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**A5-0373/2001**

25 October 2001

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## **REPORT**

on the proposal for a Council regulation concerning a temporary defensive mechanism for shipbuilding  
(COM(2001)401 – C5-0393/2001 – 2001/0153(CNS))

Committee on Economic and Monetary Affairs

Rapporteur: Karin Riis-Jørgensen

Draftsman (\*): Jaime Valdivielso de Cué, Committee on Industry, External Trade, Research and Energy

(\*): Enhanced Hughes Procedure

### ***Symbols for procedures***

- \* Consultation procedure  
*majority of the votes cast*
- \*\*I Cooperation procedure (first reading)  
*majority of the votes cast*
- \*\*II Cooperation procedure (second reading)  
*majority of the votes cast, to approve the common position  
majority of Parliament's component Members, to reject or amend  
the common position*
- \*\*\* Assent procedure  
*majority of Parliament's component Members except in cases  
covered by Articles 105, 107, 161 and 300 of the EC Treaty and  
Article 7 of the EU Treaty*
- \*\*\*I Codecision procedure (first reading)  
*majority of the votes cast*
- \*\*\*II Codecision procedure (second reading)  
*majority of the votes cast, to approve the common position  
majority of Parliament's component Members, to reject or amend  
the common position*
- \*\*\*III Codecision procedure (third reading)  
*majority of the votes cast, to approve the joint text*

(The type of procedure depends on the legal basis proposed by the Commission)

### ***Amendments to a legislative text***

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

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(\*) Enhanced Hughes Procedure

## PROCEDURAL PAGE

By letter of 29 August 2001 the Council consulted Parliament, pursuant to Articles 89 and 87(3) of the EC Treaty, on the proposal for a Council regulation concerning a temporary defensive mechanism for shipbuilding (COM(2001) 401 - 2001/0153 (CNS)).

At the sitting of 3 September 2001 the President of Parliament announced that she had referred this proposal to the Committee on Economic and Monetary Affairs as the committee responsible and the Committee on Industry, External Trade, Research and Energy for its opinion (C5-0393/2001).

At the sitting of 25 October the President of Parliament will announce that the Committee on Industry, External Trade, Research and Energy, which had been asked for its opinion, had been involved in drawing up the report, under the enhanced Hughes Procedure.

The Committee on Economic and Monetary Affairs appointed Karin Riis-Jørgensen rapporteur at its meeting of 11 September 2001.

The committee considered the Commission proposal and draft report at its meetings of 16 October and 23 October 2001.

At the latter meeting it adopted the draft legislative resolution by 21 votes to 13 with 2 abstentions.

The following were present for the vote: Christa Randzio-Plath, chairwoman; José Manuel García-Margallo y Marfil, vice-chairman; Karin Riis-Jørgensen, rapporteur; Generoso Andria, Luis Berenguer Fuster, Pervenche Berès, Hans Blokland, Armonia Bordes, Renato Brunetta (for Marianne L.P. Thyssen), Hans Udo Bullmann, Benedetto Della Vedova, Garrelt Duin (for Richard A. Balfe pursuant to Rule 153(2)), Lisbeth Grönfeldt Bergman, Brice Hortefeux, Christopher Huhne, Piia-Noora Kauppi, Christoph Werner Konrad, Werner Langen (for Othmar Karas), Astrid Lulling, Erika Mann (for Giorgos Katiforis pursuant to Rule 153(2)), Ioannis Marinos, Fernando Pérez Royo, Mikko Pesälä (for Carles-Alfred Gasòliba i Böhm), Wilhelm Ernst Piecyk (for Robert Goebbels pursuant to Rule 153(2)), José Javier Pomés Ruiz, John Purvis (for Jonathan Evans), Alexander Radwan, Bernhard Rapkay, Olle Schmidt, Peter William Skinner, Charles Tannock, Helena Torres Marques, Bruno Trentin, Jaime Valdivielso de Cué (for Alejandro Agag Longo), Theresa Villiers and Karl von Wogau.

