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SMM

Cruise ship building on steady course

SMM 2010 – 24th international shipbuilding fair
at Hamburg Fair site
from 7 to 10 September 2010

SMM 6, 10 May 2010

Cruise ship building will again be a major attraction for visitors to SMM 2010. The big crowd pullers will include the stands of Fincantieri, Meyer Werft and STX Europe. The dominant shipbuilding companies in the cruise vessel segment are coming to the leading fair of the international shipbuilding industry with well filled order books. SMM 2010, 24th shipbuilding, machinery & marine technology international trade fair hamburg, is the most important showcase for some 2,000 exhibitors from 60 nations to demonstrate their products and services. There will be more than 50,000 trade visitors from all continents at this four-day event, getting a comprehensive overview of the latest innovations in all areas of maritime products and technologies.

In this most demanding segment of the shipbuilding industry, the yards had orders for a total of 25 cruise vessels with 2.15 million gt, worth USD 14.8 billion in their books at the beginning of April 2010, according to Seatrade Insider. They include the *Celebrity Eclipse* delivered by Meyer Werft in April and the *Azura* delivered by Fincantieri, also in April.

Europe's Big Three, that is Fincantieri, Meyer Werft and STX Europe, account for 20 newbuildings. The other five orders, all of them for smaller vessels, are split between the Italian cruise vessel and superyacht builder T. Mariotti (two newbuildings, each 32,000 gt); Irving Shipbuilding from Halifax, Canada (8,700 gt); Chesapeake Shipbuilding, USA (3,000 gt); and Factoria Naval de Marin, Spain.

It is by no means certain that this small but lucrative segment of cruise ship building will remain a European domain. The takeover of the Norwegian Aker Yards Group by Korean shipbuilding group STX undoubtedly means there will be transfer of know-how from STX Europe to the parent company. Sang-Ho Shin, who started his career at STX in 1980 and has been President & CEO of STX Europe since May 2009, has set out a clear objective – "We will become the leading builder of cruise and offshore vessels in the world. We realise that our goal can only be attained through the concerted efforts of STX's own resources - our people, our technology, processes and other resources." And when he says "we", that is certainly not limited to the European subsidiary. Samsung Heavy Industries (SHI) is possibly already one step further. At the end of last year, SHI announced that they intended to become the first Korean shipyard to start building cruise vessels. They said that this was at the same time the start of a new shipbuilding era in Korea, ending many

years of European dominance in this segment. The Korean shipyard was selected by the US company Utopia to build an apartment cruise vessel for USD 1.1 billion. According to SHI, the deal is to be sealed in the first half of 2010. The ship is to be delivered in 2013.

And there are other Asian shipbuilding countries such as China and Japan which are aiming to build cruise vessels. Japan already has some experience of this area, with *Diamond Princess* and her sister ship *Sapphire Princess* built seven years ago at Nagasaki Shipyard & Machinery Works, belonging to the Mitsubishi Heavy Industries Group. The client was Princess Cruises, a US company belonging to Carnival Corporation & plc, the biggest cruise company in the world.

The cruise industry has remained relatively unaffected by the global downturn of the past year. At present the cruise fleet comprises 281 ships worldwide, according to Cruise Industry News, an SMM exhibitor, and there will be 17.8 million cruise passengers this year. In 2015 there will probably be 300 luxury cruisers and 20 million cruise holiday-makers, according to an estimate by Oivind Mathisen, Editor-in-Chief of Cruise Industry News. "The cruise industry is heading for growth all over the world," he adds. A large proportion of the growth in the next five years will be with passengers from Europe, South America and the Asia-Pacific Region. But North America will still be the largest market.

Asia also wants to benefit from these growth rates. Thus in October 2009, Singapore started building an International Cruise Terminal, intended to double the country's mooring capacity on completion at the end of 2011.

So it is not likely that the cruise industry will get into stormy waters in the foreseeable future. In fact there are newcomers appearing on the scene alongside the current major players AIDA Cruises, Carnival Cruises, Royal Caribbean, Celebrity Cruises, Costa Crociere, MSC, Norwegian Cruise Line, etc. For example TUI Cruises, which acquired a cruise ship of its own for the first time last year – *Mein Schiff*. It is not a newbuilding, but was originally built by Meyer Werft as the *Galaxy*, and then fully converted and modernised at Lloyd Werft. And that is just the start. As Richard J. Vogel, CEO of TUI Cruises, declared, "We are planning to expand our fleet in the coming years." Welcome words to the management boards of shipyards specialising in luxury cruise vessels.

SMM 2010 will be held at the Hamburg Fair site from 7 to 10 September 2010. There will be some 2,000 exhibitors from more than 50 nations, presenting the latest developments in all areas of the maritime industry. This leading trade fair of the global shipbuilding industry is expected to attract more than 50,000 trade visitors from over 100 countries. For more information, please visit www.smm-hamburg.com.

On the occasion of SMM 2010, the first global maritime environmental congress (gmec) will be held on 7 and 8 September 2010. This conference brings together more than 700 high-ranking representatives from industry, government, academia, navies and environment protection organisations, to elaborate and present practical solutions for environmentally sound, sustainable shipping. For more information, please visit www.gmec-hamburg.com.

Ed.: Angelika Schennen, Tel.: +49 40-3569-2440, e-mail: angelika.schennen@hamburg-messe.de