

**GOVERNING THE SHIPYARDS:
EUROPEANISATION AND THE
GERMAN SHIPBUILDING INDUSTRY**

**A thesis submitted to the University of London
for the degree of Doctor of Philosophy**

by

Vijayakala Seevaratnam

**Department of Government
London School of Economics and Political Science**

June 2004

UMI Number: U190241

All rights reserved

INFORMATION TO ALL USERS

The quality of this reproduction is dependent upon the quality of the copy submitted.

In the unlikely event that the author did not send a complete manuscript and there are missing pages, these will be noted. Also, if material had to be removed, a note will indicate the deletion.



UMI U190241

Published by ProQuest LLC (2009). Copyright in the Dissertation held by the Author.

Microform Edition © ProQuest LLC.

All rights reserved. This work is protected against unauthorized copying under Title 17, United States Code



ProQuest LLC.
789 East Eisenhower Parkway
P.O. Box 1346
Ann Arbor, MI 48106 - 1346

THESES

F

8259

978056



Abstract

This thesis examines processes of Europeanisation in the German shipbuilding industry between 1980 and 2002. In particular, it analyses the impact of European Union (EU) shipbuilding policy on German shipbuilding policy and German public and private actors. The thesis argues that the specific salient features of the shipbuilding industry are decisive in explaining what drives Europeanisation in the German shipbuilding industry in terms of the response of private actors. Their reaction to EU policy is inextricably linked to that of the public actors. Accordingly, the thesis highlights the interactive nature of the Europeanisation processes with which domestic public and private actors are involved. Thus, it argues that the analysis of 'EU action' and 'German reaction' in the field of shipbuilding needs to consider the impact of German public actors' responses to EU shipbuilding policy on those of domestic private actors, and *vice versa*.

The response of German public actors – the Federal and Land governments – is analysed in terms of German shipbuilding policy content and institutional developments. German shipbuilding policy is shown to meet and exceed EU shipbuilding policy requirements. The impact of EU shipbuilding policy on private actors – German shipbuilding firms and the German shipbuilding association – is explored in terms of their interest representation activities and the shipbuilding projects for which they seek state support. German shipbuilding firms look increasingly to the EU as the channel through which to air their concerns and further their interests. Such a response is based on the realisation that the EU is able to secure benefits that the domestic governments cannot provide. Empirical analysis also shows that German shipbuilding firms have engaged in shipbuilding projects of the type encouraged by EU policy.

This thesis suggests that Europeanisation processes are contingent and differentiated and due attention should be paid to various sets of domestic actors.

Acknowledgements

I would like to, first of all, express my heartfelt appreciation and sincere gratitude to Dr. Klaus H. Goetz, my thesis supervisor. I am indebted to him for his expert and sustained supervision of my research, his guidance and kindness that have been invaluable throughout this project. I thank him for being not just my thesis supervisor, but for also becoming my mentor.

I am also grateful to Dr. Martin Lodge, my thesis advisor, who has been both insightful and enthusiastic in his efforts to improve my research. I would also like to thank Dr. Eiko Thielemann for his input and comments.

The funding from the National University of Singapore (NUS) under the Senior Tutor Overseas Graduate Scholarship Scheme is gratefully acknowledged. I am also grateful to Professor Åke Blomqvist and Dr. Lim Boon Tiong of the Department of Economics of NUS for their understanding and support during the past nine months.

I am indeed grateful to the numerous people who were kind enough to set aside their time to grant me often very interesting interviews. I would also like to express my appreciation to Dr. Jens Schröder, the Director of Handelskammer Bremen, for granting me borrowing privileges at the library of the Handelskammer. This thesis could not have been written without the archival and primary materials that I obtained from this library. I would also like to thank Mr. Heino Bade of IG Metall Bezirk Küste, Hamburg, Mr. Joachim Brodda of Bremen and the Secretariat of the *Verband für Schiffbau und Meerestechnik* for providing me with much valuable written material.

I take this opportunity to thank my parents for their patience, understanding and the countless ways in which they have supported me in this endeavour.

Contents

List of Tables	xi
List of Graphs	xiv
List of Figures	xv
List of Acronyms	xvi
1 Europeanisation of the German Shipbuilding Industry: Impact on Policy	
Content and Policy Actors	1
1.1 What’s Going on between the European Union and the German Shipbuilding Industry?	1
1.2 State of Play of the Literature on Europeanisation	3
1.2.1 Definitions and Conceptualisations of Europeanisation	3
1.2.2 Goodness of Fit – Enough to Understand Europeanisation in the German Shipbuilding Industry?	4
1.2.3 Compliance with EU Law as an Indicator of Europeanisation	8
1.2.4 Europeanisation of Interest Representation – Why Does It Happen?	10
1.3 A Supranational State Aid Policy and a National Industrial Policy: Inherent Conflict	11
1.4 Preview of Thesis	17
1.5 Methods and Sources	19
2 The European Union as a Governance Actor in the German Shipbuilding	
Industry	23
2.1 EU Governance of the European Shipbuilding Industry	24
2.1.1 EU Policy on the Provision of Shipbuilding Aid	24

2.1.2	EU Policy on Downsizing the European Shipbuilding Industry	31
2.1.3	EU Policy on Unfair Competition from International Competitors	32
	(a) Response 1: Bilateral Negotiations with the South Korean Government	33
	(b) Response 2: Negotiations in International Organisations	35
	(c) Response 3: EU Directives and Regulations on State Aid to Shipbuilding	36
2.2	EU Policy on Shipbuilding Aid for the East German Shipyards	39
2.3	Other EU Policies that Bear Upon the German Shipbuilding Industry	42
2.3.1	EU Maritime Transport Policy	42
2.3.2	EU Research and Technology Policy	45
2.3.3	EU Fisheries Policy	48
2.3.4	EU Development Aid Policy	49
2.4	Evidence of Europeanisation of German Shipbuilding Aid Cases	49
2.5	Proper Use of Compliance Indicators to Understand Europeanisation ...	58
3	German Shipbuilding Policy and Domestic Governance	59
3.1	A Profile of the German Shipbuilding Industry	59
3.2	Objectives of German Shipbuilding Policy and Domestic Governance of the Industry	69
3.3	German Shipbuilding Aid Programmes, 1961-2002	72
3.3.1	Shipbuilding-Specific Measures	73
	(a) Financing Aid under the <i>Werfthilfeprogramm</i> (Shipyard Aid Programme)	73
	(b) Aid for Financing Adjustment Investments	75

	(c) <i>Auftragshilfeprogramm</i> (Contract Aid Programme)	76
	(d) <i>Wettbewerbshilfeprogramm</i> (Competition Aid Programme)	77
	(e) <i>Reederhilfe</i> (Ship-Owner Aid) for the Purchase of Merchant Ships	80
	(f) Tax Allowances for Commission or Acquisition of Merchant Ships	80
	(g) Guarantees for Own Resources	81
	(h) State Ownership of Shipyards	82
	(i) Federal Government as Purchaser for Shipyards	82
3.3.2	Measures that Are Not Shipyard-Specific	83
	(a) Regional Support	83
	(b) R & D Aid	84
3.4	Dynamics of Change in German Shipbuilding Policy	85
3.5	Institutional Response of German Public Actors to EU Shipbuilding Policy	94
3.6	Europeanisation of Public Actors in the German Shipbuilding Industry	95
4	From the Domestic to the European Union: Reorientation of German Shipbuilding Firms	99
4.1	Interest Representation by German Shipbuilding Firms	100
4.2	Participation of the German Shipbuilding Industry in German and European Shipbuilding Associations	101
4.2.1	<i>Verband für Schiffbau und Meerestechnik</i> (VSM) – German Shipbuilding and Ocean Industries Association	102
4.2.2	Committee of European Union Shipbuilders' Associations (CESA)	103

4.2.3	Association of West European Shipbuilders and Ship- Repairers (AWES)	104
4.2.4	Maritime Industries Forum (MIF)	106
4.2.5	Association of Maritime Regional Interests in Europe (AMRIE)	109
4.3	What the European Shipbuilding Associations Do that the VSM Does Not	109
4.3.1	Constant and Effective Dialogue with the European Commission	110
4.3.2	Tackling of International Competition Issues in the World Shipbuilding Market	114
4.3.3	Linking Together Previously ‘Separate’ Sectors of the Maritime Industry	116
(a)	Shipping	116
(b)	Maritime Research	117
4.3.4	Facilitation of Co-Operation with Other European Shipbuilding Firms	119
4.4	Evidence of Reorientation of the German Shipbuilding Industry from the Domestic to the EU Level	120
4.4.1	Changing Orientations of the German Shipbuilding Association	121
4.4.2	Changing Orientations of Bremer Vulkan Verbund AG in the 1980s and 1990s	127
4.4.3	Role Played by German Actors in European Shipbuilding Initiatives	128
4.5	Europeanisation of German Shipbuilding Firms: A Matter of Choice and Compulsion	130
5	Bremer Vulkan Verbund AG in the 1980s: A Tale of Limited Europeanisation	133

5.1	Understanding the Saga of Bremer Vulkan Verbund AG in Bremen	134
5.2	Cases of Provision of State Aid to Bremer Vulkan, 1980-1989	138
5.2.1	Case 1: Bremer Vulkan Losses in 1981	139
5.2.2	Case 2: Proposed Merger of Bremer Vulkan and AG Weser, 1982-1983	140
5.2.3	Cases 3, 4, 5, 6 and 7: State Aid for the Shipyards Acquired by Bremer Vulkan, 1983-1986	145
5.2.4	Case 8: Acquisition of Bremer Vulkan Investments by the Bremen Senate in 1987 and 1988	147
5.2.5	Case 9: Structural Concept of Bremer Vulkan, 1987-1988	151
5.2.6	Case 10: State Aid for the Acquisition of Senator Linie GmbH by Bremer Vulkan and Its Merger with Deutscher Seereederei (DSR)	152
5.2.7	Case 11: State Aid for the Acquisition of Krupp Atlas Elektronik by Bremer Vulkan	154
5.3	Did the EC Matter to Bremer Vulkan during the 1980s?	157
6	Bremer Vulkan Verbund AG in the 1990s: Relations with the EU Are Intensified	160
6.1	German Reunification and Bremer Vulkan – Case 12: Acquisition of East German Shipyards by Bremer Vulkan	160
6.2	Case 13: Acquisition of Klöckner Stahl GmbH by Bremer Vulkan	170
6.3	Symptoms of Withdrawal from Bremer Vulkan in the Bremen Senate	171
6.3.1	Case 14: Unterweser Concept of Bremer Vulkan	172
6.3.2	Case 15: Ultimate Crisis of Bremer Vulkan	177
6.4	Patterns of Europeanisation of the Bremen Shipbuilding Industry over Time	180

6.5	Bremer Vulkan's Side of the Europeanisation Story: The EU as Nemesis and Partner	194
7	Europeanisation and the German Shipbuilding Industry	199
7.1	Europeanisation of German Shipbuilding Policy Content	199
7.2	Implementation of 'Europeanised' Shipbuilding Policy in the German Shipbuilding Industry	201
7.3	Shifts in Focus of Interest Representation Efforts of the German Shipbuilding Industry	202
7.4	Interdependence between Public and Private Actors' Responses to EU Shipbuilding Policy	203
7.5	Motivating Forces in the Europeanisation Processes in the German Shipbuilding Industry	205
7.6	Factoring in the Political Party Composition of Governments.....	208
7.7	Lessons Learnt from the Tale of Europeanisation of the German Shipbuilding Industry	219
Appendix A	Subsidies in EU member states, 1960-2002	224
Appendix B	Firms in Bremer Vulkan Verbund AG as at 31 December 1993	236
Appendix C	European Union legislation on shipbuilding aid, 1969-2002	238
Appendix D	Commission Decisions on shipbuilding aid across EU member states, 1961-2002	245
Appendix E	Shipbuilding aid cases in EU member states, 1961-2002	250
Appendix F	Shipbuilding production in principal shipbuilding countries, 1956-1988	299
Appendix G	Federal Government aid to shipbuilding and to industry in the Federal Republic of Germany, 1970-2002	303
Appendix H	Shipbuilding orders placed in principal shipbuilding countries, 1970-1993	304

Appendix I	Labour force of German shipbuilding firms in CESA and AWES, 2003	306
Appendix J	Shipbuilding production in the Federal Republic of Germany by Land, 1961-1972 and 1980-1995	308
Appendix K	Participation of the EU, the Federal Government and the Land Government of Bremen in Bremer Vulkan state aid cases, 1980-1996	310
Appendix L	Reference to the European Union by Bremer Vulkan, the Federal Government and the Land Government of Bremen in Bremer Vulkan state aid cases, 1980-1996	328
Bibliography	345
Interview References	378

List of Tables

Table 1.1	Commission Decisions on state aid to industry addressed to EU member states, 1995-2001	9
Table 1.2	Subsidies per capita, 1960-2002 (Euro)	213
Table 1.3	Subsidies per person employed, 1960-2002 (Euro)	217
Table 1.4	Subsidies as a percentage of Gross Domestic Product (GDP), 1960-2002 (per cent)	221
Table 1.5	State aid to the manufacturing sector as a share of Gross Domestic Product (GDP), 1988-2000 (per cent)	13
Table 1.6	State aid to the manufacturing sector per person employed in the manufacturing sector, 1988-2000 (ECU/Euro)	14
Table 1.7	State aid to the manufacturing sector per capita, 1988-2000 (ECU/Euro).....	15
Table 2.1	European Union shipbuilding aid ceilings, 1987-1998	27
Table 2.2	Capacity limitations and job guarantees for East German shipyards, 1980-1995	40
Table 2.3	Commission Decisions on shipbuilding aid addressed to EU member states, 1961-2002	51
Table 2.4	Shipbuilding aid related to R & D in the Federal Republic of Germany, 1971-2002	53
Table 2.5	R & D expenditures in shipbuilding in the Federal Republic of Germany, 1973-1995 (million DM)	54
Table 2.6	R & D intensity in shipbuilding production in the Federal Republic of Germany, 1980-1995 (per cent)	55
Table 2.7	R & D investment ratio in shipbuilding in the Federal Republic of Germany, 1980-1994 (per cent)	55
Table 2.8	Shipbuilding aid cases related to maritime transport in the Federal Republic of Germany, 1971-2002	57

Table 3.1	Production of shipbuilding sector as a share of production of the manufacturing sector in the Federal Republic of Germany, 1980-2000 (per cent)	60
Table 3.2	Shipbuilding employment as a share of total employment in the manufacturing sector in the Federal Republic of Germany, 1971-2000 (per cent)	61
Table 3.3	Shipbuilding employment as a share of total employment in the manufacturing sector in the four coastal Länder, 1975-1994 (per cent) ...	62
Table 3.4	Distribution of shipbuilders and ship-repairers in the world, 2003	64
Table 3.5	Subsidies for shipbuilding in West European countries, 1981 (per cent of building price)	68
Table 3.6	Shipbuilding aid as a percentage of value added in EC member states, 1981-1986 average (per cent)	68
Table 3.7	Shipbuilding aid in EU member states, 1992-1999 (per cent of contract price)	69
Table 3.8	<i>Werfthilfe</i> disbursed in the Federal Republic of Germany, 1983-2002 (million DM)	75
Table 3.9	<i>Wettbewerbshilfeprogramm</i> – validity and funding rates, 1987-2000	78
Table 3.10	<i>Wettbewerbshilfe</i> disbursed in the Federal Republic of Germany, 1988-2002 (million DM)	79
Table 3.11	German shipbuilding aid programmes, 1961-2002	86
Table 3.12	Ranking of shipbuilding aid in Germany and amount estimated for shipbuilding in Federal Government budget drafts, 1986-2000	92
Table 3.13	German and EU upper limits on shipbuilding aid rates compared, 1987-2002 (per cent)	96
Table 4.1	Membership of CESA by country, 2003	104
Table 4.2	Membership of AWES by country, 2003	105
Table 5.1	Bremer Vulkan's share of Bremen and German shipbuilding employment, 1979-1994 (per cent)	135

Table 5.2	Bremer Vulkan's share of Bremen and German shipbuilding turnover, 1980-1992 (per cent)	135
Table 6.1	Participation of the European Union in Bremer Vulkan Verbund state aid cases, 1980-1996	187
Table 6.2	References in annual reports of Bremer Vulkan Verbund AG, 1980-1995	191
Table 6.3	<i>Wettbewerbshilfe</i> aid disbursed by the Land Government of Bremen to Bremer Vulkan Verbund AG, 1984-1996 (million DM)	197
Table 7.1	Political party composition of governments and shipbuilding aid programmes	212
Table 7.2	German shipbuilding aid disbursed and German governments	215

List of Graphs

Graph 2.1	Shipbuilding aid cases in EU member states, 1961-2002	50
Graph 3.1	Shipbuilding production in the Federal Republic of Germany, 1956-1988 (tonnes gross)	65
Graph 3.2	Federal subsidies per person employed in Germany, 1967-1995 (DM) ...	67
Graph 3.3	German shipbuilding aid, 1983-2002 (million DM)	91
Graph 4.1	Calls for action from the VSM, 1980-2002	122
Graph 4.2	Praise and criticism of German and EU shipbuilding policies, 1980-2002	123
Graph 4.3	References to the European Union in Bremer Vulkan annual reports, 1980-1994	128
Graph 6.1	Participation of the Federal Government in Bremer Vulkan state aid cases	186
Graph 6.2	Participation of the Bremen Land Government in Bremer Vulkan state aid cases	186
Graph 6.3	References to the European Union in Bremer Vulkan state aid cases	189
Graph 6.4	References to the European Union in Bremer Vulkan annual reports, 1980-1994	190

List of Figures

Figure 3.1	German shipbuilding aid programmes, 1961-2002	89
Figure 3.2	Assessment of German shipbuilding aid programmes, 1961-2002	90

List of Acronyms

AMRIE	Association of Maritime Regional Interests in Europe
APL	American President Lines
ASCM	Agreement on Subsidies and Countervailing Measures
AWES	Association of West European Shipbuilders and Ship-Repairers
BDI	<i>Bundesverband der Deutschen Industrie e.V.</i>
BvS	<i>Bundesanstalt für vereinigungsbedingte Sonderaufgaben</i>
CDU	Christian Democratic Union
CEC	Commission of the European Communities
CESA	Committee of European Union Shipbuilders' Associations
cgt	compensated gross tonnes
COREDES	R & D Working Group of CESA
DM	Deutsche Mark
DMR	Dieselmotorenwerke Rostock
DMS	Deutsche Maschinen- und Schiffbau AG
DMV	Dieselmotorenwerke Vulkan
DSR	Deutscher Seereederei GmbH
EC	European Community
ECJ	European Court of Justice
EEC	European Economic Community
EIB	European Investment Bank
EIF	European Investment Fund
EMEC	European Marine Equipment Council

EMU	European Monetary Union
EU	European Union
FDP	Free Democratic Party
GDP	Gross Domestic Product
GDR	German Democratic Republic
HDW	Howaldtswerke Deutsche Werft
HIBEG	Hanseatische Industrie Beteiligungen GmbH
IMF	International Monetary Fund
IMO	International Maritime Organisation
KAE	Krupp Atlas Elektronik
KfW	<i>Kreditanstalt für Wiederaufbau</i>
LNG	liquefied natural gas
MEP	Member of European Parliament
MIF	Maritime Industries Forum
MTW	Meeres Technik Werft GmbH
NIR	Neptun Industrie Rostock
OECD	Organisation of Economic Co-operation and Development
R & D	research and development
SME	small and medium-sized enterprise
SPD	Social Democratic Party
SUAG	Schichau Unterweser AG
TBR	Trade Barriers Regulation
UNIDO	United Nations Industrial Development Organisation

VDS	<i>Verein Deutscher Schiffswerften</i>
VSM	<i>Verband für Schiffbau und Meerestechnik</i>
VWS	Volkswerft Stralsund GmbH
WTO	World Trade Organisation

Chapter One

EUROPEANISATION OF THE GERMAN SHIPBUILDING INDUSTRY: IMPACT ON POLICY CONTENT AND POLICY ACTORS

1.1 WHAT'S GOING ON BETWEEN THE EUROPEAN UNION AND THE GERMAN SHIPBUILDING INDUSTRY?

German shipbuilding firms operate in a context that is governed by regional (Land), national (Federal) and supranational (European Union) authorities. For instance, whether or not a German shipbuilding firm receives state aid depends not just on the Federal and/or the relevant Land government(s), but on the EU as well. This thesis examines the processes by which relevant public and private actors in Germany have adapted to the participation of the EU as a governance actor in the German shipbuilding industry. This thesis analyses the response of German public actors to EU shipbuilding aid policy in terms of German shipbuilding policy content and institutional developments. The responses of German private actors to EU impulses in the shipbuilding policy field are explored in terms of their interest representation activity and the nature of the shipbuilding projects that they pursue and for which they seek state aid.

Now considering that the Federal Republic of Germany was one of the six founding member states of the European Economic Community (EEC) in 1957 and that it was heavily involved in the formulation of the EEC Competition Policy, one would think that there was very little to 'Europeanise' in the corresponding German policy field. After all, many of the pro-competition tenets of the EU state aid policy resound well with the 'Ordoliberalism' predominant in German economic policy. To the extent that Germany has successfully 'uploaded' or projected its policy preferences onto the EU level, one would thus expect that it would be relatively easy for Germany to comply with such legislation. One would not expect either very much conflict between the EU and Germany or much change or Europeanisation on the domestic German level in response to the relevant EU policies. This is where one

encounters a puzzle. Despite extensive German shaping of EU state aid policy, there has been considerable non-compliance by Germany with EU law in the state aid arena.

This thesis argues that the reaction of the private actors to EU policy is inextricably linked to that of the public actors – the Federal and Land governments – that continue to play important roles in governing them and providing them with financial support. This thesis analyses the interactive nature of the Europeanisation processes of the public and private actors in the German shipbuilding industry. This thesis argues that the analysis of ‘EU action - German reaction’ in the context of the shipbuilding industry should consider the impact of German public actors’ responses to EU shipbuilding policy on those of the German private actors, and *vice versa*. The processes of Europeanisation that actors on the domestic stage experience cannot be determined *a priori*. The impact of an EU public policy on a member state is not determined merely by the content and stipulations of that EU policy or even by the status quo in the relevant domestic policy field. Rather, the process of Europeanisation of a particular set of domestic actors is contingent on the responses of other domestic actors to the EU policy. This thesis shows that the explanation of what drives Europeanisation in the German shipbuilding industry lies in particular salient features of the industry itself.

The rest of this introductory chapter addresses the key concepts that are used in this study of the Europeanisation processes that have occurred in the German shipbuilding industry. Section 1.2 discusses the main strands of thought in the current literature on Europeanisation and clarifies the understanding of the term ‘Europeanisation’ as used in this thesis. Section 1.3 then analyses the implications of EU state aid policy for national industrial policy. Finally, Section 1.4 provides an outline of the chapters, while Section 1.5 describes the method and sources employed in this thesis.

1.2 STATE OF PLAY OF THE LITERATURE ON EUROPEANISATION

1.2.1 Definitions and Conceptualisations of Europeanisation

The early stages of research on European integration focused on the processes involved in the formulation of common policies (see, for example, Wallace 1990; Andersen and Eliassen 1993; Wallace and Wallace 1996). This can be conceptualised as the ‘bottom-up’ perspective of European integration that focuses on the efforts and impact of member states (the bottom level) on what happens at the EU (top) level. Over the past decade, there has been a burgeoning interest in the impact of these public policies on the EU member states (Olsen 1995; Héritier, Knill and Mingers 1996; Mény, Muller and Quermonne 1996; Cowles, Caporaso and Risse 2001; Goetz and Hix 2001; Dyson 2002a; Dyson and Goetz 2003a; Featherstone and Radaelli 2003). This, in turn, can be thought of as a ‘top-down’ perspective on the processes of Europeanisation – the study of the impact of the EU on its member states.¹ Scholars have researched the impact of the EU on practically every aspect of the domestic political economy of member states.²

The empirical and systematic analysis of the impact of EU state aid and shipbuilding policies on the German shipbuilding policy field requires a conceptualisation of Europeanisation that defines the domain of inquiry. A perusal of the existing body of literature reveals that there is a multitude of definitions of Europeanisation to be found in the academic research on European integration (Ladrech 1994: 69; Bulmer and Burch 1998: 602; Börzel 1999: 574; Radaelli 2000: 4; Risse, Cowles and Caporaso 2001: 3). Simply put, one can think of Europeanisation as the ways in which domestic actors respond to European integration. This basically refers to the reception of EU policies and laws by the member states.

¹ Goetz (2002: 6) notes that this shift in emphasis, from the first to the second-generation analysis of the relationship between the EU and member states, is underpinned by a shift away from a focus on macro-level system variables to meso and micro-level analysis. This thesis fits into the ‘second generation’ of research in its attempts to analyse the impact of EU shipbuilding policy on German shipbuilding policy content and on actors in the German shipbuilding industry.

² Dimensions that have been examined include the impact of EU-induced policy changes on national bureaucracies (Page and Wouters 1995; Lequesne 1996; Goetz 2003) and administrative structures (Wright 1994; Mény *et al.* 1996; Rometsch and Wessels 1996; Wallace 1996; Bulmer and Burch 1998; Hanf and Soetendorp 1998), sub-national governance (Goetz 1995; Kohler-Koch *et al.* 1997; Conzelmann 1998; Börzel 1999; Jeffery 2003), regulatory structures (Majone 1997; Schneider 2000; Lodge 2002), political parties (Ladrech and Marlière 1999; Morlino 1999), macro-economic institutions (Dyson and Featherstone 1996, 1999; Dyson 2003), national identities (Risse 2001; Checkel 2001) and public discourse (Liebert 2000; Marcussen 2000; Schmidt 2000a, 2000b).

This thesis employs the definition of Europeanisation offered in Dyson and Goetz (2003b: 20):

“Europeanisation denotes a complex interactive ‘top-down’ and ‘bottom-up’ process in which domestic polities, politics and public policies are shaped by European integration and in which domestic actors use European integration to shape the domestic arena.”

This description of Europeanisation is useful for this thesis as it is based on studying the multiple, inter-connected processes of response and adaptation of actors on the domestic level to European integration.

1.2.2 Goodness of Fit – Enough to Understand Europeanisation in the German Shipbuilding Industry?

Many studies of Europeanisation share the proposition that there must be some “misfit” (Börzel 1999; Duina 1999; Börzel and Risse 2000) or “mismatch” (Héritier, Knill and Mingers 1996; Knill and Lehmkuhl 1999; Cowles, Caporaso and Risse 2001) between the EU and national policies and institutions for national adaptation to occur.³ These studies argue that the lower the compatibility between the EU and domestic processes, policies and institutions, the higher the adaptational pressure. Along this line of reasoning, misfits can be equated to problems in compliance.

Following this logic of the ‘goodness of fit’, the impact of EU shipbuilding policy on German shipbuilding policy content and on policy actors in the German shipbuilding industry would depend on the extent and nature of similarities and differences between the relevant German and EU policies and institutions. According to the goodness of fit argument, in the event that German and EU policies and relevant institutions are a perfect match, one could accordingly expect that there would be seamless and successful implementation of EU law in the shipbuilding policy arena in Germany. As far as the EU and Germany are concerned, there is indeed institutional compatibility in terms of horizontal fragmentation (Katzenstein 1997; Knodt and Staeck 1999), congruence in the general styles of regulation (Dyson

³ Examples of research based on institutional misfit and subsequent national adjustment include studies on relations between the centre and regions (Börzel 1999), on EU social policy (Duina 1997; Caporaso and Jupille 2001) and on national identity (Risse 2001).

1992) and finally, compatibility between their competition policies (Menon and Hayward 1996; Streeck 1997; Gerber 1998; Anderson 1999).⁴

There are, however, objections that can be made to this goodness of fit argument. Firstly, the entities under the microscope, namely the EU and German institutions and policies are neither fixed in time nor do they necessarily lend themselves to completely objective interpretation at any point of time. They are, in essence, moving targets and it would be quite a task to measure the distance or incompatibility, as it is known in the Europeanisation literature, between two objects that do not stand still. One of the reasons why the EU policies are moving targets is because there often is uploading or export of domestic preferences onto the EU template by domestic actors. This naturally affects the degree of fit between the EU and domestic versions. It is important to view fit and misfit as dynamic concepts that evolve over time. This particular approach loses its usefulness in explaining processes of Europeanisation if only a static conception of the fit between the national and the EU is employed.⁵

In order to examine the relevance of the goodness of fit argument to this particular study, an understanding of the German and EU policy approaches towards the provision of state aid to industry is necessary. According to the economic principles of the German model of the social market economy or *soziale Marktwirtschaft*, market forces are preferred to interventionist policies as the means of structural adjustment in the economy.⁶ Ludwig Erhard, the first Economics Minister of the Federal Republic of Germany and the mastermind of the German 'economic miracle' (*Wirtschaftswunder*), instilled the view among the economic and political élites of the day that industry should be left alone to be successful.⁷

The main task of industrial policy in Germany is to set general framework conditions (*Rahmenbedingungen*) which safeguard the functioning of the market within which the economic system and its components are to function and interact, and to ensure that there is genuine competition among companies. For instance, an important element of German industrial policy is its provision of infrastructural

⁴ This compatibility between EU and German competition policies, however, has been under severe strain in the 1990s, as discussed in Lodge (2003).

⁵ Börzel and Risse (2003: 74) acknowledge in their recent work that 'goodness of fit, adaptational pressures and domestic responses to Europeanisation are not static phenomena'.

⁶ The phrase *soziale Marktwirtschaft* was coined by Alfred Müller-Armack (1948).

⁷ For literature on the *soziale Marktwirtschaft* or social market economy, refer to Braun (1990); Peacock and Willgerodt (1989); Glouchevitch (1992); Smyser (1993); Larres and Panayi (1996).

support including research and development (R & D) aid. A systematic approach to industrial policy was only developed in the mid-1960s as a “*Strukturpolitik*” (structural policy) and even then, the government stance is that it tries to avoid direct intervention and to leave industrial reorganisation to the banks whenever possible. The market-oriented philosophy of the Federal Economics Ministry which is responsible for industrial policy means that “a hands-off approach in industrial policy, characterised by the economic adaptation at the level of the firm is clearly preferred to governmental intervention” (Bulmer and Paterson 1987: 57). There is evidence that German economic élites are generally reluctant to engage in extensive subsidisation of industry, at least in their official statements. For instance, the members of the *Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung* (German Council of Economic Experts) consistently criticise subsidies as deviations from free competition and from the free interplay of market forces (Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung 1971, 2002). Furthermore, the sensitivity of the German public to inflation discourages the German government from giving in to demands from industry for financial assistance that fuel the inflationary process. The Deutsche Bundesbank’s mandate of controlling inflation, up until the launch of European Monetary Union, also circumscribed the Federal Government’s ability to prop up industries extensively and continuously. However, the greater effectiveness of producers’ expressing their interests, when compared with consumers, means that governments often do concede to these requests for subsidies from industrial lobbies.

Part of the difficulty in employing the ‘goodness of fit’ approach is that it is difficult to arrive at a conclusive answer to the initial question of whether EU state aid policy violates German ideas about the role of the government in the economy in the first place. There are several components, both at the policy and institutional levels, that need to be addressed in looking for goodness of fit. Furthermore, there is the further rather intractable question of the gap between policy, rhetoric and practice - which is prevalent in the field of provision of state aid to industry in Germany (Küster 1974; Black 1986; Horn 1987; Sturm 1989; Kloss 1990). Kassim and Menon (1996: 275) have observed, for instance, how “discrimination in favour of national firms could be detected, such as the contrast between German rhetoric concerning the role of the market in energy provision and its protectionist practices”.

If one were to look for fit between the EU and German state aid policies, a good place to start would be the role played by Germany in the formulation of the EU Competition Policy. Many of the principles of the EU Competition Policy can be traced to the German school of thought on competition law. The German representatives to the EEC at its founding were instrumental in spreading the German Ordoliberal version of neo-liberalism to the EEC arena. For example, Walter Hallstein, a founder of the EEC and the first President of the Commission, was associated with the Ordoliberals during the 1940s. Hallstein, himself a law professor, often referred to Ordoliberal concepts in his speeches on European integration.⁸ Hans von der Groeben, a main drafter of the Spaak Report which laid the basis for the Rome Treaty, was also closely associated with Ordoliberalism. He was, in fact, appointed as the first Commissioner for Competition Policy of the European Commission. Alfred Müller-Armack, an important figure in the formulation of the *soziale Marktwirtschaft* or social market economy in Germany, was an official of the Federal German Government and was influential in shaping EC economic policy in its early years.⁹ In fact, Hans von der Groeben commented, “the German Minister for Economic Affairs, Professor Erhard, stated in 1962 that he himself could have written the competition provisions of the EEC Treaty” (von der Groeben 1987: 48).

Germany has often been perceived to be a supporter of a stringent EU state aid regime (Bulmer and Paterson 1987; Grewlich 1987; Menon and Hayward 1996; Anderson 1999). The aim of the Federal Government has been to slow down the international ‘subsidy race’ because subsidies in other countries had caused financial problems for numerous German enterprises which were actually competitive (Grewlich 1987: 69). Bulmer and Paterson (1987: 53) argued that “the German Economics Ministry has acted as the standard bearer of economic liberalism in the EC Council of Ministers”. The German government has often approved of the Commission’s pledges to scrutinise the subsidy practices of the richer member states with greater stringency. It could even be argued that many officials in the Federal Government have been grateful for the supranational support provided by the EU for their own domestic efforts to limit the granting of aid to industry (Anderson 1999: 117). Prior to German unification, West Germany was seen to be an ardent supporter

⁸ Hallstein said, “What the Community is integrating is the role of the state in establishing the framework within which economic activity takes place” (Hallstein 1972: 28).

⁹ Refer to Alfred Müller-Armack (1971) for his own personal analysis of the development of EC policies and institutions.

of strict European Commission regulation of state aid. Ironically, as it turned out, during the first few years after German unification, Germany maintained its tough stance on state aid control at a time when member states like Spain and France were pressuring the Commission to soften its approach so as to promote the competitiveness of European industry.

The argument that ‘policy misfits essentially equal compliance problems’ (Börzel and Risse 2003: 61) is not valid to fully understand the process of adaptation on the domestic German level, in that it is reasonable to argue that there is largely no policy misfit between the relevant EU and German policies. This search for a ‘significant misfit’ as a ‘necessary condition providing domestic actors with additional opportunities and constraints’ is quite nearly futile in this case (Börzel and Risse 2000: 3). When one cannot even definitively arrive at an understanding of the compatibility, or lack thereof, between the German and EU policies, it is somewhat difficult to pursue the path of goodness of fit. Even when this policy misfit is found in sub-sections of policy, this thesis argues that it is not the policy misfit that drives the responses of the domestic actors to EU shipbuilding policy.

1.2.3 Compliance with EU Law as an Indicator of Europeanisation

Along the line of reasoning of the goodness of fit argument, “policy misfits essentially equal compliance problems” (Börzel and Risse 2000: 5). Now with EU state aid and shipbuilding policies, this approach of measuring compliance is potentially useful as the domestic actors are prohibited from carrying out certain activities by the EU. For instance, one can track whether the number of Commission Decisions on state aid addressed to the German shipbuilding industry has risen or fallen over time as a measure of compliance of Germany with EU state aid and shipbuilding law. Clothed in policy armour of limited state aid provision, one would expect that Germany would fare well in terms of complying with EU state aid law. In fact, as shown in Table 1.1, Germany heads the list of EU member states in terms of non-compliance with EU state aid law, as measured by the number of Commission Decisions on state aid to industry. Commission Decisions address state aid cases in

which the Commission initiated proceedings because it found that the aid was potentially not compatible with the Single Market.¹⁰

Table 1.1. Commission Decisions on state aid to industry addressed to EU member states, 1995-2001

Member State	1995	1996	1997	1998	1999	2000	2001
Austria	22	14	11	22	14	21	20
Belgium	15	12	16	9	5	5	24
Denmark	17	143	194	154	124	122	11
Finland	2	3	5	9	8	1	7
France	51	62	53	36	79	79	39
Germany	209	48	38	27	29	47	130
Greece	9	2	2	2	12	11	12
Ireland	3	64	63	77	94	61	7
Italy	93	3	1	3	0	2	39
Luxembourg	1	37	33	38	24	33	3
Netherlands	34	48	32	28	14	26	38
Portugal	12	10	15	15	8	16	15
Spain	110	14	8	8	8	17	73
Sweden	6	7	10	14	8	15	2
UK	35	7	21	18	17	19	31
EU15	619	474	502	460	444	475	451
German share of EU total (%)	33.8	30.2	38.7	33.5	27.9	25.7	28.8

Source: Author's calculations based on figures from CEC (1996: 95), (1997a: 73), (1998b: 88), (1999a: 87), (2000a: 90), (2001a: 90) and (2002b: 105).

The proportion of state aid decisions taken only after a formal investigation procedure has been above the EU average in Germany, while the proportion of negative decisions for Germany has also been above the EU average (CEC 2001b: 20 and 22). There is thus empirical evidence that whatever the theoretical 'fit' between the EU and German state aid policies, there is significant breach of the supposedly agreeable EU policy by Germany.

¹⁰ Competition Commissioner Karel van Miert commented in 1999, "Germany is the European champion when it comes to state aid" (interview with *Leipziger Volkszeitung*, quoted in Thielemann 1999: 408).

However, while such an analysis will provide indicators of the compliance of Germany with EU law in this field, it does mask another dynamic at work in this relationship between the EU and Germany. Compliance is not the only mechanism by which Europeanisation of the German shipbuilding policy field has occurred. This thesis shows that the hypothesis that “compliance leads to desired outcomes and therefore should be the indicator for successful implementation” (Knill and Lehmkuhl 1998: 1) is an inadequate basis of inquiry for the study of the Europeanisation of the German shipbuilding policy field.

The number of shipbuilding aid cases in Germany indicates the frequency and level of state aid provision to the German shipbuilding industry. Rising numbers of such state aid cases and associated Commission Decisions may indicate that the German government has not reduced its provision of aid to its shipbuilding industry in response to EU shipbuilding policy. However, this thesis argues that the analysis of ‘EU action - German reaction’ should not rest merely on statistical measures. Quantitative analysis should be supplemented with qualitative analysis, and there must be closer analysis of the state aid cases such that changes in the type of state aid granted over time are also considered in understanding the process of Europeanisation. This thesis shows that even though Germany has consistently not fared well in terms of compliance with EU state aid law, there has been increasing Europeanisation of the German shipbuilding industry in terms of policy content and the behaviour of policy actors.

1.2.4 Europeanisation of Interest Representation – Why Does It Happen?

The literature on interest representation activity of European firms discusses both the formation of European-level associations and the Europeanisation of domestic groups (Mazey and Richardson 1993, 1996; Marks and McAdam 1996; Aspinwall and Greenwood 1998). Much of this research attributes the Europeanisation of interest representation of national actors to the benefits of membership and the costs of non-membership of EU groups (Grant 1991; King 1991; Jordan and McLaughlin 1991; van Schendelen 1993; Greenwood 1995, 2002). The predominant view in this literature is that the size of the firm is important in determining its interest representation activity at the EU level (Coen 1997, 1998;

Mazey and Richardson 2001; Coen and Dannreuther 2003). In the case of the German shipbuilding industry, the lack of differentiation along the lines of firm size is noteworthy. Even the largest German shipbuilding firms do not have individual representative offices in Brussels, and even the SMEs in the German shipbuilding industry participate actively in the EU-wide forums. This anomalous response of German shipbuilding firms to the EU in terms of interest representation activity is, in fact, a signal that conventional thinking on the Europeanisation of interest representation activity is not adequate to account for the dynamics at work in the German shipbuilding industry.

At the heart of the discussion of the Europeanisation of firms' interest representation activity is the issue of loss of national competence of domestic public actors with regard to the relevant policies. This thesis suggests that it is not merely the loss of national competence over the shipbuilding policy field, the gains of membership and the costs of non-membership of EU shipbuilding associations that explain the Europeanisation of interest representation activity of German shipbuilding firms. An important driver of the Europeanisation of German shipbuilding firms has been the Europeanisation of public actors with whom they interact on the domestic stage.

1.3 A SUPRANATIONAL STATE AID POLICY AND A NATIONAL INDUSTRIAL POLICY: INHERENT CONFLICT

A common approach to the provision of state aid between the EU and Germany in terms of a codified competition policy is well and good, but it must be acknowledged that there is an inherent tension between a supranational (EU) state aid policy and the pursuit of a national industrial policy. State aid policy is 'a distinctively supranational policy' (Cini and McGowan 1998: 136) in that it does not have a counterpart in national competition policy. State aid issues are, however, not exclusive to competition policy. Rather, they transcend a number of national economic policies, with industrial, regional and technology policies figuring as the most important.

Intrinsic tensions result from the different policy and philosophical orientations towards the provision of state aid that are inherent in competition and

industrial policies. State aid can be treated as an economic instrument that is regulated within the context of competition policy. In this respect, it bears a negative connotation of being the subject of bans or constraints due to its distortive impact on competition. Conversely, within the context of industrial policy, state aid occupies the position of being an economic tool to achieve the objectives of industrial policy.¹¹ The goal of member states' competition and industrial policies is to promote, if not to maximise, their own national economic interests.

Despite the rhetoric of its economic élites discouraging and even condemning the provision of state aid to industry, German industries have been significant recipients of state financial support. An International Monetary Fund (IMF) study warned against the persistently high level of German subsidies even before German reunification (International Monetary Fund 1989: 52-54). As Küster (1974: 65) argued, the post-war "recovery of the economy was greatly helped by substantial initial state aids for private industry". The level of subsidies rose almost uninterruptedly and by over 50 per cent between the *Wende* (the change of government in 1982) and German unification in 1990 although the German government had committed itself to reducing them (Smyser 1993: 114). Kloss (1990: 119) argues that social reasons and pressures by individual industrial lobbies result in large direct or indirect (through tax concessions) subsidies and loans.

Appendix A provides statistics on subsidies in EU member states from 1960 to 2002. These figures indicate that the Federal Republic of Germany, while not occupying the top position, tends to be at the higher end of the league of EU member states in terms of subsidies granted, as measured on a per capita basis and per person employed. The German amounts have also consistently been above the EU average. Empirical data collected by the EU comes to similar conclusions. Table 1.5 provides statistics on state aid to the manufacturing sector in EU member states from 1988 to 2000 as a share of Gross Domestic Product (GDP), Table 1.6 in ECU/Euro per person employed in the manufacturing sector and Table 1.7 in per capita terms.

¹¹ A frequently used definition of industrial policy is that offered in Johnson (1984) who defines industrial policy as "the initiation and co-ordination of governmental initiatives to leverage upward the productivity and competitiveness of the whole economy and of particular industries in it". A narrower definition is offered by Tyson and Zysman (1983) who define industrial policy as "government policy aimed at or motivated by problems within specific sectors".

Table 1.5. State aid to the manufacturing sector in EU member states as a share of Gross Domestic Product (GDP), 1988-2000 (per cent)

COUNTRY	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Belgium	0.95	0.80	0.79	0.72	0.35	0.45	0.56	0.28	0.25	0.28	0.25	0.23	0.20
Denmark	0.40	0.39	0.32	0.34	0.31	0.52	0.48	0.49	0.44	0.28	0.31	0.31	0.24
France	0.91	0.64	0.54	0.43	0.46	0.48	0.36	0.52	0.42	0.48	0.41	0.40	0.61
Germany	0.78	0.75	0.92	0.92	0.96	1.21	1.17	0.42	0.33	0.41	0.37	0.34	0.32
Greece	2.84	1.68	1.69	1.31	1.51	0.62	0.44	0.29	0.29	0.43	0.33	0.36	0.32
Ireland	1.28	1.06	1.03	0.70	0.51	0.51	0.41	0.85	0.71	0.61	0.55	0.49	0.44
Italy	1.33	0.90	1.83	1.20	1.27	1.44	1.17	0.98	0.59	0.70	0.45	0.35	0.33
Luxembourg	0.58	0.71	0.64	0.66	0.62	0.38	0.34	0.40	0.30	0.21	0.79	0.60	0.48
Netherlands	0.58	0.49	0.53	0.33	0.25	0.24	0.23	1.31	0.99	0.78	0.53	0.31	0.28
Portugal	0.44	1.75	1.34	0.46	0.45	0.56	0.79	0.36	0.32	0.31	0.29	0.20	0.19
Spain	1.43	0.44	0.51	0.27	0.23	0.35	0.37	0.24	0.18	0.16	0.15	0.19	0.18
UK	0.57	0.43	0.44	0.32	0.25	0.14	0.15	0.35	0.20	0.23	0.18	0.21	0.19
EC12	0.09	0.07	0.09	0.07	0.07	0.08	0.07	0.48	0.40	0.35	0.33	0.20	0.20
German rank from the highest	7 th	6 th	5 th	3 rd	3 rd	2 nd	2 nd	3 rd	2 nd	3 rd	2 nd	2 nd	3 rd

Source: Author's calculations based on statistics on state aid to the manufacturing sector from CEC (1995a: 67), (1998a: 71) and (2002a: 40) and GDP figures from OECD (2003a).

Table 1.6. State aid to the manufacturing sector in EU member states per person employed in the manufacturing sector, 1988-2000 (ECU/Euro)

COUNTRY	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Belgium	1657.55	1490.56	1602.43	1548.97	827.25	1175.82	1600.63	702.27	675.61	771.80	695.40	661.36	586.99
Denmark	7140.07	719.65	642.25	700.75	696.39	1257.59	1265.01	1520.91	1437.39	966.52	1079.68	1118.85	904.51
France	1694.29	1269.04	1161.55	963.75	113.40	1294.34	1044.53	1427.93	1375.05	1619.48	1416.54	1440.71	2274.29
Germany	952.35	964.05	1269.42	1210.64	1490.96	1613.55	2333.09	967.86	807.30	1042.62	963.81	913.49	892.80
Greece	4436.42	2920.87	3181.61	2898.67	3604.66	1781.51	1395.14	870.35	956.53	1432.47	1126.93	1299.68	1187.62
Ireland	2048.11	1841.92	1894.80	1325.54	1039.44	1058.18	894.89	1868.66	1628.67	1438.03	1309.55	1194.91	1102.06
Italy	1728.24	1292.68	2825.96	2010.31	2226.02	2328.61	1942.52	1389.70	1008.63	1262.47	828.99	661.02	670.32
Luxembourg	1079.27	1477.93	1431.58	1653.43	1750.57	1126.78	1294.50	888.89	884.69	660.42	2599.97	2141.61	1861.00
Netherlands	1026.80	917.09	1030.12	662.77	548.52	570.63	611.11	2113.02	2034.68	1632.87	1105.56	666.51	629.90
Portugal	171.51	781.23	674.18	263.69	318.36	399.32	595.26	1442.55	1507.74	1572.31	1554.55	1137.20	1115.50
Spain	1643.82	577.05	738.85	437.08	405.10	583.98	618.93	677.78	580.92	522.68	515.70	655.55	654.62
UK	755.10	609.72	654.58	558.83	443.96	268.45	308.94	285.07	201.27	234.85	194.32	228.47	214.82
EC12	1263.93	1002.61	1381.82	1121.54	1242.49	1309.44	1443.26	848.37	798.21	695.02	656.49	400.39	414.27
German rank from the highest	10 th	7 th	6 th	6 th	4 th	3 rd	1 st	2 nd	2 nd	4 th	4 th	4 th	5 th

Note: 1988-1995: in ECU and 1996-2000: in EURO

Source: Author's calculations based on statistics on state aid to the manufacturing sector from CEC (1995a: 67), (1998a: 71) and (2002a: 40) and manufacturing employment figures from OECD (2003a).

Table 1.7. State aid to the manufacturing sector in EU member states per capita, 1988-2000 (ECU/Euro)

COUNTRY	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Belgium	125.66	113.86	122.34	116.53	60.23	81.88	108.09	61.40	57.19	64.80	58.96	55.86	49.48
Denmark	70.46	70.11	62.44	66.70	64.52	112.67	111.59	101.23	93.85	61.98	69.34	71.34	57.29
France	134.14	98.70	90.01	73.01	82.56	89.22	69.83	127.94	121.89	142.45	124.74	124.72	195.25
Germany	127.69	102.41	137.45	160.16	181.24	242.63	247.64	78.43	65.96	87.78	81.94	79.19	78.96
Greece	154.83	101.53	108.44	92.45	110.88	47.13	35.04	57.99	63.25	93.31	73.10	83.64	76.56
Ireland	107.03	99.65	105.24	73.93	58.25	59.28	51.21	193.11	163.30	141.83	129.65	116.90	108.57
Italy	163.83	123.70	272.89	196.21	210.11	212.45	174.72	83.12	60.11	72.79	49.08	38.67	38.09
Luxembourg	104.14	139.24	136.00	148.38	156.21	103.10	105.83	54.46	55.69	42.92	170.59	140.32	126.61
Netherlands	76.24	68.49	78.55	50.93	41.30	41.24	42.40	189.54	180.60	144.63	99.73	59.84	56.21
Portugal	18.31	85.21	73.69	29.36	33.07	40.17	59.44	115.76	121.75	127.75	128.25	93.25	91.75
Spain	108.81	39.08	50.64	29.60	26.23	36.98	38.64	46.76	39.39	35.75	35.25	44.77	44.67
UK	69.02	55.99	58.66	45.69	34.16	19.74	22.72	28.13	19.92	23.09	19.23	22.38	20.83
EC12	116.48	88.30	122.21	103.65	108.55	122.82	116.15	53.18	51.18	46.53	45.49	28.54	30.12
German rank from the highest	4 th	4 th	2 nd	2 nd	2 nd	1 st	1 st	1 st	2 nd	3 rd	2 nd	3 rd	3 rd

Note: 1988-1995: in ECU and 1996-2000: in EURO

Source: Author's calculations based on statistics on state aid to the manufacturing sector from CEC (1995a: 67), (1998a: 71) and (2002a: 40) and population figures from OECD (2003a).

Whilst it was not the member state that granted the most state aid to the manufacturing sector, neither was it the member state that granted the least. Furthermore, after German unification, Germany often topped the list of member states granting such aid. This indicates that while Germany is committed to a social market economy in principle, exceptions to market principles do exist in Germany. One should, however, note that while competition is a prime tenet of the Ordoliberal economic school, no explicit mention is made of the valid provision of state aid in its texts.

State aid policy is particularly problematic as it lies at the juncture between EU concerns about the functioning of the Single Market and member states' national concerns about industrial policy. As Cini (2000: 9) argues, "Commission decisions can, in a very blatant manner, prevent national governments from pursuing their own (national) industrial policies". The objectives of the EU Treaty include the institution of "a system ensuring that competition in the internal market is not distorted" in accordance with Article 3(g). The EU thus aims to ensure that state aid provision is supervised and controlled such that Article 3(g) is respected by the member states. The EU enforces its competition policy in order to "ensure that anti-competitive practices do not engender new forms of local protectionism which would only lead to a re-partitioning of the market" (CEC 1985: para. 157).¹² Laudati (1996: 244) asserts, "in contrast to the Community's policy goals, in the national context, market integration plays little or no role in the enforcement of competition law". It is in the very nature of state aid policy that battles between the Commission and individual member state governments will, by definition and necessity, emerge. In this area of competition policy, it is the member state governments themselves and not merely the firms that become the object of scrutiny by the Commission and in case of breach of EU law, the subject of EU action (Smith 1996). The analysis of the impact of EU shipbuilding aid policy on Germany is thus particularly valuable for the study of Europeanisation as it reveals the implications of the shipbuilding aid regime on both public and private actors in the German shipbuilding policy field.

¹² Hans von der Groeben, who was the first Competition Commissioner, observed in 1961: "It is ... beyond dispute ... and the authors of the Treaty were fully aware of this – that it would be useless to bring down trade barriers between member states if the governments or private industry were to remain free through economic and fiscal legislation, through subsidies ..., virtually to undo the opening of the markets and to prevent, or at least unduly to delay the action needed to adapt them to the Common Market" (quoted in Swann 1983: 2).

1.4 PREVIEW OF THESIS

This thesis argues that the Europeanisation processes of the public and private actors in the German shipbuilding industry are interdependent. In order to understand the impact of EU shipbuilding policy on German public actors, Chapter 2 explores the role of the EU as a governance actor in the German shipbuilding industry while Chapter 3 tracks the evolution of German shipbuilding policy over the period 1960-2002. Chapters 2 and 3 jointly provide evidence of the ways in which German shipbuilding policy has changed over time in line with evolving approaches and policy shifts at the EU level. Empirical analysis of German shipbuilding aid cases over the period 1960-2002 is used to assess the level and nature of compliance of Germany with EU shipbuilding aid law. Chapter 3 explores the non-compliance of Germany with EU law despite the apparent lack of a policy misfit between the EU and German shipbuilding policies.

The responses of German private actors – the shipbuilding firms and the German shipbuilding association – to EU shipbuilding policy are examined in the following three chapters. By analysing the motivations or drivers of the private actors' responses and the changing interactions of the private and public actors, Chapters 4, 5 and 6 jointly explore the interdependence of the responses of German public actors and those of German private actors to EU shipbuilding policy. This thesis posits that an important aspect of the Europeanisation of the German shipbuilding industry is the emergence and increasing role of EU-level shipbuilding forums and organisations. Chapter 4 discusses how the EU-wide maritime forums and shipbuilding associations have become important and even, decisive players in the EU and national shipbuilding policy fields. This chapter also assesses the evidence of Europeanisation of the German shipbuilding industry in terms of the focus of its interest representation activity. The response of the private actors in the German shipbuilding industry to EU shipbuilding policy is shown to be linked to the Europeanisation of German shipbuilding policy, rather than to policy misfit. Salient characteristics of the shipbuilding industry are also offered as drivers of these processes.

Chapters 5 and 6 take Bremer Vulkan Verbund AG, a large German shipbuilding concern, as a case study to analyse how the German shipbuilding industry has been Europeanised in terms of the impact of the EU on the orientations

and strategic interactions of this major German shipbuilding firm of the 1980s and 1990s. This Europeanisation of the policy actors is studied, firstly, in terms of this shipbuilding firm's interactions with the public actors involved in the shipbuilding policy field – namely, the Federal Government, the Land Government of Bremen and the EU. Secondly, the Europeanisation of the orientation of the firm is studied in terms of Bremer Vulkan's awareness of and reference to the EU. Thirdly, the Europeanisation process of the firm is studied in terms of the changing orientations or strategies of Bremer Vulkan in its interest representation activity. Empirical information on several observable implications of the Europeanisation of these policy actors is collated and presented. Firstly, the participation of the Federal Government, the Land Government of Bremen and the EU are traced over the fifteen major occasions of state aid provision that have been identified in this thesis. Tracking the participation of the Land Government of Bremen and of the Federal Government in the provision of state aid to Bremer Vulkan over these fifteen episodes provides evidence of the emerging trends in the domestic shipbuilding policy field. Analysing the interactions (meetings, conversations and correspondence) between and among the private and public actors over time reveals the importance of the EU in the state aid affairs of Bremer Vulkan. The Europeanisation of the orientations of the public and private actors in the Bremen shipbuilding industry is studied by analysing references to the EU by Bremer Vulkan, the Bremen Land Government and the Federal Government over these fifteen state aid cases. The Europeanisation of the orientation of the firm is further studied by looking at the number and nature of references to the Bremen Land Government, the Federal Government and the EU in Bremer Vulkan's annual reports from 1980 to 1995.

Chapter 7 then brings together the findings from the various chapters and provides analysis of the processes of Europeanisation at work in the German shipbuilding policy field and industry.

1.5 METHODS AND SOURCES

A coherent account of causality or impact should specify how the effects are exerted on the subject. George and McKeown (1985: 35) refer to an approach called “process tracing” in which the researcher looks closely at “the decision process by which various initial conditions are translated into outcomes”. This thesis adopts this approach of process tracing to study the ways in which the initiatives at the EU level have led to changes on the German domestic level in terms of relevant policy content and policy actors. Tracing decision behaviour involves studying which actors, problems and solutions are brought together. Contact patterns are important in the operationalisation of this variable. Understanding who has contact with whom, when, how and why sheds light on the processes of Europeanisation at work.

Multiple sources of evidence have been used in this thesis. Both quantitative and qualitative data was used. Analysis of official documents, archival records, press reports and interviews provide multiple measures of the phenomena under study. The impact of the EU shipbuilding policy on the domestic policy content in Germany is studied by analysing EU and German legislation on shipbuilding aid. EU documents that are analysed include Council Directives and Regulations. Press releases of EU institutions (the Commission and the Council), EU state aid surveys, EU competition policy reports and EU competition policy newsletters are studied to identify the evolving focus and preoccupations of EU policy in this field. The impact of the EU policy field on the behaviour of the Federal Government in terms of the provision of state aid to its shipbuilding industry is studied empirically by analysing state aid cases and European Commission Decisions. This information was obtained from the Official Journal of the European Communities (C and L series). German shipbuilding legislation and subsidy reports (*Subventionsberichte*) issued by the Deutscher Bundestag (German Parliament) are examined to explain German shipbuilding policy.¹³ Information on the increasing EU-level activity in the shipbuilding policy field was obtained from the publications and internet websites of the Maritime Industries Forum (MIF), the Association of West European Shipbuilders (AWES), the Committee of European Union Shipbuilders’ Associations (CESA) and the German shipbuilding association, *Verband für Schiffbau und Meerestechnik* (VSM). These

¹³ The Stability and Growth Act obliges the Federal Government to publish a subsidy report (*Subventionsbericht*) every two years which provides information about financial aid and tax concessions granted to companies and private households.

publications include the annual reports, press releases and the proceedings of conferences of these organisations.

Such analysis of written material was supplemented by interviews conducted by the author with officials dealing with the shipbuilding sector in the European Commission, including heads of units in the Directorate-General for Competition. Interviews were also conducted with German government officials who are involved in the regulation of the German shipbuilding industry in the Federal Economics Ministry, the Economics and Finance Ministries of Hamburg and Bremen. Members of management of German shipbuilding firms, representatives of the Handelskammer Bremen, former members of the management of Bremer Vulkan Verbund AG and representatives of IG Metall were also interviewed.

The choice of Bremer Vulkan as a single case study is justified because it serves as a particularly revealing case study. Due to the fact that there was a relatively intense relationship between Bremer Vulkan and the EU over a long period (1980-1996), it is possible to trace the increasing impact of the EU shipbuilding policy on the German shipbuilding policy field, as manifested by this major shipbuilding firm of the 1980s and 1990s. If one adopts the firm as the unit of analysis, Bremer Vulkan was the predominant and a repeated subject of Europeanisation over the period 1980-1996. In fact, several of the shipbuilding firms that have been the subject of EU legislation on state aid have been part of the Bremer Vulkan consortium at one time or the other.¹⁴ Not a single year went by between 1980 and 1996 when Bremer Vulkan did not receive state aid. There were, in fact, fifteen major occasions on which Bremer Vulkan received state aid from either the Federal and/or Land government(s) which was not scheduled according to either Federal or Land shipbuilding aid programmes. Because of the iterative and multi-episodic nature of state aid provision to Bremer Vulkan, this shipbuilding firm is a useful case study to analyse changes in the decisions and interactions of the public and private actors concerned. Furthermore, it played a significant role in the creation of the Maritime Industries Forum that this thesis presents as evidence of Europeanisation of the German shipbuilding industry. Bremer Vulkan was of significant general public interest in Bremen from its founding in 1893 until its collapse in 1996. The issues that faced Bremer Vulkan vis-à-vis the

¹⁴ Refer to Appendix B for the constituent firms of Bremer Vulkan Verbund AG.

EU were important both to the regional political and economic landscape of Bremen, in particular, and to Germany as a whole.

The report of the Bremen parliamentary inquiry into Bremer Vulkan Verbund AG provides in-depth and comprehensive information on the interactions, both official and unofficial, between and among Bremer Vulkan, the Land Government of Bremen, the Federal Government and the EU (Bremische Bürgerschaft 1998). This report provided the documentary evidence for the analysis of interactions between public and private actors in the cases of state aid provision to Bremer Vulkan. As this report is the result of an in-depth and lengthy parliamentary inquiry into the collapse of Bremer Vulkan, it has been used as an authoritative source of information on the activities of Bremer Vulkan during the period of study. The annual company reports of Bremer Vulkan from 1980 to 1995 provide further primary written material for analysis of the role of the German and EU authorities in the affairs of Bremer Vulkan. Europeanisation of the German shipbuilding industry collectively is studied by analysing references and attitudes to the EU in the annual reports of the German shipbuilding association, *Verband für Schiffbau und Meerestechnik* (VSM). The VSM serves as a valuable insight into the evolution of orientations of German shipbuilding firms.¹⁵

This research is an inductive study in that it searches for and offers explanations for the ‘dynamics of Europeanisation’ based on the empirical findings obtained in the study of the changes in the German shipbuilding industry over time. It adopts a case study method. The study of Europeanisation does not always lend itself to ‘the language of dependent and independent variables and the logic of regression analysis’ (Olsen 1996: 271). Instead, the case study approach is particularly appropriate for answering the questions of ‘how’ and ‘why’ in the study of the Europeanisation of German shipbuilding policy content and policy actors. A detailed case study provides evidence for the analysis of these processes of Europeanisation by studying the behaviour of relevant actors in detail and continuously over the period of study. Admittedly, the case study approach runs the risk of being purely descriptive and non-generalisable. The limitations of the case study method are addressed by observing and analysing several dimensions of the process of Europeanisation. To

¹⁵ The legislation of the Federal Government, the publication of German institutions like the Deutscher Bundestag, the parliamentary inquiry report on Bremer Vulkan, the annual reports of Bremer Vulkan Verbund AG and of the VSM are all in German, and the translations used in this thesis are the author’s own.

increase the construct validity of this case study, multiple sources of evidence (documents, archival records and interviews) have been used to establish a chain of evidence to substantiate the arguments forwarded in this thesis. Information on as many observable implications of the object under study (impact on national policy content, responses of public actors, responses of the firms and of the industrial association) has been collated to offer an analysis of the ways in which public and private actors in the domestic realm have responded to European integration in the shipbuilding policy field.

Chapter Two

THE EUROPEAN UNION AS A GOVERNANCE ACTOR IN THE GERMAN SHIPBUILDING INDUSTRY

Throughout the 1970s and 1980s, the EC played the role of a supranational governance actor that policed the provision of shipbuilding aid in member states. In the last decade, however, the EU has also emerged as the arena in which the private actors of the shipbuilding industries of its member states could voice their interests effectively. The 1990s saw the emergence and increased importance of European maritime forums and cross-national shipbuilding projects. Private actors in the German shipbuilding industry, namely the shipbuilding firms themselves and the German shipbuilding association, then realised that the EU was now not just shaking the proverbial stick but was also dangling a carrot out to them. The EU has thus not only developed an extensive regulatory apparatus in the shipbuilding policy field, it has also increasingly taken on a proactive role in shaping the priorities and direction of the shipbuilding industries of its member states.

The study of the ways in which German shipbuilding policy and relevant policy actors have been affected by European integration in the shipbuilding policy field requires an investigation of the growth of EU competences in this field. This chapter analyses the ways in which the EU is a governance actor in the German shipbuilding industry. Section 2.1 first analyses EU legislation on the provision of shipbuilding aid, changes of such laws from 1969 to 2002 and other goals pursued by the EU in its shipbuilding policy. Then, the role of the EU in addressing shipbuilding issues on a global scale is discussed. The importance of German unification for understanding the impact of EU shipbuilding policy on the unified German shipbuilding industry is also discussed in Section 2.2. This chapter argues that the opportunities presented by European integration to the German shipbuilding industry go beyond its shipbuilding policy. Section 2.3 thus explores the way in which EU maritime transport, research and technology, fisheries and development aid policies are relevant for the German shipbuilding industry. The final section of this chapter then offers evidence of the Europeanisation of actors in the German shipbuilding

policy field in terms of German shipbuilding policy content and the compliance, or lack thereof, of the Federal Republic of Germany with EU shipbuilding aid legislation. By carefully tracing EU shipbuilding policy content, the stance of the EU with regard to shipbuilding issues and the characteristics of German shipbuilding aid cases over time, this chapter offers evidence of Europeanisation processes in the German shipbuilding industry.

2.1 EU GOVERNANCE OF THE EUROPEAN SHIPBUILDING INDUSTRY

2.1.1 EU Policy on the Provision of Shipbuilding Aid

Time and time again, the European Commission has issued statements about the undesirable impact of state aid on the internal market.¹⁶ As the Commission is convinced that state aid is in principle distortive and does not necessarily help an industry to improve its competitiveness, it has pursued a policy aiming at the reduction of state aid in the shipbuilding sector. The Commission has also argued that in terms of productivity and performance within the shipbuilding sector, “very often better results are obtained in member states where direct aid to shipyards plays a less prominent part in public support schemes for the maritime sector” (European Commission Press Release P/85/81).