The opinion of the Committee on Industry, External Trade, Research and Energy is attached.

The report was tabled on 25 October 2001.

The deadline for tabling amendments will be indicated in the draft agenda for the relevant part-session.

## LEGISLATIVE PROPOSAL

### Proposal for a Council regulation concerning a temporary defensive mechanism for shipbuilding (COM(2001) 401 – C5-0393/2001 – 2001/0153(CNS))

The proposal is amended as follows: .

Text proposed by the Commission<sup>1</sup>

Amendments by Parliament

#### Amendment 1 Recital 1a (new)

***(1a) Shipbuilding constitutes a sector of strategic importance for the European Union in order to ensure a secure supply under suitable conditions to sustain economic development in the Community as a whole and in order to avoid excessive dependence on external suppliers in times of crisis and of international conflict;***

#### *Justification*

*The gradual closure of European shipyards is an issue which also affects European security in the event of international conflict.*

#### Amendment 2 Article 1, paragraph 1, point (c a) (new)

***(ca) "LNG carriers"(liquid natural gas carriers) shall mean ships designed with a single deck hull with an arrangement of integral and/or independent tanks suited to carry natural gas in liquid form.***

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<sup>1</sup> OJ C not yet published

### *Justification*

*The mechanism as proposed is inadequate to meet the objectives pursued, i.e. to force South Korea to increase prices (by approximately 15%) and to reduce capacity, since the three segments referred to only account for 20% of European shipbuilding.*

*In order to send a clear message to South Korea to the effect that the European Union is prepared to defend the European shipbuilding sector, the same shiptypes should be included as are referred to in the complaint lodged with the WTO; moreover, the four six-monthly reports by the Commission on the situation of the European shipbuilding sector show that all segments (except for cruise ships and small vessels) have faced the same unfair competition by South Korea which has displaced European builders of gas tankers (LNG and LPG), ferries, bulkcarriers and ro-ro vessels, with Suez and supermax type oil tankers (i.e. those with the greatest tonnage) practically no longer being built.*

### Amendment 3

Article 1, paragraph 1, point (c b) (new)

***(cb) "LPG" carriers (other petroleum gas carriers) shall mean ships designed with a single deck hull with an arrangement of integral and/or independent tanks suited to carry other petroleum gases in liquid form.***

### *Justification*

*The mechanism as proposed is inadequate to meet the objectives pursued, i.e. to force South Korea to increase prices (by approximately 15%) and to reduce capacity, since the three segments referred to only account for 20% of European shipbuilding.*

*In order to send a clear message to South Korea to the effect that the European Union is prepared to defend the European shipbuilding sector, the same shiptypes should be included as are referred to in the complaint lodged with the WTO; moreover, the four six-monthly reports by the Commission on the situation of the European shipbuilding sector show that all segments (except for cruise ships and small vessels) have faced the same unfair competition by South Korea which has displaced European builders of gas tankers (LNG and LPG), ferries, bulkcarriers and ro-ro vessels, with Suez and supermax type oil tankers (i.e. those with the greatest tonnage) practically no longer being built.*

Amendment 4  
Article 1, paragraph 1, point (c c) (new)

***(cc) "ferries" shall mean ships designed with multiple decks for carrying wheeled vehicles and passengers over short distances.***

*Justification*

*The mechanism as proposed is inadequate to meet the objectives pursued, i.e. to force South Korea to increase prices (by approximately 15%) and to reduce capacity, since the three segments referred to only account for 20% of European shipbuilding.*

*In order to send a clear message to South Korea to the effect that the European Union is prepared to defend the European shipbuilding sector, the same shiptypes should be included as are referred to in the complaint lodged with the WTO; moreover, the four six-monthly reports by the Commission on the situation of the European shipbuilding sector show that all segments (except for cruise ships and small vessels) have faced the same unfair competition by South Korea which has displaced European builders of gas tankers (LNG and LPG), ferries, bulkcarriers and ro-ro vessels, with Suez and supermax type oil tankers (i.e. those with the greatest tonnage) practically no longer being built.*

