



IndustriALL Global Union

Shipbuilding-shipbreaking Action Group Meeting

7-8 November 2016, Western Australia

Global Trends in Shipbuilding and Shipbreaking Industries and Sector Activity

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Global Trends in Shipbuilding and Shipbreaking Industries



Trends in Shipbuilding Industry 1

Recent years have seen very low levels of new orders received by virtually all shipyards.

World New Orders

| Country | 2009 | | 2013 | | 2014 | | 2015 | | 2016 1 st Half | |
|---------------------|--------|-------|---------|-------|--------|-------|--------|-------|---------------------------|-------|
| | '000GT | share | '000GT | share | '000GT | share | '000GT | share | '000GT | share |
| Japan | 8,509 | 25.3% | 13,804 | 13.4% | 19,314 | 23.7% | 22,218 | 28.8% | 2,208 | 16.6% |
| S. Korea | 8,522 | 25.4% | 35,452 | 34.4% | 24,594 | 30.1% | 23,321 | 30.2% | 1,705 | 12.8% |
| China | 14,947 | 44.5% | 43,925 | 42.6% | 31,372 | 38.4% | 24,932 | 32.3% | 6,750 | 50.9% |
| Europe total | 521 | 1.6% | 1,311 | 1.3% | 2,260 | 2.8% | 2,285 | 3.0% | 2,213 | 16.7% |
| Brazil | 42 | 0.1% | 193 | 0.2% | 45 | 0.1% | 10 | 0.0% | 14 | 0.1% |
| Singapore | 15 | 0.0% | 8 | 0.0% | 87 | 0.1% | 20 | 0.0% | - | - |
| Taiwan | 264 | 0.8% | 1,021 | 1.0% | 293 | 0.4% | 372 | 0.5% | 36 | 0.3% |
| USA | 27 | 0.1% | 721 | 0.7% | 200 | 0.2% | 99 | 0.1% | - | - |
| India | 39 | 0.1% | 47 | 0.0% | 4 | 0.0% | 4 | 0.0% | - | - |
| Philippines | 604 | 1.8% | 3,474 | 3.4% | 1,933 | 2.4% | 2,268 | 2.9% | 6 | 0.0% |
| Turkey | 73 | 0.2% | 164 | 0.2% | 169 | 0.2% | 178 | 0.2% | 30 | 0.2% |
| Vietnam | 66 | 0.2% | 1,144 | 1.1% | 141 | 0.2% | 562 | 0.7% | 54 | 0.4% |
| World total('000GT) | 33,600 | | 103,200 | | 81,600 | | 77,200 | | 13,272 | |

1. Data Source: The Shipbuilders' Association of Japan(SAJ)

2. Ship Size Coverage: 100 Gross Tonnage and over

3. Europe Total = Former AWES(present SEA Europe)

Trends in Shipbuilding Industry 2

Excess supply and excess capacity since 2008

OECD WP6: Persistent worldwide overcapacity may encourage governments to provide support through **subsidies and other measures, as well as spur other market distorting practices, which can create major structural problems** even in the most efficient shipbuilding industries.

Examples in Case of CHINA

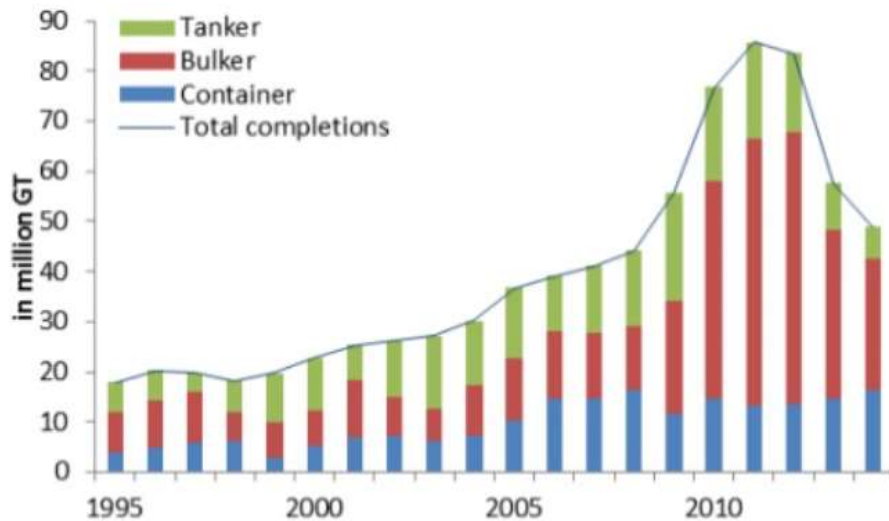
- The government subsidies reduced shipyard costs 15-20% from 2006 to 2012.
- Many shipping companies received far more in subsidies than they generated in profit in 2015.
- Half of shipyards are expected to be bankrupt.
- The government started subsidise shipyards for shipbreaking
- The government set up « white list » . Shipyards in the list can only be supported by subsidies and other measures.



