaced Korea as world No.1 in terms of shipbuilding completion, new orders and in-hand orders. The prominent achievements can be described as the following 3 points.



## B. Chinese Shipbuilding Ranks No.1 Worldwide

### A. The year-by-year surge of Chinese shipbuilding completion





## B. Chinese Shipbuilding Ranks No.1 Worldwide

### The 3 indexes of Chinese shipbuilding in world market share

	Country	Year 2010 (unit:10,000 ton)	Global share
Shipbuilding completion	China	6120.5	41.9%
	Korea	4655.7	31.9%
	Japan	3138.8	21.5%
	World total	14607.4	100.0%
New orders	China	5845.9	48.5%
	Korea	4614.2	38.3%
	Japan	729.9	6.1%
	World total	12060.2	100.0%
In-hand orders	China	19291.5	40.8%
	Korea	15660.5	33.1%
	Japan	8298.8	17.6%
	World total	47259.6	100.0%





## B. Chinese Shipbuilding Ranks No.1 Worldwide

### **B. The period shortening and efficiency promotion for shipbuilding**

The output of setting modern shipbuilding mode. The dry dock and outfitting periods have been reduced to around 40 days due to efficiency promotion.



## B. Chinese Shipbuilding Ranks No.1 Worldwide

### C. The breakthrough of high-tech vessels manufacturing

- The delivery of self-innovated 300,000 dwt/ 2,000,000 barrel FPSO
- The batch production of LNG carriers
- The batch orders of 400,000 VLOCs and 10,000 TEU Containerships
- The completion 3000m deepwater drilling unit

## C. Risk Control is Crucial to Sustainable Development



**In the October of 1999, the launch of key construction project-Shanghai Waigaoqiao Shipbuilding Base, the construction was completed in 2003.**



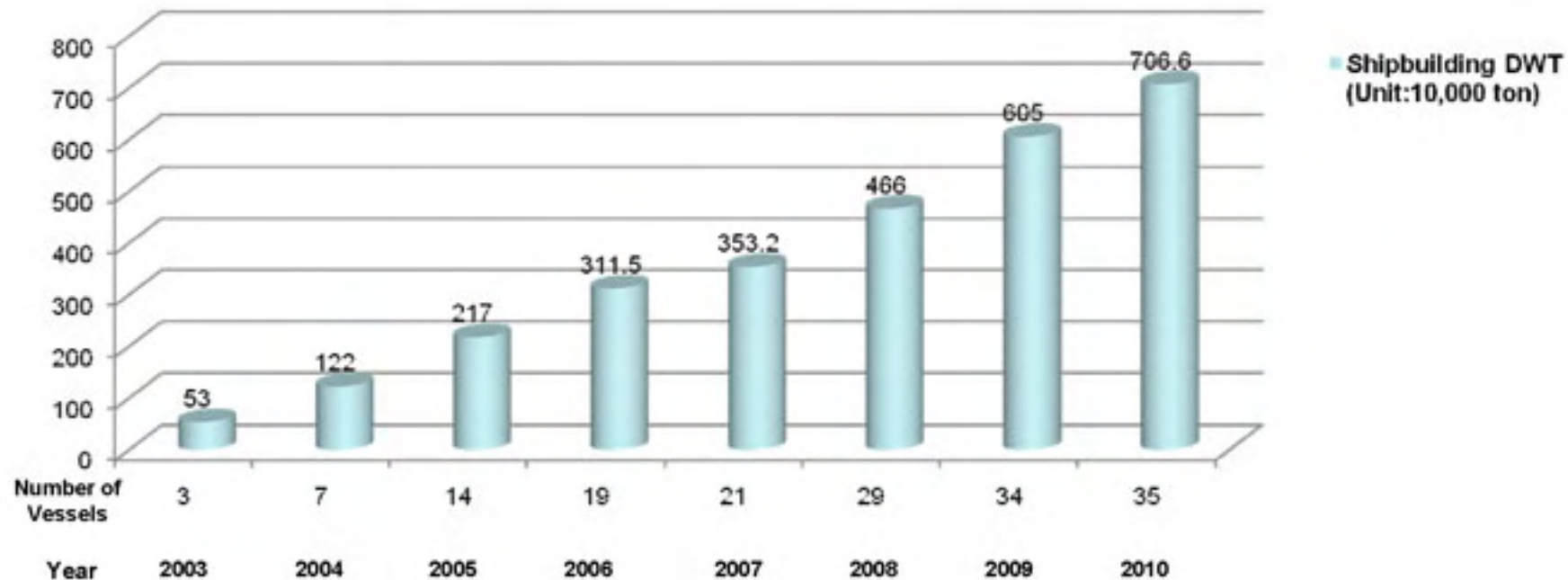
**With the experience of a dozen years, Shanghai Waigaoqiao Shipbuilding has ranked China No.1 in shipbuilding completion as well as corporate profits.**





