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SITUATION AND PROSPECTS FOR THE INDUSTRY OF SHIPBUILDING AND SHIPREPAIRING IN PORTUGAL AND CO-OPERATION LINES ENVISAGED*

by

the delegation of Portugal

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The industry of shipbuilding and shiprepair has a long tradition in Portugal. In fact, Portugal has been in the XV and XVII centuries one of the leading countries in ship design and shipbuilding, development of navigation tools and world oceanic cartography.

Nowadays, the building and repairing in wood has little importance as to employment of production value, but it has some internal interest from the regional point of view. The woodshipyards located along the sea-shore are sometimes the only industry in the place concerned. The production in wood comprises small boats for coastal and high-seas fishing. The wood utilized in the construction is mainly obtained from Portuguese forests. In the field of metallic building and repairing - an activity having an interest in an international context - there are basically nine units, although some small repairing workshops connected with this activity, and usually belonging to national fishing or mechant shipowners, could also be considered. These small workshops make some fishing tools and other goods, as opposed to the bigger nine units which rarely perform any activity other than ship building and repair. These nine units, however, have very different sizes. In the table below they are joined in five dimensional classes on the basis of employment volume:

Employment classes	Number of enterprises
I - 100 - 250	1
II - 300 - 700	3
III - 900 -2000	2
IV - 3000 -4000	1
V - 6000-10000	2

Two of these nine units belong to the productive State Sector, two others are participated by the state and another one is a navy shipyard also belonging to the State. The remaining four belong to private companies.

One of the two largest enterprises is practically only devoted to shiprepair, producing from time to time some elements for shiphulls, but this activity is intended to be abandoned very soon. The other enterprise is engaged in a mixed activity - building approximately 60 %) and repairing (approximately 40%). The others are essentially devoted to shipbuilding, except for the navy's unit and one of those of group III, which do also repair work.

Shipbuilding and repair in metal is an important sector of Portuguese Economy. At present it employs 25.000 workers and its Gross Output was about 150 million US $ in 1976. It accounts for about 7 % of exports and is one of the most important branches of Mechanic Industry in Portugal.

2. It is not easy to obtain a consensus on the way how to estimate the installed capacity for this industry but some elements on the dock capacity and steel tonnage that Portuguese shipyards can work at a time, may, of course, be indicated. Portugal has 15 dry docks having very different sizes and mostly utilized in repairing, one floating dock, one large building platform (450 x 75 m) and several slide-ways in small-size shipyards. However, the profitability of the docks is, to some extent, negatively influenced by the fact that these shipyards are short of elevation means (excepting the largest and most recent ones.)

As for the steel per year potential tonnage, our shipyards have a capacity amounting to 150 000 tons, approximately.

3. Portugal has already accumulated a reasonable experience in shipbuilding namely in what concerns fishing vessels, tugboats, small warships, cargoes, container ships, ferries, chemical carriers, dredgers, ro-ro vessels, pontoons and hulls and has exported tugboats, ferries, chemical carriers, cargoes, tankers and hulls.

The effects of the prevailing international crisis in shipbuilding and shiprepair have also been felt in Portugal with great intensity. Such a crisis has affected, however, the different shipyards in a more or less serious way according to their sizes. The smaller, so far predominantly home-oriented shipyards, being somewhat underequipped, have been faced with some difficulties not directly as a result of the crisis, but mainly as a consequence of the sharp wage increases in 1974/75.

On the contrary, the larger shipyards have suffered much more deeply the effects coming from the international crisis, because the competition has become much more acute (in particular, the subsidisation of exports, either direct or indirect, which does not exist in Portugal has become a widespread practice). It may be said, however, that the basic competitiveness capacity of Portuguese larger shipyards, has of late become much more promising, particularly in the European markets, although there is still a strong dependence on importation of foreign material inputs and technology.

The development of the biggest and mostly sophisticated Portuguese building shipyard (Setenave), whose take off was occurring at the beginning of the crisis, has not been accomplished in accordance with the initial project. Some adjustment schemes have been implemented in order to increase the enterprise capacity to resist the present adverse international environment. Setenave has not created more than 6000 jobs, while at the former stages of the project an employment creation of 10 000 new jobs had been foreseen.

The biggest repairing Portuguese shipyard, Lisnave, one of the largest all over the world and having a very strong competitive capacity, has a building department which is about to be closed by anticipated retirement of some of its 1 700 workers and by transfer of the remaining ones to repairing activity, which will be thenceforth the only of Lisnave.

The above mentioned adjustment actions are in accordance with OECD and other international organizations recommendations.

The medium term prospects for the development of Portuguese shipbuilding and shiprepair industries are favourable, in spite of the present difficulties, and are based both on the home market and on exports. The competitive capacity in foreign markets should, however, be increased by appropriate action, including the development of subsidiary in[illegible] to reduce dependence on imported inputs - the improvement of design capacity and the implementation of effective marketing activities.

4. In order to give a more clear idea of the Portuguese shipbuilding and shiprepair industry, the following aspects can be underlined:

a. A very competitive group of repair yards covering all types of ships of up to unlimited tonnage. Only last year, Portuguese yards have repaired about 40 million deadweight tons.

b. In what concerns shipbuilding yards, more than 50.000 tons of steel is the potential annual output capacity. That capacity could be easily increased up to about 250.000 tons as was planned before the 1973 world crisis emerged.

Due to those unfavourable circumstances, the shipyards have not expanded as foreseen and limited voluntarily their manpower capacity.

During the last two years the annual steel production has stayed between 50.000 and 60.000 tons.

Therefore, we have some steel capacity available and would be very much interested to study forms of co-operations regarding the joint construction of ships with other countries. During 12 years we have delivered to yards in other countries partially outfitted components with a total of about 500.000 tons of steel.

All we have achieved so far was only possible due to the stress we have given to the training of our work force through the installation of training centres at our largest yards.

So we have some available capacity at our training centers and are open to consider the possibility of co-operation in this field with interested countries.

<u>Note on co-operation by the Portuguese Delegation</u>

The Portuguese delegation does agree with the point of view already expressed that a very important issue of this workshop will be the outline of co-operation fields between the participating countries.

While Portugal has still some weaknesses in its industrial background, it has developed shipbuilding and shiprepair considerably in the last 15 years, therefore, it is in a position both to offer and receive co-operation schemes.

The lines of co-operation envisaged by the Portuguese Delegation are the following (the order does not mean the degree of relevance attached to each one):

1. <u>Training facilities</u> at Portuguese shipyards, either associated or not with the construction of ships for interested countries. In this field, some financial assistance from UNIDO or other international organization would be quite helpful. In the case of training associated with building of ships, the foreign trainees would be engaged, together with Portuguese workers, in that construction, so that it would be a training on the job.

2. <u>Joint Construction</u> with foreign shipyards, having in view Portuguese steel capacity available.

3. Participation in the <u>design and construction abroad of shipyards and of tank cleaning stations</u> of any size.

4. Development of schemes for the establishment of <u>**ancillary industries**</u>.

5. <u>**Barter deals**</u> comprising ships, ship repair and other products, either maritime or not.

Last, but not least, Portugal has some need for UNIDO technical assistance and United Nations Development Program financial support in order to implement actions such as development of design capacity, maritime pollution prevention, oceanographic research on our two hundred mile zone, etc.

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