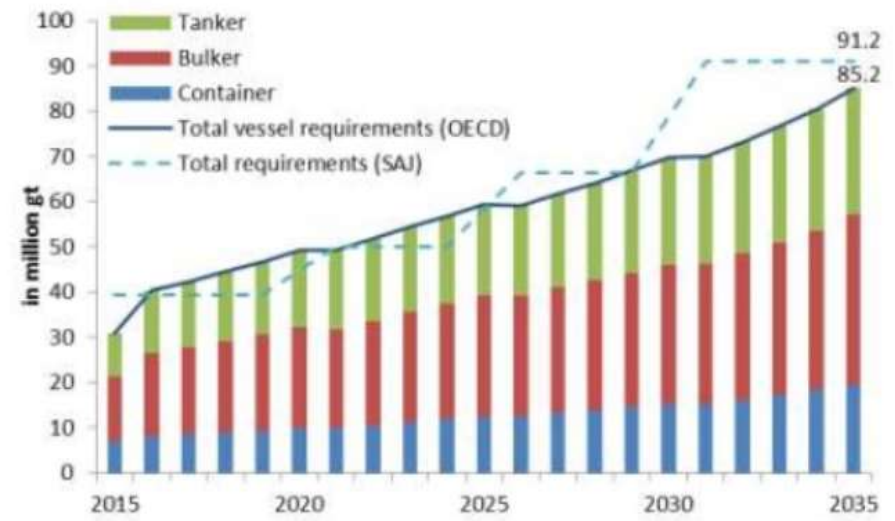
Trends in Shipbuilding Industry 3

Gradual recovery linked to the increase of seaborne trade is predicted.

Completions (1995 – 2014)



Future vessel requirements (2015 – 2035)



Source: OECD based on ITF (2015) and Clarkson (2015).

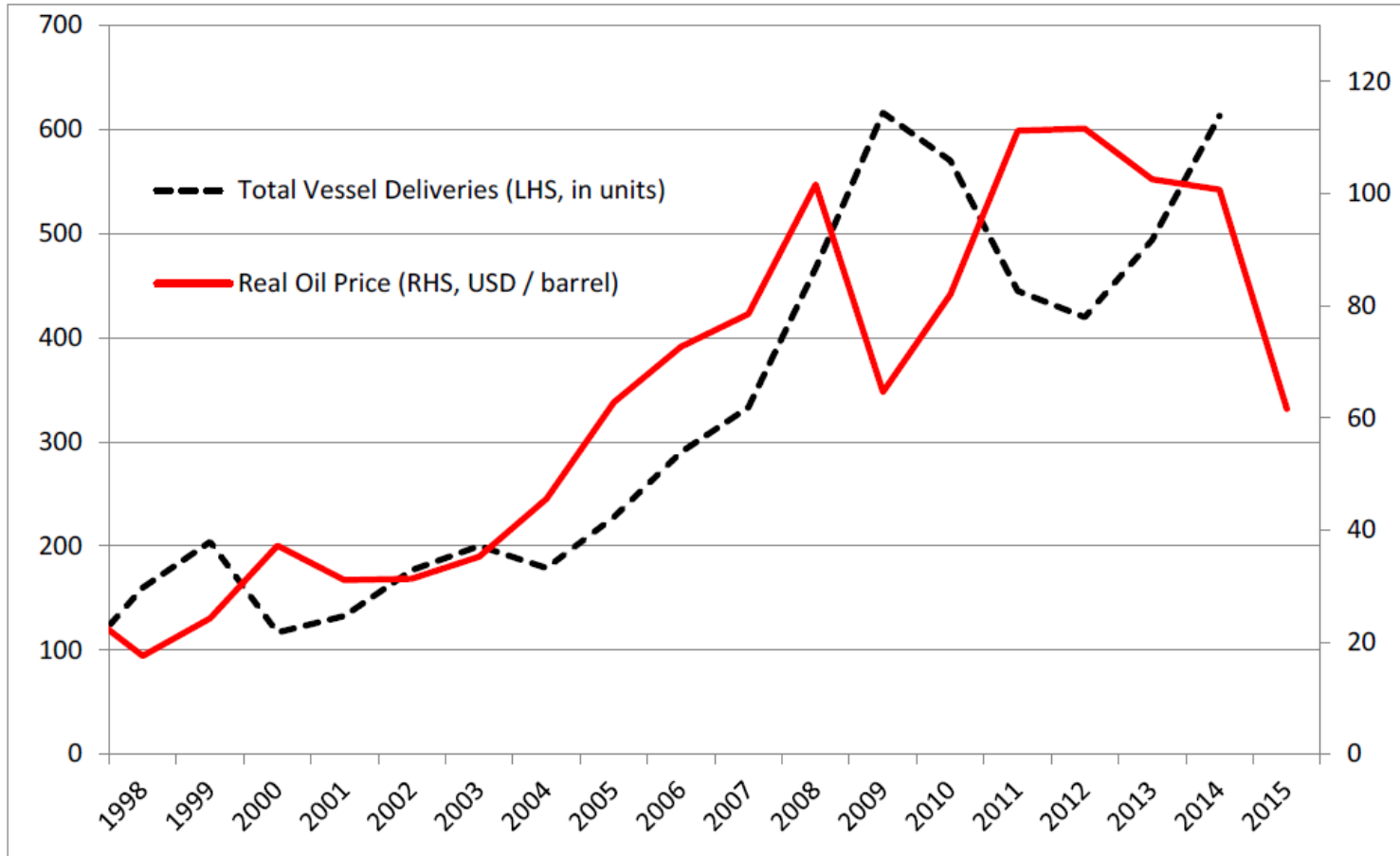
Source: OECD WP6 Workshop on Supply and Demand in the Shipbuilding Industry, 9 November 2015
 Presentation by the Secretariat of the report on the imbalances in the shipbuilding industry, assessment of their magnitude, their causes and potential policy implications



Trends in Shipbuilding Industry 4

Offshore vessel deliveries are expected to decrease by at least 10% in 2015, and further decreases are expected in 2016 and 2017.

