



SHIPBUILDING IN BANGLADESH

A PRESENTATION OF THE BUSINESS POTENTIALS FOR COMPONENTS AND SERVICE PROVIDERS IN THE SHIPBUILDING INDUSTRY IN BANGLADESH

SUMMARY: GREAT POTENTIAL IN SHIPBUILDING IN BANGLADESH



Bangladesh has a thousand year old history in shipbuilding

There are more than 200 shipyards in the country, which are mainly engaged in building and repairing low quality inland vessels

Two shipyards have succeeded in making international classed vessels – and many more will come

It is ~15% cheaper to produce a ship in Bangladesh than anywhere else and the industry is expected to grow significantly

To become a major international shipbuilding nation expertise from high quality component and service providers etc. are required



BANGLADESH IS A BIG MARITIME NATION



Bangladesh is a maritime nation with 166,000 km² of sea area and more than 200 rivers with a total length of 22,155 km

Ships have been built in Bangladesh for centuries and Bangladesh was once known as the best place in the world for shipbuilding

However, in recent years shipbuilding has primarily served domestic demand

Today there are ~10,000 inland vessels, ~700 coastal vessels and ~180 trawlers on the rivers and seaways. Approximately 90% of all import and export is transported by sea

INTERNATIONAL SHIPBUILDING AGAIN TO BOOM IN BANGLADESH



Two yards have reached international standards and are building ships of up to 8,000 DWT

Out of ~200 shipyards another 8 have potential to build international ships of up to 10,000 DWT now or within one year



In 2008 the first ship built for export in decades was bought by a Danish company, who are now in the process of building 8 more ships

~40 vessels are now in order from Germany, Denmark, Netherlands and Finland worth USD 500 mill.



11 CLASSED VESSELS HAVE BEEN DELIVERED TO INTERNATIONAL BUYERS WITHIN THE LAST YEARS...



STELLA MOON, produced for Stella Shipping, Denmark By Ananda shipyard. 2900 dwt MULTIPURPOSE CARGO VESSEL



CUACUA, produced for the Government of the Republic of Mozambique by Ananda Shipyard. Landing Craft Service Range V + MCY.



MASSIQUE, 3 identical ships produced for the Government of the Republic of Mozambique by Ananda Shipyard. Water Taxi, Service Range V+MCY



MPFUMU, produced for the Government of the Republic of Mozambique by Ananda Shipyard. Passenger Ship, Ro-Ro Ship + MC



STELLA MARIS, produced for Stella Shipping, Denmark By Ananda Shipyard



MACHANGA, produced for the Government of the Republic of Mozambique by Ananda Shipyard. Passenger Cargo Ship + MC

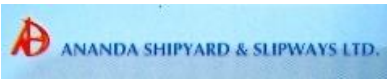


SHAPLA, produced for Terres Des Hommes, Holland by Ananda Shipyards. Hospital Boat



2 identical ships produced for the Maldives by Ananda Ahipping. Maldivian Dohani Cargo Boat

...AND PIPELINE IS STRONG, ~40 VESSELS IN ORDER WITH 2 MAIN SHIPYARDS ALONE



Ananda Shipyard has 20 multipurpose vessels in order from abroad:

10x7,500 DWT

4x6,500 DWT

6x5,500 DWT

and 3 container ships:

3x2,900 DWT



Western Marine has 17 multipurpose Cargo Vessels in order from abroad:

5x4,100 DWT

12x5,500 DWT

and 1 floating reception vessel:

1x200 DWT

The buyers are from all over the world.



KOMROWSKI



stella SHIPPING 



WESSELS
Reederei GmbH & Co. KG





THE INDUSTRY HAS GROWN 10% ANNUALLY



Presently more than 100,000 skilled workers and 150,000 semi-skilled workers are employed in the shipbuilding industry, and two million people are linked directly or indirectly to it



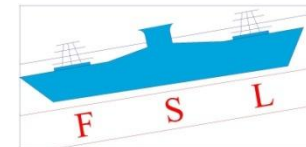
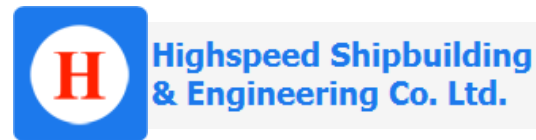
The eight leading shipyards have had an yearly average revenue during the last 5 years of USD 45 mill altogether, with the largest one contributing with USD 10 mill.

