

Challenges and Opportunities for Italian Shipbuilding in the New Global Scenario



Key Messages

This document was coordinated by Andrea Montanino and Simona Camerano and prepared by: Fabio Borella, Giovanni Mandras, Tommaso Nigra, Sofia Torreggiani. The data reported refer to the information available as of September 2nd, 2026. The opinions expressed and conclusions reached do not imply any responsibility on the part of CDP.

- The **shipbuilding industry** is entering a **new phase of strategic relevance** for the main advanced economies, driven by the recovery in passenger traffic and global trade flows, the growing defence and security needs, the transformation of energy markets and the transition towards lower-impact maritime technologies.
- These dynamics are driving **fleet renewal** towards alternative propulsion systems and supporting **demand for vessels dedicated to the transport of energy inputs**, for **offshore activities** and for **military applications**, alongside increasingly sophisticated **passenger vessels**.
- **Global production** remains **highly concentrated in Asia**: China now accounts for more than half of global volumes, followed by South Korea and Japan. **Asian countries** retain a **competitive advantage in segments characterised by high standardisation**, strong economies of scale and production efficiency, particularly in **vessels for the transport of goods and energy inputs**.
- **Europe, by contrast, focuses on higher-complexity and higher-value-added segments**, particularly **passenger ships** and specialised vessels, where **technical know-how, design and customisation capabilities** are the main competitive factors.
- **Italy holds a global leadership position in cruise shipbuilding**, with around **one fifth of the global market between 2021 and 2024**, and **more than half of the new cruise ships** scheduled for delivery up to **2039** in the orderbook of the main national operator.
- This specialisation is based on a **complex and highly integrated national supply chain**, in which **a few large shipbuilders concentrate vessel design and construction activities**—accounting for more than one third of the overall value added generated by the supply chain—while coordinating a **broad ecosystem of SMEs** and specialised industrial and service providers across the entire value chain.
- Alongside its leading role in cruise ships, Italy has a strong presence in **other highly-complex segments**, including **defence**—where it is the third-largest EU producer—**ferries and offshore**, through a **production geography** that combines the main **northern hubs** with the **historic and strategic contribution of shipyards in Southern Italy**.
- Italian leadership in high-complexity shipbuilding is exposed to **growing pressures**: the **shortage of skills** may become a structural constraint, while the **renewed U.S. industrial policy efforts** and **China's technological upgrading** are reshaping global competitive dynamics.
- The ongoing transformations, however, also open **major new areas of growth**, driven by expanding demand in **defence** and **underwater** segments, the push towards **fleet decarbonisation** and the **automation and digitalisation** of shipyards and vessels.

