



Revised General Guidelines for Governmental Policies in the Shipbuilding Industry

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Background Information

The Revised General Guidelines for Governmental Policies in the Shipbuilding Industry were adopted by the OECD Council on 23 February 1983. The General Guidelines had first been negotiated in 1976 and were revised for the last time in February 1983. They were developed in view of the existence and permanent threat of overcapacity in world shipbuilding and calls for close co-operation to eliminate excess capacity and to restructure shipbuilding industries. The Guidelines aim to guide the government action and to facilitate national and international discussions in the process of adapting the principles of the Revised General Arrangement for the Progressive Removal of Obstacles to Normal Competitive Conditions in the Shipbuilding Industry.

1. Working Party No. 6 of the Council on Shipbuilding was invited by the Council "to continue and intensify its efforts in order that a better equilibrium be attained on the world shipbuilding market, which is one of the essential factors likely to facilitate the gradual reduction of measures of assistance to the shipbuilding industry" [C(82)194(Final)]. In accordance with these terms of reference, the Working Party is considering, on a continuous basis, possible ways of remedying the present and expected imbalance in the shipbuilding industry.
2. After examining and assessing the present and future prospects for supply and demand in shipbuilding, Working Party No. 6 considers that the results of its analysis clearly show, over and above cyclical demand movements, the seriousness of the problems to be resolved: the persistence of a surplus in world shipyard capacity which is conditioned by a weak demand resulting from a significant surplus of tonnage in the short and medium term.
3. The Member countries of the Working Party agree that in order to remedy the structural disequilibrium existing in this industry, efforts are still needed in all shipbuilding countries to ensure that the indispensable adjustment of world shipbuilding capacity is achieved in the least damaging and most equitable way possible.
4. The Member countries of the Working Party consider that the continuing seriousness of the situation makes it essential that the international maritime community, especially governments and the industry of all constructing countries, should seek every means of restoring normal and balanced conditions of competition and market within the shortest possible time.
5. The Member countries of the Working Party participating in the arrangements concluded in the framework of Working Party No. 6 of the Council, in particular the revised General Arrangement for the progressive removal of obstacles to normal competitive conditions in the shipbuilding industry, and the Understanding on Export Credits for Ships, reaffirm their adherence to these arrangements.
6. The Member countries of Working Party No. 6 on Shipbuilding accept the principles of solidarity, fairness and international responsibility implying that each shipbuilding country plays an appropriate part in resolving the difficulties.
7. The Member countries of the Working Party agree that appropriate national policies should be pursued in order to resolve the problems of adaptation that arise in each shipbuilding country, and stress that, in virtue of the principles of solidarity, fairness and responsibility, international co-operation is needed to facilitate the pursuit of these policies and avoid unilateral action which could be harmful to other countries.
8. In the spirit of the principles agreed upon in the above paragraphs, the Member countries of the Working Party have agreed on the following revised general guidelines, which might guide government action in the adaptation process of the shipbuilding industry and facilitate subsequent national and international discussion.
9. Each Member government of Working Party No. 6 should:
 1. Endeavour to ensure that, in the continuing situation of structural imbalance of the market, a priority aim in the restructuring of its shipbuilding industry remains the appropriate adjustment of production capacity, recognising the regional and employment problems which arise in the pursuit of that aim;
 2. Not take any measure nor give, directly or indirectly, any aid to its shipbuilding industry which would disturb in the short or in the longer term the necessary process of the industry's adaptation and thereby prolong the structural disequilibrium of the market;
 3. Ensure that its policy, and watch that practices, in regard to orders and production take account of the persisting structural imbalance of the market, of the arrangements in which it is participating and of the principles of solidarity, fairness and international responsibility which imply that each shipbuilding country plays an appropriate part in resolving the difficulties; and watch, in this connection, that the practices of its industry remain, particularly in regard to prices, in a framework of fair competition;

4. Refrain from taking measures which would help to create new shipbuilding capacity and would aggravate the worldwide structural imbalance in the shipbuilding industry;
5. In pursuing its efforts towards the indispensable adjustment in the shipbuilding industry, watch in particular that the restoring of normal and balanced conditions in the market not be disturbed by the premature reactivation of capacities which are presently removed from the new building of merchant ships.

10. These General Guidelines are addressed to governments. Compliance with them is not obligatory; it does not limit the right of Member countries to take measures connected with the shipbuilding industry in accordance with international agreements already concluded, in particular within the framework of the OECD, but implies that participants take them into account in the implementation of their rights.

11. The Member governments of Working Party No. 6 of the Council on Shipbuilding, having agreed on these revised Guidelines, decided:

1. To keep each other rapidly informed within Working Party No. 6 on the progress of their national policies and on new measures in this field;
2. That a special session of the Working Party may be convened at the request of one or more participating countries whenever this is necessary;
3. That the Sub-Group on supply and demand shall inform it regularly of progress towards a restoration of world market equilibrium in the short and longer run and, in particular, of the trend in new orders, order books and ships completed, together with the trend of investment and shipbuilding capacities.

12. The Member governments of Working Party No. 6 are aware that the revised General Guidelines mentioned in the preceding paragraphs constitute a general framework for governments' policies. They agree that practical solutions which allow a return to a normal and balanced working of the market should continue to be implemented by each government within the framework of the principles and procedures of these revised Guidelines.

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