Amendment 5  
Article 1, paragraph 1, point (c d) (new)

***(cd) "ro-ro vessels" shall mean ships designed with multiple decks for the transportation of wheeled road vehicles and trains.***

*Justification*

*The mechanism as proposed is inadequate to meet the objectives pursued, i.e. to force South Korea to increase prices (by approximately 15%) and to reduce capacity, since the three segments referred to only account for 20% of European shipbuilding.*

*In order to send a clear message to South Korea to the effect that the European Union is prepared to defend the European shipbuilding sector, the same shiptypes should be included*

*as are referred to in the complaint lodged with the WTO; moreover, the four six-monthly reports by the Commission on the situation of the European shipbuilding sector show that all segments (except for cruise ships and small vessels) have faced the same unfair competition by South Korea which has displaced European builders of gas tankers (LNG and LPG), ferries, bulkcarriers and ro-ro vessels, with Suez and supermax type oil tankers (i.e. those with the greatest tonnage) practically no longer being built.*

Amendment 6  
Article 2, paragraph 1

1. Subject to the following paragraphs, and by way of derogation from Article 3 of the 1998 Shipbuilding Regulation, direct aid in support of contracts for the building of containerships and product and chemical tankers, may be considered compatible with the common market when there has been competition for the contract from a Korean shipyard offering a lower price.

Subject to the following paragraphs, and by way of derogation from Article 3 of the 1998 Shipbuilding Regulation, direct aid in support of contracts for the building of containerships and product and chemical tankers, **LNG carriers, LPG carriers, ferries and ro-ro vessels**, may be considered compatible with the common market when there has been competition for the contract from a Korean shipyard offering a lower price.

*Justification*

*The aim is to be consistent with and complement Amendments 2, 3, 4 and 5 by the rapporteur.*

Amendment 7  
Article 3, paragraph 2 (a)

a) On receipt of a complete notification the Commission shall without delay transmit the following information to all Member States: **the name and address of the applicant shipyard and prospective purchaser**; the relevant shiptype and size; and the amount of aid notified;

a) On receipt of a complete notification the Commission shall without delay transmit the following information to all Member States: the relevant shiptype and size; and the amount of aid notified;

*Justification*

*It is important that the information which the Commission makes known to the other Member*



*States (in order to inform their shipbuilders) should not violate the principle of confidentiality of commercial data referred to in the Treaties and in ECJ case law. All sensitive data must be excluded.*

Amendment 8  
Article 5

This Regulation shall enter into force on the day following that of its publication in the Official Journal of the European Communities and shall expire ***on 31 December 2002.***

This Regulation shall enter into force on the day following that of its publication in the Official Journal of the European Communities and shall expire on ***31 December 2003.***

*Justification*

*The term of validity of the defensive mechanism until 2002 is inadequate and runs counter to the conclusions of the Industry and Energy Council of 5 December 2000 since the proceedings before the WTO may well take longer than two years; it would therefore seem reasonable for it to be applicable at least for the duration of the current Regulation on aid to shipbuilding, Regulation 1540/98, which expires on 31 December 2003, or possibly until the conclusion of the WTO proceedings.*

## DRAFT LEGISLATIVE RESOLUTION

### **European Parliament legislative resolution on the proposal for a Council regulation concerning a temporary defensive mechanism for shipbuilding (COM(2001) 401 – C5-0393/2001 – 2001/0153(CNS))**