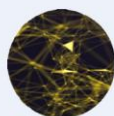
THE FOUR PRIORITIES IDENTIFIED BY THE 2025–2027 STRATEGIC PLAN



COMPETITIVENESS



COHESION



SECURITY



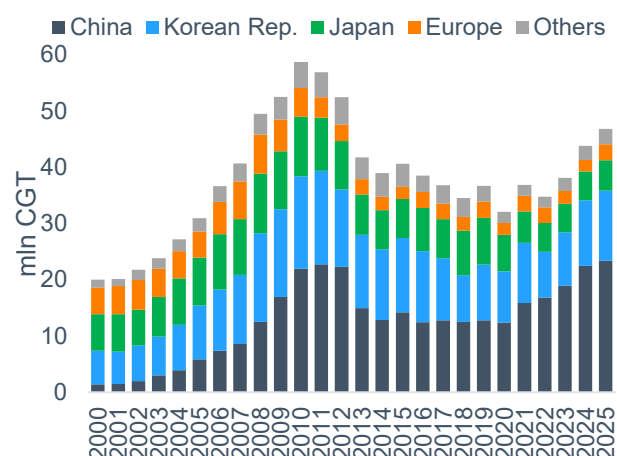
JUST TRANSITION

1. Global scenario and Italy's competitive positioning

- ▶ In the context of growing geoeconomic competition, the **shipbuilding industry**¹ has moved back to **the forefront of industrial strategies** among advanced economies.
- ▶ The sector plays an **essential role both in international trade**, more than 80% of whose volumes travel by sea², **and in security and defence**, supporting the development and maintenance of national naval capabilities. It also represents a **key asset for competitiveness** thanks to a complex, technology-intensive supply chain that generates innovation and attracts qualified skills.
- ▶ Between 2001 and 2010, **China's industrial rise and its accession to the WTO** supported a strong **expansion of global maritime trade** and, consequently, of **demand for vessels** for the transport of goods and fuels. The 2008 financial crisis instead marked the beginning of a prolonged downturn in shipbuilding production, which ended only in 2020.
- ▶ Since then, the sector has entered a **new growth phase**, supported by recovering trade flows and passenger traffic, alongside growing demand for vessels linked to fleet renewal driven by the transition towards green propulsion systems, the transportation of liquefied natural gas (LNG), the development of offshore activities and the renewed importance of the naval defence segment³.
- ▶ The **global production of ships is highly concentrated**, with Asia playing a predominant role in terms of volumes. Since the early 2000s, **China** has increased its share to now account for **more than half of global production** and

60% of orders, while South Korea and Japan rank second and third respectively by volume. In this scenario, **Europe plays a comparatively smaller role**, with around 3% of total production in 2025 (Chart 1).

Chart 1 – Deliveries of new units (total output, mln CGT, 2000-2025)



Source: CDP calculations based on OECD data. CGT = Compensated gross tonnage, i.e. production volumes in gross tonnage adjusted for the complexity of the vessel produced.

- ▶ **Standardised cargo vessel segments** represent the **largest share** of global production. In 2024, **container ships and bulk carriers**⁴ accounted for 41% and 27% of global output, respectively, followed by **tankers** (gas carriers and oil tankers), which accounted for 17% and have benefited in recent years from strong growth in the LNG market. The **passenger segment** (cruise ships and ferries) accounted for just over 2% of total production⁵.
- ▶ In terms of production specialisation, **China, South Korea and Japan** have consolidated their position in segments where high standardisation, economies of scale and production efficiency are the main competitive

¹ This brief focuses on the shipbuilding industry, defined as the construction of ships and floating structures, excluding recreational boating. Military shipbuilding is generally not observable in official statistics due to confidentiality constraints associated with part of the order book. For Italy, information relating to the naval defence segment has been reconstructed through the analysis of company reports and sector-specific publications.

² Source: UNCTAD data, 2024.

³ UNCTAD (2025), *Review of Maritime Transport*.

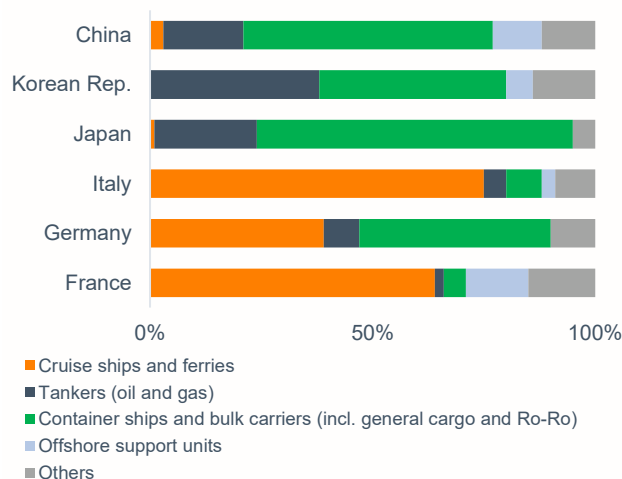
⁴ Bulk carriers are merchant vessels designed to transport unpackaged bulk commodities such as grain, coal, minerals, forest products, steel coils and cement.

⁵ CDP calculations based on UNCTAD data.

factors. **Cargo ships** account for around 60% of Chinese shipbuilding exports, more than 40% of South Korean exports and over 70% of Japanese exports.