This does not mean, however, that the EU institutions are completely blind to the motivations for member states providing state aid to their respective shipbuilding industries. As early as 1972, the European Commission recognised that compared with other industries, shipbuilding could not be protected by conventional commercial policy measures like customs duties and quantitative restrictions. Furthermore, it acknowledged that the needs of the shipbuilding industry could not be ignored “because of the regional and social considerations arising from the location of a number of shipyards” (CEC 1972a: 132). The Commission has acknowledged that there were ‘particularly serious problems’ for workers in the shipbuilding industry because the shipyards were generally to be found in coastal locations where there

¹⁶ In 1986, for instance, the Commission stated, “the internal market for shipbuilding has all but disappeared thanks to the artificial barriers created by the state” (European Commission Press Release IP/86/611).

were few alternative job opportunities (CEC 1978: 140). These concerns for the welfare of the coastal communities figure in the rhetoric of the European Commission until the present time.¹⁷ The Commission has argued that since the shipbuilding industry is often found in regions that qualify for regional assistance, aid to these sectors also contributes to more regional support policies (CEC 1999b: 19, 2000b: 16).

In 1965, the Commission submitted to the Council a draft directive concerning the granting of shipbuilding aid with a view to correcting distortions of competition on the international shipbuilding market. The directive was only adopted by the Council in July 1969.¹⁸ The aims of this first directive were to protect the EC shipbuilding industry and harmonise shipbuilding aid granted within the EC (CEC 1972a: 133). It fixed the ceiling of national aid granted to shipbuilding at 10 per cent of the selling price, a percentage which corresponded to the competitive disadvantage faced by the EC shipyards as a result of the distortion of competition. This directive was to have expired at the end of 1971 but it provided that the Commission could, before the date of expiry, submit a report on the international shipbuilding market to the Council together with any necessary proposals for measures to be taken. This marked the beginning of a long series of Council directives and regulations on shipbuilding aid.¹⁹

Operating aid, which is normally not allowed in the EU as it is thought to promote economic inefficiency, has been authorised by the Council in the shipbuilding sector since the early 1970s. In fact, shipbuilding has been the only industrial sector to systematically benefit from operating aid, which tends to distort intra-Community competition (European Commission Press Release IP/97/836). The aid rates remained extremely high until 1987 when the Sixth Council Directive on aid to shipbuilding introduced “a tighter, more restrictive policy” because of the “need to ensure increased efficiency and improved competitiveness in the sector, to spur

¹⁷ The Commission acknowledges the fact that “shipyards often form important regional clusters whose disappearance would inflict great hardship on coastal communities” (European Commission Press Release SPEECH/02/420).

¹⁸ Council Directive 69/262/EEC of 28 July 1969 on the granting of aid to shipbuilding aimed at correcting competition on the international market (Official Journal of the European Communities L 206, 15 August 1969, p. 25).

¹⁹ Refer to Appendix C for a summarised description of the various European Council Directives and Regulations on aid to shipbuilding from 1969 to 2002.

restructuring and to ensure fair intra-EU competition” (CEC 2000c: 21).²⁰ The objective of the Sixth Directive was to phase out operating aid. This same policy of phasing out operating aid was continued by the Seventh Directive of 21 December 1990.²¹ The Commission’s Vice-President in 1990, Martin Bangemann, stressed that “state aid can only be temporary and must disappear in the medium term” and as such, the Seventh Directive was intended to remain in force for a shorter length of time than its predecessors and laid greater emphasis on the degressive nature of subsidies (European Commission Press Release IP/90/504). As mentioned earlier, the Commission is not particularly approving of operating aid as it finds it “highly questionable whether the expenditure involved represents a cost-effective use of limited public resources”, and it also believes that “the aid has tended to distort competition within the Common Market” (CEC 2000c: 21).

A new feature of the Sixth Directive of 26 January 1987 was the inclusion of all aid for shipbuilding, including that granted to ship-owners, under the aid ceiling. This was done to ensure transparency between the different aid systems in different member states (European Commission Press Release MEMO/86/168). This constrained the ability of member state governments to grant other types of shipbuilding aid, like aid for investment. The ceiling for production aid set a maximum level of all direct and indirect operating aid for shipbuilding and ship-conversion. The ceiling was set annually by the Commission and was expressed as a percentage of the contract value before aid. The ceiling was fixed with reference to the prevailing difference between the cost structures of the most competitive EC shipyards and the prices charged by their main international competitors. The Commission reduced the aid ceiling in stages whenever the cost-price gap between the EC and the Far East fell. Table 2.1 lists the shipbuilding aid ceilings allowed by the EU from 1987 to 1998.

²⁰ Council Directive 87/167/EEC of 26 January 1987 on aid to shipbuilding (Official Journal of the European Communities L 69, 12 March 1987, pp. 55-64).

²¹ Council Directive 90/652/EEC of 4 December 1990 amending Directive 87/167/EEC on aid to shipbuilding (Official Journal of the European Communities L 353, 17 December 1990, p. 45).

Table 2.1. European Union shipbuilding aid ceilings, 1987-1998

Year	Aid Ceiling for Larger Ships ²²	Aid Ceiling for Smaller Ships
1987	28	20.0
1988	28	20.0
1989	26	16.0
1990	20	14.0
1991	13	9.0
1992	9	4.5
1993	9	4.5
1994	9	4.5
1995	9	4.5
1996	9	4.5
1997	9	4.5
1998	9	4.5

Source: Author's compilation based on respective Council Directives and Regulations.

Concerns about distortions of competition conditions on the world shipbuilding market serve to account for the EU's tolerance of the provision of shipbuilding aid by its member states. As early as 1972, the EC felt that "measures had to be taken in the Community, both at the national and Community levels until normalisation of competition conditions on a worldwide basis within the OECD" could be achieved (CEC 1972a: 133). The low market price levels in the 1980s were a problem for the EC shipyards as the pressure from the Japanese and Korean shipbuilders kept prices extremely low, and that constituted "the biggest worry for the European shipbuilding industry" (European Commission Press Release P/85/81).

Throughout the 1980s, the EC justified the need for ongoing aid by the "continuing reluctance among the other major shipbuilding nations outside the Community to undertake wholeheartedly the structural adjustments necessary to restore normal market conditions to this industry" (CEC 1988: 152). The EU has thus traditionally defended its shipbuilding aid policy by pointing to the distorted competition on the world market. For instance, the marked deepening of the shipbuilding crisis in 1983 and 1984 which resulted in a shrinking of shipyards' order books in several EC member states and the collapse of new ship prices, preventing

²² From 1991, the threshold production cost level distinguishing larger ships from smaller ships was raised from ECU 6 million to ECU 10 million.

shipyards from carrying out the necessary rationalisation unaided, led the Council to decide, in November 1984, to extend the term of validity of Council Directive 81/363/EEC of 28 April 1981 until 31 December 1986 (CEC 1986: 156).²³

This worrying trend for the European shipyards continued until the 1990s. The Commission argued that South Korean shipyards, between 1994 and 1996, expanded shipbuilding capacities in a way that was not justified by global market conditions, and that these distortions needed “to be addressed positively before the market balance is finally and irreversibly destroyed” (CEC 1999c: 1 and 16). In the 1990s, however, whilst there was tolerance of shipbuilding aid because of the social repercussions of neglect of the industry, the EU’s objectives were also “to avoid distortion of competition between the shipyards in the member states by curbing the escalation of state aids and eventually to reduce the scale of the problem by making progressive reductions in capacity and returning to a level of efficiency and competitiveness which will allow the industry to operate without assistance” (CEC 1993a: 124).

On 22 December 1995, the Council adopted Regulation No. 3094/95.²⁴ Under this Regulation, all measures of support provided, directly or indirectly, to commercial shipbuilding were prohibited except those expressly provided for under the ‘OECD Understanding on Export Credits for Ships and Domestic Credits on Equivalent Terms’, namely aid for R & D, social aid related to closure and export credits for ships. Aid for restructuring was generally not allowed except for a transitional period for Portugal and Spain. The new Regulation was to be applicable from the entry into force of the ‘OECD Agreement on Normal Competitive Conditions in Commercial Shipbuilding and Ship-Repair, Including the Elimination of Production Subsidies’. This had been due on 1 January 1996 but although the EU ratified the OECD agreement in December 1995, entry into force was delayed because of hold-ups in the ratification process by the United States. The Council therefore decided that the rules of the Seventh Directive on aid to shipbuilding should continue to apply *ad interim*, and at the latest until 1 October 1996 (CEC 1996:

²³ Council Directive 81/363/EEC of 28 April 1981 on aid to shipbuilding (Official Journal of the European Communities L 137, 23 May 1981, p. 39); Council Directive 85/2/EEC of 18 December 1984 extending Directive 81/363/EEC on aid to shipbuilding (Official Journal of the European Communities L 2, 3 January 1985, p.13).

²⁴ Council Regulation (EC) No. 3094/95 of 22 December 1995 on aid to shipbuilding (Official Journal of the European Communities L 332, 30 December 1995, pp. 1-9).

206).²⁵ On 27 September 1996, the Council issued Regulation No. 1904/96.²⁶ The Council decided that since the OECD agreement had not entered into force due to delays in US ratification, the Seventh Directive should be prolonged *ad interim* until 31 December 1997 at the latest (CEC 1997a: 59). The Commission's commitment to phasing out operating aid for shipbuilding was thus impeded by the continued absence of ratification of the OECD shipbuilding agreement by the United States.

In June 1998, the Council adopted a Regulation establishing new rules on aid to shipbuilding to succeed the Seventh Council Directive.²⁷ It entered into force on 1 January 1999 and applied until 31 December 2003. The Council Regulation (EC) No. 1540/98 provided the final two-year extension of operating aid, expiring as of 1 January 2001, and permitted for contracts signed until 31 December 2000 and for ships delivered until 31 December 2003. This Regulation also introduced a new set of measures that were applicable until the end of 2003. These new forms of aid included the following:

- rescue and restructuring aid that was compliant with the 'Community Guidelines on State Aid for Rescuing and Restructuring Firms in Difficulty',²⁸
- closure aid which included social aid to mitigate the social consequences of adjustment and aid to cover other normal expenditure occasioned by total or partial closures;
- regional investment aid, that was compliant with the 'Community Guidelines on National Regional Aid', and that was meant for upgrading or modernising existing shipyards with the objective of improving the productivity of existing installations for shipyards that are situated in eligible regions;²⁹
- aid for R & D;
- investment aid for innovation where up to 10 per cent of the costs for expenditure were related to the innovative part of a project;
- aid for environmental protection expenditure;

²⁵ Council Directive 93/115/EEC of 16 December 1993 amending Directive 90/684/EEC on aid to shipbuilding (Official Journal of the European Communities L 326, 28 December 1993, p. 62).

²⁶ Council Regulation (EC) No. 1904/96 of 27 September 1996 amending Regulation (EC) No. 3094/95 on aid to shipbuilding (Official Journal of the European Communities L 251, 3 October 1996, p. 5).

²⁷ Council Regulation (EC) No. 1540/98 of 29 June 1998 establishing new rules on aid to shipbuilding (Official Journal of the European Communities L 202, 18 July 1998, pp. 1-10).

²⁸ Official Journal of the European Communities C 288, 9 October 1999, pp. 2-18.

²⁹ Official Journal of the European Communities C 74, 10 March 1998, pp. 9-31.

- aid in the form of development assistance to developing countries that was compliant with OECD rules on such aid, and
- state-supported credit facilities to national and non-national ship-owners for shipbuilding that were compliant with the ‘OECD Understanding on Export Credits for Ships’.

The willingness to support the shipbuilding industry was thus considerably enhanced in 1997. Two reasons induced the Commission to come forward with a new strategy for shipbuilding. The Seventh Directive on aid to shipbuilding was to cease to apply at the end of that year. On the other hand, the OECD Shipbuilding Agreement, which was intended to abolish shipbuilding aid on a global level, was unlikely to enter into force by then, due to the reluctance of the United States to ratify it. Therefore, the Commission had to take precautions in order not to have a legal void after that date. Furthermore, there were still difficult market conditions like depressed prices, overcapacities outside the European Union and unfair practices of some competitors. The Commission felt “to close the competitiveness gap between European shipbuilders and their main competitors in Japan and South Korea, they need for a certain period further supportive measures” (European Commission Press Release IP/97/836). The Commission’s objective was to direct its efforts into defending the industry from the anti-competitive behaviour of shipbuilders in third countries, and to help the industry to increase its competitiveness in promoting research, development and innovation and supporting closer industrial co-operation (European Commission Press Release IP/97/836).³⁰

The above longitudinal analysis of EU shipbuilding aid legislation from the 1960s to 2002 shows that it is not possible to classify EU shipbuilding policy as either completely interventionist or entirely prohibitive of state aid. EU shipbuilding policy is riddled with inconsistencies when viewed in terms of its rules on the provision of state aid. Individual directives and regulations generally allow the provision of certain types of aid but within certain limits and under certain conditions. Furthermore,

³⁰ This attitude of providing shipbuilding aid to protect shipbuilders from international competition was, however, not shared throughout the Commission. In 1978, a clash of approaches emerged between Competition Commissioner Vouel who favoured a shipbuilding policy based on restricting state aid and Industry Commissioner Davignon who preferred capacity restrictions and market-sharing arrangements (Philip 1986: 16). The Competition Commissioner, Mario Monti, has been quite critical of the use of state aid to protect industries, whilst the Trade Commissioner, Pascal Lamy, has been quite tolerant, if not approving, of state aid programmes for the shipbuilding sector (Michael Mann and Francesco Guerrera, ‘Monti and Lamy clash over aid for shipbuilders’, www.FT.com, 23 April 2002; Matters Marine, <http://www.clydesite.co.uk/mattersmarine>, accessed on 16 February 2001).

shifting the focus of analysis from the policy content of individual directives to changes from one directive to the next complicates the assessment yet further. The summary description of the various shipbuilding aid directives and regulations reveals that there have been ‘ebbs and flows’ in the EU’s attitude towards the provision of shipbuilding aid by its member states. EU shipbuilding policy can be described as a mix of prohibition, tolerance and promotion of the provision of shipbuilding aid. EU shipbuilding policy thus does not offer an unambiguous or unitary message to member states in this regard. It is a moving target. As argued in Chapter 1, the usefulness of the ‘goodness of fit’ tool for explaining the Europeanisation process is diminished when the object under the microscope – in this case, EU shipbuilding policy – is neither fixed in time nor unequivocal in its prescription.

2.1.2 EU Policy on Downsizing the European Shipbuilding Industry

One of the main elements of EU policy towards the shipbuilding sector is the promotion of the downsizing of the industry in response to its overcapacity. As early as 1986, the Commission stated that if the EC was to maintain a profitable shipbuilding industry, it would have to shed a further third of its production capacity. The Commission asserted that the Fifth Council Directive of 28 April 1981 was based on the objective of reducing the overcapacity and doing something “to restore the industry to viability” (European Commission Press Release P/86/81). The Commission decided that the Sixth Directive of 26 January 1987 should be based on a selective aid strategy designed to orientate Community shipbuilding towards those market segments where their competitive disadvantage was lowest and where the linkages to sub-contractors and supply industries were greatest (European Commission Press Release IP/86/611; CEC 1987: 146). The Commission advocated that “shipyards with no prospect of ever regaining their competitiveness on the world market” should be closed down, whilst those that “yield the best returns by having specialised in a production mix exploiting the advantage which their technological know-how gives them over their competitors” should be maintained (European Commission Press Release P/86/81).

While the industrial strategy of the EC entailed “controlling, substantially reducing and making more effective use of state aid to shipyards”, it also concentrated

on building technologically-advanced vessels. For instance, the Sixth Directive encouraged the concentration of production on specialised, high-technology ships (European Commission Press Release IP/87/233).

The EU has tried to downsize the European shipbuilding industry to a core of specialised, high-technology, highly-competitive production activity by promoting R & D activity in this sector. The EU promotes research and technological development in the shipbuilding sector in member states not merely by approving national aid for R & D in this sector. The EU goes one step further by providing R & D aid of its own to the European shipbuilding industry. Section 2.3.2 of this chapter provides an analysis of the relevance of EU Research and Technology Policy for the shipbuilding industry. The EU is involved in shaping the research and technological priorities of the European shipbuilding industry directly via its shipbuilding aid directives and indirectly via the types of R & D projects that it promotes with its Research and Technology Policy. The promotion of particular types of shipbuilding activity and technology by the EU has, in turn, contributed to the specialisation of European shipyards in particular niche markets.

2.1.3 EU Policy on Unfair Competition from International Competitors

Unfair business and trading practices by international competitors in the shipbuilding market have disadvantaged the European shipbuilding industry in the past thirty years. Korean shipbuilders especially have offered below-cost prices for ships on the world market, and the shipbuilding sectors in both Japan and South Korea are characterised by deep and opaque state involvement. As discussed in Section 2.1.1 of this chapter, a major justification for both the provision of shipbuilding aid by EU member states and the approval of such aid by the EU has been the need to correct the distortions of competition created by the subsidisation practices of competitor shipbuilding countries.

Council Regulation (EC) No. 1540/98 of 29 June 1998 calls upon the Commission to provide the Council with a regular report monitoring the market situation, and to propose appropriate measures to the Council, should EU industry be

harmful by unfair trade practices.³¹ The conclusions of the six reports thus far do not vary substantially. They single out anti-competitive practices of South Korean shipyards, leading to excessive production and increasing over-capacity in the market. According to these reports, South Korean producers benefit from unfair trade practices, including debt forgiveness, debt moratoria, advantageous refund credits, fresh credits and guarantees for new shipbuilding projects that allow Korean shipyards to offer ships on the world market at below-cost prices.

The European Commission has been very important to the European shipbuilding industry in its efforts to address these issues that adversely affect its competitiveness. The Commission has pursued three avenues to resolve these issues of competition distortion and unfair trade practices.

(a) Response 1: Bilateral Negotiations with the South Korean Government

The Commission has embarked on numerous efforts to secure binding commitments from the South Korean Government with regard to its 'non-intervention' in the financing of shipbuilding activities. The goals of the Commission in undertaking these negotiations have been "to promote fair and competitive market conditions in the world market and to work together to stabilise the market and thereby help raise the level of ship prices to ones that are commercially sustainable" (CEC 2000d: 3). The financing of shipbuilding in South Korea is opaque and the possibility for government intervention is strengthened by state ownership of large parts of the banking sector and irregular commercial risk assessment. Following a Council request, the former Commissioner for Industrial Affairs, Martin Bangemann, visited South Korea in May 1999 to discuss the disputed issues with representatives of the Korean Government and shipbuilding industry (CEC 1999c: 14).

Subsequently, three rounds of talks between the Commission and the Korean Government and representatives of Korean shipbuilding firms in December 1999, February and March 2000 finally resulted in the signing of the 'Agreed Minutes between the Commission and the Government of the Republic of Korea Relating to the World Shipbuilding Market' on 22 June 2000. These Agreed Minutes focus on non-subsidisation, banking, financial transparency with regard to international

³¹ The European Commission has issued six shipbuilding reports from 1998 to 2002: CEC (1999c), (2000c), (2000d), (2001e), (2002c) and (2002d).

accounting standards, commercial pricing practices and an effective consultative mechanism. The Commission insisted that “the accumulated losses of Korean shipyards should be neither directly nor indirectly cleared by the Korean Government and market principles should be fully applied” (CEC 2000c: 20).³² More talks were held after the signing of the agreement in order to implement the principles laid down in the agreement. However, no common approach to the problems could be found and the bilateral talks with Korea have so far ended without results.

The Commission’s efforts in market monitoring have, nonetheless, yielded the kind of information that the EU shipbuilding industry has been able to use to file a complaint under Council Regulation (EC) No. 3286/94 (Trade Barriers Regulation) with the Commission on 24 October 2000 (Official Journal of the European Communities C 345, 2 December 2000, pp. 5-7).³³ Based on this complaint, the Commission has conducted a thorough investigation of Korean trading practices in the shipbuilding sector. The investigation concluded that substantial subsidies had been granted to Korean shipyards through both export and domestic programmes which contravene the WTO’s 1994 subsidies agreement. The investigation also concluded that there was evidence that the subsidies had caused adverse effects to EU industry within the meaning of the WTO subsidies agreement and were, therefore, actionable (European Commission Press Release IP/01/656). Despite further rounds of talks between the Commission and the Korean Government on 26 and 27 August 2002 in Seoul and from 24 to 27 September 2002 in Brussels, the parties have been unable to reach a negotiated solution. Consequently, the Commission has initiated WTO action.³⁴

³² Council Decision 2000/409/EC of 19 June 2000 on the signing and conclusion of Agreed Minutes between the European Community and the Government of the Republic of Korea relating to the world shipbuilding market (Official Journal of the European Communities L 155, 28 June 2000, pp. 47-48).

³³ Council Regulation (EC) No. 3286/94 of 22 December 1994 lays down EU procedures in the field of Common Commercial Policy in order to ensure the exercise of the EU’s rights under international trade rules, in particular those established under the auspices of the WTO (Official Journal of the European Communities L 349, 31 December 1994, pp. 71-78).

³⁴ Commission Decision 2002/818/EC of 8 October 2002 under the provisions of Council Regulation (EC) No. 3286/94 concerning trade practices maintained by Korea affecting trade in commercial vessels (Official Journal of the European Communities L 281, 19 October 2002, pp. 15-17).

(b) Response 2: Negotiations in International Organisations

The EU has made use of two major international organisations as avenues to pursue its goals with respect to challenging Korean state intervention in shipbuilding. These are the Organisation for Economic Co-operation and Development (OECD) and the International Monetary Fund (IMF). The European Commission held two meetings with IMF representatives in 1999. The first meeting was conducted upon the request of the Federal Government with the Director of the IMF Asia and Pacific Department (interview 1). The second meeting took place in Korea with the local IMF representative. The IMF position on the matter was that it was not responsible for monitoring sectoral activities and thus had no evidence of unfair competition practices, directed lending or hidden subsidies to Korean shipyards (CEC 2000e: 7). The Commission has not let the matter rest and has provided the IMF with additional information and questions so as to urge the IMF to investigate the nature of government involvement in Korean shipbuilding. The Commission has also used the OECD Working Party Six meetings as a forum in which to air its concerns about South Korean state aid to shipbuilding. For instance, this was done at such meetings in December 1999, December 2000 and July 2001 in Paris.

The EU has also been involved in international negotiations for a multilateral agreement on shipbuilding between the world's most important shipbuilding nations under the auspices of the OECD. The aim of realising such an agreement has been to phase out all direct and indirect public support measures for shipbuilding, ship-conversion and ship-repair and to remove all obstacles to establishing normal competitive conditions in the shipbuilding sector (European Council Press Release PRES/93/66). Examples of international barriers to competition in the world shipbuilding market that the Commission has fought against include the national building requirement contained in the Jones Act of the USA and the soft aid elements of the government-sponsored shipbuilding programmes in Japan (European Commission Press Release IP/91/1181).

The talks in the OECD shipbuilding group, Working Party 6 (WP/6), with the aim of bringing about normal competitive conditions in the shipbuilding and ship-repair industry, were initiated in June 1989 and ended in July 1994. The OECD Agreement on Respect of Normal Competition in the Commercial Shipbuilding and Repair Industry was finally signed on 21 December 1994 by the EU, the USA,

Norway, Japan and South Korea.³⁵ These five signatories between them build 60 to 80 per cent of all new merchant ships sold on the world market (European Commission Press Release IP/95/1128). The OECD Agreement was expected to enter into force on 1 January 1996 and the EU ratified the Agreement in December 1995. However, delays in the ratification process by the USA have delayed its entry into force. The EU Council even passed Council Regulation 3094/95 of 22 December 1995 on aid to shipbuilding which was intended to give effect to the state aid provisions of the OECD Agreement.

(c) Response 3: EU Directives and Regulations on State Aid to Shipbuilding

The Commission has persistently argued that its strategy is to set the aid ceiling “low enough to encourage EC shipyards to become more competitive while at the same time providing external protection against unfair competition by setting the ceiling high enough to compensate for the cost-price gap between the most efficient EC shipyards and their main Far Eastern competitors” (European Commission Press Release IP/87/566). In 1989, the Vice-President of the Commission, spelt things out when he stated that the Commission’s decisions on aid to shipbuilding were meant to send a clear signal to the EC’s international competitors (European Commission Press Release IP/89/988).

It has been the Council’s practice to extend existing legislation on shipbuilding aid beyond their expiry date whenever there is lack of progress in reaching agreement on shipbuilding issues on the international front. The Seventh Directive was extended for a further twelve months until 31 December 1994 as the outcome of the OECD negotiations on the multilateral agreement to eliminate state aid to shipbuilding was still pending (European Commission Press Release IP/93/1216). Even when the Agreement had been signed and it was expected to enter into force on 1 January 1996, the Commission decided to extend the Seventh Directive until 31 December 1995 so that there would be no void period between EU

³⁵ In accordance with the OECD Agreement, no aid other than that allowed by the OECD Agreement shall be authorised by its signatories. All support measures specifically provided to commercial shipbuilding are prohibited except for the following:

- aid for R & D;
- social aid related to closures, and
- export credits and loan guarantees for ships in accordance with the revised OECD Understanding on Export Credits for Ships and Domestic Credits under Equivalent Terms and Conditions.

and OECD legislation. Then, delays in the ratification of the OECD Agreement by the USA led the EU Industry Council to decide on 7 November 1995 that if the OECD Agreement did not enter into force on 1 January 1996, the Seventh Directive should continue to apply until it did, and at the latest until 1 October 1996. This story repeated itself in September 1996 when the Council again extended the Seventh Directive until entry into force of the OECD Agreement, and until 31 December 1997 at the latest by passing Regulation 1904/96 of 27 September 1996. Once again, the record played itself out in 1997 when the Council passed Regulation 2600/97 and extended the Seventh Directive until 31 December 1998, with the understanding that the Directive lapsed automatically as soon as the OECD Agreement was ratified by the USA.

The latest response by the EU in this saga of hope, disappointment and retaliation vis-à-vis the entry into force of the OECD Agreement has been a temporary defence mechanism for shipbuilding. As early as 1993, the Commission had asserted that “in the absence of any OECD agreement to date, EC shipyards continued to require a defensive instrument against unfair competition” (European Commission Press Release IP/93/1216). As a direct response to the Korean competitive challenge, a temporary defensive mechanism for shipbuilding was authorised by Council Regulation 1177/02 on 27 June 2002 for certain market segments and for a limited period from 3 July 2002 until 31 March 2004.³⁶ These market segments were those that the Commission investigation ended up identifying as considerably harmed by unfair Korean trade practices and included the markets for container ships, product and chemical tankers and liquefied natural gas (LNG) carriers. The time period chosen was thought to be the period necessary for the conclusion of the WTO dispute settlement procedure. Direct national aid for the construction of the above-mentioned vessels may be authorised by the Commission up to a level of 6 per cent of the contract value.

The German government had emphasised to the European Commission the need for the re-introduction of temporary subsidies for shipbuilding.³⁷ German Maritime Co-ordinator, Dr. Axel Gerlach, welcomed the steps taken by the EU in

³⁶ Council Regulation (EC) No. 1177/2002 of 27 June 2002 concerning a temporary defensive mechanism for shipbuilding (Official Journal of the European Communities L 172, 2 July 2002, pp. 1-3).

³⁷ ‘Promoting the Maritime Industry’, The Press and Information Office of the Federal Government of Germany, <http://www.bundesregierung.de/en/News-by-subject/International-,11127/Promoting-the-Maritime-Industr.htm>, 22 August 2001.

2002. He said, “This is an important step towards strengthening the competitiveness of German shipyards. Temporary subsidies will restore fair conditions of competition for contract-bidding and help keep jobs safe in coastal regions” (Bundestag Press Release, 2 July 2002).

The Council has also issued Regulation No. 385/96 on protection against injurious pricing of vessels.³⁸ The Regulation follows the OECD Agreement concluded on 21 December 1994. Annex II to that OECD Agreement contains a Shipbuilding Injurious Pricing Code which was adopted in response to the need to provide for an effective means of protection against sale of ships below their normal value. For instance, where a EU shipyard believes that a third-country shipbuilder has won a contract only by unfair pricing, it can make a complaint to the European Commission. The Commission will then investigate the matter and if it finds that there has been unfair competition, it can recommend to the Council that a fine be imposed on the third-country shipyard concerned. If this fine is not paid within 180 days, or no promise to pay is made, then the injurious pricing instrument allows the Commission to prevent the ship concerned and any other ships built by the same shipyard from loading and unloading at any EU port for a period of up to four years. This instrument can be used against signatories of the OECD Agreement and non-members of the WTO (European Commission Press Release IP/95/1128).

The growth of EU competences to encompass the resolution of trade disputes with competitor shipbuilding countries has been important for public actors in the German shipbuilding industry. The Federal Government has chosen to address the issues of distorted competition conditions in the world shipbuilding market by making use of the European Commission as a channel of communication and conflict resolution. The Federal Government has not had any recorded independent bilateral meeting with the South Korean government regarding shipbuilding issues. Rather, the Federal Government has requested the European Commission to arrange meetings with the IMF, as it did in 1999, and with the OECD.

³⁸ Council Regulation (EC) No. 385/96 of 29 January 1996 on protection against injurious pricing of vessels (Official Journal of the European Communities L 56, 6 March 1996, pp. 21-33).

2.2 EU POLICY ON SHIPBUILDING AID FOR THE EAST GERMAN SHIPYARDS

Apart from the general rules that apply to all EU member states, the EU has also passed legislation that is addressed specifically to the Federal Republic of Germany. German unification of 1990 and the consequent incorporation of the East German shipyards necessitated this Germany-specific legislation. While the Commission insisted that Article 87 should apply to all the assistance measures of the German public authorities as with all previous accessions, it did agree that “the desolate state of the GDR economy, the absence of an economic structure adequate for a market economy, the requirement to rebuild, modernise and gear up industry and services and the need to improve the environment significantly” were reasons enough for a special approach to be adopted towards the East German Länder vis-à-vis state aid policy (CEC 1992a: 74).

When the Seventh Directive was adopted in 1990, the Council and the Commission acknowledged that the particular problems of the shipbuilding industry in the new Länder might, during a transitional period, require aid support beyond the scope of that Directive. Council Directive 92/68/EEC of 20 July 1992 was thus adopted amending Directive 90/684/EEC on aid to shipbuilding.³⁹ The 1992 Directive contained a derogation in favour of shipyards located in the former GDR allowing operating aid paid before the end of 1993 which exceeded the general operating aid ceiling defined in Article 4 of the 1990 Directive. This derogation [Article 10(a) of the 1992 Directive] allowed operating aid for the shipbuilding and ship-conversion activities of the East German shipyards until 31 December 1993, provided that the aid did not exceed a maximum ceiling of 36 per cent of a reference annual turnover. The German Government was also supposed to carry out by 31 December 1995, according to a timetable approved by the Commission, a genuine and irreversible reduction of capacity of 40 per cent of the capacity of 545,000 compensated gross tonnes (cgt) existing on 1 July 1990. Table 2.2 summarises these EU capacity limitations and the number of jobs guaranteed by the shipyards in the privatisation process executed by the Treuhandanstalt.

³⁹ Official Journal of the European Communities L 219, 4 August 1992, pp. 54-55.

Table 2.2. Capacity limitations and job guarantees of East German shipyards, 1990-1995

Shipyard	New-building capacity in million cgt		Employment			
	1989	EU Limit	1 July 1990	1 Sept 1992	1 Sept 1994	31 Dec 1995
Meeres Technik Werft	87,272	100,000	6,212	2,832	2,389	2,275
Kvaerner Warnow Werft	133,804	85,000	5,722	3,070	2,475	2,175
Peene Werft	Naval Shipbuilding	35,000	3,656	1,161	987	880
Volkswerft Stralsund	183,030	85,000	7,899	3,434	2,693	2,450
Elbe Werft Boizenburg	38,228	22,000	1,875	835	426	380
Neptun Industrie Rostock	97,042	Ship- repair	787	1,178	1,397	1,200
Dieselmotorenwerke Rostock	-	-	2,775	1,054	610	400
TOTAL	539,376	327,000	36,012	13,864	10,977	9,760

Source: CEC (1992c: 3)

The German Government was also supposed to provide evidence to the Commission, in the form of annual reports by an independent chartered accountant, that aid payments were strictly limited to the activities of the East German shipyards. Pursuant to Articles 6 and 7 of the 1992 Directive, the Commission also approved restructuring aid in the form of investment aid and closure aid for these shipyards. The Commission approved restructuring aid in tranches, provided that it was shown that the aid was necessary to carry out the restructuring plan, that the subsidised investments were carried out according to the plan approved by the Commission, that there was no spill-over effect on other shipyards, and that the reduction in capacity for the individual shipyards was respected (CEC 1996: 207).

On 2 June 1997, the Council adopted Council Regulation 1013/97 which allowed for additional operating aid for shipyards under restructuring in the East German Länder and Spain.⁴⁰ Article 2 of Council Regulation 1013/97 set out a programme established for the monitoring of the actual use of operating and

⁴⁰ Council Regulation (EC) No. 1013/97 of 2 June 1997 on aid to certain shipyards under restructuring (Official Journal of the European Communities L 148, 6 June 1997, pp. 1-3).

investment aid, compliance with the restructuring plan and enforcement of capacity limitations by the East German shipyards. This included on-site monitoring by the Commission assisted, if necessary, by independent experts. Germany was expected to supply the Commission until the end of June 1999 with quarterly reports on progress towards completing the restructuring programmes benefiting from aid and with information on the specific beneficiary shipyards. This information was to include the following elements: use of aid, investments, productivity performance, capacity reductions and limitations, employment reductions and financial viability (European Council Press Release PRES/99/123).

The German Government made the commitment to ensure that the capacity limitations would be fully respected until the end of the year 2000, and extended this limitation until the end of 2005 unless the Commission authorised an earlier termination of the limitations. The Federal Government in 1992 was actually quite enthusiastic about the approach adopted by the European Commission with regard to the East German shipbuilding industry. In October 1992, the German Government sent the Commission a restructuring plan for the shipbuilding industry in Mecklenburg-Western Pomerania. It stated that, given the 1991 maximum aid ceiling of 13 per cent, it would not seek an exemption from the provisions on operating aid under the Seventh Directive in view of the competitiveness of the shipbuilding industry in Mecklenburg-Western Pomerania at that time. The German Government, however, reserved its position on the question whether the East German shipyards could follow a future reduction in the level of the Directive's maximum common aid ceiling (CEC 1992a: 136).

Capacity limitations imposed by the European Commission on the East German shipyards were strictly enforced. For instance, the Commission noted that the output of the Meeres Technik Werft in 1997 slightly exceeded the limit set at 100,000 compensated gross tonnes. When the Commission approved the first tranche of restructuring aid in July 1997, it required a compensatory reduction in output for 1997 and a cut of DM 720,000 in operating aid (CEC 1998b: 70).

2.3 OTHER EU POLICIES THAT BEAR UPON THE GERMAN SHIPBUILDING INDUSTRY

Previous sections of this chapter have explored the ways in which the EU state and shipbuilding policy regimes impact on the German shipbuilding industry. The Commission itself highlights the fact that “it would be wrong to look at the Community’s competition policy in isolation from its other policies”, and that “where the Commission under the competition rules has to assess ... state aids, it will take a more favourable view if they pursue an objective which is in line with the Community’s policy in the relevant area” (CEC 1992a: 39). This section analyses how other EU policies affect the provision of aid to the shipbuilding sector without actually being themselves aimed specifically and/or directly at it.

2.3.1 EU Maritime Transport Policy

Up to the late 1970s, Germany had generally pursued its objective of promoting global liberalisation in the maritime sector through international organisations but had limited the involvement of the EC in such efforts. However, as it became increasingly apparent that its individual efforts to counter the protectionist practices of other countries were not bearing fruit, Germany began to look to the EC as a main conduit of change. In 1977, the Council adopted a Decision which established a procedure enabling Member States to consult one another on maritime relations with third countries and to coordinate joint action within international organisations.⁴¹

EU maritime policy today covers the promotion of EU shipping, external relations and maritime safety, together with shipbuilding and maritime technology. The aim has been to ensure freedom of access to shipping markets across the world for safe and environmentally-friendly ships, preferably registered in EU Member States with EU nationals employed on board. The common shipping policy of the EU, which was introduced in 1986 with four fundamental regulations, the so-called ‘Brussels package’ and the continuing liberalisation of maritime shipping in the EU

⁴¹ Council Decision 77/587/EEC of 13 September 1977 setting up a consultation procedure on relations between member states and third countries in shipping matters and on action relating to such matters in international organisations (Official Journal of the European Communities L 239, 17 September 1977, pp. 23-24).

have enhanced the position of European shipping in international maritime transport.⁴² In particular, maritime transport within the EU has been gradually liberalised and cabotage within the EU has basically been permitted.

The Commission communication 'Towards a New Maritime Strategy' of 1996 concluded that the objective of improving safety and achieving international open markets and fair competition would help reduce distortion of competition, whilst efforts in training and employment policy and in R & D would enhance the competitiveness of the EU shipping sector. The Commission did, however, acknowledge that support measures may nevertheless be required for the present to maintain and to develop the Community's shipping industries (CEC 1997a: 63). The strategy proposed was supported by the Council in a Resolution agreed in December 1996. The Commission subsequently adopted revised guidelines for state aid in the maritime transport sector.⁴³ These guidelines concern the support provided to European ship-owners for operating ships. The approach adopted was designed to reverse the trend towards the re-registration of vessels outside the EU and to stop the decline in employment and know-how in the maritime transport sector (CEC 2000a: 101).

The EU has also supported the shipbuilding industry via its increased support for inland waterway shipping in the 1990s. During the period 1996-1999, the inland waterways sector could exploit Council Regulation 2255/96 that allowed, under certain conditions, aid if it concerned investment in infrastructure of inland waterway terminals or in fixed or mobile equipment for transshipment from and to waterways.⁴⁴ Since 1999, a specific Community instrument, namely Council Regulation (EC) No. 718/1999 on a Community-fleet capacity policy to promote inland waterway

⁴² The 1986 package (Official Journal of the European Communities No. L 378, 31 December 1986, pp. 1, 4, 14 and 21) consists of four Council Regulations:

- Council Regulation (EEC) No. 4055/86 applying the principle of freedom to provide maritime transport between Member States and between Member States and third countries, as last amended by Council Regulation (EEC) No. 3573/90 (Official Journal of the European Communities L 353, 17 December 1990, p. 16);
- Council Regulation (EEC) No. 4056/86 laying down detailed rules for the application of Articles 85 and 86 of the Treaty to maritime transport, as last amended by the Act of Accession of Austria, Finland and Sweden;
- Council Regulation (EEC) No. 4057/86 on unfair pricing practices in maritime transport, and
- Council Regulation (EEC) No. 4058/86 concerning coordinated action to safeguard free access to cargoes in ocean trades.

⁴³ Official Journal of the European Communities C 205, 5 July 1997, pp. 5-15.

⁴⁴ Council Regulation (EC) No. 2255/96 of 19 November 1996 amending Regulation No. 1107/70 on the granting of aids for transport by rail, road and inland waterway (Official Journal of the European Communities L 304, 27 November 1996, pp. 3-4).

transport, has encouraged member states to take certain measures to promote inland waterway transport.⁴⁵ The White Paper on European Transport Policy for 2010 sets out the broad lines and priorities of EU transport policy (CEC 2001d). It calls for priority to be given to shifting the balance in modes of transport. This is to be done, for example, by promoting modes of transport that are less harmful to the environment and have unused capacity available, such as inland waterway transport. Inland waterway shipping is concentrated in six member states: Germany, Austria, Belgium, France, the Netherlands and Luxembourg. This means that EU initiatives in favour of inland waterway transport positively impact upon the German shipbuilding industry.

The European Commission also has an active policy to promote short sea shipping. In 1999, it presented a communication with a comprehensive approach to increase the use of the mode. Furthermore, the White Paper on European Transport Policy for 2010 has emphasised the role of short sea shipping in maintaining an efficient transport system in Europe. Short sea shipping and its inter-modal integration generally require new or specially-adapted vessels and advanced ship designs, which are a speciality of German shipyards. The market for these ship types is also more regional than that for ocean-going vessels. This demand is therefore beneficial for German shipbuilders. As the Commission has outlined in its Communication on the development of short sea shipping in Europe, “the EU and member states both have to contribute to improve the necessary infrastructure to make short sea shipping an interesting alternative for shippers” (CEC 1995b). This requires better port infrastructure and management and adequate plant for intermodal transport.

The EU has decided on two lines of action, namely devising a global strategy to make the EU fleet competitive again, by means of ‘positive measures’ and secondly, improving on-board safety and environmental protection through strict enforcement of international standards within the EU. The EU safe seas policy aims to improve equipment on board vessels entered in Member States’ registers, and to promote the use of safe and clean ships by providing incentives to upgrade EU-registered ships to standards which exceed the mandatory safety and environmental standards laid down in international conventions (CEC 1993b).

⁴⁵ Official Journal of the European Communities L 90, 2 April 1999, pp. 1-5.

The EU's safe seas policy promotes the use of safe and clean ships by ensuring that aid is given only to ships built in the EU with very high safety standards. The replacement needs stemming from new EU maritime safety legislation serve as demand for new shipbuilding for shipyards (European Commission Press Release IP/02/1661). The Commission believes that the strict enforcement of safety regulations for ships, alongside port state control forbidding the entry of substandard ships to EU ports, would bring about both improvement of safety at sea and the elimination of substandard vessels, thereby enhancing the demand for new, safe ships. In accordance with the EU approach to state aid for maritime transport, investment aid may be authorised in accordance with EU policy on safety at sea where it is a matter of improving on-board equipment or promoting the use of reliable, non-polluting ships.⁴⁶

The initiatives by the EU in formulating a common safe seas policy is to the benefit of the German shipbuilding industry. German shipbuilders have a world-wide reputation for building vessels of high safety standards. The Federal Ministry of Education and Research has compared the German output of national standards to the number of EU standards issued for individual economic sectors. In the shipbuilding sector between 1995 and 2000, there have been more national standards than EU ones (Federal Ministry of Education and Research 2002: 144). An EU policy that emphasises ship and maritime safety standards thus enhances the competitive advantage of the German shipbuilding industry.

2.3.2 EU Research and Technology Policy

The Commission takes a favourable view of R & D as technological development is one of the priority objectives of EU policy aimed at improving the competitiveness of European industry. The Single European Act included research and technological development among the Community's main objectives. The Commission's communication on industrial policy in an open and competitive environment also stresses the crucial and complementary roles of technological and competition policies in ensuring the competitiveness of European industry and accordingly, considers as compatible with the Common Market certain aid to facilitate

⁴⁶ Official Journal of the European Communities C 205, 5 July 1997, pp. 5-15.

the development of R & D activities by firms (CEC 1990). This is because a number of factors discourage R & D investment by firms, including the uncertainty of returns on the investment made, the limited extent to which firms can retain ownership of the results of research, the time needed to achieve a return on investment and the scale of financial resources required. Furthermore, the Commission is of the opinion that aid for R & D, by its very nature, is less prone to distort trade between member states than aid for investment which has a direct impact on production capacities and volume. The Commission argues that an uncoordinated approach to R & D leads to waste and duplication (CEC 1986: 173).

Commissioner Bangemann announced in 1990 that the Commission was prepared to support the shipbuilding industry's own efforts and advocated that the European shipyards join forces to defend their lead in R & D (European Commission Press Release IP/90/504). In order to enhance this effort, the Commission set up the Task Force "Maritime Systems of the Future". The Task Force works in close collaboration with industry to define together priorities for R & D. The Task Force began its work in 1995 and has defined priorities for an integrated R & D masterplan. The work was focused on four areas: shipbuilding, shipping, ports and harbours, and marine resources. The Task Force has the key role in co-ordinating all Commission research programmes in the maritime sector and is their single interface and contact point.⁴⁷

The promotion of R & D by the EU is directed not only toward improvement of the production process itself, but also the development of safe and efficient ships. As discussed in Section 2.3.1, the EU supports 'quality shipping', a policy aiming to ensure that maritime transport is efficient, safe, environmentally-friendly and well-linked to other modes of transport. The EU has sponsored, with industry, several applied R & D programmes to enforce safety of shipping and protection of the environment. Some ECU 30 million has been devoted to quality shipping and until 1998, thirty-three R & D waterborne-related projects were being funded involving 400 European industrial companies, universities and research institutes. A maritime navigation simulator has resulted from the research project called Advanced Technology to Optimise Maritime Operational Safety or ATOMOS II, sponsored by

⁴⁷ The European Commissioners who led the Task Force at its inception were the Commissioners for Information and Telecommunications Technologies (Martin Bangemann), for Research, Education and Training (Edith Cresson) and for Transport (Neil Kinnock).

the EU within its Fourth Framework Transport Research and Technological Development Programme (1994-1998).

The Commission included in its proposal concerning the Fifth Framework Programme for Research, Technological Development and Demonstration Activities, the Key Action 'Marine Technologies' (CEC 1997c). The objective of Key Action 2 'Sustainable Mobility and Intermodality' was to achieve greater innovation in transport by promoting use of new technologies on a modal basis, that is, on road, rail, air, and inland waterway transport. The fields of research in Key Action 3 included advanced technologies for the development of ships and offshore platforms in order to improve the safety of persons and installations and to protect the environment; use of the sea and inland waterways to transport goods and passengers; the development of automated vessels and port infrastructure in order to cut operating costs and technologies for the rational and sustainable management of the sea.⁴⁸ The Sixth Framework Programme for Research and Development included a significant increase in maritime R & D under the heading of 'Sustainable Surface Transport' for which a total budget of 610 million Euro was allocated (European Commission Press Release SPEECH/02/420).

The Leonardo da Vinci programme of the EU supports the development of training courses for the maritime transport sector and for shipyards. Through the co-financing of pilot projects and mobility fellowships, this programme contributes to transnational initiatives. The EU also promotes the exchange and development of knowledge among research workers, and between the research sector and industry with the Marie Curie programme which supports training abroad and the transfer of knowledge through fellowships at post-graduate and post-doctoral level. This support for training researchers within the industry facilitates the development of commercial research knowledge, and the exchange of knowledge between industry and academia.

The support provided by the EU for R & D activity in the shipbuilding industry should not be underestimated. The latest and most modern ships are massive sophisticated engineering products that are typically launched as one-of-a-kind or in very short series. Ships are sold on the basis of their concept designs, which are far from representing a complete product definition. Consequently, the major part of

⁴⁸ Council Regulation 1999/169/EC of 25 January 1999 adopting a specific programme for research, technological development and demonstration on competitive and sustainable growth (1998 to 2002) (Official Journal of the European Communities L 64, 12 March 1999, pp. 40-44).

product development, and of the research, development and innovation activities is carried out after the signing of the sales contract. In fact, it is only after concluding the contract that the shipyard is in a position to clarify the specific research, development and innovation needs of the concept design. Naturally, these activities have to be performed in the shortest possible time with the lowest possible costs. Funding of research, development and innovation activities in shipbuilding is thus an important aspect of developing, designing and building prototype ships that will subsequently be of commercial application. This specialisation, and even dependence, on high-technology market niches requires considerable and consistent investments in research, development and innovation. The adoption of specific innovative solutions during the concept design phase establishes the crucial competitive advantages which allow German shipbuilders to be successful in competing against Far Eastern shipbuilders who tend to offer “off-the-shelf” solutions.

2.3.3 EU Fisheries Policy

The EU Fisheries Policy also provides a positive impulse to the European shipbuilding industry. Under Council Regulation No. 3944/90 of 20 December 1990, support can be given for the renewal and modernisation of the fisheries fleet.⁴⁹ Member states establish permanent arrangements for entries to and exits from their fleet under which entries attracting public aid (such as construction aid) are permitted only if linked to withdrawals without aid, except in the case of small-scale coastal fishing. Member states may, however, receive aid to improve safety, navigation at sea, hygiene and working conditions, provided there is no increased pressure on resources.⁵⁰ Council Directive 87/167/EEC of 26 January 1987 on aid to shipbuilding itself includes construction and conversion of fishing vessels of not less than 100

⁴⁹ Council Regulation (EEC) No. 3944/90 of 20 December 1990 (Official Journal of the European Communities L 380, 31 December 1990, p. 1) which amended Council Regulation (EEC) No. 4028/86 on Community measures to improve and adapt structures in the fisheries and aquaculture sector (Official Journal of the European Communities L 376, 31 December 1986, p. 7).

⁵⁰ Council Regulation (EC) No. 2792/1999 of 17 December 1999 laying down detailed rules and arrangements regarding Community structural assistance in the fisheries sector (Official Journal of the European Communities L 337, 30 December 1999, pp. 10-28) amended by Council Regulation (EC) No. 1451/2001 of 28 June 2001 (Official Journal L of the European Communities 198, 21 July 2001) and Council Regulation (EC) No. 179/2002 of 28 January 2002 (Official Journal of the European Communities L 31, 1 February 2002).

gross tonnes as eligible for shipbuilding aid.⁵¹ An EU fisheries policy that allows financial support for the construction of fishing vessels is beneficial for the German shipbuilding industry.

2.3.4 EU Development Aid Policy

In 1989, the Commission decided that “a mere application of the OECD list of countries eligible for public development aid did not always ensure that objective development criteria, in accordance with Community policy in that respect, prevailed” (CEC 1989: 163). The Commission therefore established its own more comprehensive list of developing countries qualifying for development assistance in the form of shipbuilding aid under Article 4(7) of the Sixth Directive.⁵² The EU thus enhanced the opportunities for German shipbuilding firms to receive shipbuilding orders for development aid projects.

2.4 EVIDENCE OF EUROPEANISATION OF GERMAN SHIPBUILDING AID CASES

This section offers empirical evidence of the ways in which the German shipbuilding industry has been affected by EU policies with regards to the provision and use of state aid.

Empirical analysis of the number of shipbuilding aid cases and Commission Decisions should reveal the extent to which EU policy is complied with in the German shipbuilding industry. There have been a significant number of state aid cases in the German shipbuilding sector that have been the subject of EU examination. There have been 191 German shipbuilding aid cases from 1971-2002. In fact, Germany accounts for 35 per cent of all shipbuilding aid Commission Decisions and 31 per cent of all shipbuilding aid cases in the EU from 1961 to 2002.⁵³ The data presented in Graph 2.1 and Table 2.3 indicate that the numbers of German

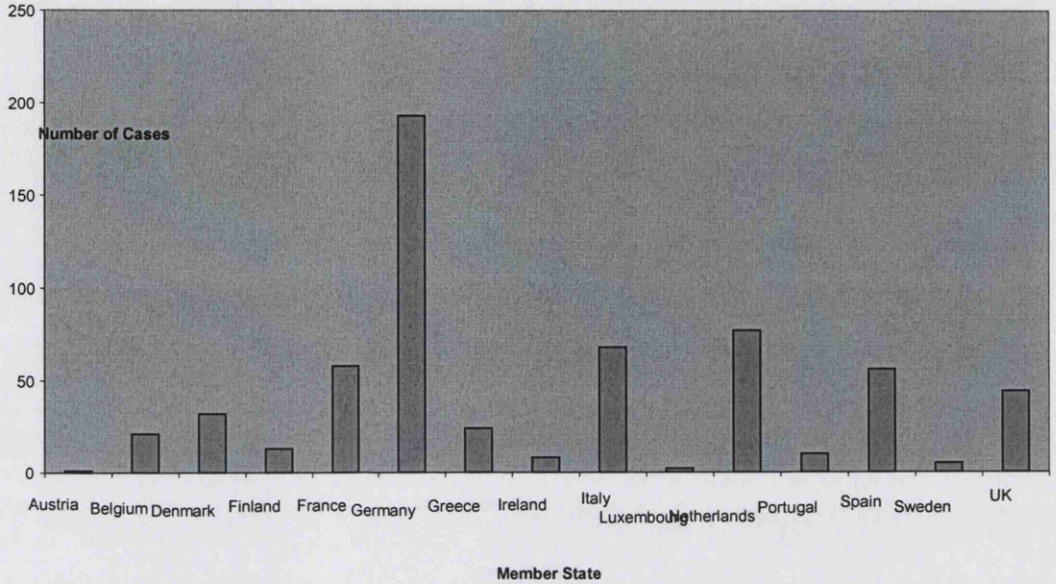
⁵¹ Commission letter to member states SG (88) D/6181 of 26 May 1988.

⁵² A circular letter was sent to all EC member states in January 1989 (Commission letter to member states SG (89) D/311 of 3 January 1989).

⁵³ Author’s compilation based on compilation of Commission Decisions on shipbuilding aid (Appendix D) and of shipbuilding aid cases (Appendix E) across EU member states from 1961 to 2002.

shipbuilding aid cases registered with the European Commission and of Commission Decisions, respectively, have risen over time.

Graph 2.1: Shipbuilding Aid Cases in EU Member States, 1961-2002



Source: Author's compilation of shipbuilding aid cases from various issues of the Official Journal of the European Communities (C and L series), European Commission Competition Policy Reports and the EU State Aid Register.⁵⁴

⁵⁴ Refer to Appendix E for a detailed catalogue of these shipbuilding aid cases.

Table 2.3. Commission Decisions on shipbuilding aid addressed to EU member states, 1961-2002

COUNTRY	Number of Commission Decisions
Austria	0
Belgium	2
Denmark	1
Finland	0
France	4
Germany	13
Greece	0
Ireland	0
Italy	9
Luxembourg	0
Netherlands	4
Portugal	0
Spain	2
Sweden	0
UK	2
TOTAL	37

Source: Author's compilation from various issues of the Official Journal of the European Communities (L series).

Furthermore, as Graph 2.1 and Table 2.3 show, Germany continues to head the list of EU member states, both in terms of the number of shipbuilding aid cases and Commission Decisions. If one takes compliance to be a measure or indicator of Europeanisation, then it could be argued that there has been little Europeanisation of the German shipbuilding industry in this context.

However, adopting a compliance approach to assess the success of implementation of EU policies in the German shipbuilding industry reveals only part of the picture of Europeanisation. The underlying assumption of the compliance approach is that compliance by member states with EU policy and EU law leads to EU-desired outcomes. Keeping score in a game in which the goalposts are constantly shifting becomes increasingly complex. It is not merely the number of state aid cases that reveals the extent of compliance with EU law. The type of aid granted is also of relevance to the analysis of whether EU shipbuilding policy has had an impact on the provision of aid to the German shipbuilding industry.

Closer examination of the various shipbuilding aid cases in Germany over time reveals that R & D aid has become increasingly frequently granted. This is

exactly the type of aid that the EU has been allowing in its more recent shipbuilding directives and regulations. A survey of the German shipbuilding aid cases from 1971 to 2002 reveals that the number of shipbuilding aid cases related to R & D has increased significantly since 2000. The statistics in Table 2.4 indicate that the first such case occurred in 2000 after the EU Council Regulation No. 1540/98 which approved R & D aid and elaborated on the benefits of R & D activity in the shipbuilding sector.

Table 2.4. Shipbuilding aid cases related to R & D in the Federal Republic of Germany, 1971-2002

Year	Shipbuilding Aid Cases Related to R & D
1971	0
1972	0
1973	0
1974	0
1975	0
1976	0
1977	0
1978	0
1979	0
1980	0
1981	0
1982	0
1983	0
1984	0
1985	0
1986	0
1987	0
1988	0
1989	0
1990	0
1991	0
1992	0
1993	0
1994	0
1995	0
1996	0
1997	0
1998	0
1999	0
2000	1
2001	2
2002	7

Source: Author's calculations based on shipbuilding aid cases compiled from the Official Journal of the European Communities (C series) and presented in Appendix E.

Furthermore, there is empirical evidence that the stipulations of the EU shipbuilding aid directives encouraging European shipbuilders to focus on high-technology production (discussed in Section 2.1.2 of this chapter) has prompted

increased R & D expenditure in the shipbuilding industry in Germany. Tables 2.5, 2.6 and 2.7 all indicate increased R & D activity, whether measured in absolute amounts, in terms of R & D expenditures as a percentage of production, or as a percentage of total physical investment (gross fixed capital formation), in the German shipbuilding industry.

Table 2.5. R & D expenditures in shipbuilding in the Federal Republic of Germany, 1973-1995 (million DM)

Year	R & D Expenditure in Shipbuilding
1973	55.0
1974	18.3
1975	8.6
1976	10.8
1977	22.5
1978	30.0
1979	34.6
1980	36.8
1981	40.4
1982	50.4
1983	62.0
1984	74.6
1985	86.0
1986	77.1
1987	55.0
1988	57.0
1989	59.0
1990	64.9
1991	67.0
1992	88.0
1993	109.0
1994	110.6
1995	147.0

Source: OECD (2003b).

Table 2.6. R & D intensity in shipbuilding production in the Federal Republic of Germany, 1980-1995 (per cent)

Year	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
R & D intensity	0.54	0.51	0.58	0.83	1.03	1.25	1.17	0.84	0.93	0.84	0.85	0.87	1.15	1.50	1.42	1.85

Source: OECD (2003a).

Table 2.7. R & D investment ratio in shipbuilding in the Federal Republic of Germany, 1980-1994 (per cent)

Year	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
R & D investment ratio	18.54	21.49	20.37	28.03	55.99	54.84	37.91	34.64	25.04	24.55	22.26	28.36	33.33	47.05	43.79

Source: OECD (2003a).

Admittedly, there can be complementary explanations for this increased R & D activity in the German shipbuilding industry. However, these increased R & D expenditures are not explained by an increase in the significance of the German shipbuilding industry either in terms of its share of employment or of production of the manufacturing sector, as shown by Tables 3.1 and 3.2 of Chapter 3.

A survey of the German shipbuilding aid cases from 1971 to 2002 also reveals that the number of maritime transport state aid cases has increased. Table 2.8 shows the first such case occurred in 1993 after the EU had passed legislation in favour of maritime transport.

Table 2.8. Shipbuilding aid cases related to maritime transport in the Federal Republic of Germany, 1971-2002

Year	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
Maritime transport-related shipbuilding aid cases	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Year	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Maritime transport-related shipbuilding aid cases	0	0	0	0	1	0	2	3	1	1	2	1	1	3

Source: Author's calculations based on shipbuilding aid cases compiled from the Official Journal of the European Communities (C series) and presented in Appendix E.

2.5 PROPER USE OF COMPLIANCE INDICATORS TO UNDERSTAND EUROPEANISATION

The measurement of German compliance with EU shipbuilding aid law in terms of the numbers of shipbuilding aid cases and Commission Decisions gives the impression that Germany has not been compliant with EU law. The conclusion that could follow from such an empirical exercise is that there has been little Europeanisation of German public actors in the shipbuilding policy field. Looking merely at the number of state aid cases, however, does not reveal the willingness of the Federal and various Länder governments to grant such aid. The possibly decreasing propensity of these public authorities to grant aid to the German shipbuilding firms is masked by the statistics.⁵⁵

This chapter argues that compliance with EU law, in and of itself, is not an adequate measure of Europeanisation in the case of the German shipbuilding industry. The detailed analysis of German shipbuilding aid cases over time has revealed Europeanisation of the German public actors involved in terms of the type of shipbuilding projects for which they have granted state aid.

This also indicates that the type of projects for which German shipbuilding firms seek aid has changed in line with the priorities of EU shipbuilding policy. The EU impulses of linking the maritime transport and shipbuilding industries and of emphasising R & D activity in the shipbuilding industry have been taken up by the German shipbuilding firms, as manifested by their projects which are funded by German state aid.

Europeanisation of German shipbuilding firms has occurred not by them requesting or receiving shipbuilding aid less frequently as the goals of EU state aid and shipbuilding policies would suggest, but rather by them engaging in shipbuilding activity that is encouraged by segments of EU shipbuilding policy. This chapter has thus highlighted the need for careful use of compliance indicators to understand Europeanisation of a member state.

⁵⁵ Chapters 5 and 6 address this issue by examining an individual shipbuilding firm, Bremer Vulkan Verbund AG, and its record of receipt of state aid over a sixteen-year period.

Chapter Three

GERMAN SHIPBUILDING POLICY AND DOMESTIC GOVERNANCE

A study of German shipbuilding policy and of the actions taken by relevant German policy actors over time is crucial to telling the tale of EU action - German reaction in the shipbuilding policy field. The longitudinal study of the subject of Europeanisation – German shipbuilding policy – provides evidence of the ways in which German public actors have responded to EU impulses in the shipbuilding policy field.

Section 3.1 of this chapter offers an overview of the key features of the German shipbuilding industry and the challenges it has faced over the past four decades. Section 3.2 then analyses the principal objectives of German shipbuilding policy in response to these various challenges and to the demands for state support from private actors. Subsequently, Section 3.3 provides an analysis of the various policy instruments employed by the Federal and Länder governments in their efforts to provide financial support to the German shipbuilding industry. The changes in the key features of German shipbuilding policy over time are taken as manifestations of the changing attitude of German public actors towards state support of the shipbuilding industry. Section 3.4 then explores the main trends in German shipbuilding policy from 1961 to 2002. These policy trends, along with the German institutional response to EU shipbuilding policy in 2001, are then analysed as evidence of the Europeanisation of public actors in the German shipbuilding industry.

3.1 A PROFILE OF THE GERMAN SHIPBUILDING INDUSTRY

From a country-wide perspective, the shipbuilding industry has been of little economic significance to Germany since the 1970s. The shipbuilding industry accounted for only between 0.93 and 0.39 per cent of the value of production of the manufacturing sector in Germany between 1978 and 2001, as shown in Table 3.1.

Table 3.1. Production of the shipbuilding sector as a share of the production of the manufacturing sector in the Federal Republic of Germany, 1978-2001 (per cent)

Year	Share of Production of Manufacturing Sector
1978	0.52
1979	0.45
1980	0.51
1981	0.58
1982	0.93
1983	0.70
1984	0.50
1985	0.47
1986	0.45
1987	0.44
1988	0.40
1989	0.42
1990	0.42
1991	0.49
1992	0.46
1993	0.48
1994	0.47
1995	0.45
1996	0.42
1997	0.40
1998	0.39
1999	0.40
2000	0.39
2001	0.44

Source: Author's calculations based on figures from OECD (2003b).

Employment statistics also indicate that the shipbuilding industry accounts for only a small share of the employment of the manufacturing sector in Germany, as shown in Table 3.2.

Table 3.2. Shipbuilding employment as a share of total employment in the manufacturing sector in the Federal Republic of Germany, 1971 - 2000 (per cent)

Year	Shipbuilding's Share of Total Employment in Manufacturing
1971	1.0
1972	1.0
1973	0.9
1974	1.0
1975	1.1
1976	1.0
1977	1.0
1978	0.9
1979	0.8
1980	0.8
1981	0.5
1982	0.5
1983	0.5
1984	0.5
1985	0.5
1986	0.4
1987	0.4
1988	0.4
1989	0.4
1990	0.4
1991	0.6
1992	0.5
1993	0.5
1994	0.5
1995	0.5
1996	0.4
1997	0.4
1998	0.3
1999	0.4
2000	0.4

Source: Author's calculations based on figures on employment in the manufacturing sector from United Nations Industrial Development Organisation (UNIDO) (2003), and figures on employment in the shipbuilding industry from various issues of the annual reports of the *Verband für Schiffbau und Meerestechnik* (VSM).

From a regional or Land perspective, by contrast, the shipbuilding industry has been an important sector of employment in the coastal Länder of Bremen and Hamburg, as shown in Table 3.3.

Table 3.3. Shipbuilding employment as a share of total employment in the manufacturing industry in the four coastal Länder, 1975-1994 (per cent)

Year	Bremen	Hamburg	Lower Saxony	Schleswig-Holstein
1975	15.4	6.3	1.1	0.06
1976	15.2	6.2	1.1	0.04
1977	14.1	5.9	1.0	0.04
1978	13.0	5.8	1.0	0.04
1979	11.6	5.7	0.9	0.04
1980	10.3	5.2	0.9	0.04
1982	10.8	5.5	1.0	0.03
1984	8.6	4.5	1.0	0.03
1985	8.3	4.2	0.9	0.04
1986	7.6	3.9	0.9	0.04
1987	7.0	3.6	0.8	0.04
1988	6.7	3.2	0.8	0.03
1989	5.7	3.1	0.8	0.03
1990	5.8	3.1	0.8	0.02
1991	6.7	3.0	0.6	0.02
1992	6.5	3.0	0.7	0.02
1993	6.3	2.8	0.6	0.02
1994	6.4	2.7	0.6	0.02

Source: Author's calculations based on figures on employment in the manufacturing industry from the *International Statistical Yearbook 2003*, and figures on employment in the shipbuilding industry from various issues of annual reports of the *Verband für Schiffbau und Meerestechnik (VSM)*.

