Shipbuilding: world situation. 2nd report

2000/2213(COS) - 03/05/2000 - Non-legislative basic document

PURPOSE : to present the second report from the Commission to the Council on the situation in world shipbuilding. CONTENT : this report by the Commission on the situation in the world shipbuilding market is the second of a series and it presents a follow-up and extension of the first report which was submitted to the European Council of Ministers on 9 November 1999 as COM(1999)474. This initial report responded to Council Regulation 1540/98/EC establishing new rules on aid to shipbuilding which requires the European Commission to present to the Council a report on the market situation and appraise whether European yards are affected by anti-competitive practices. If it is established that anti-competitive practices of any kind are causing injury to inndustry, the Commission is, where appropriate, to propose to the Council of Ministers measures to address the problem. The second report is based on the approach and findings of the fisrt report. Therefore, certain elements of the first report are not repeated. These references cover the longer term supply and demand analysis, general remarks on the nature of shipbuilding contracts and on the underlying study works, the analysis of the financial sector in South Korea, details of certain investigated shipyards and the description of the applied methodology. All lines of action to address the problem (as requested by the Council of Ministers in its meeting of 9 November) are currently being pursued. In particular, strenuous efforts have been made by the Commission to secure binding commitments from the Korean Government in relation to its non-intervention in the financing of shipbuilding activities. After several rounds of consultations, the Commission and the Korean Government finalised their talks and initialled on 10 April 2000 "Agreed Minutes relating to the World Shipbuilding Market". These Agreed Minutes focus on non-subsidisation, banking, financial transparency, commercial pricing practices and an effective consultative mechanism. The overall aim is to promote fair and competitive market conditions in the world market and to work together to stabilise the market and thereby help raise the level of ship prices to ones that are commercially sustainable. The evidence gathered within the framework of the market monitoring undertaken by the European Commission has helped the EU industry to compile sufficient elements which could lead to a complaint under the Trade Barriers Regulation and industry has recently announced its readiness to file such complaints. The European Commission continue with its market monitoring exercise. It is recommended to: - continue to exercise pressure on Korea to fully implement the "Agreed Minutes" and assume responsibility to work towards an improvement of the market situation, in particular concerning price levels and new building capacities; - fully apply the provisions of the "Agreed Minutes" once they have entered into force, invoking the consultation mechanism whenever necessary; - collect further and more detailed evidence on possible injurious pricing and other non-market oriented behaviour in order to launch and support a complaint under the TradeBarrier Regulation if required; - keep the IMF informed about the findings and request that the promised industrial restructuring in Korea is closely monitored and assessed; - encourage the EU shipbuilding industry to further improve its competitiveness.