- ▶ Alongside these segments, **tankers**, which feature a higher degree of technological and design complexity than cargo ships, **represent an important component of Asian shipbuilders' product portfolios**. Higher levels of technological sophistication are particularly evident in certain sub-segments, such as **LNG carriers**, where **South Korea** holds a leading position.
- ▶ **Europe** focuses on **high-value-added niches**. **Italy and France** specialise in the passenger segment, which accounts for 75% and 64% of their shipbuilding exports, respectively, and in which they represent 20% and 12% of the global market. **Germany** has a more diversified portfolio, with a significant presence also in small cargo vessels (Chart 2).
- ▶ Overall, **European shipbuilding specialises in highly complex and customised**

Chart 2 – Exports of main producers by category (% of export value, 2021-2024)



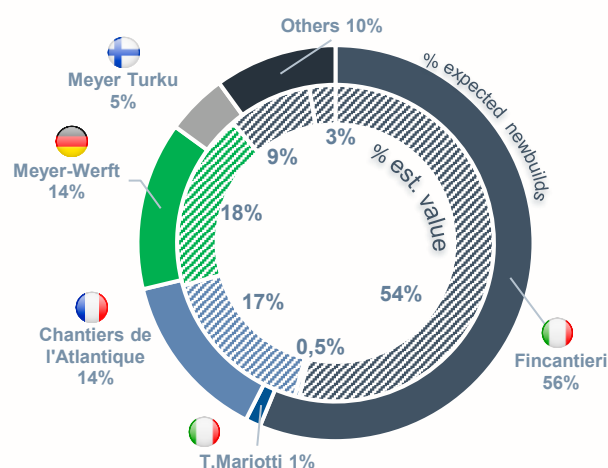
Source: CDP calculations based on BACI-CEPII data. The cumulative figure for the four-year period 2021-2024 is used to account for the production dynamics of shipbuilding, which depend on multi-year orders for a limited number of units.

⁶ CDP calculations based on BACI-CEPII data. Estimated differences controlling for product code, destination market and export volumes.

production, where competitive advantage is based on technical expertise, design capabilities and systems integration. **This positioning is also reflected in prices observed across global markets:** European producers record positive differentials compared with Asian competitors. In particular, **Italy shows a high price premium** over China (+52%), South Korea and Japan (+32%), while it is broadly aligned with Germany and France⁶.

- ▶ This positioning is exemplified by Italy's **leadership in the cruise segment**. **Fincantieri** is expected to build **more than half of all new cruise ships scheduled for delivery worldwide by 2039**, ahead of France's Chantiers de l'Atlantique and Germany's Meyer Werft⁷, confirming the Italian industry's ability to deliver highly technology- and design-intensive vessels (Chart 3).

Chart 3 – Cruise ship market (number and value of ships ordered, 2026-2039)



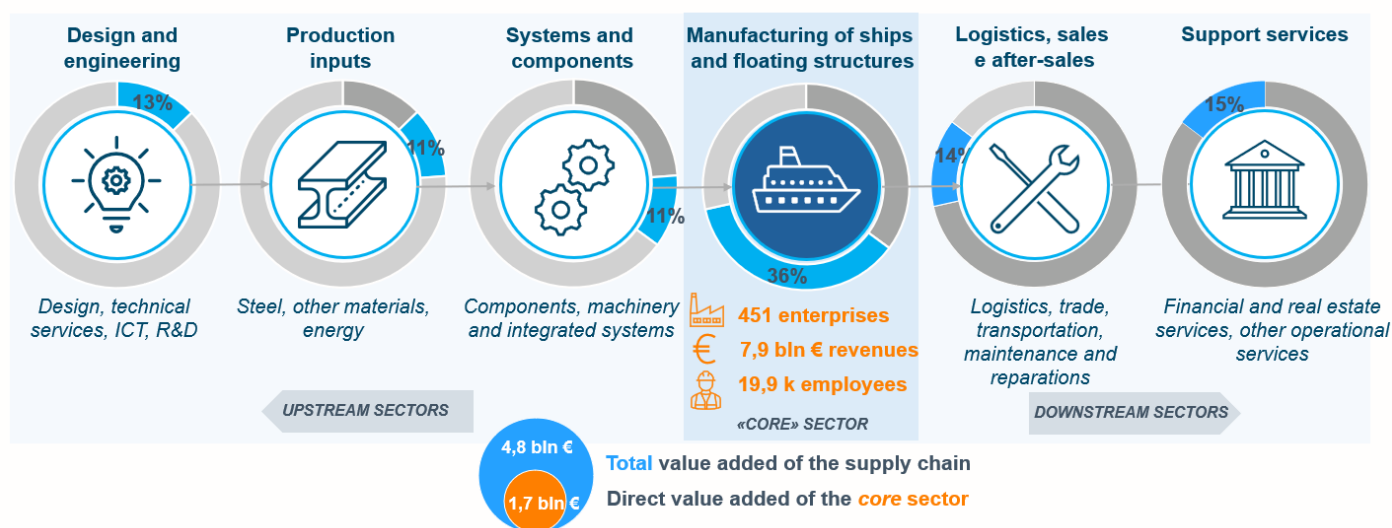
Source: CDP calculations based on Global Cruise Ship Orderbook data (July 2026).

