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.