The average growth of the industry in the last five years has been 10% in terms of revenue

THE FUTURE GROWTH IS EXPECTED TO BE DRIVEN BY THE HIGH QUALITY SHIPYARDS



At least 10 shipyards are expected to have reach international standards within the next year



GROWTH WILL TAKE PLACE FOR FIVE MAIN REASONS

Labour is the cheapest in the world

Human resources are available - thousands skilled workers, engineers and architects get educated each year and only little training is needed to elevate skills to international standards

Government has declared shipbuilding a priority area and given 5 years of tax holiday and have also implemented a Green Channel programme easing import and export of components

English is widely spoken and business culture is close to European

Bangladesh has a convenient geographical position in regards to import and export of materials and closeness to regional high growth markets





HUGE OPPORTUNITIES (AND NEED) FOR FOREIGN COMPONENT AND SERVICE PROVIDER



"In Bangladesh virtually all raw materials, ranging from engines to steel, electronics, furnishings, cabling, piping and washbasins have to be imported" (EU research paper 2008)

Local component and service suppliers are not of international standard. Only 10% of classed vessels components are locally produced. With training and partnership it is assumed that 40% could be reached within short time



40% of components for inland ships are locally produced. This could easily increase to 70%

Market for the components and services should not be limited to Bangladesh. Engagement in low cost Bangladesh opens new market opportunities in neighbouring ship producing countries and within related areas as machineries for food processing etc.

COMPONENT AND SERVICE PROVIDERS IN DEMAND ACROSS ALL CATEGORIES



Ship's out fittings (furniture, doors, windows, masts etc.)



Anchor and chain



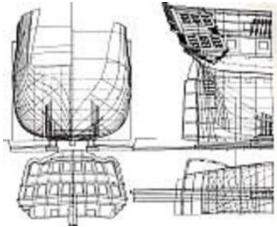
Pipes



Rope



Safety accessories (life jackets, life buoys, rescue baskets etc.)



Design and drawings



Switchgear



Piston rings

Market opportunities for high quality foreign providers exist – especially if cooperation with a local company is initiated. With training, supervision and guidance it will be possible to grab a share of the world market for components and services for the shipbuilding industry

WORKING WITH SHIPBUILDING IN BANGLADESH IS NOT WITHOUT CHALLENGES



Shipbuilders and owners face higher interest and service charges from local banks than other sectors

Lack of electricity and gas supply and weak infrastructure are also great challenges

Bureaucracy is rather common – especially when trying to get licenses and when exporting and importing goods

Management culture - especially at middle management level - is not well developed and it can be difficult to find qualified workers at this level

A JOINT VENTURE WITH A BANGLADESHI COMPANY IS A GOOD IDEA



Bangladesh is perhaps the cheapest place in the world to produce components and services

Shipbuilding will be booming in the years to come due to the low costs etc.

One becomes a competitive supplier not only to growth in Bangladesh, but also to other shipbuilding nations in the region



Bangladesh is located close to a large number of high growth Asian markets

Business culture is much alike western making business cooperation easier than in other Asian countries

Bangladesh has become a parliamentary democracy



SUPPORT TO DANISH COMPANIES WISHING TO ENTER THE BANGLADESH MARKET IS POSSIBLE



The Business to Business programme supports Bangladeshi and Danish companies seeking to engage in long term strategic partnerships

Support can be applied for in three phases:

1. A Contact phase
2. A Pilot phase
3. A Project phase

Up to 90% of all costs can be covered with a maximum of DKK 5 mill.

For more information please see:

<http://www.ambdhaka.um.dk/en/menu/DevelopmentIssues/Businesstobusiness%28B2B%29Programme/>

If you would like to know more about shipbuilding in Bangladesh and your opportunities please contact the Royal Danish Embassy in Dhaka at morlyn@um.dk (B2B-Coordinator, Morten Siem Lyngø) for a full report