⁷ CDP calculations based on Global Cruise Ship Orderbook data (July 2026), referring to the 2026-2039 period.

2. Structure of the Italian supply chain

- ▶ The **Italian shipbuilding supply chain** is structured as a **complex industrial platform**, in which the **construction of ships and floating structures represents the core of value creation**, while activating a broad ecosystem of specialised suppliers and services.
- ▶ The “**core**” sector accounts for around **36% of the total value added generated by the supply chain** (€1.7 billion out of €4.8 billion), a particularly high share compared with Italy’s main manufacturing supply chains, second only to defence-aerospace. This configuration reflects the presence of **large industrial integrators that internalise a significant share of the highest-value-added activities**, from design and R&D to systems engineering, integration and the execution of complex processes.
- ▶ Around the “**core**” lies a **broad and diversified supply chain, generating more than €3 billion in value added across upstream and downstream activities.**
- ▶ **Upstream**, 35% of the supply chain’s value is generated by **design, engineering, R&D and ICT activities** (13%), **materials** (steel, aluminium, fibreglass) and **energy inputs** (11%), and **advanced components** (propulsion, electrical and electronic systems, outfitting) for a further 11%.
- ▶ **Downstream**, the supply chain encompasses **logistics, delivery, maintenance and repair activities**, as well as **operational, financial and real estate services**, which contribute around 30% of total value added.
- ▶ Overall, Italian shipbuilding represents an **integrated industrial system with a strong capacity to generate economic activity**, disseminating value, skills and innovation across a broad range of manufacturing and service activities.

Fig. 1 – Breakdown of value added in the Italian shipbuilding supply chain (% of total)

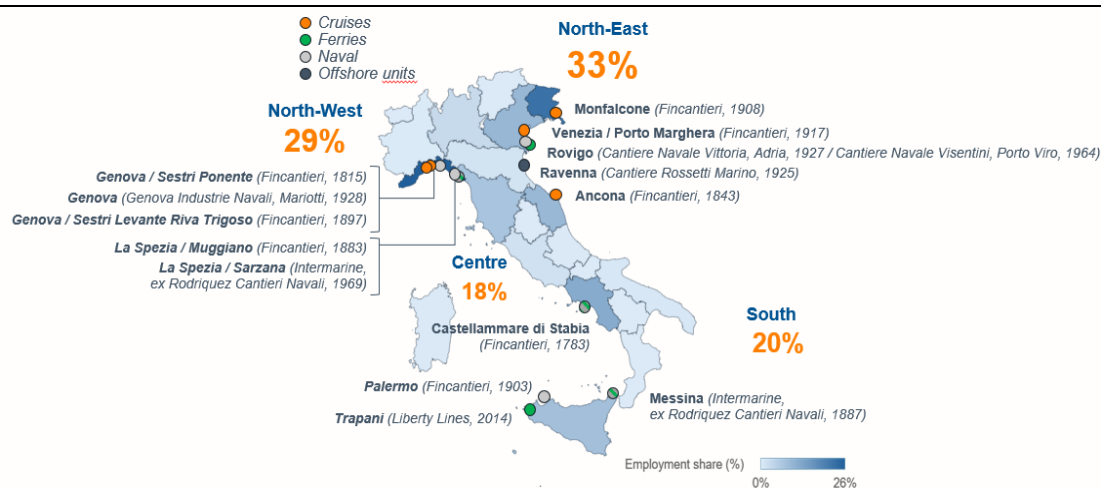


Note: to reconstruct the shipbuilding supply chain and provide an estimate of overall value added, the “core” sector was used as the starting perimeter and linked to the economic flows of the rest of the production system through input-output tables. The estimates, based on an internally developed methodology, were calibrated on observed data for production, value added and employment.

