

Council Working Party on Shipbuilding (WP6)

World Economic Crisis:

Government Responses – Stimulus Packages

July 2009

This presentation will

- Report on general OECD work on government responses to the economic crisis, especially stimulus packages;
- Outline types of measures used by governments as responses to the crisis;
- Report on stimulus packages to assist the shipbuilding sector.

Macroeconomic objectives

- General macroeconomic objectives that could be targeted by fiscal policy measures
 - Moderating size of economic downturn by injecting liquidity into economy to cushion adverse employment effects
 - Prevent downturn from gathering momentum – timing of measures important
 - Support economic recovery while favouring structural policies that could potentially enhance long-term growth

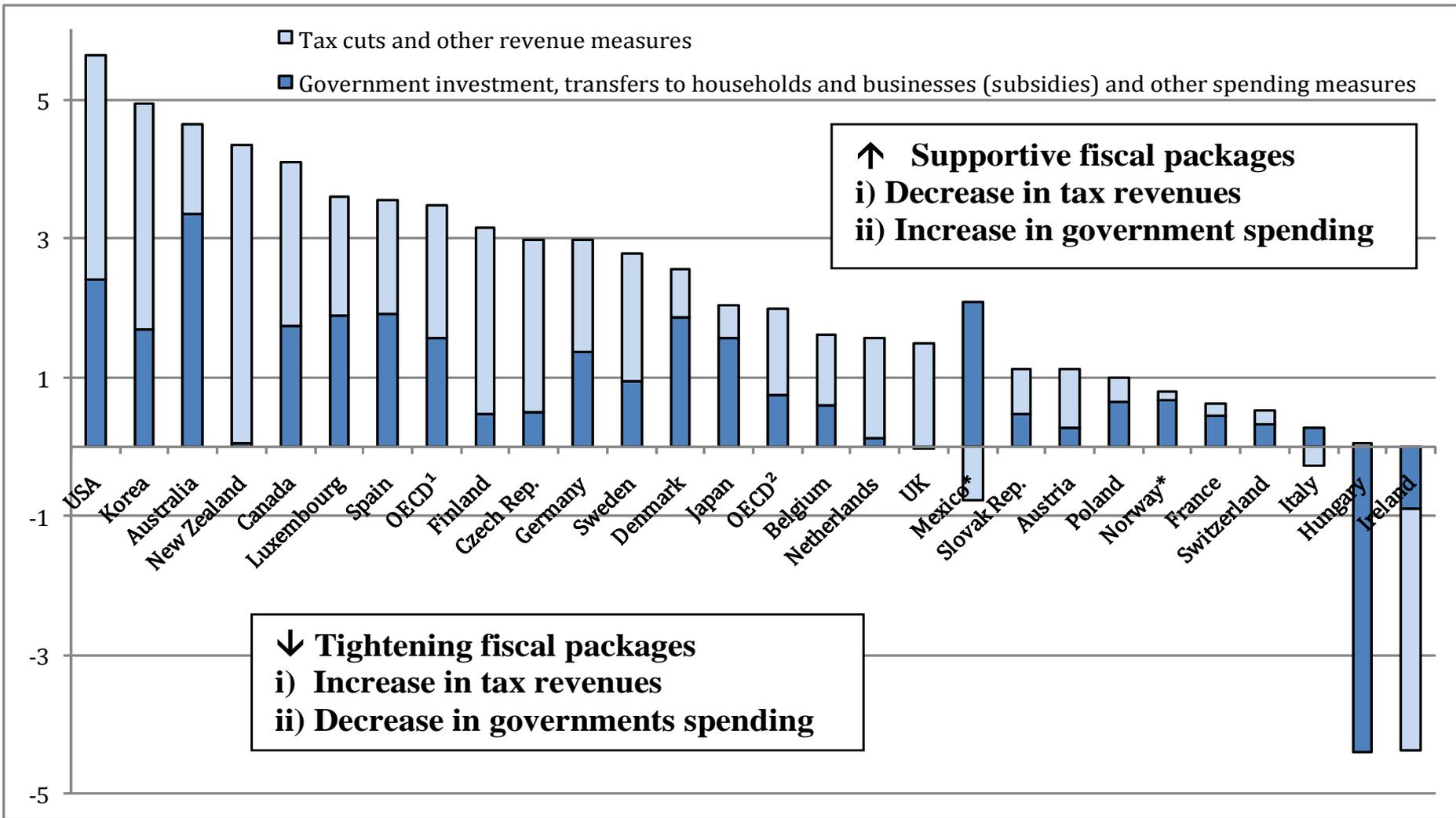
Broad types of measures

From work undertaken by the OECD, the following broad types of measures were identified;