Figure 7. Offshore vessel deliveries (in units) and oil price (in USD per barrel)



OECD WP6

Source: Douglas-Westwood.

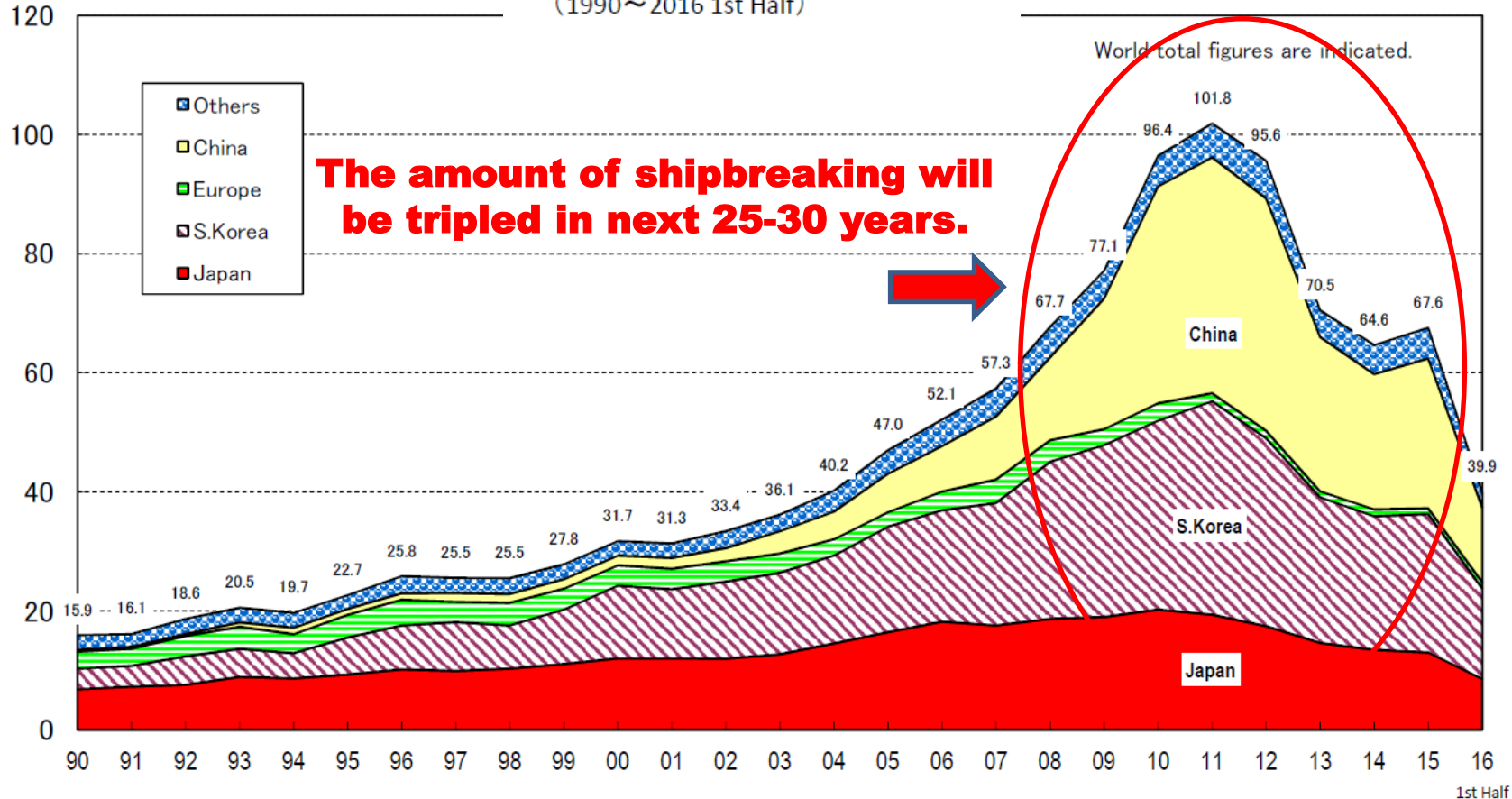


Trends in Shipbreaking Industry 1

Shipbreaking will continue to increase

WORLD COMPLETIONS

(1990~2016 1st Half)



The amount of shipbreaking will be tripled in next 25-30 years.



(Note) 1. Data Source : IHS(Former Lloyd's Resister). Until 1967, launched base. After 1968, delivered base.