This is because shipbuilding is regionally concentrated within Germany. More than 90 per cent of German shipbuilding production and employment is concentrated in a few locations within the four coastal Länder of Hamburg, Bremen, Schleswig-Holstein (concentrated in the cities of Flensburg, Kiel, Lübeck, Rendsburg and Norderdithmarschen) and Lower Saxony (concentrated in the districts of Aurich and Oldenburg). The regional employment significance of shipbuilding is, in fact, even greater than these figures reveal. A large proportion of gross production value of

shipbuilding is the output of other local industrial sectors. The machine tool, steel and electro-technical industries, for instance, receive significant demand and employment impulses from the shipbuilding industry.⁵⁶ Industries that are spatially concentrated have regional political significance, and this feature is important in understanding the provision of shipbuilding aid by both the Federal and Länder governments. Grewlich (1987: 69) argues that “in cases where radical adjustment in certain sectors would have led to intolerable economic and socio-political consequences, the government has been prepared to cushion such developments” and he cites the provision of subsidies to the shipbuilding and steel industries as such cases.⁵⁷

Apart from the regional concentration of the shipbuilding industry, there has also been concentration within the industry in the large shipbuilding firms. Between 1972 and 1977, the five largest shipyards together accounted for a 70 per cent share of the turnover of German shipbuilding (Stråth 1987: 26). These five shipyards were AG Weser (which also controlled the Seebeck shipyard in Bremerhaven), Bremer Vulkan in Bremen, Nordseewerk in Emden, Blohm + Voss in Hamburg and Howaldtswerke Deutsche Werft in Kiel and Hamburg. This consolidation of the German shipbuilding industry was due to the numerous mergers that have occurred. In 1845, there were five hundred shipbuilding firms in Germany. One hundred years later, there were only five big firms and about forty medium-sized shipyards (Heseler and Kröger 1983: 21).⁵⁸ This process of mergers has meant that the shipbuilding firms that have survived this process of concentration have more expressive power and ‘clout’ in the interest intermediation process than would be the case in a situation where the industry is fragmented and characterised by a large number of small enterprises.

Table 3.4 provides a statistical summary of the distribution of shipbuilding and ship-repair firms in the world. The Federal Republic of Germany has the seventh greatest number of shipbuilders and ship-repairers in the world, with a 4.2 per cent share of the world total and a 13.3 per cent share of the EU total. Among the EU

⁵⁶ The High Level Advisory Group on LeaderSHIP 2015 has estimated that 70 to 80 per cent of the value of complex ships is developed by shipyards together with suppliers (CEC 2003: 9).

⁵⁷ Corden and Fels (1976: 216) refer to this as the ‘principle of sectional income maintenance’ whose aim is ‘preventing severe falls in incomes of any significant section of the community’.

⁵⁸ The following is a quick run-down of the more significant mergers in the past fifty years. In 1966, Blohm + Voss in Hamburg took over H.C. Stülcken Werft. In 1968, Deutsche Werft AG, Howaldtswerke Hamburg AG and Kieler Howaldtswerke merged to become Howaldtswerke Deutsche Werft AG. In 1972, Schichau-Unterweser AG and Schichau GmbH merged to become Schichau Unterweser AG.

member states, only the Netherlands and the United Kingdom have more shipbuilders and ship-repairers than Germany.

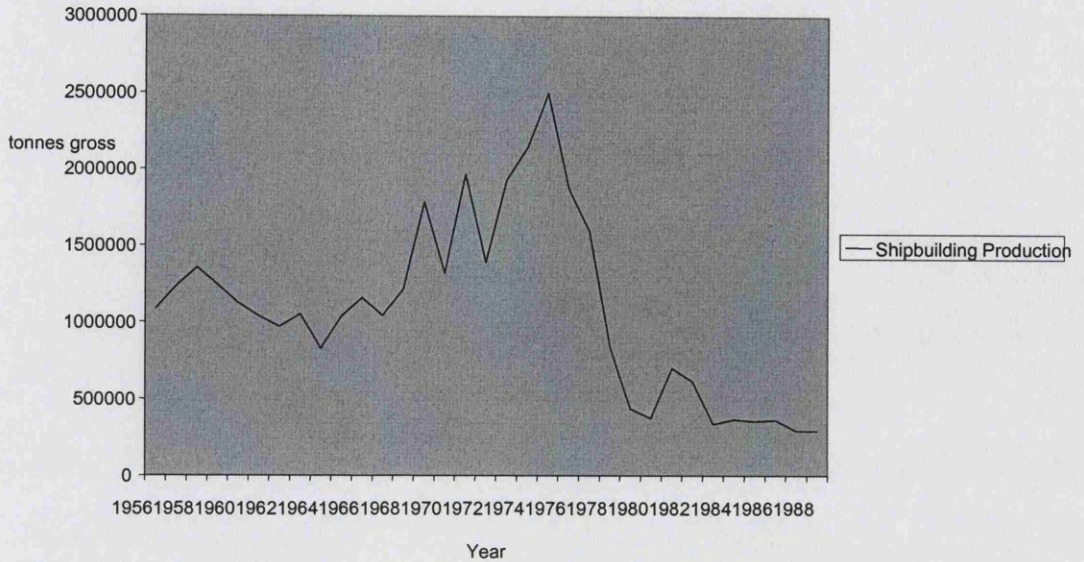
Table 3.4. Distribution of shipbuilders and ship-repairers in the world, 2003

Country	Number of Shipbuilders and Ship-Repairers	Percentage Share of World Total	Percentage Share of EU13 Total
USA	247	11.1	-
United Kingdom	192	8.6	27.4
Japan	154	6.9	-
People's Republic of China	114	5.1	-
Netherlands	107	4.8	15.3
Norway	103	4.6	-
Federal Republic of Germany	93	4.2	13.3
Italy	57	2.6	8.1
Spain	55	2.5	7.8
Greece	52	2.3	7.4
South Korea	43	1.9	-
France	33	1.5	4.7
Sweden	29	1.3	4.1
Denmark	28	1.3	4.0
Finland	21	0.9	3.0
Portugal	15	0.7	2.1
Belgium	13	0.6	1.9
Ireland	6	0.3	0.9
EU13	701	31.4	100.0
World	2,234	100.0	-

Source: Author's calculations based on figures from [//directory.fairplay.co.uk/showarea.asp?area=shipbuilder+%26+Repair](http://directory.fairplay.co.uk/showarea.asp?area=shipbuilder+%26+Repair) accessed on 6 November 2003.

Four phases of shipbuilding production can be identified in the post-war period in Germany. Firstly, until 1958, there was expansion of shipbuilding capacity and production. Between 1958 and 1963, there was stagnation and the 1963 level of ship production was equivalent to that of 1958. There was then accelerated growth of shipbuilding until 1975. Since 1975, shipbuilding production has fallen drastically. These trends are shown in Graph 3.1.

Graph 3.1: Shipbuilding Production in the Federal Republic of Germany, 1956-1988 (tonnes gross)



Source: Lloyd's Register of Shipping (1973: 68-69) and (1989: 36-37).

The decline in shipbuilding in Germany was mainly due to the falling world demand for ships. From 1975 to 1984, German shipyards, especially the larger ones, were forced to reduce their capacity by as much as 60 per cent. The remaining capacity was concentrated on special ships which included container ships, heavy goods ships and roll-on-roll-off or ro-ro ships (VDS 1984: 125). The level of production reached was, however, much lower than that of the early 1970s.⁵⁹

Shipbuilding has always been characterised by severe cyclical fluctuations. A sense of 'feast and famine' tends to plague this industry. Supply capacity cannot increase much in the short run, while large variations in prices of raw materials lead to large variations in freight prices and rapidly changing demand for ships. There thus often tends to be an overreaction of ship-owners and shipbuilders to economic cycles. The imbalance of demand and supply in the world shipbuilding market has been a persistent problem for the past thirty years. These excess supply conditions have inevitably led to overcapacity in the world shipbuilding market.

The shipbuilding industry, however, displays some particular characteristics that do not permit a correction of imbalances of supply and demand, as would normally occur in a market environment. Firstly, shipbuilding offers developing economies an avenue to earn export revenues. It also offers significant employment

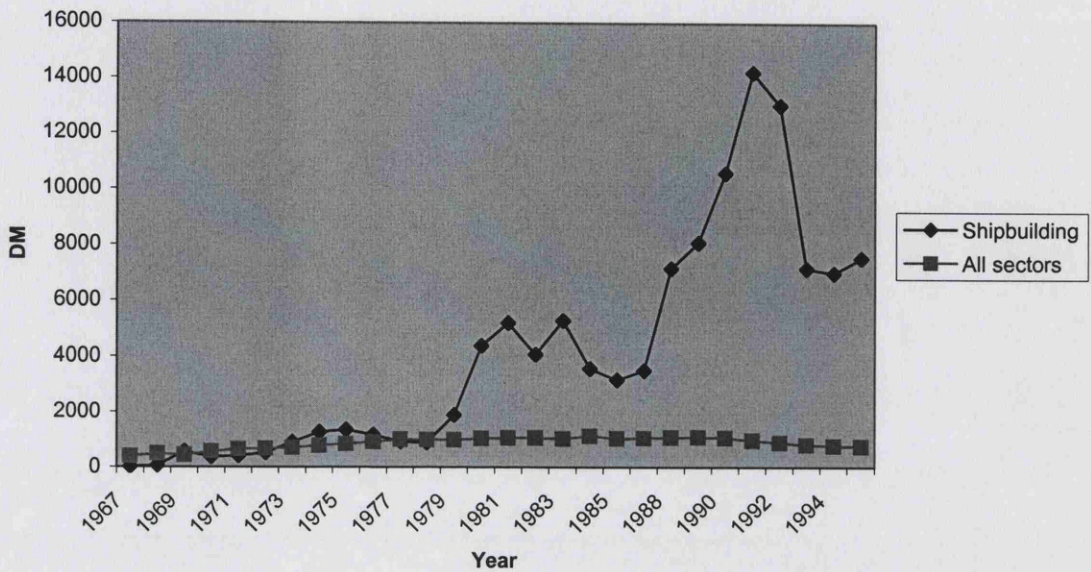
⁵⁹ Refer to Appendix F on levels of shipbuilding production from 1956 to 1988 in the principal shipbuilding countries.

and technological opportunities as shipbuilding can be undertaken at various levels of the technological ladder. Furthermore, many countries perceive shipbuilding to be a strategic industry that they would like to preserve for trade and strategic interests. The fact that shipbuilding often, if not always, forms important regional cluster economies whose decline would bring great and immediate difficulty to coastal populations ingrains the situation yet further into the political psyche and process of state aid provision. Protection of the shipbuilding industry by national authorities against these demand and supply forces and global competition is carried out through a limited set of measures as traditional trade policy instruments like customs tariffs and quotas are not applicable in this sector. Thus, state support, in various forms, emerges as the instrument of choice to prop up this industry throughout the world.

The West German shipbuilding industry has consistently received high levels of state aid since the 1950s. Within the Federal Republic of Germany, the shipbuilding industry received the highest level of subsidies among the manufacturing industries in the 1980s when measured as a percentage of value added (Donges, Schmidt and Gundlach 1988: 216). It also continued to receive a significant amount of state aid in the 1990s.⁶⁰ Graph 3.2 shows that the German shipbuilding industry has received more state aid per employed person than all economic sectors on average from 1973 to 1995.

⁶⁰ Appendix G provides data on the amount of state aid provided to the German shipbuilding industry from 1970 to 2002.

Graph 3.2: Federal Subsidies per Person Employed in Germany, 1967-1995 (DM)



Source: Deutscher Bundestag (1985: 18-19), (1995: 17), (1999: 16).

While the level of subsidy given to shipbuilding is relatively high within Germany when compared with other industrial sectors, it is quite a different story when it comes to making comparisons across West European countries. In 1981, the German shipbuilding association, the *Verein Deutscher Schiffswerften* (VDS), as it was known then, conducted a study on the value of subsidies and financing aid for ship-owners as a percentage of building price in various West European countries. The results of this study are shown in Table 3.5. This study found that Germany offered the lowest level of such aid to ship-owners. The Deutscher Bundestag came to similar conclusions in 1989 when it found that only the Netherlands provided less shipbuilding aid as percentage of value added than Germany for the period 1981 to 1986, as shown in Table 3.6. The EU compared shipbuilding aid as a percentage of contract value of ships from 1992 to 1999 across EU member states. The EU data is shown in Table 3.7, and while these statistics do not paint exactly the same picture as the Bundestag statistics, they do indicate that Germany, has over the years, been at the lower end of the league of shipbuilding-aid providers.

Table 3.5. Subsidies for shipbuilding in West European countries, 1981 (per cent of building price)

Country	Direct Subsidies		Value of Financing Aid	
	Foreign Ship-owners	Domestic Ship-owners	Foreign Ship-owners	Domestic Ship-owners
Denmark	-	-	37.8	54.6
Belgium	-	-	16.2	41.4
Italy	32-49	32-49	39.2	38.5
Ireland	24.5	24.5	27.0	27.0
Sweden	31.0	30.0	13.5	26.8
France	23.0	38.0	21.6	21.6
Greece	-	-	-	21.5
Spain	29.5	29.5	14.4	20.7
UK	27-28	27-28	14.9	14.9
Netherlands	13.0	29.5	5.4	5.4
Germany	-	12.5	5.4	3.9

Source: VDS October 1982 published in Bremer Vulkan (1982: 5).

Table 3.6. Shipbuilding aid as a percentage of value added in EC member states, 1981-1986 average (per cent)

EC Member State	Shipbuilding Aid as a Percentage of Value Added
France	56.6
Italy	34.2
Denmark	33.8
Belgium	27.7
United Kingdom	21.6
Germany	12.3
Netherlands	10.7

Source: Deutscher Bundestag (1989: 55).

Table 3.7. Shipbuilding aid in EU member states, 1992-1999 (per cent of contract value of ships)

Country	1992	1993	1994	1995	1996	1997	1998	1999
Belgium	0.0	6.0	4.3					
Denmark	8.5	7.3	7.3	8.2	8.9	8.9	8.1	8.6
Germany	8.2	6.6	6.1	6.5	6.6	6.3	6.4	6.3
France	0.0	9.0	9.0	9.0	9.0	9.0	8.6	9.0
Spain	5.0	8.3	6.6	7.8	7.4		3.9	
Finland						5.3	3.1	9.0
Italy	0.0	9.0	8.2	8.8	8.7	8.9	8.9	9.0
Netherlands	4.7	4.5	3.8	3.2	3.2	3.6	4.1	4.7
Portugal	0.0	0.0	8.8					
United Kingdom	6.1	8.5	1.1	8.2	6.0	8.7		

Source: CEC (1997b: 12), (1999b: 12), (2001c: 38).

3.2 OBJECTIVES OF GERMAN SHIPBUILDING POLICY AND DOMESTIC GOVERNANCE OF THE INDUSTRY

The main justification employed by the German government for provision of state aid to shipbuilding has been that other countries subsidise their shipbuilding industries and that German subsidies should counteract the resulting distortions of competition.⁶¹ After the revaluation of the Deutsche Mark (DM) in 1969, the subsidies of other countries further negatively impacted on German shipbuilding.⁶² The Federal Government has consistently argued in its subsidy reports (*Subventionsberichte*) that “the situation of the German shipyards is made difficult as the competition on the world shipbuilding market is significantly distorted by state interventions which include financing aid, direct building-cost subsidies, loss takeovers and compensations, and linking of ship-owner contracts to domestic shipyards” (Deutscher Bundestag 1985: 45, 1987: 37, 1989: 38, 1991: 32, 1993: 34).

⁶¹ During the 1880s, there was declining investment of ship-owners. In response, twelve shipyards founded the *Verein Deutscher Schiffswerften* in December 1884 with its headquarters in Berlin. At this meeting, the shipyards discussed a petition to the Reichstag requesting that the subsidised post steamers be new ships built in German shipyards. This initiative led in January 1885 to the Reichstag incorporating the requirement that “new ships must be built on German shipyards” in the subsidy bill for post steamers (*Gesetz betreffend Postdampferschiffsverbindungen mit überseeischen Ländern*) (VDS 1984: 15). The justification for this state measure was the alleged higher subsidisation of British shipyards by the British government.

⁶² The revaluation of the DM meant that German-built ships became relatively more expensive on the world market because of the strengthened value of the German currency.

The Federal Government has stated that the primary and urgent goal of German shipbuilding policy is “to achieve a normalisation of the market through the reduction of state aid in international agreements” since its third subsidy report of 1971 (Deutscher Bundestag 1985: 45, 1987: 37, 1989: 38, 1991: 32, 1993: 35). Similar arguments can also be found in the *Strukturbericht der Bundesregierung* or the Structural Report of the Federal Government of 1969 (Deutscher Bundestag 1969) and in the annual economic reports of the Federal Economics Ministry (*Wirtschaftsberichte*) (Bundesministerium für Wirtschaft 1969, 1971, 1975).

German shipbuilding firms point to the decreasing percentage of new orders placed in Germany and the significant rise in corresponding shares in shipbuilding countries like Japan and South Korea as evidence of the predatory behaviour of foreign governments and shipbuilding industries.⁶³

An important motive for subsidising industries that are regionally concentrated is that employment and income crises that are similarly regionally concentrated are politically undesirable. Safeguarding the jobs and income of the people of the coastal Länder has been emphasised by the Federal Government (Deutscher Bundestag 1977: 133, 1983: 44). Thus, an important motive for shipbuilding aid has been that this industry has been perceived to be one that had to be protected for regional political and economic reasons.

The shipbuilding sector is a truly global economic sector in that no shipbuilding nation can or does produce for its own national market. Similarly, buyers in this market look to multiple sources all over the world when placing orders for ships. The adjustment pressure to gaps in demand and supply conditions in the world shipbuilding market is part of the explanation for the demand for state aid by shipbuilding firms. The annual economic reports of the Federal Government list the “facilitation of adoption of new contracts and the adjustment to diminished demand” (Bundesministerium für Wirtschaft 1980: 15) and “the support of shipyards in a necessary adjustment process” (Bundesministerium für Wirtschaft 1978: 19) as objectives of shipbuilding aid. However, it is often not clear when the aim is adjustment or maintenance. There are also associated issues of classification of instruments and objectives. For instance, what was classified as adjustment aid in the

⁶³ Refer to Appendix H for figures on percentages of shipbuilding orders placed in the principal shipbuilding countries from 1970 to 1993.

first subsidy report (Deutscher Bundestag 1967) became described as conservation aid from the second subsidy report onwards (Deutscher Bundestag 1970).

The Länder governments have also argued that the conservation of the German shipbuilding industry allows the safeguarding of a merchant fleet (Schleswig-Holsteinischer Landtag 1981: 4). The goals of ship-owner aid have included “safeguarding the basic utilisation of the German shipbuilding industry” (Deutscher Bundestag 1985: 151), “adjustment of the competitive circumstances of German shipping to international circumstances and the rationalisation and modernisation of the German merchant fleet” (Deutscher Bundestag 1985: 151) and the “strengthening of international competitive ability” (Deutscher Bundestag 1987: 123). Strategic goals include ensuring security and national supply in times of political and economic crisis. Sea shipping has been favoured, according to the subsidy reports, because it “fulfils general economic functions that are necessary for human living” which include the supply of the economy with energy and raw materials and foreign trade transport (Deutscher Bundestag 1987: 42). Furthermore, naval shipbuilding occupies a privileged position in government considerations because of its contribution to military strength and national security. The argument runs that in a military crisis, there is a need for the merchant fleet and warships to be secured.

A ship is a long-term investment good. A ship-owner or shipping firm only amortises his/hers/its investment after several years. Thus, very few purchasers of ships are able or prepared to finance a ship out of his/hers funds alone. Financing conditions and contract price are paramount considerations for the purchaser in this particular industry. There is thus a vociferous call from firms in the shipbuilding industry for either demand-aiding (aid to ship-purchasers) or supply-aiding (aid to shipbuilders) state support measures.

The calls for subsidies emerge not just from the shipbuilding firms and the ship-owners alone. Workers in shipbuilding firms logically have a vested interest in the sustainability of the shipbuilding industry, and have frequently and persistently agitated for state aid for shipbuilding. At the national shipbuilding conference of IG Metall in March 1978, the union argued that capacity should not in the short term be adapted to low demand which they saw as a cyclical phenomenon. Their preferred strategy was to increase the demand for ships with government measures. They asked the Federal Government to prepare an ‘intermediate plan’ guaranteeing full employment at the shipyards and in the regions in which they were located (IG Metall

1978). The works councils' efforts in the 1980s were also almost exclusively directed towards politicians, and little was said about the role of private enterprise (IG Metall 1982). A study conducted by the University of Bremen in 1980 examined the reaction of shipbuilding workers to the shipbuilding crisis of the late 1970s. This study revealed that the crisis had not been a spur to collective action at a grassroots level directed against the employer. Rather, most workers looked towards the state for some solution to the crisis (Zoll 1980).

The consistent calls for either demand-aiding or supply-aiding government support measures by German shipbuilders, ship-owners and shipbuilding workers exert pressure on both the Federal and Länder governments to provide shipbuilding aid. While it is commonplace for those in declining industries to make vociferous demands for state aid and to be recipients of significant amounts of such financial support, this section has shown how particular characteristics of the shipbuilding industry, including its regional concentration, its associated strategic advantages, the world-wide nature of its market, the unfair trade and business practices of competitor shipbuilding countries, and the inefficacy of traditional trade policy instruments, explain why these demands for state aid are often of key political significance for the relevant government authorities. The following section describes the various measures that the Federal and Länder governments have, in turn, provided to the German shipbuilding industry from the 1960s to 2002.

3.3 GERMAN SHIPBUILDING AID PROGRAMMES, 1961-2002

Since the beginning of the 1960s, the Federal and Land governments have adopted several measures to counteract the trends of declining world market share and loss of employment in the German shipbuilding industry. The following analysis of Federal and Land measures in support of the German shipbuilding industry is meant to serve two purposes. Firstly, one can acquire an understanding of the goals of German shipbuilding policy and the methods and instruments which are employed to achieve those goals. Secondly, such an exercise serves to illustrate the roles played by the Federal Government (*Bundesregierung*) and the regional governments of the Länder (*Länderregierungen*) in the provision of state aid to the shipbuilding industry.

3.3.1 Shipbuilding-Specific Measures

Firstly, the Federal Government supports the German shipbuilding industry via measures that are targeted directly at the shipbuilding industry. This section provides an analysis of the various German shipbuilding aid programmes implemented from 1961 to 2002 in chronological order.

(a) Financing Aid under the *Werfthilfeprogramm* (Shipyard Aid Programme)

There was a fundamental change in ship-financing in Germany in 1961. Until then, it was common that a ship-owner paid the contract price of a ship in instalments between the signing of the contract and the delivery of the ship. Long-term financing of ships only became an option with the introduction of the *Werfthilfeprogramm* by the Federal Government in 1961. Under this programme, the Federal Government provided financing aid to the shipyards for the reduction of the cost of credit to the purchasers of ships by granting interest allowances and interest-reduced loans. The justification of the Federal Government for this financing aid was that it “countervails the competition distortions that are disadvantageous to the shipyards in Germany” as “foreign shipyards receive massive state aid” (Deutscher Bundestag 1985: 127). The financing aid supported individual shipyards and was allocated according to the shipyard’s annual turnover (Deutscher Bundestag 1983).

The *Kreditanstalt für Wiederaufbau* (KfW) provided interest-reduced credits for the financing of ship exports. In the framework of the *Werfthilfeprogramm*, the interest rate for such long-term credits has been as much 2 to 2.5 percentage points below the market interest rate.⁶⁴ Such funding was mixed in that the KfW credits represented 30 to 40 per cent of the amount to be funded (which can be up to 80 per cent of the ship’s selling price). The remainder of the funding came from banks, including the *Schiffshypothekenbank*, *Girozentralen* and *Geschäftsbanken* of the coastal Länder (Bundesministerium für Wirtschaft 1968a). The KfW credits were given in the ratio of 4:1 as purchaser credit directly to the ship-owner and as supplier/vendor credit to the exporting shipyard. The loan part of the

⁶⁴ A two per cent financing aid, *ceteris paribus*, is equivalent to a subsidy value of five per cent of the price of a beneficiary ship, where the subsidy value is calculated as the cash value of the interest savings as a percentage of the selling price.

Werfthilfeprogramm was phased out in 1983. Until then, loans in the amount of a total of DM 1,822 million had been disbursed (Deutscher Bundestag 1985: 127).

This export financing aid was initially supposed to be only for exports of new ships to non-EC countries. The seventh *Werfthilfeprogramm* of 1971 favoured for the first time exports to EC member states. Since 1973, contracts of domestic German buyers could also benefit from this financing aid (Deutscher Bundestag 1973). Such financing aid has also been applied since 1977 to ships delivered under development aid. Such financing aid has been used not only for development aid projects but for so-called “matching cases” as well (Deutscher Bundestag 1979: 117). For instance, when a German shipyard competes with foreign shipyards for a contract and the foreign shipyards are being subsidised by state aid, the German shipyards are correspondingly subsidised. There have been eight extensions of the *Werfthilfeprogramm* between 1962 and 2002. Table 3.8 shows that the amount of aid disbursed under the *Werfthilfe* programme declined steadily between 1985 and 1987 and since 1993.

Table 3.8. *Werfthilfe* disbursed in the Federal Republic of Germany, 1983-2002 (million DM)

Year	Amount of <i>Werfthilfe</i>
1983	289.9
1984	167.6
1985	230.0
1986	200.0
1987	135.7
1988	149.8
1989	169.8
1990	200.8
1991	246.3
1992	289.2
1993	299.5
1994	285.2
1995	284.2
1996	267.3
1997	234.3
1998	208.2
1999	96.5
2000	77.9
2001	70.6
2002	50.5

Source: Deutscher Bundestag (1985: 126), (1989: 106), (1991: 112), (1993: 109-110), (1995: 104-105), (1997: 108-109), (1999: 101) and (2001: 63).

(b) Aid for Financing Adjustment Investments

In 1967, the Federal Government decided to provide aid for financing investment in shipyards. This investment aid programme was only in force from 31 October 1967 until 31 December 1970. The provision of such aid was attached to a number of conditions. The investment had to be for the building of new types of ships or bigger ships, the strengthened transition to section and compact design and series manufacturing, production control or the processing of new materials. Replacement investment and investment for the purpose of expansion of production was not subsidised. DM 70 million was provided from the European Recovery Programme (ERP) budget in the form of interest-reduced credits. This sum represented 25 per cent of the supported investment. A further 25 per cent was provided by the coastal Länder

governments. The rest was financed by the shipbuilding firms themselves (Bundesministerium für Wirtschaft 1968b: 1).

This second shipbuilding aid programme marked a distinct shift in German shipbuilding policy. Unlike the earlier *Werthilfeprogramm*, this aid programme was limited in duration, was not extended and required co-financing by the Länder governments.

(c) *Auftragshilfeprogramm* (Contract Aid Programme)

Contract-related shipbuilding aid was introduced by the Federal Government in January 1979. The contract aid programme that was “conceptualised as a crisis-limited aid” expired as planned at the end of 1981 (Deutscher Bundestag 1985: 46). Shipyards could, when accepting contracts, prearrange a provision of up to 20 per cent of the agreed price. The limit was changed to 15 per cent in 1981. The shipyards were supposed to repay the received aid, up to half of their total profits of the years 1983-1988. The contract aid programme was co-financed by the Federal Government and the governments of the Länder in which the shipyards were located. Three-quarters of the aid came from the Federal Government and one-quarter from the Länder governments. This shipbuilding aid programme provided allowances for the building of “technologically high-order sea-ships” (Deutscher Bundestag 1979: 30). Oil tankers and cargo freighters were excluded from this provision. Otherwise, all other new building of ocean-going ships could be financed so long as the ship had a minimum size of 150 gross tonnes and had more than one hull.

The *Auftragshilfe* programme continued in the same vein as the investment aid programme of 1967-1970. It too was limited in duration and required Länder co-financing. The emerging trend in German shipbuilding policy by 1979 was, therefore, one of the Federal Government increasingly shifting the burden of state support of the shipbuilding industry to the relevant Länder governments.

After efforts of the Länder governments for the continuation of the Federal-Länder government contract aid programme of 1979-1981 failed in the face of opposition from the Federal Government, the coastal Länder governments in October 1983 decided on their own contract aid programme, whereby building-cost grants, from 6 per cent until the end of 1984 and from 4 per cent until the end of 1985, were

provided (Freie Hansestadt Bremen, Freie Hansestadt Hamburg, Land Niedersachsen, Land Schleswig-Holstein 1983).

(d) *Wettbewerbshilfeprogramm* (Competition Aid Programme)

After the order situation for German shipyards worsened further in 1986, the Federal Government introduced the *Wettbewerbshilfeprogramm* (competition aid programme) on 1 July 1987 so that German shipyards could “counter the competition-distorting subsidies of other shipbuilding countries” (Deutscher Bundestag 1987: 103). The programme initially consisted of grants of up to 20 per cent of the contract price in new shipbuilding and conversion of merchant ships. The aid was provided for both domestic and foreign contracts. Unlike contract aid, it was not necessary for shipbuilders to repay competition aid. The Federal Government paid two-thirds of competition aid, and the remaining one-third was provided by the Land in which the contract-receiving shipbuilding firm had its base.

The aid programme was originally planned to expire on 31 December 1990 (Deutscher Bundestag 1987: 103). However, “because of the persistent competition distortions, an extension of the *Wettbewerbshilfeprogramm* for a further two years became necessary” (Deutscher Bundestag 1991: 32). The funding rate was reduced to 9.5 per cent of the contract price for this two-year extension that lasted until 31 December 1992 (Deutscher Bundestag 1991: 112). Since 1994, the Federal Government has been stating that its competition aid programme would expire as soon as the OECD Agreement on Normal Competitive Conditions in Commercial Shipbuilding and Ship-Repair came into force. As this did not come to pass from the initially expected date of 1 January 1996 up to the year 2000, the competition aid programme was extended eight times. Table 3.9 provides the validity periods and the funding rates of these eight extensions of the *Wettbewerbshilfeprogramm*.

Table 3.9. *Wettbewerbshilfeprogramm* – validity and funding rates, 1987-2000

Programme	Validity	Funding Rate (in per cent of contract price)⁶⁵
I	1 July 1987 – 31 December 1990	20
II	1 January 1991 – 31 December 1992	9.5
III	1 January 1993 – 31 December 1994	7.5 and 4.7
IV	1 January 1995 – 31 December 1996	7 and 4.7
V	1 January 1997 – 31 December 1997	7 and 4.7
VI	1 January 1998 – 31 December 1998	7 and 4.7
VII	1 January 1999 – 31 December 1999	7 and 4.7
VIII	1 January 2000 – 31 December 2000 ⁶⁶	7 and 4.7

When the *Wettbewerbshilfeprogramm* was first introduced, the Federal Government was responsible for two-thirds of the funding and the Länder governments for one-third. With the extension of the III. *Wettbewerbshilfeprogramm* for 1993/1994, the rules were changed and the fund allocation became half each by the Federal Government and the Länder (Deutscher Bundestag 1993: 35). In 1995, the proportion of Länder government funding was increased yet further with the Länder governments being responsible for two-thirds of the competition aid and the Federal Government providing one-third of the amount. The changing rules on the funding responsibilities of the Federal and Länder governments provide evidence of the gradual withdrawal of the Federal Government from the provision of shipbuilding aid. The transfer of the greater part of the burden of the provision of shipbuilding aid to the Länder governments has, in fact, made the granting of shipbuilding aid less likely in Germany. Schleswig-Holstein, for example, has not disbursed *Wettbewerbshilfe* since the change of the funding law in 1993. According to the official in charge of shipbuilding affairs in the Bremen Economics Ministry, the Land Bremen did not have enough money to match the funds that the Federal Government was prepared to supply in 2001 and 2002. As such, the allocation to Land Bremen for these years was only half utilised (interview 2).

Just as with the *Werfthilfe* programme, the amount of aid granted under the *Wettbewerbshilfe* programme declined steadily from the early 1990s, as shown in Table 3.10.

⁶⁵ From 1987 to 1992, there was only one funding rate for all ships. From 1993, however, two funding rates were applied: a higher one for new shipbuilding of a contract value of at least DM 10 million and a lower funding rate for new shipbuilding under DM 10 million and for conversions.

⁶⁶ The last extension of the competition aid programme allows for competition aid to be provided for contracts that were completed by 31 December 2000, with deliveries by 31 December 2003.

Table 3.10. *Wettbewerbshilfe* disbursed in the Federal Republic of Germany, 1988-2002 (million DM)

Year	Amount of <i>Wettbewerbshilfe</i>
1988	100.0
1989	121.3
1990	180.0
1991	265.4
1992	167.1
1993	119.7
1994	106.1
1995	110.3
1996	88.0
1997	70.1
1998	70.8
1999	37.1
2000	47.2
2001	86.9
2002	63.9

Source: Deutscher Bundestag (1985: 126), (1989: 106), (1991: 112), (1993: 109-110), (1995: 104-105), (1997: 108-109), (1999: 101) and (2001: 63).

German reunification in 1990 marked a watershed in the development of the German shipbuilding industry.⁶⁷ The basic principle of Article 28 of the Unification Treaty that the new Bundesländer were to be included in the existing rules of the Federal Government on state aid apply to shipbuilding aid as well. The Federal Government launched a separate shipbuilding aid programme for the East German shipyards, known as the *Wettbewerbshilfe Ost* programme in response to German unification. The Länder Mecklenburg-Western Pomerania and Saxony-Anhalt were only responsible for one-third of the funding (Deutscher Bundestag 1991: 113). This *Wettbewerbshilfe Ost* programme which was endowed with a total of DM 779.6 million was in operation from 1991 to 1995 (Deutscher Bundestag 1997: 109). Thereafter, the East German shipbuilding firms were eligible for programmes that applied to the West German firms.

⁶⁷ Refer to Section 5.1 of Chapter 5 for a detailed analysis of the East German shipbuilding industry.

(e) *Reederhilfe* (Ship-Owner Aid) for the Purchase of Merchant Ships

Alongside the direct provision of aid for shipbuilding via financing, contract and competition aid, shipbuilding has also been indirectly supported via measures supporting the demand for shipbuilding. The Federal Government provided aid from 1962 until 1987 to German ship-owners for the purchase of merchant ships.⁶⁸ The grants that the ship-owners were provided amounted to 10 per cent of the cost of new construction and 20 per cent of conversion costs until 1975. The funding rate for new construction was raised to 12.5 per cent in 1975 (Deutscher Bundestag 1987: 123). The accumulation prohibition was abolished in 1976. Until then, a ship-owner could only receive such a grant if the shipyard that had produced the ship had not received any subsidy. With the removal of this prohibition, a ship could in essence be subsidised twice.

Although formally there was no tie between ship-owner aid and the awarding of orders to German shipyards, in practice, the ship-owner aid was provided almost exclusively for shipbuilding orders for German shipyards (Land Schleswig-Holstein 1986: 4). The preferential treatment of German shipyards was to be found in the fact that the aid gave them leeway in price. The shipyards could offer ships to the aided ship-owners that were more expensive than foreign competitors up to the level of the aid, without running the risk of losing the contract. The fact that the ship-owner aid ultimately was primarily an aid to German shipyards is confirmed by the fact that the suspension of ship-owner aid in 1987 was explained by the Federal Ministry of Finance as the shipyards from then on being provided with competition aid (Deutscher Bundestag 1987: 123). Furthermore, the objective of ship-owner aid has been acknowledged by the Federal Ministry of Finance as the ‘funding of the building of merchant ships’ (Deutscher Bundestag 1971: 22).

(f) Tax Allowances for Commission or Acquisition of Merchant Ships

The carriers of merchant ships are provided with tax allowances that indirectly favour shipyards. These include income and corporate tax allowances. For instance, such tax allowances include the reduction of foreign salaries’ unlimited taxability from the commission of merchant ships in international traffic, halving the average

⁶⁸ Initially, the ship-owners only received interest-reduced loans. Later they also received grants for purchases of ships. From 1979, the ship-owner aid was only provided in the form of direct grants.

tax rate (§34c *Einkommensteuergesetz* and §26 *Körperschaftsteuergesetz*) as well as the valuation freedom for merchant ships (§82f *Einkommensteuer-Durchführungsverordnung*).⁶⁹ The property tax rate is favourable for firms that have merchant ships in international traffic (§117a *Bewertungsgesetz*) and they enjoy a reduction of taxable amount (§11 and §13 *Gewerbesteuer*gesetz).

The Federal Ministry of Finance has argued that these measures should improve the competitive situation of sea shipping (Deutscher Bundestag 1985: 222-224). Insofar as the improved competitive position of the shipping carriers results in more ships being ordered at German shipyards without direct shipbuilding allowances, shipbuilding firms in Germany profit as well. The Federal Finance Ministry has argued that from their perspective as aid-provider, this was a further reason for giving such tax allowances (Deutscher Bundestag 1983: 44).

Originally, losses could be allocated in unlimited amounts. For limited partners who participated in shipbuilding, loss allocations of over 300 per cent of the designated capital were allowed. These high percentages that were not reached in most other economic sectors resulted from the freedom of valuation for merchant ships. The participation was almost without risk because the investor, in the case of firm collapse or bankruptcy, only seldom lost money and was even likely to make profits. This was the case until 1985. As the demand for new construction through German contract-givers fell drastically in 1985, the tax allowances were restricted to assigned losses. This new tax regulation restricted the tax loss calculations in the acquisition of limited capital. This change in the general tax environment worsened the financing possibilities of shipbuilding as the attractiveness of new shipbuilding as investment and depreciation objects was diminished. Kiesel (1997: 100) argued that the Rickmers shipyard (which had been successful in obtaining state aid from the City Bremerhaven and Land Bremen) initiated insolvency proceedings in February 1986 as a consequence of the changed tax law on loss allocation.

(g) Guarantees for Own Resources

The Federal and the Länder governments often provide guarantees for credits for financing the building of new ships or larger reconstruction/conversion. For

⁶⁹ This special tax write-off is provided to sea-fishing vessels and aircraft in international traffic as well.

instance, at the beginning of 1985, Land Schleswig-Holstein took over, in addition to the securing of foreign financing, the securing of domestic and own resources for new shipbuilding through Land guarantees. Bremen and Lower Saxony have also adopted such measures since 1985. According to a statement of the Land Government of Schleswig-Holstein, these aids were, in the mid 1980s, the crucial existence basis for its shipyards (Land Schleswig-Holstein 1986).

(h) State Ownership of Shipyards

Individual Länder governments, communes and even the Federal Government have participated as owners of shipyards. For example, in the 1970s, the state-owned Salzgitter steel concern owned 75 per cent of the capital share of Howaldtswerke Deutsche Werft AG and the Land Schleswig-Holstein owned the remaining 25 per cent. In 1984, the Hansestadt Bremen owned shares in Schichau-Unterweser AG in the amount of 39 per cent and 25 per cent in AG Weser. In 1986, the City of Flensburg held 15.5 per cent of Flensburger Schiffbaugesellschaft mbH.

The subsidy element of state ownership of shipyards is to be found in the fact that such enterprises that received public funds would probably not, or only under difficult terms, have found such capital on the capital market. Waivers on the distribution of profits can also be seen as subsidies. For instance, the Land Government of Schleswig-Holstein, as co-owner of Howaldtswerke Deutsche Werft AG, pronounced such waivers on profits in the more profitable years of the firm in the 1970s (Schleswig-Holsteinischer Landtag 1983).

(i) Federal Government as Purchaser for Shipyards

Public orders serve as state support for an industry. There is a subsidy element in such state orders when the price paid by the state is higher than the normal market price or the prices offered by foreign shipbuilders. Contracts funded by the Federal defence budget and development aid projects are important for German shipyards.

- contracts from the defence budget

The *Bundesministerium der Verteidigung* or the Federal Ministry of Defence makes significant expenditures on the procurement and maintenance of naval ships. However, there is no official documentation that the Federal Ministry of Defence is

willing to pay higher prices to German shipyards than to foreign shipyards. On the other hand, the fact that nearly all these orders go to German shipyards must imply favouritism and an indirect subsidy element in the contracts. However, it must be conceded that only very few western industrial countries can meet the cost levels of German shipyards and it is only these countries that have the technological and security-political requirements to fulfil such contracts.

There have been occasions on which the Federal Government has spent more for individual frigates than anticipated at the time of awarding the contract. For instance, this was done to remedy the financial difficulties at Bremer Vulkan. Bremer Vulkan received an additional payment of DM 220 million from the frigate programme of the defence budget of 1981 (Heseler 1983: 113; Lammers 1989: 135).

- **ships as development aid projects**

Ships are often delivered to developing countries as development aid. In the framework of financial co-operation with developing countries, these countries receive grants and generous credits to buy ships from German shipyards. Without such aid, no such contracts would be issued. For development aid delivery cases, the OECD countries are not bound by the conditions of the OECD Understanding on Export Credits for Ships. Thus, the sale of ships to developing countries is much more highly subsidised than ships that are sold to other countries. In such development aid projects, the contract price is often above the market price.⁷⁰

3.3.2 Measures that Are Not Shipyard-Specific

Shipbuilding, apart from sector-specific aid, also receives funds from non-sectoral programmes of the Federal Government.

(a) Regional Support

Subsidy policy also exists within the framework of the Joint Task for the Improvement of Regional Economic Structures (*Gemeinschaftsaufgabe Verbesserung der regionalen Wirtschaftsstruktur*). The shipbuilding industry of Lower Saxony and

⁷⁰ In the mid 1960s, it was found that in 3 out of 20 cases of ship deliveries to Pakistan, the price was over the market price by 33, 35 and 57 per cent (Lammers 1989: 138).

Schleswig-Holstein is located in assisted regions of the regional action programmes 'Nordwest-Niedersachsen', 'Schleswig-Untereibe' and 'Holstein'. The entire eastern coast of Schleswig-Holstein belongs to the *Zonenrandgebiete*.⁷¹ Since many of the shipyards of Schleswig-Holstein are located in the *Zonenrandgebiete*, they can be aided through the investment allowance law. Apart from investment allowances, the assisted regions can also be aided by *Gemeinschaftsaufgabe* funds in the form of investment subsidies and loans from the *Bundesanstalt für Arbeit*.

(b) R & D Aid

Shipbuilding receives aid from the R & D aid programmes of the Federal Government. The emphasis of the Marine Research and Technology Programme (*Meeresforschung und Meerestechnik*) of the Federal Ministry for Education and Research of 1979-1981 was ship technology, and the shipbuilding industry was specifically named as an addressee of funding. The next research programme of the Federal Ministry for Education and Research in favour of the shipbuilding industry came only in 1994 with the "Marine Technology" concept which covered ship technology, shipping and coastal engineering. The "Shipping and Marine Technology for the Twenty-First Century" research programme spanning from 2000 until 2004 followed. Its funding priorities are nautical engineering (upgrading shipping as a mode of transport, boosting the competitiveness of shipyards), shifting transport to coastal waters and inland waterways and marine engineering (Bundesministerium für Bildung und Forschung 2000: 148). The modernisation and rationalisation of the German merchant fleet was facilitated by subsidies within the R & D framework of "The Ship of the Future". Shipbuilding appears to have disappeared from the Federal Government's list of priority sectors for R & D investment after 1981 and re-emerged only in 1994.

⁷¹ The border area of the *Zonenrandgebiete* is territorially defined in the annex to paragraph 9 of the German law referring to the development of the *Zonenrandgebiete* (*Gesetz für Förderung des Zonenrandgebiets vom 5 August 1971*).

3.4 DYNAMICS OF CHANGE IN GERMAN SHIPBUILDING POLICY

Table 3.11 provides a summarised description of the various shipbuilding aid programmes implemented by the Federal and Länder governments from 1961 until 2002.

Table 3.11. German shipbuilding aid programmes, 1961-2002

AID PROGRAMME	DURATION	FUNDED ACTIVITIES	AID RATE	SOURCE OF FINANCING
Financing aid (<i>Werfthilfe</i>)	1961 - 2002	Sale of newly built merchant ships; until 1970 only for deliveries to non-EC countries; from 1971 until 1972, for all deliveries abroad; from 1973, for all domestic and foreign deliveries	For normal deliveries: variable according to conditions on the capital markets; for deliveries to developing countries: at least 25 per cent of the project costs	Federal Government
Adjustment investment aid	31 October 1967 - 31 December 1970	Building of new types or bigger ships, section and compact design series manufacturing	Up to 50 per cent of the supported investment	Federal Government half and Land government half
Contract aid (<i>Auftragshilfe</i>)	1979 - 1981	Building of ocean-going ships with steel hull (minimum size 150 gross tonnes), excluding oil tankers and freighters	Up to 20 per cent of the contract price	Federal Government three-quarters and Land government one-quarter

AID PROGRAMME	DURATION	FUNDED ACTIVITIES	AID RATE	SOURCE OF FINANCING
Ship-owner aid (<i>Reederhilfe</i>)	1962 - 1987	Contracts for building or conversion of merchant ships from German ship-owners	Variable; in 1987, 12.5 per cent of new building costs and 20 per cent of conversion costs	Federal Government
Competition aid (<i>Wettbewerbshilfe</i>)	1987 - 2000	Building or conversion of technologically high-value ships	Up to 20 per cent of the contract price until 1980; up to 15 per cent of contract price in 1981	From 1987 to 1992: Federal Government two-thirds and Land government one-third; 1993: Federal Government and Land government half each; 1994: Federal Government 40 per cent and Land government 60 per cent; From 1995: Federal Government one-third and Land government two-thirds

AID PROGRAMME	DURATION	FUNDED ACTIVITIES	AID RATE	SOURCE OF FINANCING
Shipbuilding grants (coastal Länder programme)	1983 - 1985	Building of sea-going ships with metal hull (minimum size 150 gross tonnes), excluding oil tankers and freighters; conversion of ships with metal hull (minimum size 1000 gross tonnes)	1983-1984: 6 per cent of contract price; 1985: 4 per cent of contract price	Land government

Source: Author's compilation based on various issues of *Subventionsberichte*.

Systematic analysis of these German shipbuilding aid programmes reveals several trends. Figure 3.1 presents the shipbuilding aid programmes in force over this period.

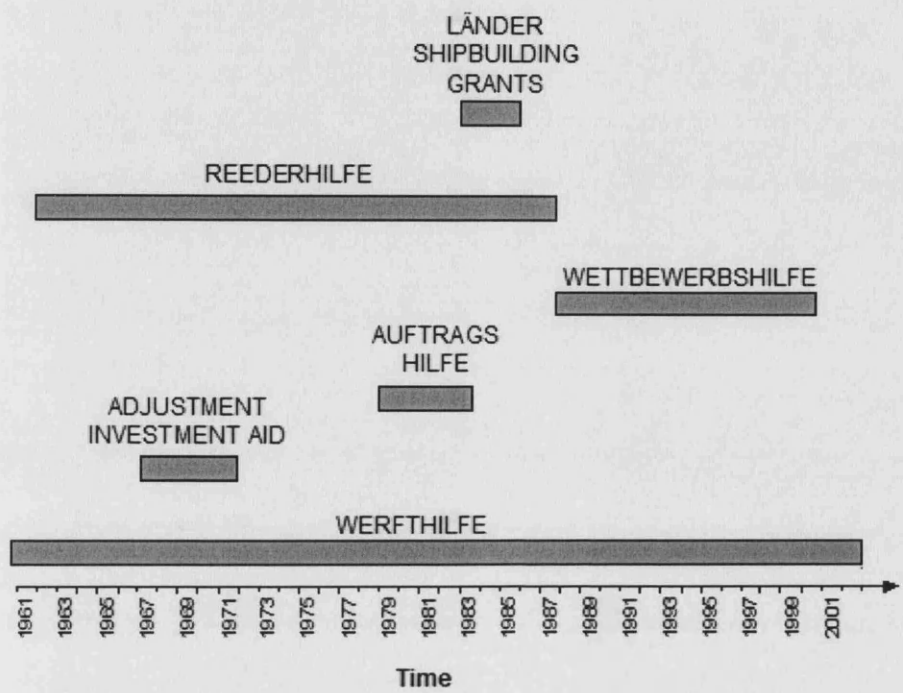


Figure 3.1. German shipbuilding aid programmes, 1961-2002

Firstly, there has been a decline in the number of such programmes offered over the time period studied. Not only has there been a decline in the number of shipbuilding aid programmes in force, the funding rates of these programmes have also fallen over time. For instance, in 1982, Germany reduced its upper limit for interest reduction from 2.5 to 2 per cent (VSM 1982: 18). Because of the low market interest rate in recent years, no new commitments have been made by the Federal Government in terms of *Werfthilfe* since 2000. The funds provided in the budget plan of 2001 were meant only for the execution of obligations made earlier (Deutscher Bundestag 2001: 33). The aid rate of the *Auftragshilfeprogramm* (contract aid programme) was reduced from 20 to 15 per cent in 1981. The aid rate of the shipbuilding grant programme of the coastal Länder was also reduced from 6 to 4 per cent of contract price in 1985. As discussed earlier, the types and amounts of losses that are subject to tax allowances have also been restricted. Moreover, the state ownership of shipyards, which was once an important way of supporting the

shipbuilding industry, has all but disappeared in Germany since the mid 1990s. Furthermore, more conditions have been attached to the provision of shipbuilding aid. Both the adjustment investment aid and the *Auftragshilfe* (contract aid) programmes impacted directly on the activities of the shipyards by encouraging the construction of particular types of vessels and by specifying production techniques and requirements. The *Wettbewerbshilfe* (competition aid) programme, for instance, only funded the production of technologically high-value ships.

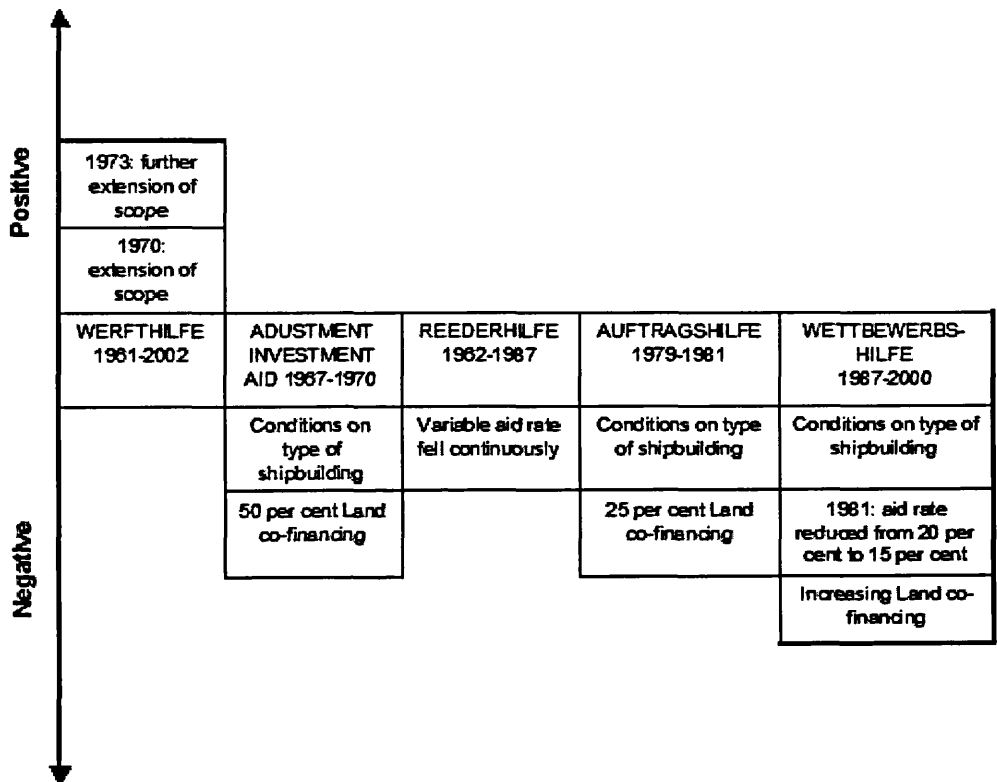
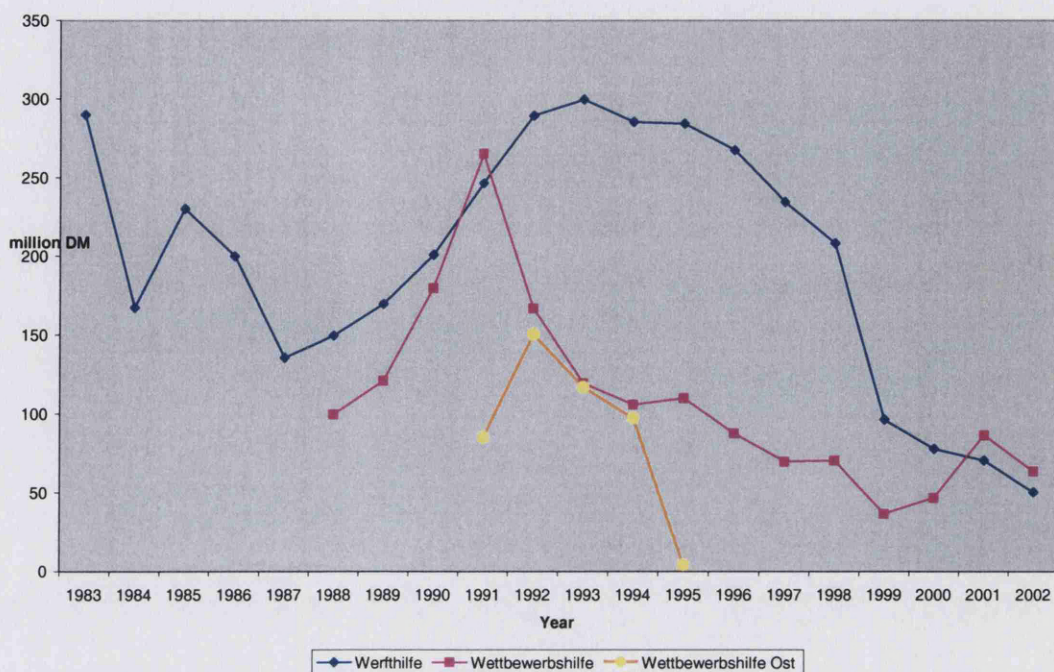


Figure 3.2. Assessment of German shipbuilding aid programmes, 1961-2002

Figure 3.2 graphically presents the increasing conditionality and stringency of German shipbuilding aid programmes over time. On balance, these various programmes have become less favourable for German shipbuilding firms over the past forty years.

The amounts of state aid disbursed under the various programmes have also fallen over time. Graph 3.3 presents the amount of *Werfthilfe* and *Wettbewerbshilfe* disbursed from 1983 to 2002. These statistics show that there has been a downward trend in the amounts of both types of aid disbursed.

Graph 3.3: German Shipbuilding Aid, 1983-2002 (million DM)



Source: Author's compilation based on figures from Deutscher Bundestag (1985: 126), (1989: 106), (1991: 112), (1993: 109-110), (1995: 104-105), (1997: 108-109), (1999: 101) and (2001: 63).

Table 3.12 shows that while shipbuilding aid was climbing in the ranking of different types of aid in Germany in terms of amount disbursed until 1992, it has fallen in such ranking since 1994. Furthermore, Table 3.12 shows that the amount estimated for shipbuilding aid in the Federal budget drafts fell from 1992 onwards.

Table 3.12. Ranking of shipbuilding aid in Germany and amounts estimated for shipbuilding aid in Federal Government budget drafts, 1986-2000

Year	Ranking of Shipbuilding Aid	Estimates of Shipbuilding Aid in Federal Budget Drafts (million DM)
1986	17	200
1988	11	280
1990	10	375
1992	9	707
1994	10	515
1996	11	442
1998	15	291
2000	15	260

Source: Deutscher Bundestag (1985: 26), (1987: 26), (1989: 26), (1991: 20), (1993: 26), (1995: 18), (1997: 17) and (1999: 20).

The second important observation that emerges from the analysis of the German shipbuilding aid programmes is that the 'burden' of supporting the German shipbuilding industry appears to have shifted from the Federal Government to the Länder governments. As discussed earlier, when the *Wettbewerbshilfeprogramm* was first introduced, the Federal Government was responsible for the major part of the funding. With the extension of the III. *Wettbewerbshilfeprogramm* for 1993/1994, the rules were changed and the fund allocation became half each by the Federal Government and the Länder governments (Deutscher Bundestag 1993: 35). In 1995, the proportion of Länder government funding increased yet further with the Länder governments being responsible for two-thirds of the *Wettbewerbshilfe* aid and the Federal Government providing only one-third of the amount. Moreover, the later shipbuilding programmes required the Länder governments' participation in the provision of funding to a fairly significant degree. The Federal Government's share of shipbuilding aid until the 1970s has been estimated to be more than 95 per cent. However, since 1979, the engagement of the coastal Länder governments increased significantly to 19 per cent in 1984 (Gutowski, Thiel and Weilepp 1984: 39).

The Länder have also provided ad-hoc state aid for individual shipyards. For example, the Land Government of Schleswig-Holstein supplied DM 93 million to cover the losses of Howaldtswerke Deutsche Werft AG from 1983 to 1985 (Land

Schleswig-Holstein 1986). In 1988, the Land government provided a further DM 37.5 million to this same firm to cover a part of the losses from an order for the construction of three container ships for a purchaser from the USA (Landeshaushaltsplan Schleswig-Holstein 1988). In December 1981, the Bremen Senate provided state aid to Bremer Vulkan which faced bankruptcy after miscalculations on a luxury cruiser and as a general contractor for a frigate programme of the Federal Navy (Stråth 1987: 246). As discussed in Chapter 5, the Land Government of Bremen has been a provider of significant amounts of shipbuilding aid to the Bremen shipbuilding firms, including Bremer Vulkan Verbund AG. The Federal Government, on the other hand, has not provided significant amounts of such ad-hoc aid to shipyards in crisis since the mid 1980s.

Shipbuilding has been a matter of relatively small importance at the Federal level but of much greater significance in the coastal Länder. Thus, the intensity of the debate has often been between the levels of government (*Bund* and Land). The strong demands for government intervention at the local level, where the crisis has been more immediately experienced, have been 'mentally diluted' in the higher levels of the hierarchy which also had to consider the problems of many other German industries.

This chapter has traced the content of German shipbuilding policy from the 1960s to 2002. The main observation is that there has been a decline in government support for the German shipbuilding industry over this period. Initially, during the 1960s and 1970s, the demands of the union and the shipbuilding firms were positively received by the Federal Government.⁷² However, by the mid 1980s, the strength of the constituency pressuring the Federal Government for the provision of shipbuilding aid had declined.⁷³ The predominant view of the shipbuilding industry in the 1990s was that a German industrial policy concept in favour of shipbuilding was lacking (Heseler 1993; Hecht *et al.* 1995). A study commissioned by the German shipbuilding association and the Federal Government found that "German shipbuilding has no recognisable agreed policy ... and this has in recent years led to uncertainty of the shipbuilding industry" (Little and Berger 1993: 87).

⁷² The Federal Minister of Finance, Hans Matthöffer, stated in 1978, "By and large, we made the industry's proposal our own" (Bundesministerium für Wirtschaft 1978).

⁷³ The former chairman of the board of directors of Howaldtswerke Deutsche Werft commented in 1984, "There is no functioning restoration concept for shipbuilding in Germany any more" (*Handelsblatt*, 1 February 1984).

Secondly, there has been a greater sharing of the responsibility of providing shipbuilding aid between the Federal and Länder governments over time. This second trend has served to make the provision of shipbuilding aid in Germany more complex and thus less likely.

3.5 INSTITUTIONAL RESPONSE OF GERMAN PUBLIC ACTORS TO EU SHIPBUILDING POLICY

The response of German public actors to EU shipbuilding policy has not been limited merely to adaptation in terms of shipbuilding policy content. The Federal Government has also responded in institutional terms. The First National Maritime Conference in Germany was held in June 2000. This conference was the initiative of Federal Chancellor Gerhard Schröder who, as a former Prime Minister of Lower Saxony, has intimate knowledge of the German maritime sector. A consensus emerged at this conference in Emden that new initiatives and incentives were required to stabilise and strengthen the maritime sectors of the shipbuilding, shipping, ports and ancillary industries and services.

Federal Chancellor Schröder appointed Secretary of State of the Federal Ministry of Economics and Labour, Dr. Axel Gerlach, as Co-ordinator of the Maritime Economy in 2001 with a view to co-ordinate the maritime efforts of all competent Federal and Länder industries.⁷⁴ That same year, the Federal Government endorsed the 'Guidelines for Promoting the Maritime Industry' that were proposed by the Maritime Co-ordinator. A steering committee (*Lenkungsgruppe*) composed of the Secretaries of State of Federal ministries with maritime competencies was set up. These ministries are the Federal Ministry of Economics and Labour, the Federal Ministry of Finance, the Federal Ministry of Transport, Building and Housing, the Federal Ministry of Education and Research, and the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety. So was an expert group (*Fachgruppe*) with representatives from the maritime industries and the Länder governments. Special thematic groups (*Themengruppe*) on shipbuilding policy, networking and image-building have been formed. The series of national maritime conferences has also continued. The second such conference was held in Rostock-

⁷⁴ Georg-Wilhelm Adamowitsch took over as Co-ordinator of the Maritime Economy in July 2003.

Warnemünde on 6 November 2001 and the third in Lübeck on 26 May 2003. Achievements of the Maritime Co-ordinator include a new concept for maritime safety in Germany and a shipping promotion programme. He has also been credited with successfully persuading the EU to lift the capacity limits on the East German shipyards.⁷⁵

The Federal Ministry of Education and Research has set up 'Ma-tec-netz.de', a network of public and private actors in the shipping and maritime technology industries. It was this forum that formulated and proposed the R & D programme "Shipping and Maritime Technology for the 21st Century" to the Federal Government. A second network, the *Deutsches Maritimes Kompetenz Netz*, consisting of partners from industry and government institutions, has also been established. These German maritime networks provide evidence of the Europeanisation of German public actors. These networks closely resemble the Maritime Industries Forum (MIF) that is discussed in further detail in Chapter 4 and that was established jointly by the European Commission and European shipbuilding firms.

3.6 EUROPEANISATION OF PUBLIC ACTORS IN THE GERMAN SHIPBUILDING INDUSTRY

The analysis of German shipbuilding policy over time reveals that there has been a decline in the number of German shipbuilding aid programmes, and that whatever programmes were implemented became less generous over time, with conditions attached to the granting of aid and lower funding rates. This is entirely in keeping with the trends in EU shipbuilding policy. The juxtaposition of German and EU shipbuilding policies thus reveals that there has been successful downloading of EU policy onto the German policy template. For instance, Germany has incorporated the EU policy objective of progressively reducing the aid rate allowed in its *Wettbewerbshilfeprogramm*. As can be seen from Table 3.13 which presents the German and EU upper limits on shipbuilding aid rates from 1987 to 2002, the German upper limit on its shipbuilding aid rate has consistently been below the EU limit over this period.

⁷⁵ 'Promoting the Maritime Industry', The Press and Information Office of the Federal Government of Germany, <http://www.bundesregierung.de/en/News-by-subject/International-,11127/Promoting-the-Maritime-Industr.htm>, 22 August 2001.

Table 3.13. German and EU upper limits on shipbuilding aid rates compared, 1987-2002 (per cent)

Year	German Upper Limit on Aid Rate	EU Upper Limit on Aid Rate
1987	20.0	28
1988	20.0	28
1989	20.0	26
1990	20.0	20
1991	9.5	13
1992	9.5	9
1993	7.5	9
1994	7.5	9
1995	7.0	9
1996	7.0	9
1997	7.0	9
1998	7.0	9
1999	7.0	9
2000	7.0	9
2001	7.0	9
2002	7.0	9

Source: Author's compilation based on Council Directives and Regulations and various issues of *Subventionsberichte*.

Germany has thus been very compliant in adapting its domestic law to conform to EU law. If Europeanisation is taken to refer to the adaptation of domestic policy to match EU policy, and EU shipbuilding policy is understood as limiting state aid, then there has been significant Europeanisation of German shipbuilding policy content.

