Temporary defensive mechanism to shipbuilding

2001/0153(CNS) - 27/06/2002 - Final act

PURPOSE : to impose a temporary defence mechanism to shipbuilding. COMMUNITY MEASURE : Council Regulation 1177/2002/EC concerning a temporary defensive mechanism to shipbuilding. CONTENT : the Council adopted, by a qualified majority, this Regulation setting up a temporary defence mechanism for the Community shipbuilding industry in order to counter the Republic of Korea's unfair commercial practices on world shipbuilding markets. It should be noted that the Danish, Netherlands, Finnish, Swedish and United Kingdom delegations voted against the Regulation. To recall, under the Regulation, direct national aids for contracts for the construction of container ships and product and chemical tankers may be authorised where the contract has prompted competition from a Korean shipyard offering a lower price. Direct aids for contracts for the construction of liquefied natural gas carriers, however, will be authorised only when the Commission has confirmed, on the basis of investigations covering all of 2002, that the Community industry has suffered serious material damage in this market segment because of unfair Korean practices. Direct aids may be authorised up to a ceiling of 6% of the value of a contract. They will be subject to scrutiny by the Commission under Community rules on State aids in accordance with Article 88 of the Treaty. The Regulation will apply as long as necessary, until the conclusion of dispute-settlement proceedings initiated against Korea at the World Trade Organisation, and will expire on 31 March 2004. Following the application of pressure on Korea on numerous occasions to improve the situation, in particular as regards price levels and production capacities, the proposal is restricted to market segments in which it has been shown that unfair commercial practices have caused direct damage to the Community shipbuilding industry. ENTRY INTO FORCE : 3 July 2002.