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SMM Maritime Industry Report: An industry between uncertainty and new beginnings

The organisers of SMM have conducted the third survey to gauge the mood and trends in the maritime sector for their **Maritime Industry Report 2023 (MIR)**. The responses indicate that the industry's main areas of investment include decarbonisation and building new tankers and naval vessels. In September 2024 SMM, the world's leading maritime trade fair in Hamburg will provide a forum for the sector to explore these and other topics as well as challenges and future strategies.

Hamburg, 06/10/2023 – The maritime industry is undergoing a transformation more radical than any other sector in the world. Issues such as decarbonisation and a severe shortage of qualified professionals are confronting shipyards and suppliers with unprecedented challenges. How is the maritime industry assessing its future prospects and its growth opportunities in this scenario? These are just two of the questions asked in the extensive industry survey Hamburg Messe und Congress conducts every two years ahead of SMM, the world's leading maritime trade fair. "The SMM Maritime Industry Report 2023 reflects the mood in the industry in detail, providing us with key insights as we define the agenda for SMM 2024," says **Claus Ulrich Selbach**, Business Unit Director – Maritime and Technology Fairs & Exhibitions at Hamburg Messe und Congress. In May and June 2023, the market research institute Mindline asked more than 1,000 decision-makers from ship-owning, shipbuilding and supply companies in 71 countries to provide their input for the SMM MIR. The respondents represent the entire spectrum of exhibiting companies and visitors at SMM.

Maritime industry remains confident

As a comprehensive rating, the Maritime Industry Score captures the mood across all three segments – shipowners, shipyards and suppliers. This summary value expresses the balance between positive and negative assessments. While the 2023 score shows a 3.7 percentage point drop to 52.1 points from the 2021 level, this is mainly attributable to the poor outcome in the shipowners segment which is 15 points lower than two years ago. In 2021 shipowners were still profiting from sustained record-high freight and charter rates which resulted in an overly optimistic anticipation of future developments. While declining in 2023, **shipowner** expectations are still markedly above the 2017 and 2019 survey levels. "After twelve crisis years and two boom years, most market segments have now reached a normal level with mostly adequate rates," says Dr

Martin Kröger, Managing Director of the German Shipowners Association (VDR), describing the development.

Development expectations among **shipyards** remain stable, especially in the cruise ship segment which, after the pandemic-induced crisis, is seeing a resurgence of orders. The energy transition is one of the factors behind the positive trend: The expansion of offshore wind energy is driving demand for both, specialised ships and converter platforms. “The offshore business is about to come to the German shipbuilding industry,” predicts **Dr Reinhard Lüken**, General Manager of the German Shipbuilding and Ocean Industries Association (VSM). But a healthy core business is key to shipyards’ ability to develop their production of offshore assets successfully, he adds.

Meanwhile **suppliers** are seeing their prospects in a very positive light. The segment score rose 5.6 percentage points to 64.8 points in this survey, nearly reaching the historic maximum seen in 2019. “Shipowners are investing significantly more again, driving a very positive development in the national and international markets,” says **Martin Johannsmann**, Chairman of the Marine Equipment and Systems working group of the German Mechanical Engineering Industry Association (VDMA). This is supported by the fact that 61 per cent of respondents across all segments expect world trade to continue growing, with 53 per cent of shipowners anticipating increasing capacity utilisation.

Numerous uncertainties

Despite all optimism, however, many survey respondents also see certain obstacles hampering successful business development: 55 per cent pointed to uncertainties affecting the economic situation, 42 per cent mentioned high energy costs, and 39 per cent the effects of high inflation. Among the three industry segments surveyed, shipbuilders are most severely affected by the consequences of the Ukraine war, reporting higher material costs (64 per cent), higher energy costs (50 per cent) and supply chain issues (45 per cent).

Newbuilding activities on the rise

Sustainability and digitalisation are considered as key investment drivers throughout the industry. A fact of significant interest for the market, and hence, for SMM next September: **Shipowners** indicate much stronger interest in investing in new ships than in previous SMM-MIR surveys. 46 per cent of decision-makers say they are “likely” or “very likely” to order newbuilds before the end of 2024 – seven percentage points more than in 2021, and as many as 18 percentage points more than in 2019. Tankers are by far the most frequently ordered ship type. What is more, representatives of **shipyards** expect a wave of orders for naval ships. Demand will also benefit from a rising need for offshore service vessels to support the expansion of renewable energy.



Broad agenda at SMM

From the energy transition to digitalisation, and through to military challenges at sea, the current SMM Maritime Industry Report reflects the industry's most prominent issues and the trends driving the business. The maritime flagship fair in Hamburg will highlight all topics of interest to the industry, presenting a comprehensive array of exhibiting companies and supporting conferences, says **Christoph Lücke**, Director SMM at Hamburg Messe und Congress. "SMM serves as a networking platform for all decision-makers of the maritime sector, and a stage for innovations. The fair provides many opportunities to translate economic developments into specific entrepreneurial decisions."

About SMM

The leading international maritime trade fair will take place in Hamburg from 3 to 6 September 2024. Around 2,000 exhibitors and more than 40,000 visitors from over 100 countries are expected to attend. In eleven exhibition halls, SMM covers the entire value chain of the maritime industry. As a platform for innovation, it brings together leaders from around the world. The 31st SMM will focus on the maritime energy transition, the digital transformation and climate change. The fair will be accompanied by conferences featuring top-ranking experts.

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