#### **(Consultation procedure)**

*The European Parliament,*

- having regard to the Commission proposal to the Council (COM(2001) 401<sup>1</sup>),
  - having been consulted by the Council pursuant to Articles 89 and 87(3) of the EC Treaty (C5-0393/2001),
  - having regard to Rule 67 of its Rules of Procedure,
  - having regard to the report of the Committee on Economic and Monetary Affairs and the opinion of the Committee on Industry, External Trade, Research and Energy (A5-0373/2001),
1. Approves the Commission proposal as amended;
  2. Calls on the Commission to alter its proposal accordingly, pursuant to Article 250(2) of the EC Treaty;
  3. Calls on the Council to notify Parliament should it intend to depart from the text approved by Parliament;
  4. Asks to be consulted again should the Council intend to amend the Commission proposal substantially;
  5. Instructs its President to forward its position to the Council and Commission.

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<sup>1</sup> OJ C not yet published

## EXPLANATORY STATEMENT

At the Industry Council meeting of 5 December 2000 it was decided that the commitment of operating aid of up to 9% for shipbuilding should cease from the end of 2000 for all Member States.

According to the seventh shipbuilding directive, the commitment of such aid should already have ceased from the end of 1998. At that time, the Community's aid policy for the shipbuilding sector had been unchanged since 1987. Since the world market for shipbuilding was a difficult one reflecting substantial expansion by Korea and since there was still hope - but little conviction - that the USA would ratify the 1994 OECD agreement banning subsidies, the EU decided to extend operating aid for a further two years to the end of 2000.

However, it was already clear when extended in 1998 that operating aid was to be discontinued as from the end of 2000. This was due primarily to the fact that state aid had turned out not to have any appreciable effect on the shipbuilding industry's ability to survive. In addition, the decision reflected the desire in principle to reduce the amount of state aid as much as possible. This is a view supported by Parliament which, in its report on the Commission's XXXth report on competition policy (2000) (A5-0299/2001), stated that it 'agrees with the Commission that, although the level of state aid in relation to GDP is decreasing, it remains too high and should be reduced further still.'

The Commission endeavoured throughout the autumn of 1999 and spring of 2000 to reach a negotiated solution with the Republic of Korea which was felt to be breaking existing trade agreements by using government subsidies. In view of the fact that these negotiations on establishing fair terms of competition broke down in mid-2000, there was general agreement at the Council meeting in December 2000 that the EU ought to take Korea to the WTO for having subsidised the export of ships in breach of its obligations. This demand was supported by Parliament which, in its report on the Commission's second report to the Council on the situation in world shipbuilding (A5-0371/2000), 'calls on the Commission to initiate a dispute settlement procedure with the Republic of Korea before the World Trade Organisation (WTO).'

The Commission proposal for a Council regulation concerning a temporary defensive mechanism for shipbuilding (COM(2001)401) makes the opening of proceedings against Korea at the WTO conditional on a temporary defensive mechanism being introduced at the same time for the shipbuilding industry. The proposal allows operating aid of 6% and, in special cases, of up to 14%. The condition is formulated in such a way that proceedings will be instituted at the WTO only at such time as a temporary defensive mechanism for shipbuilding has been adopted by the Council.

23 October 2001

**OPINION OF THE COMMITTEE ON INDUSTRY, EXTERNAL TRADE,  
RESEARCH AND ENERGY**

for the Committee on Economic and Monetary Affairs

on the proposal for a Council regulation concerning a temporary defensive mechanism to  
shipbuilding  
(COM(2001)401 – C5-0393/2001 – 2001/0153(CNS))

Draftsman: Jaime Valdivielso de Cué

**PROCEDURE**

The Committee on Industry, External Trade, Research and Energy appointed Jaime Valdivielso de Cué draftsman at its meeting of 27 August 2001.

It considered the draft opinion at its meetings of 18 September, 9 and 22 October 2001.

At the last meetings it adopted the following amendments by 30 votes to 9, with 7 abstentions.