The EU initiative of linking the maritime transport sector to the shipbuilding industry has also been pursued by the German government. The impact of the EU shipbuilding R & D policy on the German government can also be seen in the implementation of the German R & D programme 'Marine Technology' in 1994 and of the R & D programme 'Shipping and Marine Technology for the Twenty-First Century' spanning from 2000 to 2004. The R & D programme introduced by the Federal Government in 2000 linked the shipping and shipbuilding sectors together in its allocation of aid.

The objectives behind the German R & D programmes in ship technology and shipping are to strengthen the competitiveness of the maritime industry, improve the traffic situation in Germany and Europe via intensified use of waterways and to reduce environmental stresses caused by ship transport (Bundesministerium für Bildung und Forschung 2002: 242). These objectives mirror those of Council Regulation No. 1540/98 and of the White Paper on European Transport Policy 2010.

These have been the ways in which German public actors – the Federal and Länder governments – have responded to EU shipbuilding policy.⁷⁶ The decline in the generosity of German shipbuilding aid programmes and the increasing conditionality of such aid throughout the 1980s and 1990s has made the context in which German shipbuilding firms operate less favourable. The national framework conditions in which they are expected to conduct business have become increasingly stringent over time.

However, this is only the first half of the tale of ‘EU action - German reaction’ in the shipbuilding policy field. As discussed in Chapter 2, EU shipbuilding policy in the 1990s has been marked by attempts to revive the European shipbuilding industry. Whilst it was perceived to be and treated as a declining sunset industry in the 1970s and 1980s, the European shipbuilding industry since the mid 1990s has been the fortunate recipient of EU initiatives aimed at its growth and increased global competitiveness. The European Commission took a constructive view of subsidies in the shipbuilding sector during the 1990s, allowing EU shipbuilders and ship-operators to compete with third-country firms.

In 2000, the German government raised aid for the shipbuilding sector by DM 80 million to DM 320 million. Länder resources brought the total amount of available funds to just below DM 1 billion. The Federal Government has also actively supported the EU Commission in enforcing the Shipbuilding Agreement signed by the EU Commission and the South Korean government. The German Maritime Co-ordinator has consistently urged the EU to create a legal basis for the continuation of shipbuilding subsidies if the OECD shipbuilding agreement does not restore fair market conditions to international shipbuilding. Furthermore, the German government

⁷⁶ There are, without doubt, domestic factors that explain these changes in German shipbuilding policy. This thesis, however, focuses on the impact of European integration in the shipbuilding policy field on the corresponding German policy field and on its public and private actors.

has pressed the EU Commission to take appropriate steps under the WTO in the event that the agreement between the EU Commission and South Korea failed.⁷⁷

The creation of a maritime department within the Federal Economics Ministry, the appointment of a Maritime Co-ordinator and the opening of a Short Sea Shipping Promotion Centre Deutschland in July 2001 are the various ways in which the German Government has responded to EU initiatives to revive the European shipbuilding and shipping industries. The Federal Ministry of Economics and Technology, in conjunction with the VSM, held a workshop on Co-operation in the Maritime Industry on 5 April 2001. It consolidated the results of the first German maritime conference in Emden. This was the first such form of co-operation between a Federal ministry and the German shipbuilding association. A second workshop on 'Initial and Continuing Training in the Maritime Industry' was conducted the following year.

The Federal Government has also decided to launch an interim programme to subsidise German shipping companies directly from 2001 to 2005. The government is again allocating funds for German maritime shipping in the budget plan which extends to 2005. The German government has also provided funds to support EU co-ordinated wreckage actions. The Federal Government provided DM 60 million in wreckage premiums from 1995 to 1997 to assist the EU programme of wrecking German inland ships on the waiting list (Deutscher Bundestag 1995: 124).

The Europeanisation of public actors in the German shipbuilding policy field has been analysed in terms of policy content and initiatives in favour of the shipbuilding industry. The concept of policy misfit appears of limited use to this study of Europeanisation as both the EU and German shipbuilding policies do not send unitary messages on the question of state support for the shipbuilding industry. This chapter has highlighted the importance of distorted competition on the world shipbuilding market and salient characteristics of the shipbuilding industry in explaining the policies adopted. German shipbuilding policy has been 'Europeanised', not because there was a 'fundamental misfit' but because the prescriptions of the EU addressed the shipbuilding issues of the day.

⁷⁷ 'Promoting the Maritime Industry', The Press and Information Office of the Federal Government of Germany, <http://www.bundesregierung.de/en/News-by-subject/International-,11127/Promoting-the-Maritime-Industr.htm>, 22 August 2001.

Chapter Four

FROM THE DOMESTIC TO THE EUROPEAN UNION: REORIENTATION OF GERMAN SHIPBUILDING FIRMS

While EU shipbuilding aid policy impacts on national and regional governments in that it circumscribes the state aid they award to the shipbuilding industry, it is the shipbuilding firms themselves that ultimately ‘bear the brunt’ of such EU legislation. EU shipbuilding aid policy determines the type and amount of state aid that shipbuilding firms receive from their national and regional government bodies and thereby influences their business activity. The opportunities and constraints of EU shipbuilding policy, in combination with those of German shipbuilding policy, have affected the actions and strategies of German shipbuilding firms. It is important to explore the responses of the private actors – the German shipbuilding firms, the actual recipients of the shipbuilding aid – to fully understand the various dimensions of Europeanisation at work in the German shipbuilding industry.

Chapter 2 has shown the declining support given both by the Federal and Land governments to the German shipbuilding industry over time, as manifested in policy terms. There has been a decline in the number and in the generosity of German shipbuilding aid programmes, and an increasing number of conditions have been attached to the provision of state aid. This has made the national framework conditions (*Rahmenbedingungen*) under which the German shipbuilding industry operates increasingly difficult.

The predominant view of the shipbuilding industry in the early 1990s was that a German industrial policy concept in favour of shipbuilding was lacking (Heseler 1993). The European Commission was seen to be more successful in integrating the shipbuilding sectoral policy into a maritime industrial policy concept that was favourable for the competitiveness of the German shipbuilding industry. The contention of many German shipbuilding firms was that “a comparable industrial policy concept as that of the EU is still lacking for the German shipbuilding industry”

(Hecht *et al.* 1995: 23). This chapter explores the Europeanisation of German shipbuilding firms in terms of their reorientation from the domestic context to the EU. The drivers of these Europeanisation processes are investigated by analysing the contributions of European shipbuilding associations to the strengthening of the competitiveness of the European shipbuilding industry.

4.1 INTEREST REPRESENTATION BY GERMAN SHIPBUILDING FIRMS

State aid is, by definition, granted by state authorities and thus, it is a logical conclusion that the German shipbuilding industry requests its Federal and Land governments to grant it more state aid. However, the provision of state aid in EU member states is, as discussed before, controlled by the EU and policed by the European Commission. Thus, the EU creates an overarching framework in which state aid can be provided in the member states.

The German shipbuilding industry accordingly represents its interests to the EU and its institutions. German shipbuilding firms can pursue one or more of the following four strategies to represent their interests to the EU. A German shipbuilding firm can represent its interests to the EU directly on an individual basis via an EU lobby office. Another option is for the German firms to coalesce as an interest grouping in the form of the German shipbuilding association, and employ one, both or all of the following three approaches in their EU interest representation activity. Firstly, the German shipbuilding association can represent the interests of the German shipbuilding industry directly to the EU institutions. Secondly, it can form new or join existing EU interest groupings. Thirdly, the German shipbuilding association may choose to focus its interest representation efforts on the relevant German government institutions, and then entrust these German government bodies to voice the interests of the German shipbuilding industry to the EU institutions.

Several authors have studied how national actors strive to channel their interests into the EU policy-making process (Mazey and Richardson 1993, 1996; Marks and McAdam 1996; Aspinwall and Greenwood 1998). As Richardson (1999: 22) argues, the empirical fact is that “the centre of gravity of lobbying has shifted from the national to Brussels, simply because that is the locus of many public policy

decisions nowadays”. The literature on European pressure groups addresses both the formation and consolidation of European-level associations, and also the Europeanisation of domestic groups (Mazey and Richardson 1993; Cowles 2001). Much of this literature attributes the Europeanisation of interest representation to the benefits of membership of EU-level groups and the costs of non-membership for firms (van Schendelen 1993; Greenwood 1995, 2002; Aspinwall 1998; Aspinwall and Greenwood 1998; Jordan 1998). However, this thesis argues that it is also important to consider the industry’s characteristics, the issues confronting it and industry’s assessment of the efforts of the domestic authorities to address these issues to understand the Europeanisation processes of German shipbuilding firms.

The following sections analyse the activity and performance of the German and European shipbuilding associations, and examine the trends in orientation of the German shipbuilding industry in terms of its focus of interest representation. By studying the participation of German shipbuilding firms in European shipbuilding associations, this chapter explores the Europeanisation of the German shipbuilding industry in terms of the reconfiguration of the constellation of the actors and of their interactions in interest representation activity.

4.2 PARTICIPATION OF GERMAN SHIPBUILDING FIRMS IN GERMAN AND EUROPEAN SHIPBUILDING ASSOCIATIONS

Relations between the German shipbuilding industry and the EU are conducted via shipbuilding associations. In the case of the German shipbuilding industry, there is the national shipbuilding association, the *Verband für Schiffbau und Meerestechnik* (VSM) or the German Shipbuilding and Ocean Industries Association. Then, there are European associations in which the national shipbuilding associations and the shipbuilding firms of EU member states come together. This section provides an overview of first the German, and then the European, shipbuilding associations of which German shipbuilding firms are members.

4.2.1 *Verband für Schiffbau und Meerestechnik* (VSM) – German Shipbuilding and Ocean Industries Association

The *Verband für Schiffbau und Meerestechnik* (VSM), which is based in Hamburg, represents the political and commercial interests of the German maritime industry which is made up of shipyards building ocean-going and inland waterway vessels and marine equipment suppliers. According to its statutes, the responsibilities of the German shipbuilding association include providing members with specialist advisory and support services, and representing their interests in public and vis-à-vis political institutions. The VSM also promotes technical and commercial developments in the shipbuilding and ocean industries in Germany.⁷⁸

The VSM represents its members nationally and internationally. It is a member of the *Bundesverband der Deutschen Industrie e. V.* (BDI), the Federation of German Industries, of the major European shipbuilding organisations, namely the Committee of European Union Shipbuilders' Associations (CESA), the Association of European Shipbuilders and Ship-Repairers (AWES) and the European Marine Equipment Council (EMEC). In 2003, the VSM had 120 members. The VSM's work is performed by specialist committees that deal with issues affecting the shipbuilding sector, for instance in the fields of law, financing, technology and marketing.

The VSM does not, however, include any department or committee dedicated to relations with the EU. It also does not have a representative office in Brussels. Thus, there has been no tangible manifestation of the Europeanisation of the German shipbuilding association in terms of its organisational structure. There is also very little documented official bilateral interaction between the VSM and the European Commission. Apart from not having a physical presence in Brussels, the VSM does not declare relations with the EU and direct representation of its interests to the EU institutions to be a primary function. This is confirmed in its statutes and in its limited bilateral relations with the EU institutions.

The annual reports of the VSM from 1980 to 2002, while replete with comments about the advantages and disadvantages of EU shipbuilding policy for the German shipbuilding industry, do not include any reference to bilateral meetings with the European Commission. Officials in the European Commission too have not admitted to having very close relations with the VSM. As an official in the

⁷⁸ The statutes of the VSM can be found at the URL <http://www.vsm.de/mainpage.htm>

Competition Directorate-General said, “We are very happy to talk with the German shipbuilding association but when we have organisations like CESA, AWES and especially the MIF, there’s really very little point” (interview 3).

This is, of course, not to deny the continued relevance of the German shipbuilding association. As will be shown later in this chapter, the VSM is of particular significance to German shipbuilding firms that approach the European shipbuilding associations via their national association and then, represent their interests on the European stage as a national group rather than as individual firms. The remainder of this section now turns to the analysis of the European shipbuilding associations.

4.2.2 Committee of European Union Shipbuilders’ Associations (CESA)

National shipbuilding associations of EU member states have the right to admission to the Committee of European Union Shipbuilders’ Associations (CESA). In addition, Norway and Poland are associated members.

According to its statutes, the purpose of CESA is:

- to intensify the co-operation amongst the shipyards of the national member associations of shipbuilders and ship-repairers in Europe;
- to promote the interests of the shipbuilding and ship-repair industry within Europe and to study any matters which the shipbuilding and ship-repairing industry of Europe is faced with;
- furthermore, AWES shall participate in and/or promote any studies;
- as a general rule, to make any endeavour in order to maintain and promote the activity of the shipbuilding and ship-repair industries in the countries of Europe.⁷⁹

CESA consists of working groups on R & D (COREDES), on market monitoring, on co-operation, on social dialogue and a trade barrier regulation task force. CESA has itself declared that it promotes its policies with the authorities of the European Union regarding shipbuilding, ship-repair and marine industries, and promotes initiatives and supports them with other organisations or institutions outside the EU. CESA opened its Brussels office in September 2000.

⁷⁹ This can be found at the URL <http://www.cesa-shipbuilding.org/index.phtml>

A breakdown of the shipyards that are members of CESA in 2003 shows that the Germany has the largest share of CESA’s shipyard membership with 24.4 per cent. Germany only accounted for 11.6 per cent of the shipbuilders and ship-repairers in the AWES member countries in 2003. This indicates that German shipbuilding firms display a keen interest in the membership of CESA.

Table 4.1. Membership of CESA by country, 2003

COUNTRY	NUMBER OF SHIPYARDS	PERCENTAGE OF TOTAL MEMBERSHIP
Germany	60	24.4
Netherlands	53	21.5
United Kingdom	53	21.5
Spain	30	12.2
Italy	21	8.5
Denmark	11	4.5
France	9	3.7
Greece	3	1.2
Finland	2	0.8
Ireland	1	0.4
Portugal	1	0.4
Norway	1	0.4
Poland	1	0.4
TOTAL	246	100.0

Source: Author’s calculations from http://www.cesa-shipbuilding.org/shipyard_ub.phtml, accessed on 1 November 2003.

4.2.3 Association of West European Shipbuilders and Ship-Repairers (AWES)

The purpose of the Association of West European Shipbuilders and Ship-Repairers (AWES) is identical to that of CESA, with the qualification that AWES consists of European, both EU and non-EU, shipbuilding associations. National shipbuilding associations of European countries have the right to admission. Apart from Germany, associations of the following countries are members of AWES: Croatia, Denmark, Finland, France, Greece, Italy, the Netherlands, Norway, Poland, Portugal, Romania, Spain and the United Kingdom. Norway and Poland have full member status in AWES, as opposed to only associate membership in CESA. Furthermore, Croatia and Romania are members of AWES while they are not

represented in CESA. The broader membership of AWES allows it to incorporate the concerns of these countries which are not member states of the EU. AWES thus provides a platform on which the German shipbuilding industry acquires knowledge of the nature and of the interests of competitor shipbuilding industries, that may possibly at some stage, become part of the EU shipbuilding industry. The Secretary-General of CESA and the Director of AWES have traditionally been the same person. AWES includes a working group on substandard ships, one on market and forecast, an interyard co-operation group on ship-repair, a delegation to the International Maritime Organisation (IMO), and a delegation to the OECD.⁸⁰

Just as with CESA, Germany has the largest share of the shipyard membership of AWES with 23.5 per cent. This points to a similar assessment as with CESA – German shipbuilding firms account for a larger share of European shipbuilding associations than statistics on the size of the industry in terms of the number of enterprises would suggest.

Table 4.2. Membership of AWES by country, 2003

COUNTRY	NUMBER OF SHIPYARDS	PERCENTAGE OF TOTAL MEMBERSHIP
Germany	60	23.5
Netherlands	53	20.8
United Kingdom	53	20.8
Spain	30	11.8
Italy	21	8.2
Denmark	11	4.3
France	9	3.5
Romania	6	2.4
Croatia	3	1.2
Greece	3	1.2
Finland	2	0.8
Ireland	1	0.4
Norway	1	0.4
Poland	1	0.4
Portugal	1	0.4
TOTAL	255	100.0

Source: Author's calculations from <http://www.awes-shipbuilding.org/>, accessed on 1 November 2003.

⁸⁰ Information on AWES can be found at the URL <http://www.awes-shipbuilding.org/index.phtml>

4.2.4 Maritime Industries Forum (MIF)

The Maritime Industries Forum (MIF) was created in 1992, jointly by the European Commission and representatives of the maritime industries in EU member states. The intention was to exchange views on a European maritime strategy and to bring shipbuilding and shipping on the map (Maritime Industries Forum 2000a). The then Commissioner Martin Bangemann and Dr. Friedrich Hennemann, the chairman of the board of directors of the German shipbuilding group, Bremer Vulkan Verbund AG, had an important role to play in this initiative.

Talks began in 1991 between Commissioner Martin Bangemann and Dr. Friedrich Hennemann on the creation of a European Maritime Forum. Looking to the ESA, the European Space Agency, Dr. Hennemann envisaged a similar grouping for the maritime industry, an EMA, so to speak, or a European Maritime Agency. Shipyards, sub-contractors, suppliers, ship-owners and maritime research institutes constitute a network of interest in the shipbuilding sector. Dr. Hennemann knew this well and wanted to institutionalise it on the European level.

Commissioner Martin Bangemann was a partner with whom Dr. Hennemann could create such a European agency for maritime affairs.⁸¹ Bangemann was the Vice-President of the European Commission and Commissioner for Industrial Affairs at the time. He had, over the years, been perceived to be in favour of the European shipbuilding industry while Federal Economics Minister Möllemann had appeared strictly against shipbuilding aid. As such, the national governmental avenue to the creation of a European maritime agency did not seem to be a particularly attractive option. Direct contact with the European Commission appeared to be a much smoother path to take.

Thanks to his good relationship with European Commissioner Bangemann, Dr. Hennemann succeeded in placing his maritime and economic visions in Brussels. The relations between Bremen and Brussels in the persons of Dr. Hennemann and Commissioner Bangemann had clear effects on their approach to shipbuilding. Dr.

⁸¹ Martin Bangemann had been a member of the Deutscher Bundestag from 1972 to 1978, Member of the European Parliament from 1973 to 1984, Federal Minister of Economic Affairs from 1984 to 1988, member of the Deutscher Bundestag from 1986 to 1989, Vice-President of the European Commission, responsible for the internal market, industrial affairs and relations with the European Parliament from 1989 to 1993 and Member of the European Commission, responsible for industrial affairs and information and telecommunication technologies from 1993 to 1994.

Hennemann's vision of the future of the oceans can be found in the maritime industrial policy schemes of Bangemann's term of office in the European Commission. These included the focus on marine resources, maritime transport policy and energy reserves. Dr. Hennemann's vision of the sea as a living space appeared regularly in the lectures and writings of Bangemann. Bangemann often argued that the EU needed a reliable and efficient fleet so as not to be dependent on the outside world, especially in times of crisis (Bangemann 1992). Bangemann supported Dr. Hennemann's vision of the development of a maritime future with R & D funds from the EU. This spanned from interest in life on the sea to increased use of hydro-energy. After the decline in trade of armaments technology, the maritime sector became the new focus of R & D in the EU during Bangemann's term of office in the EU.

Many of the principles of the EU R & D framework programmes in the shipbuilding sector were identical to the ideas proposed by the Bremen Senate to the Federal Government in previous years. The fact that Bremer Vulkan was the largest shipbuilding firm in Bremen placed it in a prime position to provide economic concepts and strategy papers to the Land Government of Bremen. The latter often passed these on to the Federal Government.⁸²

Members of the MIF include representatives from the European shipbuilding industry, the national shipbuilding associations of EU member states, the European Commission, the European Parliament and regional bodies, together with affiliated organisations and observers. The main objective of the MIF is to address topics which are of common interest to the maritime industry sectors, and which seek to enhance their competitiveness.

The Forum functions via working groups which were initially led by the Commission services, and later by specialist panels with industry chairmen. Once the MIF had been firmly established and it had a sizable membership base, the leadership functions could be transferred to representatives of the industry themselves. Both Commission officials and industry leaders felt that it was preferable for the firms to be steering the forum to create an environment in which representatives of the maritime sector felt comfortable to express their views in a "direct, unbiased and unfiltered

⁸² Philipp (1998: 35) provides a colourful description of the personal links between Dr. Hennemann and Martin Bangemann. He reports that the Ministerial Director responsible for shipbuilding in the Federal Economics Ministry, Melitta Büchner-Schöpf, was often surprised by the arguments of the European Commission with regard to shipbuilding as they looked very much like arguments she had received from the Bremen Senate and very similar to papers published by the department for firm planning and strategy of Bremer Vulkan.

way” (interview 4). The MIF functions by means of annual plenary sessions. The achievements of the working groups, together with the conclusions of each plenary session, are presented in the proceedings of the respective plenary sessions. The MIF is guided by a steering committee, under which a co-ordination group provides day-to-day management of the work of the Forum. The cost of the various panels is met by the participants. The annual meetings are organised and paid for by the European Commission.

The MIF has the following mission statement:

- provide a permanent interface to the Commission for the industry, in particular SMEs;
- foster the creation of synergies between maritime activities in various sectors;
- provide input to the political debate and support the decision-making process;
- improve the involvement of member states in maritime policies;
- keep the European Parliament advised of developments/problems of maritime industries and involve MEPs where appropriate;
- maintain and promote a competitive maritime cluster for Europe, including maritime know-how, and
- enhance the visibility of maritime industries towards the general public.⁸³

The goals and priorities of the MIF are thus more concretely formulated than those of AWES and CESA. The MIF also makes more specific and targeted reference to relations with EU institutions, namely the European Commission and the European Parliament, than do AWES and CESA. Furthermore, by coalescing all maritime-related sectors under the umbrella of the MIF, the MIF strengthens the credibility and economic weight of the demands of the shipbuilding industry. These contributions of the MIF and those of AWES and CESA to the nature and success of interest representation efforts of the German shipbuilding industry are analysed in Section 4.3 of this chapter.

⁸³ The MIF mission statement can be found at the URL <http://www.mif-eu.org/>

4.2.5 Association of Maritime Regional Interests in Europe (AMRIE)

A resolution was adopted at the first 'High Level Conference on Maritime Regional Interests in Europe' on 20 April 1993 by a number of Members of the European Parliament (MEPs) who recommended that a maritime alliance should be formed. The Association of Maritime Regions in Europe (AMRIE) was then formally established at the second 'High Level Conference' held in Bremen in November 1993. AMRIE's stated purpose is 'to provide a co-ordinated and effective political voice for the maritime regional interests within Europe to achieve an integrated maritime strategy'.⁸⁴ AMRIE too has its office in Brussels.

AMRIE consists of four specialist working groups covering regional aspects of short sea shipping, shipping quality, centres of excellence, and European ports policy. The work done thus far has concentrated on providing comments, and making submissions to the plenary sessions of the European Parliament and to its committees, and on generally advocating measures to support the EU shipping industry which are likely to contribute to high standards in the operation and condition of ships.

4.3 WHAT THE EUROPEAN SHIPBUILDING ASSOCIATIONS DO THAT THE VSM DOES NOT

It is, however, not merely the membership of European shipbuilding associations that serves as evidence of the Europeanisation of the German shipbuilding industry. The important point is that German shipbuilding firms have found that the national shipbuilding association, the VSM, is either unwilling or unable to address certain pressing issues confronting the German shipbuilding industry, and have found the European shipbuilding associations to be a more effective platform from which to represent and realise their interests.

This section describes how a number of functions are performed either exclusively or more effectively by one or more of these European associations than by the German shipbuilding association. Admittedly, all shipbuilding associations, whether national or European, discuss and are concerned with these issues. What is

⁸⁴ This can be found at <http://www.amrie.org>

being examined here is concrete action and direct contact with the relevant bodies to tackle the issues that are raised by the European shipbuilding industry.

4.3.1 Constant and Effective Dialogue with the European Commission

The intention to institutionalise closer communication between the European shipbuilding industry and the European Commission served as the impetus for the establishment of the Maritime Industries Forum (MIF). While the European shipbuilding associations of AWES and CESA had their offices in Brussels, they did not focus their efforts on direct and constant communication with the European Commission. Individuals who were largely responsible for the establishment of the MIF, including Dr. Friedrich Hennemann of the German shipbuilding firm, Bremer Vulkan, and Commissioner Martin Bangemann, felt that a new organisation that brought together interested parties in the maritime sector – including both shipbuilding firms and representatives of EU institutions – was needed (interview 6).

From its first year of operation in 1992, the MIF has asserted that there was a need for periodic meetings of the maritime industries with the Commission, and for the governments of the member states of the EU to exchange views on maritime policy matters. The aim was that regular meetings would “enable the Commission and the Member States to be aware of, and to take into account the needs of the maritime industries in the formulation of their policies” (Maritime Industries Forum 1992: 27). In the early years of the MIF, the then Vice-President of the European Commission, Martin Bangemann, and Competition Commissioner Karel Van Miert convened the High Level Panel of the MIF to “provide an interface on such matters with governments and Community institutions” (Maritime Industries Forum 1993: 3). While the panels were composed of industry representatives, the Commission was invited to attend all meetings, which it did. The High Level Panel received interim reports from the individual specialist panels of the MIF.

The shipbuilding industry representatives have, however, not been satisfied to merely voice their concerns to the Commission. At the Rotterdam plenary session of the MIF in 1994, the Commission presented a report on actions and initiatives taken as a result of the recommendations of the MIF. However, it was produced only shortly before the MIF meeting itself and was not the subject of debate. Representatives of

European shipbuilding firms then demanded that the Commission and the Member States provide evidence that their recommendations had been “at least seriously considered and at best have resulted in some sort of positive action” (Maritime Industries Forum 1994: 2). On 5 December 2000, the European Council of Ministers for Industry instructed the Commission to organise a discussion on the problems in world shipbuilding during the subsequent plenary session of the MIF. The MIF plenary session in Valencia in 2001 was thus the venue for the first Annual European Debate on Shipbuilding, organised by the European Commission.

The MIF has also convincingly clarified to the Commission the problems associated with obtaining credits for building and buying ships. Firstly, while ship-owners commonly seek to borrow 80 per cent of the purchase price of a ship, bankers often lend only some 60 per cent. Secondly, a ship is a long-term investment which needs long-term financing, of normally at least twelve years. However, the banks can, in many cases, refinance at fixed rates only for a maximum period of eight to ten years. The MIF has recommended the European Investment Bank (EIB) and the European Investment Fund (EIF) to the Commission as possible sources of finance for the European shipbuilding industry (Maritime Industries Forum 1994: 11).

Most importantly, the MIF has enabled both formal and informal contacts to be developed between industry leaders and Commissioners and senior Commission officials. A report by the industrial participants of the MIF in 1998 on their evaluation of the work of the MIF up to then concluded that the Forum had been of value both to the industry and to the Commission, and that “it had enhanced the co-operation of the industry and the Commission, and the understanding by both of the constraints and priorities of the other” (Maritime Industries Forum 2000b: 8). By 2000, the MIF arguments had surfaced in the rhetoric of Commissioners.⁸⁵ The industry representatives of the MIF, in fact, felt that the revision by the Commission of the Guidelines on State Aid in the Maritime Sector resulted from discussions in the Forum (Maritime Industries Forum 2000b: 11).

⁸⁵ Commission Vice-President Mrs. de Palacio felt that “only continuation of operating state aid could seek to ensure the continued existence of the European industry, until the time normal competitive conditions would be restored worldwide” (Maritime Industries Forum Newsletter No. 1, November 2000).

The Commission itself has acknowledged the valuable input that it receives from the shipbuilding industry via the MIF.⁸⁶ In 1999, Commissioner Bangemann spoke about how the report which the Commission was preparing together with industry on the market assessment would be used in the discussion on long-term issues in shipbuilding in the Industry Ministers Council.⁸⁷ The advice of the MIF panel on shipbuilding financing issues was of great use in the OECD discussions, and in the negotiations with Korea. Commissioners have, in fact, repeatedly pledged their support of the European maritime industry and their willingness to reflect the industry's ideas in EU policies.⁸⁸ Conversely, the support of the industry leaders of the MIF facilitated the passage of maritime legislation through the EU institutions. For instance, a representative of the Commission DG for Energy and Transport in 2002 expressed that "thanks to the MIF's practical support, we managed to get our proposal on IMO FAL (Facilitation) forms through Council and Parliament very quickly indeed".⁸⁹

The MIF has also involved the European Parliament in its deliberations. There has been regular participation by MEPs at meetings of the Forum. The MIF influence on the European Parliament was, in fact, so significant that the Parliamentary Intergroup on Shipping and Shipbuilding was reorganised into an Intergroup on the Maritime Industries (Maritime Industries Forum 1993: 13). There was yet another dimension of success of EU-level activity with the co-operation between AMRIE and the MIF. The Third High Level Conference of Maritime Regions in Europe, which was AMRIE's first Annual General Assembly was held in Genoa in November 1994 and was attended by senior representatives of the Commission. The link with the MIF was emphasised by the appointment of Commissioner Bangemann as honorary president of AMRIE. The meeting identified the themes of information technology

⁸⁶ The Commission itself declares that it "has always been an institution open to outside input. The Commission believes this process to be fundamental to the development of its policies. This dialogue has proved valuable to both the Commission and interested outside parties. Commission officials acknowledge the need for such outside input and welcome it" (CEC 1992b: 3).

⁸⁷ Speech by Commissioner Martin Bangemann to the MIF, 'Shipbuilding Policy Developments', Southampton, 1999.

⁸⁸ Speech by Mr. Erkki Liikanen, European Commissioner for Enterprises and Information Society, 'The Maritime Industries Forum and Its Contribution to Maritime Policies', MIF Plenary Session, Helsinki, June 2000; Speech by Jörn Keck, Deputy Director-General, Enterprise Directorate-General of the European Commission, 'The Situation in World Shipbuilding', MIF Plenary Session, Valencia, 29-30 October 2001; Speech by Mrs de Palacio in the MIF Plenary Session, Naples, 29 October 2002.

⁸⁹ Address to the Meeting of the Steering Committee of the Maritimes Industries Forum, Brussels, 26 June 2002.

and maritime affairs as having a close connection. The result of this meeting was to be the genesis of the MARIS project (Maritime Industries Forum 1995: 21).

In February 1995, the European Commission convened a G-7 ministerial conference in Brussels to discuss the development of the global information society. The Brussels conference resulted in the definition of eleven pilot projects. One of these pilot projects was the Maritime Information Society (MARIS) initiative, jointly hosted and coordinated by Canada and the European Commission. The MARIS initiative is a framework under which sub-projects, proposed by different G-7 (now G-8, including Russia) countries, demonstrate concrete applications in various maritime fields, and is concerned with the use of modern information and communication technologies in maritime applications. MARIS is a prominent example of world-wide co-operation in maritime matters, and an important tool to promote the application of information technologies in the maritime sector.⁹⁰

MARIS encompasses a number of projects, including the MARVEL project for intelligent manufacturing of ships interlinking shipyards and their suppliers in a common global network, SAFEMAR, a project on maritime safety and the protection of the maritime environment and MARTRANS, a logistics and multimodal transport project. The Federal Ministry of Transport, German maritime firms and research institutes were involved in all three projects. In fact, the Federal Ministry of Transport was the co-ordinator of the SAFEMAR and MARTRANS projects. German shipbuilding firms also participate in BOPCOM, a regional programme in the Baltic Sea area that is supported by the Commission. The first pilot project of this MARTRANS initiative is operating in Lübeck. Germany and Sweden are also co-operating on the BAFEGIS (Baltic Ferry Guidance and Information System) project. Workshops and seminars have also been organised and sponsored. Overall co-ordination has been with the MARIS Secretariat at the Enterprise Directorate-General of the European Commission. MARIS has four regional offices in Bremen in Germany, Bilbao in Spain, Helsinki in Finland and Genoa in Italy. On 22 May 1997, the four fora in co-operation with the European Commission signed a Collaboration Agreement for the constitution of the 'European MARIS Network' in order to

⁹⁰ The G8 initiative for MARIS presented its results at the World EXPO '98 – 'The Oceans: A Heritage for the Future' in Lisbon, Portugal on 8 September 1998 (European Commission Press Release IP/98/790).

implement MARIS activities in Bilbao for the Atlantic Arc, in Bremen for the North Sea, in Genoa for the Mediterranean and in Helsinki for the Baltic Sea, respectively.

The MIF thus serves as a platform from which German shipbuilding firms can expect constant and effective dialogue with the European Commission. Admittedly, they can approach the Commission via their respective national shipbuilding associations, but such contacts are ad-hoc and do not enjoy the same degree of endorsement and promotion by the Commission as the MIF avenue does.⁹¹ EU-wide interest groups tend to enjoy more privileged access to the European Commission. As Greenwood (2000: 80) argues, “the Commission hands out places on its advisory groups to Euro groups first, which provides a considerable membership incentive”.

4.3.2 Tackling of International Competition Issues in the World Shipbuilding Market

One of the most pressing challenges facing the competitiveness and even viability of the German and European shipbuilding industries is the overcapacity on the world shipbuilding market that is largely attributable to the price-dumping and subsidisation practices of the South Korean shipbuilding industry. Chapter 2 has provided a detailed discussion of how the EU has tackled this issue in the WTO. This section explores the role played by the Committee of European Union Shipbuilders’ Associations (CESA) in this process.

The top managers of several European, including German, shipbuilding firms met in Frankfurt on 18 January 1999 to discuss with European politicians measures regarding the financing crisis in Korea and its impact on the world shipbuilding market. This meeting was conducted on the initiative of the German shipbuilding association, and under the auspices of CESA. CESA was the chosen European shipbuilding organisation as the membership of AWES included national shipbuilding associations from countries which are not EU member states. The MIF too was not an appropriate option as it included public actors like MEPs, European Commission and national government officials, in its membership. The managers of the shipbuilding firms wanted to ensure that the weight and credibility of their complaint to the

⁹¹ The Commission itself has acknowledged that “special interest groups serve as a channel to provide technical expertise to the Commission from a variety of sectors, such as the drafting of technical regulations” (CEC 1992b: 6).

Commission was maximised by involving only EU shipyards and their representatives (interview 5). CESA demanded that the Commission and the national governments assume responsibility for the negotiation and enforcement of an agreement linking the provision of state aid to limitations in capacity. The Commission was also asked to initiate an appropriate instrument for fair competition in world shipbuilding. CESA also itself proposed measures to the Commission “to counteract the behaviour of the competitors which are considered aggressive and unfair by the European shipyards” (CESA Press Release, 18 January 1999).⁹² CESA was very important in representing the views of the EU shipbuilding industry on visits by former Commissioner Bangemann to South Korea in June 1999. Mr Bangemann was accompanied by the chairmen of the European shipbuilders’ and ship-owners’ associations, CESA and ECSA, respectively, in his meetings with Korean government ministers (VSM Press Release, June 1999).

CESA was also the main initiator of the complaint under the Trade Barriers Regulation (TBR). On 6 March 2000, CESA threatened that if Korea used the talks later that month to stall or to continue to refuse to find a solution to the problems of global over-capacity and under-pricing in the shipbuilding industry, CESA would immediately lodge a complaint under the European Trade Barriers Regulation with the view that the EU would bring the case to the WTO, and seek a remedy for Korea’s unfair competition (CESA Press Release, 6 March 2000). On 24 October 2000, CESA finally filed a complaint with the European Commission, pursuant to Articles 3 and 4 of the EU Trade Barriers Regulation, on behalf of the EU shipbuilding and ship-repairing enterprises. CESA’s complaint concerned illegal subsidies granted to Korean shipbuilding companies by the Government of the Republic of Korea that were in violation of international trade rules established by the WTO Agreement on Subsidies and Countervailing Measures (ASCM).⁹³ CESA argued that these illegal subsidies had caused injury to the Community shipbuilding industry through “significant price undercutting, price suppression and price depression by Korean companies, lost sales by European shipbuilders and sharply lower market shares for various ship-types held by European shipbuilders” (CESA Press Release, 24 October

⁹² CESA again called for EU action in April 1999 when the Kvaerner group announced its withdrawal from shipbuilding, which CESA saw as the result of the predatory behaviour of the Korean government and shipbuilding industry (CESA Press Release, 16 April 1999).

⁹³ These subsidies were either export subsidies that were strictly prohibited under Article 3.1(a) of the ASCM or actionable subsidies that had adversely affected CESA members in violation of Article 5 of the ASCM.

2000). CESA filed this TBR complaint as the first step towards a WTO action to require Korea to bring its subsidy practices into conformity with the WTO Agreement. The Commission subsequently decided on 9 May 2001 that CESA's complaints against Korean trade distortions were "not only factually correct but also legally justified" (CESA Press Release, 9 May 2001).

It was thus the EU shipbuilding association, CESA, that ultimately took the necessary action to bring the dispute with the South Korean Government to the WTO, in an attempt to rectify the distorted competition conditions on the world shipbuilding market. The VSM has been equally concerned with these issues but logically, the capacity to act of CESA proved to be greater than that of the VSM. Section 4.4.3 addresses the role played by German actors in the EU shipbuilding associations at such key moments.

4.3.3 Linking Together Previously 'Separate' Sectors of the Maritime Industry

The European shipbuilding associations have also been distinct in their contribution to the increasing of political support for the European shipbuilding industry in the way that they have effectively linked together sectors of the maritime industry that were previously not perceived to be pertinent to the shipbuilding debate in Germany. Such sectors include the maritime transport, marine equipment, and marine resource sectors. By subsuming all these related sectors under the umbrella of the maritime industry, the European shipbuilding associations have both successfully eliminated the stigma associated with the shipbuilding industry as a sunset industry, as well as increased its perceived contribution to the European economy and society. The MIF has, since its inception in 1992, advocated the allocation of greater funds to such fields as maritime transport and maritime research.

(a) Shipping

Central to the work of the MIF has been the emphasis on the relationship among the shipping, shipbuilding and marine equipment manufacturing industries. The MIF has constantly tried to highlight to the Commission that the prosperity of the European shipbuilding industry depends on the health of the European shipping industry (Maritime Industries Forum 1992: 8, 1993: 7, 1995: 2). By 1997, such efforts

by the MIF resulted in the Commission implementing measures whose objective was the maintenance and development of a competitive EU merchant fleet.

The MIF has also emphasised the importance of creating an economic environment in which EU ship-owners can operate profitably under an EU flag. It has thereby extended the parameters of the issue from purely the location of shipbuilding to the questions of ship-ownership and operation. The MIF launched a campaign on the promotion of short sea shipping in 1992 (Maritime Industries Forum 1992: 2, 14 and 17). It has successfully created political support for short sea shipping, resulting in the Commission's communication on short sea shipping, and the consequent Council resolution and conclusions.⁹⁴ The White Paper on Transport Policy 2010 also encourages shifting transport from the road to alternative modes, like short sea shipping. The MIF has identified practical hindrances to the use of short sea services and has succeeded in getting some of them removed (Maritime Industries Forum 1995: 15).

The MIF has also campaigned for the removal of sub-standard ships from EU waters on the grounds of maritime safety and the protection of the EU marine environment. This has been part of the drive to implement 'quality shipping' measures in the EU. Whilst such legislation on sub-standard ships is motivated primarily by safety and environmental reasons, the elimination of such ships (for example, single-hull tankers) has also benefited the European shipbuilding industry.⁹⁵

(b) Maritime Research

The European shipbuilding associations have campaigned for increased funding of maritime research by the EU. R & D activity at the EU level has been emphasised for its contribution to increasing the competitiveness and safety of European-built vessels. The MIF has advanced the argument that the interdependence

⁹⁴ Communication from the Commission to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions - The Development of Short Sea Shipping in Europe: Prospects and Challenges, COM(95)317 final of 5 July 1995; Council Resolution of 11 March 1996 on short sea shipping (Official Journal of the European Communities C 99, 2 April 1996, pp. 1-2); Council Resolution of 14 February 2000 on the promotion of short sea shipping (Official Journal of the European Communities C 56, 29 February 2000, pp. 3-4).

⁹⁵ Commissioner Bangemann advocated closing the gap between old and new ships in terms of safety by refitting existing ships or building new ones so that European coasts are safe from shipping accidents, arguing that it "could give a new lease of life to German shipyards". He announced that he would put the safety issue at the top of the agenda for the High Level Panel of the Maritime Industries Forum with his fellow Commissioners for competition policy, transport and the environment in Hamburg on 16 March 1993 (European Commission Press Release IP/93/98).

of the shipbuilding, shipping and marine equipment manufacturing industries in the field of R & D should be developed on an EU level. The MIF has also frequently called for increased research into marine technology and resources (Maritime Industries Forum 1995: 24, 1996: 3). Oil and gas exploration and extraction have been promoted as industries that are important customers for the European shipbuilding and marine equipment industries. Similar arguments have been employed for supporting the fishing industry.

The potential benefit from a co-ordination of the major R & D facilities that already exist in the member states has also been highlighted in meetings of European shipbuilding associations. The R & D Co-ordinating Group of the MIF has created greater political and technical support for maritime R & D. The relationship that has developed between the R & D Co-ordinating Group and the Commission influenced the formulation of the Fifth EU Framework Programme (Maritime Industries Forum 1997: 2). As a direct result of the MIF, three so-called 'interface meetings' have taken place between representatives of the MIF and the Commission to discuss the contents of the Framework Programme. Documents were issued by the MIF containing strategic targets for R & D, and comments on specific programmes (Maritime Industries Forum 1994: 6). The Masterplan published by the R & D Co-ordinating Group of the MIF in 1999 has, in fact, become a recognised reference document for both the shipbuilding industry and the Commission. To measure the success of the Masterplan, the R & D Co-ordinating Group has, with the assistance of COREDES of CESA, developed a tool called 'Implementation map of the maritime industry R & D Masterplan through the EU Framework Programme V'. The tool is a database compiled by the members of the R & D Co-ordinating Group tracking the relationship between R & D projects authorised under the Fifth Framework Programme and recommendations made in the Masterplan. In 2000, the R & D Co-ordinating Group identified 25 such projects awarded in the first call of the Fifth Framework Programme.⁹⁶

These attempts by the MIF to link together the various maritime sectors has apparently had its impact on the projects pursued by German shipbuilding firms. As discussed in Chapter 3, a survey of the German shipbuilding aid cases in Appendix E reveals that the 1990s have seen shipbuilding projects on R & D improvements in

⁹⁶ Report of the R & D Co-ordinating Group, MIF Helsinki Plenary Session, June 2000.

maritime transport. German shipbuilding firms increasingly present their projects not merely as advances in shipbuilding production methods and processes, but rather as contributions to the improvement of maritime transport and ship safety.

4.3.4 Facilitation of Co-operation with Other European Shipbuilding Firms

Technological developments and the pressures on the world shipbuilding market have made it necessary for European shipbuilders to offer technologically high-value added vessels to maintain a stronghold in certain market segments. Often, the building of such vessels requires the co-operation of several shipyards. Joint contracts among shipbuilding firms have become increasingly common in recent years. Coming together on a single stage has facilitated the co-operation of shipbuilding firms on an EU-wide basis. European shipbuilding associations facilitate the meeting of minds and of shipbuilding order contracts. The MIF has consistently recommended increasing co-operation amongst shipbuilders (Maritime Industries Forum 1998: 2).

In 1997, the European shipbuilding industry established a co-operation programme among nineteen companies from seven different EU member states. Euroyards, a partnership of five large EU shipyards, has together developed European products, like 'Eurofast', a ship designed for short sea shipping and 'Eurocorvette', a European military vessel, and the E3 (Ecological, Economical, European) Tanker (European Commission Press Release IP/96/222). In 2003, CESA launched the 'LeaderSHIP 2015' initiative. The project brought together major industry players, trade unions, and key EU and national policy makers, including seven European Commissioners with responsibilities that relate to shipbuilding and two MEPs. Commission President Prodi has offered the Commission's full support for the project (European Commission Press Release IP/03/120). LeaderSHIP 2015 was one of five sector-related key issues in the Enterprise Policy for 2003. The LeaderSHIP 2015 High Level Advisory Group was, in fact, called together by Enterprise Commissioner Erkki Liikanen in January 2003. The Advisory Group's task was to identify the key issues and to ensure a swift implementation of appropriate policy measures. Commissioner Liikanen recognised that for a successful future for shipbuilding, the efforts by the industry had to "be complemented with decisive political support, based

on appropriate policy targets and a longer term vision” (European Commission Press Release IP/03/120).

The Commission’s close involvement in the project through the participation of several key Commissioners and departments is tangible evidence of the Commission’s declared ‘full support’ for this European shipbuilding initiative (European Commission Press Release SPEECH/03/53). In contrast, national projects that receive national government financial support are liable to investigation by the European Commission which can even order the recovery of the state aid awarded to such projects if its investigations reveal that such aid is incompatible with Articles 87 and 88 of the EU Treaty. By setting up a transnational project, European shipyards have benefited from the kind of political and financial support from the EU that it very much requires in the current world shipbuilding market.

4.4 EVIDENCE OF REORIENTATION OF THE GERMAN SHIPBUILDING INDUSTRY FROM THE DOMESTIC TO THE EU LEVEL

The previous section has explored the contributions of the European shipbuilding associations to the interest representation of the European shipbuilding industry and the subsequent promotion of the industry by the EU and its institutions. This accounts for the motivation for German shipbuilding firms putting greater effort into participation in these EU associations. It has also been shown how the challenges facing the European shipbuilding industry in the 1990s have been tackled by European rather than by national shipbuilding associations.

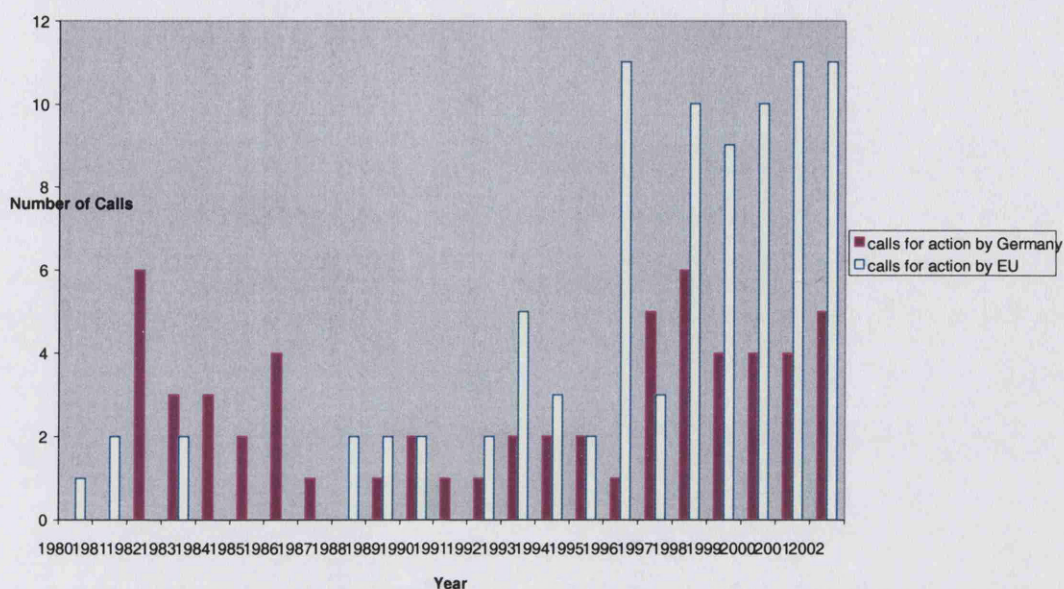
This section provides empirical evidence of the greater appreciation of private actors in the German shipbuilding industry for EU rather than for German shipbuilding policy and initiatives. A meso-perspective is first adopted by looking at the changing orientations of the German shipbuilding association, the *Verband für Schiffbau und Meerestechnik* (VSM), over time. Then, the changing orientations of an individual shipbuilding firm, Bremer Vulkan Verbund AG, are analysed. Finally, the role played by German actors, both public and private, in the European shipbuilding initiatives is examined.

4.4.1 Changing Orientations of the German Shipbuilding Association

The annual reports of the *Verband für Schiffbau und Meerestechnik* (VSM) are used as a guide to the aggregate views of German shipbuilding firms. A longitudinal analysis of the Europeanisation of the attitudes of private actors in the German shipbuilding industry is provided by studying the annual reports of the VSM from 1980 to 2002. Particular attention is paid to statements about German and EU shipbuilding policies and aid programmes.

Graph 4.1 presents the frequency with which the VSM called on the Federal Government and on the EU to improve the competitive situation of the German and/or European shipbuilding industry. There is a definite increase in such calls for EU action over time, while those for German action initially dipped, and rose again in 1997. Part of this increase is explained by the fact that they are calls for joint action by the Federal Government and the EU. Graph 4.1 provides evidence of the increasing reliance of the German shipbuilding industry on the EU to solve the shipbuilding issues of the day. These trends are evidence of the Europeanisation of the orientation of the German shipbuilding industry. Earlier chapters have shown how the EU acts as a constraint on the national ability to act, both of public and private actors, through EU state aid and shipbuilding policies. This chapter shows how the EU is perceived not just to be the trouble-maker, but also the potential problem-solver by the German shipbuilding industry.

Graph 4.1: Calls for Action from the VSM, 1980-2002



Source: Author’s compilation from annual reports of the *Verband für Schiffbau und Meerestechnik* (VSM), 1980-2002.

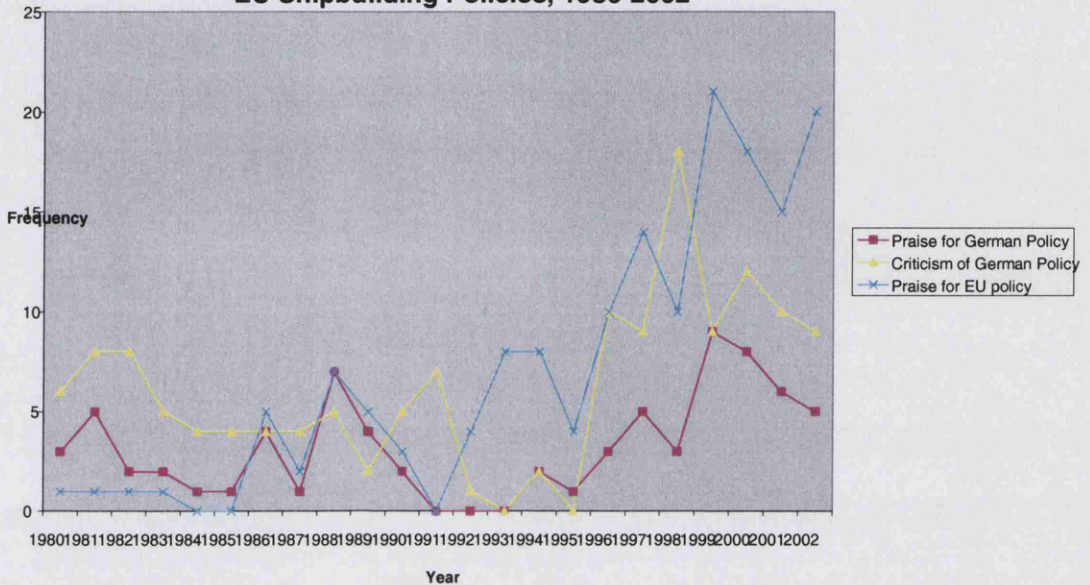
Further evidence of the Europeanisation of the orientations of German shipbuilding firms is their greater appreciation for European shipbuilding policy and initiatives than for those of the German government. Graph 4.2 indicates the frequency with which the EU and German shipbuilding policies are praised and criticised in the VSM annual reports. There is a marked increase in both the VSM’s praise for EU shipbuilding policy and in criticism of German policy. On the other hand, the VSM’s praise for German policy has fallen over time. The reversal in the downward trend in 1999 is explained by the fact that some of the praise was for German co-funding of EU R & D projects.

Analysis of these annual reports reveals the increasing appreciation of the German shipbuilding industry for EU shipbuilding initiatives, and increasing dissatisfaction with German government policy and action.⁹⁷ These annual reports also indicate that the German shipbuilding industry has, over time, placed more emphasis on the need for EU action than for German action, in response to the challenges confronting it. Furthermore, even when the VSM has called on the German

⁹⁷ The statements analysed were those relating to efforts to improve the competitiveness of the German and/or European shipbuilding industry.

government to respond to the shipbuilding issues of the day, these were often calls for joint action by both political levels, the Federal Government and the EU.

Graph 4.2: Praise and Criticism for German and EU Shipbuilding Policies, 1980-2002



Source: Author’s compilation from annual reports of the *Verband für Schiffbau und Meerestechnik* (VSM), 1980-2002.

These statistical analyses provide an overview of the trends in the changing orientations of German shipbuilding firms. The next step is to elaborate on the reasons for these changing shifts of focus from the German to the EU level by the German shipbuilding industry. Analysis of VSM documents reveals several reasons why the German shipbuilding industry has increasingly shifted its focus of attention from the domestic to the EU level over time.

Firstly, the German shipbuilding industry has become increasingly dissatisfied with what they perceive to be deficiencies in German shipbuilding policy. The VSM has frequently criticised the limitations of German shipbuilding aid programmes which only partially balanced the high subsidies of competitor shipbuilding countries (VSM 1981: 3, 1983: 20, 1984: 23, 1986: 3, 1989: 28-29, 1991: 37, 1995: 36, 1997: 44). In fact, as Chapter 3 has shown, Germany’s shipbuilding aid rate has always been below the EU allowed upper limit, and the VSM has frequently expressed dissatisfaction with this (VSM 1991: 37, 1992: 21). The VSM annual reports were replete with expressions of disappointment with German shipbuilding policy in the

1980s. Whilst it was aware of the constraints imposed by EU shipbuilding and state aid policies on what member states can and cannot do, the VSM argued that the Federal Government has been excessively stringent. As one shipbuilder put it, “The German Government is not just obedient. It has gone too far and that is not good for us, the industry. Where else do we have to turn – only the EU can help us now!” (interview 6). Furthermore, the VSM has expressed the dissatisfaction that the German government’s one-sided reduction of shipbuilding aid measures has not been reciprocated by other shipbuilding countries (VSM 1981: 18, 1987: 22, 1991: 37, 1993: 41). The Federal Government has also not succeeded in its individual efforts at achieving international agreements on the reduction of shipbuilding subsidies (VSM 1981: 18, 1983: 17, 1984: 23).

A second set of reasons why the German shipbuilding industry believes that EU action is required in the shipbuilding sector and is, in fact, preferable to national measures is the nature of the shipbuilding industry itself. Because of the international nature of the shipbuilding market, it is not possible to impose customs duties as a form of protection in this industry. Thus, subsidies play an important role in maintaining the European shipbuilding industry, and this is where the EU role is crucial in allowing the provision of state aid to the industry in view of the distorted competition conditions on the world shipbuilding market (VSM 1981: 18, 1988: 8).

Furthermore, the VSM has frequently expressed the view in its annual reports that as shipbuilding is an international business, it is not possible to solve the problems of German shipbuilding on a national basis alone and that only an international approach can lead to success (VSM 1981: 18, 1982: 18, 1988: 8, 1991: 35, 1997: 47). The shipbuilding and shipping industries are ‘political industries’ which are heavily subject to general framework conditions. These industries are dependent not merely on national economic conditions, but also on completely free competition on the world market. The track record has shown, as discussed earlier, that the EU, rather than the Federal Government, has the political clout to carry through such international negotiations with success (VSM 1997: 47). The negotiating power of the EU representing fifteen member states is undeniably far greater than that of any individual member state government. Alongside the internal regulatory policy within the EU that the German shipbuilding industry is keen to pursue, the VSM has also expressed the view that the EU should pursue a foreign trade policy that clarifies to competitors like South Korea and Japan that the EU is not prepared to tolerate

unfair trade practices. Because of the common market of the EU, such a trade policy must be pursued by the EU as an economic entity and not by Germany, which is a mere component of that bloc (VSM 1994: 2, 1997: 42, 1998: 2, 1999: 3).

Due to this international nature of the shipbuilding market, it is only the EU that is in a position to implement measures that can effectively promote the shipbuilding industry. For instance, the EC programme of March 1989 that provides funding for future wreckage of ships and the 'old for new' regulation that restricts the amount of new shipbuilding to the amount of wreckage promotes the long-term viability of the European shipbuilding industry (VSM 1989: 26). Germany as a single country is not able to implement such measures. The Commission also plays an important role in the legislation of ship safety and marine environmental protection. The VSM's opinion has been that national or 'island' solutions for strengthened environmental protection weaken the competitive position of German shipyards. Thus, the VSM has been keen to pursue international regulation of the shipbuilding industry within the context of the EU (VSM 1998: 27, 2000: 9).

The German shipbuilding industry has also realised that there can only be sustainable improvement of the innovation and competitiveness of the European shipbuilding industry in global competition through strengthened, cross-national co-operation in maritime research. Co-operation of EU shipbuilding and supplier firms would facilitate the application of information technology to shipbuilding and thereby increase the competitive chances of the larger German and European shipbuilding projects in the world market. European co-operation can fulfil the high logistical requirements associated with such contracts. Furthermore, the cross-sectoral approach of the Commission, as discussed in Section 4.3.3 of this chapter, increases the allocation of funds and thereby the competitiveness of European maritime research (VSM 1994: 33, 1997: 55, 1998: 31, 2000: 21). The VSM is of the opinion that the overcoming of the relevant administrative obstacles is only enforceable by the Commission and the European shipbuilding associations (VSM 1994: 44). The VSM, for instance, was very much in favour of the creation of the MIF, as such an initiative was an essential step in the realisation of its goals in the maritime transport policy domain. In this field, shipbuilding crosses national borders. The expected growth of maritime freight traffic, if handled properly at the EU level, could lead to increased demand for German shipbuilding.

It is, however, not merely the international nature of the shipbuilding market that makes the EU the more effective platform on which the appropriate framework conditions can be created for the shipbuilding industry. Japan and South Korea are not the only competitor shipbuilding countries for Germany. EU member states like the Netherlands, Italy and Greece are also major shipbuilding nations. The VSM has consistently emphasised that the equality of opportunity within Europe is indispensable for the German shipbuilding industry (VSM 1982: 18 and 23, 1986: 20, 1989: 26, 1993: 41, 1994: 44, 1997: 43, 1998: 27, 2000: 9 and 21). The VSM has often feared that state aid measures in other EU member states are not transparent, and are amenable to misuse. Thus, the goal of the German shipbuilding industry to ensure that the endowment of shipbuilding aid in the EU member states occurs in equivalent ways can only be achieved on the EU stage. Secondly, as Chapter 3 has shown, the German government has shown a consistent tendency of reducing the level of state aid provision to its shipbuilding industry. The German shipbuilding firms are quite cognisant of this fact, and know too that the shipbuilding industries in other EU member states tend to receive higher levels of state aid from their respective national authorities. Convinced that Germany has been an *'Obermusterknabe'* (extreme model student) of EU shipbuilding aid guidelines, the German shipbuilding industry can only effectively limit the disadvantageous competition conditions that it is likely to face by pushing for stricter control of state aid provision at the EU level (VSM 1982: 23, 1986: 20).

Admittedly, German shipbuilding firms continue their interest representation activity on the domestic level as well. The empirical evidence provided by the German shipbuilding industry does agree with the finding that interest groups "pursue a dual strategy striving for access and voice in European policy-making through national governments and directly through communications with EU institutions" (Kohler-Koch 1997: 3).

The German shipbuilding association plays an intermediary role in these relations between German shipbuilding firms and the EU. Despite organisational density, however, the VSM has displayed limited capacity to act in the field of direct interest representation to the EU institutions. On the other hand, no German shipbuilding firm, however large, has had a representative office in Brussels. Because

of this, the VSM has played an important intermediary role in European shipbuilding and maritime associations.⁹⁸

The predominant view in the literature on the Europeanisation of interest groups is that “different sized firms have different lobbying venues” (Mazey and Richardson 2001). Coen and Dannreuther (2003: 256) similarly argue that “firm size affects the distinct rules and norms of interest representation with the European Commission”. This finding, however, does not apply to the German shipbuilding industry. What is noteworthy about the response of German shipbuilding firms in its relations with the EU has been the lack of differentiation along the lines of firm size. German shipbuilding firms, regardless of whether they are large or small, have responded in similar fashion to the EU in terms of their interest representation efforts. Even the largest German shipbuilding firms do not have individual representative offices in Brussels, and even the SMEs in the German shipbuilding industry participate actively in the EU-wide forums. There are German shipbuilding firms that are members of the European shipbuilding associations, AWES and CESA, that have as many as 3,400 employees and there are others that have as few as eight.⁹⁹

4.4.2 Changing Orientations of Bremer Vulkan Verbund AG in the 1980s and 1990s

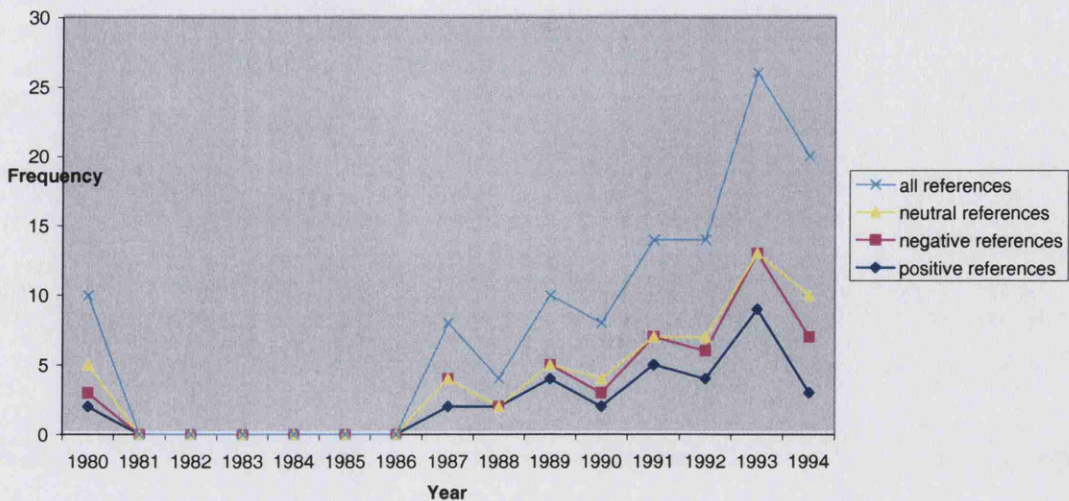
The Europeanisation of the German shipbuilding industry at the firm level can be studied in terms of the references made by a shipbuilding firm to the EU in its official publications over time. Company reports are published annually and provide a good basis to observe the preoccupations and orientations of a firm. Bremer Vulkan Verbund AG, the largest shipbuilding group in the Federal Republic of Germany during the 1980s and early 1990s, is used as a case study to examine the changing orientations of German shipbuilding firms. Graph 4.3 shows that there have been increasing references to the EU over time in the annual company reports of Bremer Vulkan Verbund.¹⁰⁰

⁹⁸ Kohler-Koch (1993: 41-43) discusses the structural conditions that encourage collective lobbying by even large firms in Germany.

⁹⁹ Refer to Appendix I for the labour force of the German member firms of AWES and CESA.

¹⁰⁰ Bremer Vulkan Verbund AG is studied in detail in Chapters 5 and 6.

Graph 4.3: References to the EU in Bremer Vulkan Annual Reports 1980-1994



Source: Author's compilation from annual reports of Bremer Vulkan Verbund AG, 1980-2002.

4.4.3 Role Played by German Actors in European Shipbuilding Initiatives

Evidence of the Europeanisation of the German shipbuilding industry is also to be found in the key roles played by both German public and private actors in EU shipbuilding initiatives over the past ten years.

Firstly, the German MEP, Mrs Brigitte Langenhagen, was one of the three founders of the Association of Maritime Regional Interests in Europe (AMRIE). In January 1993, she was designated by the Committee on the Environment, Public Health and Consumer Protection to draft an opinion on the Commission Communication 'New Challenges for Maritime Industries' (CEC 1999b). MEPs Langenhagen (Germany), Donnelly (UK) and Speciale (Italy) eventually came together to sponsor the foundation of AMRIE at the first 'High Level Conference on Maritime Regional Interests in Europe' on 20 April 1993 at the European Parliament, where it was agreed that a maritime alliance should be formed. AMRIE was formally established at the second High Level Conference held in Bremen in November 1993. The Land Government of Bremen was, in fact, one of the first regional authorities to join AMRIE.

Secondly, as discussed in Section 4.2.4 of this chapter, the chairman of the board of directors of Bremer Vulkan Verbund AG, Dr. Friedrich Hennemann, along

with the former European Commissioner, Martin Bangemann, were instrumental in setting up the Maritime Industries Forum (MIF).

