On the occasion of the signing of the Final Act of the "Agreement respecting Normal Competitive Conditions in the Commercial Shipbuilding and Repair Industry", at the session of the Working Party on Shipbuilding of the Council of the Organisation for Economic Co-operation and Development on 21 December 1994, the Chairman of that Working Party made the following "Statement on Future Capacity Developments in the World Commercial Shipbuilding and Repair Industry". The statement was noted and endorsed by the Members of the Working Party on Shipbuilding.

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THE CHAIRMAN OF THE WORKING PARTY ON SHIPBUILDING OF THE COUNCIL OF THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

1. Noting that the Commission of the European Community, and the Governments of Finland, Japan, the Republic of Korea, Norway, Sweden and the United States of America, acting within the context of the Working Party on Shipbuilding of the Council of the Organisation for Economic Co-operation and Development, have concluded negotiations on an "Agreement Respecting Normal Competitive Conditions in the Commercial Shipbuilding and Repair Industry" aimed at establishing, in a legally binding manner, a 'level playing field' in this industry by introducing a discipline for official measures of support and setting up a legal instrument to deal with injurious pricing actions of shipbuilding companies which cause or threaten material injury to an established industry or materially retard the establishment of an industry;
2. **Reminding** governments of Member countries to the Council Working Party on Shipbuilding and their shipbuilding industries that the severity of the shipbuilding recessions of the 1970s and 1980s resulted from an imbalance between demand and supply for world-wide shipbuilding capacities;

3. **Recognising** that the process of restoring normal competitive conditions in the commercial shipbuilding and repair industry may be jeopardised by actions such as the creation of additional shipbuilding capacities which aggravate the world-wide imbalance between demand and supply of merchant vessels and may lead to the risk of distortive practices by the commercial shipbuilding and repair industry;

4. **Noting** with concern that shipbuilders in various parts of the world intend to increase significantly their capacities in the years to come by reactivation of capacities at present removed from building, conversion of former naval installations, restructuring of outdated capacities, and creation of new building facilities, whilst most forecasts for ship demand over the next decade suggest that world-wide shipbuilding capacity is largely sufficient to satisfy newbuilding requirements in the future;

5. **Recalls** the principles of "solidarity, fairness and international responsibility which imply that each shipbuilding country plays an appropriate part in resolving difficulties", laid down in the "Revised General Guidelines for Government Policies in the Shipbuilding Industry";

6. **Recognises** that, although in market economies investment decisions are the sole responsibility of enterprises, public policies may influence such decisions;

7. **Draws** the attention of the shipbuilding industries in Member countries of the Council Working Party on Shipbuilding to their responsibility for the longer term health of the world’s shipbuilding market;

8. **Urges** governments of Member countries of the Council Working Party on Shipbuilding to ensure that their shipbuilding industries be aware of the concern over world-wide increases in shipbuilding capacities and the obligation of governments under the Agreement not to extricate companies from any future difficulties caused by actions undertaken by shipbuilders;

9. **Urges** governments of non-Member countries of the Council Working Party on Shipbuilding, to bear in mind their responsibility for the longer term consequences of any support they may provide to shipyard expansion in their countries and to refrain from contributing, financially or otherwise, to the expansion of shipbuilding capacity, and invites them to consider joining the Agreement;

10. **Invites** shipbuilders from Member countries of Council Working Party on Shipbuilding to work closely in the context of the Sub-Group on Supply and Demand in order to review world-wide developments in shipbuilding capacities and ship demand, to examine their impact on the market, and to keep the Council Working Party on Shipbuilding regularly informed of the findings.