The following were present for the vote: Carlos Westendorp y Cabeza (chairman), Nuala Ahern (vice-chairman), Peter Michael Mombaur (vice-chairman), Jaime Valdivielso de Cué (draftsman), Konstantinos Alyssandrakis, Guido Bodrato, Massimo Carraro, Gérard Caudron, Giles Bryan Chichester, Nicholas Clegg, Harlem Désir, Concepció Ferrer, Colette Flesch, Christos Folias, Glyn Ford, Norbert Glante, Michel Hansenne, Hans Karlsson, Rolf Linkohr, Caroline Lucas, Eryl Margaret McNally, Nelly Maes, Erika Mann, Elizabeth Montfort, Angelika Niebler, Reino Paasilinna, Yves Piétrasanta, Elly Plooi-j-van Gorsel, John Purvis, Godelieve Quisthoudt-Rowohl, Imelda Mary Read, Christian Foldberg Rovsing, Paul Rübig, Ilka Schröder, Konrad K. Schwaiger, Esko Olavi Seppänen, Astrid Thors, W.G. van Velzen, Alejo Vidal-Quadras Roca, Myrsini Zorba, Olga Zrihen Zaari, María del Pilar Ayuso González (for Renato Brunetta), Felipe Camisón Asensio (for Roger Helmer), Dorette Corbey (for François Zimeray), Benedetto Della Vedova (for Jean-Marie Le Pen), Lisbeth Grönfeldt Bergman (for Marjo Matikainen-Kallström), Wolfgang Kreissl-Dörfler (for Elena Valenciano Martínez-Orozco), Helmut Kuhne (for Mechtild Rothe), Peter Liese (for Werner Langen), Hans-Peter Mayer (for Dominique Vlasto), Giuseppe Nisticò (for Umberto Scapagnini), Samuli Pohjamo (for Willy C.E.H. De Clercq) and Antonios Trakatellis (for Anders Wijkman), Gianfranco Dell'Alba (for Gian Paolo Gobbo, pursuant to Rule 153(2) of the Rules of Procedure), Hans Kronberger (for Daniela Raschhofer, pursuant to Rule 153(2) of the Rules of Procedure), José Ribeiro e Castro (for Pat the Cope Gallagher, pursuant to Rule 153(2) of the Rules of Procedure) and Maurizio Turco (for Mario Borghezio, pursuant to Rule

153(2) of the Rules of Procedure).

## SHORT JUSTIFICATION

The shipbuilding sector throughout Europe is facing a serious crisis endangering its very survival as a result of continuing unfair competition from South Korea.

The six-monthly reports which the Commission submits to the Council pursuant to Article 12 of the Regulation on aid to shipbuilding (Regulation 1540/98) clearly show that South Korea continues to:

- Systematically offer prices below cost price by a margin of 20 to 40%;
- Grant direct and indirect, non-transparent, aid to shipbuilders;
- Keep clearly insolvent shipyards in operation, in contravention of the undertakings made to qualify for I.M.F aid;
- Increase capacity, with capacity growing by 170% in the 1988 to 1997 period compared with a 30% reduction in European output in the same period.

In June 2000, the Commission and South Korea signed up to Agreed Minutes which included commitments on price and aid discipline and a fast consultation mechanism. However, these commitments have not been honoured.

In view of this, the European shipbuilding industry lodged a complaint with the Commission in November 2000 pursuant to the Trade Barriers Regulation as a first step for the Community to bring action before the WTO.

On 5 December 2000, the Council of Ministers of Industry and Energy agreed that, should no satisfactory agreement be reached with South Korea by 1 May 2001, it would propose that action be brought before the WTO and call on the Commission to propose a defensive mechanism which should be both selective (exclusively for the shipyards in segments threatened by South Korean dumping) and temporary (until the conclusion of action brought before the WTO).

At its meeting of 14 and 15 May 2001 and in view of the IVth Commission report on the situation of the shipbuilding sector (whose conclusions did not differ from the previous three reports), the Industry and Energy Council approved the plan of action proposed by the Commission which consisted in resuming negotiations with South Korea and, should no satisfactory agreement be reached by 30 June 2001, referring the matter to the WTO and, at the same time, implementing the temporary and selective defensive mechanism.

