

# COMMISSION OF THE EUROPEAN COMMUNITIES

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Report of the Commission to the Council

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aid granted to shipbuilding in the EEC

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1. In approving Directive 81/363/EEC on State aid to shipbuilding, the Council asked the Commission to lay before it regular reports on the aids given to this sector (Articles 3, 6, 7 and 8 of the Directive).
2. The report for the second half of 1981 is attached as Annex I.
3. Also attached (Annex II) is a schedule of current aid schemes in favour of shipbuilding.

AID GRANTED TO SHIPBUILDING IN THE EEC

1. Aid to investment: Article 3 of the 5th Directive on aid to shipbuilding

Period: July - December 1981

Member State	Amount of investment (millions)	Nature of aid (millions)	Effect on production capacity
R.F. Germany	1)DM 55.250	DM 5.657	Reconversion measures out of shipbuilding ("Länder" programme Lower Saxony)
	2)DM 15.120	DM 3.024	Construction of workshops in the engineering and electrical sector (Regional programme Lower Saxony)
	3)DM 16.065	DM 7.400	Rationalization measures - automation of production (National programme Investment credits 1981/82)
Belgium	-	-	
Denmark	-	-	
France	-	-	
Greece	-	-	
Ireland	-	-	
Italy	-	-	
Netherlands	-	-	
United Kingdom	-	-	

2. Production aid: Articles 6 + 7 of the 5th Directive on aid to shipbuilding.

Period: July - December 1981

Member State	Number of cases	grt	Estimated proportion of contract price	Estimated average weighted by tonne
R.F. Germany	42 <sup>1</sup>	326 116	0.19% to 15%	6.62%
Belgium	-	-		
Denmark	-	-		
France	11	196 135 (cgrt)	10% to 20% <sup>2</sup>	19.23%
Greece	-	-		
Ireland	1	17 000	7.75%	
Italy	45	189 558	16.72% to 23.71%	22.67%
Netherlands	22	83 170	5% to 20%	16.4%
United Kingdom	25	146 527	8% to 23% <sup>3</sup>	21.08%

<sup>1</sup> Moreover, for budgetary reasons 28 eligible cases (grt. 70.320) were not aided in the reference period.

<sup>2</sup> Plus price guarantee, estimated at 3.4%.

<sup>3</sup> Plus shipbuilders' Relief, 2%.

3. Aid to shipowners : art. 8 of the 4th Directive on aids to shipbuilding.

a) Volume of contracts

A : Contracts aided. B : contracts refused. C: Total volume of contracts.

Period July - December 1981.

		Total volume		For buildings in national yards		For building in other EEC countries		For buildings in third country yards.	
		GRT	national currency (millions)	GRT	national currency (millions)	GRT	national currency (millions)	GRT	national currency (millions)
R.F. Germany <sup>1</sup>	A	284.622	1542,65	284.622	1542,65				
	B	424.829	391,80	424.829	391,80				
	C	709.451	1934,45	709.451	1934,45				
Belgium	A	15.984	2839,5	15.984	2839,5				
	B	-	-	-	-				
	C	15.984	2839,5	15.984	2839,5				
Denmark	A	127.100	3290	127.100	3290				
	B	3.300	110	3.300	110				
	C	130.400	3400	130.400	3400				
France	A	199.037	795,3	83.757	480,1			115.280	115,2
	B	-	-	-	-				
	C	199.037	795,3	83.757	480,1			115.280	115,2
Greece	A	-	-						
	B	-	-						
	C	-	-						
Ireland	A	-	-						
	B	-	-						
	C	-	-						
Italy	A	-	-						
	B	-	-						
	C	-	-						
Netherlands	A	194.694	882,84	118.694	666,77	-	-	76.000	216,07
	B	-	-	-	-				
	C	194.694	882,84	118.694	666,77	-	-	76.000	216,07
United Kingdom <sup>2</sup>	A	114.665	239,8	114.665	239,8				
	B	-							
	C	114.665	239,8	114.665	239,8				

(1) The figures given relate to the whole of 1981. The decisions on shipowners' aids are taken in the second half of the year.

(2) The British scheme applies only to British owners who place orders in a national shipyard - OECD conditions.

b) Average effect of aid per contract (full year 1981 - Yearly communication)

Member - State	Total Average	For building in nat.yards	For building in other EEC countries	For building in third country yards
R.F.A.	9.93%	9.93%	-	-
Belgium <sup>1</sup>				
Denmark				
France	14.62%	14.90%	-	14.29%
Greece	-	-		
Ireland <sup>2</sup>				
Italy <sup>3</sup>				
Netherlands	5.5%	5.5%		5.5%
U.K. <sup>2</sup>				

(1) Information not supplied.

