



For a common maritime transport policy

report by: comité
des associations d'armateurs
des communautés européennes

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N.B.: The above data was compiled before Spain and Portugal joined the EEC. However, this does not affect the underlying trends.

Comité des Associations d'Armateurs des Communautés Européennes (CAACE)

BACKGROUND AND ORGANISATION

The organisation, formed in 1962, has as its members all national shipowners Associations of the maritime Community countries. It works through a permanent Secretariat in Brussels and a Board of Directors, as well as a number of specialised committees.

OBJECTIVES

The main objectives of the organisation are related to the shipping industry insofar as its affairs come within the ambit of the treaties governing the European Communities. In that context, the objectives are:

- to study and provide a useful forum for discussions on all matters relating to the maritime industry including all aspects of an EEC shipping policy;
- to seek a common position among its members and to promote their policies with the authorities of the Communities;
- generally to defend the common interests of the shipping industries of Member States.

RELATIONSHIPS

CAACE's main working relationships are with the Commission, the Council Secretariat, the Committee of permanent Representatives, the European Parliament, the Economic and Social Committee and the maritime unions of the EEC.

Informal contacts are also maintained with several non-governmental international organisations which are either directly connected with shipping or deal with industrial and economic policies.

INTRODUCTION

1.

CAACE, representing the shipowners associations of all EEC maritime nations and over a fifth of the world's fleet, welcomes the Commission's paper as a valuable basis for a policy to defend and promote the Community's merchant fleet.

For economic, trade, defence and employment reasons it should be recognized that a strong European Shipping Industry is as vital and deserving of support as other industries.

The four specific Commission proposals currently under discussion in the Council represent an important first step in tackling the severe difficulties facing the industry. However, it is recognized that these proposals will not solve all the difficulties and should be directly related to progressively implementing positive measures to assist the competitiveness of the EEC fleet.

It is essential that the political will exists to enable the four proposals to be adopted as soon as possible and the positive measures to be pursued with vigour and commitment. Without urgent action, CAACE can only foresee a further decline in the fortunes of the industry.

2. SITUATION OF THE EEC SHIPPING INDUSTRY

1. A healthy and competitive shipping industry is essential for the Community

The shipping industry is important to the Community for the following reasons:

1. As a provider of transport services to or from the Community, by far the largest trading block in the world. It is estimated that some 95 % of total volume of Community trade with third countries is carried by sea;
2. As an employer of some 260,000 persons at sea and many thousands more ashore, either directly or indirectly;
3. As a significant earner of foreign exchange. Its strategic value should also not be overlooked.

2. The situation in the liner trades, just as in the dry bulk and tanker trades, is almost catastrophic

Regrettably, this 1983 OECD assessment is still very true today, despite measures taken within the industry to rationalise and introduce new technology.

2.1 THE LINER SECTOR

Developments since 1975

The European fleet has been subject to significant changes since 1975. These include:

- a dramatic decline in the number of ships flying the European flag. A decline in tonnage is also evident although not so marked, indicating that, in an attempt to enhance efficiency, the size of vessels has increased (see table 1);
- a gradual replacement of conventional vessels by container ships and roll-on/roll-off vessels (see table 2);
- a decline in the number of shipping companies which lead to increases in mergers/concentrations;
- increased co-operation between shipping companies through the introduction of combined services and consortia.

TABLE 2

BREAKDOWN OF EEC DEEP SEA LINER FLEET 1985

Source: CAACE Member Associations

COUNTRY	CONVENTIONAL		CONTAINER		RO-RO		OTHERS	
	N°	Mn/DWT	N°	Mn/DWT	N°	Mn/DWT	N°	Mn/DWT
Belgium	9	.09	18	.60	—	—	—	—
Denmark	35	.39	33	1.15	23	.17	—	—
France	11	.15	49	1.20	12	.20	20	.18
Italy	47	.43	26	.43	40	.17	—	—
Netherlands	41	.65	19	.53	10	.14	13	.17
U.K.	60	.95	47	1.40	17	.30	—	—
Germany	22	.20	54	1.3	—	—	8	.16
Greece	63	.75GRT	—	—	—	—	—	—
Portugal	3	—	2	—	—	—	6	—
Spain	45	.28	2	.04	15	.06	—	—

Table 1: Liner Sector - Member States involvement in the Deep Sea Liner Trades 1975 - 1980 - 1985

Table 2: Breakdown of EEC Deep Sea Liner Fleet 1985

TABLE 1

LINER SECTOR - MEMBER STATES INVOLVEMENT IN THE DEEP SEA LINER TRADES

Country	1st January 1975		1st January 1980		1st January 1985	
	N° ships	Mn DWT	N° ships	Mn DWT	N° ships	Mn DWT
Belgium	22	0,32	23	0,51	27	0,69
Denmark	97	0,87	94	1,26	91	1,71
France	169	1,78	121	1,81	92	1,73
Italy	82	0,69	145	1,30	113	1,03
Netherlands	173	1,82	145	1,69	83	1,49
U.K.	502	5,42	286	3,96	124	2,65
Total	1045	10,90	814	10,53	530	9,30
Other Countries						
Germany	N/A	N/A	122	2,15	84	1,70
Greece	N/A	N/A	102	0,88GRT	63	0,75GRT
Portugal	N/A	N/A	N/A	N/A	11	N/A
Spain	N/A	N/A	N/A	N/A	62	0,39

Source: CAACE MEMBER ASSOCIATIONS

Features of the Liner Sector

The demand for general cargo shipping has experienced slow but steady growth in recent years. However, the introduction into the market of a growing number of ships has led to significant overcapacity of tonnage for both conventional and container ships (see graph 1). Moreover, delivery forecasts indicate that the situation will only get worse in 1986 and 1987, with less than 60 % of total capacity being used.

Graph 1: The Deep-Sea Container Trades - Development 1980 to 1987.

This growing over-capacity gives rise to fiercer and fiercer competition, resulting in a drastic decline in freight rates. Graph 2 and graph 3 show trends in the development of cargo shipping and are based on Conference rates in four major trade routes. The average level of revenue is presently much lower than 5 years ago.

Graph 2: Development of Freight Rates 1980 to 1985.
Graph 3: Development of Freight Rates 1980 to 1985.

It can be seen from graph 4A, graph 4B and appendix A that while the European fleet has either declined or remained static, those of the Communist bloc countries (notably China) and the USA (particularly round-the-world services) have increased. In addition, the developing countries (especially Taiwan) have seen a marked expansion of their fleets.

Graph 4A: Developments of Liner Fleets for groups of countries, Conventional Liner Ships - Container Ships (World totals in DWT)

Graph 4B: Developments of Liner Fleets for groups of countries, Conventional Liner Ships - Container Ships (Shares in %)

Fleet replacement problems

Graph 5 indicates that non-EEC countries have a considerably larger proportion of their fleet which is five years old or less than Member States.

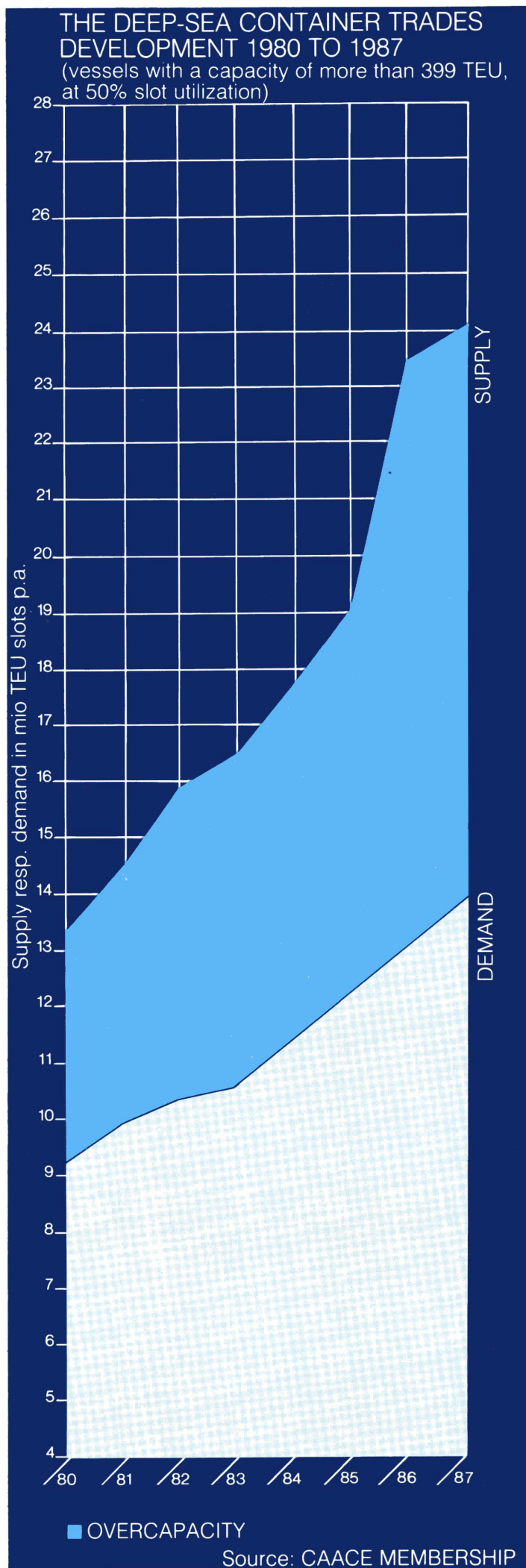
The same situation occurs, but to a lesser extent, in 30 % of the ships of eleven years and over, with non EEC-countries having a smaller number in the top-age range.

Graph 5: Age profile for EEC and World Container ships

Given this situation, it is clear that if the EEC fleet is to remain competitive ships have to be replaced. However, operators are caught in a vicious circle. To replace vessels, and thereby reduce operating costs through the use of the latest technology, requires significant investments and the reduced revenue caused by the depressed freight rates make such investments problematical. Moreover, further difficulties are caused by low freight rates when one considers the high level of land-based costs for container operators (see appendix B).

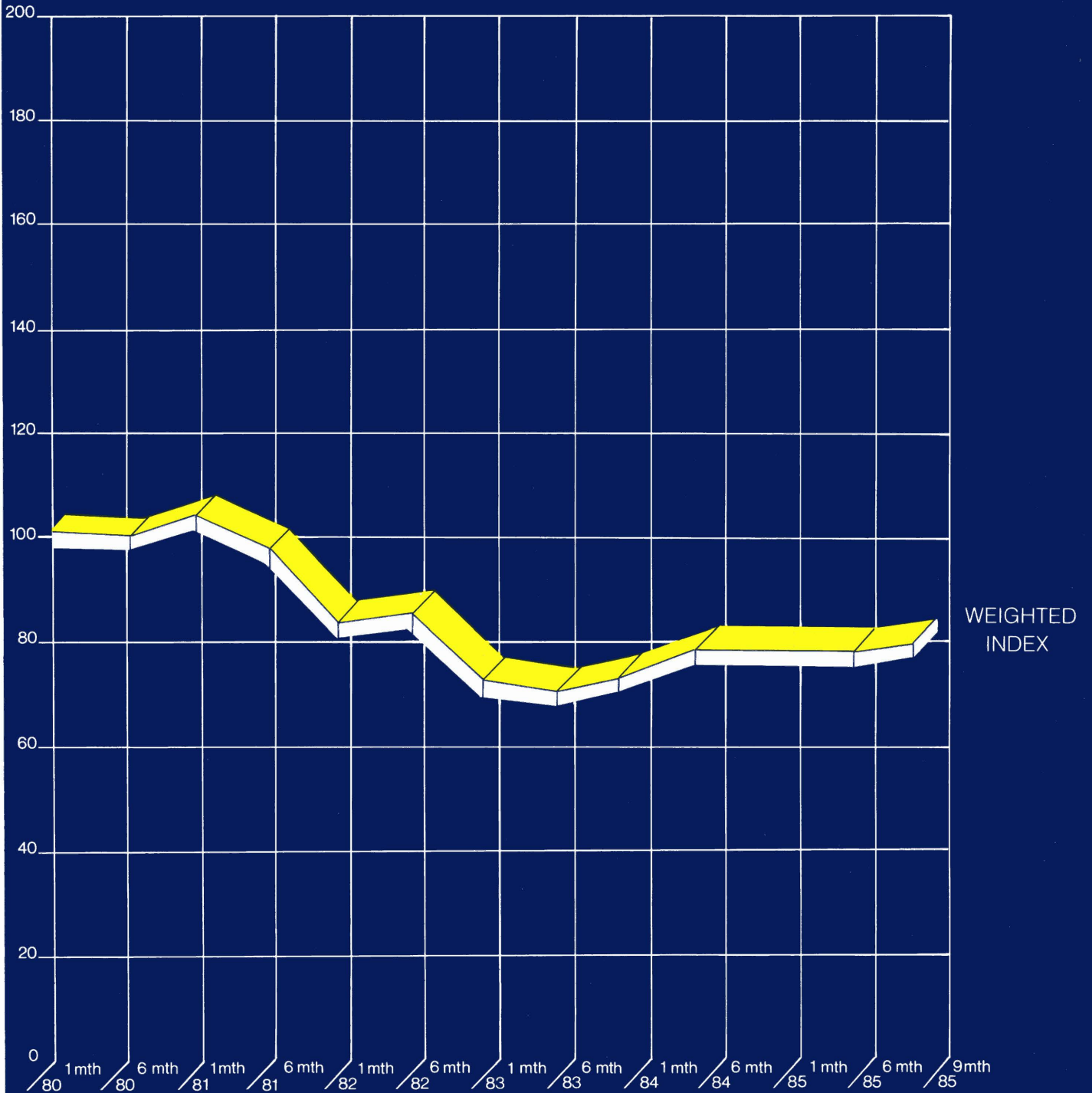
The result of this situation in the liner sector could well be the disappearance of a number of companies or the increasing temptation to charter foreign vessels, whether under their control or not, manned by non-European crews, with charter fees being paid in foreign currencies.

An increasing dependence on foreign carriers would clearly damage the Community, economically, socially and strategically.