2. Ship Size Coverage : 100 GT and over.

Source: "Shipbuilding Statistics" September 2016, the Shipbuilders' Association of Japan

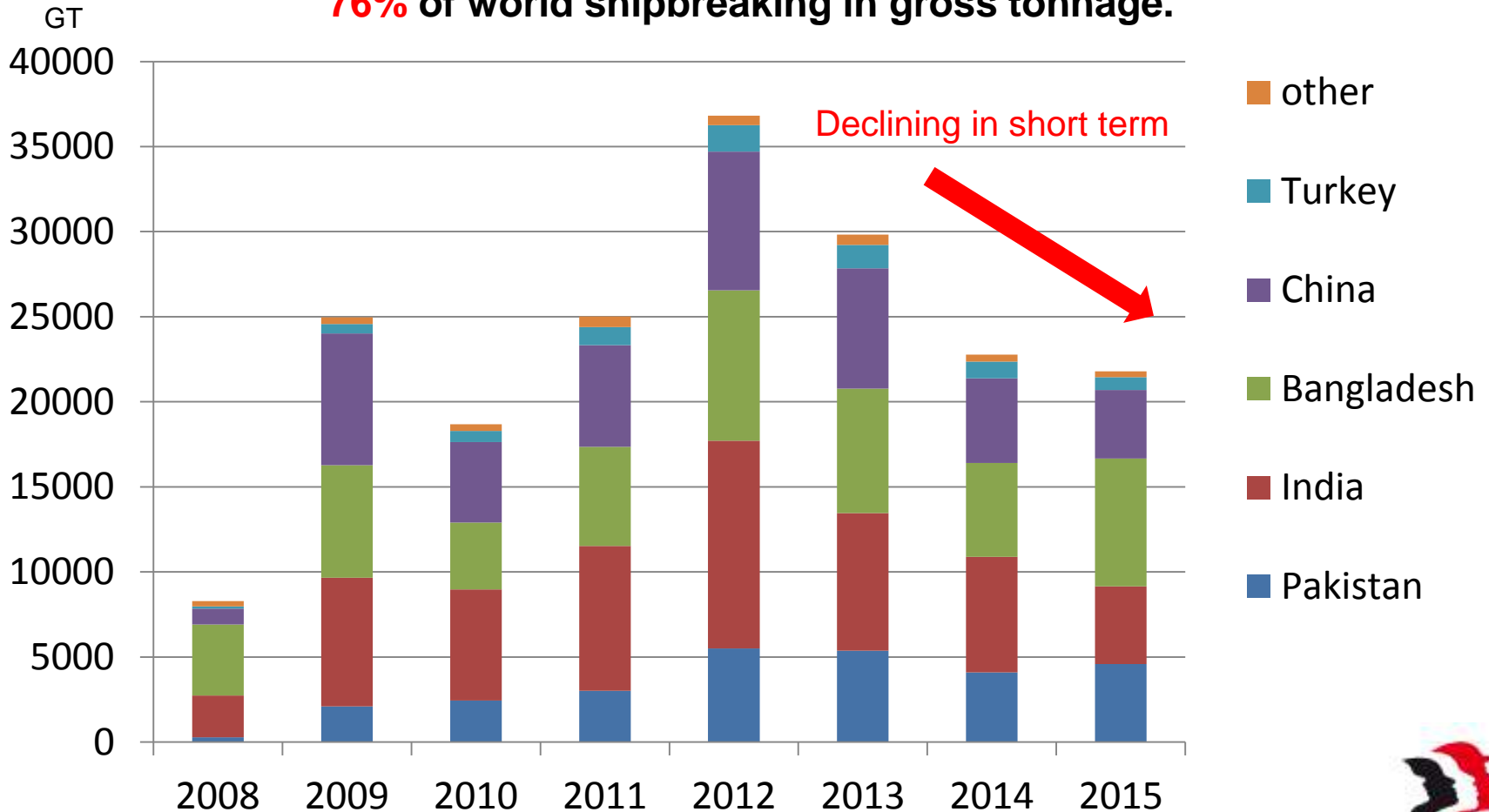




Trends in Shipbreaking Industry 2

Shipbreaking by Countries

South Asia region- India, Bangladesh, and Pakistan account **76%** of world shipbreaking in gross tonnage.



Source: "Shipbuilding Statistics" September 2016, the Shipbuilders' Association of Japan





Sectoral Activities

IndustriALL World Conference on Shipbuilding-Shipbreaking

10-11 November 2014

Huis Ten Bosch/Nagasaki Prefecture, Japan



83 participants from 24 unions in 19 countries(Australia, Bangladesh, Brazil, Denmark, Finland, France, Germany, India, Indonesia, Japan, Korea, Netherlands, Norway, Pakistan, Russia, Singapore, Taiwan ROC, UK and USA.)



IndustriALL Shipbuilding-Shipbreaking Action Group

1-2 November 2015
Chittagong, Bangladesh



27 participants from 11 unions in 12 countries(Australia, Bangladesh, Brazil, India, Denmark, Netherland, Japan, Singapore, Spain, and USA.)