Bernhard Meyer, the German president of CESA in 1999 and managing partner of the German shipbuilding firm, Meyer Werft, organised and chaired the meeting of the major European shipbuilders in Frankfurt on 18 January 1999. It was at this meeting that CESA started the ball rolling in initiating a Trade Barriers Regulation (TBR) complaint against South Korea. Admittedly, it was a matter of timing and collection of evidence of South Korean dumping practices that enabled CESA to lodge the TBR complaint with the Commission. However, according to an interview source in the Commission, the German President of CESA at that time did play an active role in expediting the process (interview 4).

When looking at the role played by private actors of the German shipbuilding industry in EU shipbuilding associations, German shipbuilding firms consistently account for the largest share of shipbuilding firm membership of both European shipbuilding associations, CESA and AWES. In 2003, the German percentages of shipyard membership of CESA and AWES were 24.4 per cent and 23.5 per cent respectively. On the other hand, the Netherlands and the United Kingdom both have more shipbuilders and ship-repairers than Germany.¹⁰¹ This indicates that there has been relatively significant Europeanisation of German shipbuilding firms, as measured in terms of membership of EU shipbuilding associations.

The European Commission strongly advocates co-operation between European shipyards and also encourages SMEs to consider not only domestic but also transnational links (CEC 1997e). For instance, a condition for receiving funds from EU Framework Programmes is that any funded project must involve a minimum of three partners from at least two member states. The promotion of cross-national and even EU-wide co-operation in shipbuilding by EU shipbuilding policy and European shipbuilding associations has been well received by German shipbuilders. German shipbuilding firms have been involved in many European shipbuilding projects, including the Eurofast, Eurocorvette, E3 tanker and LeaderSHIP 2015 projects. Bernard Meyer, chairman of CESA and managing partner of the German shipbuilding firm, Meyer Werft, has urged European shipyards to co-operate, and to stand their ground against Asian competitors. He says that the problem is not that German yards

¹⁰¹ As discussed in Section 3.1 of Chapter 3, the United Kingdom accounts for 27.4 per cent of all EU shipbuilders and ship-repairers, the Netherlands for 15.3 per cent and Germany for only 13.3 per cent.

must fight against other good European yards. Rather, he argues, “we good European yards must stand our ground against Korea, Japan and China” (VSM Press Release, 6 May 2002). He has argued that cooperative shipbuilding is the only way that expensive German shipyards can beat Asian competition.

In this connection, Meyer Werft hosted a meeting of the European Calypso (Computational Fluid Dynamics in the Ship Design Process) research project, which is supported by the EU. The Papenburg meeting was attended by shipyard delegates from the Netherlands, Denmark, the UK, Sweden, Finland and Germany. German, Swedish and Dutch ship research institutes were also represented, as was the EU. Managers of other German shipbuilding firms have expressed similar views. Mr. Ratzmann of Nordseewerke GmbH has said that the willingness and climate for cooperative ventures has increased considerably in recent years. One reason for this is that shipyards have become relatively small. That means that no single shipyard can handle a large volume order. Examples of co-operation include that between Kvaerner Warnow Werft and Meeres Technik Werft on a series of 5,000 box ships for P & O Nedlloyd, and co-operation between Nordseewerke, Flensburger Schiffbau Gesellschaft and Blohm + Voss. The director of Howaldtswerke Deutsche Werft (HDW), Gollenbeck, has also commented that HDW is interested in expanding co-operation on the European level (Todd 2003).

4.5 EUROPEANISATION OF GERMAN SHIPBUILDING FIRMS: A MATTER OF CHOICE AND OF COMPULSION

Previous sections of this chapter have analysed various processes of Europeanisation at work in the German shipbuilding industry. This thesis argues that apart from the benefits of membership and the costs of non-membership of EU groups, it is also important to consider the industry’s characteristics, the issues confronting it and the industry’s perception of the success with which domestic public actors address these issues, to understand the Europeanisation of German shipbuilding firms.

The European shipbuilding associations have made important contributions to the tackling of challenges that confront the European shipbuilding industry. Both because of the international nature of the shipbuilding industry and the fact that the EU is an economic union with a single commercial policy, the EU is best placed to

address the issues facing the shipbuilding industries of its member states. The EU, because of its political weight in the international economic system, can negotiate more effectively with competitor shipbuilding countries like South Korea, both in bilateral and WTO talks, than can individual governments like the Federal Government of Germany. These factors have coalesced to create a situation in which the German shipbuilding firms perceive the European shipbuilding associations to be the more effective platform from which to voice their interests and to achieve their goals.

Employing the concepts of fit and misfit with respect to the comparison of the business-government relationship prevalent in Germany with that in the EU does not yield a meaningful assessment of the impact of EU public policies on public-private actor interactions in the German shipbuilding industry. Cowles (2001: 166) concludes that “there is a misfit between the German and European business-government relationship and one can expect there to be some difficulty in terms of the adaptability of organised interest”. In the case of the German shipbuilding industry, it has not been the similarity, or lack thereof, in the ways that firms interact with public authorities in Germany and in the EU that has driven the process of Europeanisation of the German shipbuilding firms. Rather, it has been the perceived deficiencies of domestic public policy and the challenges confronting the industry on the world market that have acted as spurs to the Europeanisation of the German shipbuilding firms.¹⁰²

It has not merely been an issue of loss of national competence that has driven the Europeanisation processes of these private actors. This thesis argues that it is the Europeanisation of the public actors with whom these German shipbuilding firms interact on the domestic stage that explains their own Europeanisation. The successful Europeanisation of the German government as manifested by German shipbuilding policy content and the stringent provision of shipbuilding aid was, in fact, the driver of the Europeanisation of the German shipbuilding firms themselves. Quite simply, the fact that the German government behaved as an *Obermusterknabe* of EU policy prescriptions in the 1970s and 1980s drove the German shipbuilding firms to the EU. The processes of Europeanisation of the private actors were thus linked to those of the public actors.

¹⁰² Falkner (1999) has shown the importance of the meso level in studying the impact of Europeanisation on national patterns of public-private interaction in policy-making. She argues that differentiating according to more statist, pluralist or corporatist member states is useful but not sufficient.

It is important to note that the interactions of the German shipbuilding firms, the European shipbuilding associations and the EU institutions include not just those associated with interest representation, but also with the provision of relevant information as well. It is this provision of vital information, including evidence of unfair trade practices by Korean shipbuilding firms that has contributed to the agenda-setting process in the EU shipbuilding policy field. It is this participation in agenda-setting that has been an important aspect of the Europeanisation of the German shipbuilding firms. Whilst at the heart of the discussion is state aid and interest representation, what has emerged from these interactions between the private actors of the German shipbuilding industry and the EU has been broader than that. The firms have successfully embedded the question of state aid in wider policy concerns, and in the EU maritime policy framework. This has appeared to tie in well with the aims of both the European Commission and the shipbuilding firms.

The supranational authority of the EU has served to constrict the behaviour of both public and private actors in the German shipbuilding industry via the EU state aid and shipbuilding policy regimes. Chapter 2 has shown how EU rules determine the level and type of state aid provided to the shipbuilding industries of EU member states. In the case of Germany, with German unification and the privatisation of the East German shipyards, the EU's role as a governance actor was further increased with the capacity limitations that it imposed on these East German shipyards. Thus, by 1991, it would have been quite understandable for the German shipbuilding industry to perceive the EU as a trouble-maker in its operation and its struggle for competitive survival. Chapters 2 and 3 have described how EU state aid and shipbuilding policies have resulted in the Europeanisation of German shipbuilding policy content and of policy actors. That has essentially been Europeanisation by compulsion. This chapter has explored the ways in which German shipbuilding firms have voluntarily looked towards the EU as a source of solutions for the challenges confronting them. The changes that we observe in the behaviour of the German shipbuilding firms serve as evidence of Europeanisation by choice. What has been of interest here is the changing perception of the EU by the German shipbuilding firms from nemesis to saviour.

Chapter Five

BREMER VULKAN VERBUND AG IN THE 1980s: A TALE OF LIMITED EUROPEANISATION

This chapter and the next take Bremer Vulkan Verbund AG (hereafter referred to as Bremer Vulkan) as a case study to explore the responses of an individual German shipbuilding firm to EU shipbuilding policy and initiatives. This analysis of the decisions and actions of Bremer Vulkan, the Federal Government and the Land Government of Bremen is used to examine the Europeanisation of these policy actors. The story of state aid to Bremer Vulkan is a long and variegated one, even when limited to the 1980s and 1990s. In terms of the impact of the EU on the German shipbuilding industry in general and on Bremer Vulkan in particular, a ‘critical juncture’ occurred with German reunification and the consequent privatisation of the East German shipyards.¹⁰³ This chapter analyses the period from 1980 to just before German reunification in 1990. The next chapter focuses on the period from 1990 to 1996, the year in which Bremer Vulkan was declared insolvent.

Because of the iterative and multi-episodic nature of state aid provision to Bremer Vulkan, this shipbuilding firm is a useful case study to analyse changes in the roles and interactions of the public and private actors concerned and to study the Europeanisation of the German shipbuilding industry. Firstly, the participation of the Federal Government, the Land Government of Bremen and the EU is traced over the fifteen major occasions of state aid provision that have been identified in these two chapters. Secondly, the Europeanisation of the firm, Bremer Vulkan, is studied in terms of its awareness of and reference to the EU in cases in which it received state aid. Thirdly, the Europeanisation process of the firm is studied in terms of the changing orientations or strategies of Bremer Vulkan in its interest representation activity.

¹⁰³ “Many historical institutionalists ... divide the flow of historical events into periods of continuity punctuated by ‘critical junctures’, that is, moments when substantial institutional change takes place thereby creating a ‘branching point’ from which historical development moves onto a new path (Gourevitch 1986; Collier and Collier 1991; Krasner 1984)” (Hall and Taylor 1996: 10). Collier and Collier (1991: 29) describe a “critical juncture” as a period of significant change ... which is hypothesized to produce distinct legacies”.

5.1 UNDERSTANDING THE SAGA OF BREMER VULKAN VERBUND AG IN BREMEN

The shipbuilding industry plays an important role – not only in economic terms as employer and tax-payer, but also in its political and traditional social role in Bremerhaven and the northern city borough of Bremen.¹⁰⁴ The roots of Bremer Vulkan itself can be traced to the early nineteenth century. The huge shipbuilding consortium Bremer Vulkan Verbund AG started out as a single shipyard founded by Johann Lange in 1805. Bremer Vulkan accounted for a significant proportion of shipbuilding employment and production in Bremen in the post-World War II period. It was assessed to be the second largest shipbuilding concern in Europe in 1993 (Heseler 1993: 4). Bremer Vulkan remained the single largest shipbuilding employer in Germany up to 1994.¹⁰⁵

Table 5.1 provides statistics on Bremer Vulkan's shares of Bremen's and German shipbuilding employment from 1979 to 1994. Over these years, Bremer Vulkan accounted for at least 30 per cent of Bremen's shipbuilding employment. Bremer Vulkan accounted for 7 per cent of German shipbuilding employment on average from 1980 to 1989, and thanks to its takeover of the East German shipyards in 1990, Bremer Vulkan Verbund's employment represented 54 per cent of total employment in the shipbuilding industry in Germany in 1993.¹⁰⁶ Bremer Vulkan was also a major shipbuilding firm when measured in terms of its share of shipbuilding turnover, both in Bremen and in Germany. Table 5.2 provides statistics on Bremer Vulkan's share of Bremen's and German shipbuilding turnover from 1980 to 1992. Bremer Vulkan's share of Bremen's shipbuilding turnover increased from 17 per cent in 1980 to 83 per cent in 1992. Bremer Vulkan's share of Germany's shipbuilding turnover grew similarly from 4 per cent in 1980 to 24 per cent in 1989.

¹⁰⁴ Refer to Appendix J for statistics on shipbuilding production in Germany by Land from 1980 to 1995.

¹⁰⁵ This is based on figures from Hecht *et al.* (1995: 17).

¹⁰⁶ Refer to Appendix B for the firms that formed Bremer Vulkan Verbund AG.

Table 5.1. Bremer Vulkan's share of Bremen's and German shipbuilding employment, 1979-1994 (per cent)

Year	1979	1980	1982	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Bremer Vulkan's share of Bremen's shipbuilding employment	30.4	30.3	30.5	33.8	34.5	37.5	39.4	38.8	42.2	41.8	35.5	-	-	-
Bremer Vulkan's share of German shipbuilding employment	7.7	7.4	7.5	7.4	4.2	4.3	10.9	11.0	10.3	17.4	24.3	40.8	53.6	52.5

Note: Employment figures not available for Bremer Vulkan Verbund's firms in Bremen for 1992-1994.

Source: Author's calculations based on figures from Bremer Vulkan Annual Reports 1980-1994 and VSM 1980, 1986, 1988, 1990, 1995.

Table 5.2. Bremer Vulkan's share of Bremen and German shipbuilding turnover, 1980-1992 (per cent)

Year	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Bremer Vulkan's share of Bremen's shipbuilding turnover	17.3	45.1	22.4	31.8	41.3	47.1	49.3	56.3	47.4	67.2	62.7	71.6	83.0
Bremer Vulkan's share of German shipbuilding turnover	4.3	14.0	5.3	10.4	9.8	13.4	13.0	19.3	17.0	24.3	23.2	20.1	18.2

Source: Author's calculations based on figures from Bremer Vulkan Annual Reports 1980-1994 and VSM 1980, 1986, 1988, 1990, 1995.

The Bremen shipbuilding firms and their workforce were influential both in the organisations of the labour market, and in the Social Democratic Party (SPD) that has ruled in Bremen without interruption in the post-war period. There was a dense network in which the board of directors, employee representatives of Bremer Vulkan and Senators of the Bremen Land Government were all active in the SPD. The transfer of Dr. Friedrich Hennemann from the Bremen Senate to the board of directors of Bremer Vulkan on 1 March 1987 made the network of SPD-led board of directors, representatives of the workforce, the Bremen Senate and the parliamentary majority even denser.

The closure of the second largest shipyard in Bremen, AG Weser, in 1983 was a key development in increasing Bremer Vulkan's ability to 'extort' the state for aid.¹⁰⁷ The Bremen Senate felt from then on that such a catastrophic situation should not be repeated. It was not conceivable either for Bremen politics or for society that no more ships would be built in Bremen. Furthermore, Bremer Vulkan often used short-term decision situations as an instrument to blackmail the Bremen Senate. The board of directors of Bremer Vulkan had repeatedly – in December 1983, October/November 1985, September 1986 and May 1988 – requested the Bremen Senate for help at the last minute, wielding the threat of complete collapse.

The size and significance of the *Werftenverbund* or shipyard consortium impacted on the firm's ability to extort the Bremen Senate. The testimony of a former member of the supervisory board of Bremer Vulkan, Dr. Andreas Fuchs, to the Bremen parliamentary inquiry committee was that "the managers of the shipyards knew that the policy of the Land was to do everything possible to maintain jobs" (Bremische Bürgerschaft 1998: 179). As Dr. Hans-Helmut Euler, head of the Bremen Senate Chancellery, put it, "the threat that if we did nothing, Bremer Vulkan would collapse was clear". Hans-Peter Küster, a former attorney for Bremer Vulkan, referred to the significance of Bremer Vulkan as an employment-intensive enterprise for Bremen in his testimony (Bremische Bürgerschaft 1998: 180). The disappearance of the shipbuilding industry was, according to members of the Bremen Land Government, a taboo in Bremen for political-psychological reasons (Bremische Bürgerschaft 1998: 181). The local shipbuilding industry still had a significant share of total industrial employment in Bremen in the 1980s. Because of already high

¹⁰⁷ The background to the closure of AG Weser is provided in Section 5.2.2 of this chapter.

unemployment, any further cuts in employment would have had profound consequences for the Land. One must also consider the importance of the shipbuilding industry to the supplier and sub-contracting industries in Bremen. A large number of apprentices were also employed in these firms. The costs of not supporting the shipbuilding industry included the loss of shipyard jobs, the corresponding fall in tax income and subsequent increase in social aid. As such, the Bremen Senate felt that it was cheaper to 'buy employment' with state aid.¹⁰⁸

The Bremen Senate consistently declared that its aid actions were 'temporary', 'one-off' and 'for the last time'. In the early years, however, there were no conditions attached by the Bremen Senate to the state aid that would have had increase of productivity or reduction of losses as an objective, although the Bremen Senate knew that the Bremen shipyards had fallen in their productivity. No time limits were set. No subsequent qualitative check of the use of the money was conducted. This allowed the subsidy mentality that was already prevalent in the shipbuilding industry as a result of the world-wide subsidy race to proliferate further in the Bremen shipyards. The policy of Bremer Vulkan under the leadership of Dr. Friedrich Hennemann was largely directed at winning the subsidy race. Dr. Hennemann had admitted as much to the Bremen parliamentary inquiry committee. 'We can beat the Japanese shipbuilding industry every day but not the Japanese finance minister', he said (Bremische Bürgerschaft 1998: 798).

Many of the officials in the Bremen Senate were aware of the subsidy mentality of the directors and managers of the Bremen shipyards. As early as 1985, Bernhard Theilen, a department head in the Bremen Senate Chancellery, acknowledged in a memorandum for the Bremen Senate assembly on 17 December 1985 the apparent mentality of shipyards to acquire contracts that were not break-even, and whose end financing was not certain, and which were therefore secured by state aid from the Land government (Bremische Bürgerschaft 1998: 63 and 177).

¹⁰⁸ In an assembly of the Bremen Parliament in 1988, the SPD member of the Bremen Parliament, Schmurr, said that, "The social question in this discussion is for us as Social Democrats the centre point and the social question is also the core of our engagement in this problem. ... agreement that the rejection of public assistance in plain language would mean an immediate and at least short-term collapse of the Bremen shipbuilding industry. This would have devastating effects on the regions Bremerhaven and Bremen-Nord. We would have an unemployment rate of 25 per cent in Bremerhaven and 23 per cent in Bremen-Nord. Social aid via *Finanzausgleich* could amount to DM 63-70 million. By 1988, in the case of bankruptcy of the *Werftenverbund*, at least DM 450 million in public guarantees would fail." (Bremische Bürgerschaft, 12. Wahlperiode, *Sitzungsprotokoll vom 25. August 1988*, p. 1266 and p. 1273).

Managers of shipyards were first concerned with fulfilling capacity, then second with looking for financing for such contracts. Hans-Peter Küster, a former attorney for Bremer Vulkan, testified that the subsidy mentality was especially pronounced in the shipyards as they had experienced success in previous situations, especially when they had a particular weight in the location. Hans Koschnik, Mayor of Bremen and President of the Bremen Senate until 1985, testified similarly (Bremische Bürgerschaft 1998: 178).

5.2 CASES OF PROVISION OF STATE AID TO BREMER VULKAN, 1980-1989

This section describes the main occasions of state aid provision to Bremer Vulkan from 1980 to 1989. Special attention is paid to the participation of the Land, Federal and EU authorities in these situations. The detailed and authoritative information on these state aid cases was obtained from the report of the Bremen Parliamentary Inquiry Committee into the collapse of Bremer Vulkan that was published in 1998 (Bremische Bürgerschaft 1998). The criterion used for selecting these fifteen state aid cases was that the aid was ad-hoc and tied to specific events or developments of the firm. These fifteen state aid cases constitute a complete list of all such state aid cases. Scheduled disbursement of aid from Federal or Land shipbuilding aid programmes was not considered. Special attention was paid to the actions taken by the Federal Government, the Land Government of Bremen and the EU and the interactions between and among these various actors. With regard to the Land Government of Bremen, the points of interest were its decisions to grant aid to Bremer Vulkan, and its relations with the Federal Government regarding the co-funding of such aid. The Federal Government was studied in terms of its willingness to provide aid to Bremer Vulkan, its notification, or lack thereof, of such aid to the European Commission, and its relations with the Commission in the event of an investigated state aid. The regulatory role of the Commission was analysed in terms of its approval and prohibition of the various state aid cases and its associated interactions with the German actors.

By the beginning of the 1980s, the golden days of Bremen, and for that German, shipbuilding were once and for all over. An important cause of this

shipbuilding crisis was the increasing competition of the Far Eastern shipbuilding nations, South Korea and Japan. Their state aid and low wage costs resulted in over-capacities on the world shipbuilding market and consequently, market prices lay significantly below the costs of German shipyards.

New shipbuilding production in Bremen in 1982 was only 66 per cent that of the annual production of 1972.¹⁰⁹ Similar trends were to be observed in employment figures in Bremen shipbuilding. In 1975, there were 21,099 workers in Bremen shipyards. In 1982, this figure had fallen to 14,066 (VSM 1987, 1991). This represented a reduction of more than 33 per cent in seven years (author's calculations from the above-mentioned figures).

5.2.1 Case 1: Bremer Vulkan Losses in 1981

On 1 September 1981, the chairman of the supervisory board (*Aufsichtsrat*) of Bremer Vulkan informed the Bremen Senate that the shipyard was in such great difficulties that it could not solve them, either through its own efforts or with help from its owners, the Thyssen concern (Bremische Bürgerschaft 1998: 18). The year 1981 was, in fact, described in the Bremer Vulkan annual report of that year as one of the most difficult in the history of Bremer Vulkan. The building of the cruise vessel 'Europa' and the 1977 frigate programme for the Federal Marine Authority for Armaments and Technology and Procurement had brought Bremer Vulkan financial losses of DM 300 million (Bremer Vulkan 1982: 10).

After negotiations between Bremer Vulkan and the Federal Government, the budget committee of the Deutscher Bundestag finally approved a grant of DM 190 million for the frigate programme and thereby secured the survival of Bremer Vulkan.¹¹⁰ The Bremen Senate decided to come on as a minority shareholder of Bremer Vulkan as part of a rescue action because of the losses in frigate and cruise shipbuilding. According to the then President of the Bremen Senate, Mayor Hans Koschnik, this was done at the request of the Federal Government (Bremische Bürgerschaft 1998: 19). The Bremen Senate used the Land-owned company,

¹⁰⁹ Author's calculations based on statistics from VDS (1973).

¹¹⁰ According to the Bremer Vulkan annual report of 1981, "only the contract aid programme of the Federal and Länder governments prevented the collapse the German shipbuilding industry at this time" (Bremer Vulkan 1982: 5).

Hanseatische Industrie Beteiligungen GmbH (hereafter referred to as HIBEG), to acquire shares in Bremer Vulkan.¹¹¹ With effect from 1 January 1982, HIBEG acquired 25.1 per cent of Bremer Vulkan shares.

In the case of covering the losses of Bremer Vulkan in 1981, both the Federal Government and the Bremen Senate were prompt in their provision of financial support to Bremer Vulkan. Their willingness to come to the rescue of Bremer Vulkan was clear in their decisions to take whatever steps were necessary to bail Bremer Vulkan out of financial difficulty. The Federal Government did not notify the transactions to the European Commission. The EC played no role at all at this time as it did not even question the state aid involved in these transactions.

5.2.2 Case 2: Proposed Merger of Bremer Vulkan and AG Weser, 1982-1983

What is worth noting is that two days after the Bremen Senate's decision to acquire Bremer Vulkan shares, the President of the Bremen Senate, Mayor Koschnik, announced the Senate's plans for the merger of AG Weser and Bremer Vulkan in an assembly of the Bremen Parliament (*Plenarprotokoll der Bremischen Bürgerschaft vom 9. Dezember 1981*, pp. 3890-3892). AG Weser was the other large shipyard in Bremen at this time. The Bremen Senate saw this move as a survival strategy for the Bremen shipbuilding industry to cope with the Far Eastern competition. The trade unions and the boards of directors of the two shipyards were, however, against the idea of a merger because of possible job losses.

In January 1982, the Bremen Senate instructed the boards of AG Weser and Bremer Vulkan to develop a common concept for the safeguarding of the survival of the shipyards in Bremen. In response, the main owners of AG Weser and Bremer Vulkan (Krupp, Thyssen and HIBEG) commissioned a group of experts with the writing of a report on the improvement of the performance and competitiveness of the shipyards in Bremen.¹¹² The goal of the study was the definition of measures necessary for the long-term survival capability of both shipyards (Bremische Bürgerschaft 1998: 21).

¹¹¹ HIBEG was 49.5 per cent owned by the Bremen Senate, 49.5 per cent by the borough (*Stadtgemeinde*) Bremen and 1 per cent by the City of Bremerhaven.

¹¹² These experts were the consultancy firms Treuarbeit AG, Knight-Wegenstein AG and Kienbaum.

In February 1983, Mayor Koschnik presented the Federal Economics Minister, Otto Graf Lambsdorff, and the Federal Finance Minister, Dr. Gerhard Stoltenberg, with the recommendations of the two boards for a '*Verbund*' or consortium solution (*Nordsee Zeitung*, 29 April 1982). The Federal Government rejected any involvement in the solution of Bremer Vulkan's financial problems during this visit of the Bremen Mayor to Bonn. The Federal Government insisted on concrete plans for a sound solution based on reduction of new shipbuilding, with reviewable data and plausible recommendations (Bremische Bürgerschaft 1998: 22). It was no longer prepared to increase support for the shipbuilding industry without a plan for its restructuring (Bremer Vulkan 1984: 7).¹¹³

On 23 February 1983, the chairman of the supervisory board of AG Weser informed the President of the Bremen Senate that the Krupp concern had already taken over DM 230 million for the compensation of losses of AG Weser, and that it would make no further contribution to the preservation of the firm (Bremische Bürgerschaft 1998: 22). The response of the Bremen Senate came in the conference of economics ministers of the north German coastal Länder that was held in April 1983. Taking the cue from the Federal Government's stance, these Land ministers came to the understanding that the future provision of shipbuilding subsidies would be linked to the reduction of new shipbuilding capacity. The owners and boards of both shipyards requested state aid of DM 115 million to support the proposed merger solution – one-quarter of the amount from the Land Government and three-quarters from the Federal Government (Bremische Bürgerschaft 1998: 24). In the assembly of 5 July 1983, the Bremen Senate agreed, in its double role as shareholder of Bremer Vulkan and as Land government, to take on DM 50 million of the anticipated DM 115 million. The Bremen Economics Senator, Karl Willms, informed the State Secretary in the Federal Economics Ministry, Dr. Dieter von Würzen, of these plans.

On 20 July 1983, the Federal Government held a specialist committee meeting on the theme of the ideas for a new structural organisation of the Bremen shipyards. The members of this committee expressed readiness to examine the recovery of competitiveness of the large Bremen shipyards. The Federal Government did recognise the problematic situation in which the Bremen Senate found itself. Von

¹¹³ It is interesting to note here that Dr. Stoltenberg had formerly worked in the Schleswig-Holstein Land Government and had intimate knowledge of similar shipbuilding issues in his dealings with Howaldtswerke Deutsche Werft in Kiel.

Würzen stated that the Federal Government considered an application of the Bremen Senate for financial involvement of the state in the sectoral restructuring processes as, in large measure, worthy of examination. At the same time, however, the Federal Government raised the objection that small and medium-sized shipyards feared that the provision of state aid to large shipyards would distort competition against them. Furthermore, the Federal Government criticised documentation from the Bremen Senate as not showing how a shipyard complex could produce ships under competitive conditions without incurring losses (Bremische Bürgerschaft 1998: 24). The Federal Government favoured regional support via the *Gemeinschaftsaufgabe Verbesserung der regionalen Wirtschaftsstruktur* (Bremische Bürgerschaft 1998: 24). German industrial policy tends to emphasise functions (like regional development or incentives to SMEs) rather than to target aid to specific sectors. On 28 July 1983, the Bremen Senate finally applied for this joint *Bund-Land* financing instrument. This was, however, only a flanking measure for Bremen Senator Willms. He was more interested in obtaining direct shipbuilding aid from the Federal Government (Bremische Bürgerschaft 1998: 24).

The announcement by Thyssen-Bornemisza-Europa n.V., owners of Bremer Vulkan, in August 1983 that they were withdrawing from shipbuilding, and that they would no longer provide additional resources for future plans precipitated an application by the boards of AG Weser, Bremer Vulkan and Hapag-Lloyd to the Bremen Senate and the Federal Government for state aid for cross-firm structural measures. The Federal Government rejected this application in November 1983 (Bremische Bürgerschaft 1998: 26). It was clear that no Federal money could be expected (*Handelsblatt*, 29 and 30 November 1983; *die Zeit*, 2 December 1983). The Bremen Senate, on the other hand, called for further increases to the shipbuilding subsidy programme (*Handelsblatt*, 13 September 1983, 29 and 30 November 1983; *die Zeit*, 2 December 1983). The negative attitude of the Federal Government was criticised in the Social Democratic Bremen Senate. The general impression in the Bremen Senate was that the Federal Government was interested in protecting SMEs and not large firms and that furthermore, the Federal Government did not perceive shipbuilding to be a national task. The Land Bremen itself could not afford to provide more than DM 50 million. AG Weser was thus closed down on 31 December 1983.

The closure of AG Weser led to demonstrations and rallies by shipyard workers in Bremen. In the Bremen parliamentary elections that were held in 1984, the

Social Democrats won 58 out of the 100 seats. This was the best result for the SPD in years. Mayor Koschnik had successfully pushed the blame for the collapse of AG Weser to the Federal Government. In his election campaign, he had consistently emphasised how it was the Federal Government's reluctance to step in that had resulted in this undesirable situation.¹¹⁴

Important factors in the choice of preserving the Bremer Vulkan shipyard rather than AG Weser were Bremer Vulkan's tradition of military shipbuilding and the empty order books of AG Weser. Even though Bremer Vulkan's contracts were loss contracts, they were contracts nonetheless. Relative productivity and modernity of the two shipyards were not the criteria employed to make the decision. Rather, the closeness of the relationship of Bremer Vulkan to the Land government appeared to seal its fate. In the context of the proposed merger of Bremer Vulkan and AG Weser, it is clear to see that the Bremen Senate had an extremely significant role. Not only did it initiate the idea, but it also did much within its means to advance it along. Representatives of the Bremen Senate informed the Federal Government of such plans, were involved in the commissioning of reports, and participated in expert forums on the matter. In concrete financial terms, the Bremen Senate agreed to provide DM 50 million to Bremer Vulkan, and applied to the Federal Government for financing under the *Gemeinschaftsaufgabe*.

For its part, the Federal Government was somewhat more hesitant in its support of these merger plans. Pressure from Bonn had brought the Bremen shipyards and the Bremen Senate together to discuss ideas about the reorganisation of the Bremen shipbuilding industry. However, this was not sufficient for Federal Economics Minister Lambsdorff who insisted on the elaboration of a plan for the restructuring of the whole German shipbuilding industry before he was prepared to consider any further assistance (*Bremer Nachrichten*, 17 February 1983; *Weser Kurier*, 8 February 1983). The Federal Government, for instance, imposed strict conditions of reduction of new shipbuilding capacity and insisted that the plans included reviewable data. The pressure of the Federal level on the Land government was obvious (*Handelsblatt*, 14 February 1983). The Federal Government displayed concern about the Bremen shipbuilding industry when the Federal Chancellor invited the works councils of the two shipyards for talks, and in its general attitude towards

¹¹⁴ Federal Economics Minister Lambsdorff had declared in the course of the Bremen parliamentary elections, "Those who cannot sell ships should not build them" (quoted in Philipp 1998: 82).

the Bremen Senate's requests for assistance. However, the real clampdown from the Federal Government came when it unequivocally rejected the application of the three shipyards (Bremer Vulkan, AG Weser and Hapag-Lloyd) for cross-firm structural aid at a time when the latter felt themselves to be in dire straits as a result of Thyssen very publicly withdrawing from its commitments in the German shipbuilding industry.

This hesitant attitude of the Federal Government soon had its impact on the disposition of the Bremen Senate towards further state aid for Bremer Vulkan. In April 1983, the Bremen Senate, along with the other north German coastal Länder governments, started to link the future provision of shipbuilding aid with the reduction of new shipbuilding capacity, just as the Federal Government was doing. When things came to a crunch with the Thyssen withdrawal, the Bremen Senate, just like the Federal Government, refused to provide further state aid to the shipyards, and even instructed the other firms involved not to increase their own engagement. The Land government was caught between the conflicting interests of the industry and those of the Federal Government.

Furthermore, there was a split of opinion arising from conflicting interests between the four coastal Länder (Bremen, Hamburg, Lower Saxony and Schleswig-Holstein) and the other seven Länder. In 1981, the Social Democratic Bremen Senate demanded an increase in shipbuilding aid from the Federal Government from 12.5 to 17.5 per cent of the cost of ships for ship-owners who ordered ships from German shipyards. The governments of the other three coastal Länder agreed to support the Bremen proposal in March 1984. However, the proposal was blocked in the Bundesrat. The opponents to this proposal included Social Democratic Hessen and Saarland which were keen to ensure that the welfare of their car and steel producers, respectively, was not jeopardised by what they saw as excessive support of the shipbuilding industry (Stråth 1987: 35).

The Federal Government did not notify the European Commission of the assistance that it was providing Bremer Vulkan because the *Gemeinschaftsaufgabe* had already been approved by the Commission. As with the state cover of Bremer Vulkan losses in 1981, the EC was not at all involved in the measures taken by the Bremen Senate and the Federal Government in favour of Bremer Vulkan in 1982 and 1983.

5.2.3 Cases 3, 4, 5, 6 and 7: State Aid for the Shipyards Acquired by Bremer Vulkan, 1983-1986¹¹⁵

At the beginning of 1983, the Bremen Senate acquired shares in the shipbuilding firm, Schichau Unterweser AG (SUAG). The *Bremer Gesellschaft für Wirtschaft und Arbeit* acquired 38 per cent of the share capital of SUAG. The aim of the Bremen Senate at this time was to maintain the 900 jobs on this shipyard (*Senator für Finanzen, Unterlagen Sitzungen Bürgerschaftsanschüsse, Band I, Sitzung vom 10. Dezember 1984*, p. 1). At the end of 1983, the Bremen Senate decided to grant financial aid for another shipyard, Seebeckwerft AG. The Bremen Senate agreed to a guarantee for a capital increase of DM 7.95 million and a repayable loan of DM 25 million (Bremische Bürgerschaft 1998: 36).

This shipbuilding policy came about as the Bremen Senate recognised the ‘acute danger’ posed by an unordered collapse of a major part of the Bremen shipbuilding industry (Bremische Bürgerschaft 1998: 29). The Land Bremen, after the closure of AG Weser, was even more determined to safeguard jobs in the Bremen shipbuilding industry. The Bremen Senate, in the persons of Economics Senator Werner Lenz and Senate Director, Dr. Friedrich Hennemann, formulated the strategic objective of Bremen shipbuilding policy in 1984. On 10 January 1984, the Bremen Senate passed a resolution on aid for the merger of Bremer Vulkan and Hapag-Lloyd Werft. The consolidation of shipyards in Bremen into a ‘*Verbund*’ or consortium, under the leadership of Bremer Vulkan, was seen to be the prerequisite for the survival of the Bremen shipbuilding industry. This aim was pursued with great enthusiasm in the years 1984-1987 and with considerable state aid in favour of the *Verbund*. As the formation of a shipyard complex was not sought or pursued primarily by the shipyards concerned, not even by the leading Bremer Vulkan shipyard, but instead by the Bremen Senate, these huge amounts of state aid were essential to the implementation of the Land shipbuilding policy. The Bremen Senate also exerted pressure towards the merger of Bremer Vulkan and Schichau in the context of the latter’s applications for guarantees for new shipbuilding for four ferry-boats (Bremische Bürgerschaft 1998: 41). A concrete business decision by a private

¹¹⁵ State aid cases 3, 4, 5, 6 and 7 are analysed jointly in this section as they all relate to state aid provided to facilitate Bremer Vulkan’s takeover of other shipbuilding firms from 1983 to 1986.

shipbuilding firm was thus influenced and manipulated by the Bremen Senate with the leverage of the provision of a guarantee.

Talks between the Bremen Economics Senator and the chairman of Friedrich Krupp GmbH were also not purely devoted to securing guarantees for Bremer Vulkan from the Bremen Senate. They also served to be the prelude for the merger of Bremer Vulkan and Seebeckwerft. A meeting of the economics committee of the Bremen Senate on 10 December 1985 included a discussion of how situations could be avoided in which different Bremen shipyards competed for the same shipbuilding contracts. The Bremen Senate believed that a '*Verbund*' solution would bring 'heightened synergy effects' that could allow an 'ordered reduction of capacity' whilst avoiding 'disruptive developments' (Bremische Bürgerschaft 1998: 93). Talks between the Bremen Senate Director, Dr. Hennemann, representatives of HIBEG and of Krupp focused on a model of integration of Seebeckwerft into Bremer Vulkan. Bremen Economics Senator Lenz wrote to Mr. Segebade, the representative of IG Metall in Bremerhaven, on 21 April 1986 to appease fears that the merger would cause job losses (Bremische Bürgerschaft 1998: 72). On 2 July 1986, Senator Lenz for the Bremen Senate and Dr. Wilhelm Scheider for Friedrich Krupp GmbH signed the contract for the takeover of Seebeckwerft shares. So as to appear to be conforming with EC state aid law, the Bremen Senate made HIBEG the contract partner for Friedrich Krupp GmbH and Bremer Vulkan (*Senator für Finanzen, Unterlagen Sitzungen Bürgerschaftsanschüsse, Band III, Sitzung vom 29. August 1986, Vorlage, p. 2 and Anlage I, p. 77*). The Bremen Senate thus played a heavy hand in the takeover of Seebeckwerft by Bremer Vulkan.

In August 1986, Bremer Vulkan took on contracts with American President Lines (APL) to build two big container ships. These contracts were however taken at a loss and Bremer Vulkan expected state aid from the Bremen Senate. The Bremen Senate provided Bremer Vulkan with two guarantees and contract aid for the completion of the contract for APL. The Federal Government did not offer any co-funding of this state aid, and thus did not feel particularly pushed to notify the transactions between the Bremen Land government and Bremer Vulkan to the Commission. The EC once again did not intervene in this case, and according to an official in the Competition Directorate-General, he was of the opinion that the facts that the amounts involved were relatively small and that the aid granted was mainly in the form of guarantees made the aid 'less notifiable' (interview 7).

The period in which Bremer Vulkan became a consortium of shipyards, that by September 1986 included four large shipyards and an 8,000 strong workforce, was characterised by consistent and unflinching support of the Bremen Senate. However, by this time, the Bremen Senate was also insisting on reduction of new shipbuilding capacity in Bremen. The communication issued by the officials from the finance and economics departments and the guarantee committees on how the liquidity situation in Bremer Vulkan should be improved emphasised ordered capacity reduction (*Senator für Finanzen, Unterlagen Sitzungen Bürgschaftsanschlüsse, Band III, Sitzung vom 29. August 1986, p. 2*). The Federal Government was not at all involved in any form whatsoever. The Bremen Senate neither consulted it nor asked for its assistance. For a variety of reasons, which might have included ignorance and/or neglect, or because it did not disapprove of these state measures, the EC did not intervene in any of these transactions.

5.2.4 Case 8: Acquisition of Bremer Vulkan Investments by the Bremen Senate in 1987 and 1988

In late 1987 and early 1988, the economic conditions for German shipbuilding were still difficult. The acceptance of loss contracts had logically led to liquidity difficulties in Bremer Vulkan. As a solution, the Bremen Senate stepped in and took over Bremer Vulkan's liquidity-binding financial investments, including ship shares and limited partnership or *Kommanditgesellschaft* loans. The Bremen Senate took over these financial investments of Bremer Vulkan without knowing their actual market value.

Bremen Finance Senator Grobecker felt that it was preferable to safeguard contracts through the receipts of sale of stocks, rather than directly out of the public budget funds. It can be gathered from the minutes of a meeting of the Bremen Finance Senate that the provision of resources in the form of an increase of capital was a reaction to EC state aid law. These minutes read, 'In view of the EC problem, this way is EC compliant' (*Senator für Finanzen, Unterlagen Sitzungen Bürgschaftsanschlüsse, Band III, Sitzung vom 22. Dezember 1986, p. 2*). This did not, however, preclude the need for this aid to be notified to the European Commission. The Commission had written to the Federal Government about what they had come to

know from an article in the German newspaper, *Handelsblatt*, on 27 April 1988 about the vouching of an operating resources special credit of DM 130 million that had been decided by the Bremen Senate. The EC reminded the German government that in accordance with Article 10(2) of the Sixth Council Directive on state aid to shipbuilding, it had to notify every intended introduction or reconfiguration of state aid in a timely manner to the Commission.

The ensuing discussion between the Bremen Senate and the Federal Government is important in revealing the comparatively greater acceptance of EC shipbuilding aid legislation by the Federal Government than by the Bremen Senate. The Bremen Economics Senator informed the Federal Economics Minister that the DM 130 million was an advance payment on a partial purchase price for the acquisition of financial investments of Bremer Vulkan. He thus argued that the measure was not an examinable state aid. The Federal Economics Minister was, however, not prepared to adopt the Bremen Senate's approach and to relay it up to the European Commission as the existence of a notifiable state aid was being artlessly negated. The Federal Economics Ministry 'was not prepared to pull the European Commission's leg' (Bremische Bürgerschaft 1998: 560). The expert department of the Federal Economics Ministry was of the opinion that the aid had to be notified to the EC. They feared that the European Commission would react negatively if they continued their position without any changes, especially as the European Commission had learnt about the matter from the press.

The Federal Economics Ministry held that the take-over of guarantees for financing an investment credit was difficult. The takeover of investment guarantees in the past was possible because of the Sixth Council Directive. Through the stand-still agreement in connection with the OECD shipbuilding, this funding should however basically be prohibited. An investment aid should in no case lead to an increase in capacity. As a rule, the European Commission demanded a reduction of capacity as an element of restructuring exercises. Furthermore, it had to be shown that the funded programme led to an improvement of the competitiveness of the firm (Bremische Bürgerschaft 1998: 565).

The responsibility to notify any state aid to the EU lies with the Federal Government and thus, ultimately it was the Federal Government that made the decision to notify this particular transaction to the EU. In its notification, the Federal Government emphasised its adherence to EC shipbuilding policy goals of capacity

limitation and the downsizing of the shipbuilding industry. Germany indicated that the emphasised capacity reduction would be implemented.¹¹⁶

However, no information was given about the intended acquisition of financial investments of Seebeckwerft. The European Commission again learnt only from the press that the financial investments of Seebeckwerft would be acquired by Bremer Vulkan. This project had not been notified to the EC. When questioned by the Commission, Germany insisted that this had been notified to the European Commission with the earlier communication of 28 June 1988.

Catching on to the game that Germany seemed to be playing, the European Commission informed the Federal Government about which measures in favour of the Bremer *Werftenverbund* were included by its notification. These included procedures in connection with the financial investments of Bremer Vulkan and Seebeckwerft but excluded procedures from the time of the merger of the Bremen shipyards into a *Werftenverbund*. The Commission indicated that an inquiry was needed for it to be able to determine whether the introduction of proceedings was necessary (European Commission Press Release IP/89/449).¹¹⁷

In July 1989, the European Commission declared that as a result of its examinations, it had decided to open proceedings under the then Article 93(2) of the EC Treaty. It saw several of the measures as not compatible with the Common Market. More than a year later on 26 September 1990, the Commission informed the Federal Government that all proceedings were closed, and that it had decided to approve the state measures (European Commission Press Release IP/90/754). The state aid aggregated 6.4 per cent of turnover of 1988 in civil shipbuilding and ship-conversion. Together with the contract-related state aid that Bremer Vulkan obtained or that went to ship-owners, the state aid intensity reached in total 12.8 per cent in 1988, i.e. it lay far below the EC-allowed 1988 limit of 28 per cent. The German side had emerged victorious this time in its dispute with the EC. Bremer Vulkan was

¹¹⁶ The Federal Government did also attempt to justify the provision of the aid in its communication to the EC by pointing out that the public audit firm, Treuarbeit AG, which had determined the productive capacity of the concept, found that to comply with the restructuring guidelines, Bremer Vulkan had to part with financial investment of book value of DM 227.5 million. The Bremen Senate was prepared to take over these financial investments through HIBEG at their book value. The liquidation of these business investments, however, made it necessary to render an amount of DM 130 million in advance to Bremer Vulkan (Bremische Bürgerschaft 1998: 586).

¹¹⁷ The following information was requested from the Federal Government: general information on the *Werftenverbund*, sale of shares of Seebeckwerft by HIBEG to Bremer Vulkan, acquisition of Bremer Vulkan shares by HIBEG, acquisition of assets of Bremer Vulkan by HIBEG, and acquisition of assets of Schichau and Seebeckwerft by HIBEG.

allowed to keep the state aid and the argument of the Bremen Senate that the transaction did not constitute state aid in the first place was vindicated by the Commission. However, the European Commission did point out that while state aid had been approved, it should have been notified to the Commission prior to implementation.

This marked a significant development in the relations between the European Commission and the Federal Government. The EC had only become involved in the case because it had learnt about it from German press reports. The Federal Government had not informed the Commission about these transactions voluntarily. What is, in fact, even more noteworthy is that the European Commission might not even have chosen to intervene had the measure not been so flamboyantly publicised in the German media. An official in the Competition Directorate-General of the European Commission said in an interview with the author that “it was impossible to ignore a breach of EU state aid rules that was in everyone’s face” (interview 4). The EU involvement in this Bremer Vulkan state aid case was a matter of maintaining credibility. This occasion, along with other subsequent developments, left an indelible mark on the government officials in Germany. As an official in the Hamburg economics ministry said, “If only our politicians wouldn’t go around thumping their chests, we might not have these issues with the EU” (interview 8).

This state aid case is also important because it provides evidence of the more successful penetration of both the attitude and the actions of the Federal Government by the EU policy on the provision of shipbuilding aid, when compared with the Bremen Land Government. The Federal Government was cognisant of the EC policy of downsizing the shipbuilding industry and limited provision of shipbuilding aid, and paid credence to these goals in both its discussions with the Bremen Senate and in its communications with the European Commission. The Bremen Senate, on the other hand, was not as enthusiastic to apply these EC principles, and was more recalcitrant in its response, as manifested by the views it expressed in its discussions with the Federal Government.

5.2.5 Case 9: Structural Concept of Bremer Vulkan, 1987-1988

Bremer Vulkan transformed itself from being purely a shipbuilding consortium to a maritime technology concern during the years 1988 to 1993.

The board of directors of Bremer Vulkan formulated and adopted the 'Guidelines for the Organisational Structure and Co-operation in the Bremer *Werftenverbund* of Shipbuilding Firms Working Together' in 1987. This came to be known as Bremer Vulkan's structural concept. Its main elements were:

- a repair concept;
- a diversification concept;
- a structural concept for Bremerhaven;
- a structural concept for Bremen-Nord, and
- a rehabilitation concept.

The formulated goals were firstly the medium-term consolidation of Bremer Vulkan by reduction of capacity and of jobs to a core portfolio, modernisation investments and the increase of non-ship production (*Protokoll der Bremer Vulkan Aufsichtsratssitzung vom 2. Oktober 1987*, p. 17).

During a meeting of the SPD Bremen Senate and the SPD Bremen parliament fraction from 1 to 3 February 1988 to discuss this structural concept, the Bremen Economics Senator concluded that a further, considerable reduction of shipbuilding capacities was indispensable to reduce over-capacity, to make shipbuilding in Bremen viable again, and to ensure the security of the jobs in this sector (Bremische Bürgerschaft 1998: 132).

The EC Council had published on 12 September 1987 the 'Report on the Industrial, Social and Regional Aspects of Shipbuilding in the Community'. The structural concept of Bremer Vulkan and the recommendations of the Bremen SPD government thus seemed to resonate well with the direction provided by this EC report. This structural concept had the eventual agreement of the individual shipyard boards, the supervisory board, IG Metall and the Bremen Senate. The board of directors of Bremer Vulkan applied to the Bremen Senate for the financial aid required for the implementation of this structural concept (Bremische Bürgerschaft 1998: 197). The Bremen Senate confirmed that the structural measures of Bremer Vulkan would be supported with funding, and that 'a qualified capital participation of the Land' would be retained (Bremische Bürgerschaft 1998: 142). As a first step, the

Bremen Senate decided on financial aid of DM 20 million for the diversification concept. The Bremen Senate made subsequent decisions on financing of the diversification concept with a total of DM 31.1 million (Bremische Bürgerschaft 1998: 197).

The implementation of the structural concept involved a great deal of state aid from the Land Government of Bremen. However, this aid was provided rather reluctantly. Furthermore, the Bremen Senate quite clearly pursued the policy of capacity reduction that had been recommended by EC shipbuilding legislation and the Council's shipbuilding report of 1987. This marked a shift in the propensity of the Land Government of Bremen to provide state aid to Bremer Vulkan. The imposition of conditions of capacity reduction and productivity increase signaled a decreased willingness of the Land government to prop up Bremer Vulkan.

The experience of the Commission's investigation of the acquisition of Bremer Vulkan's investments by the Bremen Senate constituted part of the 'EU learning curve' for the Bremen Land Government. Actual exposure to the investigative and regulatory powers of the European Commission had resulted in greater credence to relevant EC guidelines by the Bremen Land Government. This state aid case also provides evidence of the Europeanisation of the Federal Government in its notification of the aid for Bremer Vulkan's structural concept and of the parallel acquisition of Seebeckwerft investments to the EU on 28 June 1988 and 26 August 1988, respectively. The EC's benign neglect of Bremer Vulkan's state aid cases up until 1987 left the German authorities ignorant of the powers of the European Commission to investigate and prohibit state aid. The EC's investigation of Bremer Vulkan's eighth state aid case of the acquisition of Bremer Vulkan's investments by the Bremen Senate (discussed in Section 5.2.4) was significant for the Europeanisation of both the Federal and Land governments.

5.2.6 Case 10: State Aid for the Acquisition of Senator Linie GmbH by Bremer Vulkan and Its Merger with Deutscher Seereederei (DSR)

A former member of the board of directors of Hapag-Lloyd Werft, Karl-Heinz Sager, presented his idea to the Bremen Economics Senator in April 1989 of creating a service to steer flows of goods through Bremen harbours that previously mostly

went through competing harbours (*Vorlage Sitzung Bürgerschaftsausschüsse am 6. April 1989*, p. 235). The shipping company, Senator Linie GmbH, was subsequently founded on 6 October 1989.¹¹⁸ The founding of Senator Linie was expected to generate demand for container shipbuilding.¹¹⁹ From the beginning, however, Senator Linie GmbH found itself in financial difficulties – bankruptcy threatened the firm many times. Loans and guarantees of the Land Bremen were required. There was a close three-way relationship between the Bremen Senate, Bremer Vulkan and Senator Linie GmbH in which liquidity, shares and loans were shuffled back and forth as the need arose. Through guarantees for the end-financing of ships, the Bremen Senate supported Senator Linie and Bremer Vulkan at one and the same time.

The two shipping firms of Deutscher Seereederei (DSR) and Senator Linie were merged on 1 April 1994. HIBEG took over further shares in Senator Linie to provide the funds required for the execution of this merger. The Land Government also allowed guarantees of DM 23 million. The Bremen Senate acquired 50 per cent of the merged shipping company. Furthermore, the shares of Bremer Vulkan in Senator Linie of DM 2 million were financed by a loan from HIBEG to Bremer Vulkan (*Bremische Bürgerschaft 1998: 239*).

This particular episode of state aid provision is important in that it marks the expansion of Bremer Vulkan business activity into shipping and the active involvement of the Bremen Senate in supporting this business development. The European Commission did not investigate this state aid. Part of the explanation lies in the fact that this transaction was in keeping with the recent EU interest in coupling the shipping and shipbuilding industries. Chapters 2 and 4 have shown how the EU extended the scope of the shipbuilding sector to incorporate the shipping and supplier industries within the ambit of its shipbuilding legislation and policy. Here, the case of the provision of state aid by the Bremen Senate to facilitate the takeover of Senator Linie by Bremer Vulkan is evidence of the implementation of this EU impulse on the domestic German level. Bremer Vulkan incorporated the EC shipbuilding policy

¹¹⁸ Senator Linie GmbH had ten shares of DM 1 million each, of which six shares went to Bremen enterprises (two to Bremer Vulkan, one to Lürssen Werft GmbH, one to Unterweser Reederei AG, and two to HIBEG).

¹¹⁹ According to the minutes of the Bremen Senate guarantee committee meeting on 14 April 1989, ‘the continuously worsening chartering rate levels from the early 1980s until 1987 had led to considerable problems in Bremer Vulkan as lower charter rates led to insufficient profits in shipping companies and this dampened the demand for new shipbuilding’ (*Bremische Bürgerschaft 1998: 239*).

prescription of diversifying into maritime transport activity in its own business strategy and this met with the approval and support of the Bremen Senate.

5.2.7 Case 11: State Aid for the Acquisition of Krupp Atlas Elektronik by Bremer Vulkan

Krupp Atlas Elektronik (KAE), a firm which specialised in the manufacture of electronic systems for ships and defence, found itself in financial difficulties in 1989. As the Federal Government was planning to issue fewer armaments contracts to German industry, and as KAE obtained about two-thirds of its contracts in this market segment, it was affected significantly by the revised government policy. As the Krupp concern wanted to separate from KAE in Bremen-Sebaldsbruck, the Bremen Senate enabled Bremer Vulkan to acquire KAE by providing a capital guarantee of DM 126 million to facilitate the purchase by Bremer Vulkan AG of a 74.9 per cent share of KAE from Krupp AG. This state aid was provided with the justification of avoiding a hostile takeover and gaining influence in this important business for Bremen via Bremer Vulkan.

Under the roof of Bremer Vulkan, the thus far competitors on the market, Systemtechnik Nord and KAE, could now co-operate. Systemtechnik Nord GmbH was a maritime technology firm that was founded by Bremer Vulkan in 1989. In fact, the genesis of this firm can be traced to the Bremen Senate. The President of the Bremen Senate, Mayor Klaus Wedemeier, in a meeting of the north German Minister Presidents on 8 November 1989 in Hamburg, had suggested the formation of a consortium of companies, Systemtechnik Nord, to counteract the technological-structural weakness of the north German Länder (Bremische Bürgerschaft 1998: 224).

It should be borne in mind that the elections to the Bremen Parliament were to be held in September 1991. It was an opportune time for politicians to support key firms in Bremen. The Federal Government was, however, by this time very concerned with German compliance with EU state aid law. In a letter dated 11 September 1991 to the Bremen Senate, the Federal Economics Minister, Jürgen Möllemann, indicated, 'In the framework of the transaction in which HIBEG receives a free-of-charge Land guarantee, whose ultimate beneficiary is Bremer Vulkan, I assume that the question of an eventual state aid authorisation by the European Commission will be taken account

of by you' (Bremische Bürgerschaft 1998: 312). The Bremen Senate itself was optimistic on two fronts. Firstly, it was confident that the Federal Government would tow its line that the acceptance of the guarantee constituted a non-notifiable aid with the EU and secondly, that even if the measure constituted a notifiable state aid, it would be approved by the EU as a diversification measure.

The Federal Economics Minister notified the European Commission of the aid on 17 December 1991. In the subsequent examination, the Federal Government presented the argument that the value of the investment had been ascertained by a third party showing that the Land guarantee was not a state aid. Instead, they argued that it was an aid for diversification according to the EC-approved structural concept. The Federal Government argued that the aid did not represent a sufficient aid to shipbuilding and impinged exclusively in the investment field, and could not be deployed as a cash inflow for the covering of firm losses. The Federal Government also argued that the Land guarantee involved the minimum needed support, an argument that does not figure at all in the EU Treaty articles.

After an exchange of correspondence with the Federal Government in which further information was asked, the European Commission communicated in writing to the Federal Government on 6 May 1992 that it had decided to open proceedings under Article 88(2) of the EU Treaty (European Commission Press Release IP/92/363).¹²⁰ The European Commission could not accept the argument that the participation of HIBEG was in conformity with normal market conditions. The difference between the market value and the price paid for KAE by Bremer Vulkan could not be justified by pure business considerations. This total difference corresponding to the guarantee had to be appraised as state aid. Finally, the European Commission did not see itself able to confirm the recipient of the questionable aid on the basis of the information presented by the German Government. The Commission thus neither thought that the guarantee formally complied with the approved guarantee rules nor could it agree with the German assessment that there was a normal market relationship between the receipts of the investments and the required funds for the handling of the loan, as the guarantee guidelines of 1987 stipulated. The acquisition of existing firms or a part thereof could not be classified as a supportable investment in the framework of the

¹²⁰ The decision of the European Commission to open the procedure provided in Article 88(2) of the EU Treaty was communicated to the German Government by letter SG (92) D/6699 of 20 May 1992 and published in Official Journal of the European Communities C 171, 7 July 1992, pp. 3-5.

Gemeinschaftsaufgabe Verbesserung der regionalen Wirtschaftsstruktur as the German government had not provided any proof that KAE would have had to close if it were not sold to Bremer Vulkan.

The decision of the European Commission came surprisingly early on 6 April 1993, even before talks had taken place in which the arguments of the German representatives could be presented. In this decision, the European Commission classified the measure of the Land Government of Bremen as non-compatible aid and demanded its repayment by the firm as “the aid could not be justified on the grounds of regional economic development or of employment, as it served only to facilitate the transfer of KAE from Krupp to Bremer Vulkan, without any change in the business being carried on” (European Commission Press Release IP/93/254).¹²¹

The Federal Government, HIBEG and Bremer Vulkan filed a complaint against the Commission at the European Court of Justice (ECJ) on the grounds that insufficient hearing had been given to them in the proceedings.¹²² The judgement on the complaint of Germany, HIBEG and Bremer Vulkan Verbund AG (Joined Cases C-329/93, C-62/95 and C-63/95) was issued by the ECJ on 24 October 1996. The ECJ criticised the inadequate substantiation of the decision of the European Commission with the consequence that the decision lacked sufficient substantiation under Article 190 of the EU Treaty. The ECJ annulled Commission Decision 31993D0412 and ordered the Commission to pay the costs of the case.¹²³ In light of the Court’s ruling, the Commission was obliged to take a new final Decision in order to terminate the Article 88(2) proceedings which it had opened in May 1992. It did this with Commission Decision 31998D0665 of 25 February 1998, in which it confirmed its view that the aid which the Land of Bremen had granted in 1991 to Bremer Vulkan

¹²¹ Commission Decision 31993D0412 of 6 April 1993 concerning aid awarded by German Government to HIBEG and by HIBEG via Krupp GmbH to Bremer Vulkan AG, facilitating the sale of Krupp Atlas Elektronik GmbH from Krupp GmbH to Bremer Vulkan AG (Official Journal of the European Communities L 185, 28 July 1993, pp. 43-50).

¹²² The action brought on 1 July 1993 by Bremer Vulkan Verbund AG against the Commission was classified as Case C-63/95 (Official Journal of the European Communities C 222, 18 August 1993, p. 10). The action brought on 28 June 1993 by HIBEG against the Commission was classified as Case C-329/93 (Official Journal of the European Communities C 222, 18 August 1993, pp. 8-9). The action brought on 28 June 1993 by HIBEG against the Commission was classified as Case C-335/93 (Official Journal of the European Communities C 222, 18 August 1993, p. 9). These three cases were then classified as Joined Cases C-329/93, C-62/95 and C-63/95.

¹²³ The Judgement of the Court of 24 October 1996 in Joined Cases C-329/93, C-62/95 and C-63/95 was published in Official Journal of the European Communities C 9, 11 January 1997, p. 2 and European Court Reports [1996] I-5151.

(now in liquidation) towards the purchase of KAE was incompatible with the Common Market.¹²⁴ The Commission accordingly ordered the recovery of the aid.

The EU was taken to task by the Federal Government, HIBEG and Bremer Vulkan. The governor was now being checked in its actions. The German actors emerged victorious in this dispute with the Commission as far as their complaint to the ECJ was concerned. This was, however, merely a victory on a question of procedure, rather than on the substance of the Commission's prohibition of the Bremer Vulkan state aid. The next chapter shows that this did not lead to a sense of complacency on the part of the German government and Bremer Vulkan. This episode played an important part in instilling in both the German government and Bremer Vulkan an increased sense of awareness of the powers of the European Commission to govern the German shipbuilding industry.

5.3 DID THE EC MATTER TO BREMER VULKAN DURING THE 1980S?

This chapter has described eleven major cases of state aid provision to Bremer Vulkan during the period 1980 to 1989. Special attention was paid to the participation of the Land and Federal Governments in the provision of aid, or lack thereof, when requested by Bremer Vulkan. The analysis of these eleven state aid cases also reveals that the EC only intervened on three occasions. During the 1980s, the potential to intervene in cases of provision of shipbuilding aid was not fully exploited by the EC. The EC was not using its competences aggressively in this policy field. The potential for Europeanisation of the relevant German policy actors was not fully realised as seen by the limited EC prohibition of German shipbuilding aid.

One should, however, also 'zoom out' and move away from a myopic and close-range viewing of these state aid cases. Where the EC did not intervene is as important as where it did. Firstly, the fact that the EC did not intervene in a given state aid case either in terms of investigation or prohibition sent signals to the German authorities and Bremer Vulkan that such aid was not frowned upon by the EC. While

¹²⁴ Commission Decision 31998D0665 of 25 February 1998 concerning aid awarded by Germany to HIBEG and by HIBEG via Krupp GmbH to Bremer Vulkan AG, facilitating the sale of Krupp Atlas Elektronik from Krupp GmbH to Bremer Vulkan AG (Official Journal of the European Communities L 316, 25 November 1998, pp. 25-32).

this might or might not have induced the Federal and Länder governments to grant more such aid in the future, it did indicate what type of aid was at least tolerated, and the type of ‘mitigating circumstances’ that were acknowledged by the EC.

However, whilst there was relatively limited direct involvement of the EC in investigation and prohibition of state aid awarded to Bremer Vulkan during the 1980s, the Europeanisation effect occurred in a variety of ways. The Federal Government had become increasingly less involved in the German shipbuilding aid arena. The tangible evidence of this hesitant Federal Government attitude is the decline of Federal shipbuilding aid programmes, as discussed in Chapter 3, not only in terms of volume of state aid granted, but also in the increasingly strict conditions imposed on the recipient shipbuilding firms of these programmes.

Apart from this quantifiable indicator, a further manifestation of the Europeanisation of the public shipbuilding policy actors was the increasing reluctance of the Federal Government to support the German shipbuilding industry in its rhetoric, and in its responses to Land requests for assistance for Bremer Vulkan during the years 1980 to 1989. The Federal Government refused to provide financial support for the proposed merger of AG Weser and Bremer Vulkan in 1982, and for Bremer Vulkan’s acquisition of other shipbuilding firms from 1983 to 1986. The Federal Government also acknowledged the need to notify the European Commission of the state aid for the acquisition of Bremer Vulkan investments by the Bremen Senate in 1987 and 1988. This realisation and acceptance of the need to notify shipbuilding aid is evidence of the impact of EU shipbuilding policy on the Federal Government. Furthermore, the Federal Government began to increasingly propound EC shipbuilding policy goals in its discussions with both the Land Government of Bremen and with the Bremen shipbuilding firms. For instance, when approached for financial support for Bremer Vulkan in 1983 by the Bremen Senate, the Federal Government insisted on reduction of new shipbuilding capacity in Bremen. Downsizing the European shipbuilding industry to a competitive core and limiting new shipbuilding capacity was an important feature of EC shipbuilding policy in the 1970s and early 1980s.

The manifestations of the Europeanisation of the Bremen Land Government, on the other hand, came somewhat later. The Land Bremen, admittedly, did eventually emulate the Federal Government stance of less generous state aid provision in its insistence on conditions being met by Bremer Vulkan. These conditions have

included capacity reduction and increases in productivity. These trends, as discussed earlier, were consistent with the thrust of EC shipbuilding policy at that time. However, tangible evidence of this adoption and pursuit of EC shipbuilding policy goals by the Bremen Senate is to be found only in 1987 and 1988 during its discussions with Bremen Vulkan on the firm's structural concept and associated requests for aid. Unlike the Federal Government, however, the Bremen Senate did not accept the need to notify the European Commission of the state aid that it provided to Bremer Vulkan in the 1980s.¹²⁵

The impact of EC shipbuilding policy at the level of the firm can be seen in Bremer Vulkan's inclusion of reduction of capacity to a core portfolio as a fundamental goal of its structural concept of 1987. Bremer Vulkan also appeared to take the cue from the EC policy to link the shipbuilding and shipping industries when it acquired the shipping company, Senator Linie GmbH, and then went on to merge it with another shipping firm, Deutscher Seereederei. Bremer Vulkan's sense that such a move would not be prohibited by the Commission, and even furthered by the Bremen Land Government, proved to be correct.