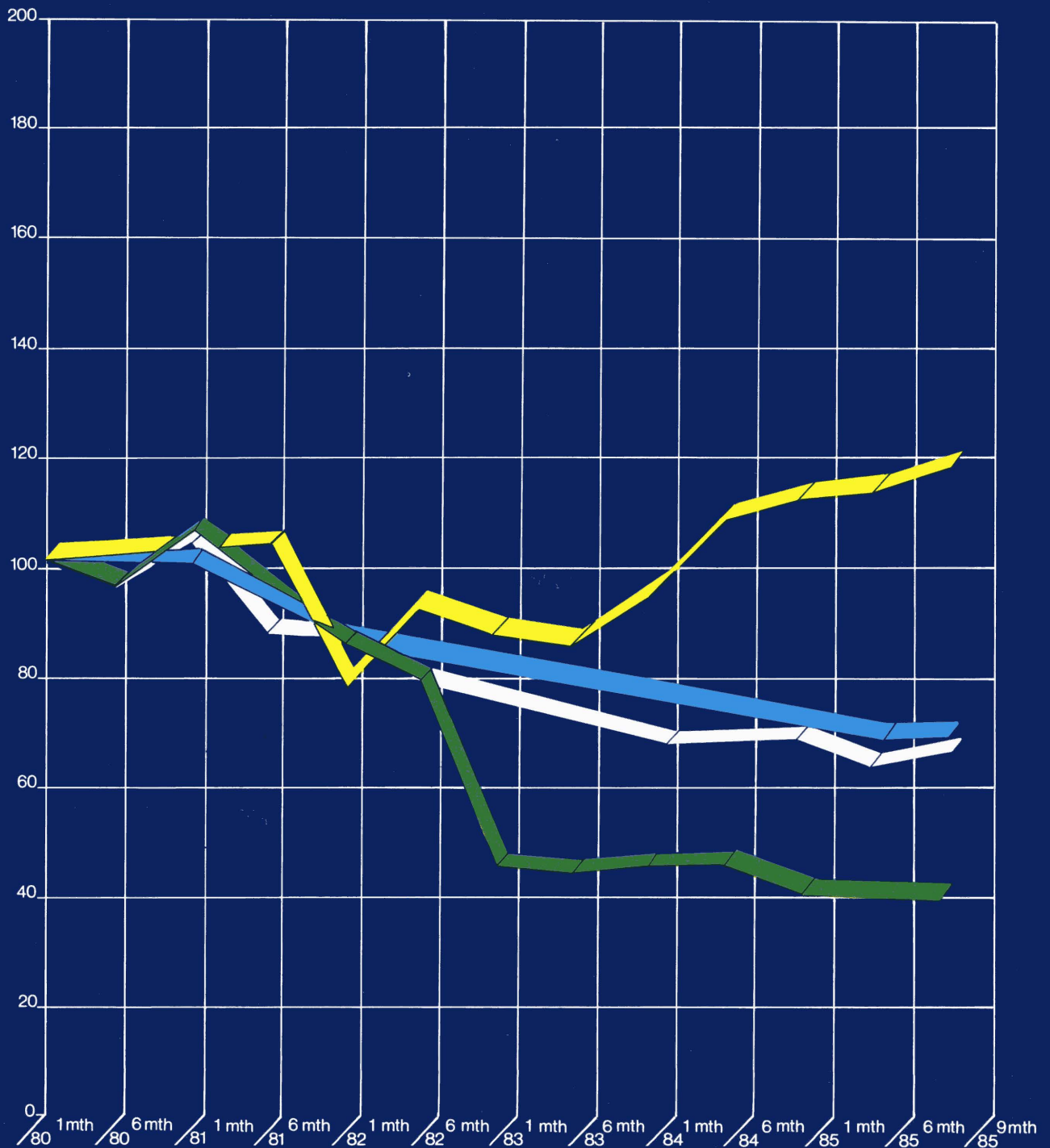
DEVELOPMENT OF FREIGHT RATES 1980 TO 1985

(weighted index for the Europe-Far East, North Atlantic-Westbound, Europe-Arabian Gulf and Europe-Australia Trade, adjusted for inflation)



Source: Lloyd's Shipping Economist

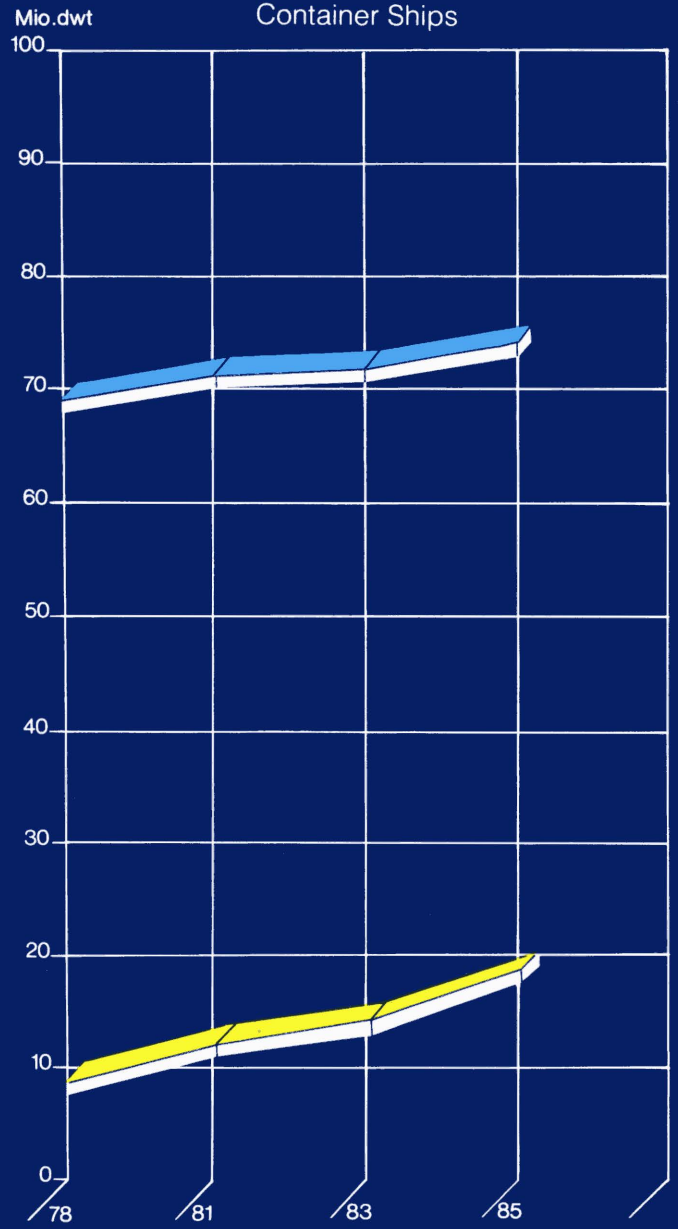
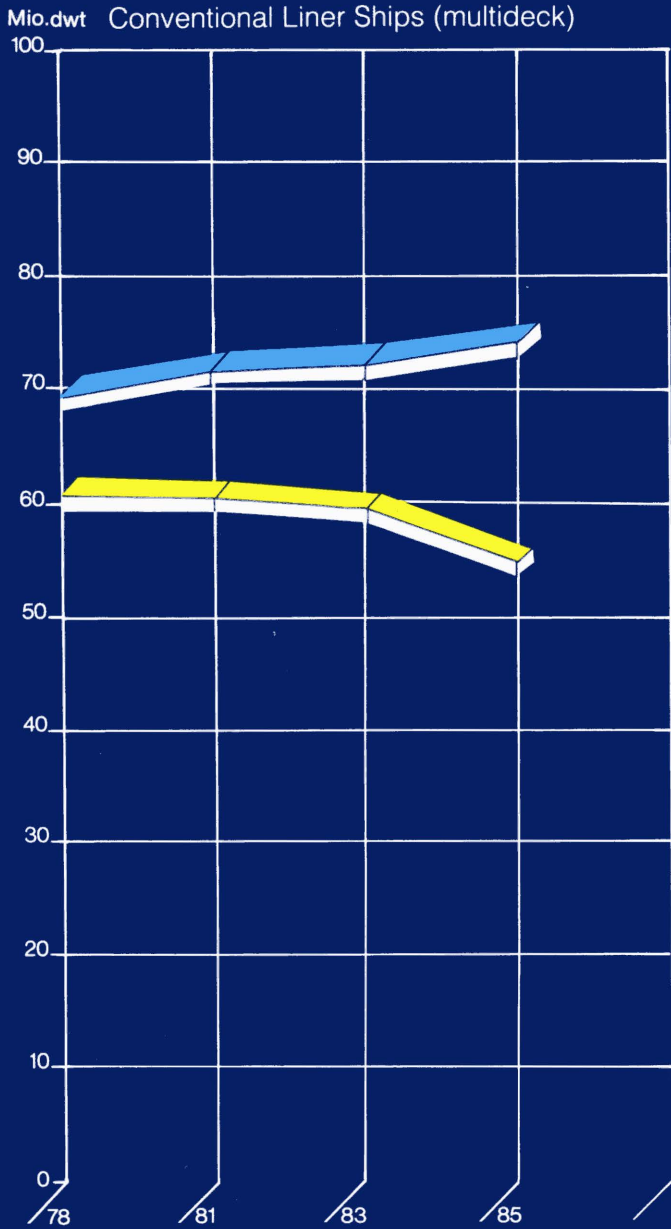
DEVELOPMENT OF FREIGHT RATES 1980 TO 1985



- EUROPE-NORTH AMERICA EAST COAST (WESTBOUND)
- EUROPE-ARABIAN GULF (WESTBOUND)
- EUROPE-AUSTRALIA (SOUTHBOUND)
- EUROPE-FAR EAST (EASTBOUND)

Source: Lloyd's Shipping Economist

DEVELOPMENT OF LINER FLEETS FOR GROUPS OF COUNTRIES:
conventional liner ships – container ships (world totals in DWT)

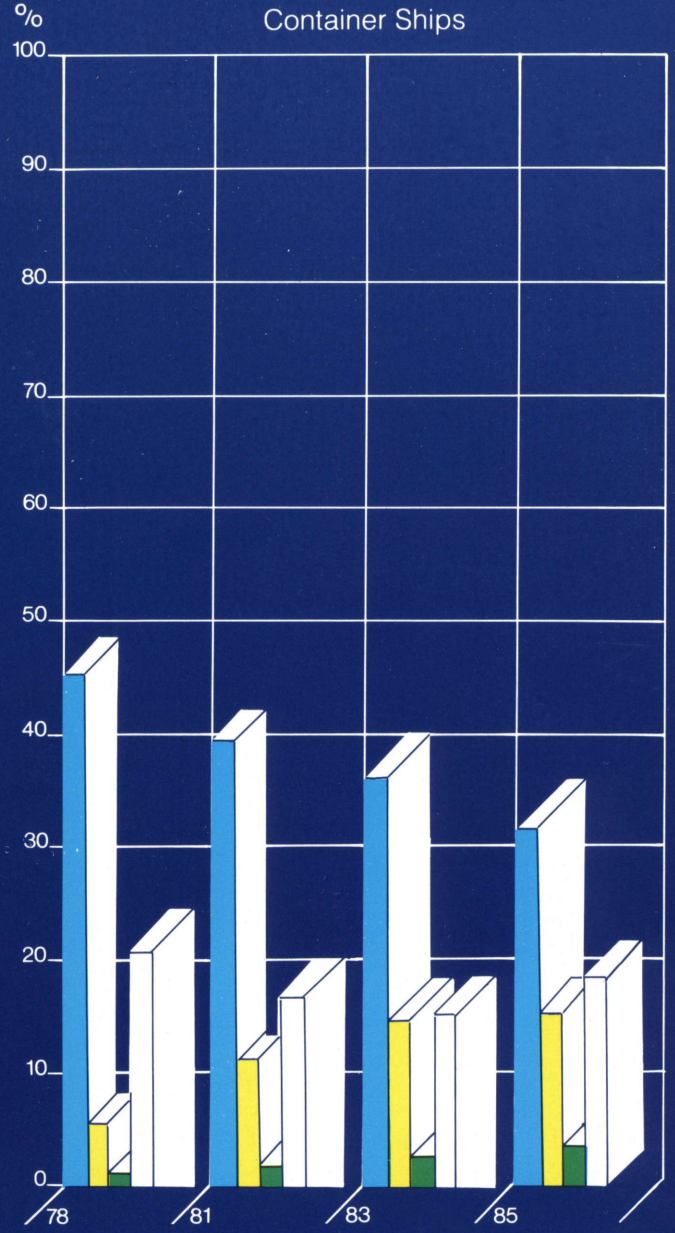
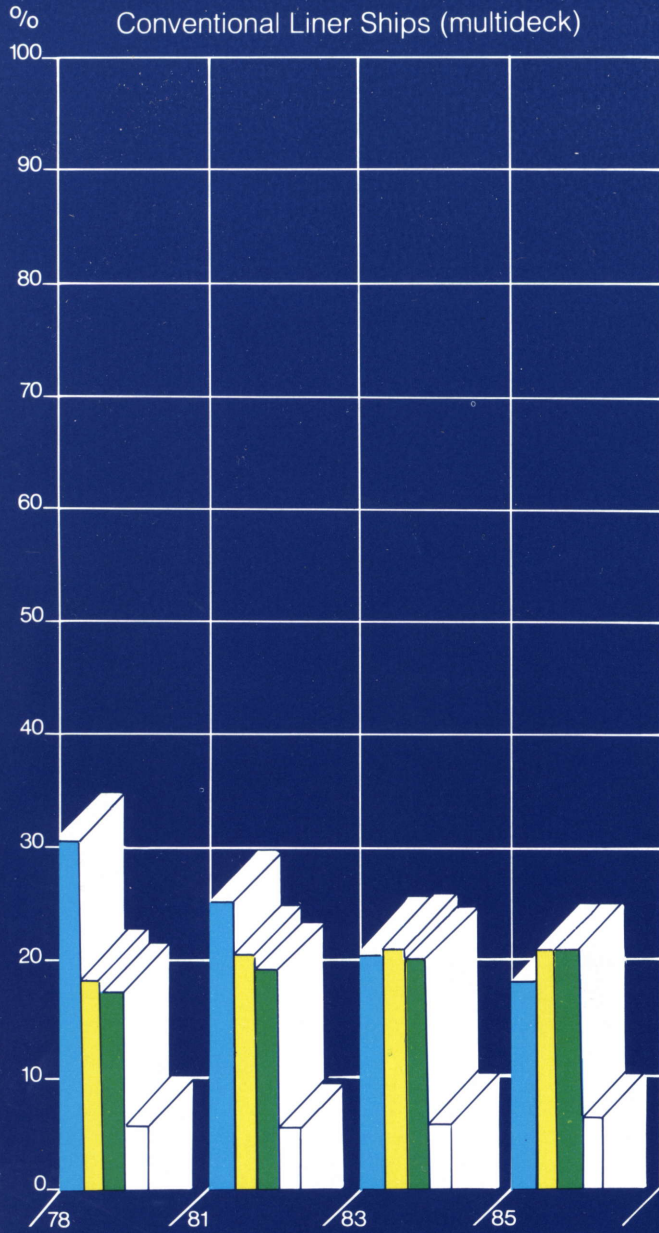