(2) No special scheme for shipowners.

(3) The information provided by the Italian authorities is based on different criteria than those used by the other Member States and is not comparable.

List of aids and interventions for shipbuilding

Annex 2

a) Aids to shipbuilding

May 1982

Description	Level of intervention	Remarks
<p>Germany 1) National - direct aid for building : fund of DM 660 M</p> <p>2) Hamburg - allocation of DM 35 m for investment in the port of Hamburg and conversion of the ship- building sector to ship- repair and other sectors (1978 - 1983)</p> <p>3) Lower- - subsidies up to DM 3 m Saxony</p>	<p>Max. 20 % of contract price (average 10 %) after 1.1.1981 max. 15 %, (average 7,5 %)</p>	<p>For orders taken between 1.12.78 and 31.12.1981</p> <p>DM 31 m for investment on publicly-owned land DM 4 m for investments on private land.</p> <p>For diversification measures (out of shipbuilding)</p>
<p>Ireland - direct aid for construction</p>	<p>24,5% of contract price</p>	<p>Notification of a case prolonging this scheme in 1981</p>
<p>France - direct aid for construction</p>	<p>23% of contract price</p>	<p>Maximum, including cost escalation</p>
<p>Netherlands - direct aid for construction</p>	<p>12 % of contract price (1980: 15%) 20% for exceptional cases</p>	<p>The Commission opened the procedure of Art. 93(2) EEC in respect of the prolongation of this scheme for the period 1981/84</p>
<p>United Kingdom - single refund of certain taxes (shipbuilder's relief)</p> <p>- Direct aid for construction. Intervention Fund of £ 55 Mio (July 1981 - July 1982)</p>	<p>2 % of the construction cost</p> <p>Max. 25 % of contract price (including shipbuilder's relief)</p>	<p>July 1981 - July 1982</p>
<p>Italy - direct aid for construction</p>	<p>25% of contract price (30% for the Mezzogiorno region)</p>	<p>The proposed Italian aid scheme has been notified. The Commission opened the procedure of Art. 93(2) EEC in respect of this aid scheme</p>

**b) Credit facilities for sales**

	Description of aid	Qualifying transactions	Level of intervention	Remarks
Germany	- interest rebate	All sales	- maximum interest rebate 2% (limit OECD conditions) (1)	special scheme for ships
Belgium	- interest rebate	Sales to other Member States and third countries	- OECD conditions	special scheme
Denmark	- preferential credit	All sales	- OECD conditions	special scheme for ships
France	- preferential credit	Sales to other Member States and third countries	- OECD conditions	general scheme
Ireland	- preferential credit	All sales	- OECD conditions	special scheme for ships
Italy	- preferential credit	All sales	- OECD conditions	special scheme for ships
Netherlands	- interest rebate	All sales	- maximum interest rebate 2% (3,5% for small ships) limit OECD Conditions	special scheme for ships
United Kingdom	- preferential credit	Export sales	- OECD conditions	general scheme

(1) Repayment period 8 1/2 years, interest rate 8 %, down payment 20 %.



c) Credit facilities for purchase involving aid to shipbuilding

	Description of aid	Level of Intervention	Remarks
Belgium	- credit facilities for Belgian owners	- credit at 5 or 6 % for 15 years (with one year's grace period) on 90 % of contract price	
Denmark	- credit facilities for Danish owners on purchase of ships in a Community yard	- credit at 8 % for 14 years (with 4 years moratorium on repayment) on 80 % of contract price.	
United Kingdom	- credit facilities for the purchase of schips by British owners in British yards (home credit scheme)	- OECD conditions of 18.7.74 - in addition, a subvention scheme has been introduced under Section 25 of the Industry Act 1975	The application of this scheme must not result in conditions more favorable than those contained in the OECD understanding

d) Price guarantee mechanisms

France	- Government takes responsibility for increase in cost between ordering and delivery on fixed price sales to third country owners.  - a premium of 0,5 % per year is paid when the threshold is not exceeded	- intervention relates to 80 % of the cost for an increase in excess of 6,5 %.	
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	Description of aid	Level of intervention	Remarks
Italy	<ul style="list-style-type: none"><li>- Government takes responsibility for increase in cost between ordering and delivery.</li> <li>- the premium is within the band 0.1 to 1.25 % of the cost of the ship.</li> <li>- this scheme is applied only to exports.</li></ul>	<ul style="list-style-type: none"><li>- intervention relates to an annual increase between 5 and 15 % of the cost.</li></ul>	Available, but never used for shipbuilding to date.