## C. Risk Control is Crucial to Sustainable Development

### The year-by-year shipbuilding completion of SWS





## C. Risk Control is Crucial to Sustainable Development

### SWS ranking in Chinese shipbuilding enterprises (Year 2010)

Ranking	Shipyard	Shipbuilding Completion (Unit: 10,000 ton)
1	Shanghai Waigaoqiao Shipbuilding	706.6
2	Dalian Shipbuilding Industry	581.1
3	Jiangnan Shipyard	296.1
4	Jinhai Heavy Industries	295.7
5	Rongsheng Heavy Industries	277.7
6	New Times Shipbuilding	236.9
7	New Yangzijiang Shipbuilding	228.6
8	Hudong Zhonghua	208.2
9	Nantong COSCO KHI	200.7
10	Guangzhou Longxue Shipbuilding	184.4



## C. Risk Control is Crucial to Sustainable Development

### SWS ranking in global shipbuilding enterprises (Year 2010)

Ranking	Enterprise Ranking	
	Shipyard	Shipbuilding Completion (Unit: 10,000 ton)
1	Hyundai Heavy Industries (Korea)	999.9
2	DSME (Korea)	952
3	SWS (China)	706.6
4	DSIC (China)	581
5	Samsung Heavy Industries (Korea)	499.7
6	Hyundai Samho (Korea)	493.1
7	Universal Shipbuilding (Japan)	486.3
8	Sungdong Shipbuilding (Korea)	454.4
9	Imabari Shipbuilding (Japan)	388.4
10	STX Shipbuilding (Korea)	367.2



## C. Risk Control is Crucial to Sustainable Development



**A. Modern enterprise mechanism is fundamental to company operation**

**As a brand-new shipbuilding company, SWS has followed corporate governance which forms the balance of power and responsibility, ensures corporate operation in order. The growth of enterprise is rooted in modern mechanism.**

## C. Risk Control is Crucial to Sustainable Development



### B. Market is top issue of business

#### administration

Market is the battlefield for enterprise, an executive should keep pace with the market trend, cooperate with internationally credible shipping lines in order to prevent risk effectively.







## C. Risk Control is Crucial to Sustainable Development

### C. Enterprise should emphasize on talents

Talents is the most active element of productivity, human resources plays significant role in value and fortune creation. Talents is leading force among all kinds of resources.

Innovative mechanism should be forged and stage should be set up for talents in order to ensure the operation Of company in order.





## C. Risk Control is Crucial to Sustainable Development



### **D.Target at world first-rate enterprise**

First-rate products needs to be supported by first-rate management. Chinese shipbuilders has directly engaged in global competition. In order to catch up with international enterprises, we need to learn and digest the ideas and methods of world-class companies. The philosophy is to combine Chinese traditions with western modernization. Scientific management is fundamental to risk control.



## C. Risk Control is Crucial to Sustainable Development



## E. Mechanism is the locomotive for sustainable development

The enterprise momentum has shifted for materials to talents. The innovative ideas and mechanism is the key to enterprise. The employment should be market-driven, and flexible flow of talents, hr selection system as well as incentive mechanism should be encouraged to implement.

## C. Risk Control is Crucial to Sustainable Development



### F. Internal control guarantees well-being of company

SWS emphasizes on credit management and risk control. Except the internal supervisory board, SWS also hires the experts from Korea, Singapore and HK for consulting. The auditing is conducted by external prestigious firms. For major investment and new building project, the company invites professionals for estimating the risks of technique, costs, owner credibility and exchange rate. Internal control keeps the company's strides stable and immune.



## C. Risk Control is Crucial to Sustainable Development



### G. Corporate culture is the utmost

Corporate culture refers to the executive pattern of organization and its employees. Culture is a complex of quality and morality, and beneficial to enterprise growth. Corporate culture should be rooted in administration and regulation of the company so that harmonious atmosphere and environment comes into being. Culture is the engine for development.





## C. Risk Control is Crucial to Sustainable Development

### H. Governmental policy is the back-up

Although the Chinese modern shipbuilding started in early times, it had proceeded slowly until reform and opening. In the new century, the state administration backs shipbuilding upgrading in the ways of facility investment, tax refund and favorable loans from EXIM bank. During the 11th five years, a large batch of Chinese shipbuilders got listed among the top of world shipbuilding circle.





## C. Risk Control is Crucial to Sustainable Development







**It has undergone 200 years from canoe, sailboat to steamship. The light of modern times casts on world shipbuilding. The evolvement of ships marks the glories of Chinese maritime history. The numerous waterways in China provides shipping convenience as well as the potential for economic benefits. “Better ships, better life” is our wish as well as the social responsibility of shipbuilder. Let’s strive for the new future of shipbuilding and humans.**





**THANK YOU!**