■ WORLD LINER TONNAGE
■ WORLD CONVENTIONAL TONNAGE

■ WORLD LINER TONNAGE
■ WORLD CONTAINER TONNAGE

Source: Lloyd's Register of Shipping Stat. Tables 1985

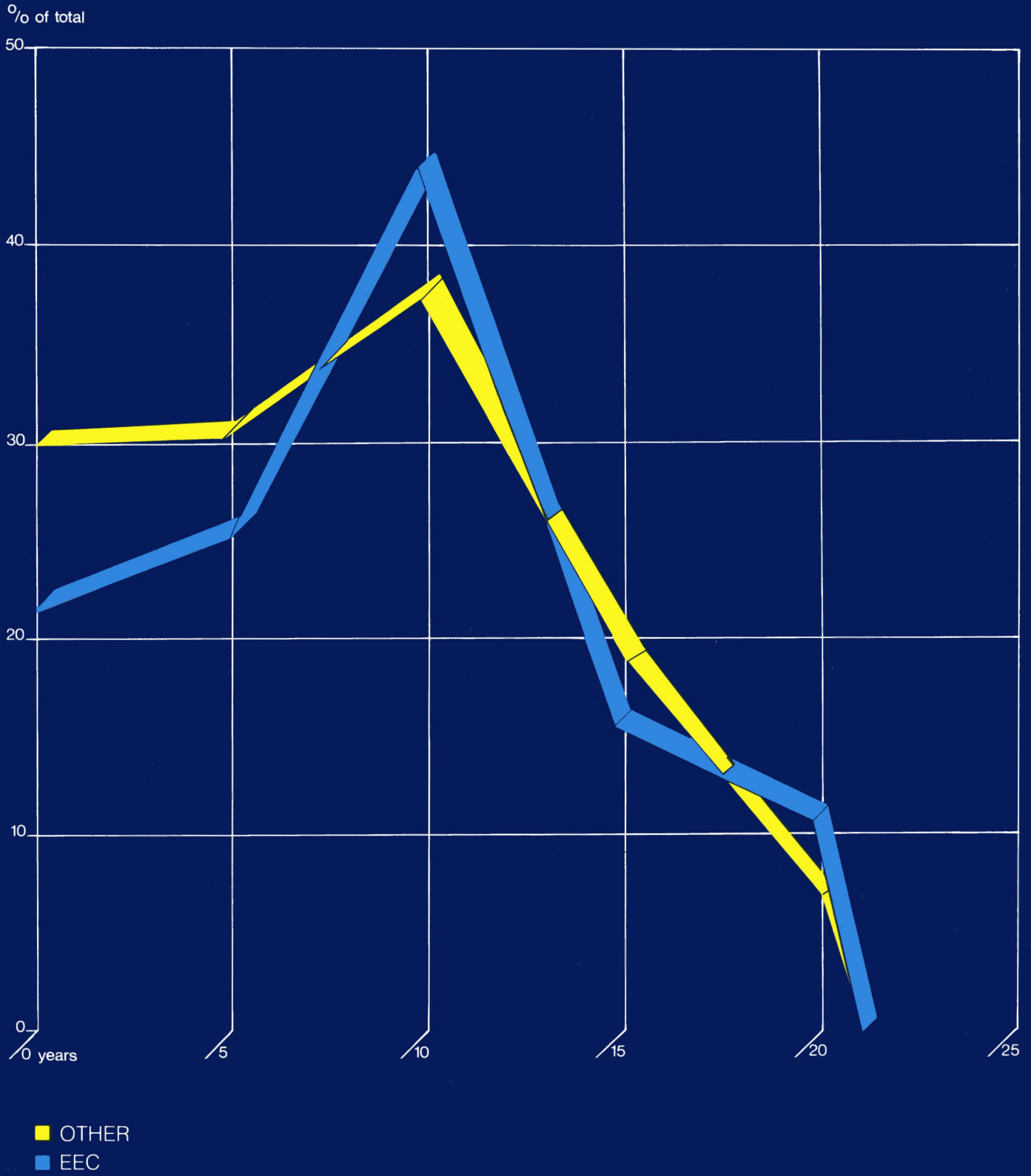
DEVELOPMENT OF LINER FLEETS FOR GROUPS OF COUNTRIES:
conventional liner ships – container ships (shares in %)



- EEC COUNTRIES
- DEVELOPING COUNTRIES
- EASTERN BLOC COUNTRIES
- U.S.A.

Source: Lloyd's Register of Shipping Stat. Tables 1985

AGE PROFILE FOR EEC AND WORLD CONTAINER SHIPS



Source : Containerisation International

2 THE BULK SECTOR

Features of the bulk market

The features of the bulk market are mostly the same as those of the regular liner market. The sector is characterised by a prolonged and deep recession in the freight markets, both for liquid and dry bulk cargoes. This is a result of the chronic imbalance between the supply of tonnage and the demand for shipping services.

Oil

Table 3 clearly shows this imbalance. The volume of seaborne trade in oil has decreased significantly in 1984 it being only 74% of its 1976 level. Conversely, the decrease of the fleet has not been as marked, the 1984 tanker fleet representing 93% of its 1976 level.

Such an imbalance between supply and demand has resulted in depressed freight rates, their 1984 value being only 76% of the 1976 levels as illustrated by the Mullion Dirty Tanker Weekly index (table 3).

Table 3: The evolution of supply, demand and freight rates in the oil trades.

THE EVOLUTION OF SUPPLY, DEMAND AND FREIGHT RATES IN THE OIL TRADES

INDICES 1976 = 100			
	1	2	3
1976	100	100	100
1977	103	104	88
1978	102	105	93
1979	106	106	171
1980	95	107	132
1981	86	105	82
1982	76	103	67
1983	73	98	69
1984	74	93	76

Index 1: Growth of world seaborne trade (by tonnage) in oil (crude oil and products)

Index 2: Growth of world tanker fleet (by GRT)

Index 3: Mullion weekly Freight Index (Dirty Tanker)

Source: Fearnleys, OECD Maritime Transport

Dry bulk

In contrast, in this sector the supply of tonnage has grown much faster than the growth in demand. This is illustrated by table 4. In 1984 the volume of trade was 27% higher than its 1976 level while the level of tonnage was 40% higher. In consequence, freight rates have declined, in 1984 being 94% of their 1976 level, which is vividly shown by the Combined Tramp trip charter index produced by the General Council of British Shipping.

Table 4: Growth of supply, demand and freight rates, in the dry bulk trades.

GROWTH OF SUPPLY, DEMAND, AND FREIGHT RATES, IN THE DRY BULK TRADES

INDICES 1976 = 100			
	1	2	3
1976	100	100	100
1977	98	110	77
1978	101	116	104
1979	118	118	190
1980	123	119	234
1981	127	123	191
1982	120	130	88
1983	115	136	89
1984	127	140	94

Index 1: Growth of world seaborne trade (by tonnage) in iron ore, coal and grain

Index 2: Growth of world dry bulk fleet (by GRT)

Index 3: GCBS tramp trip freight index

Source: Fearnleys Review 1984
General Council of British Shipping

In both the oil and dry bulk sectors it should be stressed that the decline in freight rates do not take into account inflation during the period under review.

Weakness of the financial position of shipping companies

Just as in the liner sector, the financial position of the shipping companies involved in bulk trades has been adversely affected by:

- low revenues as a result of depressed freight rates: it can be seen on graph 6 and graph 7 that in recent years the gap between the cost of capital (high interest rates) and freight earnings has widened greatly. Consequently a higher share of gross earnings has been absorbed by interest charges and other cost increases;
- the increase in ship operating costs caused, i.a. by inflation;
- the decline of the second-hand price of bulk carriers as reflected in table 5 and table 6, resulting in a decrease of the Companies' net worth and borrowing capacity;
- the decrease of the demolition prices of ships, which are 23% lower in 1984 than in 1976, according to the Calculations of the Bremen Institute of Shipping Economics.

Graph 6: Freight and interest rate indices for the oil trades

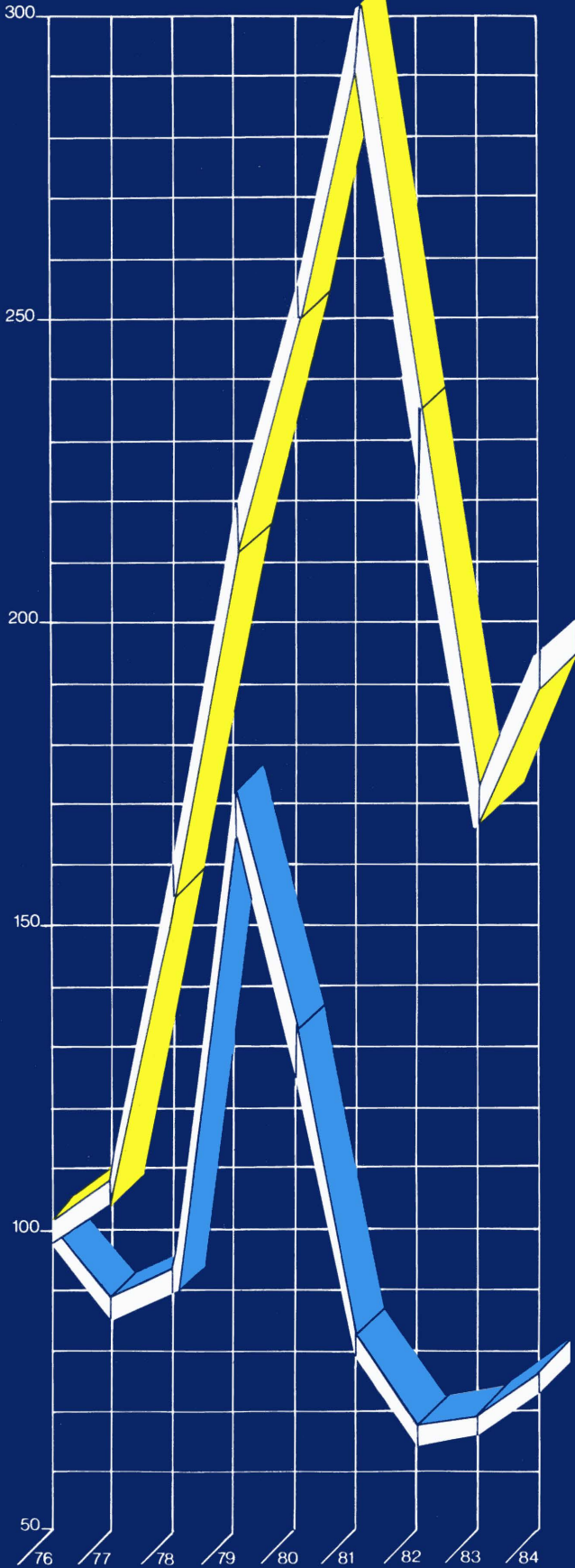
Graph 7: Freight and interest rate indices for the dry bulk trades

Table 5: Second-hand Tankers, average values 1977 - 1984

Table 6: Second-hand Dry Cargo vessels, average values 1977 - 1984

GRAPH 6

FREIGHT AND INTEREST RATE INDICES FOR THE OIL TRADES

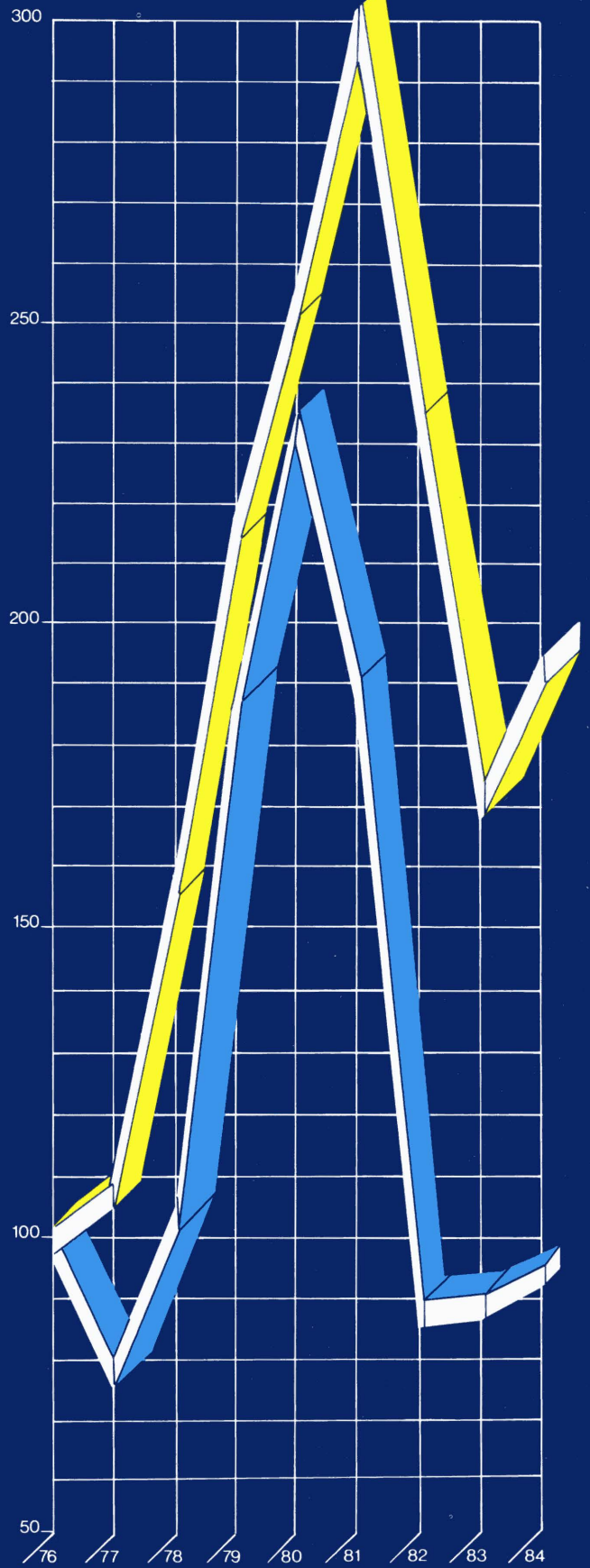


INDEX 1976 = 100

- EURODOLLAR INTEREST RATE
- MILLION WEEKLY FREIGHT INDEX

GRAPH 7

FREIGHT AND INTEREST RATE INDICES FOR THE DRY BULK TRADES



INDEX 1976 = 100

- EURODOLLAR INTEREST RATE
- G.C.B.S. TRAMP TRIP FREIGHT INDEX

TABLE 5

SECOND-HAND TANKERS, AVERAGE VALUES 1977 - 1984

(Source: Fearnleys Review 1984)

Prices in million USD at the end of the year									
dwt	built	1977	1978	1979	1980	1981	1982	1983	1984
M/T 30,000	1974/75	8.5	9.5	18.5	17.0	10.0	8.0	9.0	6.3
M/T150,000	1974/75	13.5	14.0	22.0	18.5	11.5	7.5	9.0	7.3

TABLE 6

SECOND-HAND DRY CARGO VESSELS AVERAGE VALUES

(Source: Fearnleys Review 1984)

Prices in million USD at the end of the year									
Type/dwt	Built/age	1977	1978	1979	1980	1981	1982	1983	1984
Bulk Panamax 60,000	1972	6.5	8.9	14.5	14.7	10.0	4.0	4.5	4.9
Bulk c 120,000	5 years	7.4	10.5	22.5	25.5	16.0	7.8	11.0	13.5

The position of the EEC Bulk Carrier Fleet

The adverse pressures described above have considerably weakened the position of the Community's bulk carrier fleet in relation to total world capacity.