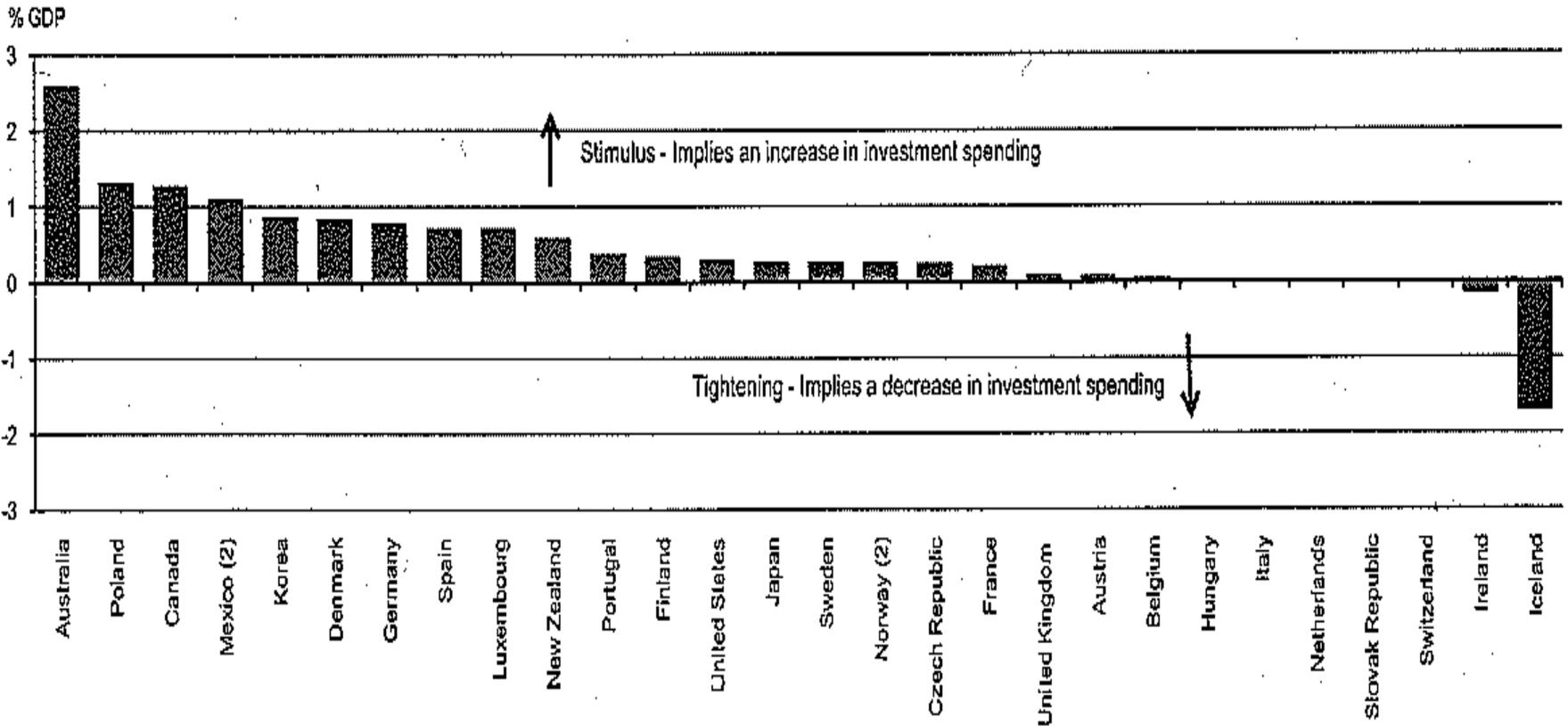
- measures aimed at supporting banks and supporting the financial system;
- general measures aimed at supporting business;
- measures aimed at particular industry sectors;
- measures to support household consumption and reduce their exposure to the crisis;
- measures to stimulate innovation and long term growth;
- non-financial measures.

