

# Procedure file

Basic information	
CNS - Consultation procedure Regulation	2001/0153(CNS) Procedure completed
Temporary defensive mechanism to shipbuilding Amended by <a href="#">2004/0008(CNS)</a>	
Subject 2.60.03 State aids and interventions 3.40.04 Shipbuilding, nautical industry 6.20.01 Agreements and relations in the context of the World Trade Organization (WTO) 6.20.02 Export/import control, trade defence, trade barriers	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>ECON</b> Economic and Monetary Affairs		11/09/2001
		ELDR <a href="#">RIIS-JØRGENSEN Karin</a>	
	Committee for opinion	Rapporteur for opinion	Appointed
	<b>ITRE</b> Industry, External Trade, Research, Energy (Associated committee)		24/08/2001
		PPE-DE <a href="#">VALDIVIELSO DE CUÉ Jaime</a>	
Council of the European Union	Council configuration	Meeting	Date
	<a href="#">Competitiveness (Internal Market, Industry, Research and Space)</a>	<a href="#">2451</a>	30/09/2002
	<a href="#">Agriculture and Fisheries</a>	<a href="#">2441</a>	27/06/2002
	Energy	<a href="#">2394</a>	04/12/2001
	<a href="#">General Affairs</a>	<a href="#">2372</a>	08/10/2001
European Commission	Commission DG <a href="#">Competition</a>	Commissioner	

Key events			
25/07/2001	Legislative proposal published	COM(2001)0401	Summary
03/09/2001	Committee referral announced in Parliament		
08/10/2001	Debate in Council	<a href="#">2372</a>	
23/10/2001	Vote in committee		Summary
23/10/2001	Committee report tabled for plenary, 1st reading/single reading	<a href="#">A5-0373/2001</a>	

14/11/2001	Debate in Parliament		
15/11/2001	Decision by Parliament	<a href="#">T5-0605/2001</a>	Summary
04/12/2001	Debate in Council	<a href="#">2394</a>	
27/06/2002	Act adopted by Council after consultation of Parliament		
27/06/2002	End of procedure in Parliament		
02/07/2002	Final act published in Official Journal		

#### Technical information

Procedure reference	2001/0153(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
	Amended by <a href="#">2004/0008(CNS)</a>
Legal basis	EC Treaty (after Amsterdam) EC 087; EC Treaty (after Amsterdam) EC 089; Rules of Procedure EP 57
Stage reached in procedure	Procedure completed
Committee dossier	ECON/5/15011

#### Documentation gateway

Legislative proposal	<a href="#">COM(2001)0401</a> <a href="#">OJ C 304 30.10.2001, p. 0208 E</a>	25/07/2001	EC	Summary
Committee report tabled for plenary, 1st reading/single reading	<a href="#">A5-0373/2001</a>	23/10/2001	EP	
Text adopted by Parliament, 1st reading/single reading	<a href="#">T5-0605/2001</a> <a href="#">OJ C 140 13.06.2002, p. 0380-0533 E</a>	15/11/2001	EP	Summary

#### Additional information

European Commission	<a href="#">EUR-Lex</a>
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#### Final act

[Regulation 2002/1177](#)  
[OJ L 172 02.07.2002, p. 0001](#) Summary

## Temporary defensive mechanism to shipbuilding

**PURPOSE:** To impose a defensive mechanism to shipbuilding following unfair practices by South Korea. **CONTENT:** Since March 2000 the European Union has been holding talks with South Korea in an attempt to stamp out unfair practices. Agreements have been reached to avoid financially non-viable over-investments and price undercutting as well as agreements that ship prices should reflect all cost factors. In spite of these measures, the Commission asserts the South Korean government continues to flout the rules resulting in unfair competition for European shipbuilders. Consequently in May 2001 the Council authorised the Commission to commence WTO proceedings against South Korean practices should no agreement have been found by 31 June 2001. Given that no negotiated solution has been reached with Korea, the Commission now considers that it should bring the case to the WTO and propose a temporary defensive mechanism. In this proposal for a Council Regulation, the Commission emphasises that operating aid has not been an effective tool in defending Community ship yards from unfair international competition. For this reason operating aid was discontinued as from the start of 2001. The proposal is for an exceptional

and temporary measure that will be strictly limited in scope to those market segments where it can be demonstrated that the EU shipbuilding industry has been injured by South Korean trade practices. The Directive is specific to: - container ships; - product and chemical tankers. For these segments, the proposal foresees, in certain circumstances, a maximum aid intensity limit of 14% of contract value before aid. All offers of aid above 6% must be notified to and approved by the Commission. The proposed temporary defensive mechanism should accompany the Community's action's against Korea in the WTO. It should apply only after the Community initiates the WTO proceedings by requesting consultations with Korea. Lastly, it is proposed that the legislation will not apply after the WTO proceedings are resolved or suspended and that it will, in any case, expire on 31 December 2002.?

## Temporary defensive mechanism to shipbuilding

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The committee adopted the report by Karin RIIS-JØRGENSEN (ELDR, DK) amending the proposal under the consultation procedure. The committee wanted the scope of the regulation to be extended to include other market segments, i.e. gas tankers (LNG and LPG carriers), ferries and ro-ro vessels. It argued that the three segments referred to in the proposal accounted for only 20% of European shipbuilding and that the other ship types which it sought to include were also referred to in the complaint lodged with the WTO. The report also pointed out that the gradual closure of European shipyards could lead to excessive dependence on external suppliers in times of crisis and international conflict. Finally, the committee wanted the defence mechanism to run until 31 December 2003 rather than 31 December 2002 as proposed by the Commission, given that the WTO proceedings against South Korea were likely to be protracted. ?

## Temporary defensive mechanism to shipbuilding

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The European Parliament adopted the report by Mrs Karin Riis-JORGENSEN (ELDR, DK). (Please refer to the previous text). ?

## Temporary defensive mechanism to shipbuilding

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**PURPOSE :** to impose a temporary defence mechanism to shipbuilding. **COMMUNITY MEASURE :** Council Regulation 1177/2002/EC concerning a temporary defensive mechanism to shipbuilding. **CONTENT :** the Council adopted, by a qualified majority, this Regulation setting up a temporary defence mechanism for the Community shipbuilding industry in order to counter the Republic of Korea's unfair commercial practices on world shipbuilding markets. It should be noted that the Danish, Netherlands, Finnish, Swedish and United Kingdom delegations voted against the Regulation. To recall, under the Regulation, direct national aids for contracts for the construction of container ships and product and chemical tankers may be authorised where the contract has prompted competition from a Korean shipyard offering a lower price. Direct aids for contracts for the construction of liquefied natural gas carriers, however, will be authorised only when the Commission has confirmed, on the basis of investigations covering all of 2002, that the Community industry has suffered serious material damage in this market segment because of unfair Korean practices. Direct aids may be authorised up to a ceiling of 6% of the value of a contract. They will be subject to scrutiny by the Commission under Community rules on State aids in accordance with Article 88 of the Treaty. The Regulation will apply as long as necessary, until the conclusion of dispute-settlement proceedings initiated against Korea at the World Trade Organisation, and will expire on 31 March 2004. Following the application of pressure on Korea on numerous occasions to improve the situation, in particular as regards price levels and production capacities, the proposal is restricted to market segments in which it has been shown that unfair commercial practices have caused direct damage to the Community shipbuilding industry. **ENTRY INTO FORCE :** 3 July 2002.?