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At stake are almost 10,000 jobs in an industry that has been the mainstay of Finland's post-war economic revival.

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Shipbuilding became a point of pride as Finnish shipyards remained profitable long after rivals collapsed all over Europe.

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But if, as many now fear, Waertsilae Marine joins the ranks of failed shipyards it might turn out to be remembered most as a blemish on Finland's international reputation.

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The shipyard's 6.5 billion Finnish markka (\$ 1.54 billion) backlog includes about 20 ships ordered by big international shippers, including three for Carnival Cruise Lines Inc.

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Miami-based Carnival said the first of the three ships is scheduled to be delivered next month, just in time for the winter tourist season in the Caribbean.

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One analyst said the first ship probably will be delivered close to schedule, but that Carnival may have to pay up to 25 % more to get the second and third ships.

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All the ships are covered by loan guarantees from a state export financing agency, even though it's not clear whether they will actually be built.

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Bankers worry that if the government makes good a threat to withdraw its guarantee commitments, shippers will counter with a hail of lawsuits.

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State loan guarantees are rarely a source of controversy.

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However, some bankers cited possible parallels between the Waertsilae Marine case and the collapse of Norway's state-owned Kongsberg Vappenfabrik AS two years ago.

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In that case, international banks and investors incurred big losses because they incorrectly believed the company's debt carried implicit state guarantees.

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Doubts about the quality of state credit guarantees could reduce the competitive strength of Finnish companies in world markets where financing often is the key to winning orders, analysts warn.

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Moreover , state-owned Finnish companies lacking formal state guarantees could face greater difficulty raising funds in international financial markets , bankers say .

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The decision by a majority of state-appointed Waertsilae Marine directors Monday to file for bankruptcy was an abrupt about-face from previous government policy .

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In August , the government played a major part in a sweeping restructuring of the troubled shipyard .

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At the time 71%-controlled by Oy Waertsilae , a conglomerate , the shipbuilding unit faced potential losses estimated at one billion markka and was on the brink of liquidation .

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Under the rescue plan , Waertsilae sold 51 % of its stake to a group of banks and pension funds .

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The government , in turn , guaranteed financing to complete the order backlog and took control of the board .

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Government officials were expected to combine Waertsilae Marine with two other struggling firms , and thus ensure Finland 's survival as a shipbuilding nation .

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The government spent most of last year attempting to carry out such a plan but was thwarted when the parent Waertsilae concern pulled out at the last minute .

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But the bankers got cold feet recently as government officials complained they had been misled about the shipyard 's actual financial condition , and hinted the credit guarantees might be withdrawn .

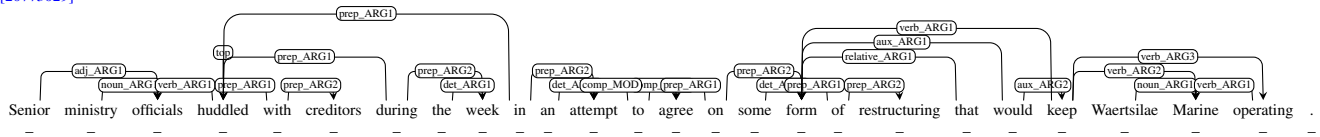
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People familiar with Monday 's board meeting said it was the state 's refusal to explicitly reaffirm the credit guarantees that led Union Bank and Postipankki to halt lending to Waertsilae Marine .

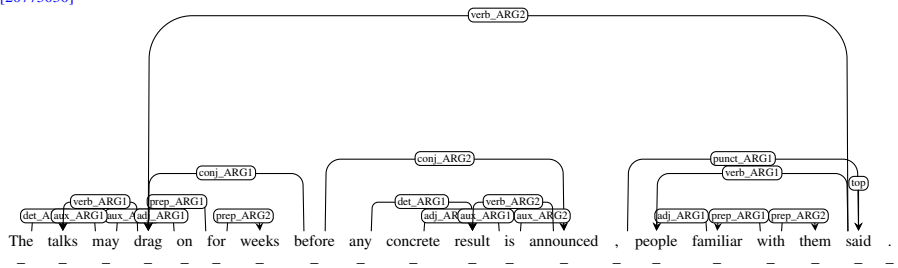
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Analysts say Mr. Suominen had grown increasingly worried about the state 's potential financial exposure as Waertsilae Marine 's losses ballooned to more than double the figure estimated in August .

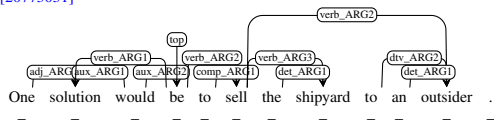
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