Size of fiscal packages

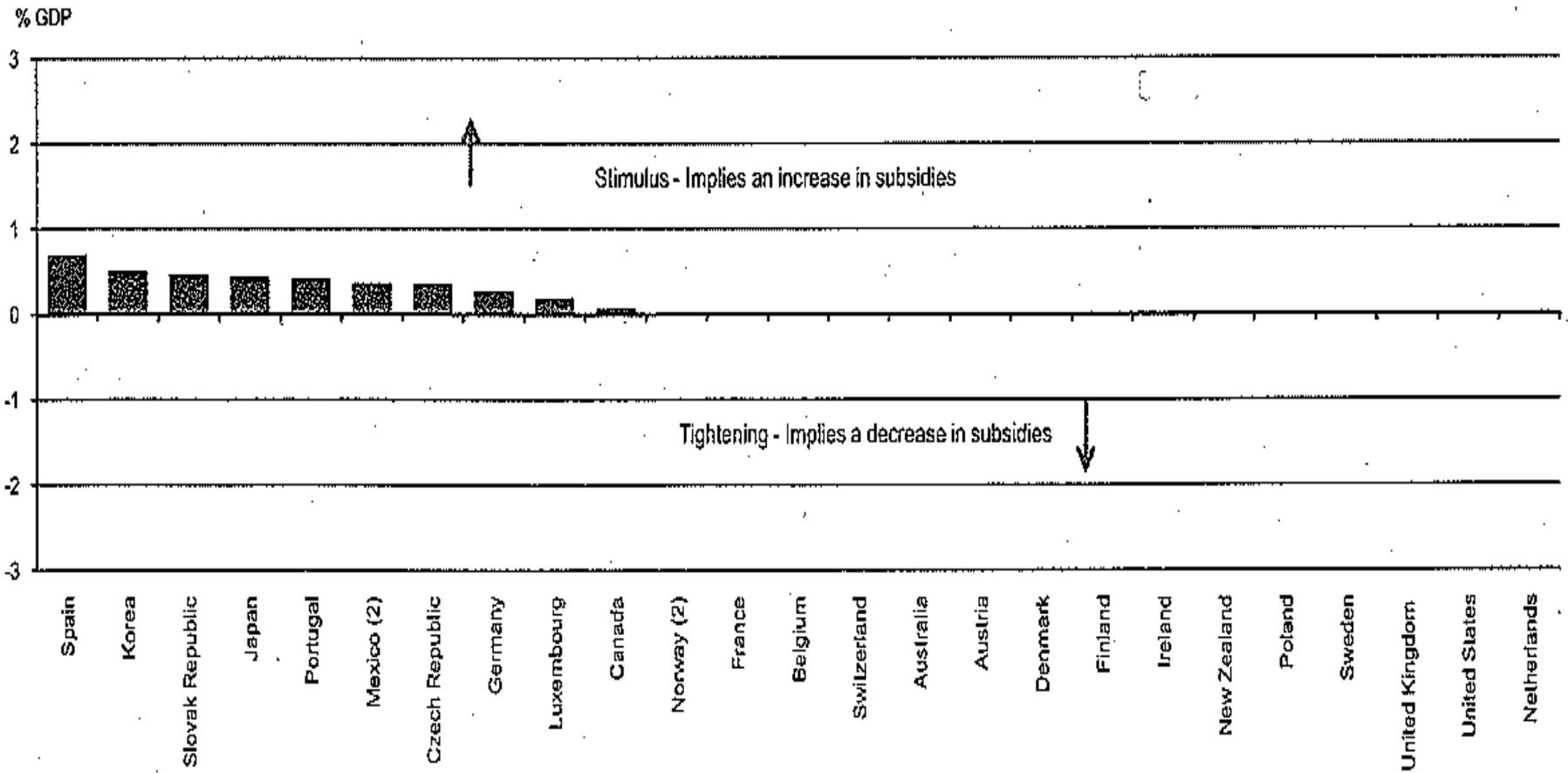
2008-2010, as % of 2008 GDP



Government Investment



Government subsidies to business



Specific categories of government responses

- Direct and indirect subsidies;
- Special loans, guarantees and credit arrangements;
- Government procurement measures;
- Capitalisation measures, incl. partial or full public sector ownership;
- R&D support - incl. to support other policy measures – environment;
- Employing and training support;
- Direct buyer assistance;
- Public sector acquisition of excess stocks or cancelled orders;
- Protection from competition (eg. tariff support, domestic preferences);
- Specific (as opposed to general) tax arrangements, including relief from VAT type taxes

Stimulus packages to assist shipbuilding

- Questionnaire sought information on measures announced or planned:
 - a) where assistance was not specifically directed to shipbuilding, but where there is significant benefits to the shipbuilding industry; and
 - b) where assistance was specifically directed to the shipbuilding industry

Nil responses

The following indicated that they had no stimulus packages affecting the shipbuilding sector

Australia	Denmark	France	Italy	Japan	Netherlands	Poland
Portugal	Slovakia	Spain	Sweden	Ukraine		

[Korea advised that it plans to expand the scope of existing packages to assist shipyards in preparing for a liquidity crisis, but that in its view it has not adopted any packages that would meet the definitions in the questionnaire.]

[Croatia and Turkey advised that packages are under consideration but that a final decision had not yet been taken.]

Positive responses

The following respondents provided details of their stimulus packages affecting the shipbuilding sector

<i>Respondent</i>	<i>Type a) Packages*</i>	<i>Type b) Packages*</i>
Canada	Yes	No
China	No	Yes
Finland	Yes	No
Germany	Yes	No
Norway	Yes	Yes
Romania	Yes	No
Chinese Taipei	Yes	Yes

Measures identified by respondents

The following measures were identified in the responses that included details of the measures contained in packages:

- government procurement (Canada, Chinese Taipei);
- credit guarantees (Finland, Romania, Chinese Taipei);
- refinancing of export credits (Finland);
- interest equalisation (Finland);
- loans (Germany, Norway);
- loan guarantees (Norway);
- restructuring support (China);
- R&D support (China)
- employment support (Romania).

Guiding principles for stimulus packages

- Some specific guidelines mentioned by OECD/others (eg G8/G20) in the context of stimulus packages were:
 - Crisis measures should not reduce competition nor be protectionist;
 - Measures should be temporary, and designed and implemented in the least distortive manner;
 - There should be clear “exit strategies” to prevent further downstream risks;
 - Credibility of medium term fiscal framework strengthened through a clear commitment to long term fiscal sustainability