

China responds to shipbuilders' SOS

The combined profits of 80 major shipbuilders monitored by the Chinese Association of the National Shipbuilding Industry nose-dived by 53.6% in the first half of the year to Rmb3.58 billion (US\$584.1 million), while business revenues plunged 18.5% to Rmb120.3 billion (\$19.66 billion). In response the State Council has issued a support plan aimed at keeping the shipbuilding sector afloat, according to *China Daily*.

The Hengfu Shipyard, headquartered in east China's Zhejiang province, used to be an industrial heavyweight with an annual production capacity of 1 million dwt of vessels. However, the ship producer declared bankruptcy in 2011 due to a lack of orders and mounting debts. Zhejiang province is clustered with many shipbuilders operating within private shipyards. But since 2009, many of them have gone belly-up, like Hengfu.

According to *China Daily*, government-backed shipyards are facing tough times, too. The CSSC Jiangnan Heavy Industry Co, one of the top five state-owned shipyards in China, recorded a severe loss of Rmb60.31 million (\$9.85 million) in the first half of 2013, while its business revenue plunged 39.49% year on year. In 2012, the company registered a loss of Rmb97.37 million (\$15.91 million).

The shipbuilding sector is closely related to 113 other industries, including iron and steel, petrochemical engineering, equipment manufacturing and digital information. The central government has expressed deep concern over the industry's woes, which prompted it to come up with a three-year support plan that includes controlling capacity, upgrading shipbuilding standards and developing higher value-added products.