Delegations will find attached an information note from the Commission on the above subject which will be dealt with under "Any other business" at the Competitiveness Council on 25 May 2010.
Competitiveness Council on 25 May 2010
Information Note
European Ship situation and new actions

Present situation of the sector

The global shipbuilding industry is facing today a crisis of unprecedented proportions, characterised by very limited demand for new vessels and a dramatic overcapacity problem. Ordering activity in 2009 reached its lowest level in the last 10 years, with limited signs of recovery in 2010 as shipping demand remains depressed.

The European industry has mostly stayed clear from artificially expanding capacities in recent years, thanks in part to the LeaderSHIP 2015 policy framework that was jointly elaborated by all stakeholders of the sector in 2003. This framework - emphasising specialisation in highly innovative market segments where Europe possesses a strong competitive advantage – has undeniably borne fruit.

Nevertheless, while the brunt of the crisis has hit the mass cargo vessels market, which European yards have mostly evacuated, the European industry has not been spared from its effects. Given the nature of the production cycle, unlike most other industrial sectors, shipyards are now only starting to feel the main impact of the crisis, rather than coming out of it. In recent months, important restructuring plans have already been announced in some of Europe's biggest shipyards, such as STX Finland and STX St Nazaire, while a recent study commissioned by IG Metall reported that over 3000 employees already lost their jobs in the German shipyards due to the crisis.

Policy response to the crisis

As a response to the crisis, certain Member States have already taken ad hoc measures to alleviate the pressure on some of their yards (e.g. anticipated public orders, financial guarantees). However, as the situation is getting worse in many shipyards, there have been further calls at regional, national and European level to take appropriate measures to address the impact of the crisis.
The Commission is ready to assist Member States in ensuring coherence of possible State Aid measures, in full compliance with the existing State aid rules.

On 8 April 2010, a Declaration, signed by 29 regions, was handed over to EU institutions, as well as the Spanish Presidency. On 21 April, a conference on the crisis in the shipbuilding sector was organised in Bilbao, on the initiative of the Basque regional Government.

The Bilbao Conference builds on the concerns already discussed with Member States and stakeholders at the High level meeting, organized at the initiative of the Commission on 11 September 2009 in Bremerhaven. The conclusions mapped out an updated agenda for the sector in the framework of LeaderSHIP 2015, articulated along five key guidelines: the promotion of new demand for safer and less polluting ships; improved access to finance; the establishment of a level playing field; the stimulation of research and innovation in shipbuilding; a renewed commitment to quality jobs and high levels of employment.

As regards the issue of access to finance, the current Temporary Framework, due to expire at the end of 2010, has already given the Member States the possibility to alleviate, in the respect of EU competition rules, the financing problems faced by certain European yards. Furthermore, the Commission is in contact with the EIB to see how to optimize lending for the sector and is analysing the possibility of proposing a European pre-delivery guarantee scheme.

The Commission is also pursuing its efforts for the establishment of a level playing field, through its bilateral dialogue with some of Europe's main trading partners, as well as at a global multilateral level. In this regard, the Commission welcomes the decision on 13 April 2010 to relaunch the negotiations on a global shipbuilding agreement with other leading shipbuilding nations at the OECD, tackling issues of market distortions and unfair pricing.

In line with the overall EU2020 strategy, the Commission is also initiating a comprehensive policy analysis to foster innovation and green growth opportunities in the sector. In this perspective, the Commission will conduct an impact assessment of the State Aid Framework for Shipbuilding, in view of its expiry at the end of 2011.