



Revised General Arrangement for the
Progressive Removal of Obstacles
to Normal Competitive
Conditions in the
Shipbuilding Industry

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Background Information

The Revised General Arrangement for the Progressive Removal of Obstacles to Normal Competitive Conditions in the Shipbuilding Industry was adopted by the OECD Council on 23 February 1983. The General Arrangement has first been negotiated in 1972 and was revised for the last time in February 1983. In light of the global competition in shipbuilding and the need for international co-operation in addressing its structural problems, the General Arrangement defines a series of government support practices which distort competition in the shipbuilding market and seeks their elimination.

1. Participating governments confirm that it is their intention to pursue a policy of removing progressively obstacles to normal competitive conditions in the shipbuilding industry, such as, *inter alia*:

- a) Government subsidised export credits;
- b) Direct subsidies to the shipbuilding industry;
- c) Customs tariffs or any other import barrier;
- d) Discriminatory tax policies;
- e) Discriminatory official regulations or internal practices;
- f) Specific aid for investments;
- g) Subsidies for restructuring of the domestic shipbuilding industry;
- h) All other forms of indirect public aid which are obstacles to normal competitive conditions in the shipbuilding industry.

2. Countries participating in the Understanding on Export Credits for Ships confirm their intention to continue, taking due account of other relevant international efforts in this field, and also taking into account the specific market conditions, to reduce assistance through official facilities (as defined in the Understanding on Export Credits for Ships) for export credits.

3. Participating governments agree to do their utmost to ensure that, having due regard to the world situation of the industry and the conditions, especially social, in individual Member countries, and taking account of similar concurrent efforts by all other participating governments and of the specific conditions of the market, the above targets are reached gradually. To this end, they agree to define a procedure which would allow, within agreed time limits, the concerted implementation of the objectives of the Arrangement.

4. A participating government which, for imperative reasons, decides to temporarily refrain from making a reduction it had offered to make or to retract a reduction already made, should give immediate notice of its decision, together with explicit reasons for such action. The Working Party will examine the case at the next ordinary session or at an extraordinary session convened at the request of any other participating government.

5. Participating governments agree not to introduce any new measures of assistance or to increase existing assistance, whether direct or indirect, specifically to the shipbuilding industry, unless there are imperative reasons for such intervention. Such intervention should be of a specified short-term duration, degressive, and consist of, or be accompanied by, remedial action. The provisions for notification of any such intervention by the government concerned and for its examination by Working Party No. 6 are the same as those laid down in Clause 4.

6. Each participating government will submit to the Secretary-General any change in its system of assistance to the shipbuilding industry that affects the implementation of the revised General Arrangement. Any government participating in the General Arrangement may request information from any other participating government on the precise situation regarding measures of assistance in force and on progress made in their reduction. Participating governments undertake to supply any information so requested with all possible speed. According to the rules and practices of the OECD, any participating government may ask the Secretary-General to act on its behalf in this matter and to circulate the information obtained to all participants in the revised General Arrangement.

7. A government participating in the revised General Arrangement which considers that any measure of assistance applicable to shipbuilding in another country so favours the latter's shipyards that, as a result, international competition is significantly distorted, may put forward a substantial request for detailed information on the measure in question, and, after having received a reply to its request, may raise the matter in Working Party No. 6.

8. Provided that maximum notice of its decision is given to the other participating governments and that an account is taken of the discussions that the Working Party shall then have as soon as possible, any government participating in the revised General Arrangement may match assistance given by another country in the case of a particular transaction if such assistance is incompatible with the revised General Arrangement.

9. The revised General Arrangement becomes effective as soon as those members of Working Party No. 6, having notified the Secretary-General of their adherence to it, decide that they constitute a representative majority of members of Working Party No. 6; any member of Working Party No. 6 who disagrees as to what constitutes a representative majority would not be bound by the others' decision. The revised General Arrangement is open to other Member countries of the OECD.

10. This revised General Arrangement is subject to review as often as requested by participating governments, and in any case at intervals not exceeding one year. On these occasions, Working Party No. 6 will examine the supply and demand situation and progress made in the reduction of obstacles to normal competitive conditions towards the final objectives of the revised General Arrangement, bearing in mind the then prevailing circumstances.

11. Any participating government may withdraw from the revised General Arrangement upon giving to its partners three months' notice of its intention to do so. Within this period, at the request of any of these partners, there shall be a meeting of Working Party No. 6 to review the General Arrangement. Any other participating government, on notification to its partners, may withdraw from the revised General Arrangement at the same effective date as the government which first gave notice.

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