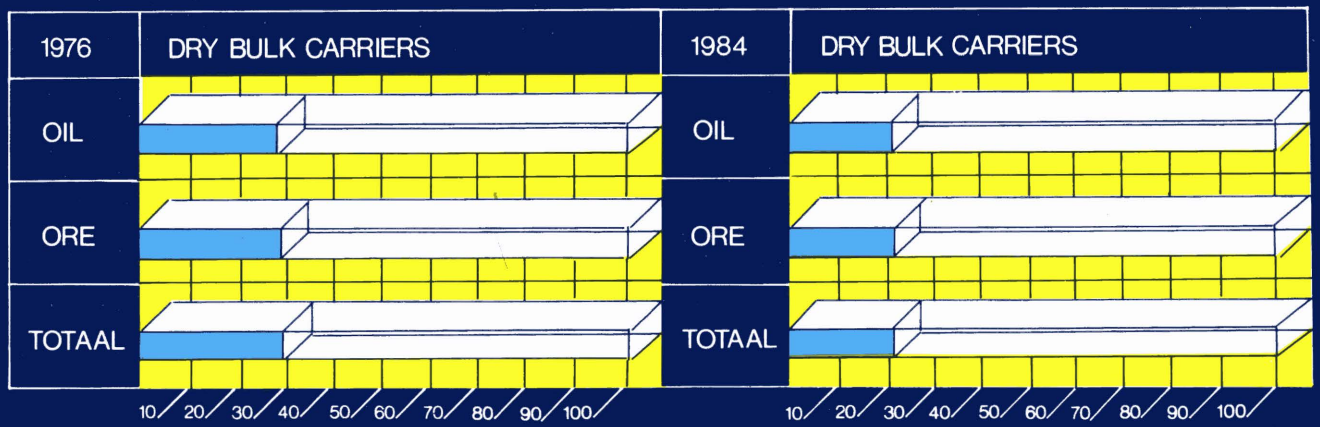
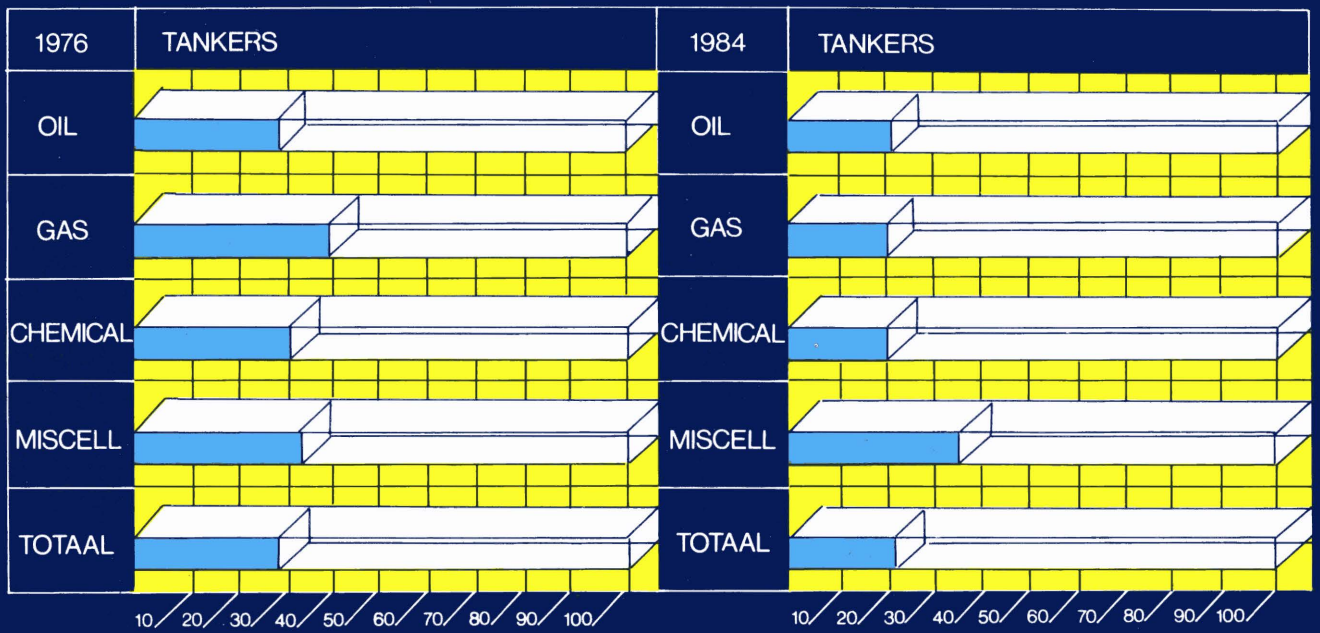
In terms of numbers of ships, the proportion of the total world tanker fleet under EEC flag has fallen from 24.4% in 1976 to 17.8% in 1984. The corresponding percentages in terms of tonnage were 27.6% and 20.9% respectively.

Similarly, the proportion of the world dry bulk fleet belonging to EEC flags fell from 27.1% in 1976 to 22% in 1984 in terms of numbers of ships and 28.4% to 22.1% in terms of tonnage.

A clear picture of this evolution can be seen in graph 8, whilst appendix C and appendix D give a more detailed breakdown of these figures.

Graph 8: Composition of EEC & World Bulk Carrier Fleets
1976 - 1984

COMPETITION OF EEC & WORLD BULK CARRIER FLEETS 1976 TO 1984

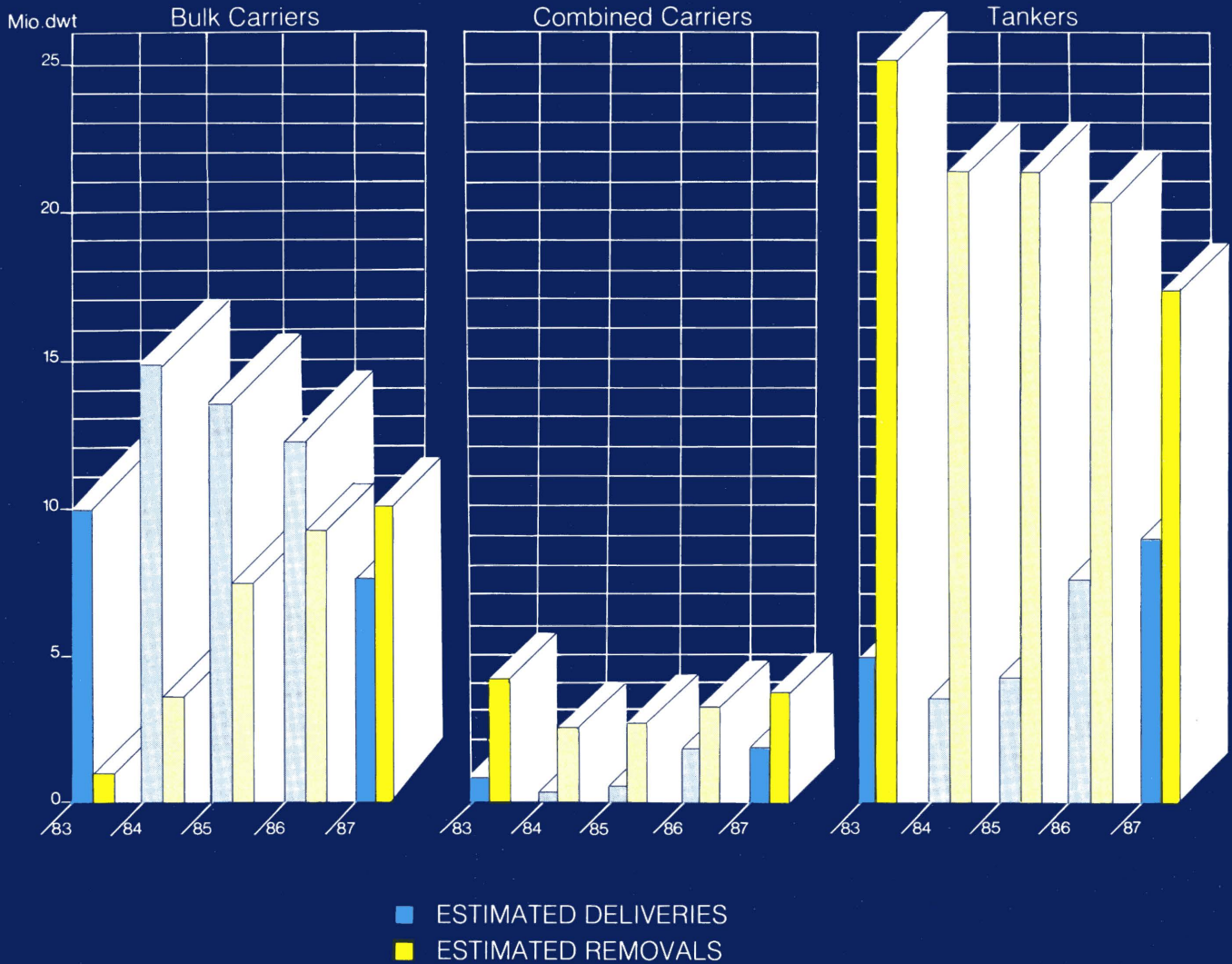


■ EEC

Source: Lloyd's Register of Shipping Stat. Tables

OIL AND DRY CARGO BULK TONNAGE :

outlook for deadweight growth, 1983 to 1987



Source : H. CLARKSON AND Co LTD.

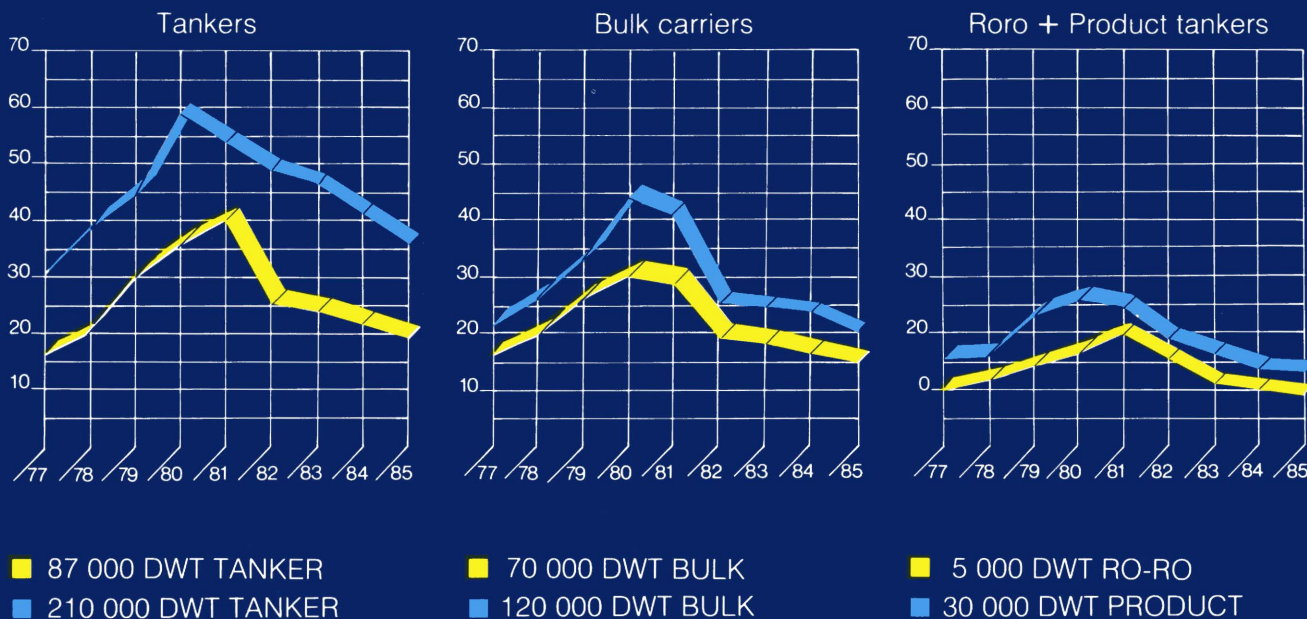
The future prospects for the Community Bulk Carrier Fleet

Given the forecasts for supply and demand of tonnage, the future prospects must be considered bleak. According to H. Clarkson and C° Ltd, deliveries of new buildings, combined with the rate of scrapping of old vessels are expected to preserve the surplus capacity in both the oil and dry bulk trades for the foreseeable future. Graph 9 and appendices E and F provide the relevant details.

Graph 9: Oil and Dry Cargo bulk tonnage ; outlook for deadweight growth 1983 - 1987

CONTRACTING PRICES FOR NEW BUILDINGS 1977 TO 1985

(Prices in million US \$ at the end of the year)



Source: Fearnleys Review 1984

A central cause of the oversupply problem can be found in the overcapacity of the world shipbuilding industry which, with the financial backing of Governments, offers attractive terms for new buildings. Graph 10 reflects the evolution of contracting prices for new buildings from 1977 till 1985. It can be seen that 1984 new building prices were well down over a five-year period in absolute terms and were in fact broadly at the same levels as 1977/78 prices in spite of inflation.

Graph 10: Contracting prices for new buildings 1977 - 1985 (prices in million U.S.Dollars at the end of the year)

Given these features, it would seem that freight markets are liable to remain in the doldrums for some years to come.

DRASTIC DECLINE OF THE RELATIVE IMPORTANCE OF THE COMMUNITY FLEET

The severe difficulties being faced by EEC Companies in the liner and bulk trades, as described above, are clearly reflected in the decline of the relative importance of the Community fleet. It has declined by some 25 % as its share of world tonnage has fallen from 29% in 1975 to 21% in 1985 as illustrated in graph 11 and appendix G.

Graph 11: The EEC & World Fleet 1975 - 1985

Reasons for the decline of the EEC fleet

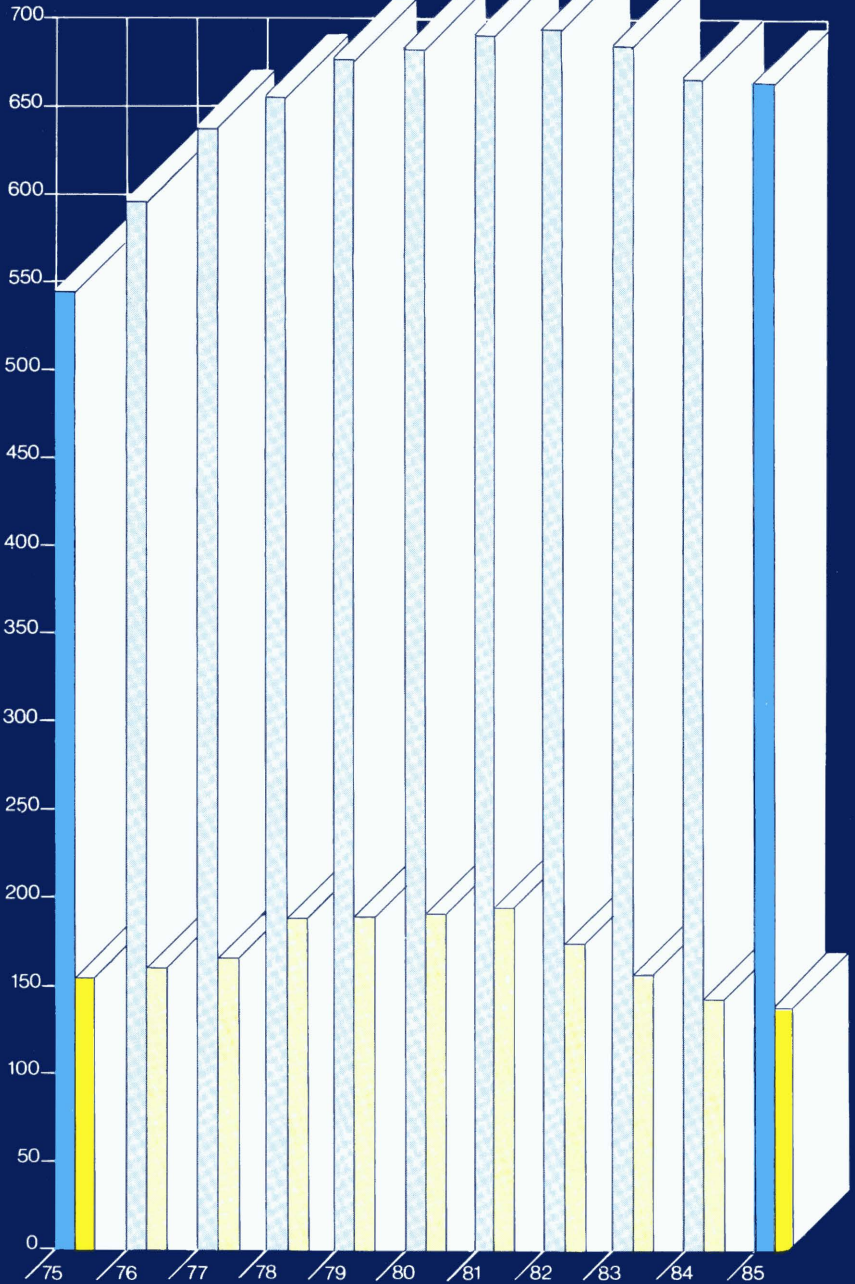
- The decline of the EEC fleet can be attributed to:
- the world trade recession and the shifts in trade patterns;
 - the growth of protectionist and flag discriminatory practices by third countries and the unfair pricing behaviour of subsidised or state-controlled carriers;
 - overtonnaging;
 - reduced competitiveness of the EEC fleet vis-à-vis its competitors.

