

COMMISSION OF THE EUROPEAN COMMUNITIES

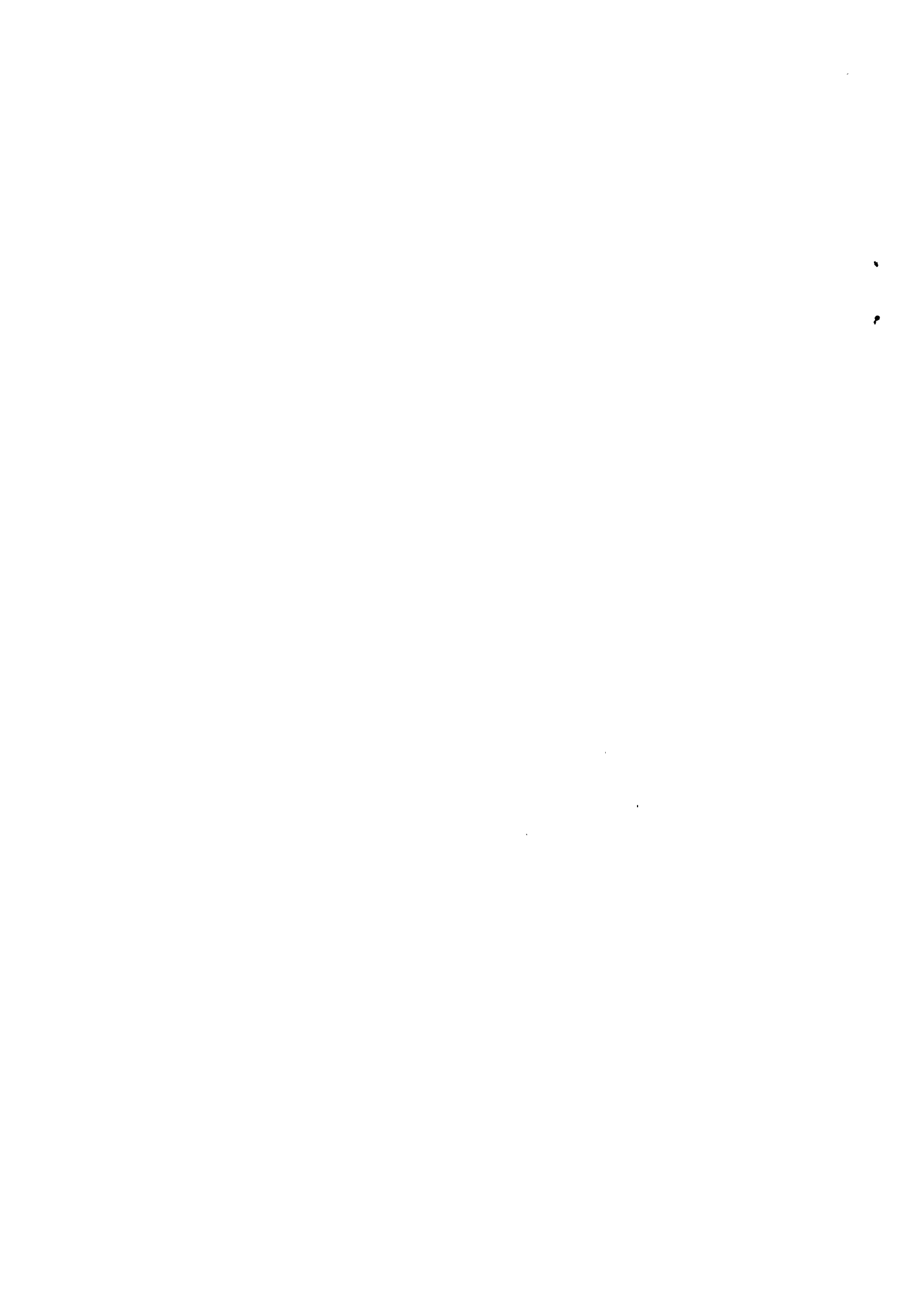
COM(75) 195 final

Brussels, 7 May 1975

Proposal for a
Council Directive on aids
to shipbuilding

(submitted to the Council by the Commission)

COM(75) 195 final



Proposed Council Directive of

on aids to shipbuilding

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community and in particular Articles 92, section 3(d), and 113 thereof;

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the Economic and Social Committee

1. Whereas the Council Directive of 20 July 1972 on the grant of aids to shipbuilding to offset distortions in competition on the world market has effectively helped to reduce and harmonize aids granted to shipbuilding in the Community; whereas this Directive expires on 30 June 1975;
2. Whereas the position of shipbuilding in the Community has shown a relative improvement since the adoption of the previous Directive, as a result of the rationalisation and restructuring efforts of shipyards, facilitated by favourable market developments; whereas it is necessary, in order to achieve the objectives of the competitiveness of enterprises and the equilibrium of the sector, to intensify these efforts and to bring them to fruition; whereas this is all the more urgent because of the serious difficulties threatening the sector;
3. Whereas a sound and competitive Community shipbuilding industry is necessary to the Community, and contributes to its economic and social development as a substantial and growing market for all sectors including those using advanced technology and as an employer in certain Community regions; whereas this is also the case with ship conversion and ship repairing;

