No L 169/28 Official Journal of the European Communities 27.7.72

COUNCIL DIRECTIVE

of 20 July 1972

on aid to shipbuilding

(72/273/EEC)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 92 and 113 thereof;

Having regard to the proposal from the Commission;

Whereas the Council Directive of 28 July 1969[1] on the grant of aids to shipbuilding to offset distortions in competition on the world market has effectively helped to reduce and harmonize aids granted to shipbuilding in the Community;

Whereas that Directive should be reviewed in the light of the changes which have occurred in the world shipbuilding market since its adoption;

Whereas distortions in competition on the world shipbuilding market have recently been reduced, principally 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 the Governments of many shipbuilding countries are increasingly convinced that the shipbuilding industry must ultimately operate without aid;

Whereas, furthermore, shipbuilding in the Community has shown a relative improvement following an increase in demand and the first results of the restructuring of shipyards;

Whereas the Directive of 28 July 1969 should therefore be revised so as to provide for a reduction in the aids granted to shipbuilding;

Whereas aids designed to improve export credit conditions for ships are still granted in some shipbuilding countries, the aim of existing OECD understandings being solely to lay down for international transactions maximum credit levels above which aid may not be granted; whereas there are forms of aid other than those relating to export credit for ships which cause distortions in competition on the world market;

Whereas in these circumstances it is in the common interest that aid to shipbuilding within the Community be maintained at a reduced level;

Whereas such aid will, furthermore, facilitate certain restructuring operations which have yet to be carried out within the Community shipbuilding industry; whereas these operations have been hindered by the deterioration of the financial position of numerous shipyards as a result of distortions in competition on the world market;

Whereas aids granted to shipbuilding should nevertheless not affect trading conditions in a way contrary to the common interest;

Whereas it is in the interest of the Community to find a solution both to the problem of any excess production capacity that may arise in the shipbuilding industry and to the problem of aid and intervention significantly affecting, whether directly or indirectly, conditions of competition and trade on the shipbuilding and ship conversion market;

Whereas the Commission should without delay undertake, with the assistance of the Member States, a study of the various factors responsible for the imbalance of supply and demand on that market—account being taken also of studies made by international organizations—and of all existing aids and interventions, in order to determine the effect of such aids and interventions on the conditions of competition and trade; whereas the Commission will, on the basis of the results of this study, submit

[1] OJ No L 206, 15.8.1969, p. 25.