



Brazilian Shipbuilding Scene

1º Semester 2015

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FPSO Cidade de Itaguaí currently in offshore operations at Santos pre-salt ultra-deep water field (SP-Brazil) - Photo: Agencia Petrobras

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Foreword

For the first time in 15 years Brazilian shipyards laid off workers.

14 Thousand Jobs lost from December 2014 to June 2015

Crisis reach shipyards with large order books, raising red flags on costs and financial hardships.

Today employment sums 68 thousand workers.

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015*
Total	14.442	19.600	29.125	33.277	40.500	56.112	59.167	62.036	78.136	82.472	68.000

*June 2015 -Source: SINAVAL

Is necessary to open talks on excessive collateral demands by financial agents of Fundo da Marinha Mercante (FMM).

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Order book

Shipyards order book sums 279 new building contracts.

Impacts on future orders

New orders of oil production platforms reduced to five. The impact will hurt shuttle tankers (two for each floater) and OSVs (five for each floater) orders.

Type	Quantity	Mission
Barges and pushers*	148	River transportation
Port tugs*	13	Tow ships on port berths.
Offshore support vessels (OSV)	32	Supply, rigs positioning, pipe laying, anchor handler and submarine construction support.
Drill Ships and Drill floaters**	19	Sea bed drilling in ultra-deep water.
Tankers	29	Crude oil and oil products transportation.
Oil production platforms	17	Processing and storage off crude oil.
Submarines	5	Defense
Gas tankers	8	Transportation of natural gas.
Patrol ships	4	Defense
Box ships	3	Coastal transportation.
Bulk ship	1	Ore and grain transportation.
Total	279	

*estimate **information published by the press

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Tankers

Promef - Programa de Modernização e Expansão da Frota da Transpetro

29 tankers on construction.

Shipyards	Local	Type	Quant.	Comments
Eisa Petro Um	RJ Niterói	Aframax/ product tanker	7	Owner: Transpetro
Estaleiro Atlântico Sul	PE Suape	Suezmax and Aframax tanker	14	Owner: Transpetro
Vard Promar	PE Suape	Gas carrier	8	Owner: Transpetro
Total			29	

10 tankers in operation.

Tankers built at EISA PETRO-UM (RJ) (Mauá)

November 2011 – Celso Furtado
 July 2012 – Sérgio Buarque de Holanda
 January 2013 – Romulo Almeida
 January 2014 – Jose Alencar
 June de 2015 – Anita Garibaldi – Panamax

Tankers built at EAS – Estaleiro Atlântico Sul (PE)

Maye 2012 – Joao Candido –Suezmax
 May 2013 – Zumbi dos Palmares – Suezmax
 April 2014 – Dragao do Mar – Suezmax
 December 2014 – Henrique Dias – Suezmax
 May 2015 – Andre Reboucas – Suezmax

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Offshore Support Vessels (OSV)

32 OSVs in construction

Fleet owners called in for further discounts on contracts already granted.

New hiring postponed to reduce around 90 ships on present operating fleet.

Shipyard	Local	Type	Quant.	Comments
Vard Niteroi	RJ Niteroi	PLSV	2	Owner: DOF – Technip
Alianca	RJ Niteroi	PSV	2	Owner: Grupo CBO
Eisa	RJ Rio de Janeiro	PSV	4	Owner Brasil Supply (shops for new yard).
Sao Miguel	RJ São Goncalo	PSV	4	Owner: Bravante
Wilson Sons	SP Santos	OSV	4	Owners: two for undisclosed parties Owner: two for parent company WSUT
Oceana	SC Navegantes	AHTS	4	Owner: Grupo CBO
Keppel Singmarine	SC Navegantes	PSV 4500	2	Owner: Guanabara Navegacao
Navship	SC Navegantes	MPSV	8	Owner: Bram Offshore (ECO)
Detroit	SC Itajai	PSV	2	Owner: Starnav
Total			32	

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Oil production platforms

Future orders reduced to five FPSOs

Existing orders to be built on Asian yards:
P-68, P-72, P-73
P-75 e P-77.

Seven hulls on construction.