Source: CDP calculations based on Istat data.

- ▶ The supply chain is organised around **a few large industrial operators and specialised shipyards**, which oversee the most complex phases of production and coordinate a broad network of suppliers and capabilities spread across the country.
- ▶ **Large players act as industrial integrators**, concentrating design, order management, assembly and systems integration activities, while a **broad base of specialised small and medium-sized enterprises** contributes to the different upstream and downstream phases of the supply chain.
- ▶ **Italy's competitive positioning is not limited to the passenger segment.** Alongside its leadership in cruise ships, the supply chain is also active in other highly complex and technology-intensive segments, including **military shipbuilding, ferries and offshore units**, reflecting a diversified production base.
- ▶ The supply chain has a **broad and geographically diversified footprint.** The **North-East** (33% of employees) and the **North-West** (29%) account for the **largest shares of employment**, but Central Italy (18%) and Southern Italy (20%) also have a significant presence, thanks to the combination of historic shipyards and local production specialisations.
- ▶ **Southern Italy represents an integral part of the national shipbuilding system.** Hubs such as Castellammare di Stabia, Palermo and Messina contribute significantly to the production capacity of the supply chain, confirming the South's role as a significant and well-established industrial area (Fig. 2).
- ▶ The **production geography of Italian shipbuilding** is partly the **result of industrial policies** that supported the emergence and consolidation of capital-intensive manufacturing hubs in Southern Italy, especially from the post-war period onwards.
- ▶ The case of **Castellammare di Stabia** is emblematic: the shipyard, among the oldest in Europe still in operation, was **revitalised** as early as the 1940s **by IRI** and subsequently incorporated into Fincantieri. This trajectory reflects the **role of industrial policy** in building production capacity and capabilities that remain **central** to the supply chain today.

Fig. 2 – Geographic location (% of employees, shipyards and prevailing specialisations)



Source: CDP calculations based on Istat data and company and sector reports.

3. Main challenges

- ▶ Italy's **leadership** in high-complexity segments is nevertheless **under growing pressure**, stemming both **from within the domestic production system** and **from the reshaping of global industrial dynamics**.
- ▶ The **first challenge** that Italian shipbuilding must address—shared with other national manufacturing sectors—concerns the **availability of skills**. In Europe, 40% of the sector's workforce could retire by 2030⁸; in Italy, already today 43% of planned hires in shipbuilding are difficult to fill⁹.
- ▶ **The shortage affects not only skilled manual workers but also extends to technical and engineering profiles and to digital skills** required by the sector's evolution, particularly in underwater technologies, automation and alternative propulsion systems.
- ▶ **The mismatch between labour demand and supply, the misalignment between training and industrial needs and an unfavourable demographic trend** therefore risk turning the skills shortage into a **structural constraint** on the supply chain's production, innovation and organisational capacity.
- ▶ The **second challenge** is linked to the resurgence of **U.S. industrial policy in the sector**. Through the **2025 Executive Order**¹⁰ and the **2026 America's Maritime Action Plan**, Washington has defined an **integrated industrial strategy** aimed at strengthening the production capacity and resilience of the **naval supply chain as a key asset for national security**.
- ▶ The abolition of shipbuilding subsidies in the 1980s gradually contributed to a shift in orders towards other countries and led to the closure of numerous shipyards¹¹. With a **production capacity** today **below 1%** of global commercial ship volumes¹², the United States **aims to revitalise the sector through incentives, public procurement and stricter tariff barriers**.
- ▶ This shift could foster reshoring initiatives in the United States over the medium to long term and **narrow the scope for foreign operators without a local industrial presence**, while opening up **new opportunities for groups already established** in the country, **such as Fincantieri**. Restoring the domestic shipbuilding sector is not, however, an immediate process: it requires substantial investment and skilled workers, whose availability is also a major constraint in the United States.
- ▶ The **third challenge** is represented by the **technological upgrading of Chinese shipbuilding**. Beijing is gradually **diversifying its production mix**, adding more complex units alongside standardised segments. In 2014, 93% of Chinese deliveries concerned cargo ships and oil tankers. Today, these remain central (78% in 2024), while the share of **gas carriers, chemical tankers, offshore units and passenger ships** is increasing¹³.
- ▶ This trajectory rests on **wide-ranging public support**, with direct subsidies aimed at increasing production capacity and domestic content in the supply chain. In 2024, **subsidies to Chinese shipyards averaged 2.5% of revenues**, a level of public support **ten times higher than that** received by shipyards in **OECD countries**: a **differential that significantly alters competitive dynamics**. Public support also extends upstream: **subsidies to the steel sector**, relative to company revenues, are fifteen times higher than observed in advanced economies (Chart 4).

