Basic information

2003/2062(INI) INI - Own-initiative procedure	Procedure completed
Shipbuilding: world situation. 6th report **Subject** 3.40.04 Shipbuilding, nautical industry	

Key players

European Parliament	**Committee responsible**	**Rapporteur**	**Appointed**
	ITRE Industry, External Trade, Research, Energy	VALDIVIELSO DE CUÉ Jaime (PPE-DE)	23/01/2003
European Commission	**Commission DG**	**Commissioner**	
	Internal Market, Industry, Entrepreneurship and SMEs		

Key events

Date	Event	Reference	Summary
13/11/2002	Non-legislative basic document published	COM(2002)0622	Summary
07/04/2003	Committee referral announced in Parliament		
23/04/2003	Vote in committee		Summary
23/04/2003	Committee report tabled for plenary	A5-0130/2003	
13/05/2003	Decision by Parliament	T5-0199/2003	Summary
13/05/2003	End of procedure in Parliament		
17/03/2004	Final act published in Official Journal		

Technical information

Procedure reference	2003/2062(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 55
Stage reached in procedure	Procedure completed
Committee dossier	ITRE/5/19414

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, single reading		A5-0130/2003	23/04/2003	
Text adopted by Parliament, single reading		T5-0199/2003 OJ C 067 17.03.2004, p. 0028-0071 E	13/05/2003	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2002)0622	13/11/2002	Summary

Shipbuilding: world situation. 6th report

2003/2062(INI) - 13/05/2003 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution based on the own-initiative report drafted by Jaime VALDIVIELSO DU CUE (EPP-ED, Spain) on the situation in world shipbuilding. (Please see the summary dated 23/04/03). On the subject of the temporary defence mechanism, the Commission is asked to simplify the criteria required for establishing that South Korean shipyards are offering lower prices. This is due to the fact that there is a limited period of application for the temporary defence mechanism, and no shipyard has been able to benefit from it because of its failure to become operative. Parliament pointed to the imbalance between the low level of orders obtained by Europe and the high level of orders enjoyed by its competitors in third countries. It asked the Commission and Member States to extend until the end of 2004 the delivery date for vessels ordered before 31/12/03, while maintaining the corresponding aids, in order to provide cover for existing European shipbuilding. The Commission is criticised for not having approved some of the national schemes for applying the new OECD funding conditions, and thereby placing the European shipbuilding at a competitive disadvantage vis-à-vis its competitors in third countries. Finally, Parliament expressed its support for the LeaderSHIP-2015 initiative, the aim of which is to develop a strategy to achieve competitiveness and regain technological leadership in shipbuilding by promoting innovation.

Shipbuilding: world situation. 6th report

2003/2062(INI) - 13/11/2002 - Non-legislative basic document

PURPOSE : to present the Commission's sixth report on shipbuilding. CONTENT : this is the sixth report from the Commission to the Council concerning the world shipbuilding industry. The Communication makes the following points: Following a break down in negotiations with the South Korean authorities in 2002, regarding certain Korean shipbuilding business practices, the Commission has initiated WTO action against South Korea through the dispute settlement procedure. Concerning market analysis the Communication notes that global trends in shipbuilding has declined markedly in 2002. Orders have been very low, slow and selective. Following a decade of almost continuous growth and a boom year in 2000, the rate of generation of new orders has declined sharply. This change has impacted upon EU shipbuilding. Ordering at EU yards was 77% below the level in 2000. The downturn in ordering has been accompanied by a fall in prices of more than 15% on average compared to 2001. Most affected are container ships and cruise liners. Only product tankers have seen a comparatively stable demand, due to the replacement of old tonnage in line with new EU safety regulations (Erika I and II). Oil tankers are also suffering from low freight rates - largely due to uncertainty and volatility of the Middle East and the threat of terrorist attacks. On the other hand, the demand for dry bulk ships of a certain size range has been quite strong, due to the increased need for imports of coal and iron ore to China and Japan. The LNG market has been disappointing and not lived up to some of the optimistic forecasts made in 2000 and 2001. Ordering is well below the projections made then. Further, there remains a significant production over-capacity in the shipbuilding sector, estimated to be at least 20 to 30% above the levels required for the necessary replacement of old tonnage and the accommodation of additional demand stemming from increased sea-borne trade. This over-capacity continues to have a negative effect on prices. Examining the global trends in shipbuilding the Communication makes the following observations: Europe. EU yards have been undertaking numerous measures to improve competitiveness. In the face of an almost flat market, however, the Commission fears that time may be running out. Very few yards have order books stretching beyond 2003/2004. South Korea. The Commission concludes that the South Koreans are resorting to past practices in an attempt to avoid the glut in the shipbuilding market. This is done through the lowering of prices in the face of significant cost increases in Korean production over the past 12 months. The Communication suggests that a number of Korean yards could be heading for insolvency. Neither the Korean Government nor the shipyards themselves seem to consider reducing capacity through, for example, the closure of non-profitable shipbuilding facilities. Japan. Japanese shipbuilding is currently undergoing massive restructuring; bring together a number of shipyards under the umbrella of a few large groups. 50% of orders come from domestic demand, mostly for bulk carriers. They provide a captive market for Japanese yards and allow the Japanese shipbuilding industry to remain competitive. China. Although enjoying a much lower labour cost base than other main shipbuilding countries the Chinese,

nevertheless, sufferfrom organisational problems, limited access to technology and delivery delays. In spite of these difficulties the Commission remarks that China could become a major player in world shipbuilding. Lastly, the results of Commission investigations into the costing of shipbuilding, confirm previous findings. Namely, Korean yards continue to shell ships at prices below the full production cost. The gap between contract price and normal price is widening. The most recent investigations show this gap is 18% on average (not weighted), while it was 8% for the new cost investigations summarised in the fifth report.