THE EEC & WORLD FLEET 1975 TO 1985

EEC as % of world (dwt)



Mio. dwt



- WORLD FLEET TONNAGE
- EEC FLEET TONNAGE

Source: Lloyds Register of Shipping

3. EUROPEAN POLICY ON SHIPPING

It is in the context described above that CAACE views the Commission's document as an important initiative in tackling the problems facing the industry. In particular, it proposes a free trade policy based on defensive measures against protectionist and dumping activities of non-EEC countries, together with the opening-up of a genuine common market in shipping as between Member States. It is this approach which can be seen clearly in the specific proposals currently being discussed in the Council.

While recognising that positive measures are needed to address the questions of overtonnaging and competitiveness, mentioned above, these proposals do represent a vital first step in the formation of a European policy for the maritime sector. While no individual Member State could hope to effectively tackle these problems, together, there is a real opportunity for the health of the industry to be restored.

4. THE SPECIFIC INSTRUMENTS PROPOSED

As annexes II-1, II-2, II-5 and II-6 have been accorded priority within the Council the following commentary first covers these particular proposals.

1. Annex II-1 - Access to trade

This proposal, a logical extension of two earlier Council decisions of 1977 and 1983, provides a procedure for co-ordinated action by Community countries to combat other states' restrictive measures. It proposes a phased programme of diplomatic protest and economic and political countermeasures intended to persuade other countries to lift their barriers to Community fleets. CAACE strongly supports this proposed regulation, believing that the existence of countermeasures will have a beneficial effect as regards the future shipping policies of third countries vis-à-vis the EEC.

However, CAACE would make the following points on the specific terms of the regulation:

- the liberal market system it seeks to retain should be extended beyond liner and bulk shipping to cover all maritime transport activities, i.e. passenger, cruise ships, offshore, towage, etc.;
- to avoid any potential harm caused to EEC carriers as a result of EEC action causing retaliatory action, CAACE believes that the proposal should include a provision to ensure that such carriers are kept informed and consulted both on the substance and timing of countermeasures. This principle was accepted in similar discussions in the context of the US/CSG dialogue;
- finally, CAACE feels that it would be helpful for the proposal to include a reference to the need for the EEC to incorporate non-discriminatory shipping clauses in any EEC trade or other agreements with third countries, safeguarding free trade principles and based, wherever possible, on genuine reciprocity.

Annex II-2 - Freedom to provide services

CAACE regards this proposal as an integral part of the effort of the European institutions to create an internal free market according to the Treaty of Rome. It would apply the principle of freedom to provide services to sea transport so as to institute the internal market in shipping. It is designed to eliminate, over a period of time, the various national protectionist measures which currently exist in some Member States vis-à-vis other Member States. Moreover, the regulation would fulfil a basic objective of the Treaty - one to which the Court of Justice attributed priority in its May 1985 judgement in the action taken by the Parliament against the Council for failure to adopt a common transport policy.

CAACE supports its early enactment but recognises that a number of national measures which this proposal would eliminate are sensitive and that, therefore, transitional periods may be necessary in certain circumstances. Moreover, to help reduce such sensitivities and to encourage the creation of an internal market for shipping, the Community should take initiatives, with all speed, on the positive measures necessary to improve the competitiveness of the EEC fleet. Easing the burden for the industry in relation to fiscal treatment, registration fees, social security charges and the transfer of ships within the Community are examples of where action is needed.

It will be important to establish adequate definitions of "material reciprocity" and of a genuine European shipping enterprise. Otherwise, the free internal market, including the freedom to provide services as set out in the proposal, could be open to abuse. Non-EEC entities maskering as EEC-Europeans could take undue advantage of a free market. CAACE believes that the regulation should refer not only to "persons", meaning physical or juridical persons, who are entitled to the freedom to provide services in the EEC but also to "ships flying the flags of Member States."

Finally, the social dimension involved in the serving of islands should be fully recognised and dealt with accordingly.

Annex II-5 - The application of the competition articles of the Treaty to maritime transport

This proposal which applies Articles 85 and 86 of the Treaty to maritime transport is a modification of a Commission draft submitted in 1981. The Commission is concerned about what it sees as an increasing trend to exclude outside competition from trades in which closed conferences operate and this proposal addresses this issue.

CAACE is disappointed with this proposal as it broadly echoes earlier drafts which the Council of Ministers has considered inappropriate and which takes little or no account of the views of shipowners and those expressed by the Parliament and the Economic and Social Committee.

CAACE supports the views expressed in the Parliament's opinion and report (Nyborg report adopted in May 1984) which remain highly relevant to the present proposal. In particular, Parliament stressed (1) a number of difficulties which exist because of the incompatibility of the present draft regulation with the UN Code of Conduct for Liner Conferences and (2) the failure, not only of the proposed requirements relating to the group exemption for liner conferences, but also of the form of any sanctions and the circumstances when they may be applied, to take account of the particular nature of the shipping industry.

CAACE has comments on specific articles, among which are the following:

- Art. 1.3 (c) and Art. 5.1 : problems exist with the definition of "transport user" because of its broad nature and departure from the UN Code. It would be preferable if the term was replaced by "shipper" and "shippers organisations" as set out in the Code;
- Art. 4: "conditions", as opposed to "obligations", should not be retained as a breach of a condition voids the agreement retrospectively to the time of the breach. This would create uncertainty and hinder the ability of conference members to make investment plans solely on the basis of commercial judgements. The actual impact will depend on the interpretation of "if such an application cannot be justified economically";
- Art. 7.1: the maximum sanction for a breach of an obligation should be a fine rather than the possibility of withdrawal of the block exemption;
- Art. 7.2: conferences should not be punished when circumstances have changed through no fault of their own, such as acts of third countries or changes in market conditions.

4. Annex II-6 - Unfair pricing practices

This proposal is designed to echo action already possible by the Community in support of shore-based manufacturing industries faced with dumping. For the most part, it reflects the substance of Regulation EEC n° 2176/84. It is designed to counter unfair price-cutting by non-EEC lines which are either state-owned/ controlled, or benefit from cargo reservation measures, or operate ships which do not comply with the recognised international safety and employment standards contained in major IMO and ILO Conventions.

CAACE supports the regulation, subject to three comments:

- operators receiving excessive subsidies should also be subject to the regulation;
- the definition of "unfair practices" is too rigid (it is based solely on the rate charged by the lowest "fair" outsider for one year; such a comparison may well not even be possible. A weighted average of commercial price quotations or a mechanism of comparison with a constructive cost in the respective markets would be preferable);
- the possible sanctions should include quotas on carryings or ship calls.

The Union of Greek Shipowners qualifies its support of the above as follows: —

Annex II-1: The countermeasures phase is acceptable subject to a clearcut interdiction of involvement by EEC Member States in bilateral cargo sharing agreements (future or existing) either between them or with third countries.

Annex II-5: There should be stricter control/sanctions on conferences and mention of the particular circumstances of abuse of a dominant position.

Annex II-6: UGS is, in principle, against such countermeasures which it considers protectionist. However, due to the special problems in the liner sector, any differentiation in approach should be examined with great care.

Apart from the above proposals which are being discussed in the Council the Commission has also put forward the following draft regulations.

Annex II-3 — Consultation procedures — Member States/ Third Countries

While CAACE sees merit in a requirement for advance consultation in the event of bilateral or multilateral agreements being concluded by individual Member States, there is a danger that such a process could be abused in order to delay unduly the ability of Member States to conclude agreements with third countries. Consequently, there is a need to ensure that, in putting forward this measure, such potential abuses are avoided. Moreover, in order to minimise the likelihood of agreements being contemplated which are contrary to the interests of the Community, it would be helpful if Member States agreed on common objectives in this context. This proposal should also provide for consultations as regards relevant trade or other agreements in which it is proposed to incorporate references to shipping.

Annex II-4 - Interpretation of the concept of "national shipping line"

While CAACE recognises that the proposal seeks to protect the concept of a national shipping line against abuses, it is felt that its introduction would not be helpful. Particularly, shipowners question whether such a measure is not now too late as, for five countries at least, the legislation pursuant to the ratification of the UN Liner Code has already been enacted. Overall, CAACE feels that individual countries should be left to develop their own definition of a national line in the context of the implementation of the UN Code.

5. OTHER ELEMENTS OF THE PROPOSED COMMON SHIPPING POLICY

1. State aids

CAACE considers that there should be greater co-ordination of national assistance to shipping companies within the Community and that the EEC should resist more strongly and openly undesirable national shipbuilding subsidies worldwide where they contribute to the over-tonnaging crisis.

(For specific suggestions as to how progress can be made in this area see below)

2. Manpower and social aspects

CAACE fully supports the principal conclusion of this section of the paper, namely that the best means of benefitting seafarers within the Community is to ensure a truly competitive environment as a basis for an economically healthy and sound shipping industry. In this context, CAACE endorses the statement made in the paper that it is impossible to insulate social and employment problems from the full international dimensions of shipping. CAACE also welcomes the acknowledgement of the general rule that the special circumstances of shipping require to be taken into account when developing broader social policy. In this context, attention is also drawn to the comprehensive maritime safety and social standards agreed in IMO and ILO. It is important that EEC owners should be able to operate within this worldwide framework of minimum standards, if they are to remain competitive. However, action at the Community level in relation to certain aspects of manning could be helpful and proposals in this regard are set out below.

3. Bulk Shipping

CAACE shares the Commission's view that the existing organisation of the bulk markets has provided the Community with reliable, efficient and competitively priced bulk shipping services. Moreover, CAACE consequently concurs with the Commission that cargo reservation policies in this sector should be resisted.

4. Open registry shipping

The proposed policy here coincides closely with the views being developed by the Group B within the UNCTAD debates. CAACE fully supports it. We concur, in particular, with the analysis of the likely "benefit" of any phasing-out of open registries and of the prospects of achieving such an outcome. Moreover, the freedom to register abroad is an essential component of a free market system and while owners would prefer to register their ships under national flags, there is often a stark choice of either leaving the industry or flagging out. It is a question of necessity in many cases. CAACE would also stress that open registries are not synonymous with substandard ships. All ships are subject to international standards imposed through IMO and ILO conventions covering safety, employment arrangements and pollution prevention.

Maritime safety and pollution prevention

Due to the worldwide nature of shipping, it is essential that the widest possible international agreement is reached on matters affecting ship design, construction equipment and operation. Consequently, CAACE welcomes the Commission's view that Community activity in such areas should be primarily designed to support the existing international system as developed by IMO. In this connection, CAACE fully supports the vigorous enforcement of the Memorandum on Port State Control, although questions the necessity of translating it into EEC law.

Ports

It is felt that greater weight should be attached by the Commission to the adverse effects of disparities in port charges and light dues since they are important factors to companies in the choice of ports.

Aids to developing countries

Again, greater emphasis should be placed on the need to allow EEC companies an equitable opportunity to carry EEC financed food aid cargoes. Also, more importance should be attached to consultation with the EEC shipping industry where aid (including shipbuilding aids) is granted to other countries which are in direct competition with, and/or apply discriminatory measures against, EEC carriers.

EEC trade agreements with third countries

To ensure the interests of shipping are properly considered vis-à-vis agreements with third countries, CAACE suggests that it be consulted in advance of such agreements being concluded.

Maritime fraud

CAACE welcomes the Commission's resolve to consider whether the Community could take any action to tackle the problem, bearing in mind the work already being undertaken in other organisations such as the IMB and Interpol.

6. THE COMPETITIVENESS OF EUROPEAN FLEETS AND RESTORATION OF INTERNATIONAL SHIPPING MARKET STABILITY

As explained above the commission's memorandum contains valuable proposals on keeping trade open to free and fair international competition, as well as a proposal concerning the application to the Shipping Sector of the Treaty of Rome provisions. However, as mentioned earlier it is also necessary to address the questions of overtonnaging and competitiveness. There follows below a description of proposals for measures that should be implemented urgently if the Community is to get to grips with the current crisis.

1. STRENGTHENING THE COMPETITIVE STANDING OF EEC FLEETS

One positive step would be the adoption of measures to enable Community shipowners to co-operate even more closely with each other in order to achieve the economies of scale and benefits of rationalisation needed to compete successfully with other major operators. In many areas this is not possible until there has been some alignment of national measures and procedures. Action is particularly needed in the following areas:

1.1 FINANCING TERMS

At present there is a considerable disparity between Member States' terms for the financing of vessels. It should be reduced in order to grant everyone access to the best possible conditions for financing their investments and there is a need both to ensure that all Community shipowners have access to finance on terms that are competitive on a worldwide basis; and to work with other shipping and shipbuilding nations towards global reductions in the present shipbuilding subsidies that have contributed so much towards overtonnaging.

To achieve progress in this field the following steps need to be taken:

- (i) the Commission should be requested to undertake an examination of the current arrangements in Member States and to publish its findings;
- (ii) an EEC home credit scheme should be established. While such a scheme would not immediately reduce the subsidy spiral, it would at least provide the machinery for reductions in the future and increase the ability of the EEC to negotiate with Far East Competitors for a reduction in shipbuilding subsidies worldwide.

CAACE considers that such a scheme should incorporate, inter alia, the following features:

1. it should replace rather than supplement existing subsidies;
2. it should be financed by Member States on the basis of common criteria;
3. the four elements, in order of importance, are grace periods, duration, interest rates and down payments;

4. the actual terms involved in the four elements should be examined further, but should enable the maximum possible flexibility so as to suit the needs of particular EEC owners;

5. unless concealed as subsidies to shipbuilders, assistance given to shipowners should not be deducted from the scheme.

- (iii) disparities between Member States' systems of profits taxation and capital gains taxation (for those countries which tax maritime enterprises on the basis of their profits and losses), taking into account regional or local taxes, should be reduced as far as possible, with a view to reducing the overall fiscal burden.

- (iv) taxes and duties levied at the time of the transfer of a vessel from one EEC flag to another should be removed;

- (v) national conditions governing financial aid should not hinder the subsequent transfer of a vessel receiving aid to the flag of another EEC country. In particular, shipbuilding subsidies, which in many Community states currently have to be refunded if the vessels concerned cease to be part of the national fleet, should be maintained in the case of intra-Community transfers.

MANNING OF SHIPS

The free movement of labour is an essential principle of the Treaty of Rome and should be fully applicable to shipping. Seamen from any EEC country should be allowed to work on ships of any other. This arrangement should moreover, be extended to seamen who are non-EEC nationals but assimilated as nationals in a number of Member States.

It is an essential pre-requisite in this context that there should be reciprocal recognition by Member States of certificates issued within the Community (as recommended in paragraph 45 of the Commission's memorandum) and action should be taken to bring this about as a matter of urgency.

As a corollary to mutual recognition of certificates, Member States should take steps to bring their national certification requirements into line and, in due course, to co-ordinate national training syllabuses and arrangements. The extent to which such schemes are state-funded should be standardised with a view to eliminating the effect which differing practices have on a particular fleet's competitive position. The availability of Community funds for maritime training would be particularly welcomed.