⁸ European Commission (EC, 2024), *Transition Pathway for the EU Mobility Industrial Ecosystem*.

⁹ Confindustria and BCG (2026), *Blue Economy: The Blue Engine of Employment Growth*.

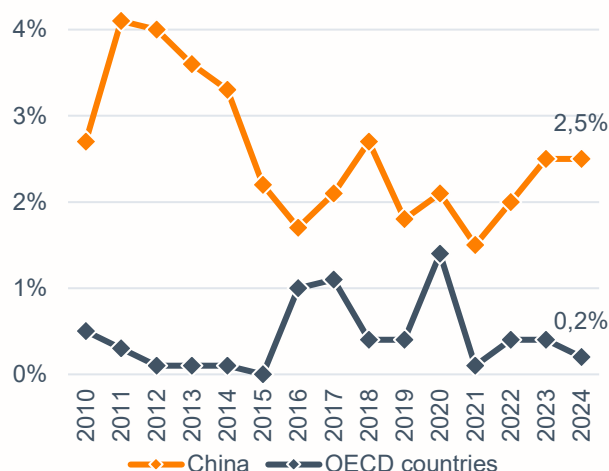
¹⁰ The White House, *Restoring America's Maritime Dominance*, 2025.

¹¹ In 1981, the Reagan administration abolished the Construction Differential Subsidy, which compensated domestic shipbuilders for the cost gap vis-vis foreign shipyards.

¹² The White House, *America's Maritime Action Plan*, 2026.

¹³ Source: UNCTAD data, 2024.

Chart 4 – Shipbuilding subsidies (average subsidies as a percentage of companies' annual revenues)



Source: CDP calculations based on OECD data.

- This push is coupled with a **technological upgrading strategy** aimed at strengthening China's positioning in **cleaner-fuel vessels**

powered by LNG and methanol. **In 2024, China captured 68.5% of global new orders for vessels powered by alternative fuels¹⁴**, making the environmental transition an additional lever for competitive advantage.

- For countries specialised in highly complex naval segments, the most relevant risk is not immediate substitution in top-end products, which are still protected by high technological and reputational barriers, but rather a **progressive erosion of industrial and technological capabilities along the supply chain**. Chinese competition extends from the finished vessel to the entire chain of equipment, systems and outfitting. In the medium to long term, **competitive pressure is likely to be felt primarily in adjacent segments and across the supply chain, weakening the European and Italian advantage** in higher-value-added production.

4. Development opportunities

- The **ongoing transformations** are intensifying competitive pressure, but they are also **opening up growth opportunities in high-complexity segments**. It is in these areas, rather than in the pursuit of Asian production volumes, that **Italy can leverage the strength of its supply chain**.
- A **first opportunity is linked to the strengthening of demand in the defence sector and in underwater technologies**. In the EU, defence spending growth is accelerating: **in 2025, it reached €418 billion** and is expected to rise to €454 billion (+75.3% compared with 2021)¹⁵. In this context, **Italy holds a prominent position: it is the third-largest EU producer of maritime defence technologies**, with 19% of the continental

market, while **Fincantieri is the second-largest European group in the sector**, behind France's Naval Group¹⁶.

