

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(83) 53 final

Brussels, 9 February 1983

Report of the Commission to the Council

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 first half of 1982 is attached as Annex I.
3. Also attached (Annex II) is a schedule of current aid schemes in favour of shipbuilding.

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AID GRANTED TO SHIPBUILDING IN THE EEC1. Aid to investment : Article 3 of the 5th Directive on aid to shipbuildingPeriod : January - June 1982

Member State	Amount of investment	Nature of aid	Effect on production capacity
R.F. Germany	1) DM 18,5 mio	loan of DM 9,25 mio	No effect on capacity (national programme - investment credits 1981/82 - shiprepair sector)
	2) DM 42,25 mio	loan of DM 21,0 mio	No effect on capacity (national programme - investment credits 1981/82 - shipbuilding sector)
Belgium	-	-	
Denmark	-	-	
France	-	-	
Greece	-	-	
Ireland	-	-	
Italy	LIT 5820 mio	10% of investment (law nr. 878 of 27.12.1973)	Reduction of capacity in shipbuilding sector
Netherlands	-	-	
United Kingdom	-	-	

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

Period : January - June 1982

Member State	Number of cases	grt	Estimated proportion of contract price	Estimated average weighted by tonne
R.F. Germany	-	-		
Belgium	-	-		
Denmark	-	-		
France	16	109 305 (cgrt)	5% to 20% ¹	17.3 %
Greece	-	-		
Ireland	-	-		
Italy	4	6 721	13.4% to 25.5%	19.4 %
Netherlands	20	60 568	0.4% to 20%	12.5 %
United Kingdom	26	193 364	11% to 23% ²	17.9 %

¹Plus price guarantee

²Plus Shipbuilders' Relief, 2 %

3. Aid to shipowners : Article 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 1982

		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	94 795	4 166	94 795	4 166				
	B	-	-	-	-				
	C	94 795	4 166	94 795	4 166				
Denmark	A	31 200	730	31 200	730				
	B	-	-	-	-				
	C	31 200	730	31 200	730				
France	A	213 525	949.9	6 050	197.3	3 900	86.5	203 575	666.1
	B	-	-	-	-	-	-	-	-
	C	213 525	949.9	6 050	197.3	3 900	86.5	203 575	666.1
Greece	A	-	-	-	-				
	B	-	-	-	-				
	C	-	-	-	-				
Ireland	A	-	-	-	-				
	B	-	-	-	-				
	C	-	-	-	-				
Italy	A	120 000	108 000	120 000	108 000				
	B	-	-	-	-				
	C	120 000	108 000	120 000	108 000				
Netherlands	A	182 893	834.4	158 893	558.2	1 998	27.2	22 000	249.0
	B	25 000	134.3	-	-	-	-	25 000	134.3
	C	207 893	968.7	158 893	558.2	1 998	27.2	47 000	383.3
United Kingdom ²		163 815	191.7	163 815	191.7				
		-	-	-	-				
		163 815	191.7	163 815	191.7				

¹ All decisions on shipowners' aids are taken in the second half of the year. The next report will give the figures for the whole of 1982.

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

a) Aids to shipbuilding

December 1982

Description	Level of intervention	Remarks
Germany 1) Hamburg - allocation of DM 35 m for investment in the port of Hamburg and conversion of the shipbuilding sector to shiprepair and other sectors (1978 - 1983)		DM 31 m for investment on publicly-owned land DM 4 m for investments on private land
2) Lower-Saxony - subsidies up to DM 3 m		For diversification measures (out of shipbuilding)
Ireland - direct aid for construction	24.5 % of contract price	Max. intervention level authorized for 1981. Aid to shipbuilding for the year 1982 has not been planned.
Italy - direct aid for construction (budget allocation : LIT 560 Mrd 1981-1983)	25 % of contract price (30 % for the Mezzogiorno region)	The Commission opened the procedure of Article 93(2) EEC in respect of this aid scheme on 7.7.1982.
France - direct aid for construction	23 % of contract price	Maximum, incl. cost escalation
Netherlands - direct aid for construction	10.5 % of contract price (1981: 12 %) 20 % for exceptional cases (1981: 20 %)	Prolongation of this scheme in 1982 (budget allocation HFL 157 million)
United Kingdom - single refund of certain taxes (shipbuilders' relief) - direct aid for construction. Intervention Fund of UK£ 55 mio (July 1981 - July 1982)	2 % of the construction cost max. 25 % of contract price (incl. shipbuilders' relief)	July 1981 - July 1982

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 12 years (with 2 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 18.7.1974 - 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 favourable 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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d) Price guarantee mechanisms

	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.

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