



TURKISH SHIPBUILDING – SOME THOUGHTS ON POTENTIAL AREAS FOR IMPROVEMENTS BY

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CREDIT CRUNCH AND TURKISH SHIPBUILDING



● Credit Volume related issues

- Availability
- Risk perceptions
- Project coordination and control requirement

● Shipbuilding Finance Problems

- Panic and consequences
- Ship pricing – wrong perceptions
- Speculative shipbuilding problems (super specifications&cost consequences)



CREDIT CRUNCH AND TURKISH SHIPBUILDING



- **Post-Finance Availability and its impact on newbuilding**
 - Impact on large groups (owning shipping and shipbuilding companies)
 - Impact on speculative ships under construction

- **Required state supports in the crisis**
 - State banks entering into bridge loans with reasonable commercial terms
 - Loan insurance policies versus very high interest rates
 - Limited period post-finance for ships near completion for Turkish owners
 - Increased state orders for commercial and naval ships
 - Employment subsidies or deferral of some employment related taxes



IMPROVEMENTS IN PRODUCTION EFFICIENCY



- **Improvement in production strategy and methods**
 - Group technology and workstation concepts
 - Improved dimensional control
 - Advanced outfitting
 - Controlled coating
 - More frequent use of one-sided welding

- **Re-evaluation technology-manpower mix**
 - Investments in technological areas where it pays
 - Implementation of process improvement methods

- **Implementation of detailed planning and management methods**
 - Process based planning
 - Cost at source



IMPROVEMENTS BY ECONOMIES OF SCALE



● **Multi-Shipyard purchasing with standard purchase contracts**

- Better price and payment schedules
- More balanced contracts
- Better post-delivery guarantees

● **Communal Work Centers using more advanced equipment and machinery**

- Cutting, Marking, Bending etc.
- Pipe shop
- Galvanising
- Outfit Shop



IMPROVEMENTS BY ECONOMIES OF SCALE



● **Contracting and Technical Specification commonality**

- Beware of BIMCO standard contract
- Create Turkish Shipbuilding Standards (as a document)

● **Common methods in contract management**



FINANCIAL ADVANTAGES AND PROBLEMS



Advantages

- Reduction in some material prices (steel, copper etc.)
- Reduction in labour costs (both in Turkish Lira & USD)
- Flexibility in suppliers (price and delivery terms)
- Effect of financial crisis (curtailing unnecessary extras)

Problems

- Settlement of credit crisis and its consequences
- Turkish Central Banks policies (it may also be an advantage)
- New labour law and its implementation
- Interim financing difficulties (bridge loans)



MARKETING POLICIES



● **Product development versus one-off manufacturing**

- Use of learning effects
- Looking for a specific product or products

● **Choice of ship marketing**

- Contracted shipbuilding versus speculative shipbuilding
- Migration to more value added products



MARKETING POLICIES



● **Active marketing**

- Participation in international fairs and forums
- Participation in international technical forums

● **Small Warship sector**

● **Speculative opportunities**