On 25 July 2001, the Commission adopted a proposal for a regulation (COM(2001) 401 final) setting out a proposed aid scheme with Articles 87(3)c and 89 of the EC treaty (adoption in the Council by qualified majority following prior consultation of the European Parliament).

The scope of the proposed mechanism is limited to container ships and tankers for transporting petroleum products and chemicals (excluding stainless steel tankers).

The proposal foresees, in certain circumstances, a maximum aid intensity limit of 14% of

contract value before aid. In addition, the mechanism shall not be applicable before the Community initiates WTO proceedings and shall apply only until their conclusion, with the latest possible expiry date being set at 31 December 2002.

In view of the response or, more accurately, the absence of a response to the Commission's efforts to promote stability and fair competition in the world shipbuilding market, it seems evident that South Korea will only reconsider its attitude if dissuasive measures such as those proposed by the Commission are adopted.

In this manner, we can reduce the ever increasing risk of an extension of such unfair practices by South Korea to other sectors such as the automotive, electronic goods or steel sectors. Failure to take such action would set a very negative precedent and would be a symptom of a lack of solidarity and of weakness on the part of the Union, which would be particularly serious on the eve of the new round of WTO negotiations.

## AMENDMENTS

The Committee on Industry, External Trade, Research and Energy calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following amendments in its report:

Text proposed by the Commission<sup>1</sup>

Amendments by Parliament

### Amendment 1

Article 1, paragraph 1, point (c a) (new)

***(ca) "LNG carriers"(liquid natural gas carriers) shall mean ships designed with a single deck hull with an arrangement of integral and/or independent tanks suited to carry natural gas in liquid form.***

### *Justification*

*The mechanism as proposed is inadequate to meet the objectives pursued, i.e. to force South Korea to increase prices (by approximately 15%) and to reduce capacity, since the three segments referred to only account for 20% of European shipbuilding.*

*In order to send a clear message to South Korea to the effect that the European Union is prepared to defend the European shipbuilding sector, the same shiptypes should be included as are referred to in the complaint lodged with the WTO; moreover, the four six-monthly*

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<sup>1</sup> OJ C .../pending publication in the OJ.

*reports by the Commission on the situation of the European shipbuilding sector show that all segments (except for cruise ships and small vessels) have faced the same unfair competition by South Korea which has displaced European builders of gas tankers (LNG and LPG), ferries, bulkcarriers and ro-ro vessels, with Suez and supermax type oil tankers (i.e. those with the greatest tonnage) practically no longer being built.*

#### Amendment 2

Article 1, paragraph 1, point (c b) (new)

***(cb) "LPG" carriers (other petroleum gas carriers) shall mean ships designed with a single deck hull with an arrangement of integral and/or independent tanks suited to carry other petroleum gases in liquid form.***

#### *Justification*

*The mechanism as proposed is inadequate to meet the objectives pursued, i.e. to force South Korea to increase prices (by approximately 15%) and to reduce capacity, since the three segments referred to only account for 20% of European shipbuilding.*

*In order to send a clear message to South Korea to the effect that the European Union is prepared to defend the European shipbuilding sector, the same shiptypes should be included as are referred to in the complaint lodged with the WTO; moreover, the four six-monthly reports by the Commission on the situation of the European shipbuilding sector show that all segments (except for cruise ships and small vessels) have faced the same unfair competition by South Korea which has displaced European builders of gas tankers (LNG and LPG), ferries, bulkcarriers and ro-ro vessels, with Suez and supermax type oil tankers (i.e. those with the greatest tonnage) practically no longer being built.*

#### Amendment 3

Article 1, paragraph 1, point (c c) (new)

***(cc) "ferries" shall mean ships designed with multiple decks for carrying wheeled vehicles and passengers over short distances.***



