

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(81) 538 final

Brussels, 24 September 1981

RAPPORT [sic] OF THE VOMMISION [sic] TO THE COUNCIL

State aids to shipbuilding

COM(81) 538 final

Report of the Commission to the Council

1. In approving Directive 78/338/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 4, 6, 7 and 8 of the Directive)
2. The report for the second half of 1980 is attached as Annex 1.
3. Also attached (Annex 2) is a schedule of current aid schemes in favour of shipbuilding.

1a

ANNEX IAID GRANTED TO SHIPBUILDING IN THE EEC1. Production aid : Articles 6 + 7 of the 4th Directive on aid to shipbuilding.Period July - December 1980

Member-State	Number of Cases	grt	Estimated proportion of contract price
FR.Germany	37	392 180	1.4 to 20%
Belgium	-	-	
Denmark	-	-	
France	10	174 965 (grt)	8% to 22% (Plus price guarantee, estimated at 3%)
Ireland	-		
Italy	6	2 310	11.81% to 18.89%
Netherlands	3	33 560 CV	3.2% to 5.1%
United Kingdom	9	171 996	15% to 23% (Plus Shipbuilder's Relief, 2%)

2. Aid to investment : Article 4 of the 4th Directive on aid to Shipbuilding

Period July - December 1980

Member-State	Amount of investment	Nature of aid	Effect on production capacity		
R.F. Germany	DM 34.5 m (1)	10% of the amount of the investment (max. DM 5m). Grant of an amount of DM 1.5 m.	Increase of production capacity in the offshore sector and adaptation of ship repair facilities.		
Belgium	-				
Denmark	-				
France	-				
Ireland	-				
Italy	5.96 m Lit			Direct aid 10%	Investments implemented from 1974 to 1976 at Monfalcone.
Netherlands	-				
United Kingdom	-				

(1) Part of the restructuring of the Hamburg shipyards.

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 1980.

		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)
F.R.Germany (1)	A	447 916	1 479	447 916	1 479				
	B	240 399	170	238 401	153			1 998	17 100
	C	688 315	1 649	686 317	1 163			1 998	17 100
Belgium	A	209 000	3 000	209 000	3 000				
	B	-	-	-	-				
	C	209 000	3 000	209 000	3 000				
Denmark	A	158 100	1.250	158 100	1.250				
	B	-	-	-	-				
	C	158 100	1.250	158 100	1.250				
France	A	23 744	0.21	8 450	0.16			15 294	0.05
	B	-	-	-	-				
	C	23 744	0.21	8 450	0.16			15 294	0.05
Ireland	A	-	-	-	-				
	B	-	-	-	-				
	C								
Italy	A	187 645	112 887	173 945		11 300	23 915	2 400	2 158
	B	-	-	-	-				
	C	187 645	112 887	173 945		11 300	23 915	2 400	2 158
Netherlands	A	232 590	808	118 390	455.9			114 200	352.1
	B	600	7.4	600	7.4				
	C	233 190	815.4	118 990	463.3			114 200	352.1
United Kingdom (2)	A	372 187	221.472	372.187	221.472				
	B	-	-	-	-				
	C	372 187	221.472	372 187	221.472				

(1) The figures given relate to the whole of 1980. 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 a shipper contract (Full year 1980 - 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.	12%	12%		
Belgium(1)				
Denmark	5.7%	5.7%		
France	11.3%	11.6%		10%
Ireland (2)	-	-		
Italy (3)				
Netherlands	5 x 1.1%	5 x 1.1%		
U.K. (2)				

(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.

a) Aids to shipbuilding

Description	Level of intervention	Remarks
<p>Germany</p> <p>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 shipbuilding sector to ship-repair and other sectors (1978 - 1983)</p> <p>3) Lower-Saxony - subsidies up to DM 3 m</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>Ireland - direct aid for construction</p>	<p>24.5% of contract price</p>	<p>For diversification measures (out of shipbuilding)</p>
<p>France - direct aid for construction</p>	<p>23% of contract price</p>	<p>Notification of a case prolonging this scheme in 1981</p>
<p>Netherlands - direct aid for construction</p>	<p>15 % of contract price (20 % for exceptional cases)</p>	<p>Maximum, including cost escalation</p>
<p>United Kingdom - single refund of certain taxes (shipbuilder's relief)</p>	<p>2 % of the construction cost</p>	<p>Up to end 1980; Measures proposed for 1981 have not yet been notified</p>
<p>- Direct aid for construction. Intervention Fund of £ 67.5 m up to 1. July 1981</p> <p>£ 55 m July 1981 - July 1982</p>	<p>Max. 25 % of contract price (including shipbuilder's relief)</p>	<p>July 1981 - July 1982</p>
<p>Italy</p>		<p>The proposed Italian aid scheme has not yet been notified to the Commission.</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 ships 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	<ul style="list-style-type: none"> - 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 7,5 %.	
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	Description of aid	Level of intervention	Remarks
Italy	<ul style="list-style-type: none">- Government takes responsibility for increase in cost between ordering and delivery.- the premium is within the band 0.1 to 1.25 % of the cost of the ship.- this scheme is applied only to exports.	<ul style="list-style-type: none">- intervention relates to an annual increase between 5 and 15 % of the cost.	Available, but never used for shipbuilding to date.