- In addition to conventional naval units, **demand is growing for dual-use and underwater capabilities** for the protection of critical infrastructure, seabed monitoring and response to hybrid threats. In this area too, **Italy can build on well-established expertise: Fincantieri, a strategic partner of the U.S. Navy, is strengthening its presence in underwater technologies¹⁷**.
- A **second development pathway concerns fleet decarbonisation**. The European FuelEU Maritime regulation and the new regulatory framework of the International Maritime Organization¹⁸ are turning **emissions**

¹⁴ OECD, *OECD shipbuilding economies under pressure as China reshapes global competition*, 2026.

¹⁵ European Defence Agency (2026).

¹⁶ EC (2026), *EU Blue Economy Observatory: Maritime Defence*.

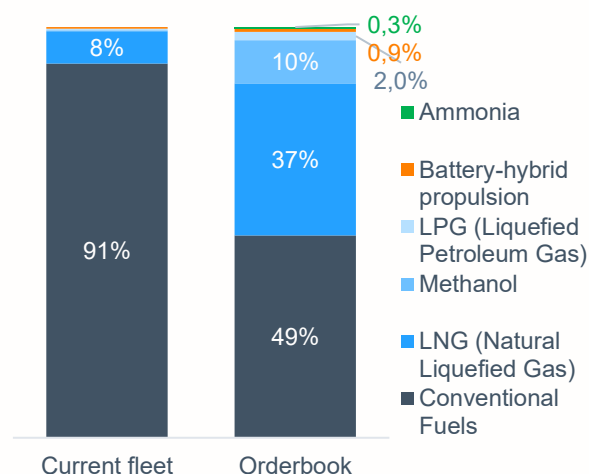
¹⁷ Fincantieri, *Future on Board: Investor Presentation*, 2026.

¹⁸ Namely the IMO Net-Zero Framework, which will enter into force in 2027.

reduction into a **structural driver of naval investment**. The transition will support both demand for new units designed to use alternative fuels and the adaptation of the existing fleet, which remains largely conventional.

- ▶ The gap between the existing fleet and the orderbook highlights the scale of the transition: **units compatible with alternative fuels account for around 9% of the active fleet in terms of gross tonnage, but almost 51% of the global orderbook**. The transition, however, remains open to a **plurality of solutions** (LNG, methanol, ammonia, hydrogen, batteries and hybrid systems), **without a clearly dominant technological pathway**. For shipowners, this dynamic increases uncertainty, but **for the shipbuilding supply chain it creates demand for design flexibility and integration capabilities** (Chart 5).
- ▶ With an average age of 13 years¹⁹, the ageing of the global fleet strengthens the outlook for the **retrofit market**, extending opportunities linked to decarbonisation beyond newbuilds. **Conversions to alternative fuels**, although they have more than doubled since 2020, still account for less than 1% of retrofits and repairs²⁰. It is precisely in this space that growing demand is emerging for technologies for energy efficiency, shore-side electricity supply and the integration of systems compatible with alternative fuels.
- ▶ **For the Italian supply chain**, which specialises in complex platforms and systems integration, **decarbonisation can translate into broad-based demand across the entire vessel life cycle**, from newbuilds to retrofit interventions.

Chart 5 – Readiness of current fleet vs orderbook (% of gross tonnage, 2025)



Source: CDP calculations based on S&P and DNV Alternative Fuels data.

- ▶ The **third opportunity** arises from the convergence between **shipyard automation and vessel digitalisation**. Technologies such as artificial intelligence, advanced sensors, robotics and digital ship models make it possible to increase productivity and shorten production lead times²¹, while improving process quality and safety.
- ▶ Digitalisation also expands **value creation beyond the construction phase**. Through the collection and processing of data across the entire life cycle of the vessel, it enables monitoring and optimisation of energy consumption, predictive maintenance, continuous upgrades and high-value-added after-sales services. The spread of digitalised shipyards and connected vessels can therefore **strengthen the competitiveness of the supply chain and attract highly qualified technical professionals**.

¹⁹ Average age weighted by gross tonnage. Source: UNCTAD, *Review of Maritime Transport*, 2025.

²⁰ OECD, *The Role of Shipbuilding in Maritime Decarbonization*, 2025.

²¹ Smart European Shipbuilding Project (Horizon Europe). The project estimates reductions of up to 30% in engineering activities and up to

20% in construction and assembly phases through the integration of digital and automation technologies.

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