



## OECD, partner countries decide on a pause in shipbuilding subsidy talks

29/09/2005 - Senior government officials meeting in Paris agreed to a pause in their work on an agreement to tackle market-distorting measures in the shipbuilding industry. The pause will provide participants with an opportunity to explore the scope for advancing the talks in key areas and to strengthen the industry support required for the negotiations to succeed.

### Recent developments

The decision was made at a high level meeting of the Special Negotiating Group on a new Shipbuilding Agreement. Attended by officials from 26 OECD and non-OECD economies, the meeting was called by the Chairman, Switzerland's Ambassador to the OECD, Wilhelm Jaggi, in an effort to deal with a number of key issues where blockages had developed in the course of the normal negotiating process. The meeting at high level was expected to enable some political judgements to be made in order to establish whether there was political support among governments for the successful conclusion of an agreement.

Among the issues particularly identified as requiring serious negotiation was achieving the right balance between the support measures discipline and differential treatment for developing and emerging economies, and whether some clauses related to pricing should be included in the agreement.

Following frank and open discussions during the meeting, the Chairman concluded that there was insufficient common ground for the successful conclusion of an agreement, in particular with regard to the issue of pricing.

He then proposed a pause in the negotiations in order to allow the parties to reflect on their positions, to talk to each other and to observe developments in the market. He suggested that the negotiations could be resumed when the conditions for success had improved.

The delegates at the high level meeting accepted this proposal by the Chairman, who then decided to pause the negotiations. A new date for the negotiations will be fixed when key participants indicate that they are ready to resume.

### Background note

The Special Negotiating Group to conduct negotiations on a new Shipbuilding Agreement was established by the OECD Council in September 2002 with the following mandate:

"Negotiation of the new Agreement shall review and address market distorting factors, in particular government support measures, pricing and other practices which distort normal competitive conditions in the world shipbuilding industry, as well as mechanisms to deal with these."

The Special Negotiating Group, under the Chairmanship of Ambassador Wilhelm Jaggi, was authorised to invite non-member economies with important shipbuilding industries to participate on this work on an equal footing with OECD members, and was directed to complete the new agreement by the end of 2005.

The following non-OECD economies have participated in the negotiations, which together with OECD members, covered more than 96% of world shipbuilding output: Brazil, China, Croatia, Malta, Philippines, Romania, Russian Federation, Chinese Taipei, Ukraine.

For further information, journalists are invited to contact [Danny Scorpecci](#) (tel: + 33 1 45 24 94 33) Principal administrator, OECD [Maritime transport and shipbuilding](#) or the [OECD Media relations division](#) (tel: + 33 1 45 24 97 00).

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