10 modules integration on orders confirmed.

**Integra (Mendes Junior-OSX consortium) contract to be transferred to chinese COOEC.*

Shipyard	Local	Type	Unit	Comments
Rio Grande Shipyard	RS Rio Grande	FPSO hull construction	5	P-66 (delivered); P-67, P-69, P-70, P-71
Inhaúma	RJ - Rio de Janeiro	FPSO hull conversion	2	P-74 P-76
Total			7	
BrasFELS	RJ - Angra dos Reis	FPSO module hull integration	3	FPSO Cidade de Itaguaí FPSO P-66 FPSO de Tartaruga Verde
Brasa	RJ - Niterói	FPSO module const./hull integration	2	FPSO Cidade de Marica FPSO Cidade de Saquarema
EBR	RS - Sao Jose do Norte	FPSO module hull integration	1	FPSO P-74
Techint-Technip	PR Pontal do Paraná	FPSO module hull integration	1	P-76
*Integra	RJ - São Joao da Barra	FPSO module hull integration	1	P-67 e P-70 (Order to be transferred to other contractor)
QGI	RS Rio Grande	Module construction, hull integration	2	P-75 e P-77
Total			10	

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Drill ships and rigs

New supply format on development to overcome Sete Brasil financial shortcomings.

Rigs supply reduction from 29 to 19.

To understand former supply situation access: http://sinaval.org.br/wp-content/uploads/Sinaval_AnaliseGeralSituacaoConstrucaoSondas_12mai2015.pdf

Shipyards	Unid.	Comments
Enseada Indústria Naval (BA)	4	Supply outside Sete Brasil scope, financed by Kawasaki (yard shareholder). Drill ship to be operated by OOG (Odebrecht Oil & Gas).
BrasFELS (RJ)	6	Two Drill Rigs financed by yard controlling shareholder KeppelFels (Singapore)
Jurong (ES)	7	Two Drill Ships finance by controlling shareholder SembMarine Corp (Singapore).
Estaleiro Rio Grande (RS)	2	A China Offshore Oil Engineering Corporation (COOEC) to become yard shareholder.
*Total	19	

*information published by the press.

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River transportation

Brazil has 12 main river basins regions with 41.635 Km long river ways. Only 20.956 km (50,3%) are currently operational.

Agribusiness demand

Cargil – Informs 20 barges order at Rio Maguari yard for grain transportation through the North export axel.

Bunge e Amaggi – joint venture in Unitapajos venture, announces demand for 90 barges and five pushers.

Shipyards	Local	Type	Quant.	Comments
Rio Maguari	PA Belém	Barges	20	Several owners
Bibi	AM Manaus	Barges simple and self propulsion.	5	Several owners
Rio Tiete	SP Araçatuba	Pushers	20	Owner: Transpetro 20 rivers convoys for ethanol transport in Tiete- Paraná river way. Delivery halted as poor river navigation conditions suffers with lack of rain.
		Barges	80	
EASA	AM Manaus	Pushers	3	Several owners
		Barges	20	
*Total			148	

* Estimates and information published by the press.

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Port tugs

Brazilian port operations are on the rise due to public ports and private terminals expansion. A steady demand for towing promotes tugs shipbuilding, a segment outside the present crisis.

ANTAQ, Water way transportation regulator numbers, for 2014, shows 968 millions t. of cargo was moved through Brazilian ports.

Shipyards	Local	Type	Quant.	Comments
Wilson Sons	SP Santos	Port tugs	11	-
Detroit	SC Itajai	Port tugs	2	Owner: Starnav
Total			13	

* Estimates and information published by the press.

A stable demand for towing assures orders to keep busy the supply chain of mid size engines, electrical systems / control systems and direction / command systems.

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International Investments

SINAVALs' market follow up point leading projects announcements.

Business response for existing demand.

Source: Information published by the press.