This chapter has analysed the roles that the various actors played in Bremer Vulkan's state aid cases in the 1980s. The Europeanisation of the German shipbuilding actors has been analysed by studying the participation of the Land Government of Bremen, the Federal Government and the EU in the provision, notification, investigation and approval of state aid and the decisions taken by these public policy actors, as well as the responses of Bremer Vulkan. The following chapter looks at how these trends developed over the early 1990s.

¹²⁵ This increasing reluctance of the Federal Government to grant state aid to Bremer Vulkan can also be seen as the result of domestic policy preferences regarding the shipbuilding industry. This thesis does not discount the relevance and importance of domestic phenomena, including limited resources and the opinions of the political élite, in explaining change in German shipbuilding policy.

Chapter Six

BREMER VULKAN VERBUND AG IN THE 1990s: RELATIONS WITH THE EU ARE INTENSIFIED

The impact of EU activity in the shipbuilding policy field on the Federal Government, the Land Government of Bremen and Bremer Vulkan from 1990 until the collapse of Bremer Vulkan in 1996 is analysed in this chapter by examining cases of state aid provision to Bremer Vulkan during this time period. The domestic political and economic unification of a divided Germany brought with it, as this chapter shows, an increased role of the EU in the governance of the unified German shipbuilding industry. The objectives of this chapter are similar to those of the previous chapter which examined the relations among the Federal Government, the Land Government of Bremen, Bremer Vulkan and the EU during the 1980s. The last four of the fifteen state aid cases selected are analysed and special attention is given to interaction patterns among these policy actors. The Europeanisation of the public policy actors is studied, firstly, in terms of their participation in the provision of state aid to Bremer Vulkan. Secondly, the Europeanisation of the firm, Bremer Vulkan, is studied in terms of its awareness of and reference to the EU in cases in which it received state aid.

6.1 GERMAN REUNIFICATION AND BREMER VULKAN – CASE 12: ACQUISITION OF EAST GERMAN SHIPYARDS BY BREMER VULKAN

The German Democratic Republic (GDR) had a sizable shipbuilding industry at the time of German unification. The East German capacities were about 80 per cent of the West German level, and East German shipbuilding production in the late 1980s has been estimated to have been approximately equal to that of the West German coastal Länder (Heseler and Löser 1992: 12). The Kombinat Schiffbau Rostock that was founded in 1979 was composed of twenty-one firms and had more than 55,000

employees in 1989 (VSM 1990: 47). The Commission estimated that on 1 July 1990 the total shipbuilding capacity of the former German Democratic Republic was 545,000 compensated gross tonnes, which put it among the largest producers in the EU (European Commission Press Release IP/92/401).

The Kombinat Schiffbau Rostock was transformed with effect from 1 June 1990 into the Deutsche Maschinen- und Schiffbau AG (DMS), with a total of twenty-four subsidiary firms and 55,000 employees (VSM 1990: 47). The following shipbuilding firms emerged from this transformation: Warnow Werft GmbH, Volkswerft GmbH Stralsund (VWS), Mathias-Theeßen-Werft which was later renamed Meeres Technik Werft GmbH Wismar (MTW), Schiffswerft Neptun GmbH, Peene Werft GmbH, Elbe Werft Boizenburg GmbH, and Roßlauer Schiffswerft GmbH. Alongside these seven shipyards, a number of mechanical engineering firms were also established, including Dieselmotorenwerke Rostock GmbH.

The efforts of Bremer Vulkan to take over parts of the shipbuilding industry of the ex-GDR had its origins even before official German reunification. In late summer 1990, Bremer Vulkan concluded an agreement with Deutsche Maschinen- und Schiffbau AG (DMS) called 'Preparation of Co-operation and Concentration of Firms' (*Hamburger Abendsblatt*, 27 September 1990). This agreement was terminated in February 1991 when the Treuhandanstalt decided to dissolve DMS, and privatise its individual shipyards in Mecklenburg-Western Pomerania.

The privatisation experiment of the Treuhandanstalt in the Eastern German Länder proved to be very difficult. The East German shipbuilding firms were technologically obsolete, and their competitive situation on the world shipbuilding market was determined by the cost leadership of the Far Eastern shipyards. The East German shipyards presented a tremendous need for restructuring combined with considerable losses. The consequence was that domestic and foreign firms had little interest in the takeover of excess shipbuilding capacity in Mecklenburg-Western Pomerania, and they waited rather for a closure of these firms. While other West German shipyards (Blohm + Voss and Howaldtswerke Deutsche Werft AG, for example) indicated their lack of interest in the acquisition of the former GDR shipyards, Bremer Vulkan showed interest in various East German shipbuilding firms. In August 1991, only Bremer Vulkan was interested in the takeover of the three main shipyards in Wismar, Rostock and Warnemünde.

In the supervisory board meeting on 16 December 1992, the board of directors of Bremer Vulkan explained their aim of taking over the shipyards in Mecklenburg-Western Pomerania as ‘halting the building of competition in one’s own Land’ (*Protokoll der Bremer Vulkan Aufsichtsratssitzung vom 16. Dezember 1992*, p. 13). Bremer Vulkan felt that it either had to get involved itself in East Germany or invite the competition in (Bremer Vulkan 1995: 33). Bremer Vulkan aimed to become as indispensable a firm in Mecklenburg-Western Pomerania as it was in Bremen. To put it plainly, Bremer Vulkan intended to become competitive with size (Bremische Bürgerschaft 1998: 267). Bremer Vulkan also had another motivation to become involved in the East German shipbuilding industry. The board of directors believed that by controlling the East German shipyards, their leverage in bargaining with the Federal and respective Länder governments would increase, and Bremer Vulkan could thereby count on a more favourable German shipbuilding policy and generous provision of state aid. As Dr. Anton Schneider, a former member of the board of directors of Bremer Vulkan, testified to the Bremen parliamentary inquiry committee, “Only when one is big enough, can the shipbuilding policy no longer be scrapped and will the Land government be compelled to pay subsidies” (Bremische Bürgerschaft 1998: 267).

Dr. Hennemann’s conception of a joint East-West German shipbuilding solution largely suited the unification policy of the Federal Government. The Bremen Senate too reacted mainly positively to the engagement of Bremer Vulkan in Mecklenburg-Western Pomerania. The co-operation agreements with the East German shipyards were seen by the Bremen Economics Senate as an opportunity for Bremen to be involved in East Germany and to strengthen the production location (*Standort*) of Bremen at the same time (Bremische Bürgerschaft 1998: 269). Bremen had had bitter experiences in the past of having Bremen businesses dependent on headquarters outside of Bremen. Thus, the Land authorities in Bremen were quite keen to facilitate the growth of Bremer Vulkan such that Bremen became the headquarters for a large industrial concern. The Bremen Senate aimed to secure a shipbuilding policy of the Federal Government that allowed a continuation of shipbuilding in Mecklenburg-Western Pomerania without jeopardising the remaining shipbuilding capacity in Bremen. Such a policy required the equal treatment of East and West German shipyards with regard to funding and availability of competition aid (*Bremische Bürgerschaft, Landtag, 13. Wahlperiode, Drs. 13/36*).

The meagre number of applicants and the political pressure of the Federal Government on the Treuhandanstalt for speedy privatisation placed the Treuhandanstalt in a weaker negotiating position, and enabled Bremer Vulkan to conclude very agreeable contracts with it. Furthermore, the Treuhandanstalt was faced with the pressure to succeed in the privatisation of the East German enterprises. Moreover, workers of these East German shipyards were marching in front of the Treuhandanstalt's doors practically on a weekly basis. The Treuhandanstalt initially negotiated a deal with Bremer Vulkan to purchase the three major shipbuilding firms of the DMS, namely Mathias Thesen Werft, the Warnow Werft and Dieselmotorenwerk Rostock (Anderson 1999: 135). However, both the Federal Government and the EC were apprehensive about such a transaction because of the risk of excessive amounts of state aid that would be demanded (*Süddeutsche Zeitung*, 29 February and 1 March 1992). The solution finally adopted was that Bremer Vulkan would take over most of the businesses sold from the former Deutsche Maschinen-Schiffbau GmbH in Mecklenburg-Western Pomerania while the Norwegian Kvaerner concern, the only other interested buyer, would take over Warnow Werft so as to better distribute the risk of privatisation.

After lengthy negotiations, the Treuhandanstalt signed with Bremer Vulkan the purchase and transfer agreement of Mathias-Thesen-Werft GmbH Wismar (MTW), which Bremer Vulkan later renamed Meeres Technik Werft, and Dieselmotorenwerke Rostock (DMR) on 11 August 1992. Bremer Vulkan acquired 95 per cent and Schichau Seebeckwerft 5 per cent of the shares of Hanse Holding, the sole shareholder of MTW and DMR. Bremer Vulkan then renamed DMR Dieselmotorenwerk Vulkan (DMV). Bremer Vulkan and the Treuhandanstalt next signed the privatisation and transfer agreement of Neptun Industrie Rostock (NIR) by which Bremer Vulkan took over 80 per cent of the shipyard's shares. On 18 December 1993, the Treuhandanstalt signed with Bremer Vulkan the purchase and transfer agreement of Volkswerft GmbH Stralsund (VWS). Based on the ship deliveries of all the East German shipyards in 1989, Bremer Vulkan took over 57 per cent of the East German shipbuilding industry.¹²⁶ Bremer Vulkan Verbund AG was thus the primary agreement partner of the Treuhandanstalt in the privatisation of the East German shipbuilding industry.

¹²⁶ Calculation done by author based on statistics on shipyard deliveries for 1989 in VSM (1990: 46).

In the completion of the privatisation agreement of MTW, Bremer Vulkan insisted that the Treuhandanstalt should take over all of MTW's losses until the completion of its restructuring. For the Treuhandanstalt, it would have been impossible to verify in individual cases whether a payment involved a loss in the east or it was a displacement of a loss position from the western enterprises of Bremer Vulkan Verbund. Hence, the Treuhandanstalt negotiated a cap solution with Bremer Vulkan regarding the compensation of losses in the privatisation agreements of MTW and VWS. Because the Treuhandanstalt thereby released itself of all further obligations, the Treuhandanstalt did not find it necessary to require a verification for individual loss amounts as the loss compensation was fixed as a lump sum (Deutscher Bundestag 1998: 299). With this cap solution, the Treuhandanstalt agreed to forego all rights of verification and control of the use of the funds by Bremer Vulkan. This was an enormous liquidity gain for Bremer Vulkan. This had been the aim of Bremer Vulkan in the negotiations, and the result was that Bremer Vulkan received liquid funds in the hand that were expected to last until the investments in the East German shipyards could be paid from the progress of production on-site. In return, Bremer Vulkan was obliged to pay the agreed purchase price, provide confirmation of jobs and investment and secure the preservation of the firm. The investment obligations of Bremer Vulkan from the Treuhandanstalt and its own funds, however, were only expected to be carried out two or more years later.

Although EU state aid law specified that financial aid could only be paid out after approval by the European Commission, Dr. Hennemann insisted that the funds be allowed to flow in advance. Dr. Hennemann was in this privileged position of being able to pressurise the Treuhandanstalt as there had been no other interested and credible buyers for these shipyards in Mecklenburg-Western Pomerania, as discussed earlier. The Treuhandanstalt realised that the successful preservation of these employment-intensive but liquidity-strapped East German shipyards required the provision of funds that their buyer, Bremer Vulkan, was demanding.

Bremer Vulkan had listening ears in the Federal Government who were receptive to its ideas about the takeover of the East German shipyards. An effective lobbyist for Dr. Hennemann during Bremer Vulkan's eastern expansion was Günter Krause, Federal Transport Minister and party chairman of the CDU in Mecklenburg-Western Pomerania (Philipp 1998: 98). The State Secretary in the Federal Defence Ministry, Professor Manfred Timmermann, eventually became manager of the

department in charge of the eastern expansion of Bremer Vulkan and head of the Hanse Holding in Mecklenburg-Western Pomerania.

The German contract partners found a way round the EU law. The Treuhandanstalt transformed the subsidies with the help of a further agreement with Bremer Vulkan into a loan with fixed interest rates but without securities. The interest would only be payable in the case that the EU did not approve the subsidies. The Treuhandanstalt and Bremer Vulkan believed that this did not require the approval of the European Commission (Deutscher Bundestag 1998: 300)

A system of central cash management was adopted by Bremer Vulkan Verbund in September 1993. This system facilitated a steady interacting liquidity equalisation between the participating firms. A practice that is common in large undertakings, it allowed greater flexibility of operating resource credits and the possibility to represent project financing out of the liquidity of the concern.¹²⁷ The contract on concern-internal financing and investment of capital obligated Bremer Vulkan to make available its financial surplus of the cash concentration account to cover its financial demand elsewhere in the cash concentration.

MTW and VWS joined the Bremer Vulkan cash management system at the end of 1994. The surplus liquidity and the resulting interest gains were applied from these East German firms of the concern to the automatic central cash management. There were no rules in the privatisation contracts on the use of the capital of the Treuhandanstalt in Bremer Vulkan's cash management. In fact, the Treuhandanstalt indicated that it would not raise objections to a cash management when the money was available immediately upon request, the favoured West German firms lay bank guarantees and a comprehensive advance instruction about cash transfers followed (Bremische Bürgerschaft 1998: 278). The Treuhandanstalt disbursed large amounts of aid prematurely before EU approval on the basis of these special agreements with Bremer Vulkan.

The provision of aid to the East German shipyards was circumscribed by the conditions imposed by EU legislation, as discussed in Section 2.2 of Chapter 2. The 1992 Directive contained a derogation in favour of shipyards located in the former GDR which allowed operating aid paid before the end of 1993 which exceeded the

¹²⁷ Bremer Vulkan's central cash management of cash concentration accounts was realised on the basis of the automatic cash management system of its house bank, Commerzbank.

general operating aid ceiling defined in Article 4 of the 1990 Directive.¹²⁸ The German Government was also supposed to carry out, according to a timetable approved by the Commission by 31 December 1995, a genuine and irreversible reduction of capacity of 40 per cent of the capacity of 545,000 compensated gross tonnes (cgt) existing on 1 July 1990. The Commission also announced its decision to “use its monitoring and investigative powers to ensure that the shipyards in the new Länder received only the minimum aid necessary to allow them to restructure”. The Commission had set a 100,000 cgt capacity limit for MTW and an 85,000 cgt capacity limit for VWS.¹²⁹ The Commission also insisted that it would approve restructuring aid in tranches provided that it received reports from Bremer Vulkan that ‘demonstrated sufficiently’ that any risk of spill-over of aid to other shipyards was eliminated (European Commission Press Release IP/92/1090).¹³⁰

The European Commission assessed that the money paid by the Treuhandanstalt to Bremer Vulkan for the East German shipyards constituted state aid in the sense of Articles 87 and 88 of the EU Treaty and required the approval of the EU. To obtain EU approval, the European Commission required information showing that:

- the use of the aid was proven;
- the privatised firms during the total reporting period would be led as an independent profit centre;
- all transactions between the privatised shipyards and their owners with allied firms followed market conditions, and
- the financing of investments by state aid funds and by the own funds of the enterprises were done in lockstep.

After examination of the privatisation contract and on the basis of the first report of the consultants concerning the initial investment plan, the Commission decided on 23 December 1992 to release a first tranche of aid for MTW. However, the

¹²⁸ Article 10(a) of the Seventh Directive allowed operating aid for the shipbuilding and ship-conversion activities of the East German shipyards until 31 December 1993, provided that the aid did not exceed a maximum ceiling of 36 per cent of a reference annual turnover.

¹²⁹ Council Directive 92/68/EEC of 20 July 1992 amending Directive 90/684/EEC (Official Journal of the European Communities L 219, 4 August 1992, pp. 54-55).

¹³⁰ According to a former director of Bremer Vulkan, complying with these EU-imposed capacity limitations was difficult for the firm. Ships, unlike cars, are not produced in exact quantities that can be accurately determined in advance of actual production. Because of wastage and other unforeseen technical problems, actual tonnage of production can very often exceed production levels in planned building programmes (interview 5).

European Commission found that the investment grants of DM 242 million for MTW were not paid in conformity with the contracts. The EU stipulated that the grants would only be released when the payments were proven to have flown to the sub-contractors. While the Commission understood that decisions were urgently needed in order to allow the restructuring of the former East German shipyards to proceed, it insisted that Bremer Vulkan provide “full information regarding the proposed aid, the investment plan, the control of spill-over to other yards and the restriction of capacity” before it would approve the release of aid to the East German shipyards (European Commission Press Release IP/92/1090). The second tranche of aid, which consisted of DM 406 million operating aid, was paid out to MTW only on 11 May 1994, much later than expected by Bremer Vulkan and MTW. Both the Treuhandanstalt and Bremer Vulkan were convinced that the release of the blocked funds would follow with the tendering of the contract of the MTW investments (Bremische Bürgerschaft 1998: 447). Furthermore, the Commission only allowed a second tranche of aid instead of all the outstanding aid. At the time of approving the aid, the Commission made it clear that “release of future tranches of investment aid was conditional on the German Government demonstrating to the Commission’s satisfaction that the aid will continue to respect the Community’s rules” (European Commission Press Release IP/94/390).

Similarly, the Commission released a first tranche of investment aid of DM 18.6 million aid on 21 June 1995 and a further tranche of investment aid of DM 156.1 million on 15 November 1995 for Volkswerft Stralsund (European Commission Press Releases IP/95/622 and IP/95/1253). The Commission, at that time, refused to approve the remaining amount of the generally authorised investment aid of DM 89.1 million as it felt that it “had to monitor whether the capacity limit of 85,000 cgt set for Volkswerft was respected and whether any risk of spill-over of aid to other companies was eliminated” (European Commission Press Release IP/95/1253).

There was, however, no contractual control by the Treuhandanstalt over Bremer Vulkan on the avoidance of a so-called spill-over effect. The Treuhandanstalt sent a confidential letter to Dr. Hennemann requesting Bremer Vulkan to set up a blocked account for the MTW funds. This letter informed Bremer Vulkan that the Treuhandanstalt was in ‘great trouble’ because of the execution of privatisation contracts with Bremer Vulkan and that ‘there were also in Brussels delays which made necessary quick and decisive steps’. The Treuhandanstalt informed Bremer

Vulkan that it had no certainty about how the money had been used, and requested Dr. Hennemann for clarification as soon as possible such that the relevant multilateral working group would have the information needed for a positive European Commission Decision (Bremische Bürgerschaft 1998: 311).

At the insistence of the European Commission, and consequently of the Federal Government, which wanted to prevent the West German shipyards from taking advantage of the state aid payments, Bremer Vulkan supplemented the contracts with the spill-over clause. For the purpose of control, Bremer Vulkan agreed to publish quarterly reports about the type and scope of the realised investments and the available jobs. These reports were to be examined by an auditor. The spill-over reports described the exchange of funds between the East German shipyards and other firms of Bremer Vulkan Verbund and addressed the question of whether this exchange was transacted by normal market conditions (Deutscher Bundestag 1998: 301). While special control rights were not asserted by the Treuhandanstalt and later the *Bundesanstalt für vereinigungsbedingte Sonderaufgaben* (BvS), pressure from the European Commission resulted in the adoption of measures that linked the release of money to Bremer Vulkan Verbund with the progress of investment. The spill-over reports proved to be significant as the Treuhandanstalt first learnt from the presentation of the spill-over report of MTW for the first half of 1993 that Bremer Vulkan had made use of the liquid funds of the East German shipyards elsewhere in the concern.¹³¹ The Treuhandanstalt was, however, “reluctant to publicly criticise Bremer Vulkan’s activities in Eastern Germany lest questions were raised about the Treuhand’s privatisation methods and the use of subsidies”, according to an article in the Financial Times on 22 February 1996.

This was, however, not the extent of EU involvement in the East German shipyards of the Bremer Vulkan group. On 28 February 1996, the Commission initiated proceedings concerning the suspected misuse by the Bremer Vulkan group of up to DM 588 million of aid intended for the restructuring of the East German shipyards, MTW and VWS. The Commission learnt in the course of the proceedings that the notifications of the aid given in the context of the privatisations had been incomplete. By November 1996, the total amount diverted was estimated to be DM

¹³¹ The main recipients of the Treuhandanstalt funds turned out to be Dörries Scharmann, DSR-Senator Lines, Dieselmotorenwerk Vulkan and the Schichau and Lloyd shipyards in Bremerhaven (European Commission Press Release IP/96/992).

788 million, DM 200 million higher than assumed at the start of the proceedings (European Commission Press Release IP/96/992). The resources, together with the other monies from the shipyards, had been placed in the group's central cash concentration system and were largely used to cover losses in other parts of the group. In the Commission's view, this practice infringed the "spillover ban" regarding such aid, which had been explicitly laid down in the derogations concerning the restructuring of the shipbuilding industry in the former GDR in Council Directive 92/68/EEC. This exception was subject to the condition that the aid benefited only shipyards in the former GDR. Neither the notification of the shipyards' privatisation or Germany's later requests for Commission approval of partial amounts of aid contained any reference to payments already made. Germany thereby repeatedly infringed Article 11 of the Seventh Directive on aid to shipbuilding, which prohibits any aid grants to shipyards without prior approval by the Commission. On 22 July 1998, the Commission concluded that DM 788.7 million of aid had been illegally used by firms of the Bremer Vulkan Verbund other than the two East German shipyards to which the aid was originally granted. The Commission thus decided that Germany should recover the amount from Bremer Vulkan Verbund (European Commission Press Release IP/98/687). The Commission was here ordering the recovery of aid that it had previously approved because of misuse of the aid by the recipient.

The enforcement of its powers of state aid control by the European Commission on these East German shipyards has had an impact on the operating context of the shipbuilding industry in Mecklenburg-Western Pomerania. In August 1997, the *Bundesanstalt für vereinigungsbedingte Sonderaufgaben* (BvS) explicitly forbade shipyards in Mecklenburg-Western Pomerania from taking on any contracts with known losses. The European Commission's investigation of the use of Treuhandanstalt funds meant for East German shipyards by West German shipyards in the Bremer Vulkan group of companies has even influenced German legislation on business entities. The law for the control and transparency in enterprises (*Gesetz zur Kontrolle und Transparenz im Unternehmen*) came into force in Germany in 1998.

6.2 CASE 13: ACQUISITION OF KLÖCKNER STAHL GMBH BY BREMER VULKAN

At the end of 1992, the Klöckner concern informed the Bremen Senate that it wanted to separate from its steel works in Bremen, Klöckner Stahl GmbH. To avoid a closure of the steel works, the Bremen Senate looked for a way that could save the 5,000 jobs in this firm. It would have been inadmissible by EU state aid law that the takeover of Klöckner Stahl shares be realised essentially by the state and without the participation of private third parties. The so-called ‘interested-party model’ was thus developed by the Bremen Senate as the solution for this Klöckner crisis. In the interested-party model, four Bremen firms – the so-called interested parties – supplied Klöckner Stahl GmbH with a total sum of DM 250 million. These four firms were Bremer Vulkan Verbund AG, Stadtwerke Bremen AG, Detlev Hegemann GmbH and HIBEG.

The tables had been turned. The Bremen Senate needed the help of Bremer Vulkan, rather than *vice versa*. Bremer Vulkan revelled in this new sense of power vis-à-vis the Bremen Senate. A letter from Dr. Hennemann to members of the supervisory board of Bremer Vulkan on 6 December 1993 read, “I have been asked by the Bremen Senate to take part actively in the talks with the aim of gaining a participation in the company as an interested party. The participation of a third party in a Bremen solution is, most of all for EU reasons, for the Land Government indispensable” (Bremische Bürgerschaft 1998: 316). The participation of Bremer Vulkan in the solution of the Klöckner crisis improved its negotiating position in matters of state aid for the Bremerhaven shipyards.

In the course of talks between the Land government and Bremer Vulkan, Bremer Vulkan demanded in return for Bremer Vulkan’s participation in the rescue of Klöckner Stahl a purchase of ship shares of DM 50 million by the Bremen Senate (Bremische Bürgerschaft 1998: 318). The Klöckner board of directors and HIBEG signed the purchase contract of the Bremer Klöckner Stahlhütte on 19 November 1993. The Bremer Vulkan demands were met at the economics cabinet meeting on 14 December 1993, to which Dr. Hennemann was invited as a guest. A report was, however, not presented to the Bremen Senate. The required passing of a resolution by the entire Bremen Senate and the guarantee committee did not take place. This provision of state aid was rapidly decided and executed.

Although the EU had consistently represented the standpoint that each purchase of ship shares had to be examined by the European Commission as state aid, Germany did not notify this measure to the Commission. The Commission had to instruct the German Government to notify it of this transaction in December 1993. At that time, the Commission found Bremer Vulkan Verbund's status to be "unclear because some of the information available indicates a strong public sector influence in this group" (European Commission Press Release IP/94/51). The Commission initiated proceedings on 26 January 1994. On 27 July 1994, the Commission closed proceedings against Klöckner Stahl, deciding that the injection of public capital into Klöckner Stahl GmbH did not include any elements of state aid (European Commission Press Release IP/94/733).

This state aid case is important in that it reveals a change in the relationship between Bremer Vulkan and the Land Government of Bremen. Whilst Bremer Vulkan was granted the aid that it requested, this aid was decided and granted by the economics cabinet of the Bremen Land Government independently and without the knowledge of the rest of the Bremen Senate. Financial pressures on the Land's coffers and realisation that the provision of such shipbuilding aid would not be welcomed or approved by the other departments in Bremen Land Government, by the Federal Government and by the EU jointly prompted the Bremen economics cabinet to decide on and grant this aid to Bremer Vulkan without notifying the other relevant bodies.

6.3 SYMPTOMS OF WITHDRAWAL FROM BREMER VULKAN IN THE BREMEN SENATE

Sections 6.1 and 6.2 of this chapter have described two situations in which Bremer Vulkan received state aid. However, in the case of the privatisation of the East German shipyards, it was not Bremer Vulkan, but rather MTW and VWS, that were meant to be the actual recipients of the aid from the Treuhandanstalt. In fact, Bremen shipbuilding policy began to extricate itself from Bremer Vulkan in 1991. This had much to do with the fact that Bremer Vulkan itself had grown in another dimension with its diversification measures and with its expansion to East Germany. Bremer Vulkan had developed new financing sources against which the Bremen public budget appeared less crucial than it once did. Bremer Vulkan itself acted more independently

from the state in 1991 than it had previously. Bremer Vulkan became, to an extent, independent from the Land, in that it widened its field of action beyond the borders of Land Bremen. Through the funds from the capital increases and the Treuhandanstalt funds for the East German shipyards, it did not have to appear as a supplicant to the Bremen Senate in survival crises. Bremer Vulkan emerged increasingly as the actor that also determined the line of co-operation with the Bremen Senate. This was in contrast to the situation in the 1980s.

There was an attempt by the Bremen Senate to disengage itself from Bremer Vulkan in the early 1990s. In the Bremen Senate of the 1991 '*Ampel*' coalition of the SPD, Bündnis 90/Die Grünen and the FDP, Bremer Vulkan was looked on at a distance by the majority – partly because of general political considerations, partly because of skepticism of the profitability of the concern. This was true of the Bremen Senate economics and finance departments as well as of the Bremen Senate Chancellery. The attempts of the Bremen Land Government to extricate itself from financially supporting Bremer Vulkan was also due to growing pressures on the Land's budget and its dwindling coffers.

In mid 1993, the Bremen Senate held through HIBEG about 2.6 million shares of Bremer Vulkan or about 20 per cent of the firm's shares. In December 1993, after discussions in the Bremen Senate, Bremen Finance Senator Volker Kröning instructed HIBEG to sell its Bremer Vulkan shares (Bremische Bürgerschaft 1998: 325). Dr. Hennemann had tried to prevent the sale of these HIBEG-held Bremer Vulkan shares and had unsuccessfully appealed to the President of the Bremen Senate. In January and February 1994, the Land government withdrew its financial engagement in Bremer Vulkan by continuing its sale of Bremer Vulkan shares. Bremen Economics Senator Jäger named the EU as the reason for the sale of the shares in his testimony to the parliamentary inquiry committee: "We did it so that we could say in correspondence with Brussels that we were no longer involved" (Bremische Bürgerschaft 1998: 323).

6.3.1 Case 14: Unterweser Concept of Bremer Vulkan

The Bremen Land Government started displaying signs of increased withdrawal from Bremer Vulkan in 1994 in its increasing reluctance to grant state aid

to this shipbuilding concern. It declared that the award of aid would be contingent on such aid being compliant with EU state aid and shipbuilding legislation. The acquisition itself of the two East German shipyards MTW and VWS by Bremer Vulkan was taken as a positive development by the Bremen Senate. However, there were also fears that Bremer Vulkan would neglect the western shipyards in favour of the eastern ones, especially in terms of jobs and investment.

After a reminder from Bremen Economics Senator Jäger, Bremer Vulkan presented a draft concept for the shipyards in Bremerhaven in April 1994. This concept was, however, not seen as a conclusive or consistent restructuring concept by the Bremen Senate. Whilst there was basic agreement between the Bremen Senate and Bremer Vulkan on the need for state aid, the Bremen Senate seemed to make it increasingly difficult for Bremer Vulkan to actually receive this aid. On 15 April 1994, in an interview with Bremen Economics Senator Claus Jäger that was published in the German regional newspaper, *Nordsee Zeitung*, when asked if the Land government would participate financially in the Bremerhaven shipyards, Senator Jäger spoke of the strict controls by the European Commission. On 21 April 1994, the board of directors of Bremer Vulkan reported to its supervisory board that the compliance of a Bremerhaven concept with EU state aid law had to be guaranteed (*Protokoll der Bremer Vulkan Aufsichtsratssitzung vom 21. April 1994*). Furthermore, Mayor Wedemeier and Bremen Economics Senator Jäger replied to a letter from the SPD Bremen parliament fraction that while the Bremen Senate was concerned with preserving shipbuilding jobs in Bremen and Bremerhaven, a solution did not necessarily require the same kind of engagement as in Klöckner. They also mentioned that the gaze of the European Commission was directed at German and Bremen shipbuilding and that they could only use EU-conforming support measures (Bremische Bürgerschaft 1998: 337).

A growing trend in the response of the Bremen Senate to Bremer Vulkan's requests for state aid was thus increasing reference to the need for EU conformity of any state aid measures that were to be considered. This was particularly the case in discussions of the Unterweser concept from 1993 to 1995. On 26 October 1995, in a discussion between Prof. Dr. Haller of the Bremen Senate and Dr. Gerhard Ollig of the Federal Economics Ministry, Dr. Ollig emphasised that the Bremen Senate's support of the Unterweser concept measures had to lie within the EU guidelines on shipbuilding (Bremische Bürgerschaft 1998: 503). The representatives of the Federal

Government consistently asserted that shipbuilding was a sensitive industry and measures had to be notified to the EU. They also noted that the Federal Ministry of Finance required confirmation from the Federal Economics Ministry that the support measures were consistent with the economic and industrial interests of the Federal Government (Bremische Bürgerschaft 1998: 527). The meeting between representatives of Bremer Vulkan, the Federal Economics Ministry, the Federal Ministry of Finance and the BvS was held in the *Deutsche Parlamentarische Gesellschaft* in Bonn and not in the Federal Economics Ministry because according to Dr. Ollig, 'the Federal Economics Ministry wanted to maintain a certain distance from Bremer Vulkan and the Bremen Land Government in this matter' (Bremische Bürgerschaft 1998: 617). This is emblematic of the uncooperative stance of the Federal Government on the issue of providing state aid to Bremer Vulkan in the 1990s.

On 4 May 1994, Bremer Vulkan representatives presented the Bremen Senate administration with evidence of the efforts of Bremer Vulkan to obtain a contract for the building of a cruise ship for the Italian shipping company, Costa Crociere. Doubts were expressed by Lubiewski, the official responsible for the shipbuilding sector in the Bremen economics department, in a memo to Privy Council Prof. Dr. Haller that the guarantee for delivery time at DM 300 million per ship would place the Land Bremen in a position of extraordinary dependence on Bremer Vulkan. He suggested a limit of DM 200 million per ship and that such a signal should be given in advance to Bremer Vulkan. On 18 May 1994, in a discussion between the Bremen Senate administration and representatives of Schichau Seebeckwerft AG, Lloyd Werft and Bremer Vulkan, it was decided that Bremer Vulkan should commission the public audit firm, C & L, with a report on the productive capacity of its Bremerhaven concept for the future safeguarding of Schichau Seebeckwerft and Lloyd Werft in Bremerhaven (Bremische Bürgerschaft 1998: 338). On 19 May 1994, Fritz Logemann, head of department in the Economics Senate, sent a letter to Bremer Vulkan that there would be a connection made between the handling of the Costa I guarantee application and the Unterweser concept (Bremische Bürgerschaft 1998: 340).

On 28 September 1994, Senator Jäger issued a press release that he could only support a structural concept that spanned at least five years and whose productive capacity was confirmed by external parties. Eventually necessary state aid also had to

be EU-compatible. Jäger insisted that Bremer Vulkan had not presented such a concept yet. In the opinion of Senator Jäger, ‘the management of Bremer Vulkan had a special regional political obligation, after the intensive support of the Land for years, to secure and achieve future jobs for Bremen and Bremerhaven such that the firms of the Bremer Vulkan Verbund in the Unterweser area retained a secure and permanent position’ (Bremische Bürgerschaft 1998: 363). The Bremen economics cabinet decided in October 1994 to request supplementary documents and information from Bremer Vulkan. An active discussion emerged between both sides about the contents and schedule of further procedures. The members of the Bremen economics cabinet decided that the planning time frame should be extended until 1999 and that job guarantees should be considered. It was also decided that a supplementary diversification concept for Bremerhaven should be formulated. The Bremen Senate administration instructed Bremer Vulkan that the location Vegesack should also be included in ongoing examinations. It was apparent that the Land Government of Bremen was becoming increasingly unwilling to support Bremer Vulkan financially.

There was also emerging a tense relationship between Bremen Economics Senator Jäger and Dr. Hennemann over the issue of the release of the C & L report to Bremer Vulkan. On 4 November 1994, an article appeared in the regional newspaper, *Weser Kurier*, with the title ‘Shipyard Concept Not Sustainable? Accountants Uncover High Risks in Bremer Vulkan’ in which the opinion of C & L from September 1994 was published, and there were word for word quotes from the administration’s draft of 10 October 1994. In retaliation, Bremer Vulkan issued a press release on the same day denying that the accountants had discovered any risks at Bremer Vulkan. It asserted that Bremer Vulkan was independent and did not need help but it acknowledged that the shipbuilding firms Schichau Seebeckwerft and Lloyd Werft Bremerhaven, like other West German shipyards, did have problems. Bremer Vulkan was using two negotiating tactics to get its point across. Firstly, the board of directors was alluding, ‘We want also to modernise in Bremen and Bremerhaven but we can only do that when the Land Bremen finances such investments with state aid – which is what is happening in Mecklenburg-Western Pomerania’. Secondly, Bremer Vulkan brought the case of Schichau Seebeckwerft into the talks to highlight that without investments which Bremer Vulkan could not and would not pay for alone, the shipyard could not be maintained in the long run.

On 16 August 1995, Dr. Henning Scherf, President of the Bremen Senate, invited in writing members of the board of directors and the supervisory board of Bremer Vulkan to talks on the state of the Unterweser concept on 25 August 1995. This invitation was, however, cancelled on 23 August 1995 (Bremische Bürgerschaft 1998: 497). When the Bremen Senate did consider Bremer Vulkan's application for state aid that was submitted in September 1995, the Bremen Senate insisted on further documents being submitted about the necessity for and effectiveness of the proposed investment measures (Bremische Bürgerschaft 1998: 499). The Senators formulated more clearly than before their expectation that Bremer Vulkan found new alternative jobs and gave guarantees for the remaining jobs in Bremerhaven in its capacity reduction measures.

Despite the lengthy and numerous exchanges of letters and discussions, throughout the three years from 1993 to 1995, there emerged no agreement between the Bremen Senate and Bremer Vulkan on a modernisation concept for the Unterweser shipyards. The Bremen Senate accused Bremer Vulkan of not being cooperative by providing only abstract concepts and no actual formalisations. Relations between the Bremen Senate and Bremer Vulkan were on a downward spiral. The tendency of the Bremen Senate administration to state more precisely the requirements and to extend the time horizon of the calculations and plans kept growing. This was interpreted by Bremer Vulkan as the Bremen Senate being uncooperative. This was a signal of the new more reticent attitude of the Land authorities towards providing state aid to Bremer Vulkan.

The deterioration of relations between Bremer Vulkan and the Land Government of Bremen was also partly due to particular departments of the Bremen Senate realising the financial pressures on the Senate's budget and the Land's limited financial capacity to continue to prop up Bremer Vulkan. Differences soon emerged within the Bremen Senate. The Bremen Economics and Finance Senators, and above all their administrations, acted increasingly lukewarmly and were intent on keeping a distance from Bremer Vulkan. Against the attempt of the finance and economics departments to pursue a strict course of rigorous conditioning, the President of the Bremen Senate tended to softer and more negotiable formulations.

From the beginning of the talks, Dr. Hennemann looked for and found the direct way to the President of the Bremen Senate, Wedemeier, alongside and later also clearly against the responsible economics and finance departments. The Economics

and Finance Senators were fully cognisant of the state of Bremen's finances. Bremen could ill afford to dish out scarce funds to an industry that they perceived to be a 'bottomless pit'. The Mayor, on the other hand, was being led more by his concerns about re-election and public opinion. Nearly four weeks before the Bremen parliamentary election, Mayor Wedemeier sent the board of directors of Bremer Vulkan a letter in which he clarified the basic willingness of the Bremen Senate to pay state aid of DM 200 million for the Unterweser concept under the known conditions. The letter aroused a fierce backlash from Bremen Economics Senator Jäger. This action was used as praise for Wedemeier by the SPD, as criticism by the FDP. Ultimately, Mayor Wedemeier's action was all just part of election campaigning.

6.3.2 Case 15: Ultimate Crisis of Bremer Vulkan

There had been critical voices of the financial state of Bremer Vulkan in the press for some time (*Handelsblatt*, 17 January 1994; *Wirtschaftswoche*, 18 February 1994). However, it was only in the first half of August 1994, when the banks pressed for a clarification of the overall state of Bremer Vulkan that Bremer Vulkan had to take its own dire financial situation seriously. Initially, the board of directors of Bremer Vulkan had manifestly wanted to keep the Bremen Senate out of the search for the required liquidity of DM 300 million. This was not only because of worries about publicity but also because of general scepticism and reservation from the new Economics and Finance Senators in the SPD-CDU coalition since July 1995. However, the banks made their co-operation in providing liquidity to Bremer Vulkan dependent on the participation of the Bremen Senate. Germany's universal banking system allows the banks to work closely with industrial enterprises by permitting them to hold shares in companies and to appoint bank officials to firms' supervisory boards. This close relationship between the banks and the firm, Bremer Vulkan in this case, provided the house banks with the privileged information that revealed the severity of the financial crisis confronting Bremer Vulkan.

Under immense time pressure and the knowledge of an imminent bankruptcy, a credit of DM 300 million was negotiated between the Bremen Senate, the banks and Bremer Vulkan by which ship shares of Bremer Vulkan were to be sold to a new firm,

whose shareholders were to be the banks and HIBEG. The Bremen Senate took over in total one-third of the credit volume. The participation of the Bremen Senate in the DM 300 million credit package was decided and executed by the economics cabinet without the involvement of the entire Bremen Senate and without the legally required resolution of the Bremen parliamentary bodies (Bremische Bürgerschaft 1998: 807).

The Bremen Senate also tried to pass the responsibility of financially supporting Bremer Vulkan onto the Federal Government. Dr. Scherf asked Senator Nölle, in view of an upcoming meeting of the Bremer Vulkan management with representatives of the Federal Economics Ministry and the *Bundesanstalt für vereinigte Sonderaufgaben* (BvS) in Bonn to make contact with the Federal Chancellor's office and to make clear the Bremen Senate's demands. Nölle said that the guarantee committee would meet two days later only if an acceptable arrangement had been reached in the Bonn talks, as Bremen would not cover the liquidity need of Bremer Vulkan alone (Bremische Bürgerschaft 1998: 612).

The Bremen Senate approached the Federal Government for assistance in this aid package. However, Dr. Gerhard Ollig of the Federal Economics Ministry found that the bridging of short and medium-term gaps of liquidity of Bremer Vulkan as a guarantee of operating aid would have no chance of approval in notification to the European Commission. Bremen Senate Director Keller informed the Federal Government of the latest developments and suggested that the *Kreditanstalt für Wiederaufbau* (KfW) should participate significantly in the administering of necessary investment credits. Dr. Ollig responded that the KfW would be faced with the same problem. He knew from experience the problematic situation in which the KfW found itself in a comparable financing of EKO Stahl. The reply of the KfW itself in November was negative (Bremische Bürgerschaft 1998: 808). The Federal Economics Minister, Günter Rexrodt, declared, "Anyone who thinks he can restore the company to health with fresh money from Bonn is mistaken" (quoted in Isaacsson and Tirsén 1996).

The Bremen Senate had obviously underestimated the political explosiveness of the use of the East German shipyard money by Bremer Vulkan firms in the west. Past experiences with the EU, including the European Commission Decisions on Bremer Vulkan's acquisition of Krupp Atlas Elektronik, on the use of Treuhandanstalt aid and on the Unterweser concept, were apparently casting a long shadow over the behaviour of the Federal Government and its authorities in the state aid realm.

In 1995, the Bremen Senate was also trying to pass the 'responsibility' of supporting Bremer Vulkan to the other Länder. Prof. Dr. Haller's view was that the other Länder that were affected by an insolvency of Bremer Vulkan should also participate in the acceptance of the discussed guarantees for project financing. He suggested that co-operation with the other affected Länder governments be made a condition for the participation of the Bremen Senate in the bridging of the liquidity need of Bremer Vulkan. Senator Nölle agreed with these suggestions of Dr. Haller as the Bremen Senate could not afford a financing of the liquidity deficit of Bremer Vulkan on a continuing basis. The economics cabinet of the Bremen Senate thus made as a condition of new Bremen aid the participation of other Länder governments with sites of Bremer Vulkan firms (Bremische Bürgerschaft 1998: 550). The Bremen Senate informed the other Länder governments – Lower Saxony, North Rhine-Westphalia, Schleswig-Holstein, Hamburg and Mecklenburg-Western Pomerania – about the liquidity need of Bremer Vulkan and asked them for a partial provision of aid. The other Länder governments reacted predominantly reticently with objections and counterclaims to the Bremen Senate Chancellery. In the end, the Bremen Senate had to accept that the other Länder governments would not participate in the aid package and that they would only be active in so far as the firms received aid (Bremische Bürgerschaft 1998: 810).

A struggle emerged between the Bremen Senate and the banks that demanded a clear clarification from the European Commission about the permissibility of the guarantee because otherwise, they feared invalidity of the guarantee and therewith, the loss of their money. The banks followed here its line of total security and waited until the approval of the measure by the European Commission (Bremische Bürgerschaft 1998: 813). The motives behind the decisions on the provision of state aid by the Bremen Senate were political: the Bremen Senate did not want to appear to be the ones that caused the collapse of Bremer Vulkan. Everything was now about winning time and the next step in passing the buck. The disputes between the Bremen Senate and the head of Commerzbank were brought into the press by the Bremen Senate with the aim of placing the responsibility of the fate of Bremer Vulkan with the banks.

The situation worsened further in 1996. An arrangement of the financing of the container ships to be built was not to be anticipated. Neither was the guarantee by the Land government as the EU judged new guarantees very critically so long as the

repayment of the East German state aid was not clarified. On 17 January 1996, in a meeting in Bonn between representatives of Bremer Vulkan, the Federal Economics Ministry and BvS, co-operation of the Federal Government in the solution of Bremer Vulkan's short-term liquidity problems was not forthcoming on the basis of lacking EU conformity. In early February 1996, the Bremen economics department considered the possibility of whether the instrument could be registered as a rescue aid. As a rescue aid was only possible with a simultaneous reduction of capacity, the Bremen Senate did not register the aid as a rescue aid with the EU because it did not want to be seen as financing a reduction of jobs.

The final outcome of all these deliberations and negotiations was that neither the Federal Government nor the Land Government of Bremen provided aid to Bremer Vulkan. Bremer Vulkan was finally declared insolvent at the end of May 1996 and ceased shipbuilding operations the following year.

6.4 PATTERNS OF EUROPEANISATION OF THE BREMEN SHIPBUILDING INDUSTRY OVER TIME

The case study of Bremer Vulkan provides actual firm-specific evidence of the increasing Europeanisation of the German shipbuilding industry. Bremer Vulkan became increasingly a subject of EU monitoring and control over time. This was true not only in the field of state aid provision but also in the areas of business practices (cash concentrations, for example) and production levels (capacity limitations at the East German shipyards). This increased involvement of the EU influenced the propensity and attitude of the German public actors to provide state aid to Bremer Vulkan.

The Federal Government proved to be a willing and enthusiastic provider of state aid to Bremer Vulkan in the early 1980s. For instance, it was involved in the financing of the frigate programmes of 1981 that ensured the survival of Bremer Vulkan by covering its losses in that year. Chapters 5 and 6 have shown that this enthusiasm has waned consistently since the early 1980s. Each and every time that either the Bremer Vulkan has approached the Federal Government directly or the Bremen Senate has turned to the Federal Government for its participation in state support measures, the Federal Government has always emphasised repeatedly the

need for EU conformity of any such measures. The Federal Government has been constantly aware of the fact that as shipbuilding is a sensitive sector, shipbuilding aid had to be notified to the EU in a timely manner. Representatives of the Federal Economics Ministry frequently expressed the view that the participation of the Federal Ministry of Finance in this matter required that the Federal Economics Ministry confirmed that the economic and industrial interests of Germany were met in these shipbuilding support measures.

The description of the state support measures of the Bremen Senate in favour of Bremer Vulkan that has been provided in these two chapters shows that the Land Government of Bremen has been highly concerned with and involved in the preservation of this shipyard complex. Since 1982, the Bremen Senate, via HIBEG, has been owner of 20 to 30 per cent of Bremer Vulkan shares and its Senators and highest officials have been members of the firm's supervisory board.¹³² The Land government of Bremen was also co-owner of Bremer Vulkan via the state aid and guarantees that supported its shipyards. In all the capital increases of Bremer Vulkan, the Bremen Senate exercised influence and guaranteed the execution of the capital increases as the banks were not willing to do so at such high risk. Without the guarantees of the Bremen Senate, the mobilisation of fresh money on the share market for Bremer Vulkan would not have been possible.

The Federal Government, as are all governments of EU member states, is the dialogue partner for the European Commission. The responsibility of notification of state aid measures to the European Commission lies with the Federal Government. The Federal Government turns to the Land Government and not to the firm for information that it requires for its communications to the EU. On occasions of state aid provision by the Land government, it is naturally the duty of the Land Government to provide the Federal Government with all the facts of the case such that the Federal Government, as the competent authority, is able to make an informed decision on notification of the state aid to the European Commission. In that sense,

¹³² Examples include Bremen Economics Senator Uwe Beckmeyer, Manfred Emcke, an advisor to the Bremen Senate on questions of industrial policy, Dr. Andreas Fuchs, Bremen Finance Senator and Head of the Senate Chancellery, Finance Senator Claus Grobecker, Bremen Senate President Hans Koschnik and Economics Senator Werner Lenz. Horst-Jürgen Lahmann, who was an official of the Bremen civil service, also had an advisor contract with Bremer Vulkan. Dr. Friedrich Hennemann, of course, was the epitome of the close relationship between the Bremen Land Government and Bremer Vulkan, being simultaneously Bremen Economics Senator and a member of Bremer Vulkan's supervisory board from 1982 to 1987 when he moved to Bremer Vulkan to become the chairman of its board of directors.

the Bremen Senate had often not facilitated the Federal Government's efforts to inform the European Commission accurately and truthfully about the development of Bremer Vulkan and the state aid of the Bremen Senate voluntarily, in good time and comprehensively. The European Commission often learnt about the Bremen Senate measures from the press and regularly had to press the Federal Government for information thereafter. By the end of 1995, when the spill-over of Treuhandanstalt aid to West German shipyards was made known, the inquiries and reactions of the European Commission became more intransigent. The European Commission made it quite clear in its communications to Germany that each new guarantee provision in 1996 had to be notified to and approved by the European Commission.

Commissioner Van Miert commented that there had been little contact between the Land Government of Bremen and the European Commission in general. In contrast, the Land governments of the new Länder looked for constant and direct contact with the European Commission (Minutes of interview between the Bremen parliamentary inquiry committee and Competition Commissioner Karel van Miert on 4 July 1997, p. 4). This was confirmed by the Bremen Senate. Bremen Economics Senator Perschau testified to the Bremen parliamentary inquiry committee, 'we are, when we go to Brussels, always only an accompanist to the Federal Economics Ministry.' He did lament, however, that 'when Dr. Ludewig goes and our people accompany, then we as Bremen people, always have the need that we were equally seen as a Bundesland in our claims. It was always clear that the Federal Government and also the EU had greater sympathy for the funding of Mecklenburg-Western Pomerania than for the Bremen sites' (Bremische Bürgerschaft 1998: 641).

Even in the good old days of the 1980s of EC leniency in state aid cases, the Bremen Senate was aware of EC state aid rules and made some effort to work round them. The Bremen Senate used as a rule the Land-owned HIBEG for the implementation of its shipbuilding policy. This was partly to be able to deal flexibly and independently in the day-to-day trading and not to have to involve the parliamentary bodies in each sale of assets. In discussions with the EU, Bremen had always presented the viewpoint that HIBEG acted as a private company and thus, it was not obligated to notify or consult the EU.¹³³ Generally, the Bremen Senate chose

¹³³ The Bremen Finance Senator had been of the opinion that "With regard to the aspect of consultation with the European Commission, it was advisable to provide the loan through the shareholder HIBEG

the detour of the shareholder HIBEG so that the Bremen Senate, in its talks with the European Commission, could represent the position that a notification was not necessary as the matter was treated by a legal private company. Geertz, department head in the Bremen Economics Senate and head of HIBEG, admitted to the Bremen parliamentary inquiry committee that the legal position was unclear and that they had basically wanted to circumvent discussions with the EU. However, he admitted that it was not feasible in the long run. "Then the Competition DG had less than twenty people, now it has 160", he said (Bremische Bürgerschaft 1998: 5). In actual fact, HIBEG never acted on its own initiative, but rather always on the instruction of the Land government. The managing director of HIBEG has been reported to have said that the recoverability of some of the engagements in Bremer Vulkan and other shipyards appeared in HIBEG reports for the European Commission only to avoid disputes with the EU over excessive subsidies (Kiesel 1997: 120).

The parliamentary inquiry committee itself found that 'the Bremen Senate had imaginatively bypassed the EU state aid policy many times for regional political reasons' (Bremische Bürgerschaft 1998: 810). The Europeanisation of the Bremen Land government seen here is probably not one anticipated or welcomed by the EU itself. This process of adaptation was one of duplicity and misleading based on growing knowledge and understanding of EU law. The initial stages of the Europeanisation of the Land Government of Bremen were characterised by these exercises of subterfuge. Initial declarations of ignorance and then of non-relevance of EU law to their transactions with Bremer Vulkan soon evolved into conscious and deliberate attempts to by-pass EU law by taking appropriate steps in business practice and accounting, for instance.

There was a sense of antagonism against the EU in the Bremen Senate – an even stronger sense than in perhaps the Federal Government. As Prof. Dr. Haller, Privy Council in the Bremen Economics Senate, testified, 'Talks lasted for months; one couldn't ask the EU what pleased them and what didn't. The firm would by then become bankrupt. I didn't think that every acquisition from Bremer Vulkan or a pickle firm had to be notified to the EU. We are not here a notification station for the EU. We don't have our own competence for that anyway' (Bremische Bürgerschaft 1998: 319). There was also a belief held by some members of the Bremen Senate that

(Senator für Finanzen, Unterlagen Sitzungen Bürgerschaftsanschüsse, Band I, Sitzung vom 16. Januar 1984, p. 15).

Germany could be unfairly treated by the EU. According to Prof. Dr. Haller, ‘The Germans are the ones, who take the guidelines, halfway seriously and all the other countries do not. I see how the other countries bypass the rules – Credit Lyonnais and Air France, for example – DM 40 billion – no small amounts as here. One must see that the guidelines are not 100 per cent clear. We are the *Obermusterknaben*. If not, no one would be interested. To become a servant of the EU – not my belief!’ (Bremische Bürgerschaft 1998: 645). Bulmer and Paterson described in 1987 the type of outlook that Prof. Dr. Haller displayed. “German civil servants pride themselves on being much less guilty of chicanery than the bureaucracies of some other member states and make distinctions between ‘*die Germanen*’ (principally the Federal Republic of Germany) who play it straight on detailed implementation and ‘*die Romanen*’ (principally Greece, Italy and France) whose bureaucracies often frustrate the goals of Community policy at the stage of detailed implementation” (Bulmer and Paterson 1987: 183).

The Bremen Senate had, in these years, with the exception of the structural concept, never voluntarily informed the European Commission about its aid actions with the justification that they did not involve state aid. It instead adopted an approach of wait and see if the European Commission would learn about it from the media and protest. The Bremen Senate’s representation to the European Commission was often not quite correct and was naturally always in the interests of the Land.

Five years after the event on 30 March 1995, Mrs Kolbeck-Rothkopf, a division head in the Bremen Finance Senate, commented in a memo to the Bremen Finance Senator that “the decision on the acquisition of assets of Bremer Vulkan and Seebeckwerft by HIBEG in 1988 then was made with much goodwill. The European Commission will not make such a favourable judgement any more, especially after the business of the acquisition of Krupp Atlas Elektronik by Bremer Vulkan and HIBEG” (Bremische Bürgerschaft 1998: 176). In his testimony to the parliamentary inquiry committee, Geertz himself conceded that the acquisition of ship shares had been a state aid as the ship shares could not have been sold on the open market. Only the Bremen Senate, in whose instruction HIBEG had acted, was ready to take on the acquisition. When asked why he had contested the state aid character of the share acquisition with the European Commission, Geertz answered, ‘I had to protect the interests of the Land and not those of the EU’ (Bremische Bürgerschaft 1998: 176).

The Bremen Senate perceived the harder stance of the EU in the 1990s and responded accordingly. On 12 February 1996, Commissioner van Miert met with Federal State Secretary Dr. Ludewig in Brussels. Van Miert referred to the objections of the European Commission with reference to the case law of the ECJ in the case of Textilfabrik Deggendorf, a German textile firm, and insisted that the granting of new state aid was dependent on the repayment of previous illegal state aid. According to the position of the European Commission, this illegal aid had to be paid back to the proper addressee before new state aid could be granted. Van Miert underlined emphatically the necessity to transfer back the amount of the so called spill-over, which according to the calculations of the European Commission exceeded DM 600 million, as quickly as possible to the East German shipyards. According to Lehmkuhl, a division head in the Bremen Economics Senate, the European Commission adopted a clearly more sceptical attitude than in the past towards such guarantees from February 1996 onwards. The European Commission represented the new position that financing guarantees, contrary to its decision of 11 December 1995, were to be classified not as guarantees to ship-owners but rather as guarantees to shipyards. Lehmkuhl lamented to the parliamentary inquiry committee that this opinion had made the support of Bremer Vulkan via financing guarantees ever more difficult, if not impossible (Bremische Bürgerschaft 1998: 627). Van Miert had also threatened that if newspaper reports revealed new guarantees of the Bremen Senate for Bremer Vulkan, therein lay illegal conduct against which the European Commission would legally proceed.

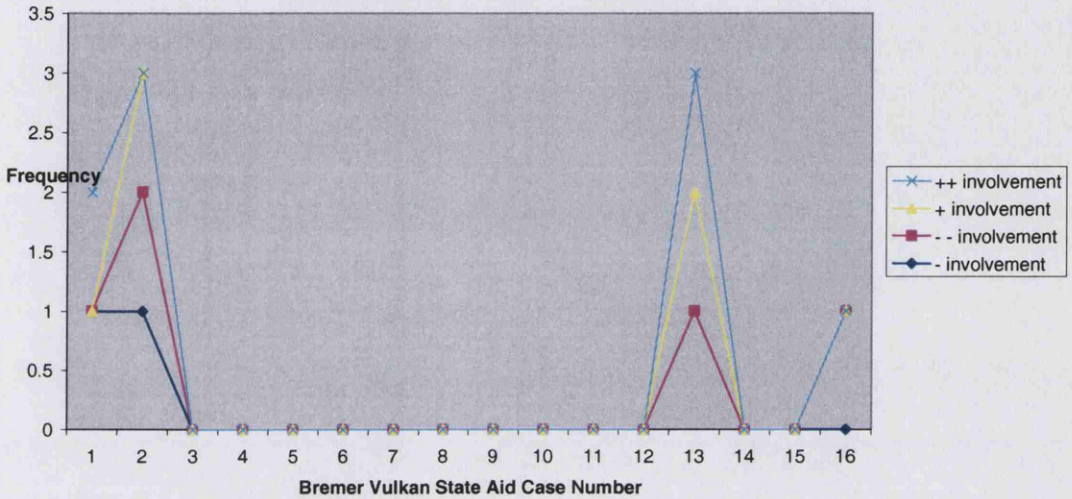
The Bremen Parliamentary Inquiry Report of 1996 on Bremer Vulkan has provided the author with a comprehensive and authoritative account of the process and content of provision of state aid to Bremer Vulkan. Appendix K provides a detailed presentation of the participation of the EU, the Federal Government and the Land Government of Bremen in the fifteen state aid cases of Bremer Vulkan. These various participations have been coded into four categories:

- + for favourable participation which was to the benefit of the firm (including working groups being formed and discussions being held with the aim of granting state aid to Bremer Vulkan);
- ++ for actual provision of state aid to Bremer Vulkan;
- - for actions that had detrimental impact on Bremer Vulkan (for example, the imposing of conditions on the award of aid), and

- - - for cases of denial of state aid.

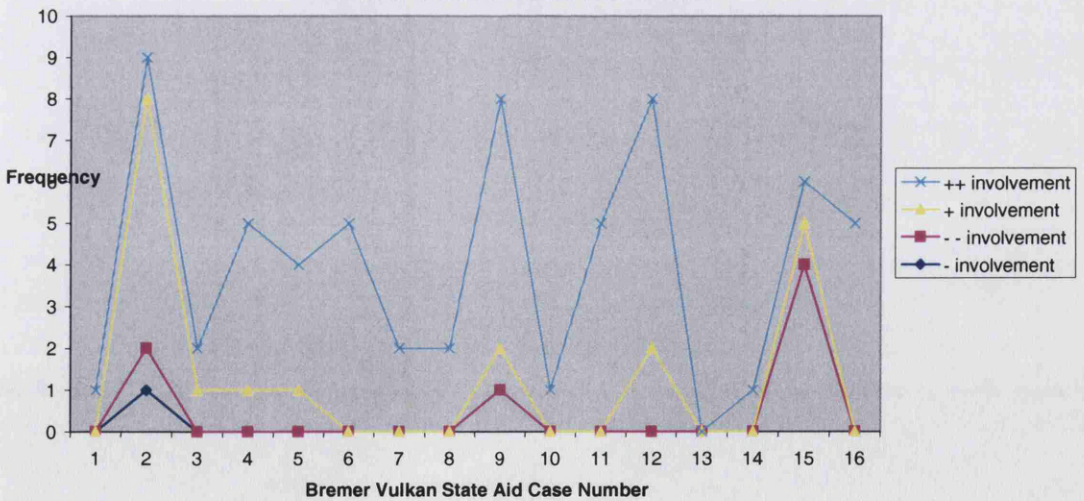
These various instances of participation have then been quantified and presented in Graphs 6.1 and 6.2.

Graph 6.1: Participation of the Federal Government in Bremer Vulkan State Aid Cases



Source: Author's compilation from annual reports of Bremer Vulkan Verbund AG, 1980-2002.

Graph 6.2: Participation of the Bremen Land Government in Bremer Vulkan State Aid Cases



Source: Author's compilation from annual reports of Bremer Vulkan Verbund AG, 1980-2002.

Table 6.1 presents in tabular form the participation of the EU in these fifteen state aid cases.

Table 6.1. Participation of the European Union in Bremer Vulkan Verbund state aid cases, 1980-1996

	STATE AID CASE	ACTION TAKEN BY THE EUROPEAN UNION
1	Covering of losses of Bremer Vulkan in 1981	None
2	Proposed merger Bremer Vulkan and AG Weser 1982-1983	None
3	Merger of Bremer Vulkan and Schichau Unterweser AG (SUAG)	None
4	Merger of Bremer Vulkan and Seebeckwerft AG	- Opened procedure - Positive decision
5	Merger of Bremer Vulkan and Hapag-Lloyd Werft → Bremer Vulkan-Lloyd Werft Verbund	None
6	Aid for Bremer Vulkan's liquidity problems in 1985	None
7	Bremer Vulkan's American President Lines (APL) contracts	None
8	Sale of Bremer Vulkan's ship shares in 1987	- Opened procedure - Positive decision
9	Bremer Vulkan's structural concept	None
10	Bremer Vulkan's acquisition of Senator Linie GmbH and merger of Senator Linie with DSR	None
11	Bremer Vulkan's acquisition of Krupp Atlas Elektronik (KAE)	- Opened procedure - Negative decision - European Court of Justice case - Second negative Commission Decision
12	Acquisition of East German shipyards	- Imposed conditions on Treuhandanstalt aid - Capacity limitations - Opened procedure - Negative decision
13	Bremer Vulkan's acquisition of Klöckner Stahl GmbH	- Opened procedure - Positive decision
14	Unterweser concept	- Opened procedure - Positive decision
15	Ultimate crisis of Bremer Vulkan	Talks between Bremen Vulkan management and EU

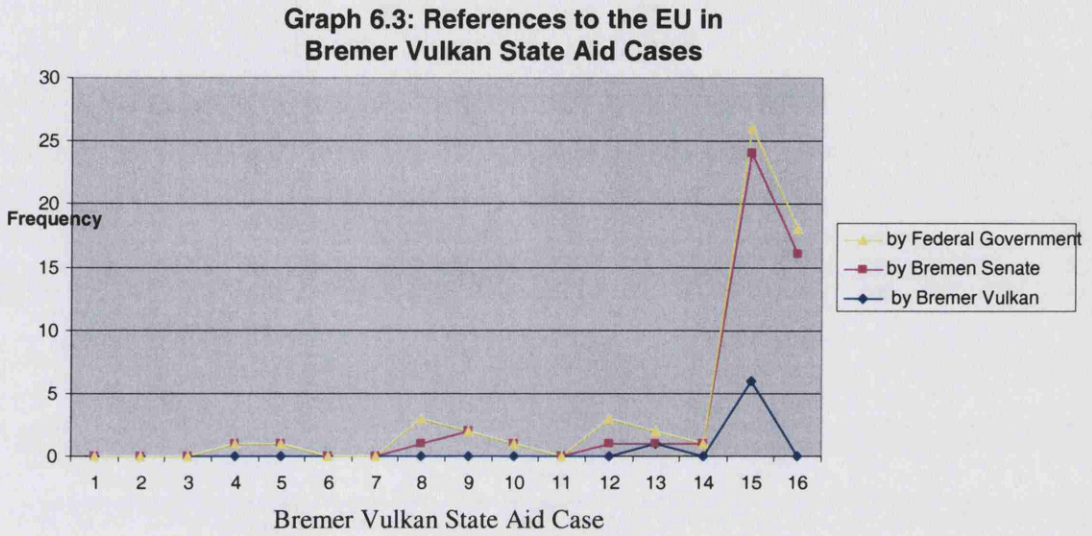
It can be seen that the EU has become increasingly involved over time in cases of state aid provision to Bremer Vulkan. The Federal Government was initially highly

involved in Bremer Vulkan matters in 1981 and 1982, but it has remained either not involved or has been a constraining factor in the provision of state aid since then. The favourable participation of the Land Government does not appear to have declined over time as one might expect if one adopts a simplistic interpretation of the impact of EU state aid policy on a regional government. However, this thesis argues that effective Europeanisation does not necessarily mean a decline in the number of state aid cases, particularly when the scope and nature of EU shipbuilding policy is itself constantly evolving. As shown in Chapter 2, whilst the number of state aid cases in the shipbuilding industry in Germany has remained relatively high, one must note that Germany has been attempting to grant a type of state aid that better meets with the requirements of EU state aid law and EU shipbuilding policy. In fact, some of the state aid has been provided on the basis that such aid has been increasingly condoned by the EU shipbuilding policy. The increased participation of the EU in the monitoring and control of governmental and firm activity over the time period observed has increasingly influenced the stance of the Federal and Land Governments on providing state aid to Bremer Vulkan over time.

