

State aid: Commission prolongs specific state aid rules for shipbuilding

The European Commission has decided to prolong the Framework on state aid rules for shipbuilding by two years, until 31 December 2008. The current Framework, which came into force at the beginning of 2004 (see [IP/03/1607](#)) and is due to expire on 31 December 2006, takes into account the characteristics of the shipbuilding industry, including provisions about the use of aid for innovation which are unique in EU state aid law. Given the limited period of application of these rules, the Commission wants to acquire more experience before deciding on the future of these rules.

EU Competition Commissioner Neelie Kroes said: “Encouraging innovation in all sectors of the European economy is vitally important. The Commission wants to see a competitive and innovative shipbuilding industry in Europe – but we need more experience in applying the current rules to the sector before we can decide on what’s best for the future.”

The State Aid Action Plan, approved by the Commission on 7 June 2005 (see [IP/05/680](#) and [MEMO/05/195](#)), provides that the Commission should decide whether specific rules for the shipbuilding sector are still needed or whether the sector should be governed by the general state aid rules.

Since the current shipbuilding Framework has been in force since 1 January 2004, only a few cases have been assessed under its rules. The Framework’s provision on innovation aid aims at encouraging greater efficiency and competitiveness of European yards. The Commission has so far approved three innovation aid schemes; however these schemes have not yet been implemented. The Commission has therefore come to the conclusion that it needs to acquire more experience with these rules prior to reviewing them, in line with the objectives of the State Aid Action Plan for less and better targeted aid. A decision on whether specific innovation aid rules will be justified in the future will depend on whether and how these rules will be applied, on the basis of notifications that Member States may submit to the Commission.

The Framework contains, in addition to rules on innovation aid, specific provisions on regional aid, closure aid, export credits, development aid and employment aid that reflect the specific characteristics of the shipbuilding industry and market.