



Recommendation of the Council concerning Government Assistance to the Shipbuilding Industry

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Background Information

THE COUNCIL

HAVING REGARD to the objective of the Organisation for Economic Cooperation and Development and in view of the fact that all major shipbuilding countries are Members thereof;

HAVING REGARD to the Resolution of the Council of 24th May 1966 concerning the Terms of Reference of an ad hoc Working Party on Shipbuilding, as amended [Doc. Nos C(66)57, C(67)104(Final)];

DESIRING to achieve an agreement on the progressive reduction of all factors which distort normal competitive conditions in the shipbuilding industry while bearing in mind the inter-relationship between shipbuilding and shipping policies;

CONSIDERING that the Understanding on Export Credits for Ships adopted by Resolution C(69)60(Final) is an essential step toward such an agreement;

NOTING with satisfaction that those governments represented in Working Party No. 6 which grant direct subsidies have begun to reduce the extent to which their industry is assisted in this manner.

I

DECLARES that it is the policy of Member governments to remove progressively obstacles to normal competitive conditions in the shipbuilding industry, such as, inter alia:

- (a) Government subsidised export credits;
- (b) Direct building subsidies;
- (c) Customs tariffs or any other import barrier;
- (d) Discriminatory tax policies;
- (e) Discriminatory official regulations or internal practices;
- (f) Specific aid for investment in and restructuring of the domestic shipbuilding industry.

NOTES the intention of Member governments not to provide any assistance with regard to export credits which would be inconsistent with the Understanding on Export Credits for Ships.

RECOMMENDS that Member governments shall not introduce any new measures with regard to other forms of intervention which would serve to increase assistance, whether direct or indirect, specifically to the shipbuilding industry.

II

INSTRUCTS Working Party No. 6 to review, and report to the Council at least annually, progress toward the elimination of all these obstacles to normal competition in the shipbuilding industry, with the objective of completing the process as soon as possible.

In adopting the above Recommendation, the Council:

1. **NOTED** the Report by Mr. Small, Chairman of the Ad Hoc Working Party on Shipbuilding, of 14th May 1969, as amended to incorporate the results of discussions in the Executive Committee [Doc. Nos. C(69)60(1st Revision), CE/M(69)7(Final) and 9(Final)] and CONGRATULATED him and his predecessor, Mr. Frago, on the encouraging progress made by Council Working Party No. 6 under their excellent Chairmanship;
2. **NOTED** the abstention of the Delegates for Austria, Canada, Greece, Iceland, Ireland, Luxembourg, Portugal, Switzerland, Turkey and the United States;

3. **CONFIRMED** the terms of reference of Council Working Party No. 6 as amended [Doc. Nos. C(66)57, C(67) 104(Final)] and SPECIFIED that they cover also such activities of this Working Party necessitated by the orderly functioning of the Understanding on Export Credits for Ships;
4. **AGREED** that Finland should participate as an observer in the work of Council Working Party No. 6;
5. **INSTRUCTED** Council Working Party No. 6 to make, in accordance with Section II of this Recommendation, a first Progress Report to the Council at the latest by 30th May 1970, or earlier as required;
6. **CONFIRMED** its instructions to the Secretary-General at its meeting on 27th June 1967 concerning the collection of statistics and information referred to in the Interim Report by Working Party No. 6 of the Council of 17th November 1966 [Doc. Nos. C/M(67)13(Final), Item 117(d), C/WP6 (66)8];
7. **NOTED** that Council Working Party No. 6 would hold a special meeting during the week beginning 16th June to settle certain technical details concerning the entry into force of this Recommendation and REQUESTED Delegations concerned to inform the Secretariat as soon as possible of the points they wished to discuss;
8. **NOTED** the statement by the Chairman of Working Party No. 6 relating to Secretariat resources;
9. **AGREED** that the text of this Recommendation would be published by the Organisation;
10. **REQUESTED** the Information Department, in consultation with the Chairman of Working Party No. 6, to prepare a short Press Communiqué to accompany the text;
11. **NOTED** that Mr. Small would hold a Press Conference on Wednesday, 4th June.

ⁱ The Secretary-General received a letter dated 11th June 1969 from the Head of the Swiss Delegation informing him that the Swiss authorities had reconsidered the abstention made at the time of adoption of the Recommendation and desired that Switzerland be included in the countries accepting it (Doc. No. C(69)95).

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