The numerous experiences it had of having the aid it had provided to Bremer Vulkan be investigated, prohibited and even ordered to be recovered despite earlier approval by the European Commission left its legacy on the Land Government of Bremen. The last sentence of the report of Bremen parliamentary inquiry committee reads that “conformity with the treaties and rules of the EU must be separately accounted for in all decisions on guarantees and aid measures in the future” (Bremische Bürgerschaft 1998: 819). The experience of the Treuhandanstalt with the European Commission in the matter of the aid given to the East German shipyards left an indelible mark on the practices of its successor, the *Bundesanstalt für vereinigungsbedingte Sonderaufgaben* (BvS). In August 1997, the BvS informed the shipbuilding firms in Mecklenburg-Western Pomerania that they were not to accept contracts with known losses if they wished to receive financial support from the BvS.

This leads us to another indicator of the Europeanisation of the Bremen shipbuilding industry. Awareness of and credence to the EU, its powers and policies is an aspect of the impact of EU public policy on EU member states. Appendix L provides us with a summary of the correspondence, discussions and meetings among Bremer Vulkan, the Bremen Senate and the Federal Government documented in the report of the Bremen parliamentary inquiry committee regarding these fifteen state aid

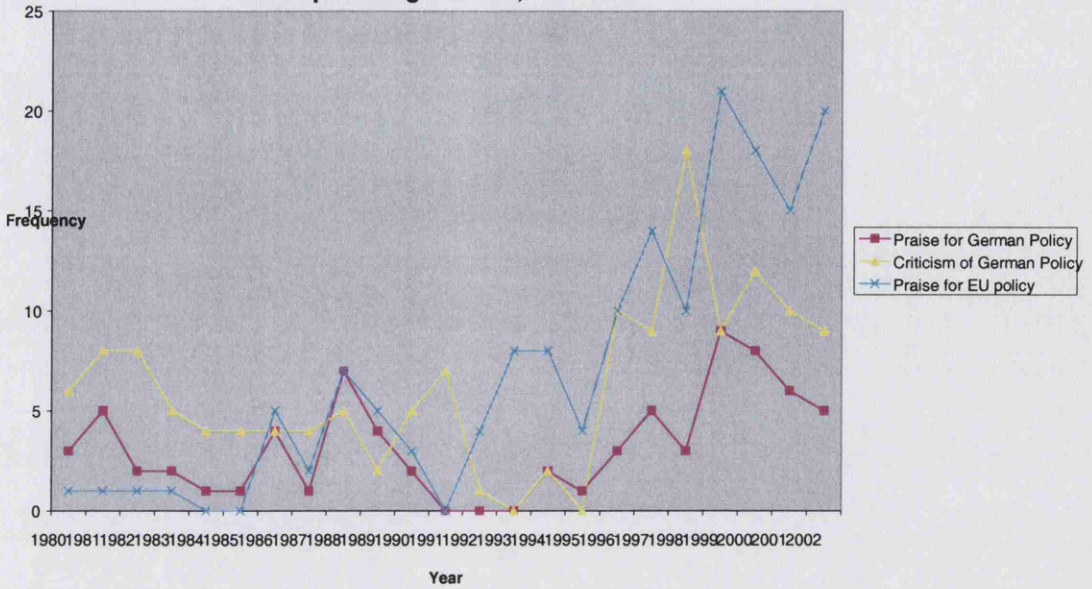
cases that included reference to the EU. These have been collated and presented in Graph 6.3. One observes increasing reference to the EU by all three actors – Bremer Vulkan, the Bremen Senate and the Federal Government – over time.



Source: Author’s compilation from Bremische Bürgerschaft (1998).

The Europeanisation of the German shipbuilding industry at the firm level can also be studied in terms of the reference made by the shipbuilding firm to the EU in its official publications over time. Company reports are published annually and provide a good basis to observe the preoccupations and orientations of the firm. Graph 6.4 shows that there have been increasing references to the EU over time in the Bremer Vulkan annual company reports.

Graph 6.4: Praise and Criticism for German and EU Shipbuilding Policies, 1980-2002



Source: Author's compilation from annual reports of Bremer Vulkan Verbund AG, 1980-2002.

On the other hand, positive references to the Federal Government and the Bremen Senate have fallen over the time period 1980-1995, as shown in Table 6.2.

Table 6.2: References in annual reports of Bremer Vulkan Verbund AG, 1980-1995

YEAR	PROVISION OF STATE AID			FEDERAL GOVERNMENT			LAND GOVERNMENT			EUROPEAN UNION			VSM	THA	OECD	DEMANDS FOR MORE AID
	+	-	=	+	-	=	+	-	=	+	-	=				
1980	5	0	0	3	2	0	4	0	0	2	1	2	1	0	1	6
1981	4	0	1	3	0	2	3	0	0	0	0	0	0	0	0	6
1982	2	1	1	2	1	1	3	0	0	0	0	1	0	0	0	3
1983	1	2	0	2	4	1	3	0	0	0	0	0	0	0	0	0
1984	0	0	1	0	0	1	2	0	0	0	0	0	0	0	0	0
1985	0	0	3	0	0	3	2	0	0	0	0	0	0	0	0	2
1986	0	0	3	0	0	3	2	0	0	0	0	0	0	0	0	0
1987	3	2	1	3	1	1	2	1	1	2	2	0	0	0	0	0
1988	1	0	3	0	0	3	1	2	0	2	1	0	0	0	0	2
1989	2	1	2	1	1	2	1	1	0	4	1	0	0	0	0	0
1990	3	1	3	1	1	2	2	0	0	5	1	2	2	0	0	2
1991	2	2	3	1	1	2	2	0	0	10	2	1	0	3	0	0
1992	1	3	3	1	0	2	2	0	0	11	2	3	0	0	1	2
1993	1	2	2	1	1	3	1	0	0	10	4	0	0	1	1	5
1994	1	0	2	1	0	2	1	0	0	2	10	4	0	4	2	2
1995	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	1

Note: + refers to positive references, - to critical references and = to neutral references.

Source: Author's compilation from annual reports of Bremer Vulkan Verbund AG from 1980 to 1995.

There are two dimensions to Bremer Vulkan's increasing reference to the EU. Firstly, Bremer Vulkan became increasingly dissatisfied with German shipbuilding policy from the late 1980s onwards. In 1988, it felt that while the EC only recommended a reduction of shipbuilding aid by 7.6 per cent, Germany had planned a reduction of 20 per cent. Bremer Vulkan lamented that "the German shipbuilding industry was thereby again more clearly disadvantaged" (Bremer Vulkan 1989: 5). Complaints about higher shipbuilding aid rates in other European countries coupled with criticism of German shipbuilding policy abound in Bremer Vulkan annual reports (Bremer Vulkan 1989: 5, 1990: 5, 1991: 21, 1992: 24, 1993: 25, 1994: 24).

Secondly, Bremer Vulkan was becoming increasingly aware of the extent of EU powers in shaping the German shipbuilding industry. The firm believed that the amount of shipbuilding orders that it received was limited by the approval of state aid by the European Commission (Bremer Vulkan 1988: 5). By 1992, Bremer Vulkan was convinced that "important framework conditions for its business activity ... were increasingly determined in Brussels" (Bremer Vulkan 1993: 20). The EU was the decisive public authority, according to Bremer Vulkan, as it "defined the market conditions of shipbuilding throughout Europe", and the EU represented the German shipbuilding industry at OECD negotiations on shipbuilding agreements.

This growing appreciation of the role played by the EU in the German shipbuilding industry culminated in Bremer Vulkan's attempts to "organise a strengthened representation and perception of maritime interests in Europe" (Bremer Vulkan 1991: 17). This shipbuilding firm was convinced that "the institutionalisation of a contact point in Europe" was important and even expected that the Commission would ultimately recommend to the member states "the institutionalisation of necessary support for previous national industrial efforts" (Bremer Vulkan 1992: 19). In fact, Bremer Vulkan became so frustrated with German shipbuilding policy and simultaneously attracted by the potential of the EU to revive the European shipbuilding industry that it transferred its interest representation efforts to the EU stage. Bremer Vulkan thus attempted to shape the environment in which EU shipbuilding policy was formulated. Bremer Vulkan, in the person of the chairman of its board of directors, Dr. Friedrich Hennemann, decided that it was more advantageous for the firm to adopt a more pro-active stance and engage in interest representation activity on a European level than to accept EU shipbuilding policy as a given and merely sit around hoping that whatever state aid, which was rapidly

decreasing, that it received would be approved by the European Commission. The Europeanisation of Bremer Vulkan manifested itself in its efforts to establish an EU-level association of maritime interests which came to be known as the Maritime Industries Forum.¹³⁴

A simplistic application of the compliance indicator which looks at breach of EU state aid law by a domestic actor yields an inaccurate assessment of the Europeanisation of Bremer Vulkan. Bremer Vulkan has shown signs of adapting to EU shipbuilding policy goals even as it continued to be a subject of state aid cases under investigation by the European Commission. Firstly, in 1987, Bremer Vulkan incorporated the principle of capacity limitations and downsizing its shipbuilding production to a core portfolio of high-technology, highly-competitive shipbuilding in the structural concept of the consortium. This goal, as discussed in Chapter 2, is an important feature of EU shipbuilding policy.

Secondly, the impact of EU shipbuilding policy on Bremer Vulkan can be seen in the significant interest in R & D activity by the firm and the proliferation of R & D projects that were encouraged in the Council Directives and Regulations on shipbuilding aid. In 1989, Bremer Vulkan had two research projects worth a total DM 1.206 million (Bremer Vulkan 1990: 60). By 1992, this had grown to twelve research projects worth DM 5.379 million (Bremer Vulkan 1993: 77). In fact, R & D projects were mentioned for the first time in the Bremer Vulkan annual report of 1989. From 1989 to 1995, there was consistent and heavy emphasis on research, development and innovation efforts in shipbuilding technology in the annual reports of Bremer Vulkan (Bremer Vulkan 1991: 24, 1992: 27, 1993: 35, 1994: 35, 1995: 45). Bremer Vulkan even credited the European Commission for funding most of these shipbuilding projects (Bremer Vulkan 1994: 51). In fact, Bremer Vulkan set up a separate company within its consortium in 1992 called *EMIT Entwicklungszentrum für maritimen und industrieller Technik GmbH* to coordinate R & D activities and to process projects of the EU framework programmes (Bremer Vulkan 1993: 27).

Thirdly, Bremer Vulkan displayed much interest and success in implementing the recommendations of the EU to pursue greater cross-border co-operation in shipbuilding projects within the EU. For instance, Bremer Vulkan participated in the 3E (European Ecological Economic) Tanker project with Howaldtswerke Deutsche

¹³⁴ Refer to Section 4.2.4 of Chapter 4 for a discussion of the role played by Dr. Hennemann of Bremer Vulkan in the creation of the Maritime Industries Forum.

Werft (HDW) of Germany, Chantiers de l'Atlantique of France, Fincantieri of Italy and Astilleros Esparioles of Spain (Bremer Vulkan 1991: 21). In April 1992, Bremer Vulkan signed contracts with the French shipbuilding firm, Chantiers de l'Atlantique, for the formation of the EUROCORVETTE Economic Interest Grouping. The goal of this interest grouping was the joint world-wide marketing of the BRECA military and security ship family (Bremer Vulkan 1993: 30). In the same year, Bremer Vulkan and four other European shipbuilding firms formed the Euroyards shipbuilding group. By this time, Bremer Vulkan asserted that "the hallmark of its research activity was European co-operation" (Bremer Vulkan 1993: 16).

Lastly, Bremer Vulkan recognised the EU approach of linking together the shipbuilding and shipping industries and applied it to its business decisions. As discussed in Section 5.2.6 of Chapter 5, Bremer Vulkan acquired the shipping firm Senator Linie GmbH and merged it with Deutscher Seereederei in 1994. Its diversification into the shipping industry was undeniably based on calculations of profitability. However, Bremer Vulkan also realised that it could receive state aid to facilitate such a foray into the shipping industry that would ultimately be approved by the EU.

6.5 BREMER VULKAN'S SIDE OF THE EUROPEANISATION STORY: THE EU AS NEMESIS AND PARTNER

Adopting a compliance approach to assess the success of implementation of EU shipbuilding policy in the German shipbuilding industry reveals only part of the picture of Europeanisation. The underlying assumption of the compliance approach is that compliance by member states with EU policy and EU law leads to EU-desired outcomes. The empirical data provided in Chapter 2 shows that Germany has consistently been at the top of the league of non-compliant member states with EU state aid law, and it has also consistently been the member state with the highest number of shipbuilding aid cases over the past forty years.¹³⁵ The study of Bremer

¹³⁵ During the month of August 1997 alone, for instance, the month when the last ship left the pier of Bremer Vulkan, Blohm + Voss in Hamburg received a DM 136 million guarantee for a Greek contract for two cruise ships, the Land Government of Mecklenburg-Western Pomerania and the BvS granted state aid of DM 3 million to Elbe Werft Boizenburg (after occupation of the shipyard by its workers) and the Land of Lower Saxony confirmed that it would provide guarantees for the financing of new shipbuilding to Meyer Werft in Papenburg.

Vulkan reveals similar findings on an individual firm level. The level of state aid provision to Bremer Vulkan remained quite high over the sixteen-year period studied. If one leaves the scene adopting only a compliance approach, one would leave with an assessment that there has not been much success in the implementation of EU shipbuilding policy and consequently, that there has been little Europeanisation of the German shipbuilding industry.

The Europeanisation of the German shipbuilding industry can only be fully assessed if one studies other dimensions of Europeanisation. Successful implementation of EU legislation in the German shipbuilding policy field should also be evaluated by considering whether evolving policy priorities at the EU level are pursued by relevant actors on the domestic stage. In this sense, there has indeed been successful Europeanisation of the German shipbuilding industry in the way that the Federal Government had modified its national shipbuilding policy in line with EU reform impulses over time. The Land Government of Bremen also pursued EU-led initiatives of capacity reductions and diversification into shipbuilding-related industries in its relations with Bremer Vulkan. Bremer Vulkan itself, as the recipient of state aid, pursued these EU shipbuilding policy objectives in a strategic move to obtain more state aid at a time when the propensity of both the Federal and Land Governments to provide it with financial support was on the decline.

The enforcement of EU public policies creates a plethora of opportunities for both public and private policy actors to exploit. Firstly, governments can find it advantageous to be bound by EU commitments (Moravcsik 1994; Grande 1996). This thesis shows that the German government has, indeed, been quite enthusiastic in limiting state aid provision to its shipbuilding industry because of its own diminishing financial resources and the declining economic importance of the industry. The strict state aid regime of the EU has thus been welcomed by the German government as a support, if not a ballast, of its own attempts to curtail state aid. Domestic actors may welcome EU constraints as boosting their own efforts in their domestic struggle to accomplish reform. Dyson and Featherstone (1999) termed this strategy as one of trying exploit a '*vincolo esterno*' (external tie) when looking at Italy's response to European Monetary Union (EMU) and its constraints. A similar process can be seen to be at work in the response of the German government to European shipbuilding policy. The Federal Government has successfully used EU policy to legitimise its own attempts to limit state aid to its domestic shipbuilding industry. In the case of

provision of aid to Bremer Vulkan, we have seen this Europeanisation of the Federal Government and the Land Government of Bremen in their decreasing disposition to grant state aid to Bremer Vulkan over time. Table 6.3 shows that the amounts of *Wettbewerbshilfe* aid granted by the Land Government of Bremen to Bremer Vulkan declined from 1985 to 1987 and from 1989 to 1994.

Table 6.3: Wettbewerbshilfe aid disbursed by the Land Government of Bremen to Bremer Vulkan Verbund AG, 1984-1996

PAYMENT IN	AMOUNT	RECIPIENT				
		Seebeckwerft AG	Schichau Unterweser AG	Schichau Seebeckwerft AG	Bremer Vulkan	Lloyd Werft
1984	2,950,000		2,000,000			950,000
1985	9,700,000		1,700,000		8,000,000	
1986	3,467,000	3,467,000				
1987	890,000	890,000				
1988	17,356,000	10,063,000	2,384,000		133,000	4,776,000
1989	41,918,000			18,794,000	21,200,000	1,924,000
1990	35,566,000			21,822,000	13,744,000	
1991	27,168,000			10,851,000	13,886,000	2,431,000
1992	26,021,000			13,155,000	10,361,000	2,505,000
1993	22,312,000			9,604,000	12,002,000	706,000
1994	15,892,000			6,812,000	6,456,000	2,624,000
1995	37,300,000			14,760,000	18,582,000	3,958,000
1996	2,703,189			0	2,703,189	0
TOTAL	243,243,189	14,420,000	6,084,000	95,798,000	107,067,189	19,874,000

Source: Bremische Bürgerschaft (1998: 786).

This Europeanisation of the German public actors has also been important for the Europeanisation of the recipient of state aid – the shipbuilding firm itself. Bremer Vulkan realised both the threats and opportunities posed by the EU shipbuilding policy field, and its response was to increase the attention it paid to the EU. In fact, these two chapters on Bremer Vulkan along with Section 4.2.4 of Chapter 4 show that not only did this private actor become increasingly aware of the EU over time, it also transferred its interest representation activity to the EU level. Bremer Vulkan realised by the early 1990s that the EU had the power to significantly affect its business activity and that the EU, and not the Federal Government, was the platform on which the public policies relevant to the German shipbuilding industry were formulated. The increasing content of European shipbuilding policy served to usurp the German shipbuilding firm's perception of the traditionally important roles of the Federal and Land governments in the German shipbuilding industry.

This Europeanisation process of Bremer Vulkan is only partly explained by its own acknowledgement or realisation of the powers of the EU to affect its operating context. The response of Bremer Vulkan to EU shipbuilding policy was also driven by the reactions of the Federal Government and of the Land Government of Bremen to EU shipbuilding policy. The increasing tendency and willingness of these public actors to comply with EU legislation was important in two ways. Firstly, it impressed upon Bremer Vulkan the extensive powers of the EU to shape the German shipbuilding industry. Secondly, the behaviour of the German public actors revealed that it was no longer sufficient for Bremer Vulkan to limit its interest representation efforts to the domestic level as there was growing evidence that the domestic state-aid providers were not as sympathetic to the needs of the firm as they once had been.

Bremer Vulkan and its long and multi-faceted relationship with the EU have thus served as an illuminating illustration of the impact of EU shipbuilding policy on the German shipbuilding industry and have highlighted the ways in which both public and private German actors have responded to EU activity in the shipbuilding policy field.

Chapter Seven

EUROPEANISATION AND THE GERMAN SHIPBUILDING INDUSTRY

The impact of an EU public policy on the domestic policy field can be analysed in a number of ways. Firstly, EU policy in a particular sector affects national policy in that sector. Such impact can be analysed in terms of policy content, policy objectives and policy instruments. The implementation of EU public policy invariably involves both public and private actors at the domestic level. Successful implementation of EU policy by a member state can be said to lie in effective enforcement by the national public actors and compliance with EU law by the relevant national public and/or private actors, as the case may be. Thus, the second dimension of impact of EU policy on a member state is in terms of the decisions and actions taken by domestic public and private actors in their response to EU law. Thirdly, as EU policy affects the rules of the game for domestic actors, the adaptation of these actors to EU policy can involve changes in the patterns of interaction: firstly, between domestic public and private actors and secondly, between the domestic actors and the EU institutions.

7.1 EUROPEANISATION OF GERMAN SHIPBUILDING POLICY CONTENT

The first dimension of Europeanisation that was studied in this thesis was the impact of EU shipbuilding policy on German shipbuilding policy content. Chapters 2 and 3 analysed EU and German shipbuilding policies, respectively, from the 1960s to 2002. The longitudinal analysis of these policies over this period has revealed their key features, their similarities and their differences. Most importantly, these two chapters have revealed the Europeanisation of German shipbuilding policy content in terms of provisions on the granting of shipbuilding aid. The juxtaposition of these two trajectories of policy development reveals that German shipbuilding policy has

mirrored EU shipbuilding policy well. German shipbuilding policy has remained true to the letter and the spirit of EU shipbuilding policy. In fact, as discussed in Chapter 3, from the perspective of policy adaptation, Germany has been an exemplary model student or *Musterknabe* of the EU. In fact, it has quite often been the opinion in both German government and industrial circles that the German government has been an *Obermusterknabe* in this respect. If EU shipbuilding policy is understood as a supranational policy that calls on EU member states to reduce their provision of shipbuilding aid, then it is manifestly clear that there has been Europeanisation of German shipbuilding policy content in terms of significant and successful downloading of EU policy onto the domestic template. There has been a decline in the number of German shipbuilding aid programmes offered over the time period studied. Not only has there been a decline in the number of shipbuilding aid programmes in force, the funding rates of these programmes have also fallen over time. In fact, the comparison of EU and German shipbuilding aid rates from 1987 to 2002 provided in Chapter 3 indicates that Germany has consistently exceeded EU requirements in this regard. Furthermore, more conditions have been attached to the provision of shipbuilding aid. The increasing conditionality and stringency of German shipbuilding aid programmes over time is evidence of the downloading of EU policy of limited shipbuilding aid provision.

There has been increasing withdrawal of the Federal Government from the responsibility of providing financial support to the German shipbuilding industry over time. Chapter 3 also showed that the Federal Government has increasingly shifted this responsibility onto the Länder level in an attempt to exonerate itself of the burden of propping up a possible sunset industry. This has naturally made the provision of state aid to the shipbuilding industry in Germany more complex and subsequently, less likely because of the limited financial capacities of individual Land governments. The scope of viable funding sources within Germany has thus become limited over time. These have been the ways in which German public actors – the Federal and Länder governments – have responded to EU shipbuilding policy. The downloading of EU shipbuilding policy onto the domestic German level has thus altered the framework conditions or *Rahmenbedingungen* of the German shipbuilding industry.

7.2 IMPLEMENTATION OF 'EUROPEANISED' SHIPBUILDING POLICY IN THE GERMAN SHIPBUILDING INDUSTRY

The adaptation of domestic policy to EU policy, in terms of policy content, objectives and instruments, only describes one aspect of the Europeanisation of public actors. A further aspect that should be examined is the actual implementation of such 'Europeanised' policy in the German shipbuilding industry. Chapter 2 showed that Germany heads the list of EU member states in terms of the number of shipbuilding aid cases and Commission Decisions. This thesis argues that a superficial treatment of the level of compliance of the German shipbuilding industry with EU shipbuilding aid legislation results in the hastily-drawn and wrong conclusion that there has been no Europeanisation process evident. This thesis advocates closer analysis of the type of shipbuilding aid provided by the German public actors to its shipbuilding industry. Chapter 3 provided empirical evidence that there have been increases in the type of shipbuilding aid that the EU promotes, namely R & D aid and aid linking the shipbuilding sector and maritime transport.

Furthermore, the increased cross-border co-operation between shipbuilding firms of EU member states in R & D has been a direct response to stimuli from the EU level for collaboration projects. The number of EU-wide shipbuilding projects, like EUROYARDS and Leadership 2015, has also increased thanks to the support of the EU. Such cross-border co-operation was unheard of in the 1970s and 1980s before the EU started promoting such collaboration of shipbuilding firms, both in its policies and via the shipbuilding association that it sponsored, the Maritime Industries Forum.

Chapters 5 and 6 took Bremer Vulkan Verbund as a case study to explore the changing roles and interactions of public and private actors in the German shipbuilding industry. Detailed analysis of the fifteen state aid cases identified from 1980 to 1996 revealed the decreasing participation of the Federal Government in the state aid arena, and the increasing reluctance of both the Federal Government and the Land Government of Bremen to grant state aid to Bremer Vulkan. Chapters 5 and 6 also showed firm-specific evidence of the way in which Bremer Vulkan pursued EU shipbuilding policy prescriptions of downsizing and capacity reduction as part of its business strategy and of its attempts to obtain more state aid from the Land Government of Bremen. The response of Bremer Vulkan to EU shipbuilding policy was also observed in the firm's incorporation of EU shipbuilding policy goals of

concentrating on high-technology shipbuilding and co-operating with other European shipbuilding firms. Further evidence of the Europeanisation of Bremer Vulkan was seen in its acquisition of shipping firms in its attempts at vertical integration of the maritime sector, which has been promoted by EU shipbuilding policy.

7.3 SHIFTS IN FOCUS OF INTEREST REPRESENTATION EFFORTS OF THE GERMAN SHIPBUILDING INDUSTRY

This ability of the EU to influence and, in many ways, to set the operating conditions of the German shipbuilding industry has affected the behaviour of German shipbuilding firms. This thesis shows that since the 1990s, shipbuilding firms and the shipbuilding association in Germany have been looking increasingly to the EU as the channel through which to air their concerns and further their interests.

This thesis has explored the comparatively more effective interest representation activity of European shipbuilding associations, when compared to the German shipbuilding association. This, along with the important role played by German shipbuilders and the German shipbuilding association in European shipbuilding associations, like CESA and the Maritime Industries Forum, indicate the reorientation of the attention of German shipbuilding firms from the domestic to the EU level in interest representation activity. Chapter 4 documented the increasing praise for EU initiatives and the concomitant increasing criticism of German policy in the shipbuilding sector by the German shipbuilding association over time. These annual reports also indicate that the German shipbuilding industry has, over time, placed more emphasis on the need for EU action than for German action in response to the challenges confronting it. Chapter 4 also analysed how Bremer Vulkan transferred its representation activity from the domestic to the EU level in its efforts to set up the Maritime Industries Forum.

Such a response is shown to be based on the realisation by the German shipbuilding industry that the EU can do what national governments cannot. Firstly, the EU possesses the overall control of state aid via its state aid policy regime. Secondly, the EU can and does provide support to the European shipbuilding industry via its research and technology and transport policies and its interests in environmental protection. Thirdly, the important issue of Far Eastern competition can

only be tackled effectively by the EU in international negotiations in the Organisation for Economic Co-operation and Development (OECD), the World Trade Organisation (WTO) and the International Monetary Fund (IMF).

This reorientation of the efforts and attention of German shipbuilding firms emerged from a change in their perception of the EU and its powers. In the 1970s and the 1980s, the German shipbuilding firms saw the supranational authority of the EC as serving to constrict the room to manoeuvre of both the German government and of themselves through the enforcement of EC state aid and shipbuilding policies. The EU's role as a governance actor was further increased with the capacity limitations that it imposed on the privatised East German shipyards in 1991.

The realisation by German shipbuilders individually and collectively in the German shipbuilding association, the VSM, that the EU and not the German government was best placed and had the requisite political weight to tackle the distortion of competition on the world shipbuilding market caused by the unfair business and trade practices of South Korean shipbuilding firms has led to a change in the behaviour and patterns of interaction of German shipbuilding firms. They have begun to perceive the EU shipbuilding associations to be the more effective platform from which to voice their interests and achieve their goals. This has affected the patterns of interaction of the shipbuilding firms with the German and the EU authorities and shipbuilding associations. In essence, the Europeanisation of the private actors in the German shipbuilding industry has occurred through a change in their perception of the EU from nemesis to saviour.

7.4 INTERDEPENDENCE BETWEEN PUBLIC AND PRIVATE ACTORS' RESPONSES TO EU SHIPBUILDING POLICY

The Europeanisation of the German shipbuilding industry has thus far been dichotomised into the impact of EU shipbuilding policy on German public actors and that on German private actors. The EU shipbuilding policy addresses the government of the Federal Republic of Germany directly in the legal requirement of the Federal Government to ensure that German shipbuilding policy conforms to EU shipbuilding policy. The German success in this respect has been studied in Chapters 2 and 3. On the other hand, Europeanisation of the private actors of the German shipbuilding

industry was discussed in Chapters 4, 5 and 6. This thesis emphasises the interdependence between the responses of private and those of public actors to EU shipbuilding policy.

The response of the Federal Government has been to adapt German shipbuilding law to EU law. In fact, Germany has been shown to have even exceeded EU requirements by adopting shipbuilding aid law that is even stricter than the EU's. What this has done has been to frustrate the private actors in the German shipbuilding industry - the shipbuilding firms. They have felt that the uncompromising German shipbuilding aid provisions have placed the German shipbuilding industry in an unfavourable competitive position vis-à-vis its EU and non-EU competitors. This dissatisfaction with German shipbuilding policy has been one of the major spurs of the Europeanisation of the German shipbuilding firms. This disenchantment with the domestic level has fuelled the increased momentum of activity on the EU level. Successful Europeanisation on the public actor level has, in fact, stimulated Europeanisation on the private actor level.

This Europeanisation of the private actors in turn has influenced the Federal Government's recent stance on the German shipbuilding industry. A maritime co-ordinator was appointed by the Federal Government in 2001. German shipbuilding firms have welcomed this move. Several factors account for the creation of this new department in the Federal Economics Ministry. These include the improved performance of the German maritime industry and greater domestic regard for this industry in government circles. The reorientation of German shipbuilding firms to the EU and the steadily increasing initiatives of the EU in favour of the European maritime industry very nearly 'ostracised' the German authorities from the policy field. Increased R & D funding from the EU and the fact that the direction and pace of technological development in this sector was being set by the EU Research and Technological Development framework programmes meant that by the mid 1990s, the German government was essentially 'out of the shipbuilding loop'. The Federal Government's response to this was the appointment of the maritime co-ordinator. Efforts of the German shipbuilding firms in the European forums have apparently elicited a response from the Federal Government.

This institutional development, as discussed before, is admittedly attributable to a variety of factors but the role played by the creation of a European maritime network by German and other European shipbuilding firms cannot be discounted. The

principal theme of the First National Maritime Conference that was organised by the Federal Government and held in June 2000 was the question of the creation of a similar network within the German maritime industry. This had never before been considered openly and positively by the Federal Government. This creation of a maritime network within Germany is very much along the lines pursued by the Maritime Industries Forum at the EU level. This institutional development of the creation of a maritime co-ordinating department within the Federal Economics Ministry and of a Maritime Partner Ring can be considered to be the spawn of the EU's successful transformation of the perception of the European shipbuilding industry from being a sunset industry to being one of the growth industries of the future. Furthermore, the key feature of bringing together representatives, both from industry and from government, who are linked to the various maritime-related industrial sectors, is an innovation that Germany has adopted from the Maritime Industries Forum, the EU counterpart of the German Maritime Partner Ring.

Europeanisation of the private actors in the German shipbuilding industry has contributed to the Europeanisation of the German public actors. Europeanisation of the German shipbuilding industry has thus occurred through the reinforcement of the different logics of action that characterise the different actors.

7.5 MOTIVATING FORCES IN THE EUROPEANISATION PROCESSES IN THE GERMAN SHIPBUILDING INDUSTRY

By distinguishing between the relevant public and private actors, this thesis has been able to explore the routes of Europeanisation taken by each set of actors. The public actors - the Federal Government and the relevant Länder governments - have contributed to the Europeanisation of the German shipbuilding industry by taking appropriate measures so as to be in line with the EU objective of limiting the provision of state aid to the shipbuilding industry. The private actors - the German shipbuilding firms and the German shipbuilding association - have Europeanised their industry by thinking and acting on an EU level. Increased appreciation for and use of the European shipbuilding associations to tackle the challenges that they face have been presented in this thesis as evidence of the Europeanisation of German shipbuilding firms. They have increasingly been thinking on an 'EU wavelength'.

Evidence of operating on an 'EU wavelength' has come in the proliferation of cross-national co-operation in R & D and joint shipbuilding contracts with shipbuilding firms in other EU member states.

The responses of these public and private actors have illustrated the 'how's' of the Europeanisation processes occurring in the German shipbuilding industry. Equally important to knowing how this Europeanisation has taken place is the understanding of why it has. Understanding the motivations of relevant actors will shed light on the facilitators and impediments to Europeanisation processes in general.

The Federal Government has proven to be quite compliant in incorporating EU shipbuilding policy content and objectives into its own domestic legal framework. This ready willingness can be explained by the Federal Government's own inclination to reduce the amount of state aid it was expected to grant to its shipbuilding industry. Dyson and Featherstone (1999) have shown how the EMU project gained ground in Italy by analysing the way in which the Italian government portrayed the convergence criteria as a '*vincolo esterno*' or external tie to its electorate. In a very similar fashion, the German government has been able to advance its own agenda vis-à-vis the state support of its shipbuilding industry by paying dutiful homage to the supremacy of EU law. The shipbuilding industry in Germany was declining, both in terms of employment and turnover levels, and the Federal and Länder governments were financially unable and/or unwilling to support the shipbuilding industry as they once did. The objectives pursued by the EU in the shipbuilding sector tied in very well with domestic currents in the German government and this yielded successful Europeanisation in terms of policy content.

As argued by Dyson (2003: 228), the impact of the EU public policies thus has not been in 'preference shaping' but rather in 'context altering'. German shipbuilding firms seek shipbuilding aid or, at the very least, support to boost the shipbuilding industry. The German Government, on the other hand, seeks to reduce its financial commitments to the shipbuilding industry, partly because of financial pressures on its available resources. These preferences of the two sets of actors have not been changed by EU shipbuilding policy. Rather, EU governance of the shipbuilding industry has 'altered the context' within which German shipbuilding firms can obtain support for the shipbuilding industry, and allows the German government to further and to validate its attempts at limiting the state aid it provides to the shipbuilding industry.

From the perspective of the German shipbuilding firms, this EU objective of progressively reducing the state aid allowed was not apparently in their immediate interests. However, their own government was also pursuing this policy objective and in fact, with greater vigour than the EU and other EU member states. Furthermore, the spurt in EU-level activity of German shipbuilding firms was linked to the threats posed by competitor shipbuilding nations like South Korea and Japan to the competitiveness and viability even of the German shipbuilding industry. It was the realisation by the German shipbuilding firms that such global issues could be addressed more effectively by the EU than by the German government in isolation that explains the Europeanisation of these German firms. Thus, it was the onslaught of challenges from outside the EU and the relatively lesser capacity to act of the German government that precipitated and facilitated the Europeanisation processes of the private actors in this sector.

Salient characteristics of the shipbuilding industry partly explain why Europeanisation has proceeded as far as it has in this sector. Firstly, the R & D that is needed to make technological advances in the shipbuilding industry is of a scale that most individual shipbuilding firms are unable, either because of financial and/or personnel reasons, to undertake on their own. Collaboration with competitor firms within Germany for R & D purposes rarely occurred because of the specialisation of firms in different market segments and because of the general aversion to co-operate with business competitors. Thus, the idea that was promoted by the EU via its research and technology policy and in its shipbuilding directives of co-operation of firms on an EU-wide basis was an important new opportunity for German shipbuilding firms which have traditionally shown a keen interest in R & D projects.

A second key characteristic of the shipbuilding industry is its link to the shipping sector. Increased demand for shipping logically means increased demand for shipbuilding. Whatever improves the market conditions for the shipping industry is therefore in the interests of the shipbuilding industry. Because of the geographical position of Germany within the European continent, measures undertaken by the German government to improve the market for maritime transport is limited to those in favour of inland waterway transport. Both because Germany is part of the European continent in geographical terms and because it is part of the economic union, the EU, any meaningful stimulus to the shipping sector has to come either from the EU and/or from other EU member states as well. Thus, the Europeanisation process played itself

out rather well in the German shipbuilding industry because of the realised potential of the EU to stimulate maritime transport and to improve the requisite infrastructure via its maritime transport policy.

Thirdly, due to the global nature of the shipbuilding market, there is no actual domestic shipbuilding market. Even if limited 'loyal' domestic markets are defined, it is not possible to protect these domestic markets from foreign imports of ships with customs duties or import quotas. Thus, it has been crucial for German shipbuilding firms and the German government to work in concert with the EU and other European shipbuilding firms to achieve their common goals on competition conditions on the world shipbuilding market via negotiations in international organisations like the OECD and the WTO.

These salient characteristics of the industry have defined the types of challenges that the industry faces and thus, the type of solutions that are needed to address them. The nature of the shipbuilding industry itself has therefore been crucial in facilitating its Europeanisation process.

7.6 FACTORING IN THE POLITICAL PARTY COMPOSITION OF GOVERNMENTS

The impact of EU shipbuilding policy on German shipbuilding policy and on German public actors has been analysed in Chapters 2 and 3. The political party composition of the Federal and the Land governments of the coastal Länder has changed several times over the forty-year time frame of this analysis. Examining whether the impact of this supranational state aid policy on the corresponding German policy field has been affected by the economic orientations of the political parties in office is thus analytically important. Distilling a differentiated resonance of EU policy in the domestic policy field that is dependent on the political party constitution of the national and regional governments, if any, is an important step in understanding the Europeanisation of the national policy field.

The role of political party ideology in the formulation of national public policy has been studied and debated extensively in academic research. Advocates of the 'partisan politics matter' thesis contend that ideological preferences of governing political parties are important in shaping economic policies, including the level and

nature of government expenditure (Tuftes 1978; Hibbs 1977, 1987, 1992). The conventional or popular wisdom associates left-leaning political parties, which favour redistribution, with deficit spending and the right, which prioritises the unadulterated functioning of the free market system, with fiscal prudence.

This argument that partisan politics are important in determining fiscal and industrial policies has, however, not gone challenged. Those who argue that the influence of partisan preferences is at best marginal emphasise that all governing political parties are confronted with the same logics of industrialisation, modernisation and globalisation, with the same economic, technological and demographic imperatives. For instance, increased financial integration has diminished the autonomy of national governments to pursue party-based policies (IMF 1991; Helleiner 1994). The ability of political parties to pursue their ideological preferences in terms of domestic economic policy is constrained by domestic and international macroeconomic conditions (Garrett and Lange 1991; Peters 1991; Scharpf 1991; Keohane and Milner 1996; Carlsen 1997; Iverson 1998). Partisan-based differences in economic policy fields have thus “become more muted over time” (Cusack 1999: 465, 2001: 108).

Mirroring this theoretical divergence, empirical studies of the impact of political parties’ ideological preferences on economic policy have arrived at divergent conclusions. Roubini & Sachs (1989), Comiskey (1993) and De Haan & Sturm (1994) conclude that the impact of political preferences on economic policy is significant, while Von Beyme (1985), Blais *et al.* (1993) and Cusack & Garrett (1993) admit to a more modest impact. On the other hand, Rose (1984) argued that policy output is not dependent on the ideological preferences of the governing party(ies).¹³⁶ In fact, some scholars have concluded from their empirical research that the partisan impact on fiscal policy is exactly the opposite of what is predicted by conventional wisdom on this question (Cameron 1985; Persson and Svensson 1989). Similar divergent conclusions are to be found in studies of the relation between party platforms/manifestos and public policies. While some scholars have found that there is a strong link between party platforms and public policies pursued (Budge and Hofferbert 1990, 1992; King *et al.* 1993; Klingemann *et al.* 1994), there are those who

¹³⁶ For further empirical studies on the impact of government partisanship on economic policies, see Cameron 1978; Castles and McKinlay 1979; Keman 1984, 1997; Schmidt 1989, 1996, 1997; Williams 1990; Hicks and Swank 1992; Castles 1994, 1998; Blais, Blake, and Dion 1993, 1996.

argue that while party platforms tend to be polarized, policies end up being moderate or centrist (Alesina and Rosenthal 1995; Snyder 1996).

Hofferbert and Klingemann (1990) demonstrated that party programmes have an important impact on government policy in Germany, with the party influence working mainly through possession of cabinet ministries. They argue that the neo-liberal Free Democratic Party (FDP) has had a disproportionate influence on government spending policies and that “the most useful document a German voter should consult at election time in order to anticipate the shape of public spending under the next government is the programme of the FDP” (Hofferbert and Klingemann 1990: 300). Free market economics, especially through reductions in taxes, removal of regulatory barriers to trade and production and elimination of subsidies, is a dominant tenet of FDP programmes, irrespective of the party’s government coalition partner (Roberts 1993: 151).¹³⁷

To the extent that the FDP is present as a coalition partner in coalition governments and is in possession of the Economics and/or Finance Ministries, its free market ideological preferences would indeed be important for German industrial policy in terms of the goals and methods pursued and limiting the level of government spending in this regard. Analysing ideological differences between German political parties on a single left-right continuum, however, proves to be an inadequate basis of inquiry.¹³⁸

Both the CDU/CSU and the SPD have signed up to the *soziale Marktwirtschaft* or social market economy ideology. It is important to note in this context that no explicit mention is made of the valid provision of state aid to industry in the founding texts of the Ordoliberal school. German post-war political history is replete with SPD political leaders (Chancellor Schmidt, for example) who favoured the free functioning of the market economy, and CDU leaders (Chancellor Helmut Kohl, for instance) who were responsible for high levels of government spending for social and economic cohesion purposes. The Federal Government published a report prepared by FDP Federal Economics Minister, Günter Rexrodt, in September 1993 entitled “*Zukunftssicherung des Standortes Deutschland*” (Safeguarding Germany’s

¹³⁷ Refer to Dittberner (1987) for a survey of FDP programmes, including the Freiburg and Kiel theses.

¹³⁸ Gross and Sigelman (1984) argue that such a left-right examination only provides a “skyline view” as programmatic differences can exist in specific policy domains.

Future as an Industrial Location) in which subsidies were argued to be defensible on economic grounds, are not *ipso facto* unjustified and should be critically examined.

Key features of the German political and economic system serve as checks and balances and limit partisan differences. Germany's system of cooperative federalism and the important role played by the *Deutsche Bundesbank* and the *Sachverständigenrat* in the formulation of economic policies dampen the degree of partisan duels (cf. Lehmbruch 1976, 1978; Smith 1976; Scharpf 1985; Katzenstein 1987). As shown in Chapter 3, a survey of *Subventionsberichte* from 1967 to the present time reveals that the approach taken with regard to the provision of shipbuilding aid has been consistent across time, with identical wording of many key statements, despite changes in the political party make-up of the Federal Governments.

A further mitigating factor on the impact of partisan differences is the gap between political rhetoric and policy practice, between *ex ante* declarations of intent and actual observed behaviour in policy implementation. Concern about political survival and electoral success constrain the ability of rational political actors to pursue their parties' ideological preferences in the form of actual public policy content.

Analysis of the timing of the initiation and termination of the various German shipbuilding aid programmes should reveal whether the political party constitution of the various Federal and Land governments over time has been an important determinant of the level of support for the German shipbuilding industry. Table 7.1 lists the years in which the various German shipbuilding aid programmes were initiated and terminated, and cross references these decisions with the governing political parties at the Federal and at the Land level in the four coastal Länder.

Table 7.1 Political party composition of governments and shipbuilding aid programmes

Year	Federal Government	Land Government of Bremen	Land Government of Hamburg	Land Government of Lower Saxony	Land Government of Schleswig-Holstein	Shipbuilding Aid Programme
1961	CDU/CSU-FDP	SPD-FDP	SPD-FDP	SPD-GB/BHE-FDP	CDU-FDP	Initiated <i>Werfthilfeprogramm</i>
1962	CDU/CSU-FDP	SPD-FDP	SPD-FDP	SPD-GB/BHE-FDP	CDU-FDP	Initiated <i>Reederhilfeprogramm</i>
1967	CDU/CSU-SPD	SPD-FDP	SPD	SPD-FDP	CDU-FDP	Initiated adjustment investment aid programme
1970	SPD-FDP	SPD	SPD-FDP	SPD	CDU-FDP	Terminated adjustment investment aid programme
1979	SPD-FDP	SPD	SPD	CDU	CDU	- Initiated <i>Auftragshilfeprogramm</i> - Initiated ' <i>Meeresforschung und Meerestechnik</i> ' research programme
1981	SPD-FDP	SPD	SPD	CDU	CDU	- Terminated <i>Auftragshilfeprogramm</i> - Terminated ' <i>Meeresforschung und Meerestechnik</i> ' research programme
1983	CDU/CSU-FDP	SPD	SPD	CDU	CDU	Initiated Land shipbuilding grants
1985	CDU/CSU-FDP	SPD	SPD	CDU	CDU	Terminated Land shipbuilding grants
1987	CDU/CSU-FDP	SPD	SPD-FDP	CDU-FDP	CDU	- Initiated <i>Wettbewerbshilfeprogramm</i> - Terminated <i>Reederhilfeprogramm</i>
1994	CDU/CSU-FDP	SPD-FDP-Greens	SPD-STATT Partei	SPD	SPD	Initiated ' <i>Marine Technology</i> ' research programme

Year	Federal Government	Land Government of Bremen	Land Government of Hamburg	Land Government of Lower Saxony	Land Government of Schleswig-Holstein	Shipbuilding Aid Programme
1998	SPD-Greens	SPD-CDU	SPD-CDU	SPD	SPD-Greens	Terminated 'Marine Technology' research programme
2000	SPD-Greens	SPD-CDU	SPD-Greens	SPD	SPD-Greens	Initiated 'Shipping and Marine Technology for the 21 st Century' research programme
2001	SPD-Greens	SPD-CDU	SPD-Greens	SPD	SPD-Greens	Appointment of Maritime Coordinator
2002	SPD-Greens	SPD-CDU	SPD-Greens	SPD	SPD-Greens	- Terminated <i>Werfthilfeprogramm</i> - Terminated <i>Wettbewerbshilfeprogramm</i>

The empirical reality reveals a mixed or even kaleidoscopic picture. Five shipbuilding aid programmes were initiated and two were terminated during CDU/CSU-FDP coalition Federal Governments, two programmes were initiated and three were terminated when the SPD ruled in coalition governments with the FDP, and the SPD-Green coalition Federal Government from 1998 to 2002 initiated only one shipbuilding aid programme whilst it terminated three. It appears to be relatively difficult to extract an unambiguous finding about the ideological stance of the various German political parties with regard to state support for the shipbuilding industry. A similar mixed picture emerges from analysis of the actual amounts of aid disbursed to the German shipbuilding industry and the relative importance of the shipbuilding industry as a recipient of state aid in Federal Government budgets over time, as presented in Table 7.2.

Table 7.2 German shipbuilding aid disbursed and German governments

Year	Federal Government	Land Government of Bremen	Federal subsidies per person employed in shipbuilding (DM)	German shipbuilding aid (million DM)
1967	CDU/CSU-SPD	SPD-FDP	13	
1968	CDU/CSU-SPD	SPD	53	
1969	SPD-FDP	SPD	571	
1970	SPD-FDP	SPD	366	28
1971	SPD-FDP	SPD	400	
1972	SPD-FDP	SPD	514	
1973	SPD-FDP	SPD	901	
1974	SPD-FDP	SPD	1274	
1975	SPD-FDP	SPD	1351	100
1976	SPD-FDP	SPD	1167	
1977	SPD-FDP	SPD	926	
1978	SPD-FDP	SPD	889	
1979	SPD-FDP	SPD	1881	
1980	SPD-FDP	SPD	4379	254
1981	SPD-FDP	SPD	5190	301
1982	CDU/CSU-FDP	SPD	4068	240

Year	Federal Government	Land Government of Bremen	Federal subsidies per person employed in shipbuilding (DM)	German shipbuilding aid (million DM)	Werfthilfe (million DM)	Wettbewerbshilfe (million DM)	Ranking of shipbuilding aid in Federal Government budget drafts	Shipbuilding aid in Federal budget drafts (million DM)
1983	CDU/CSU-FDP	SPD	5273	290	289.9			
1984	CDU/CSU-FDP	SPD	3553	167	167.6			
1985	CDU/CSU-FDP	SPD	3148	148	230.0			
1986	CDU/CSU-FDP	SPD		142	200.0		17	200
1987	CDU/CSU-FDP	SPD	3487	136	135.7			
1988	CDU/CSU-FDP	SPD	7143	250	149.8	100.0	11	280
1989	CDU/CSU-FDP	SPD	8083	291	169.8	121.3		
1990	CDU/CSU-FDP	SPD	10583	381	200.8	180.0	10	375
1991	CDU/CSU-FDP	SPD	14222	597	246.3	350.5		
1992	CDU/CSU-FDP	SPD-FDP-Greens	13029	607	289.2	317.6	9	707
1993	CDU/CSU-FDP	SPD-FDP-Greens	7147	536	299.5	236.8		

Year	Federal Government	Land Government of Bremen	Federal subsidies per person employed in shipbuilding (DM)	German shipbuilding aid (million DM)	Werfthilfe (million DM)	Wettbewerbshilfe (million DM)	Ranking of shipbuilding aid in Federal Government budget drafts	Shipbuilding aid in Federal budget drafts (million DM)
1994	CDU/CSU-FDP	SPD-FDP-Greens	6986	489	285.2	203.6	10	515
1995	CDU/CSU-FDP	SPD-FDP-Greens	7523	399	284.2	114.4		
1996	CDU/CSU-FDP	SPD-CDU		355	267.3	88.0	11	442
1997	CDU/CSU-FDP	SPD-CDU		335	234.3	70.1		
1998	SPD-Greens	SPD-CDU		280	208.2	70.8	15	291
1999	SPD-Greens	SPD-CDU			96.5	37.1		
2000	SPD-Greens	SPD-CDU		244	77.9	47.2	15	260
2001	SPD-Greens	SPD-CDU			70.6	86.9		
2002	SPD-Greens	SPD-CDU		223	50.5	63.9		

Source: Author's compilation from Deutscher Bundestag (1985: 18-19, 26, 126); (1987: 14-15, 26); (1989: 15, 26, 106); (1991: 20, 25, 112); (1993: 6, 26, 109-110); (1995: 6, 17-18, 104-105); (1997: 6, 13, 17, 108-109); (1999: 16, 20, 101) and (2001: 15, 63).

In-depth analysis of the processes of negotiation and formulation of these aid programmes would in all likelihood reveal a more reticent attitude of FDP Economics and Finance Ministers and even members of the bureaucratic élite on the question of the granting of shipbuilding aid.¹³⁹

The neo-liberal drive to reduce government spending has led the Federal Government to transfer part of the burden of state expenditure to the Länder level. As discussed in Chapter 3, a significant proportion of German state support for the shipbuilding industry is borne by the Länder governments. In particular, the regional concentration of the German shipbuilding industry in the coastal Länder of Bremen, Hamburg, Lower Saxony and Schleswig-Holstein has meant that these Land governments are important sources of financial support for German shipbuilding firms.

Because of the heavy involvement of Länder governments in shipbuilding aid programmes, the political party composition of these governments is also of interest. The SPD has been the governing party in Bremen throughout the post-war period. It has either ruled alone, as it did between 1968 and 1991, or in coalition with other parties. It is perfectly possible or even probable that the amount of shipbuilding aid provided to the Bremen shipbuilding industry might not have been as generous had the CDU or the FDP possessed a stronger foothold in Bremen. However, because of the important socio-economic role of the shipbuilding industry in Bremen over several decades, whatever party was in power would be confronted with the same vociferous demands for state support from the shipbuilding firms and their workers, and support for this sector would inevitably be an issue of the socio-economic welfare of a segment of the Land's population.

The Land governments of Bremen, Hamburg and Lower Saxony could not depend on similar party affiliations of other Land governments to get its shipbuilding agenda through the German legislative system. In 1981, the Social Democratic Bremen Senate demanded an increase in shipbuilding aid from the Federal Government from 12.5 to 17.5 per cent of the cost of ships for ship-owners who ordered ships from German shipyards. The governments of the other three coastal Länder agreed to support the Bremen proposal in March 1984. However, the proposal was blocked in the Bundesrat. The opponents to this proposal included Social

¹³⁹ Such observations of a cautious FDP Federal Economics Minister Lambsdorff were made in the detailed Bremer Vulkan state aid cases in Chapters 5 and 6.

Democratic Hessen and Saarland which were keen to ensure that the welfare of their car and steel producers, respectively, was not jeopardised by what they saw as excessive support of the shipbuilding industry (Stråth 1987: 35). It must be noted, however, that during years in which the Land coalition government consists of a political party that is not present in the coalition government at the Federal level (as from 1961 to 1965 and from 1982 to 1997, in the case of Land Bremen), the ability of such a Land governing party to effectively voice and realise the interests of the shipbuilding industry would be diminished.

Rational political actors target the financial resources that they disburse in space and through time in their efforts to increase their chances of electoral success. John and Ward (2001: 309) demonstrated that there are ‘particularly strong incentives to target resources to marginal legislative constituencies’ as by ‘putting resources where they matter’, electoral manipulation can be performed inconspicuously without significantly altering macroeconomic indicators and without drawing the undesirable attention of non-targeted sectors. Scholars have also argued that governments are likely to grant financial support in the period before an election (when they are behind in the polls), so the electoral pay-offs are greater at the margin (Schultz 1995; Price 1998). Such considerations are relevant for the study of when and why state aid is given. Furthermore, when such conditions coincide with other factors emanating from either the EU and/or the domestic arena, the impact of an EU policy on the provision of state aid in a particular sector can either be attenuated or enhanced, as the case may be.

7.7 LESSONS LEARNT FROM THE TALE OF EUROPEANISATION OF THE GERMAN SHIPBUILDING INDUSTRY

Distinguishing between the various dimensions of impact in terms of adaptation of policy content and patterns of interaction of public and private actors has provided an explanation of the processes of Europeanisation involved and of the way in which each of the processes feeds into the other.

A natural starting point for the study of the impact of EU shipbuilding policy on the German shipbuilding industry might have been a focus of the level of compliance by Germany with EU shipbuilding law over time. The underlying

assumption of such a top-down perspective is that compliance by the member states with EU law is the measure or indicator of successful Europeanisation. The empirical analysis provided in Chapter 2 indicates that Germany has consistently been at the bottom of the league of compliant member states in terms of the number of cases and Commission Decisions addressed to Germany on matters of shipbuilding aid. This might suggest that there has not been successful Europeanisation in the German shipbuilding industry since Germany has not come more into line with relevant EU law in this sector. However, this thesis has shown that such a conclusion is superficial and hastily drawn. There have indeed been significant Europeanisation processes at work in the German shipbuilding industry. Even within the context of examining German shipbuilding aid cases over time, it is important to refine the analysis further and to pay attention to the types of state aid that have been granted by the German authorities. It is important to remember that numbers sometimes do not tell the full story.

Looking at the ratio of approved German shipbuilding aid cases over time is also not a good measure of the extent of Europeanisation as there might be a level of discretion in the EU's approval of state aid cases in that the criteria might be interpreted and applied in a subjective manner. Therefore, it is important to look not just at the final outcome of these aid cases in terms of EU approval or prohibition, but also to look at the type of state aid that the German authorities granted in the first place. If the German government has been offering more state aid that is of the kind that is being promoted by the EU at the time, as indeed has been the case with R & D aid, there is evidence of Europeanisation even when the statistics superficially mask it. Thus, it is important that the use of the compliance criterion in the study of Europeanisation is treated with care. This does not mean to say that compliance with EU law is not a useful indicator of Europeanisation, but rather that within the context of compliance, attention must be paid to the various facets inherent therein, which will vary according to the subject of study.

Another major theme in the literature on Europeanisation is the notion that there must be some "misfit" (Börzel 1999; Duina 1999) or "mismatch" (Héritier, Knill and Mingers 1996; Knill and Lehmkuhl 1999; Cowles, Caporaso and Risse 2001) between the EU and national policies and institutions for national adaptation to occur. These studies argue that the lower the compatibility between the EU and domestic processes, policies and institutions, the higher the adaptational pressure.

Chapters 2 and 3 have shown that both the EU and German shipbuilding policies have evolved over time. Thus, it is not possible to measure the mismatch between these two policies that are not fixed. Furthermore, it is difficult to define relevant misfit as whilst there is considerable compatibility between German and EU theoretical approaches towards the provision of state aid to industry as shown in Chapter 1, there is often considerable divergence between the theoretical policy content and the actual implementation of those policies. The execution of these policies is not an exact science, and much is often left to the subjective interpretation and discretionary decision-making of relevant authorities. The Europeanisation processes that have been analysed in this thesis are not explained by policy fit or misfit. The responses of both public and private actors in the German shipbuilding industry to EU policy have been driven by other factors. It is the understanding of these other driving forces that can add value to the study of processes of Europeanisation in domestic public policy fields.

The response of the German private actors to EU shipbuilding policy has been determined not only by EU shipbuilding policy itself, but it has also been contingent on what German public actors have done in their response to that same EU policy. A true understanding of Europeanisation processes thus cannot be limited merely to either the study of EU pressures or the similarities and differences between the EU and domestic level, whether in terms of policies or institutions. Refining the analysis further into the differential impact of EU public policy on various sets of actors, whether public and private as in the case of shipbuilding policy or employers and trade unions in social policy, at a domestic level and exploring the contingent and interdependent nature of these various responses is a very rewarding exercise in the study of Europeanisation. The Europeanisation processes that occur in a member state as a result of the implementation of an EU policy are not determined purely by that policy or by the status quo in the member state's policy field before its implementation. The study of the Europeanisation processes should be one of dynamic changes over time as the impact of an EU policy on a member states cannot be determined *a priori*.

Goetz (2000) highlights the need to pay attention to the time (when a decision is made), timing (sequencing of decisions) and tempo (speed) of change on the domestic level in response to the EU level. Adopting such an approach proves to be very rewarding in understanding the Europeanisation processes at work in the German

shipbuilding industry. Previous chapters have shown how certain events have proven to be key moments for the Europeanisation of the German shipbuilding industry. Firstly, German reunification in 1990 and the subsequent privatisation of East German shipyards marked a watershed in relations between the EU and the German shipbuilding industry. The capacity limitations imposed by the EU on the East German shipyards significantly affected the business activity of these shipyards and complicated the relations between the Federal Government and the European Commission. Secondly, a major spurt of activity of the European shipbuilding associations coincided and actually addressed the increasing threat posed by the dumping practices of South Korean shipbuilders. This shows that a significant aspect of the Europeanisation process of the German shipbuilding industry has to do not with developments caused independently by the EU, but rather by other factors, that sometimes emanated from within Germany and sometimes not.

What emerges from this study is that the EU should be seen as part of a bigger world. A narrow focus on EU-led initiatives can only partly explain the Europeanisation process(es) in a particular industry or policy field. Credence must be paid to the role played by exogenous factors in order to obtain a full understanding of the dynamics of the forces of change on the domestic level. The exposure or even vulnerability of particular industries to global forces, whether to do with market demand and supply or with the business and trade practices of competitors, determine whether firms or even industries should tackle the challenges they face on a national or an EU level. It is analytically beneficial to engage in an exploration of the interplay of national, EU and global forces.¹⁴⁰

It is also important to consider the type of industry and its key characteristics. For instance, the fact that the R & D required in the shipbuilding sector is of such a large scale that no single shipbuilding firm, however large, can go it alone, facilitated the Europeanisation of the industry. In the automobile sector, on the other hand, where R & D is of such a scale that it can be carried out by individual firms and countries, the Europeanisation of this sector via this mechanism would be less likely. As discussed earlier, the fact that the shipbuilding sector is linked to maritime transport has also facilitated its Europeanisation. In the case of the automobile sector,

¹⁴⁰ Dyson (2002b: 102) refers to the need to look beyond Europeanisation and even globalisation when he argues, "The search for a prime long-term cause of change in German economic policy is likely to extend beyond Europeanisation and globalisation to more fundamental drivers like new technologies and the effects of their adoption and use on social, economic and political attitudes".

roads constitute the associated transport infrastructure and national automobile producers are not dependent on the EU or on the joint efforts of other EU member states to make them competitive.

The consideration of exogenous factors and of the characteristics of the industry being studied is thus important for understanding the processes involved in the Europeanisation of any industry. This is because these factors will help determine whether it is the individual national government or the supranational EU that is the best placed to address the issues facing the industry. If the private actors in an industrial sector perceive that its national government is adequately equipped to tackle the relevant challenges it faces, Europeanisation processes will tend to be more protracted. On the other hand, if the industry believes that the EU has powers and abilities that individual national governments either generally do not possess or have relinquished to the EU, the road of Europeanisation will be that much smoother. The assessment by the private actors of 'who can best do the job' and thereafter, of 'who is best doing the job' is instrumental in determining how that industry is Europeanised. The industry's assessment of the competencies of the national government and of the EU, respectively, determines the industry's judgement of where the necessary competences lie. This will subsequently shape the processes of Europeanisation that that industry will be engaged in.

The German Maritime Co-ordinator and his department in the Federal Economics Ministry has displayed so much renewed national interest in the shipbuilding industry since 2001 that the German shipbuilding industry has begun to look on the Federal Government as an important policy actor and dialogue partner once again. The foreword of the annual report of the German shipbuilding association of 2001 was entitled 'Berlin must act'. This was the first time since 1980 that the German shipbuilding association highlighted the need for national action over that for EU action in the shipbuilding sector. Whilst it is too early to call this a 're-nationalisation' or 'de-Europeanisation' of private actors in the German shipbuilding industry, it does emphasise the important nexus between the response of domestic public and that of private actors to EU shipbuilding policy.