IndustriALL World Conference on Shipbuilding-Shipbreaking

Action Plan for 2015-2016









1. Build union power throughout the world by –

| Action Plan | Development |
|--|---|
| Focusing on organizing and gaining union density in emerging shipbuilding-shipbreaking countries such as Bangladesh, Brazil, Indonesia, India, Pakistan, Turkey, and Vietnam. | <ul style="list-style-type: none">• IndustriALL-FNV organizing project(from 2003) in 3 countries(India, Bangladesh and Pakistan)• CBA training in Batam Isd, Indonesia• JBU – SMEFI Bilateral cooperation project (2015-2017) |
| Supporting the development of strong, democratic, independent, representative and sustainable trade unions in the shipbreaking industry in South Asia region through bilateral or multilateral cooperation projects. | |
| Reaching out to unorganized workers and precarious workers (agency workers, subcontract workers, migrant workers, etc.) to include them in the protection of a collective agreement. | |





Compliance with Core Labour standards: Ratification of ILO fundamental Conventions by major shipbuilding-shipbreaking countries

| Country | Freedom of association | | Forced labour | | Discrimination | | Child labour | |
|---|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | C087 | C098 | C029 | C105 | C100 | C111 | C138 | C182 |
| EU | Blue | Blue | Blue | Blue | Blue | Blue | Blue | Blue |
| Turkey | Blue | Blue | Blue | Blue | Blue | Blue | Blue | Blue |
|  Brazil | Red | Blue | Blue | Blue | Blue | Blue | Blue | Blue |
| Australia | Blue | Blue | Blue | Blue | Blue | Blue | Red | Blue |
| Bangladesh | Blue | Blue | Blue | Blue | Blue | Blue | Red | Blue |
|  China | Red | Red | Red | Red | Blue | Blue | Blue | Blue |
|  India | Red | Red | Blue | Blue | Blue | Blue | Red | Red |
| Indonesia | Blue | Blue | Blue | Blue | Blue | Blue | Blue | Blue |
| Japan | Blue | Blue | Blue | Red | Blue | Red | Blue | Blue |
|  Korea, Republic of | Red | Red | Red | Red | Blue | Blue | Blue | Blue |
|  Malaysia | Red | Blue | Blue | Red | Blue | Red | Blue | Blue |
| Pakistan | Blue | Blue | Blue | Blue | Blue | Blue | Blue | Blue |
| Philippines | Blue | Blue | Blue | Blue | Blue | Blue | Blue | Blue |
|  Singapore | Red | Blue | Blue | Red | Blue | Red | Blue | Blue |
|  Viet Nam | Red | Red | Blue | Red | Blue | Blue | Blue | Blue |
|  USA | Red | Red | Red | Blue | Red | Red | Red | Blue |

source: ILO NORMLEX





No. of Shipbreaking Workers and unions in South Asia Region

PAKISTAN

20,000
NTUF –
(potentially
8,000)

INDIA

66,000
SMEFI(MPTGEU
+ASSRGWA)
20,000



BANGLADESH

39,000
BMF + BML
1,500

Over **130,000** shipbreaking workers in South Asia region.





Organizing Shipbreaking Workers in South Asia Supporting IndustriALL affiliates



INDIA

Stepping up to sustainability of unions

Continuous training on OHS and trade union activities
Achieving tripartite dialogue and collective bargaining



BANGLADESH



PAKISTAN

Initial stage to organize the workers and union activities

OHS: Safe drinking water, PPEs, First Aid, Hospital, etc
Union rights: raising awareness and training OHS and organizing
Union recognition: fight for union busting



IndustriALL World Conference on Shipbuilding-Shipbreaking

Action Plan for 2015-2016

2. Confront global capital by –

| Action Plan | Development |
|---|---|
| Developing the process of creating Trade Union Networks (2-3 networks by 2016) at all levels, such as MNCs, commercial/naval sectors, regions, and countries. | <ul style="list-style-type: none">• BAE TUN has launched in November 2014• Communication between AMWU and CGT on DCNS• Seeking possibility for Meyer, STX, Keppel, Damen, etc. |
| Seeking opportunities to negotiate Global Framework Agreement with shipbuilding MNCs | <ul style="list-style-type: none">• Not yet |





What is Trade Union Network?