Companies	Projects
Kawasaki	Took charge of four drill ships construction projects. Two of them on advanced construction stage.
KeppelFELS	Pics up financing tab for two SS drill rigs, on a six drill rig building contract with Sete Brasil.
Jurong - SembCorp	Pics up financing tab for two, on a seven drill ships contract with Sete Brasil.
Wartsila	Opened its first industrial unit in Latin America, at Porto do Açu (RJ).
Techint	Expansion of docking facilities for offshore platform construction and modules integration.
Huisman	Opened its industrial unit in Navegantes (SC), building winches and cranes for OSV and drill ships.
Edson Chouest	Building offshore supply base to attend Petrobras contract for 15 docking berths port facility, at Porto Açu (RJ)
Shell	Became the second largest oil producing company in Brazil, after acquiring BG Group.

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International Investments

Real market demand attracts international investors.

10 largest sovereign funds sums USD 5.3 billions in reserves. USD 1.8 billion from China.

Expressive part of reserves have origins in oil and gas exploration, indicating a heads up disposition for opportunities in Brazil.

Country	USD bilhão	Origin
Norway	880	Gov. Pension Fund
UAE – Abu Dhabi	773	Abu Dhabi Invest. Authority
Saudi Arabia	757	SAMA – Foreign Holdings
China	653	China Invest Corporation
Kuwait	548	Kuwait Invest. Authority
China	547	SAFE Invest. Company
China – Hong Kong	400	Hon Kong Monetary Authority
Singapore	320	Gov. Singapore Invest. Auth.
Qatar	256	Qatar Invest. Authority
China	236	National Social Security Fund
Total	5.370	

Source: SWFI Institute - <http://www.swfinstitute.org/fund-rankings/>

Corporations from several countries are in Brasil, as partners and suppliers to Petrobras. Mergers and acquisitions already started.

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World Scene

International shipyards total order book sums 8.174 building contracts.

Main building countries:

China = 2.397

Japan = 918

South Korea = 840

Brazil = 167

South Korean leadership in: drill ships, FPSO platforms and LNG floating units.

European shipyards get organized to increase market share at cruise liners, special ships and specialized offshore vessels segments.

Ships (selected types)	Quant.
Tankers – crude oil	939
Product tankers	383
Chemical	255
Bulk	1.726
Gas	380
Box ships	414
Sub-total	4.097
Offshore Support Vessels - OSV	
PSV	397
AHTS	248
PLSV	18
MPSV	75
RSV and dive support	25
Sub-total	763
Drill ships and rigs	36
FPSO	21
Total	4.917
Source: Clarksons - June 2015	

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Defense

World

The Occident defense fleet became smaller as Orient fleet grows. But technology makes a difference.

Largest defense fleet ranking :

1º South Korea = 1061

2º China = 673

3º EUA = 473

4º Iran = 397

5º Russia = 362

Brazil at 22nd position, sums 113 defense vessels.



Submarines under construction at Brazils' ICN yard (Itaguaí Construções Navais – RJ).

Brazil defense fleet upgrade program:

PROSUB - Submarines construction; Corvette construction program; Patrol Ship (500 t.) resources expansion program; PROSUPER – Surface resources expansion program; PRONAE – Aerial resources carriers program; PRONANf – Amphibious resources expansion program.

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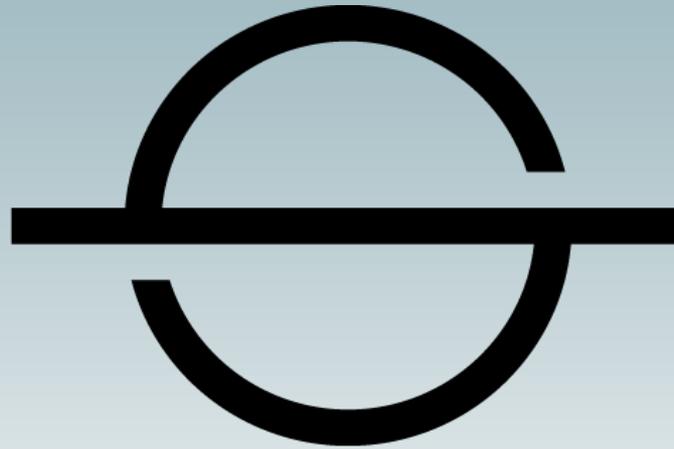
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