

U.S. Shipyards – Building and Maintaining the U.S. Marine Transportation System

2008 API Tanker Conference

***PILOTING THE SEAS OF CHANGE: Preparing for
Tomorrow Today***

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California**



Shipbuilders Council of America

- SCA represents 31 shipyard companies owning and operating almost 100 shipyards throughout the country
- SCA member yards are located along the Gulf, East and West Coasts, the Great Lakes and Hawaii
- SCA companies build and repair the vast majority of vessels that engage in the coastwise Jones Act trades
- SCA yards build and repair Navy, Coast Guard, NOAA and other government craft



U.S. Shipyard Industrial Base

An overview of the U.S. Shipyard Industrial Base that Builds and Repairs the U.S. Marine Transportation System

New Construction

- Nearly \$5 billion in double-hull tankers and tank barge construction and conversion work will take place by 2015 to meet the double-hull requirement under OPA 1990.
- Offshore Marine Services Association reports that its members will build \$3 billion worth of vessels to service the offshore gas and oil development.
- Overall the value of new vessels on order at U.S. shipyards, which includes naval and commercial vessels, such as product tankers, offshore rigs, offshore supply boats, tugs, barges, work boats, patrol boats and ferries, is over \$27.3 billion as of September 2007.



Current Contracts	2008	1999
Product Tankers	13	2
Ferries/Passenger Vessels	16	29
Jack-Up Rigs	16	6
Tank Barges	64	6
Tugs/Towboats/Push Boats	161	10
AHTS/Support Vessels	5	8
PSV/OSV	61	31
Lift Boats	2	0
Crewboats	42	5
Deck/Dry Cargo Barges	13	3
Dredge	1	3
Megayachts	34	1
Misc. Other	21	4
Semi Submersibles	0	4
Crude Carriers	0	3
Self Unloading Bulker	0	1
Drill Barge	0	1



Future Construction Demand

- Containership Fleet
 - 24 vessels >25 yrs.
- Continued Replacement of OPA 90 Fleet
- Chemical/Special Purpose Carriers
 - Average Age is 25 yrs.
- Large General Cargo Barges
 - 9 >30 yrs.
- An estimated \$3 billion is to be spent on vessels for the oil patch
- Vessels for the Marine Highway System



Ship Repair

- Current infrastructure
- Downsizing in 90s/early 2000s
 - Closure or downsizing of major repair facilities
- Loss of US-flag repair/rebuild work to subsidized overseas shipyards
- National Security needs – maintain infrastructure



Ship Repair Capabilities

- There are ship repair facilities in 28 states, including Alaska and Hawaii, capable of maintaining and repairing every ship type that calls on US ports.
- The primary determinate of what a ship repair company can service is the size of a company's docking capabilities. There are a limited number of US shipyards capable of docking Panamax size ships. There are a larger number of US shipyards capable of maintaining workboats and barges.



US Facilities Capable of docking Panamax Vessels

(max 106' beam)

Gulf Coast	5
East Coast	6
West Coast	4
Hawaii	1



Challenges Facing the Industry

- LABOR!
- Need for Investment in Infrastructure and Technology
- Environmental Compliance and Assistance
- Reconciling U.S. shipyard capability with perception
- Market stability for both new build and repair



U.S. Shipbuilding and Repair – Impact on National Economy

- The domestic “Jones Act” fleet consists of over 38,000 vessels.
- These vessels were built in U.S. shipyards and represent an aggregate \$48 billion investment.
- Building and maintaining this Jones Act fleet sustains roughly 150,000 jobs throughout the U.S. economy.
- Shipyards directly contribute to the output of the U.S. manufacturing sector by purchasing numerous components produced in other industries throughout America.



Closing Thoughts

- The U.S. Shipyard Industrial Base can and will build the next generation vessels for the U.S. marine transportation system.
- U.S. shipyards have the capacity, skilled workforce, capability, and efficiencies for cost savings, to build and repair the growing and diverse marine assets.

THANK YOU