Similar action should be taken in regard to a number of other arrangements concerning the employment of seamen; e.g. reduction of social security costs and special income tax concessions for seafarers.

Terms of reference for a study into these matters already contemplated by DG V should be agreed and the matter put in hand without delay.

Member States should keep their manning regulations under continuing scrutiny to ensure that their requirements are consistent with technological developments and, in particular, that full advantage is taken of the opportunities which these afford to eliminate excess manning and out-dated functions aboard ship. Such a policy could be an important aspect of restructuring measures dictated by the current crisis. This calls for action by the European Social Fund.

3 TECHNICAL STANDARDS

While recognising the practical difficulties in achieving common standards for ship fittings and equipment within the EEC, CAACE considers that the directive proposed by the Commission in paragraph 97 of its memorandum could be the first step towards a policy to abolish all existing obstacles to the transfer of vessels from one flag to another within the Community.

The extent to which the laws and regulations of Member States require standards in excess of those laid down in IMO and applicable ILO Conventions should be examined, with a view to the adverse consequences for the competitiveness of Community shipping so engendered being eliminated.

4 RESEARCH

European shipowners would like to see the Commission urge Governments to promote research in all areas which could lead to a reduction in costs.

Joint research programmes culminating in practical applications in European shipyards should be set up, following full consultation with EEC shipowners, concerning ship navigation and propulsion. Such measures should also cover the commercial activities of the vessels and landbased operations.

5 CONSORTIA AND JOINT VENTURES

Agreements between Community (and other) companies, with the objective of rationalising services and curbing costs, are essential if EEC shipowners are to be able to compete on the world stage with the massive, often heavily subsidised companies from outside the Community. It is therefore imperative that these consortia and joint ventures should be encouraged and not regarded with suspicion as unfair trading operations. To this end:

- (i) Member States need to harmonise their national shipping policies, as indicated above; and
- (ii) an appropriate legal framework will need to be adopted if there are any valid grounds for claiming that their current legal status is technically unsatisfactory.

RESTORING MARKET STABILITY

A main cause of the current crisis in the shipping industry is the world surplus of tonnage. This stands at:

36 % for oil tankers
22 % for bulk carriers
33 % for container ships

The phenomenon is not to be regarded as a natural disaster to be borne passively. A Europe of 320 million inhabitants has sufficient clout to act on the causes of the world crisis and to urge its partners to do likewise. We suggest below action that the Community should take.

SHIPBUILDING

European shipowners are resolutely hostile to some of the shipbuilding subsidy policies being implemented in certain states at a time when the market is at saturation point.

As indicated earlier, CAACE believes that as well as adopting its own home credit scheme, the EEC should initiate, through diplomatic channels negotiations for a co-ordinated reduction in shipbuilding capacity worldwide.

This should not, however, entail the loss for European shipowners of the freedom to order their vessels in the shipyards of their choice, worldwide. Such freedom should moreover be extended to Member States where it does not, as yet, exist.

CONVERSION AND SCRAPPING

The solution to the current crisis of overcapacity can only come from a more balanced world market, with a reduction of shipbuilding capacity and increased scrapping of unwanted ships. CAACE believes that the EEC should lead a worldwide crusade in this regard.

As far as shipyard capacity is concerned, one measure which would absorb the capacity to build new ships whilst cushioning to some extent the impact of reduced new orders, would be for the Community states to divert shipbuilding aid to help their shipowners to modernise or re-engine their existing vessels. This would benefit shipowners by improving their competitiveness, shipbuilders by providing additional work and all without in any way increasing the tonnage surplus.

CAACE hopes that the Community will encourage any scrapping scheme which has wide support in the world and which will reduce the present global overtonnaging. Shipowners would also support any Commission proposal to encourage shipbreaking (of ships of any flag) in EEC yards, including perhaps the diversion of an agreed proportion of national shipbuilding subsidies to this end.

Appendix O provides more detailed views and proposals on this subject.

DEVELOPMENT OF FLEETS FOR GROUPS
OF COUNTRIES IN RELATION TO
CONTAINER SHIPS AND GENERAL CARGO
SHIPS (MULTIDECKERS) - LINERS

		1.7.1978		1.7.1981		1.7.1983		1.7.1985	
		N°	000 DWT	N°	000 DWT	N°	000 DWT	N°	000 DWT
EEC (1)	General cargo ships-liner	3.610 (31,7)	18.468 (30,6)	3.092 (27,5)	15.576 (25,9)	2.569 (23,5)	12.224 (20,9)	2.202 (21,2)	9.960 (17,9)
	Container Ships(2)	197 (37,1)	3.955 (45,6)	191 (27,0)	4.712 (38,3)	208 (26,5)	5.128 (36,1)	261 (25,8)	5.923 (32,2)
Developing countries (3)	General cargo ships-liner	1.978 (17,4)	10.751 (17,8)	2.335 (20,8)	12.439 (20,7)	2.405 (22,0)	12.906 (22,1)	2.320 (22,4)	12.096 (21,7)
	Container ships (2)	33 (6,2)	406 (4,7)	93 (13,1)	1.515 (12,3)	116 (14,8)	2.006 (14,1)	162 (16,0)	2.816 (15,3)
Eastern Block (4)	General cargo ships-liner	1.579 (13,9)	10.109 (16,7)	1.714 (15,3)	11.316 (18,8)	1.763 (16,1)	11.840 (20,3)	1.777 (17,1)	12.150 (21,8)
	Container ships (2)	21 (3,4)	151 (1,7)	56 (7,9)	351 (2,9)	49 (6,2)	530 (3,7)	82 (8,1)	977 (5,3)
U.S.A. (5)	General cargo ships-liner	352 (3,1)	3.310 (5,5)	330 (2,9)	3.145 (5,2)	331 (3,0)	3.232 (5,5)	321 (3,1)	3.289 (5,9)
	Container ships (2)	97 (18,3)	1.744 (20,1)	103 (14,6)	2.064 (16,8)	104 (13,2)	2.152 (15,2)	133 (13,1)	3.261 (17,8)
World Total	General cargo ships-liner	11.371 (100,0)	60.357 (100,0)	11.228 (100,0)	60.108 (100,0)	10.935 (100,0)	58.396 (100,0)	10.361 (100,0)	55.646 (100,0)
	Container ships (2)	531 (100,0)	8.674 (100,0)	707 (100,0)	12.292 (100,0)	786 (100,0)	14.194 (100,0)	1.011 (100,0)	18.364 (100,0)

(1) Includes the "10" Member States

(2) This is the definition as found in Lloyds' Register

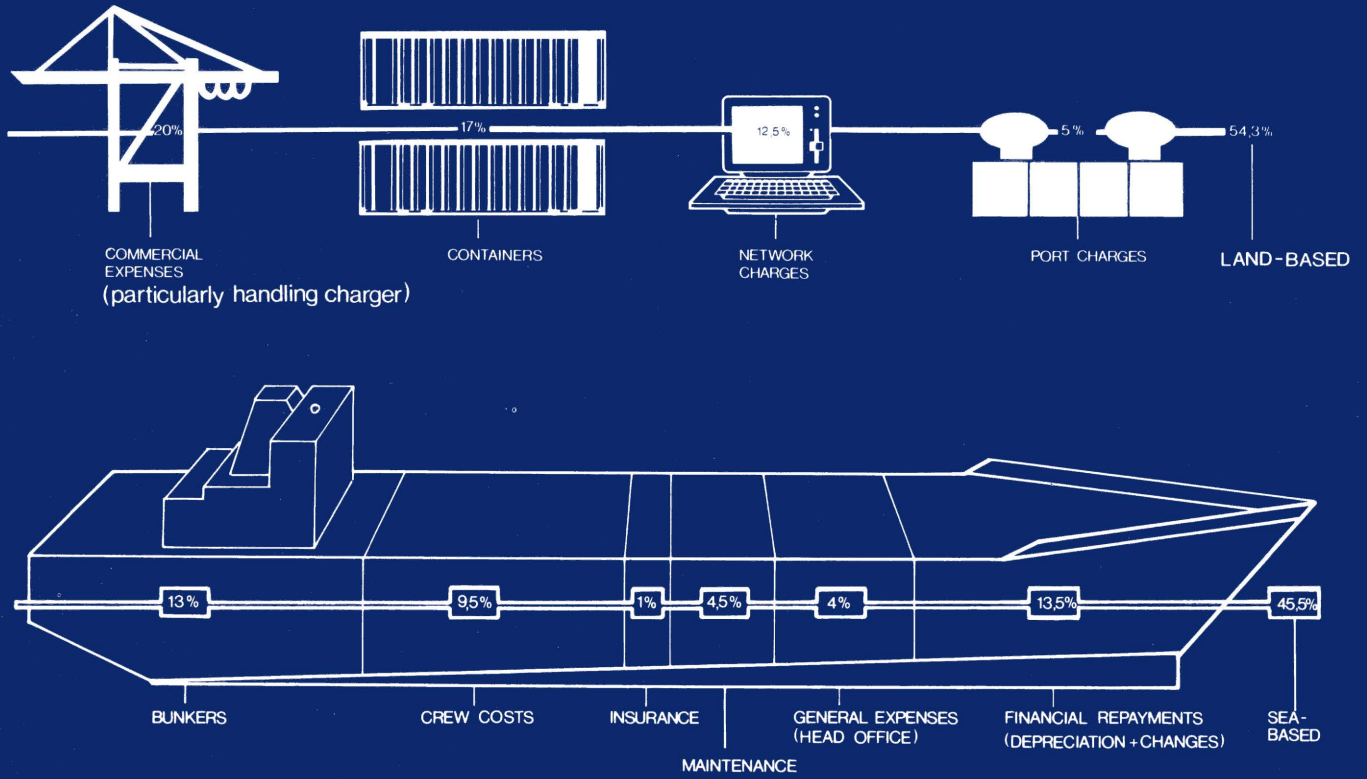
(3) Excludes Singapore, includes all developing Countries e.g. Taiwan, Hong Kong

(4) This includes China

(5) Reserve fleet

Source: Lloyds' Register

PERCENTAGE COSTS OF RUNNING A CONTAINER SHIP



Source: Member Associations

COMPOSITION OF EEC & WORLD BULK CARRIER FLEETS 1976

	Total EEC		World Fleets		EEC as % of the world	
	No	GRT	No	GRT	No	GRT
A. Tankers						
A1 Oil Tankers	1689	46,135,334	7,020	168,160,516	24 %	27.4 %
A2 Liq Gas Carriers	123	1,328,740	433	3,377,066	28.4 %	39.3 %
A3 Chemical Tankers	191	395,523	395	1,274,464	23 %	31 %
A4 Miscellaneous Tank	40	38,002	95	115,083	42 %	33 %
Total tankers	1943	47,897,599	7,943	172,927,129	24.4 %	27.6 %
B. Dry Bulk Carriers						
B1 Bulk/Oil	102	6,868,185	419	25,023,290	24.3 %	27.4 %
B2 Ore/Bulk	964	19,191,211	3,513	66,714,290	27.4 %	28.7 %
Total Dry Bulk Carriers	1066	26,059,396	3,932	91,737,580	27.1 %	28.4 %

Source: Lloyd's Register of shipping Statistical Tables

COMPOSITION OF EEC & WORLD BULK CARRIER FLEETS 1984

	Total EEC		World Fleets		EEC as % of the world	
	No	GRT	No	GRT	No	GRT
A. Tankers						
A1 Oil Tankers	1071	30,352,825	6,288	144,380,160	17.03 %	20.8 %
A2 Liq Gas Carriers	157	2,016,129	775	9,888,754	20.2 %	20.3 %
A3 Chemical Tankers	237	1,284,727	1,206	6,474,089	19.6 %	19.8 %
A4 Miscellaneous Tank	34	98,763	145	278,016	23.4 %	35.5 %
Total Tankers	1499	33,752,444	8,414	161,021,019	17.8 %	20.9 %
B. Dry Bulk Carriers						
B1 Bulk/Oil	82	5,381,436	400	24,653,201	20.5 %	21.8 %
B2 Ore/Bulk	1069	23,031,682	4,829	103,680,885	22.1 %	22.2 %
Total Dry Bulk Carriers	1151	28,413,118	5,229	128,334,086	22 %	22.1 %

Source: Lloyd's Register of Shipping Statistical Tables

N.B.: It should be mentioned that a number of EEC-owned vessels operate under non-EEC flags.

OIL AND DRY CARGO BULK TONNAGE: OUTLOOK FOR DEADWEIGHT GROWTH, 1983 - 1987 *

	Estimated Deliveries	Estimated Removals	Estimated Net Addition	Estimated Tonnage in Existence as at 1st January
Million Tons deadweight				
1983 (actual)				1984
Bulk Carriers	9,8	1,0	8,8	175,0
Combined Carriers	0,8	4,2	-3,3	38,8
Tankers	4,9	25,2	-20,3	270,6
TOTAL	15,6	30,4	-14,8	484,4
1984 (actual)				1985
Bulk Carriers	14,8	3,5	11,3	186,3
Combined Carriers	0,4	2,6	-2,2	36,6
Tankers	3,5	21,2	-17,7	252,9
TOTAL	18,7	27,3	-8,6	475,8
1985				1986
Bulk Carriers	13,5	7,4	6,1	192,4
Combined Carriers	0,6	2,7	-2,1	34,5
Tankers	4,3	21,2	-16,9	236,0
TOTAL	18,4	31,3	-12,9	462,9
1986				1987
Bulk Carriers	12,2	9,2	3,0	195,4
Combined Carriers	1,8	3,1	-1,3	33,2
Tankers	7,4	20,2	-12,8	223,2
TOTAL	21,4	32,5	-11,1	451,8
1987				1988
Bulk Carriers	7,6	9,8	-2,2	193,2
Combined Carriers	1,8	3,6	-1,8	31,4
Tankers	8,9	17,2	-8,3	214,9
TOTAL	18,3	30,6	-12,3	439,5

* Excluding special purpose types and Great Lakes only (GLO) vessels

Source: H. Clarkson and C^o Ltd

POTENTIAL DRY BULK TONNAGE BALANCE 1984 - 1988

(Million tons deadweight)

ITEM	Jan. 1984	Jul. 1984	Jan. 1985	Jul. 1985	Jan. 1986	Jul. 1986	Jan. 1987	Jul. 1987	Jan. 1988
Bulk & Ore Carriers available	175	180	186	189	192	194	195	194	193
Combined Carriers in Dry Cargo	17	20	19	18	17	16	15	15	15
Dry Tonnage available	192	200	205	207	209	210	210	209	208
Basic Demand (full efficiency) + Extra Port Time (including congestion)	149	154	159	163	166	168	170	172	175
Effective Demand	0	0	0	0	0	0	0	0	0
Effective Demand	149	154	159	163	166	168	170	172	175
Effective Surplus	43	46	46	44	43	42	40	37	33
Of which: laid up	9	7	5						
Slow Steaming	34	39	41						

POTENTIAL OIL TONNAGE BALANCE 1984 - 1988

(Million tons deadweight)