Principal Function

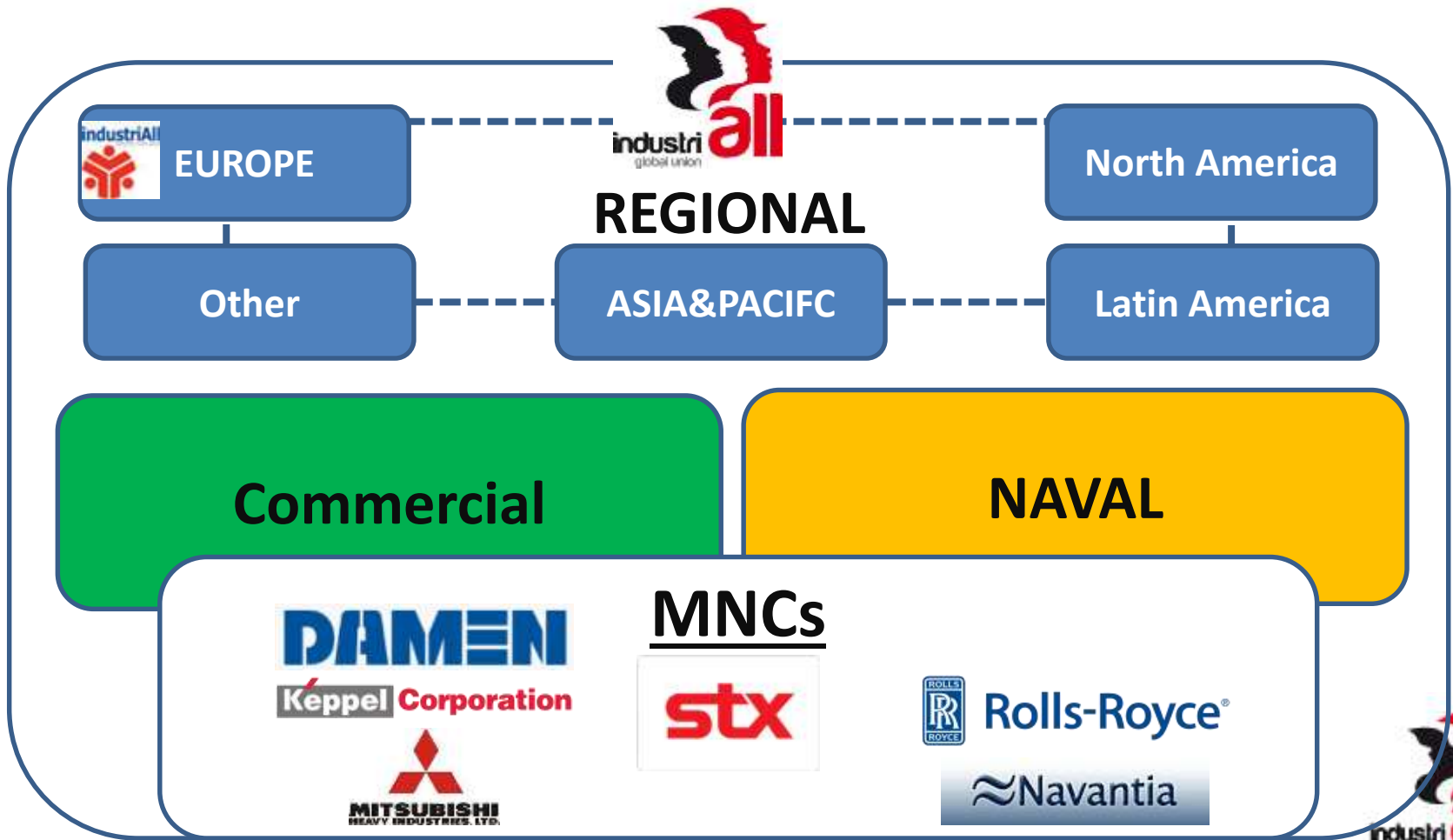
- **Exchange of Information & Experiences**
 - **Collective Agreements, wages, working hours, shift systems, bonus systems, holidays, retirement schemes**
 - **Organizing Strategies**
 - **Occupational Health, Safety & Environment**
 - **Company Information**
- **Building Cross-Border Union Solidarity**
 - **Joint Actions**
 - **Campaigning**
- **Implementing an Effective Communication Strategy**
- **Communication with Central/Regional Management**





Creating TU Network

BAE SYSTEMS TUN launched in Nov. 2014



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Action Plan for 2015-2016

3. Defend workers' rights by –

| Action Plan | Development |
|---|--|
| Taking solidarity action against attacks on workers' rights wherever they occur | <ul style="list-style-type: none">• Solidarity action for shipbreaking workers in Pakistan and Bangladesh |
| Demanding that governments expedite ratification of the IMO's Hong Kong Convention | <ul style="list-style-type: none">• Global campaign on HK convention |
| Promoting OHS in both shipbuilding and shipbreaking | <ul style="list-style-type: none">• Updating news on the campaign website |
| Achieving 30% women's participation in the events/meetings by effectively focusing on the gender agenda of shipbuilding-shipbreaking workers. | <ul style="list-style-type: none">• No concrete development |





Serious Accident Continues in Bangladesh and Pakistan (reported in the campaign website)



Bangladesh: 11 killed, 11 injured
on Jan.-June 2016



Pakistan: 21 killed, 70
hospitalized, 150 trapped in the
burning ship
on 1 November 2016





One of the most hazardous occupations in the world
Most of the shipbreaking workers do not know their basic workers' rights and not properly trained on OHS



Freedom of Association ?



Health and Safety ?

Collective Bargaining ?



Training/ Education ?

Indecent wage, Accidents, No Drinking Water, No PPEs, Undocumented migrant workers.....





Unions' focal points on International regulations and **the Hong Kong Convention**

“Ship Recycling Plan”

Inventory of Hazardous Materials

Ensure the availability of relevant technology equipment and facilities



Train personnel

Effective implementation

**Social Dialogue
Collective Bargaining**



**Secure safer workplace
Secure sustainable employment/decent work**



HKC's application and conditions for entry into force

- Applicable ships: International ships of 500 GT or more
- Conditions necessary for entry into force

1. No. of contracting parties: **15 states**
2. Fleet: **40% of GT of the world's merchant shipping**
3. Recycling capacity: Maximum annual ship recycling volume of the signing states during the preceding 10 years constitutes not less than **3% of GT of the states.**

- The HKC will enter into force 24 month after when the above conditions are met.

