COUNCIL DIRECTIVE

of 10 July 1975

on aid to shipbuilding

(75/432/EEC)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

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

Having regard to the proposal from the Commission;

Having regard to the Opinion of the European Parliament (1);

Having regard to the Opinion of the Economic and Social Committee (2);

Whereas Council Directive No 72/273/EEC (3) of 20 July 1972 on aid to shipbuilding, which was designed to offset distortions in competition on the world market, has helped to reduce and to harmonize direct aids to shipbuilding in the Community; whereas this Directive, last extended by Directive No 74/59/EEC (4), expired on 30 June 1975;

Whereas the position of shipbuilding in the Community has improved since the adoption of Directive No 72/273/EEC, due to favourable market developments and to the rationalization and restructuring efforts of shipyards; whereas, however, if undertakings are to be made competitive and a balance achieved in this sector, these efforts must be intensified; whereas this is particularly urgent in view of the serious difficulties threatening the sector;

Whereas a sound and competitive shipbuilding industry is necessary to the Community; whereas it contributes to its economic and social development, by providing a substantial market for a range of sectors, including those using advanced technology, and as an employer in a number of Community regions; whereas this is also the case with ship conversion and ship repair;

Whereas the objectives of a competitive and balanced shipbuilding industry require an appropriate adjustment of production structures so that the undertakings in the sector may eventually be able to follow general economic developments and 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 the world balance between supply and demand;

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 arrangement on the progressive reduction of specific aid measures distorting competition in the shipbuilding industry, with a view to their abolition by 1 November 1975;

Whereas, furthermore, the objective of making the shipbuilding industry competitive in a relatively short time requires consideration of the overall effects of aids and interventions directly or indirectly affecting competition and trade conditions on the market for the building, conversion or repair of ships;

Whereas the continued application of aids to shipbuilding has a protective effect which was justifiable in the past but is not likely in the long term significantly to improve the world competitiveness of the Community shipbuilding industry; whereas, however, elmination of such aids must take place gradually to enable shipyards to adjust to the new conditions;

Whereas aid to shipbuilding should not, however, adversely affect trading conditions to an extent contrary to the common interest,

HAS ADOPTED THIS DIRECTIVE:

Article 1

Aid and intervention to assist shipbuilding may be considered compatible with the common market,

(1) OJ No C 76, 3. 7. 1974, p. 41.
(2) OJ No C 97, 16. 8. 1974, p. 40.
(3) OJ No L 169, 27. 7. 1972, p. 28.
(4) OJ No L 38, 11. 2. 1974, p. 1.

under this Directive, in so far as they satisfy the conditions set out in Article 2 (1) and (2) and Article 3.

Article 2

1. Article 1 shall apply to aid and intervention for the building, in the Community, of the following metal-hulled sea-going vessels:

— merchant vessels for the carriage of cargo and/or passengers of not less than 150 gross registered tons,

— fishing vessels of not less than 150 gross registered tons,

— dredgers of not less than 150 gross registered tons,

— tugs of not less than 500 hp.

2. (a) Article 1 shall apply to the aid and intervention referred to in paragraph 1 until 31 December 1975 only, on condition that their present level is not increased.

(b) Nevertheless, Article 1 shall apply beyond 31 December 1975 when these aids and interventions are granted:

— in Ireland, provided that such aids and interventions are progressively reduced and that there is at the same time a rationalization plan,

— in Italy, provided that such aids and interventions are progressively reduced and that there is at the same time put into operation a plan for the rationalization of the shipbuilding industry the effect of which would be to make the industry properly competitive and able to continue without such measures,

— in France, in the form of a price guarantee introduced — under the specific intervention scheme to assist shipbuilding — by the law of 24 May 1951, provided that the terms of this scheme are made progressively more restrictive.

3. The Member States shall provide a table, for the exclusive use of the Commission, based on the specimen given in Annex I, setting out the decisions on the aid and intervention referred to in paragraph 1 and an estimate of their effects. This information will be provided on 1 March of each year in respect of the decisions taken during the second half of the previous calendar year and on 1 September for those taken in the first half of the current calendar year.

The Commission shall regularly draw up an overall report to serve as the basis for discussion with national experts.

Article 3

Article 1 shall apply to aid and intervention in the form of credit facilities for export and for all other sales of ships, provided that such facilities satisfy the conditions laid down in the understanding on export credit for ships contained in the resolution of the Council of the OECD of 18 July 1974, or in any agreements replacing it.

These aids and interventions may apply under the same conditions to the conversion of metal-hulled sea-going vessels of not less than 5 000 gross registered tons, on condition that conversion operations entail radical alterations to the cargo plan, the hull or the propulsion system.

Article 4

The Member States shall inform the Commission of their decisions to grant aid to investments in shipbuilding, conversion or repair yards where the amount of such investment is in excess of five million units of account. This information shall be provided every year in the form of a table based on the specimen in Annex II: on 1 March, in respect of the decisions taken in the second half of the previous calendar year and on 1 September for those taken in the first half of the current calendar year.

Article 5

Aid and intervention of a conservatory nature intended as a temporary solution for the rescue of a shipbuilding, ship conversion or ship repair undertaking pending a solution to the problems confronting the undertaking concerned shall be notified individually to the Commission, pursuant to Article 93 of the Treaty.

Article 6

The Member States shall refrain from any intervention measures to promote within their national territories the building, conversion and repair of ships to be used for navigation or for use at sea and the manufacture of products intended to form part of such ships, other than those provided for in Articles 2 and 3 or those considered compatible with the common market under Articles 92 and 93 of the Treaty.

Article 7

The Member States shall inform the Commission of their rules and procedures for implementing the aid and intervention systems to assist 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.

Article 9

This Directive shall apply until 31 December 1977.

Article 10

This Directive is addressed to the Member States.

For the Council

The President

E. COLOMBO

ANNEX I

Information to be furnished by the Member States concerning the aid and intervention referred to in Article 2 (3)

Serial number	Type of vessel	Gross (registered tons)	Financial effect, as a percentage of the contract price (1)

(1) Subsidy equivalent shall be calculated by adjusting amounts upwards by 8 %. Where payment is by instalments, the relevant subsidy equivalents are shown in the table relating to the period in which the payments were made.

ANNEX II

Table of investment aid under Article 4

Description of investment	Purpose of investment (1)	Amount of investment	Form of assistance	Net subsidy equivalent as a percentage of the investment

(1) Where applicable, indicate whether part of a sectoral or regional development programme.