ITEM	Jan. 1984	Jul. 1984	Jan. 1985	Jul. 1985	Jan. 1986	Jul. 1986	Jan. 1987	Jul. 1987	Jan. 1988
Tankers available	271	263	253	243	236	229	223	218	215
Combined Carriers available	22	17	18	18	18	18	18	17	16
Oil Tonnage available	293	280	271	261	254	247	241	235	231
Less Storage	11	11	15	10	7	5	4	3	3
Tonnage available to trade in oil	282	269	256	251	247	242	237	232	228
Basic Demand (full efficiency)	159	152	145	150	160	155	160	150	155
+ Part Loading + Extra Port Time	7 6	7 8	8 8	8 8	8 8	8 8	8 8	8 8	8 8
Effective Demand	172	167	161	166	176	171	176	166	171
Effective Surplus	110	102	95	85	71	71	61	66	57
Of which: Laid up	58	54	47						
Slow Steaming	52	48	48						

(Source: H. Clarkson & C^o Ltd)

THE EEC AND WORLD FLEET 1975 - 1985

1st July	EEC*		WORLD		EEC as % of World(dwt)
	No of ships	mn dwt	No of ships	mn dwt	
1975	9636	154.9	34934	544.2	28.5
1976	9621	165.5	35666	598.4	27.7
1977	9443	168.5	36208	637.2	26.4
1978	9684	177.6	36880	658.7	27.0
1979	9539	177.2	37668	669.0	26.5
1980	9467	178.2	38401	677.3	26.3
1981	8975	179.6	37959	683.2	26.3
1982	8508	169.7	38416	687.2	24.7
1983	7971	155.5	38419	678.6	22.9
1984	7502	141.1	38103	666.8	21.2
1985 (1st January)	7265	138.9	38048	665.8	20.9

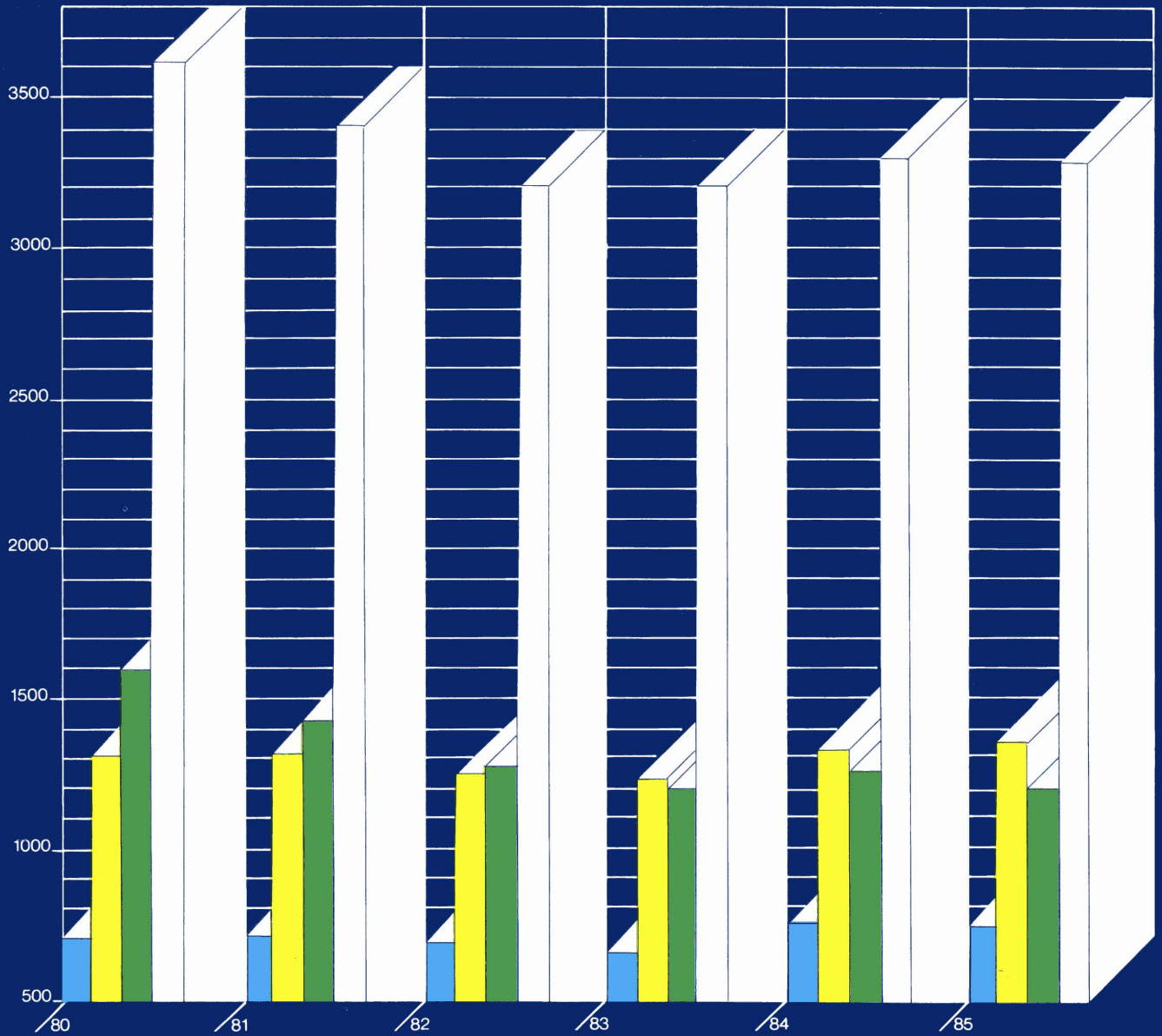
Note: refers to trading ships only and does not include ships registered in overseas dependencies of some Member States

Source: Lloyds' Register of Shipping

* Includes the "10" Member States

WORLD SEABORNE TRADE – TONNES

(million ton)

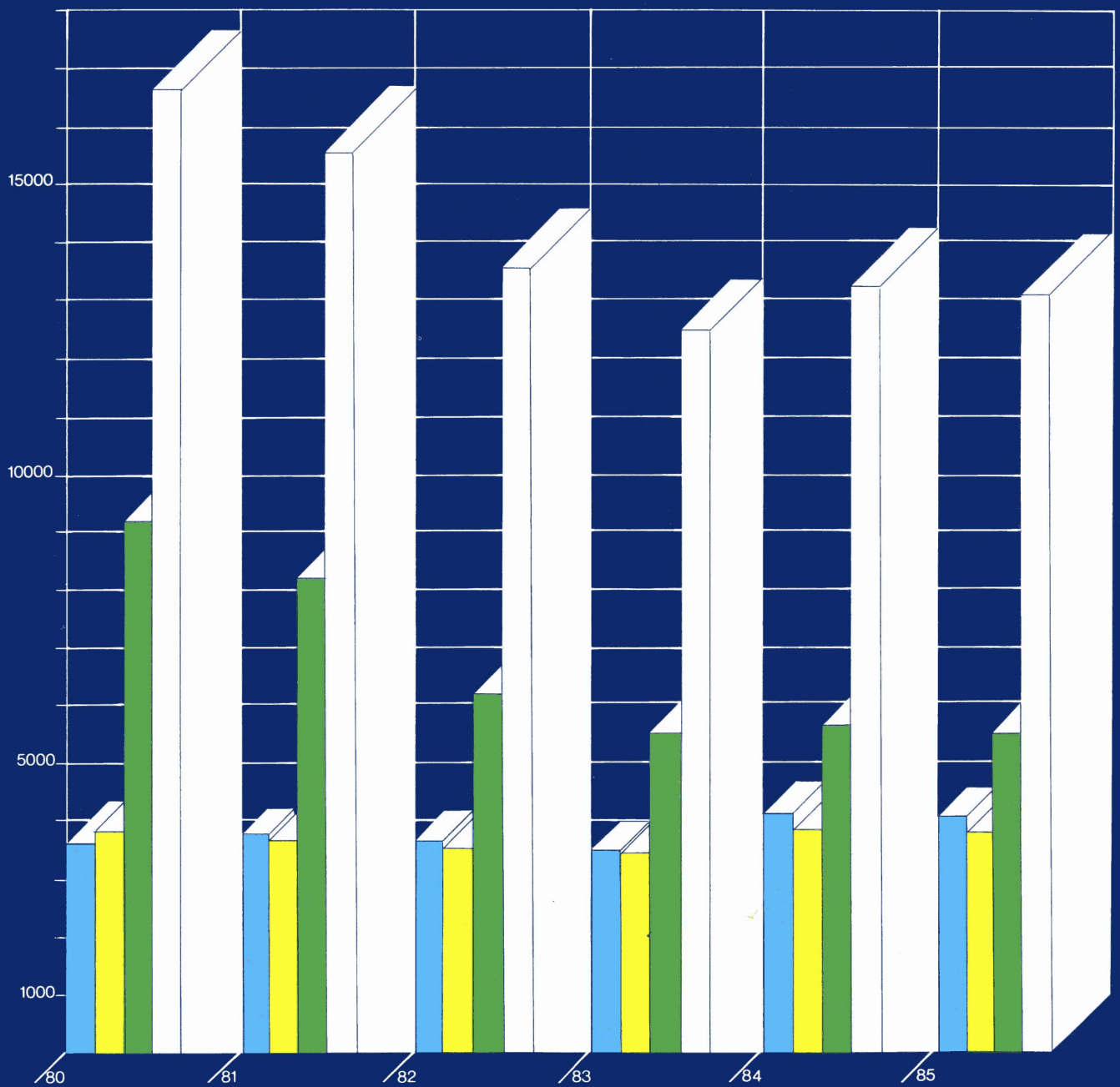


- IRON-ORE, COAL, GRAIN
- OTHER
- OIL: crude and products
- TOTAL

Source: Fearnleys, Oslo

WORLD SEABORNE TRADE – TON-MILES

(x 1000 million ton miles)

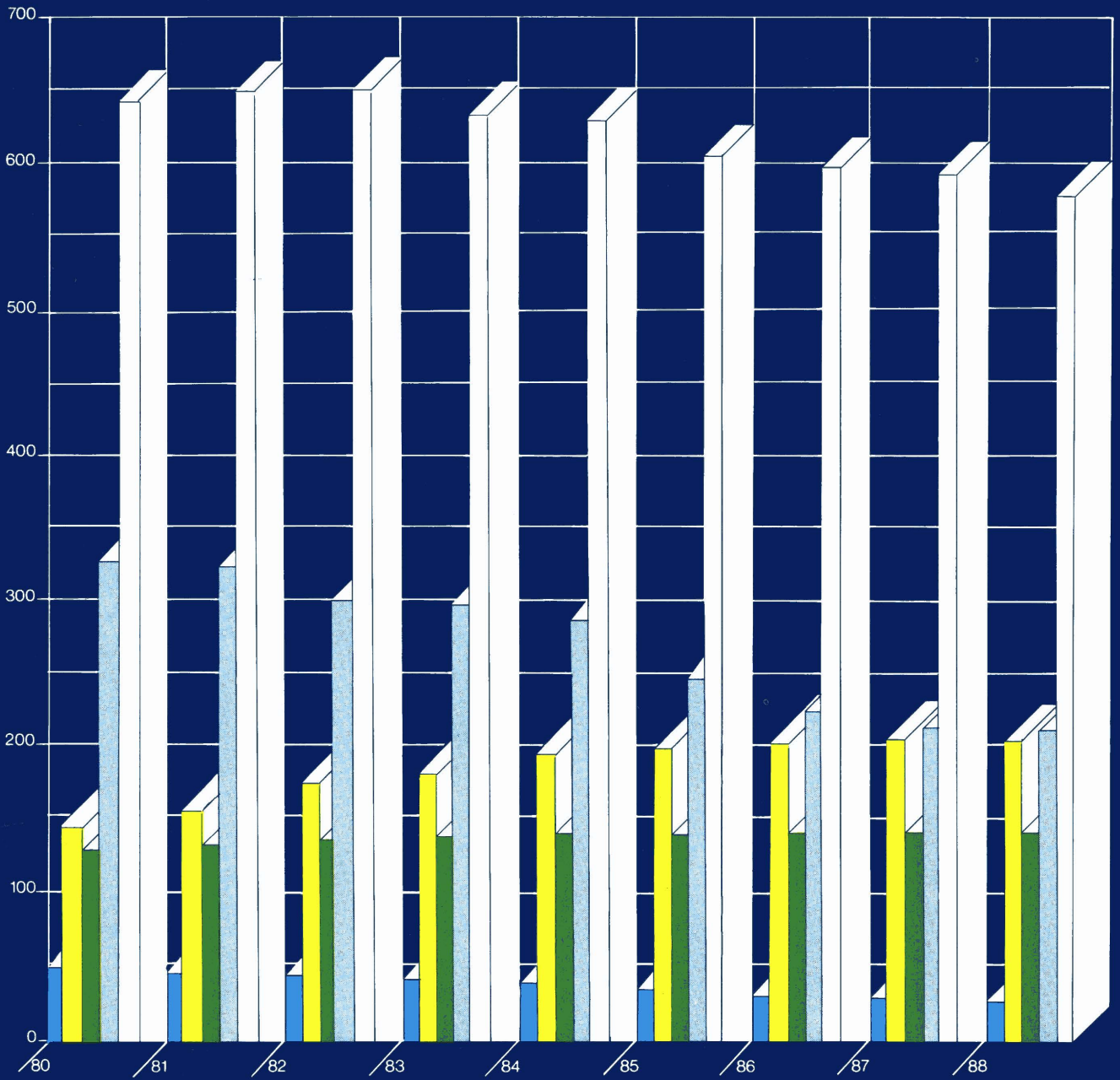


- MAJOR BULKS, IRON-ORE, COAL, GRAIN
- OTHER CARGO
- OIL: crude and products
- TOTAL

Source: Fearnleys, Oslo

WORLD FLEET AS AT 31st DECEMBER + ESTIMATED FLEET 1986 TO 1988

(million DWT)

