Aid to shipbuilding (implementation of the OECD agreement)

1995/0219(CNS) - 07/11/1995

The Council held an in--depth policy debate on the proposal for a regulation on aid to shipbuilding intended to transpose into the Member States' legislation the agreement on the subject concluded in the OECD. That agreement should enter into force on 1 January 1996 if the ratification procedures have been completed by that date. The Council reached agreement in principle on the proposal for a regulation, to be formally adopted after examination of the European Parliament's imminent opinion. However, as regards the date of entry into force, the Council expressed concern at the progress of the ratification procedures in the countries that were the Union's partners in the agreement. According to the information available to the Council, it could not be ruled out that the appointed date of 1 January 1996 would be impossible to meet. Since the Community rules in force at present (the Seventh Council Directive on aid to shipbuilding) cease to apply on 31 December 1995, the Council adopted a guideline by a qualified majority linking the entry into force of the Community Regulation with that of the international agreement and, pending that event, continuing the relevant provisions of the Seventh Directive until 1 October 1996 at the latest. If the OECD agreement should not have entered into force by 1 June 1996 for lack of ratification, the Commission will submit appropriate proposals so that the Council will be able to take a decision before 1 October 1996. It will be recalled that the OECD agreement deals with the normal conditions of competition in the merchant ship building and repairing industry. It provides for the abolition of all direct aid to shipbuilding with the exception of social aid linked to the closure of ship yards and aid to research and development authorised below certain ceilings. Indirect aid to shipbuilding in the form of credit facilities or loan guarantees for shipbuilders are authorised by the agreement provided they comply with the OECD Understanding on Export Credits for Ships.