

# COMMISSION OF THE EUROPEAN COMMUNITIES

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## AID GRANTED TO SHIPBUILDING IN THE EEC

(Report of the Commission to the Council)

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SERIALS UNIT

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Report of the Commission to the Council

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 first 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 : january - june 1981

Member- State	Amount of investment	Nature of aid	Effect on production capacity
R.F. Germany	--	--	
Belgium	--	--	
Denmark	--	--	
France	--	--	
Greece	--	--	
Ireland	--	--	
Italy	--	--	
Netherlands	--	--	
United Kingdom	--	--	

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

Period: January - June 1981

Member- State	Number of cases	grt	Estimated proportion of contract price
R.F. Germany	67	414,975	1.4% to 15%
Belgium	-	-	
Denmark	-	-	
France	27	206,735 (cgrt)	3% to 19% (1)
Greece	-	-	
Ireland	-	-	
Italy	2	10,870	18.52%
Netherlands	16	71,200	2.6% to 28% (2)
United Kingdom (4)	11	65,160	6.4% to 23% (3)

(1) Plus price guarantee, estimated at 3.4%.

(2) The maximum level of aid is normally 20%. A rate of 28% was applied exceptionally for an order of two product tankers.

(3) Plus Shipbuilder's Relief, 2%.

(4) Corrigendum: period July-December 1980: 242,996 grt (10 cases).

3. Aid to shipowners : art. 8 of the 5th Directive on aids to shipbuilding.

a) Volume of contracts

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

Period: January - June 1981.

		Total volume		For building in national yards		For building in other EEC countries		For building in third country yards	
		GRT	National currency (millions)	GRT	national currency (millions)	GRT	national currency (millions)	GRT	national currency (millions)
R.F. Germany (1)	A								
	B								
	C								
Belgium	A	81.400	4.700	81.400	4.700				
	B	-	-	-	-				
	C	81.400	4.700	81.400	4.700				
Denmark	A	171.200	1.985	171.200	1.985				
	B	8.000	500	8.000	500				
	C	179.200	2.485	179.200	2.485				
France	A	35.924	136,7	2.100	15,8			33.824	120,9
	B	-	-	-	-				
	C	35.924	136,7	2.100	15,8			33.824	120,9
Greece	A	-	-	-	-				
	B	-	-	-	-				
	C	-	-	-	-				
Ireland	A								
	B								
	C								
Italy	A	-	-	-	-				
	B	-	-	-	-				
	C	-	-	-	-				
Netherlands	A	42.444	229,4	42.444	229,4				
	B	75	2,8	75	2,8				
	C	42.519	232,2	42.519	232,2				
United Kingdom (2)	A	36.250	41,2	36.250	41,2				
	B								
	C	36.250	41,2	36.250	41,2				

(1) All decisions on shipowners aid 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.

List of aids and interventions for shipbuilding

Annex I

1981

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>France - direct aid for construction</p>	<p>24.5% of contract price</p> <p>23% of contract price</p>	<p>For diversification measures (out of shipbuilding)</p>
<p>Netherlands - direct aid for construction</p> <p>United Kingdom - single refund of certain taxes (shipbuilder's relief)</p> <p>- Direct aid for construction. Intervention Fund of £ 67.5 m up to 1. July 1981, £ 55 m July 1981 - July 1982</p>	<p>15 % of contract price (20 % for exceptional cases)</p> <p>2 % of the construction cost</p> <p>Max. 25 % of contract price (including shipbuilder's relief)</p>	<p>Notification of a case prolonging this scheme in 1981</p> <p>Maximum, including cost escalation</p> <p>Up to end 1980; for 1981 aid will be granted provisionally at 75% of the level of the previous year.</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	- Government takes responsibility for increase in cost between ordering and delivery on fixed price sales to third country owners. - a premium of 1 % 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.