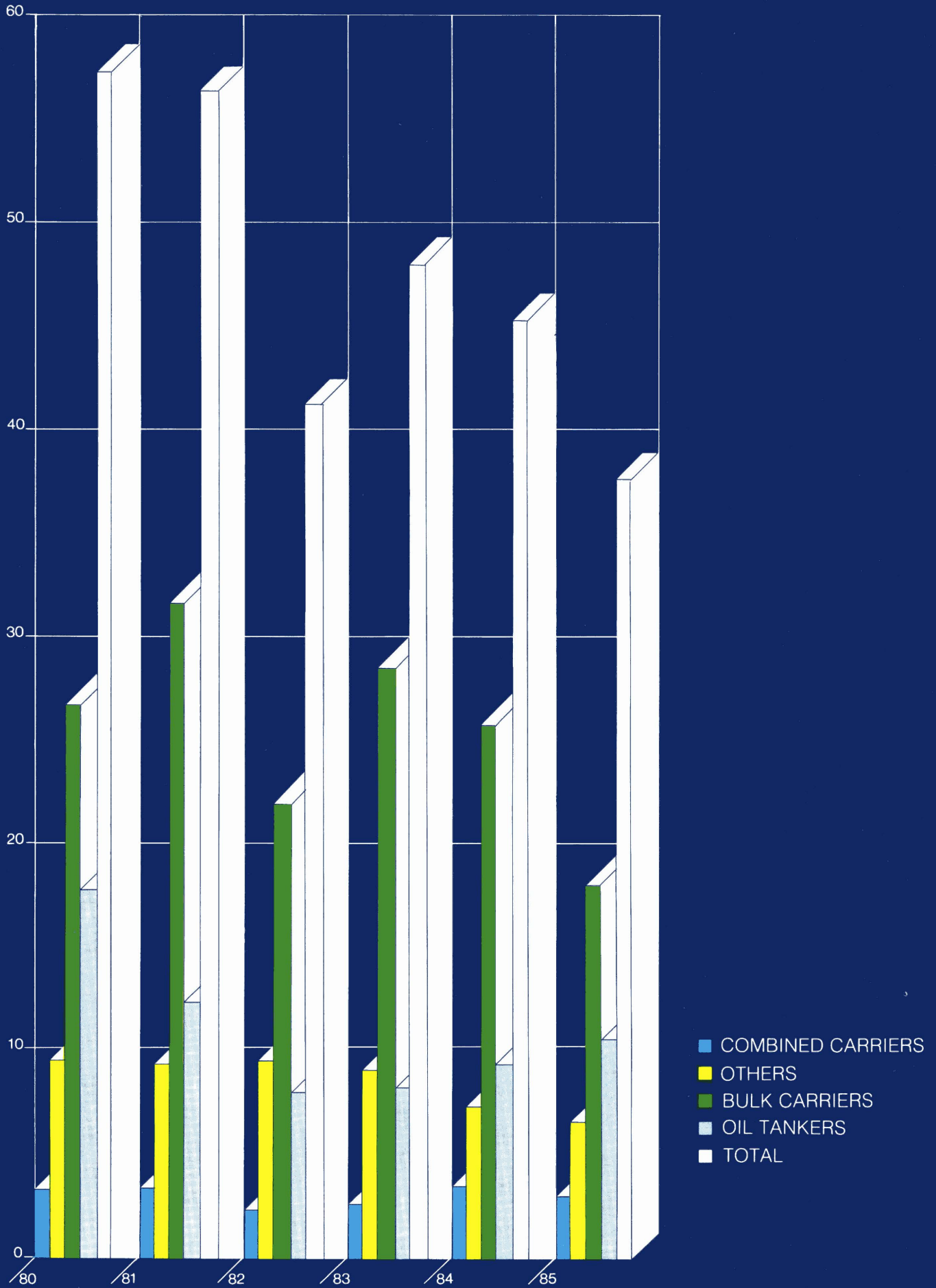


ESTIMATED FLEET

- COMBINED CARRIERS
- BULK CARRIERS
- OTHERS
- OIL TANKERS
- TOTAL

Source: Fearnleys, Oslo

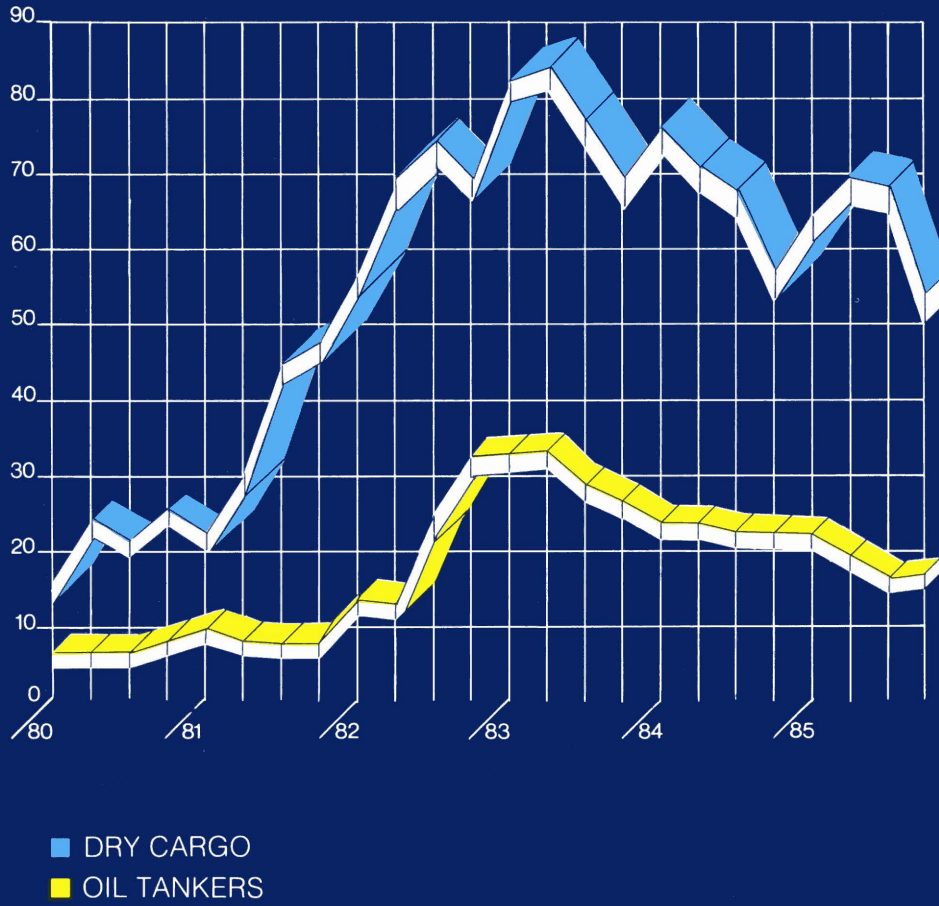
WORLD ORDERS AT 31st DECEMBER (million DWT)



Source: Fearnleys, Oslo

EVOLUTION OF TONNAGE LAID-UP

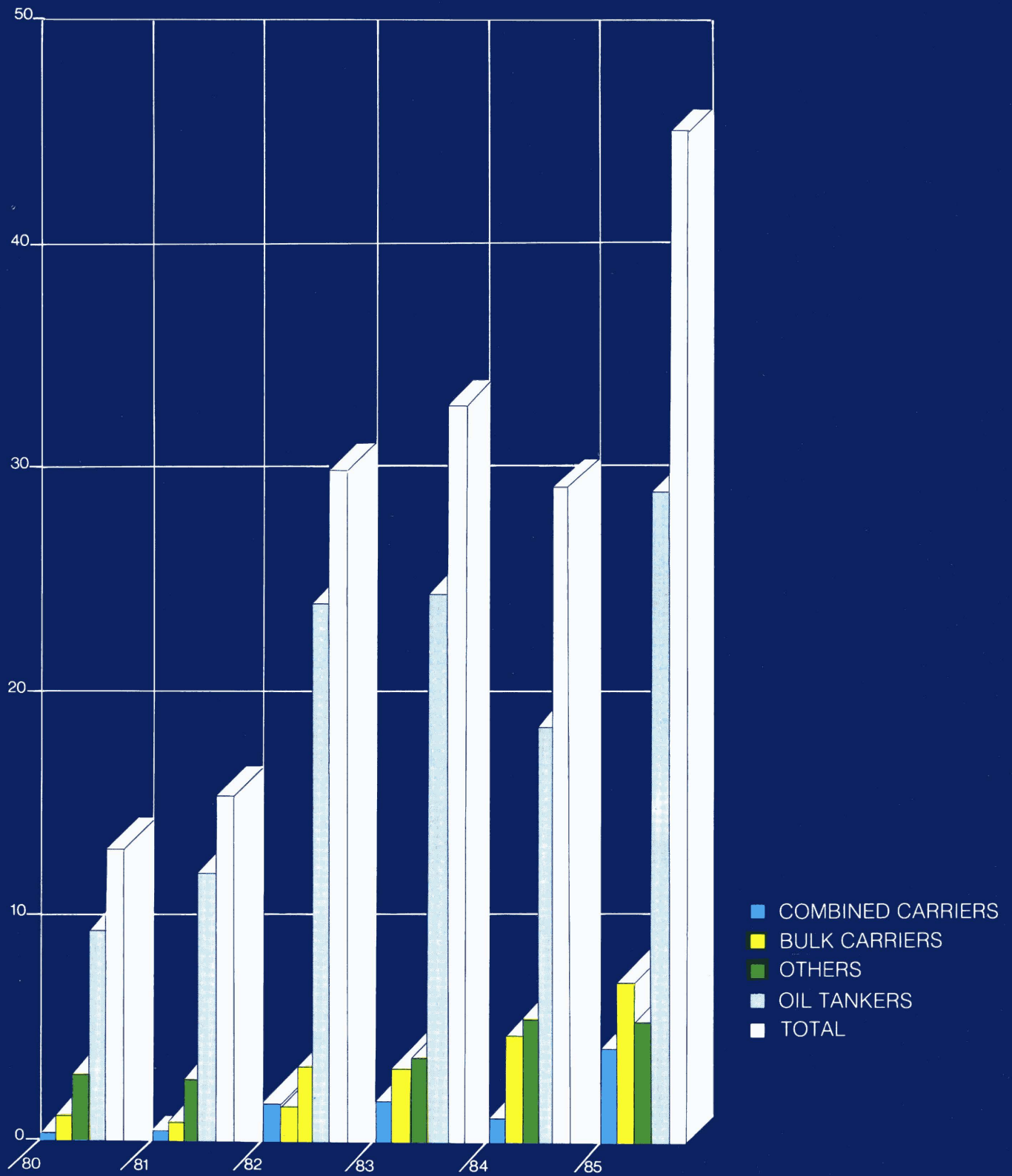
(million DWT)



Source: Drewry, London

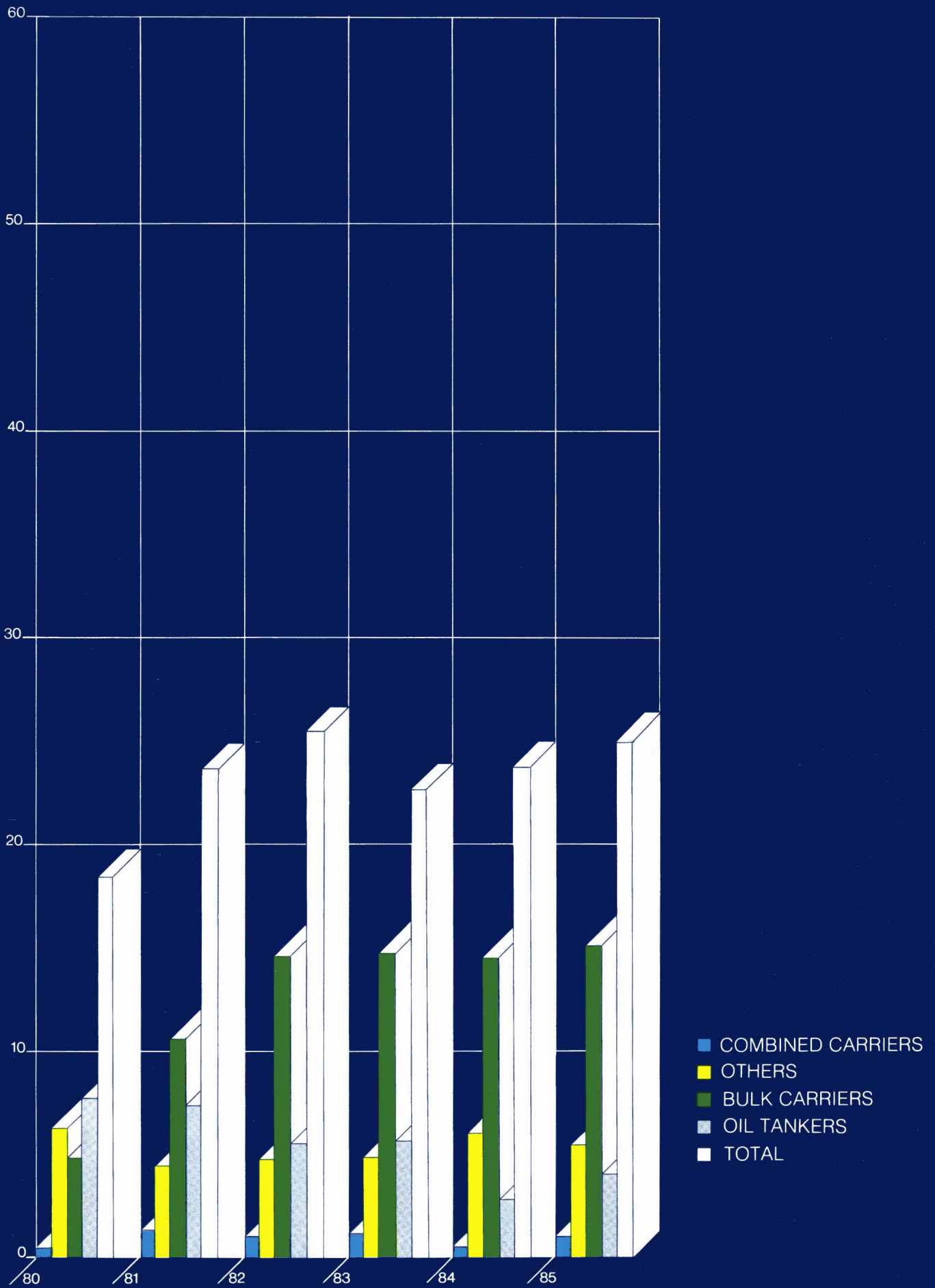
EVOLUTION OF TONNAGE BROKEN UP AND LOST AT 31st DECEMBER

(million DWT)



Source: Fearnleys, Oslo

DELIVERIES OF NEWBUILDINGS AT 31st DECEMBER (million DWT)



Source: Fearnleys, Oslo

SCRAPPING

The solution to the current crisis affecting all types of vessels in all shipping sectors and in all countries can only come from a more balanced market, i.e. from a new reduction in shipbuilding capacities and from the speeding up of the scrapping of old or unwanted vessels.

CAACE believes that the EEC should lead a worldwide crusade in this regard.

As far as scrapping is concerned, the Community should adopt the measures suggested in this paper and, in parallel, initiate negotiations with other maritime powers to urge them to follow their example. To have a better chance of success, it should be clear that the EEC scrapping system is temporary and not renewable if a sufficient number of other countries or groups of countries do not adopt similar measures. It is well known that Japan wishes to implement such a policy. Non-EEC European countries (Norway, Sweden), the United States (their fleet under national or foreign flag), and S.E. Asian countries (e.g. Hong Kong, Taiwan) could be the targets of future negotiations.

In Europe, the Commission has periodically to approve the renewal of national shipbuilding subsidies and, in the context of the next renewal process, CAACE foresees a scrapping subsidy policy being applied, with a budget calculated on the basis of x percent shipbuilding subsidy credits.

The value of such an x factor would need to be carefully examined but could, for example, be in the region of 5%.

Each country would have a choice between two possibilities to use this money:

- a scrapping subsidy policy in favour of yards, or
- a financial incentive enabling shipowners to scrap their unemployed vessels instead of selling them on the second-hand market.

As far as the scrapping activity in Europe is concerned, a recent national study has indicated that such a demolition industry would be nearly profitable without any particular aid system, even in countries with high social costs. However, if a thorough study demonstrated that some help was necessary, such aids, on the basis of each job created or saved, will be much lower than the existing shipbuilding subsidies.

The existence of one or several scrapping yards in Europe offering prices closer to those in Taiwan than to those presently offered in the Community would in itself be an incentive for European shipowners. It would save them the cost of the voyage to the Far-East which consumes nearly one third of the proceeds of the sale.

Aids to the shipowners would encourage them to make a choice between the two options they have, i.e. scrapping or selling of the unemployed vessel on the second-hand market. If one takes account of the striking fall of prices on this market, there is now quite a small gap between the prices involved in selling or scrapping a vessel, even of a relatively young vessel.

A premium of, for instance, 20 percent of the scrapping value would certainly help the EEC owners to pull out of the market a number of vessels which are to-day sold to cheap flags competing on an unfair basis with European fleets. If a hundred European vessels could get such a premium each year, the total cost of such aids, i.e. nearly 20 million dollars, would represent a fraction of the shipbuilding subsidies found in many individual Member States.

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