Five states have acceded(ratified): Belgium, Congo, France, Norway, and Panama (as of 10 Oct. 2016)
5 states with 20% of GT of the world's merchant shipping

Key non-ratified countries based on Marchant Fleets Share(%) (rough estimation/GT Basis)

| Country | Share(%) | Status |
|------------------|----------|----------|
| China | 12% | Positive |
| Liberia | 11% | |
| Marshall Islands | 10% | |
| Malta | 5% | |
| Bahamas | 5% | |
| UK | 4% | Positive |
| Greece | 3% | |
| Japan | 2% | Positive |
| Cyprus | 2% | |
| Denmark | 1% | Positive |

We need to have 10 states with more than 20%

China(12%)+UK(4%)+Japan(2%)+Denmark(1%)+Germany(1%)=20%

+

5 states such as South Korea, Singapore, Australia, USA, India, Netherland, Bangladesh

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Action Plan for 2015-2016

4. Fight precarious work by –

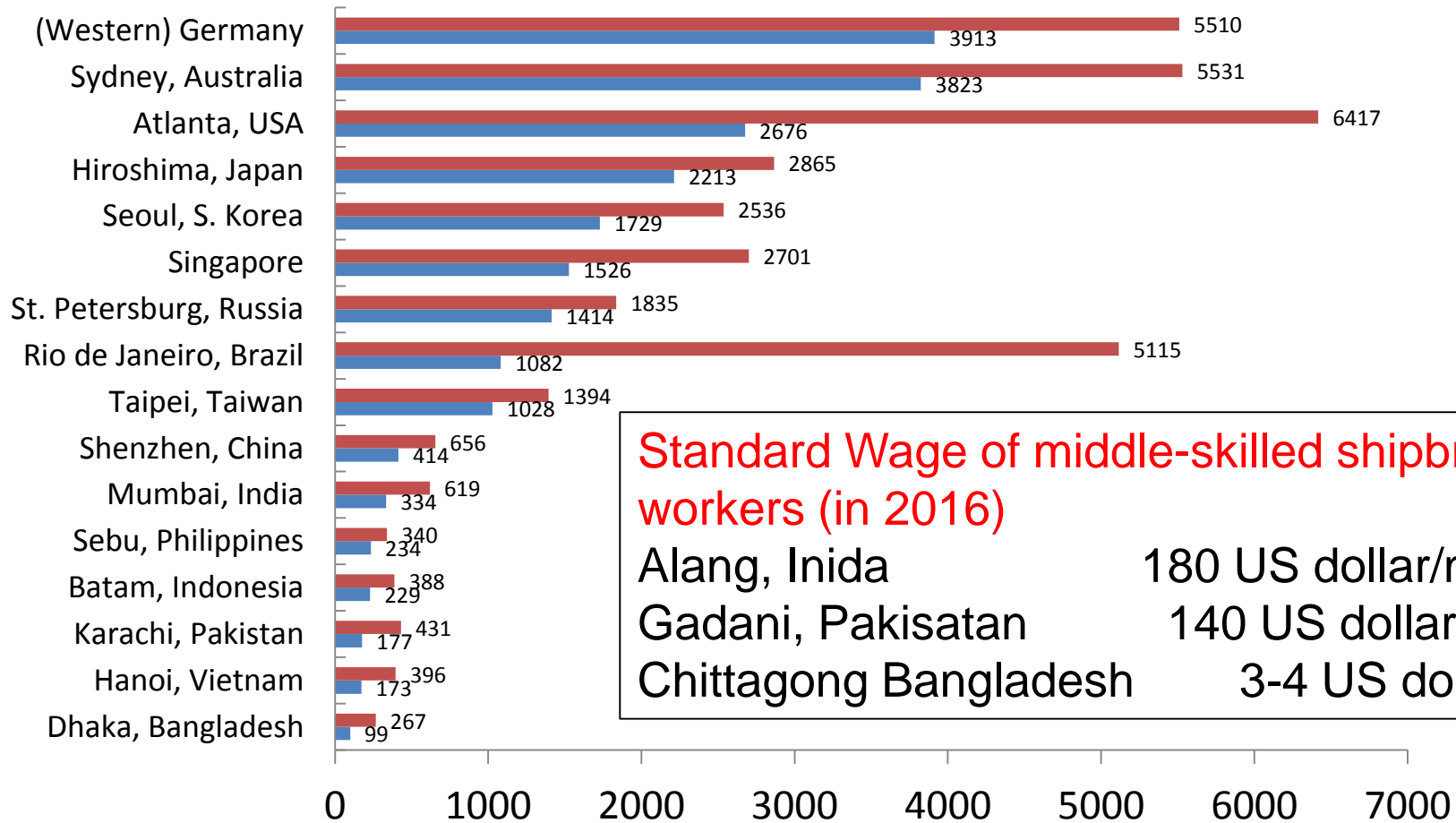
| Action Plan | Development |
|--|---|
| Continuing to motivate joint actions by affiliated unions throughout the process of Fight Against Precarious Campaign. | <ul style="list-style-type: none">• More visible actions taken by unions on 7 October |
| Increasing the number of examples of limits to the use of precarious workers in CBAs through the sharing of good practices between the affiliates. | <ul style="list-style-type: none">• Sharing information between the unions |
| Develop trade union networks to fight against the growth of precarious work in the sector and to defend shipbuilding-shipbreaking workers' rights | <ul style="list-style-type: none">• Developing BAE TUN (meeting on 9-10 Nov.)• DCNS – starting communication• Seeking possibility for other MNCs |





