

## **Shipbuilding Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)**

Market Report | 2023-01-23 | 107 pages | Mordor Intelligence

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### **Report description:**

The shipbuilding market was valued at USD 132.52 billion in 2021, and it is anticipated to reach USD 175.98 billion by 2027, at a CAGR of 4.84% during the forecast period (2022- 2027).

The COVID-19 outbreak has impacted the shipbuilding industry in several countries. The pandemic's negative effects were evident in worldwide ship supply chains. Given the extended durations necessary to construct ships, shipbuilders are expected to incur more costs as a result of the delays. As a result, the drop in production rates caused by pandemic-induced interruptions is likely to hinder the market growth during the first few years of the forecast period.

The shipbuilding market is expected to grow over the forecast period due to increasing seaborne trade and economic growth, rising energy consumption, the demand for eco-friendly ships and shipping services, and the advent of robotics in shipbuilding.

Shipbuilding is a slow-moving industry experiencing challenges to be addressed to enhance the efficiency of the process, which is further pushing back the market growth due to economic and environmental changes and the ongoing COVID-19 pandemic crisis.

Though the shipbuilding market is facing a tough time, the major players are still working and trying to turn the market toward a growth direction. In Korea, the government is taking various initiatives to support the shipbuilding industry, as the companies in the nation receive a greater number of orders.

### **Shipbuilding Market Trends**

#### **Increasing Trade Activities Between Countries is a Growth Driver**

Marine transport is the backbone of globalized trade and the manufacturing supply chain, as more than four-fifths of the world's merchandise trade by volume is carried out through the marine route. The trade volume has increased, with a growth rate of

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almost 10% during the last decade. The relatively larger increase in the volume of imports can be explained by the increase in consumer demand in developing countries.

There has been an increase in demand for maritime transport over the years, which has caused a subsequent rise in the number of imports and exports across the world. With globalization taking root in the heart of many economies, there are growing possibilities for internationally trading goods providing a superior range of available products at different price points. For instance:

The EU accounts for around 15% of the world's trade in goods, and import tonnage had steadily increased by 5% until 2020. Today, the European Union is importing from an average of 211 unique Non-EU trade partners each year, which represents a 22% increase in the value of goods, estimating USD 227 billion in goods. Shipping remains the most cost-effective means of transporting goods from supplier to buyer, with 75% of goods coming into Europe by sea from external partners.

The demand for the trade lane has been improving steadily since the peak of COVID-19, which is pushing several port operators for expansion. For instance:

In November 2021, Dublin Port Company (DPC) unveiled its long-term plan for a EUR 400 million expansion of Ireland's biggest port in the heart of Dublin. Anchored by the construction of a vast new freight terminal, the plan is intended to deliver 20% of the capacity the port is expected to need by 2040.

In July 2021, the Chinese government announced the Shanghai port expansion plan, which focuses on the enlargement of regional port operation and enhancement of the technology at the port. This plan aims at achieving 8% overall growth in TEU volumes at Shanghai Port over the next five-year period. China has forecasted that by 2025, Shanghai will be achieving the landmark of handling 47 million TEUs annually.

In April 2021, South Africa unveiled an ambitious USD 7 billion plan to modernize the Port of Durban, aiming to improve its efficiency.

Such instances are aiding the growth of the shipbuilding industry.

#### Asia-Pacific is Expected to Dominate the Market

Due to the sheer increased requirement for import and export commodities, as a result of globalization, shipbuilding has become an essential strategic industry. Although Europe remains an important market for cruise ship manufacture, the East Asian area dominates shipbuilding, with China, Japan, and South Korea being the world's top shipbuilding nations. China obtained over half of all shipbuilding orders in 2021, establishing it as a worldwide shipbuilding powerhouse. Ship destruction is similarly concentrated in Southeast Asia, with Bangladesh, India, and Pakistan accounting for almost 90% of worldwide ship scrapping activities.

According to the data issued by Clarksons, in 2021, China surpassed South Korea in terms of yearly order volume by compensated gross ton (CGT). Over the course of the year, Chinese shipbuilders received orders totaling over 22.8 million CGT, accounting for nearly half of the global total of 45.7 million. South Korean builders received orders totaling 17.5 million CGT or around 38% of the total. China dominated purchases of new container ships, a market that has exploded due to an increase in consumer goods traffic.

Another important player in the Asia-Pacific region is South Korea. In 2021, the Big Three shipbuilders in South Korea focused on

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high-margin, high-value LNG carriers, which are more profitable. Korean shipyards lead the LNG carrier market, with 37 contracts, including 16 for Qatar Energy's mega-order and another 15 for Petronas. According to KBS World, Korean order volumes were lower in 2021 because South Korean shipbuilders were more selective, preferring high-value-added projects over total volume.

The rapid spread of COVID-19 throughout the economy of the United States, Europe, and Asia led to country-wide lockdowns and a temporary suspension of industrial facilities to prevent further spread. Furthermore, the COVID-19 pandemic has caused delays in shipyard projects such as new construction, maintenance, and conversion. As a result of the pandemic, certain firms have been compelled to halt their shipyard activities in a number of nations.

#### Shipbuilding Market Competitor Analysis

The shipbuilding market is fragmented, with several players accounting for significant amounts of shares in the market. Some of the prominent companies in the market are Mitsubishi Heavy Industries, Hyundai Heavy Industries, China State Ship Building Corporation, DSME, and others. Companies are investing heavily in research and development for the innovation of new and advanced products. For instance:

In September 2021, Hyundai Heavy revealed plans to use about KRW 760 billion (USD 660 million) to invest in future technologies, including eco-friendly ships and digital ship technology, smart shipyards, and hydrogen infrastructure,

#### Additional Benefits:

The market estimate (ME) sheet in Excel format  
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