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4. Whereas the objectives of competitiveness and equilibrium in the shipbuilding industry require an appropriate adjustment of production structures so that the enterprises in the sector are enabled to follow general economic developments and eventually to meet competition on the world market without the support of intervention by the public authorities and so that the investment efforts of the sector are compatible with a World equilibrium between supply and demand;
5. Whereas distortions in competition on the world market have been reduced through a series of understandings concluded by the main shipbuilding countries within the framework of the OECD with the object of harmonizing export credit conditions for ships; whereas within this ~~same~~ organization, the principal shipbuilding countries have concluded a general understanding by which they are committed to reduce progressively specific aid measures which distort competition in the shipbuilding industry, with a view to a complete abolition of such aid by 1 November 1975;
6. Whereas, furthermore, the objective of making the shipbuilding industry competitive in a relatively short time requires a solution covering all aids and interventions affecting, whether directly or indirectly, competition and trade conditions on the market for the building, conversion and repair of ships;
7. Whereas the continued application of aids to operations has a conservatory effect which was justifiable in the past but which is not of a nature to improve significantly or in the long term the competitiveness of the Community shipbuilding industry; whereas, however, such aids must be eliminated gradually so that the shipyards may adapt to the new conditions;
8. Whereas aids to shipbuilding should not however adversely affect trading conditions to an extent contrary to the common interest;

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Has adopted this Directive:

Article 1

Aid and intervention measures to assist shipbuilding may be considered compatible with the common market, under the present Directive, provided that they satisfy the conditions set out in Articles 2 and 3.

Article 2

1. The provisions of Article 1 shall apply to aid and intervention measures for the building, in the Community shipyards, of metal-hulled sea-going vessels of the following categories:
 - merchant vessels of not less than 150 gross tonnes for the transport of passengers and/or cargo;
 - fishing vessels of not less than 150 gross tonnes;
 - dredgers of not less than 150 gross tonnes;
 - tugs of not less than 500 horse power.
2. (a) The provisions of Article 1 shall apply to the aid and intervention measures referred to in paragraph 1 only until 31 December 1975; these may consist of any form of aid and intervention to assist shipbuilding, provided that the present level of these aids is not increased.

(b) Nevertheless, the provisions of Article 1 shall apply in respect of any aid and intervention measures to assist shipbuilding until 31 December 1977 when these aids are granted:
 - in Ireland, and on condition that these aids are degressive and accompanied by a rationalization plan;
 - in Italy, and on condition that these aids are degressive and are accompanied by the effective implementation of a plan to

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rationalize the shipbuilding industry so as to raise its competitiveness to a level at which it will be viable without aids; - in France, in the form of a system of insurance against exceptional price increases and on condition that the incidence of that intervention, calculated per ship, is appreciably degressive.

3. On 1 March and 1 September of each year the Member States shall provide the Commission with a table giving the decisions, taken in the second and first half-years respectively to grant aids and interventions under paragraph 1 and the payments made in each of these periods on the basis of earlier decisions to grant such aids.

Article 3

The provisions of Article 1 shall apply to aids, in the form of credits, to exports and to aids to all other sales, provided that such loans satisfy the conditions laid down in the understanding on export credit for ships contained in the OECD Council Resolution of 18 July 1974 or in agreements replacing it.

These aids may be granted under the same conditions for the conversion of metal-hulled sea-going vessels of not less than 5 000 gross tonnes, provided ~~that~~ the work entails radical alterations to the hold, the hull or the propulsion system of the vessels concerned.

Article 4

The Member States shall notify the Commission of their decisions to grant aid to shipyard investments where these investments exceed 5 million units of account. On 1 March and 1 September of each year the Member States shall provide the Commission with a table based on the model contained in Annex I

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in which will be set out the decisions taken in the second and first halves of the calendar year respectively.

Article 5

Aid and intervention measures of a conservatory character constituting a temporary solution for the rescue of a firm until a definitive solution to its problems is worked out shall be notified individually to the Commission in accordance with the procedures set out in Article 93 of the EEC Treaty.

Article 6

The Member States shall refrain from taking any intervention measures favouring the building, conversion and repair within their ~~national~~ territories of ships to be used for navigation or other purposes on the sea and the manufacture of products incorporated in them, other than those provided for in Articles 2 and 3 or those considered compatible under Articles 92 and 93 of the EEC Treaty.

Article 7

The Member States shall inform the Commission of their rules and procedures for implementing the various systems of aid and intervention in respect of the building, conversion and repair of ships, before such rules and procedures enter into force.

Article 8

The Council, acting by a qualified majority on a proposal from the Commission, shall amend this Directive as and when appropriate.

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Article 9

This Directive shall remain in force until 31 December 1977.

Article 10

This Directive is addressed to the Member States.

ANNEX I

Table of aid and intervention measures for investments in accordance with Article 4

Description of investment	Purpose of investment(1)	Amount of investment	Form of assistance	Net subsidy equivalent in % of the investment

(1) where applicable, correction with a sectoral or regional development programme.

ANNEX II

Commission statement

The Commission, in submitting to the Council the proposed Third Directive, has attempted to determine, on the basis of the analysis of the situation of Community shipyards made in cooperation with experts from the Member States and the industry, which aids can be expected to help make Community shipbuilding competitive at world level and to enable it to function without Member State intervention.

It furthermore considers that the aids which have been determined are sufficient to achieve the desired objective.

The Commission emphasises on this occasion that the procedures provided for in the Third Directive cannot derogate from the provisions of Article 93(3). Aids notified to the Commission will be examined by it as regards their compatibility with the common market under Article 92 of the EEC Treaty taking account of the provisions and guidelines contained in the Third Directive on Aids to Shipbuilding.