Standard Wages of Manufacturing Workers in major shipbuilding-shipbreaking countries

(2014, in US dollar/month **RED: Engineer** **BLUE: Production**)



Standard Wage of middle-skilled shipbreaking workers (in 2016)

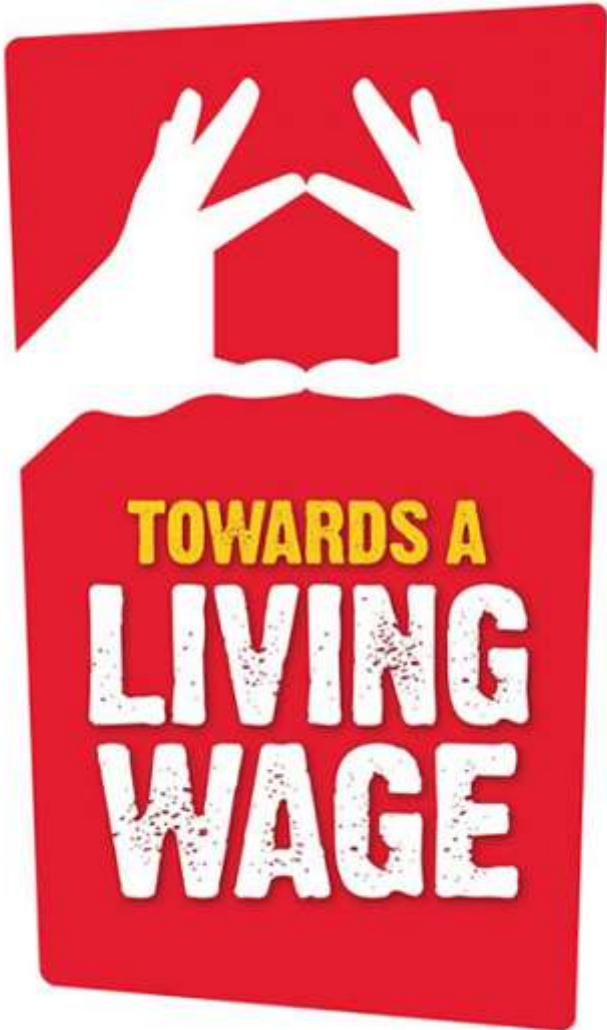
Alang, Inida 180 US dollar/month
 Gadani, Pakisatan 140 US dollar/month
 Chittagong Bangladesh 3-4 US dollar/day

Data Source: JETRO



Fight against Precarious Work

Continue to take action!



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Action Plan for 2015-2016

5. Ensure sustainable industrial employment by –

| Action Plan | Development |
|--|---|
| Building affiliates' capacity to develop and implement their own vision of sustainable industrial development by the sharing of good practices | <ul style="list-style-type: none">• Mainly information exchange at meetings• Developing sustainable industrial policy including Industry 4.0 |
| Developing collaborative activities and seeking synergies to effect sustainable industrial policies, with other sectors such as Mechanical Engineering and Oil & Gas | <ul style="list-style-type: none">• Seeking possibility of common industrial policy between the sectors |
| Actively getting involved in the process of creating the ILO's proposed new code of practice on Safety and Health in Shipbuilding and Repair | <ul style="list-style-type: none">• Preparing for the ILO expert meeting in November 2017 |

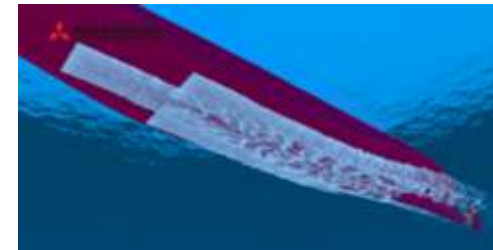


New Technology/Product

Promoting sustainable technologies/products will bring sustainable employment



Large-Sized Floating Offshore Structure (Mega Float)

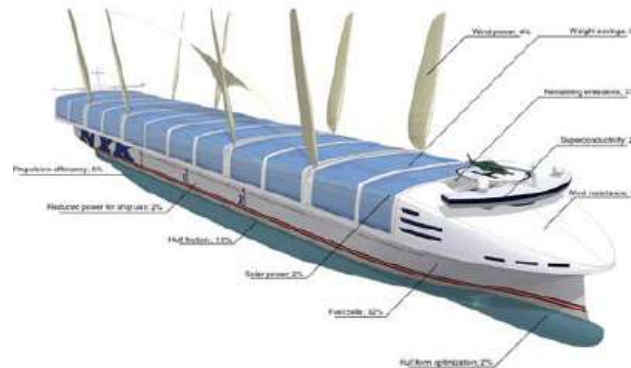


Air-lubrication System



MODEC [skwid]
(Savonius Keel & Wind Turbine Darrieus)

Floating Wind & Current Hybrid
Power Generation



Super Eco-ship



Industry 4.0

What kind of effect to workers/unions ?



- ❖ Massive impact on the volume of employment
- ❖ Challenged on Employment relationship
- ❖ Influence on dignity and humanity

How to achieve just transition?



Thank You



Website

www.industriALL-union.org