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Cruise Ships Refurbishment & Conversion Contracts

Importance of geographic location of a shipyard to its attractiveness

Cruise ship projects may range from a simple drydocking ‘haircut & shave’ to a major refurbishment or conversion contract; there are various factors which may influence the choice of shipyard, it’s geographic location is one of them. The owner’s evaluation of the yards under consideration is however likely to be far more complex.

Cruise Ship Lengthening - MSC Cruises

As far as the choice of shipyard is concerned, a major project such as lengthening may in fact resemble more closely a new building contract then a repair contract, and therefore must be considered as such.

The range of influencing factors for shipyard selection are likely to remain mostly unchanged throughout the whole spectrum of project complexity, however the weight given to certain factors by owners in their decision making process may vary dramatically depending on the demands of the particular contract.

The most influential **'variable'** factors on the attractiveness of a yard are likely to include:

- **Deviation - Time & Cost**
- **Cost Level**
- **Resources - Availability / Suitability**
- **Access to Specialist Contractors**
- **Engineering & Design Capability**

- **Reputation**
- **Experience - Cruise Ships**
- **Weather - Shipyard Period**
- **Logistics Support**
- **Ease of Travel to Location**
- **Local Restrictions**

‘Non-variable’ factors are likely to include:

- **Safety**
- **Security**
- **Quality**
- **Shipyard Drydock/Wet Berth**
- **Environmental Issues**

At one end of the scale, owners may choose to limit the involvement of the shipyard exclusively to utilisation of the facility, and to the provision of shore services and support to owners contractors.

In this case, the owner would directly organise, carry out and manage with his own project team, the sub-contractors and specialists which will undertake the largest and most complex scope of work. The main risk of the project therefore remains with the owners.

At the other end of the scale, the owners would only provide technical specification and/or a design concept and their interior designers & architects, while the shipyard would be responsible for the detailed design, engineering, class approvals, procurement and sourcing of specialist subcontractors to undertake the work.

This case may approach a ‘turnkey solution’ and would clearly require a much more competent, experienced shipyard with the availability of necessary resources.

When a refurbishment or conversion project is of particular complexity, the owners may look at an alternative solution to overcome as much as possible the effects of a significant route deviation. With some advance planning, they may also consider the scheduling of a special cruise outside the normal cruising itinerary of the particular cruise ship, which should finish (and possibly start again after work completion) at a convenient port close to the selected shipyard.

The benefits of such a solution could be further improved if all possible work that can be done during the outgoing voyage, prior to arrival of the ship at the shipyard, is progressed as much as possible. With the same logic, the return voyage to the usual itinerary can also be used to complete certain finishing works.

So the answer to the discussion question is yes, the location of a shipyard is an important attractiveness factor, however it has to be evaluated along with the project complexity, the past experience of the shipyard, the various other factors mentioned above, and the kind of solution preferred by the owner for the particular contract.

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