



Revised General Guidelines for Governmental Policies in the Shipbuilding Industry

**OECD Legal
Instruments**

This document is published under the responsibility of the Secretary-General of the OECD. It reproduces an OECD Legal Instrument and may contain additional material. The opinions expressed and arguments employed in the additional material do not necessarily reflect the official views of OECD Member countries.

This document, as well as any data and any map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

For access to the official and up-to-date texts of OECD Legal Instruments, as well as other related information, please consult the Compendium of OECD Legal Instruments at <http://legalinstruments.oecd.org>.

Please cite this document as:

OECD, *Revised General Guidelines for Governmental Policies in the Shipbuilding Industry*,
OECD/LEGAL/5009

Series: OECD Legal Instruments

© OECD 2018

This document is provided free of charge. It may be reproduced and distributed free of charge without requiring any further permissions, as long as it is not altered in any way. It may not be sold.

This document is available in the two OECD official languages (English and French). It may be translated into other languages, as long as the translation is labelled "unofficial translation" and includes the following disclaimer: *"This translation has been prepared by [NAME OF TRANSLATION AUTHOR] for informational purpose only and its accuracy cannot be guaranteed by the OECD. The only official versions are the English and French texts available on the OECD website <http://legalinstruments.oecd.org>"*

Date(s)

Adopted on 23/02/1983

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.

Adherents*

OECD Members

Australia
Austria
Belgium
Canada
Chile
Czech Republic
Denmark
Estonia
Finland
France
Germany
Greece
Hungary
Iceland
Ireland
Israel
Italy
Japan
Korea
Latvia
Luxembourg
Mexico
Netherlands
New Zealand
Norway
Poland
Portugal
Slovak Republic
Slovenia
Spain
Sweden
Switzerland
Turkey
United Kingdom
United States

Non-Members

Croatia
Romania

* Additional information and statements are available in the Compendium of OECD Legal Instruments:
<http://legalinstruments.oecd.org>

About the OECD

The OECD is a unique forum where governments work together to address the economic, social and environmental challenges of globalisation. The OECD is also at the forefront of efforts to understand and to help governments respond to new developments and concerns, such as corporate governance, the information economy and the challenges of an ageing population. The Organisation provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and work to co-ordinate domestic and international policies.

The OECD Member countries are: Australia, Austria, Belgium, Canada, Chile, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. The European Union takes part in the work of the OECD.

OECD Legal Instruments

Since the creation of the OECD in 1961, around 450 substantive legal instruments have been developed within its framework. These include OECD Acts (i.e. the Decisions and Recommendations adopted by the OECD Council in accordance with the OECD Convention) and other legal instruments developed within the OECD framework (e.g. Declarations, international agreements).

All substantive OECD legal instruments, whether in force or abrogated, are listed in the online Compendium of OECD Legal Instruments. They are presented in five categories:

- **Decisions:** OECD legal instruments which are legally binding on all Members except those which abstain at the time of adoption. While they are not international treaties, they entail the same kind of legal obligations. Adherents are obliged to implement Decisions and must take the measures necessary for such implementation.
- **Recommendations:** OECD legal instruments which are not legally binding but practice accords them great moral force as representing the political will of Adherents. There is an expectation that Adherents will do their utmost to fully implement a Recommendation. Thus, Members which do not intend to do so usually abstain when a Recommendation is adopted, although this is not required in legal terms.
- **Declarations:** OECD legal instruments which are prepared within the Organisation, generally within a subsidiary body. They usually set general principles or long-term goals, have a solemn character and are usually adopted at Ministerial meetings of the Council or of committees of the Organisation.
- **International Agreements:** OECD legal instruments negotiated and concluded within the framework of the Organisation. They are legally binding on the Parties.
- **Arrangement, Understanding and Others:** several ad hoc substantive legal instruments have been developed within the OECD framework over time, such as the Arrangement on Officially Supported Export Credits, the International Understanding on Maritime Transport Principles and the Development Assistance Committee (DAC) Recommendations.