



**PRIORITY 6**

**SUSTAINABLE SURFACE TRANSPORT**

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**Terms of Reference Maritime State Aids Towards and Assessment and  
Monitoring Framework**

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## **Study on effects of State Aid to Maritime Transport**

### **TERMS OF REFERENCE**

From the beginning of the eighties, the number of ships flagging the flags of the Member States and the number of EU citizens working as seafarers have been sharply decreasing. In a highly competitive market, in fact, many of the traditional shipping countries have seen their ship owners taking advantage of international capital and labour markets, as well as of the existing wide variety of ship registers around the world.

In order to counter this phenomenon, the Member States and the Community, within their respective competence, have used the instrument of State aids.

The first Guidelines on State Aid to Maritime Transport were adopted by the Commission in 1989. A new Communication was adopted in 1997 and was replaced by the Guidelines currently in force, published on 17 January 2004.

Aid for the competitiveness of the European shipping industry has proved to give good results. It can be said that in those EU countries in which competitiveness related schemes have been implemented the downward trend in the number of nationally controlled/flagged vessels has been reduced or even reversed. It should be noticed that even though the re-flagging to EU flags is still an objective of EU aid policy, the main objective is that shipping companies are managed from the Union and ships are effectively operated from there. This is the best guarantee for the development of the European maritime industry and cluster.

However, the present *generous* State aid regime needs to be justified. On the occasion of the next revision of the current Guidelines, which should be carried out in 2011 at the latest, the Commission will certainly not maintain its approach on State aid if the financial support provided by the Member States does not prove to have given good results. For this reason, the 2004 Guidelines provide for a stricter monitoring by the Member States and the Commission of the results achieved by State aid measures.

The Commission, however, is not willing to rely only on information provided by the Member States and intends to assess the results of State aid also by its own means. **The Commission therefore intends carry out a study aimed to examine the economic results of State aid to maritime transport from 1997 onwards.**

The objectives of State aid in this field are:

- the promotion of the use of European flags,
- the promotion of the European maritime industry and cluster,
- the promotion of the sea profession in the Union.

The study should analyse the link between the implementation of State aid measures and the trend in these mentioned features in the different Member States.

The study should examine, in particular, the relation between a given type of measures (eg, tonnage tax, tax exemptions for seafarers) and the trend in the use of EU flags, in the development of the maritime industry and employment opportunities for European citizens.

This should allow the Commission to assess whether State aid really benefit the European economy and to what extent.

While the results in terms of registration of vessels in European registers may be easily quantified, clarifications are needed for the *European maritime industry* and *cluster*.

*European maritime industry* is meant to be the European based shipping industry, *ie*, shipowners having their offices and operating their vessel from the EU territory.

As for the *maritime cluster*, this expression should be intended as the **maritime-related industry** which usually develops where ships call and/or are operated from. The *maritime cluster* therefore includes shipbuilding, port services, maritime insurance, brokering, freight forwarding, etc. A direct link with shipping activities is however required for an activity to qualify for the *maritime cluster*. As a matter of fact, all the activities which may de facto develop, eg in a successful port, such as retail trade, catering or entertainment, are not meant to be part of the *maritime cluster*.

Finally, the results of actions aimed to promote the European sea profession should be mainly measured on the basis of the trend in the number of seafarers – including officers – from EU Member States. The number of European citizens should be taken into consideration, as well as third-country citizens permanently resident on shore in the EU. Of course, third-country seafarers whose only link with the Union is working on board an EU flagged vessel, should not be considered for this purpose.