### *Justification*

*The mechanism as proposed is inadequate to meet the objectives pursued, i.e. to force South Korea to increase prices (by approximately 15%) and to reduce capacity, since the three segments referred to only account for 20% of European shipbuilding.*

*In order to send a clear message to South Korea to the effect that the European Union is prepared to defend the European shipbuilding sector, the same shiptypes should be included as are referred to in the complaint lodged with the WTO; moreover, the four six-monthly reports by the Commission on the situation of the European shipbuilding sector show that all segments (except for cruise ships and small vessels) have faced the same unfair competition by South Korea which has displaced European builders of gas tankers (LNG and LPG), ferries, bulkcarriers and ro-ro vessels, with Suez and supermax type oil tankers (i.e. those with the greatest tonnage) practically no longer being built.*

### Amendment 4

Article 1, paragraph 1, point (c d) (new)

***(cd) "ro-ro vessels" shall mean ships designed with multiple decks for the transportation of wheeled road vehicles and trains.***

### *Justification*

*The mechanism as proposed is inadequate to meet the objectives pursued, i.e. to force South Korea to increase prices (by approximately 15%) and to reduce capacity, since the three segments referred to only account for 20% of European shipbuilding.*

*In order to send a clear message to South Korea to the effect that the European Union is prepared to defend the European shipbuilding sector, the same shiptypes should be included as are referred to in the complaint lodged with the WTO; moreover, the four six-monthly reports by the Commission on the situation of the European shipbuilding sector show that all segments (except for cruise ships and small vessels) have faced the same unfair competition by South Korea which has displaced European builders of gas tankers (LNG and LPG), ferries, bulkcarriers and ro-ro vessels, with Suez and supermax type oil tankers (i.e. those with the greatest tonnage) practically no longer being built.*

Amendment 5  
Article 2, paragraph 1

1. Subject to the following paragraphs, and by way of derogation from Article 3 of the 1998 Shipbuilding Regulation, direct aid in support of contracts for the building of containerships and product and chemical tankers, may be considered compatible with the common market when there has been competition for the contract from a Korean shipyard offering a lower price.

1. Subject to the following paragraphs, and by way of derogation from Article 3 of the 1998 Shipbuilding Regulation, direct aid in support of contracts for the building of containerships and product and chemical tankers, **LNG carriers, LPG carriers, ferries and ro-ro vessels** may be considered compatible with the common market when there has been competition for the contract from a Korean shipyard offering a lower price.

*Justification*

*This amendment is required in addition to amendments 2, 3, 4 and 5 by the rapporteur, for the sake of consistency and completeness.*

Amendment 6  
Article 3, paragraph 2, point (a)

a) On receipt of a complete notification the Commission shall without delay transmit the following information to all Member States: **the name and address of the applicant shipyard and prospective purchaser**; the relevant shiptype and size; and the amount of aid notified;

a) On receipt of a complete notification the Commission shall without delay transmit the following information to all Member States: the relevant shiptype and size; and the amount of aid notified;

*Justification*

*It is important that the information which the Commission makes known to the other Member States (in order to inform their shipbuilders) should not violate the principle of confidentiality of commercial data referred to in the Treaties and in ECJ case law. All sensitive data must be excluded.*

Amendment 7  
Article 5

This Regulation shall enter into force on the day following that of its publication in the Official Journal of the European Communities and shall expire ***on 31 December 2002***.

This Regulation shall enter into force on the day following that of its publication in the Official Journal of the European Communities and shall expire on ***31 December 2003***.

#### *Justification*

*The term of validity of the defensive mechanism until 2002 is inadequate and runs counter to the conclusions of the Industry and Energy Council of 5 December 2000 since the proceedings before the WTO may well take longer than two years; it would therefore seem reasonable for it to be applicable at least for the duration of the current Regulation on aid to shipbuilding, Regulation 1540/98, which expires on 31 December 2003, or possibly until the conclusion of the WTO proceedings.*