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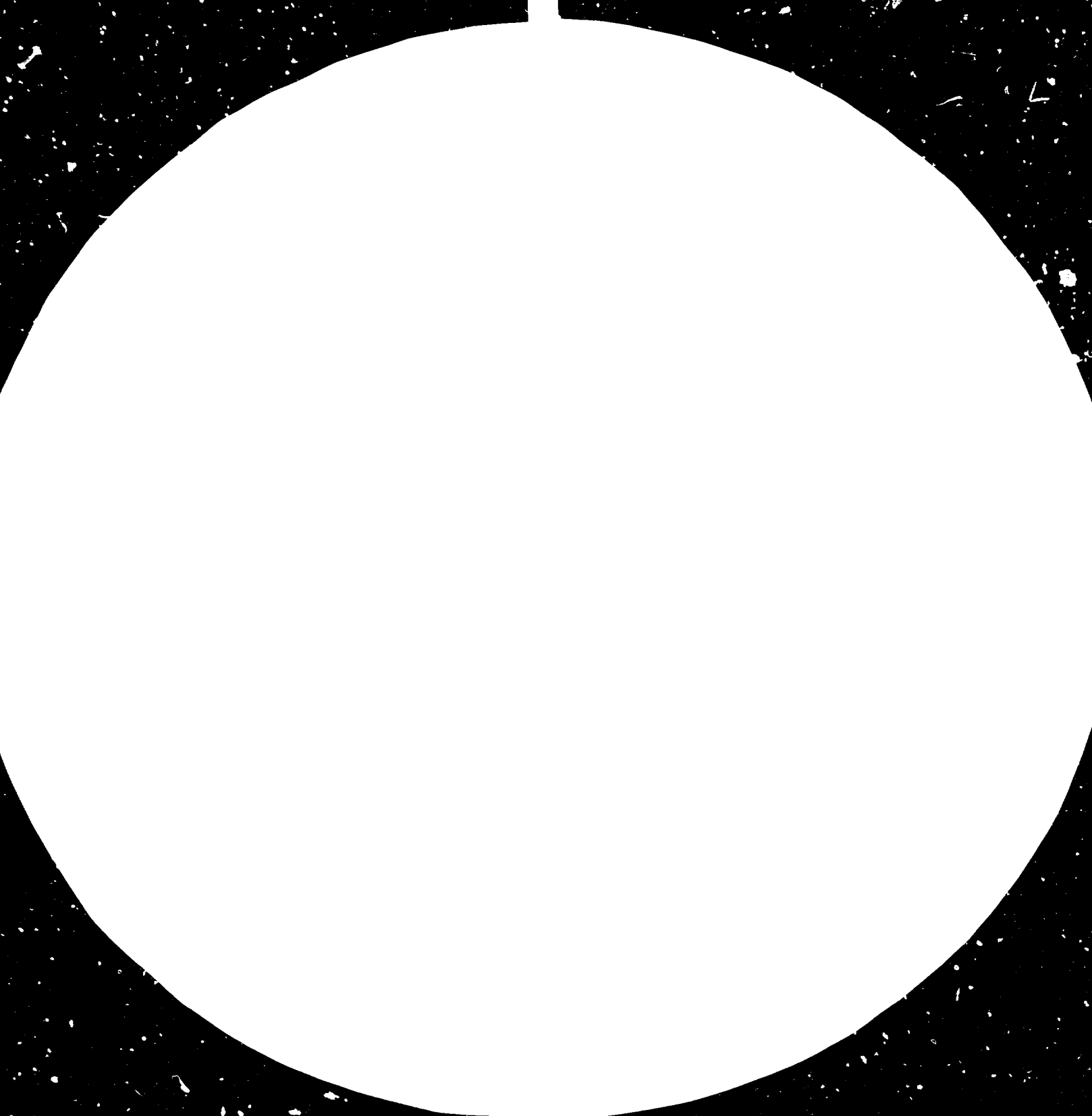
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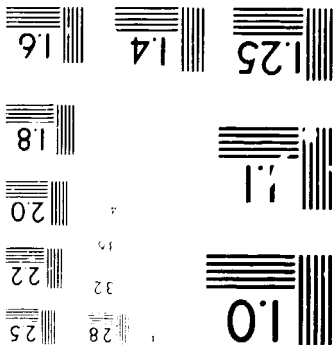
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PRESENT POSITION, MAJOR TRENDS
AND SPECIFIC PROBLEMS OF SHIPBUILDING
AND SHIPREPAIR INDUSTRY IN PAKISTAN

prepared by

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** Naval Architect, Director, Karachi Shipyard and Engineering Works Ltd.

1. Islamic Republic of Pakistan has only one Shipyard named Karachi Shipyard and Engineering Works Ltd. It is a public limited company but all the Shares are owned by the Government.

The Shipyard was established in 1956. At the behest it was known that Shipbuilding Industry could not be profitable in Pakistan due to shortage or non-existence of back up industries. It was therefore decided to establish Shiprepair and General Engineering facilities which are normally profit earning industries. However, we shall discuss here only its Shipbuilding and Shiprepair activities.

2. Karachi Shipyard and Engineering Works Ltd. has three slipways (building berths) in its Shipbuilding Division to cater for building 6000, 15000 and 25000 Tons Dead Weight ships respectively and has so far built 169 ships of various sizes and types including launches, tugs, pilot boats, ferries, tankers, dredgers, trawlers, bulk carriers, cargo vessels, etc. The largest one so far built was of 18000 Tons Dead Weight Multipurpose Cargo-cum-Container vessel.

