

Brussels, 16<sup>th</sup> May 2006

## State aid: Commission endorses French guarantee scheme for financing shipbuilding

***The European Commission has authorised, under the EC Treaty's state aid rules, a state guarantee scheme introduced by France. Guarantees will be granted to financial institutions providing loans and loan guarantees to French shipyards to finance the construction of large ships. Guarantee premiums will be charged and vary according to the risk on a case by case basis. The premium level will cover the risks of payments and the administrative costs of the scheme, so that the scheme will be self-financing. The Commission considers that this measure therefore does not constitute state aid and does not threaten to distort competition in the Single Market.***

EU Competition Commissioner Neelie Kroes said: "Financial institutions remain reluctant to finance the construction of large ships, even for highly specialised, modern yards. I am therefore pleased to approve a scheme which is free of state aid and which can help French shipyards to raise finance."

This scheme helps to solve the problems of the shipbuilding industry in accessing finance for the construction of ships, as identified in the LeaderSHIP 2015 report ([IP/03/1464](#)).

Loans, down payment guarantees ("cautions de restitution d'acompte") and performance bonds ("cautions de performance") granted to finance the construction of ships with a contract value larger than €40 million will be eligible for state guarantees under the scheme. The state guarantees will amount to a maximum of 80% of the guaranteed instrument. Yards in difficulties will be automatically excluded from this guarantee scheme.

Premiums charged by the state will vary according to the risk of the guaranteed project and will exceed the premium received by the financial institution on the non-guaranteed part of the loan/bond/guarantee. Yearly guarantee premiums will amount to at least 0.8%. The premium level will be revised (and adjusted, if necessary) on a yearly basis in order to verify that it covers the risks of payments and the administrative costs generated by the scheme.

The Commission approved a similar scheme in Germany in December 2003 ([IP/03/1740](#)) and in the Netherlands in July 2005 ([IP/05/982](#)).