3. Present position of recession in Shipbuilding all over the world is well known. Karachi Shipyard with its meagre capacity is no exception and is also suffering from want of orders except those of a few small vessels here and there. This is by no means the problem confronted by Karachi Shipyard only but is also confronted by a majority of the Shipyards of the world.

4. Major trend in present Shipbuilding is towards smaller utility ships like tugs, supply vessels, pilot boats, etc. But there is so much variety of such vessels that Shipyards of developing countries cannot compete with developed countries either in price or in delivery time.

5. As foreseen in initial stages, Shipbuilding Industry has never been a profitable industry in Pakistan. There are no industries producing marine goods to back up the shipbuilding industry as such most of the material is to be imported. This importation of material takes a long time and costs more money in the form of freight, marine insurance, Bank charges on Letters of Credit and expenses on clearance from port etc. All this adds up to the cost of material as compared to cost of ships built in Shipyards of developed countries. Additional time spent in ordering the material and bring it to Shipyard is another problem which affects delivery period as compared to delivery period offered by developed countries.

6. Due to recession in Shipbuilding, the developed countries offer lucrative prices for the ships required by developing countries as compared to the material prices and therefore building of ships in developing countries looks uneconomical when compared to the prices of the same vessel offered by a developed country. Not only that but the developed countries offer lucrative soft term credits for ships to be exported to developing countries. Due to meagre resources, developing countries meet their requirements through such soft term loans and thus their National Shipyards do not get business.

7. Shiprepairs Division of Karachi Shipyard has two graving docks with ancillary equipment to cater for underwater repair of ships upto 26000 Tons Dead Weight. It had hitherto been containing the losses of Shipbuilding Division to a certain extent. However, the recession in shipping and shipbuilding has adversely affected shiprepair business also. Reduction in number of ships and tightening of repair and maintenance budget of Shipping Companies has directly affected the Shiprepair business. This has resulted in surplus capacity due to which there is great competition and various repair yards are offering prices much below their normal tariff together with lucrative payment terms. This is hitting the ship repair business of developing countries hard as it is very difficult for them to offer credit terms. Shipping Companies of developing countries naturally want to take advantage of it and thus a great portion of domestic business is lost.

8. Technically speaking Karachi Shipyard is well organised to undertake any type of Shipbuilding order and any kind of Shiprepair job within its capacity. It has all such facilities and man power. Of course a developing country cannot afford to invest in replacing of its present facilities with that of most modern and highly sophisticated machinery like numerically controlled and computerised equipment. As far as shipbuilding is concerned it is neither possible nor economical to have a full fledged initial design department for all sizes and types of vessels from a launch to an ocean going vessel and all types of utility boats just to meet the requirements of one Shipyard only. However, it is convenient to obtain preliminary design data from a Consultant and to develop it further locally.

9. Developed countries offer training facilities to developing countries in the field of Shipbuilding and Shiprepairs. Such offers are conditional and restricted to Engineering Graduates with certain age limit. Such trainees are given general training in all fields of Shipbuilding and Shiprepairs without reference to specific training needs of developing countries. It may prove fruitful for officers in managerial cadre. It is, however, difficult rather impossible for any individual to obtain proficiency in all fields. Moreover when an Engineering Graduate completes training in a developed country, his own value is enhanced and he tries to look for lucrative job elsewhere after completing his bond period and some times even earlier. Consequently there is influx of trained Engineers who migrate to developed countries in search of better jobs.

10. Specific problems of Shipbuilding and Shiprepair industry of Pakistan can be summarised as follows:

- a) Non-availability of shipbuilding material locally in Pakistan resulting in higher cost of material and long delivery periods.
- b) Non-availability of soft term loans as offered by developed countries for buying ships from their country and that of credit facilities offered for repairing the ships in their yards.
- c) Training opportunities.

Proposals.

A direct solution of the first problem cannot be found because it will not be economical for a country to produce all machinery and equipment just to cater for the requirement of one Shipyard only. However it could be solved if bonded warehouses are established in the country by the interested suppliers of various items of general nature and spare parts. It will ensure ready availability of at least certain material for Shipbuilding and Shiprepairs which in turn will cut down the time period.

The second problem can be solved by vigorous efforts of UNIDO in persuading developed countries to establish a revolving fund in developing countries by subscribing soft term loan to this fund with the specified condition that loans to be given on the same soft term to the ship owners of Shipping Companies of that country who places order for ships on the Shipyard of his own country. In such a case every Shipping Company of a developing country would be gladly willing to place order on the Shipyard of his own country. Similarly the same revolving fund should give soft term loans to Shipyard so that it can offer credit terms to Shipping Companies which will encourage them to get their fleet repaired and maintained locally.

Training problem can be solved by offers to developing countries training facilities for Diploma Holders and technicians in specialised fields and trades, e.g., hull construction, Machinery installation, electrical installation, pipe fabrication and its installation

and in a similar way for Shiprepairs. Each trainee should be given a thorough training in one trade only in which there exists the training need for the participant selected by the Government of nominating country. In this way the trainee on return to his own country can utilise his knowledge and training to the best advantage in that particular field. This has been tried by Karachi Shipyard and has proved fruitful. UNIDO can help in creating such training facilities.