Appendix A

Table 1.2: SUBSIDIES PER CAPITA, 1960-2002 (Euro)

COUNTRY	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	
Austria	33.73	36.81	43.87	52.79	54.60	60.04	65.00	64.60	66.35	68.58	68.84	
Belgium	25.31	27.16	29.62	34.28	36.41	49.98	58.94	58.13	72.08	79.94	75.13	
Denmark	8.53	34.83	39.37	41.05	41.63	37.88	48.26	60.36	77.72	86.15	94.03	
Finland	16.17	16.06	16.89	22.20	28.12	28.71	31.48	30.74	33.80	40.87	43.15	
France	16.55	21.71	25.78	33.17	34.24	38.97	42.69	45.14	58.35	60.19	55.02	
Germany	19.82	20.70	22.31	26.51	30.84	42.88	41.76	40.93	95.37	84.57	84.91	
Greece	0.05	0.14	0.15	0.25	0.48	0.69	1.12	1.32	1.13	0.81	0.83	
Ireland	6.96	9.83	9.20	9.36	11.04	12.61	13.98	17.18	8.97	22.68	25.65	
Italy	4.28	3.38	4.61	4.34	5.93	6.56	7.16	8.55	10.91	12.45	11.94	
Luxembourg	26.14	29.24	33.34	34.27	52.51	67.37	75.75	78.69	77.20	57.93	55.37	
Netherlands	37.41	35.60	29.71	30.41	35.59	32.81	36.50	46.32	50.01	32.77	44.06	
Portugal	0.35	0.53	0.54	0.46	0.43	0.80	0.83	0.96	1.33	1.18	1.79	
Spain	1.13	1.20	1.79	1.46	1.15	1.42	1.35	1.71	1.96	1.81	2.45	
Sweden	12.75	15.87	16.99	23.93	24.82	28.16	33.67	35.82	51.41	50.36	48.21	
UK	14.51	17.29	17.57	16.34	14.72	16.19	15.75	22.45	24.98	23.39	19.54	
EU15	11.94	13.55	14.90	17.35	18.92	22.69	24.04	25.66	39.84	38.07	37.52	
German rank from the highest	4 th of 6; 4 th of 15	5 th of 6; 7 th of 15	5 th of 6; 7 th of 15	5 th of 6; 7 th of 15	5 th of 6; 7 th of 15	5 th of 6; 7 th of 15	3 rd of 6; 4 th of 15	4 th of 6; 6 th of 15	5 th of 6; 7 th of 15	1 st of 6; 1 st of 15	1 st of 6; 2 nd of 15	1 st of 6; 2 nd of 15

Table 1.2: SUBSIDIES PER CAPITA, 1960-2002 (Euro)

COUNTRY	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	
Austria	79.44	82.53	95.59	133.91	197.45	216.78	242.72	276.73	281.19	313.80	334.17	
Belgium	78.55	96.67	114.74	124.27	151.58	177.88	206.37	227.66	249.19	249.61	275.92	
Denmark	131.89	168.92	96.03	129.51	99.08	121.14	103.28	120.23	131.90	158.45	175.11	
Finland	46.30	52.25	54.16	92.23	130.44	144.73	159.08	164.37	204.23	221.48	252.39	
France	47.51	50.50	61.68	76.35	94.88	111.41	128.85	138.85	162.78	173.94	211.45	
Germany	93.80	123.39	133.44	138.75	153.81	161.38	171.50	208.72	223.28	224.80	234.10	
Greece	1.31	1.58	2.92	4.81	5.51	7.38	8.98	10.01	10.18	12.63	23.01	
Ireland	27.69	29.98	25.43	27.49	41.43	49.63	54.90	69.77	84.82	100.01	122.10	
Italy	13.82	17.54	17.95	22.01	34.31	41.29	54.08	68.34	83.42	96.17	114.72	
Luxembourg	58.34	74.11	96.43	131.58	185.25	251.88	313.67	330.48	354.90	369.84	493.82	
Netherlands	40.55	52.44	69.42	77.32	86.12	127.71	146.21	164.82	181.26	186.47	180.56	
Portugal	1.81	1.72	2.28	4.83	5.20	10.06	12.76	18.21	24.43	34.95	44.24	
Spain	3.25	3.70	4.01	4.95	6.93	9.46	12.85	20.84	21.52	26.91	28.39	
Sweden	57.61	65.04	71.93	100.96	153.14	221.43	252.28	284.95	323.84	373.48	457.96	
UK	20.65	25.43	31.49	65.60	75.41	73.83	70.22	75.78	93.80	133.36	146.52	
EU15	39.66	48.66	53.49	69.68	76.02	86.64	96.48	111.99	134.67	149.31	166.98	
German rank from the highest	1 st of 6; 2 nd of 15	1 st of 6; 2 nd of 15	1 st of 9; 1 st of 15	1 st of 9; 1 st of 15	2 nd of 9; 3 rd of 15	3 rd of 9; 5 th of 15	3 rd of 9; 5 th of 15	3 rd of 9; 5 th of 15	3 rd of 9; 5 th of 15	3 rd of 9; 5 th of 15	3 rd of 9; 5 th of 15	3 rd of 10; 6 th of 15

Table 1.2: SUBSIDIES PER CAPITA, 1960-2002 (Euro)

COUNTRY	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Austria	360.60	375.55	383.29	423.96	497.37	512.50	505.00	511.32	531.18	607.52	635.00
Belgium	260.21	303.19	335.09	298.99	298.74	272.92	305.61	270.25	271.98	289.01	283.92
Denmark	220.83	242.38	246.26	255.05	243.89	258.53	380.97	415.15	458.60	450.13	604.43
Finland	268.02	308.42	340.73	361.46	388.59	407.07	446.24	468.75	516.69	574.13	579.70
France	245.95	272.47	335.84	365.90	330.13	331.53	330.13	331.53	323.11	320.58	323.36
Germany	237.84	243.72	268.41	343.17	356.22	369.62	356.22	369.62	354.13	409.33	388.36
Greece	22.68	19.76	22.69	40.65	45.31	44.71	55.17	48.08	47.32	29.08	27.72
Ireland	137.28	152.14	152.46	158.84	153.59	206.35	253.34	60.51	117.36	120.93	131.75
Italy	145.61	159.12	187.06	190.84	233.28	217.76	217.60	240.10	228.78	246.71	250.75
Luxembourg	561.51	714.40	665.49	532.78	568.51	606.23	611.37	605.45	614.72	699.08	755.82
Netherlands	203.88	227.71	251.83	266.46	276.14	332.63	331.64	354.51	366.70	383.06	409.56
Portugal	42.92	49.74	66.17	71.80	88.91	82.79	89.30	91.86	88.87	96.99	129.39
Spain	41.30	48.40	58.90	61.61	56.73	58.32	73.80	78.92	85.83	87.80	90.89
Sweden	488.80	513.65	582.06	637.30	630.16	630.32	640.40	738.81	785.95	901.96	963.27
UK	126.91	126.18	149.28	147.53	103.24	98.32	97.20	84.97	89.35	89.88	102.98
EU15	179.33	191.97	220.95	229.71	239.16	244.20	246.78	253.20	253.38	278.73	284.09
German rank from the highest	4 th of 10; 7 th of 15	4 th of 10; 7 th of 15	4 th of 10; 7 th of 15	3 rd of 10; 6 th of 15	2 nd of 12; 5 th of 15	2 nd of 12; 5 th of 15	3 rd of 12; 6 th of 15	3 rd of 12; 6 th of 15	4 th of 12; 7 th of 15	3 rd of 12; 6 th of 15	4 th of 12; 7 th of 15

Table 1.2: SUBSIDIES PER CAPITA, 1960-2002 (Euro)

COUNTRY	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	
Austria	666.72	598.00	619.70	580.63	579.49	652.01	625.22	617.23	681.08	715.08	
Belgium	294.01	286.44	299.14	318.32	297.82	326.63	338.04	363.04	389.81	378.60	
Denmark	601.42	641.38	652.47	699.19	690.43	677.75	690.53	694.37	694.16	724.96	
Finland	553.53	550.03	519.58	385.56	372.96	371.63	366.27	379.85	376.32	378.26	
France	319.10	310.19	297.63	322.75	322.76	304.38	309.11	300.19	325.44	318.45	
Germany	383.10	447.54	468.28	452.16	418.03	435.33	438.19	427.71	411.12	375.18	
Greece	30.45	27.31	31.76	39.08	13.91	14.17	20.12	18.11	18.36	20.42	
Ireland	162.43	141.65	141.72	157.79	181.26	174.16	194.72	206.48	278.17	245.74	
Italy	279.95	257.22	238.97	256.75	220.27	252.80	239.69	243.11	252.37	217.41	
Luxembourg	741.58	856.86	587.21	693.70	686.22	727.32	660.81	777.88	800.14	862.44	
Netherlands	376.65	364.61	210.03	241.38	318.32	330.43	372.57	371.66	403.64	416.89	
Portugal	168.93	130.90	110.26	130.18	116.58	148.50	182.11	123.66	163.54	180.64	
Spain	112.96	113.57	119.01	121.34	112.64	152.05	169.13	179.85	177.42	184.45	
Sweden	868.31	831.51	798.73	775.16	666.22	543.04	534.85	463.70	421.62	461.03	
UK	97.68	110.00	104.65	123.79	127.40	109.16	81.34	123.52	144.59	126.99	
EU15	286.89	294.77	286.88	293.52	278.95	286.63	285.98	288.12	297.03	283.18	
German rank from the highest	3 rd of 12; 6 th of 15	3 rd of 12; 6 th of 15	6 th of 15	5 th of 15	5 th of 15	5 th of 15	5 th of 15	5 th of 15	5 th of 15	5 th of 15	8 th of 15

Note: 1960-1972: EC6; 1973-1980: EC9; 1981-1985: EC10; 1986-1994: EC12; 1995-2002: EU15

Source: Author's calculations based on statistics from *OECD Statistical Compendium 2003* (electronic version), Paris: OECD Electronic Publications, 2003.

Table 1.3: SUBSIDIES PER PERSON EMPLOYED, 1960-2002 (Euro)

COUNTRY	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
Austria	74.41	81.00	97.47	118.72	123.76	116.94	128.76	131.19	137.16	142.36	142.90
Belgium	64.83	69.28	74.70	86.48	91.40	126.10	149.17	148.61	185.20	205.97	190.23
Denmark	18.39	74.28	83.28	87.36	87.62	79.15	102.66	130.61	169.05	183.17	199.28
Finland	34.32	33.93	35.73	47.46	59.70	61.10	67.16	67.34	75.79	90.60	94.01
France	38.46	50.95	61.61	79.96	82.46	94.54	103.64	110.28	143.29	146.83	133.89
Germany	42.18	43.91	47.71	57.13	57.06	93.75	92.40	93.83	219.25	193.27	193.48
Greece	0.12	0.35	0.36	0.64	1.22	1.78	2.94	3.56	3.07	2.23	2.30
Ireland	18.36	26.32	24.57	25.03	29.51	33.93	37.83	46.99	52.80	62.25	71.85
Italy	10.42	8.26	11.37	10.94	15.12	17.24	19.29	22.91	29.42	34.10	32.71
Luxembourg	62.35	70.61	80.89	84.51	130.29	168.68	189.25	204.09	198.31	148.55	139.27
Netherlands	100.12	95.35	79.15	81.09	94.43	87.56	97.93	125.98	136.27	84.99	114.36
Portugal	0.95	1.43	0.30	1.25	1.18	2.22	2.29	2.56	3.60	3.18	4.67
Spain	2.96	3.17	4.75	3.90	3.09	3.83	3.65	4.64	5.35	4.95	6.70
Sweden	26.49	32.84	35.12	49.75	51.96	58.90	70.42	76.27	108.84	106.10	100.62
UK	30.91	36.81	37.59	35.13	31.45	35.24	34.40	49.94	56.06	52.76	44.34
EU15	27.55	31.35	34.74	40.81	44.64	53.95	57.62	62.36	97.43	93.01	91.56
German rank from the highest	4 th of 6; 5 th of 15	5 th of 6; 7 th of 15	5 th of 6; 7 th of 15	5 th of 6; 7 th of 15	5 th of 6; 8 th of 15	4 th of 6; 5 th of 15	5 th of 6; 7 th of 15	5 th of 6; 7 th of 15	1 st of 6; 1 st of 15	2 nd of 6; 2 nd of 15	1 st of 6; 2 nd of 15

Table 1.3: SUBSIDIES PER PERSON EMPLOYED, 1960-2002 (Euro)

COUNTRY	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
Austria	163.71	169.84	194.51	270.43	399.45	435.32	483.18	549.00	555.87	618.82	659.81
Belgium	198.03	245.16	289.44	309.46	383.82	453.25	528.45	582.32	631.82	634.55	715.19
Denmark	278.68	358.20	201.89	273.61	215.89	259.95	220.52	254.83	276.91	334.62	374.62
Finland	101.06	114.98	117.29	19.492	277.93	301.35	339.11	356.21	431.77	456.24	516.37
France	116.04	123.41	149.91	186.17	232.99	272.55	313.74	337.96	396.97	425.86	523.12
Germany	215.19	283.32	304.35	320.07	362.69	380.10	402.31	484.24	508.58	505.53	526.93
Greece	3.69	4.43	8.20	13.46	15.47	20.87	25.64	30.04	29.36	36.29	63.41
Ireland	78.60	86.19	73.24	79.38	122.66	150.57	165.86	208.31	249.50	294.24	366.84
Italy	38.16	49.56	50.58	61.07	95.19	114.25	148.22	187.73	227.38	258.90	311.30
Luxembourg	145.45	182.12	236.19	318.81	447.29	608.17	761.10	805.70	861.59	896.52	1195.05
Netherlands	107.73	139.77	186.41	209.05	236.60	353.40	404.73	454.98	496.62	508.62	501.33
Portugal	4.62	4.42	5.90	11.99	12.93	24.93	31.80	45.98	61.58	87.13	110.50
Spain	8.91	10.24	11.02	13.58	19.42	26.93	37.29	62.15	65.64	84.88	92.47
Sweden	120.86	136.77	150.89	207.94	308.84	445.33	507.86	572.98	642.64	732.93	901.82
UK	47.66	58.47	71.16	147.89	170.99	168.48	160.01	171.26	209.21	300.82	341.58
EU15	97.40	120.11	131.15	155.05	187.96	214.66	238.79	274.42	331.19	367.26	415.91
German rank from the highest	1 st of 6; 2 nd of 15	1 st of 6; 2 nd of 15	1 st of 9; 1 st of 15	1 st of 9; 1 st of 15	3 rd of 9; 4 th of 15	3 rd of 9; 5 th of 15	4 th of 9; 6 th of 15	3 rd of 9; 5 th of 15	3 rd of 9; 5 th of 15	4 th of 9; 6 th of 15	3 rd of 10; 5 th of 15

Table 1.3: SUBSIDIES PER PERSON EMPLOYED, 1960-2002 (Euro)

COUNTRY	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Austria	721.37	759.81	776.44	857.76	1003.37	1035.67	1016.61	1021.63	1053.96	1201.47	1269.33
Belgium	683.71	804.65	889.07	789.34	784.24	712.71	788.62	690.37	690.58	736.03	729.44
Denmark	469.99	512.81	506.83	510.00	473.57	501.99	731.66	807.92	889.34	880.02	1191.12
Finland	546.65	629.34	692.19	730.14	789.46	831.69	911.79	932.96	1033.47	1220.75	1331.30
France	609.40	680.20	850.29	868.08	932.87	932.62	837.13	832.78	809.64	806.50	822.69
Germany	539.31	555.68	604.68	650.49	681.09	737.28	759.52	781.52	739.86	851.41	826.34
Greece	63.40	54.96	63.19	112.55	125.37	124.05	150.94	131.48	128.36	81.67	77.65
Ireland	416.14	474.41	487.33	506.06	492.03	656.71	805.81	191.17	353.91	367.76	401.36
Italy	397.77	435.57	512.17	522.58	637.43	597.69	595.07	658.34	610.97	654.44	672.91
Luxembourg	1360.81	1738.55	1613.78	1291.38	1369.69	1450.55	1457.46	1435.41	1459.77	1659.92	1816.26
Netherlands	580.68	659.83	759.03	764.77	777.87	927.91	910.19	960.93	971.12	996.89	1056.58
Portugal	107.85	119.85	160.55	175.01	216.36	195.62	205.08	205.57	193.72	205.06	270.25
Spain	136.48	161.54	202.77	215.11	195.05	191.77	234.12	242.23	255.40	261.71	276.52
Sweden	964.46	1013.01	1140.52	1254.21	1233.91	1226.53	1234.83	1412.94	1500.30	1768.40	1984.19
UK	301.58	301.15	311.13	342.98	240.29	223.51	212.34	181.78	191.06	198.81	232.79
EU15	450.96	485.03	545.68	577.88	597.70	603.57	600.22	608.49	601.03	660.95	684.95
German rank from the highest	5 th of 10; 8 th of 15	5 th of 10; 8 th of 15	5 th of 10; 8 th of 15	5 th of 10; 8 th of 15	5 th of 12; 8 th of 15	4 th of 12; 7 th of 15	6 th of 12; 9 th of 15	5 th of 12; 8 th of 15	5 th of 12; 8 th of 15	4 th of 12; 7 th of 15	4 th of 12; 7 th of 15

Table 1.3: SUBSIDIES PER PERSON EMPLOYED, 1960-2002 (Euro)

COUNTRY	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Austria	1354.41	1222.72	1269.54	1198.58	1192.01	1328.64	1258.64	1235.94	1358.57	1428.37
Belgium	763.74	749.23	780.21	827.62	769.25	830.77	850.78	899.10	953.08	952.16
Denmark	1216.58	1309.58	1312.59	1398.80	1365.03	1339.47	1357.03	1365.12	1366.92	1424.33
Finland	1360.61	1368.27	1269.81	932.60	886.71	865.19	828.22	846.09	828.66	831.84
France	825.68	802.44	765.59	830.91	828.59	770.54	769.63	732.28	785.70	774.12
Germany	832.33	976.84	1022.95	993.56	921.84	949.33	944.66	907.31	869.54	799.21
Greece	85.08	75.21	86.91	107.49	38.58	37.81	53.79	48.80	49.73	57.20
Ireland	489.34	415.67	398.39	429.80	480.94	424.37	451.36	462.03	613.19	544.25
Italy	778.18	729.24	683.08	731.32	626.27	712.37	667.61	666.04	679.49	578.23
Luxembourg	1812.56	2107.57	1453.05	1712.27	1695.84	1785.39	1603.20	1860.60	1877.52	2018.17
Netherlands	971.98	947.30	535.54	605.62	776.25	785.29	865.69	855.72	913.51	941.25
Portugal	360.40	279.58	236.99	278.84	245.93	307.79	371.44	248.44	324.97	357.57
Spain	359.23	364.38	373.08	371.33	334.25	434.47	460.05	467.22	448.02	464.91
Sweden	1909.99	1859.55	1768.00	1728.89	1503.04	1208.25	1164.86	989.77	884.82	963.74
UK	223.12	252.31	235.79	277.03	280.87	238.99	176.30	265.40	309.30	270.91
EU15	763.46	729.96	706.99	721.23	680.59	688.80	676.04	669.56	683.37	652.49
German rank from the highest	4 th of 12; 7 th of 15	3 rd of 12; 6 th of 15	6 th of 15	5 th of 15	5 th of 15	5 th of 15	5 th of 15	5 th of 15	7 th of 15	8 th of 15

Note: 1960-1972: EC6; 1973-1980: EC9; 1981-1985: EC10; 1986-1994: EC12; 1995-2002: EU15

Source: Author's calculations based on statistics from *OECD Statistical Compendium 2003* (electronic version), Paris: OECD Electronic Publications, 2003.

Table 1.4: SUBSIDIES AS A SHARE OF GDP, 1960-2002 (per cent)

COUNTRY	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
Austria	1.92	1.90	2.14	2.41	2.29	2.32	2.34	2.22	2.14	2.03	1.82
Belgium	1.65	1.68	1.72	1.86	1.78	2.09	2.51	2.09	2.51	2.32	2.29
Denmark	0.64	2.36	2.39	2.36	2.10	1.71	1.98	2.28	2.65	2.60	2.58
Finland	2.55	2.25	2.22	2.71	3.06	2.84	2.91	2.61	2.51	2.66	2.50
France	1.65	2.00	2.17	2.46	2.32	2.47	2.52	2.49	2.98	2.72	2.24
Germany	0.70	0.67	0.67	0.71	0.82	1.05	0.97	0.94	2.04	1.63	1.46
Greece	0.13	0.31	0.31	0.48	0.81	1.01	1.48	1.65	1.29	0.81	0.74
Ireland	2.27	2.96	2.57	2.45	2.55	2.75	2.90	3.28	3.27	3.35	3.39
Italy	1.66	1.19	1.45	1.20	1.51	1.56	1.58	1.73	2.04	2.13	1.82
Luxembourg	1.11	1.25	1.37	1.34	1.82	2.25	2.42	2.50	2.25	1.46	1.20
Netherlands	2.03	1.85	1.46	1.39	1.41	1.18	1.22	1.42	1.40	0.82	1.00
Portugal	0.75	1.05	1.00	0.79	0.68	1.15	1.08	1.07	1.35	1.08	1.47
Spain	0.80	0.75	0.97	0.68	0.48	0.52	0.43	0.48	0.50	0.40	0.50
Sweden	0.73	0.84	0.84	1.09	1.03	1.07	1.18	1.17	1.59	1.45	1.29
UK	1.93	2.20	2.15	1.88	1.56	1.60	1.47	2.00	2.06	1.80	1.37
German rank from the highest	6 th of 6; 13 th of 15	6 th of 6; 14 th of 15	6 th of 6; 14 th of 15	6 th of 6; 13 th of 15	6 th of 6; 12 th of 15	6 th of 6; 13 th of 15	6 th of 6; 14 th of 15	6 th of 6; 14 th of 15	4 th of 6; 10 th of 15	4 th of 6; 9 th of 15	4 th of 6; 9 th of 15

Table 1.4: SUBSIDIES AS A SHARE OF GDP, 1960-2002 (per cent)

COUNTRY	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
Austria	1.89	1.73	1.78	2.19	3.04	3.02	3.06	3.29	3.05	3.17	3.18
Belgium	2.19	2.42	2.53	2.34	2.59	2.68	2.88	2.96	3.03	2.79	2.94
Denmark	3.30	3.70	1.85	2.23	1.53	1.88	1.26	1.35	1.37	1.66	1.70
Finland	2.45	2.38	2.04	2.77	3.43	3.38	3.38	3.18	3.41	3.21	3.24
France	1.76	1.68	1.81	1.96	2.17	2.21	2.28	2.16	2.24	2.13	2.32
Germany	1.47	1.78	1.73	1.68	1.77	1.70	1.69	1.91	1.90	1.81	1.80
Greece	1.05	1.10	1.56	2.25	2.16	2.36	2.49	2.40	1.91	1.99	3.06
Ireland	3.23	2.94	2.10	2.09	2.52	2.50	2.29	2.48	2.62	2.64	2.69
Italy	1.95	2.28	1.95	1.90	2.61	2.52	2.72	2.94	2.94	2.70	2.69
Luxembourg	1.26	1.43	1.56	1.76	2.70	3.20	3.89	3.75	3.71	3.57	4.48
Netherlands	0.84	0.95	1.11	1.10	1.12	1.47	1.55	1.63	1.69	1.64	1.53
Portugal	1.32	1.08	1.18	2.13	2.16	3.40	3.27	3.74	4.02	4.60	4.91
Spain	0.60	0.59	0.53	0.54	0.66	0.75	0.81	1.09	0.97	1.06	1.00
Sweden	1.40	1.44	1.42	1.83	2.39	3.03	3.10	3.11	3.22	3.24	3.49
UK	1.31	1.44	1.55	2.86	2.61	2.16	1.76	1.65	1.73	1.80	1.80
German rank from the highest	4 th of 6; 8 th of 15	3 rd of 6; 6 th of 15	6 th of 9; 8 th of 15	8 th of 9; 13 th of 15	7 th of 9; 12 th of 15	8 th of 9; 13 th of 15	7 th of 9; 12 th of 15	6 th of 9; 11 th of 15	6 th of 9; 11 th of 15	6 th of 9; 11 th of 15	7 th of 10; 11 th of 15

Table 1.4: SUBSIDIES AS A SHARE OF GDP, 1960-2002 (per cent)

COUNTRY	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Austria	3.20	3.13	3.04	3.19	3.57	3.54	3.34	3.17	3.07	3.31	3.31
Belgium	2.56	2.81	2.88	2.42	2.31	2.03	2.13	1.74	1.66	1.69	1.59
Denmark	1.94	1.92	1.78	1.66	1.46	1.46	2.08	2.18	2.25	2.14	2.75
Finland	3.08	3.20	3.17	3.11	3.13	3.03	2.94	2.78	2.92	3.43	3.56
France	2.37	2.39	2.72	2.59	2.60	2.47	2.08	1.96	1.81	1.74	1.71
Germany	1.76	1.72	1.79	1.87	1.89	2.01	1.99	1.96	1.76	2.18	1.94
Greece	2.41	1.77	1.65	2.43	2.27	1.99	2.02	1.49	1.22	0.61	0.51
Ireland	2.59	2.62	2.38	2.30	2.09	2.63	2.97	0.63	1.13	1.13	1.17
Italy	2.91	2.73	2.81	2.57	2.84	2.43	2.19	2.21	1.88	1.86	1.79
Luxembourg	4.54	5.26	4.42	3.35	3.27	3.37	3.08	2.69	2.57	2.68	2.79
Netherlands	1.67	1.80	1.91	1.93	1.96	2.36	2.27	2.30	2.25	2.25	2.33
Portugal	3.88	3.63	3.96	3.44	3.39	2.69	2.42	2.11	1.73	1.64	1.93
Spain	1.27	1.32	1.43	1.35	1.09	1.00	1.14	1.09	1.06	1.00	0.96
Sweden	3.71	3.87	3.73	3.76	3.65	3.54	3.28	3.37	3.48	3.76	4.10
UK	1.45	1.37	1.54	1.38	1.03	0.94	0.78	0.63	0.66	0.62	0.71
German rank from the highest	8 th of 10; 12 th of 15	9 th of 10; 13 th of 15	7 th of 10; 11 th of 15	7 th of 10; 11 th of 15	9 th of 12; 12 th of 15	8 th of 12; 11 th of 15	10 th of 12; 13 th of 15	7 th of 12; 10 th of 15	6 th of 12; 9 th of 15	3 rd of 12; 6 th of 15	4 th of 12; 7 th of 15

Table 1.4: SUBSIDIES AS A SHARE OF GDP, 1960-2002 (per cent)

COUNTRY	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Austria	3.40	2.90	2.89	2.63	2.56	2.76	2.57	2.42	2.61	2.67
Belgium	1.60	1.48	1.50	1.57	1.40	1.48	1.47	0.68	1.57	1.52
Denmark	2.63	2.61	2.48	2.55	2.44	2.33	2.26	2.16	2.09	2.12
Finland	3.37	3.18	2.79	2.00	1.79	1.65	1.58	1.51	1.44	1.41
France	1.66	1.57	1.46	1.54	1.50	1.36	1.35	1.25	1.32	1.26
Germany	1.88	2.10	2.12	2.02	1.83	1.85	1.82	1.73	1.63	1.47
Greece	0.50	0.40	0.42	0.47	0.15	0.14	0.19	0.16	0.15	0.16
Ireland	1.34	1.09	0.97	0.99	0.99	0.83	0.81	0.76	0.93	0.75
Italy	1.96	1.71	1.47	1.49	1.22	1.34	1.23	1.19	1.19	0.99
Luxembourg	2.51	2.74	1.83	2.07	1.86	1.82	1.54	1.64	1.64	1.78
Netherlands	2.10	1.95	1.07	1.19	1.49	1.47	1.57	1.47	1.50	1.50
Portugal	2.40	1.72	1.34	1.49	1.24	1.47	1.68	1.07	1.34	1.40
Spain	1.16	1.10	1.07	1.03	0.90	1.14	1.19	1.18	1.10	1.09
Sweden	4.46	4.06	3.71	3.21	2.70	2.17	2.01	1.58	1.53	1.60
UK	0.69	0.73	0.70	0.77	0.63	0.50	0.35	0.46	0.53	0.45
German rank from the highest	6 th of 12; 9 th of 15	3 rd of 12; 6 th of 15	5 th of 15	5 th of 15	5 th of 15	4 th of 15	4 th of 15	3 rd of 15	4 th of 15	7 th of 15

Source: Author's percentage calculations based on statistics from *OECD Statistical Compendium 2003* (electronic version), Paris: OECD Electronic Publications, 2003.

Appendix B

FIRMS IN BREMER VULKAN VERBUND IN SHIPBUILDING DIVISION
AT 31 DECEMBER 1993

Name of Firm	Location
Beteiligungsgesellschaft Siems mbH	Lübeck, Schleswig-Holstein
Bremer Vulkan Werft und Maschinenfabrik GmbH	Bremen
DBG Dockbetriebgesellschaft Rostock mbH	Rostock, Mecklenburg-Western Pomerania
DBG Dockbetrieb Bremerhaven GmbH	Bremerhaven
Flender Werft AG	Lübeck , Schleswig-Holstein
Geeste Metallbau GmbH	Bremerhaven
Grundstückgesellschaft Siems mbH	Lübeck, Schleswig-Holstein
Hanse Schiffs- und Maschinenbaugesellschaft mbH	Rostock, Mecklenburg-Western Pomerania
Ingenieurtechnik und Maschinenbau GmbH	Rostock, Mecklenburg-Western Pomerania
Ladenbau Johann Weimann GmbH	Lübeck, Schleswig-Holstein
Lloyd Werft Bremerhaven GmbH	Bremerhaven
MTW Schiffswerft GmbH	Wismar, Mecklenburg-Western Pomerania
Neptun Industrie Rostock GmbH	Rostock, Mecklenburg-Western Pomerania
Neue Jadewerft GmbH	Wilhelmshaven, Lower Saxony
OXYTECHNIK Gesellschaft für Systemtechnik mbH	Eschborn in Hessen
Rickmers Lloyd Dockbetrieb GmbH	Bremerhaven
Schichau Seebeckwerft AG	Bremerhaven
Seebeck TechnoProduct GmbH	Bremerhaven
Volkswerft GmbH Stralsund	Stralsund, Mecklenburg-Western Pomerania

Name of Firm	Location
Vulkan Engineering GmbH	Bremen
Vulkan Werften Verbund GmbH	Bremen
Zweite Copia Vermögensverwaltungsgesellschaft mbH	Bremen

Source: Author's compilation from Bremische Bürgerschaft (1998: 190-191).

Appendix C

EUROPEAN UNION LEGISLATION ON SHIPBUILDING AID, 1969-2002

Number of Legislation	Type of Legislation	Date of Legislation	Official Journal Reference	Period of Validity	Key Elements
31969L0262	Council Directive (1 st)	28 July 1969	OJ L 206, 15 August 1969, pp. 25-26	28 July 1969 – 31 December 1971	Aid of up to 10 per cent of the contractually-fixed price of the ship
31972L0273	Council Directive (2 nd)	20 July 1972	OJ L 169, 27 July 1972, pp. 28-30	1 January 1972 – 31 December 1974	- Export credits for ships - Aid of up to 5 per cent of the contract price in 1972 and 4 per cent in 1973
31974L0643	Council Directive	19 December 1974	OJ L 349, 28 December 1974, p. 62	1 January 1975 – 30 June 1975	Extension of Council Directive 31972L0273 for six months until 30 June 1975
31975L0432	Council Directive (3 rd)	10 July 1975	OJ L 192, 24 July 1975, pp. 27-29	1 July 1975 – 31 December 1977	- Provision of credit facilities for exports and for all other sales of ships - Rescue aid

Number of Legislation	Type of Legislation	Date of Legislation	Official Journal Reference	Period of Validity	Key Elements
31978L0338	Council Directive (4 th)	4 April 1978	OJ L 98, 11 April 1978, p. 19	1 January 1978 – 31 December 1980	<ul style="list-style-type: none"> - Provision of credit facilities for the sale and conversion of ships where it is a case of matching terms offered by a shipbuilder from a non-member country - Investment aid is only allowed if it does not lead to increases in the capacity of the sector in the member state or to the creation of employment which is not of a stable nature - Rescue aid - Crisis aid
31981L0022	Council Directive	20 January 1981	OJ L 43, 14 December 1981, p. 14	1 January 1981 – 31 March 1981	Extension of Council Directive 31978L0338 for three months until 31 March 1981

Number of Legislation	Type of Legislation	Date of Legislation	Official Journal Reference	Period of Validity	Key Elements
31981L0363	Council Directive (5 th)	28 April 1981	OJ L 137, 23 May 1981, p. 39	1 April 1981 – 31 December 1982	<ul style="list-style-type: none"> - Provision of credit facilities for sales or conversion of ships - Investment aid is only allowed if it does not lead to increases in the capacity of the sector in the member state or to the creation of employment which is not of a stable nature - Rescue aid - Aid to deal with the social and regional consequences of restructuring - Crisis aid - Aid in the form of cost-escalation insurance - Ship-owner aid
31982L0880	Council Directive	21 December 1982	OJ L 371, 30 December 1982, p. 46	1 January 1983 – 31 December 1984	Extension of Council Directive 31981L0363 for two years until 31 December 1984

Number of Legislation	Type of Legislation	Date of Legislation	Official Journal Reference	Period of Validity	Key Elements
31985L0002	Council Directive	18 December 1984	OJ L 2, 3 January 1985, p. 13	1 January 1985 – 31 December 1986	Extension of Council Directive 31982L0880 for two years until 31 December 1986
31987L0167	Council Directive (6 th)	26 January 1987	OJ L 69, 12 March 1987, pp. 55-64	1 January 1987 – 31 December 1990	<ul style="list-style-type: none"> - Aid to ship-owners - Operating aid - contract-related production aid - Credit facilities for the building or conversion of ships - Rescue aid, loss compensation and other aid to facilitate the continued operation of shipbuilding and ship-conversion companies - Restructuring investment aid so long as it does not lead to increases in the shipbuilding capacity - Closure aid

Number of Legislation	Type of Legislation	Date of Legislation	Official Journal Reference	Period of Validity	Key Elements
31990L0652	Council Directive	4 December 1990	OJ L 353, 17 December 1990, p. 45	3 October 1990 – 31 December 1990	<ul style="list-style-type: none"> - Includes the new <i>Bundesländer</i> in Chapter IV of Council Directive 87/167/EEC - Operating aid in line with restructuring in new <i>Bundesländer</i>
31990L0684	Council Directive (7 th)	21 December 1990	OJ L 380, 31 December 1990, pp. 27-36	1 January 1991 – 31 December 1993	<ul style="list-style-type: none"> - Credit facilities, guarantees and tax concessions granted to ship-owners - Production aid - Extension of delivery limit - Aid for continued operation including rescue aid, loss compensation and all other types of operating aid - Investment aid without increase of shipbuilding capacity - Closure aid

Number of Legislation	Type of Legislation	Date of Legislation	Official Journal Reference	Period of Validity	Key Elements
31992L0068	Council Directive	20 July 1992	OJ L 219, 4 August 1992, pp. 54-55	1 July 1990 – 31 December 1993	- Includes the new <i>Bundesländer</i> in Chapter IV of Council Directive 90/684/EEC - Operating aid for new <i>Bundesländer</i>
31993L0115	Council Directive	16 December 1993	OJ L 326, 28 December 1993, p. 62	1 January 1994 – 31 December 1994	Extension of Council Directive 31990L0684 for one year until 31 December 1994
31995R3094	Council Regulation	22 December 1995	OJ L 332, 30 December 1995, pp. 1-9	From 31 December 1995	- Social assistance - Ship-owner aid – loans, guarantees - Development assistance - Other exceptional aid
31996R1904	Council Regulation	27 September 1996	OJ L 251, 3 October 1996, p. 5	Directive 31990L0684 applies until OECD Agreement enters into force or 31 December 1997 at the latest	Amendment of Council Regulation 31995R3094
31997R1013	Council Regulation	2 June 1997	OJ L 148, 6 June 1997, pp. 1-3	7 June 1997 – 31 December 1998	Additional operating aid for shipyards in new <i>Bundesländer</i>

Number of Legislation	Type of Legislation	Date of Legislation	Official Journal Reference	Period of Validity	Key Elements
31997R2600	Council Regulation	19 December 1997	OJ L 351, 23 December 1997, p. 18	23 December 1997 – until the OECD Agreement enters into force or 31 December 1998 at the latest	Amendment of Regulation (EC) No. 3094/95 (Directive 31990L0684 applies)
31998R1540	Council Regulation	29 June 1998	OJ L 202, 18 July 1998, pp. 1-10	1 January 1999 – 31 December 2003	<ul style="list-style-type: none"> - Contract-related operating aid - Closure aid - Restructuring aid - R & D and investment aid for innovation - Regional investment aid - Aid for environmental protection
32002R1177	Council Regulation	27 June 2002	OJ L 172, 2 July 2002, pp. 1-3	3 July 2002 – 31 March 2004	- Direct aid for contracts for building container ships, product and chemical tankers, LNG carriers for up to 6 per cent of contract value before aid

Source: Author's compilation based on respective Council Directives and Regulations.

Appendix D

COMMISSION DECISIONS ON SHIPBUILDING AID ACROSS EUROPEAN UNION MEMBER STATES, 1961-2002

	DECISION	DATE	TITLE	COUNTRY	OFFICIAL JOURNAL REFERENCE
1	31961D0408(01)	1961	Commission Decision on a modification of the system of aid applied in Italy in respect of shipbuilding	Italy	OJ 25, 8 April 1961, p. 582
2	31979D0496	2 May 1979	Commission Decision of 2 May 1979 on the United Kingdom scheme of assistance in the form of interest relief grants in favour of the offshore supplies industry (offshore supplies interest relief grant, OSIRG)	UK	OJ L 127, 24 May 1979, p. 50
3	31982D0047	16 December 1981	Commission Decision of 16 December 1981 on a proposal of the United Kingdom Government to grant aid for the export of two ships to Panama	UK	OJ L 20, 28 January 1982, p. 43
4	31988D0281	17 November 1987	Commission Decision of 17 November 1987 on aid for shipbuilding and ship-repair in Italy – Article 10 of Law No. 111 of 22 March 1985	Italy	OJ L 119, 7 May 1988, p. 33
5	31988D0437	20 January 1988	Commission Decision of 20 January 1988 concerning aids planned by the French Government in favour of a shipbuilding contract for which there is competition between yards in several member states	France	OJ L 211, 4 August 1988, p. 24
6	31990D0223	20 April 1989	Commission Decision of 20 April 1989 concerning an aid project planned by the German Government in favour of a shipbuilding contract for which there is competition between yards in different member states	Germany	OJ L 118, 9 May 1990, p. 39
7	31990D0627	4 July 1990	Commission Decision of 4 July 1990 on loans granted by the Belgian authorities to two ship-owners for the purchase of a 34000 m3 LPG ship and two refrigerator ships	Belgium	OJ L 338, 5 December 1990, p. 21

	DECISION	DATE	TITLE	COUNTRY	OFFICIAL JOURNAL REFERENCE
8	31991D0306	12 December 1990	Commission Decision of 12 December 1990 concerning two aid projects of the German Government in favour of a shipyard in financial difficulties C 54/89 (ex NN 27/89, No. 140/89)	Germany	OJ L 158, 22 June 1991, p. 71
9	31991D0375	13 March 1991	Commission Decision of 13 March 1991 concerning credits granted by the Belgian authorities to various ship-owners for the building of nine vessels Aid No. C 32/90 (ex NN 61/90)	Belgium	OJ L 203, 26 July 1991, p. 105
10	31992D0569	31 July 1992	Commission Decision of 31 July 1992 concerning proposed aid by Germany to the Chinese shipping company Cosco for the construction of container vessels	Germany	OJ L 367, 16 December 1992, p. 29
11	31997D0364	5 December 1997	Commission Decision of 5 February 1997 concerning the financing of shipbuilding in Denmark during 1987 to 1993	Denmark	OJ L 154, 12 June 1997, p. 35
12	31997D0616	21 May 1997	Commission Decision of 21 May 1997 on the aid granted by Germany to Bremer Vulkan Werft GmbH	Germany	OJ L 250, 13 September 1997, p. 10
13	31998D0157	5 November 1997	Commission Decision of 5 November 1997 concerning aid Spain proposes to grant to Astilleros Zamacona SA in respect of five tugboats	Spain	OJ L 50, 20 February 1998, p. 38
14	31999D0142	25 February 1998	Commission Decision of 25 February 1998 on development aid granted by Germany for the construction of a dredger sold to Indonesia	Germany	OJ L 46, 20 February 1999, p. 52
15	31999D0148	13 May 1998	Commission Decision of 13 May 1998 on state aid granted by Italy by way of tax relief under Law No. 549/95 to firms in the motor vehicle, shipbuilding and synthetic fibres industries and to steel firms covered by the ECSC Treaty	Italy	OJ L 47, 23 February 1999, p. 6

	DECISION	DATE	TITLE	COUNTRY	OFFICIAL JOURNAL REFERENCE
16	31999D0274	22 July 1998	Commission Decision of 22 July 1998 on the misuse of restructuring aid for MTW-Schiffswerft and Volkswerft Stralsund, two companies formerly belonging to Bremer Vulkan Verbund, and the unauthorized provision of an investment loan of DM 112.4 million to MTW-Schiffswerft	Germany	OJ L 108, 27 April 1999, p. 34
17	31999D0374	28 October 1998	Commission Decision of 28 October 1998 on aid granted by Germany to Neptun Industrie Rostock GmbH	Germany	OJ L 144, 9 June 1999, p. 21
18	31999D0379	11 November 1998	Commission Decision of 11 November 1998 on aid for the INMA SpA shipyard under Italian Law No. 564/93, converted by Law No. 132/94	Italy	OJ L 145, 10 June 1999, p. 27
19	31999D0657	3 March 1999	Commission Decision of 3 March 1999 on the aid which Germany has granted by way of development assistance to Indonesia in connection with the construction of two dredgers by Volkswerft Stralsund and the sale of the dredgers to Pengerukan (Rukindo)	Germany	OJ L 259, 6 October 1999, p. 19
20	31999D0675	8 July 1999	Commission Decision of 8 July 1999 on the state aid implemented by Germany in favour of Kvaerner Warnow Werft GmbH (amended by 32000D0416)	Germany	OJ L 274, 23 October 1999, p. 23
21	31999D0719	30 March 1999	Commission Decision of 30 March 1999 on state aid which France is planning to grant as development aid in the sale of two cruise vessels to be built by Chantiers de l'Atlantique and operated by Renaissance Financial in French Polynesia	France	OJ L 292, 13 November 1999, p. 23
22	31999D0763	17 March 1999	Commission Decision of 17 March 1999 on the measures, implemented and proposed, by the Federal State of Bremen, Germany, in favour of Lürssen Maritime Beteiligungen GmbH & Co. KG	Germany	OJ L 301, 24 November 1999, p. 8

	DECISION	DATE	TITLE	COUNTRY	OFFICIAL JOURNAL REFERENCE
23	32000D0131	26 October 1999	Commission Decision of 26 October 1999 on the state aid implemented by Spain in favour of the publicly-owned shipyards	Spain	OJ L 37, 12 February 2000, p. 22
24	32000D0250	16 November 1999	Commission Decision of 16 November 1999 on the state aid which Italy plans to grant for the creation of new shipyards at Oristano (Sardinia) and Belvedere Marittimo	Italy	OJ L 78, 29 March 2000, p. 23
25	32000D0262	20 July 1999	Commission Decision of 20 July 1999 on state aid granted by Italy to the INMA shipyard through the public holding company Itainvest (formerly GEPI)	Italy	OJ L 83, 4 April 2000, p. 21
26	32000D0336	15 February 2000	Commission Decision of 15 February 2000 on state aid implemented by Germany in favour of Kvaerner Warnow Werft GmbH	Germany	OJ L 120, 20 May 2000, p. 12
27	32000D0416	29 March 2000	Commission Decision of 29 March 2000 on state aid implemented by Germany in favour of Kvaerner Warnow Werft GmbH (1999) and amending Decision 1999/675/EC	Germany	OJ L 156, 29 June 2000, p. 39
28	32000D0668	12 July 2000	Commission Decision of 12 July 2000 on state aid granted by Italy to shipbuilders in the form of tax relief under Law No. 549/95	Italy	OJ L 279, 1 November 2000, p. 46
29	32001D0522	7 February 2001	Commission Decision of 7 February 2001 on the state aid which the Netherlands intends to grant to China in the form of development assistance for the construction of a high technology dredger	Netherlands	OJ L 189, 11 July 2001, p. 21
30	32001D0882	25 July 2001	Commission Decision of 25 July 2001 on the state aid implemented by France in the form of development assistance for the cruise vessel 'Le Levant', built by Alstom Leroux Naval for operation in Saint-Pierre-et-Miquelon	France	OJ L 327, 12 December 2001, p. 37

	DECISION	DATE	TITLE	COUNTRY	OFFICIAL JOURNAL REFERENCE
31	32002D0132	25 April 2001	Commission Decision of 25 April 2001 on state aid granted by France to the shipyard ACHCN	France	OJ L 47, 19 February 2002, p. 37
32	32002D0284	19 September 2001	Commission Decision of 19 September 2001 on the state aid which the Netherlands is planning to implement in the form of development assistance for a high technology dredger for the Republic of Djibouti	Netherlands	OJ L 105, 20 April 2002, p. 26
33	32002D0632	12 March 2002	Commission Decision of 12 March 2002 on the state aid which Germany is planning to implement for Flender Werft AG, Lübeck	Germany	OJ L 203, 1 August 2002, p. 60
34	32002D0868	17 July 2002	Commission decision of 17 July 2002 on the aid scheme implemented by Italy in order to reduce the number of single-hull tankers older than 20 years in the Italian tanker fleet	Italy	OJ L 307, 8 November 2002, p. 49
35	32003D0045	5 June 2002	Commission Decision of 5 June 2002 on the measures to restructure and privatise Koninklijke Schelde Groep implemented by the Netherlands	Netherlands	OJ L 14, 21 January 2003, p. 56
36	32003D0055	30 October 2002	Commission Decision of 30 October 2002 on the State aid granted by Italy to Industrie Navali Meccaniche Affini SpA (INMA)	Italy	OJ L 22, 25 January 2003, p. 36
37	32003D0730	13 December 2000	Commission Decision of 13 December 2000 on state aid which the Netherlands is planning to implement in the form of development assistance for two general cargo vessels and two pulp and paper carriers to be built by Bodewes/Pattje for use in Indonesia	Netherlands	OJ L 264, 15 October 2003, pp. 25–27

Source: Author's compilation from texts of Commission Decisions published in various issues of the Official Journal of the European Communities (L Series).

Appendix E

SHIPBUILDING STATE AID CASES IN EUROPEAN UNION MEMBER STATES

CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
1961			
1	Italy	Modification of system of aid applied in respect of shipbuilding	OJ C 25, 8 April 1961, p. 582
1968			
2	France	Shipbuilding aid	OJ C 107, 18 October 1968, p. 1
1971			
3	Germany	Exemption and fiscal reductions under German law of 28 December 1968 on taxation of maritime transport	OJ C 40, 28 April 1971, p. 5
1973			
4	Italy	Direct aids for the construction and repair of ships and for investments in these sectors	CEC 1974
5	France	Compensation equivalent to cost increases during the building of ships	CEC 1974
1977			
6	Netherlands	Aid to facilitate implementation of the restructuring measures in the shipbuilding industry	CEC 1978
7	UK	Fourteen notification cases of Intervention Fund up to November 1977	CEC 1978
8	France	Aid to enable its shipbuilding industry to secure new orders	CEC 1978
9	Denmark	Favourable credit facilities to ship-owners purchasing ships from Danish shipyards	CEC 1978

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
1978				
10		France	Assistance totalling FF 55 million to the ship-repairing industry in France	OJ C 152, 28 June 1978, p. 2
11		UK	One-year £90 million Intervention Fund for the shipbuilding industry	OJ C 152, 28 June 1978, p. 2
12		Netherlands	Assistance for the restructuring of the shipbuilding, ship-repairing and heavy engineering industries in the Netherlands	OJ C 161, 7 July 1978, p. 2
13		Denmark	Credit facilities for ship-owners for ships purchased from Danish shipyards	CEC 1979
14		Netherlands	30 per cent investment grant towards modernising equipment for a new ship-repair firm	CEC 1979
15		France	Subsidies of 25 per cent of the contract price for the shipbuilding industry	CEC 1979
16		Ireland	Subsidy up to 30 per cent of the contract price for the sole Irish yard to withstand the current crisis	CEC 1979
17		Italy	Production aid of up to 30 per cent of the vessel's building costs for orders placed up to 30 September 1978	CEC 1979
1979				
18		UK	Scheme of assistance in the form of interest relief grants in favour of the offshore supplies industry	OJ L 127, 24 May 1979, p. 50
19		UK	Nineteen cases of proposed application of aid under 1978/1979 Intervention Fund – for one case	CEC 1980
20		UK	£30 million aid fund for the Northern Ireland shipyard of Harland and Wolff Ltd.	OJ C 97, 18 April 1979, p. 4
21		Germany	Proposed scheme of assistance to its shipbuilding industry	CEC 1980

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
1980				
22		Italy	Proposals of the Italian government to provide aid under Law No. 231 of 25 May 1978 to a shipyard in Palermo for the construction of two car ferries	OJ C 141, 10 June 1980, p. 2
23		Italy	Proposal of the Italian government to grant aids for the construction of dry docks at Palermo, Messina and Trapani under Law No. 34 of 10 August 1978 of the Sicilian Regional Authority	OJ C 143, 12 June 1980, p. 5
24		Italy	Proposals of the Italian government to grant aids under Law No. 231 of 25 May 1978 for the construction by Italian yards of 51 ships	OJ C 264, 11 October 1980, p. 3
25		Belgium	Belgian plan to grant aid to the ship-repair industry in Antwerp	OJ C 278, 27 October 1980, p. 2
26		France	Production aid for the construction of four ships for a Polish owner	CEC 1981
27		France	Aid for the construction of four container vessels in a French yard	CEC 1981
28		Italy	Production aid of up to 15 per cent of the contract price of repair work or conversion work commenced in 1979 or 1980	CEC 1981
29		Italy	Fifteen cases under the application of the aid scheme under Law No. 231	CEC 1981
30		Italy	Shipbuilding aid case	CEC 1981
31		Italy	New shipbuilding aid scheme under Law No. 122 of 1980	CEC 1981
1981				
32		UK	Two UK aid schemes concerning export credits for ships	OJ C 252, 2 October 1981, p. 3
33		Italy	Planned Italian rescue aid for the Alto Adriatico shipyard	OJ C 319, 8 December 1981, p. 3
34		France	Extension of its shipbuilding aid scheme to cover 1981 and 1982	CEC 1982
35		Denmark	Extend the credit facility scheme offered to Danish ship-owners – first for 1981 and then for 1982	CEC 1982

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
36		UK	UK shipbuilding aid for first six months of 1981	CEC 1982
37		UK	Shipbuilding aid up to 1 July 1982	CEC 1982
38		UK	Aid for two vessels to an Indonesia ship-owner - destined for Panama	OJ L 20, 28 January 1982, p. 43
1982				
39		Netherlands	Netherlands aid plan to rescue the NSM shipyards in Amsterdam	OJ C 36, 12 February 1982, p. 2
40		Germany	Proposed grant of assistance to shipbuilding by the Federal Republic of Germany in the form of compensatory payments calculated on the basis of fictitious loan transactions in conjunction with orders for vessels	OJ C 107, 28 April 1982, p. 2
41		Germany	Renewal of shipbuilding aid scheme (credit facilities on the purchase of vessels)	CEC 1983
42		UK	UK proposal to assist shipbuilding during the period from 16 July 1982 – 15 July 1983 (Fifth Intervention Fund for Shipbuilding)	OJ C 175, 13 July 1982, p. 2
43		Italy	Number of measures to assist shipbuilding and ship-repair to be taken under Act No. 599/82 covering the period 1981-1983	CEC 1983
44		Belgium	Aid for amalgamation of two major Belgian yards	CEC 1983
45		Netherlands	Planned aid totalling HFL 35 million to a repair yard	CEC 1983
46		Italy	Italian Government's plans for the ship-repair industry under Act No. 599/82	CEC 1983
1983				
47		France	Extension of its 1981-1982 shipbuilding aid scheme to 1983-1984	CEC 1984
48		Netherlands	Aid of between 3 and 8 per cent for shipbuilding until 31 December 1984	CEC 1984
49		Denmark	Extension to 1983-1984 of the Danish scheme of credit facilities for Danish ship-owners ordering ships in the EC	CEC 1984
50		Ireland	Production aid of 30 per cent in 1983 and 1984 to avert closure of the city's last remaining yard	CEC 1984
51		Netherlands	Rescue a repair yard in Amsterdam	CEC 1984

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
1984				
52		Netherlands	Aid for port-handling facilities under consideration by the Netherlands Government	OJ C 196, 25 July 1984, p. 2
53		UK	UK proposal to assist shipbuilding during the period 1 July 1984 – 1 July 1986	OJ C 219, 21 August 1984, p. 3
54		Italy	Italian government's proposed aid scheme for the shipbuilding and ship-repair industries covering the period 1 July 1984 – 31 December 1986	OJ C 290, 30 October 1984, p. 2
55		Netherlands	Dutch government's plans for aid to its shipbuilding industry between 1 January and 31 December 1984	OJ C 319, 30 November 1984, p. 4
56		Germany	North German coastal Länder shipbuilding aid scheme	CEC 1985
57		France	Emergency measures – a restructuring grant and a credit line for guaranteeing the solvency of a large shipbuilding group	CEC 1985
1985				
58		Germany	Shipbuilding aid in Bavaria	CEC 1986
59		France	Additional aid given to the French shipbuilding industry in 1984	OJ C 18, 19 January 1985, p. 4
60		France	French Decree No. 84282 of 9 April 1984 on the introduction of a parafiscal tax on inland waterway transport operations under the freight rota system	OJ C 37, 9 February 1985, p. 2
61		France	Proposal by the French government to award aid to the shipbuilding and ship-repair industries from 1 January 1985 – 31 December 1986	OJ C 252, 3 October 1985, p. 4
62		Denmark	Prolongation into 1985 of its aid scheme of credit facilities for Danish ship-owners for the purchase of ships in the EC	CEC 1986
63		Greece	Credit facilities for Greek shipbuilders	CEC 1986
64		Netherlands	Dutch aid scheme for rationalising port-handling services	CEC 1986

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
1986				
65		Germany	Aid by Hamburg to Blohm + Voss shipyard	CEC 1987
66		Germany	Aid to Harmstorf shipyard	CEC 1987
67		Italy	Proposal by the Italian government to award grants to large shipbuilding and ship-repair yards towards the cost of stocks	OJ C 317, 10 December 1986, p. 2
68		Netherlands	Dutch programme of scrapping	CEC 1987
69		France	French programme of scrapping accompanied by improved pre-retirement schemes	CEC 1987
70		Italy	Aid scheme for ship-owners for ports	OJ C 78, 25 March 1987
71		UK	Aid scheme for ship-owners	OJ C 96, 9 April 1987
72		Italy	Supplementary aid in respect of contracts signed in 1985 and 1986 by the Fincantieri yard	CEC 1987
1987				
73	NN 121/87 → C 18/89	Germany	Provision of state aid by the German government in connection with reorganisation and restructuring of a number of shipyards in the Land of Bremen and Lower Saxony – Bremer Werftenverbund (considered under Article 5 of the Sixth Directive)	OJ C 127, 23 May 1990
74		Italy	Aid which the Italian government has decided to grant to ports	OJ C 78, 25 March 1987, p. 5
75		UK and France	Contract-related production aid proposed by the UK and French governments in support of a particular shipbuilding contract for which there is competition between yards in different member states	OJ C 313, 25 November 1987, p. 2
76		Germany	Aid scheme on export credits for ships	CEC 1987

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
77		Germany	Shipbuilding aid award – Firma Lindenau GmbH Schiffswerft and Maschinenfabrik	
78		UK	Eight aid schemes operating and restructuring aid to the shipbuilding industry	CEC 1988
79		UK	Home credit scheme	CEC 1988
80		UK	Two R & D aid schemes	CEC 1988
81		Denmark	Six aid schemes for shipbuilding – construction aid to ship-owners and tax concessions to third persons by investments in new ships	CEC 1988
82		Germany	Ten aid schemes – direct operating aid to yards, shipbuilding credits and tax concessions to ship-owners and third persons investing in ships, restructuring aid to yards in the coastal Lander	CEC 1988
83		Germany	Two aid schemes which allowed for the possibility of granting aid exceeding the prevailing aid ceiling	CEC 1988
84		Italy	Planned investment aid to three ship-repair sector in Sicily	CEC 1988
85		Denmark	Export credits to ship-owners in third countries	CEC 1988
86		UK	Loss compensation for British shipbuilders in 1986	CEC 1988
87		Germany	Construction of 5 container ships at German yards	CEC 1988
88		Italy	Refinancing of the Italian aid scheme for direct aid to large yards during 1984-1986	CEC 1988

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
89		UK	Aid granted to the ports of London and Liverpool	CEC 1988
90		UK	Aid for the British fleet – grants for the training of seamen	CEC 1988
1988				
91	N 444/88 → C 12/89	Italy	<ul style="list-style-type: none"> • The Italian draft law ‘Provisions concerning the shipbuilding industry and measures to foster applied research in the sector’ • Aid which Italy has decided to grant in order to compensate the losses of the state-owned shipyard Fincantieri for 1987 and Law 234/89 providing for shipbuilding aid in Italy 	OJ C 293, 22 November 1989
92		UK	Aid planned by the UK government under the Sixth Council Directive of 26 January 1987 on shipbuilding aid	OJ C 10, 15 January 1988, p. 6
93		Germany	Aid planned by the German government under the Sixth Council Directive of 26 January 1987 on shipbuilding aid – Pohl and Jozwiak shipyard in Hamburg	OJ C 69, 15 March 1988, p. 3
94		Germany	Shipbuilding aid in the form of credit facilities granted to national ship-owners for building and conversion of fishing vessels	OJ C 69, 15 March 1988, p. 2
95		Italy	Extraordinary assistance to complete the building of dry docks at Trapani, Messina and Palermo – Law No. 23/87 of the Sicilian Regional Authority	OJ C 77, 24 March 1988, p. 4
96		Belgium	Aid which the Belgian government is proposing to grant to certain boatmen under its plan to convert the Belgian inland waterway fleet	OJ C 113, 29 April 1988, p. 2
97		Italy	Aid which the Italian government plans to grant to small and medium-sized shipyards	OJ C 124, 11 May 1988, p. 5
98		France	Aid granted by the French government to ports	OJ C 169, 28 June 1988, p. 3
99		Germany	Contract-related production aid proposed by the German government	OJ C 311, 6 December 1988, p. 3

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
100		Netherlands and Germany	Aid proposed by the Dutch and German governments in support of a particular shipbuilding contract for an Irish ship-owner	OJ C 336, 31 December 1988, p. 2
101		Germany	Aid to be granted to HDW and Bremer Vulkan for construction of 4 container vessels for the Israeli maritime company ZIM	IP/88/467
102		Germany	Contract-related production aid proposed by the German government in support of a particular shipbuilding contract for which there is competition between yards in different member states – aid for a contract concerning the construction of a 1700 cgt wine-tanker for the German ship-owner Paul Häese	OJ C 336, 31 December 1988, p. 2
103		Germany	Aid plans for shipbuilding – Howaldtswerke Deutsche Werft and Flender Werft	CEC 1989
104		Belgium	Three aid schemes on shipbuilding aid to ship-owners and investment and R & D aid to yards	OJ C 324, 17 December 1988
105		Belgium	Capital contribution from the Belgian State to Boelwerf	CEC 1989
106		Germany	Capital contribution of DM 112.5 million granted by the Federal Government as a shareholding participant to HDW	CEC 1989
107		France	Closure aid for the winding up of the commercial shipbuilding activities of the yards of Chantiers du Nord et de la Mediteranée	CEC 1989
108		France	Capacity reducing restructuring measures in the shipbuilding and ship-repair sector	CEC 1989
109		Portugal	Aid schemes notified by Portugal in support of the shipbuilding activities of its yards other than Setenave	CEC 1989
110		Germany	Aid to the Armenius Werft shipyard for the building of 6-8 coasters for the German ship-owner Peter Dohle	CEC 1989
111		Netherlands	Measures designed to improve the competitiveness of the Dutch fleet	CEC 1989
112		Netherlands	Reduction in the direct tax burden for sailors working on Dutch flag vessels	CEC 1989

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
113		Italy	Shipbuilding and ship-repair aid – Article 10 of Law No. 111 of 22 March 1985	OJ L 119, 7 May 1988, p. 24
114		UK	Extension until 31 March 1990 of aid to British ports which it had authorised in 1987	CEC 1989
1989				
115		Germany	Development aid to Israel proposed by the German government in support of a particular shipbuilding contract	OJ C 162, 29 June 1989, p. 14
116		Germany	Development aid to Mauritius for the building of a 4500 dwt transport ship at Husumer Schiffswerft	IP/89/441
117		Germany	Development aid to Thailand for three dredgers to be built at Sürken Werft, Papenburg	IP/89/441
118		Germany	DM 4 million investment aid to Howaldtswerke Deutsche Werft in Kiel	IP/89/101
119		Germany	Investment aid to HDW Nobiskrug shipyard	IP/89/59
120		Germany	Capital injection of DM 37.65 million to Howaldtswerke Deutsche Werft in Kiel	IP/89/182
121		Germany	Investment aid to Neue Jadewerft in Wilhelmshaven	IP/89/318
122		Germany	Two 90 per cent guarantees granted by Land of Lower Saxony for Sürken Werft in Papenburg	IP/89/556
123		Germany	Development aid in support for building 4 fishing vessels for a Chilean enterprise by Sietas Werft	IP/89/578
124		Germany	Prolongation of aid scheme on export credits for ships which had already originally been approved by the Commission in December 1987	IP/89/911
125		Germany	Shipbuilding aid to Oldenburg Brand Werft	CEC 1990a
126		Germany	Shipbuilding aid to Kötterwerft	CEC 1990a
127		Germany	Shipbuilding aid to Arminius Werft	CEC 1990a
128		Germany	Shipbuilding aid to Deutsche Industrie Werke	CEC 1990a

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
129		Germany	Shipbuilding aid to HDW and Flensburger Schiffbau Gesellschaft	CEC 1990a
130		Belgium	Financial terms offered to ship-owners for an LPG vessel to be built by the Boelwerf yard	Official Journal L 338, 5 December 1990, p. 21
131		Spain	Viability plan for the Merchant Navy	CEC 1990a
132	NN 21/89 → C 10/89	Greece	Application of Greek law 1262/1982 and its amendments to shipbuilding in Greece	OJ C 311, 12 December 1989, p. 3
133	C 26/89	Spain	Shipbuilding aid in Spain provided under Royal Decrees 1239/1987 and 1433/1987 and the sector's restructuring programme for the period 1987-1990 and an additional aid in the form of loss compensation for public yards	OJ C 127, 23 May 1990, p. 4
134	NN 27/89	Germany	Aids which Germany has decided to grant in the form of two guarantees on loans for Schiffswerft Gemersheim (considered under Article 5 of the Sixth Directive)	OJ C 52, 3 March 1990, pp. 10-11
135	NN 76/89 → C 38/90	Netherlands	Aid which the Netherlands has decided to grant to the shipyard van der Giessen de Noord	OJ C 3, 5 January 1991, pp. 3-4
136	NN 91/89 → C 1/90	Belgium	Aids which Belgium had decided to grant for the building of 2 refrigerator ships at the Boelwerf shipyard	OJ C 67, 17 March 1990, pp. 11-12
137	N 131/89	Portugal	Proposal of the Portuguese government to grant subsidies to Portuguese ship-owners for the purchase of vessels	OJ C 302, 1 December 1989, pp. 5-6
138	N 142/89	Greece	Shipbuilding aid	OJ C 3, 7 January 1992, p. 9
1990				
139	C 18/90	Greece	Aid which Greece has decided to grant to Neorion Shipyards of Syrol SA	OJ C 229, 14 September 1990, pp. 6-7
140	NN 54/90 → C 10/91	Greece	Aid which Greece has granted to shipbuilding in the period 1987-1990	OJ C 123, 9 May 1991, pp. 16-17

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
141	NN 56/90 → C 11/91	Greece	Aid which Greece has granted to shipbuilding in the period 1987-1990	OJ C 123, 9 May 1991, pp. 16-17
142	NN 58/90 → C 12/91	Greece	Aid which Greece has granted to shipbuilding in the period 1987-1990	OJ C 123, 9 May 1991, pp. 16-17
143	NN 61/90 → C 32/90	Belgium	Aid which the Belgian government has granted under the Law of 23 August 1948 on shipping credit for the building of nine ships	OJ C 318, 18 December 1990, pp. 2-3
144	NN 77/90 → C 37/90	Germany	Aid which the German Federal Republic has decided to grant to Flensburger Schiffbau Gesellschaft and Co. KG	OJ C 326, 28 December 1990, pp. 14-15
145	NN 102/90 → C 14/91	Greece	Aid which Greece has decided to grant to its ship-repair industry	OJ C 145, 4 June 1991, pp. 2-3
146	N 506/90 → C 7/91	Italy	Aid which Italy plans to grant to shipbuilding	OJ C 123, 9 May 1991, pp. 14-15
147	N 536/90 → C 1/91	Belgium and Netherlands	Aid which Belgium and the Netherlands has decided to grant for the benefit of the contract to build a 15000 dwt dredger for Jan de Nul	OJ C 82, 27 March 1991, pp. 4-5
148	592/90	Italy	Loss compensation for the state-owned Fincantieri for 1989	OJ C 249, 24 September 1991, p. 5
149		Germany	Shipbuilding aid to Sürken Werft Papenburg	CEC 1991a
150		Germany	Shipbuilding aid to Elfslether Werft	CEC 1991a
151		Germany	Aid for the construction by Schlömes Werft of 3 fishing vessels for Guinea Bissau	CEC 1991a
152		Denmark	Special tax concessions granted to shareholders in ship-owning partnerships under Tax Law No. 388 of 7 June 1989	CEC 1991a
153		Portugal	Aid for the restructuring of Setenave yard	CEC 1991a

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
1991				
154	NN 10/91	Netherlands	Aid to ship-owners for shipbuilding and ship conversion	OJ C 178, 9 July 1991, p. 4
155	C 43/91	Germany	Aid which Germany has decided to grant to ship-owners for the construction, conversion or purchase of cutter vessels	OJ C 260, 5 October 1991, p. 6
156	N 43/91	Netherlands	Aid to ship-owners for shipbuilding	OJ C 178, 9 July 1991, p. 5
157	N 64/91	Spain	Draft Royal Decree providing for operating and restructuring aid 1991-1993	OJ C 249, 24 September 1991, pp. 9-10
158	N 68/91	Germany	Shipbuilding aid	OJ C 3, 7 January 1992, p. 6
159	NN 69/91 → C 50/91	Spain	Aid which Spain has decided to grant to Morocco for the purchase of a 15,345 cgt ferry by the company Lignes Maritimes de Detroit from the Spanish shipyard Hijos de J. Barreras	OJ C 36, 14 February 1992, pp. 2-3
160	N 70/91	Germany	Shipbuilding aid	OJ C 3, 7 January 1992, pp. 7-8
161	N 106/91	Belgium	Shipbuilding aid	OJ C 3, 7 January 1992, p. 9
162	N 132/91	UK	Sale of British and Irish Line plc to Irish Ferries	OJ C 147, 6 June 1991, p. 11
163	NN 152/91 → C 48/91	Germany	Aid which Germany has decided to grant for the Cosco project - China	OJ C 22, 29 January 1992, pp. 4-6
164	N 218/91	Portugal	Specific or applied aid schemes for shipbuilding in 1991	OJ C 249, 24 September 1991, pp. 5-6
165	222/91	Germany	To encourage investment in the construction and modernisation of fishing vessels	OJ C 64, 13 March 1992

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
166	N 241/91	Denmark	Seventh Council Directive of 21 December 1990 on shipbuilding aid – four aid schemes	OJ C 249, 24 September 1991, p. 3
167	N 249/91	France	Shipbuilding aid	OJ C 129, 21 May 1992, p. 3
168	N 283/91	Germany	Flensburger Schiffbau Gesellschaft mbH and Co.	OJ C 249, 24 September 1991, p. 6
169	N 305/91 → C 41/91	Netherlands	Aid plans of the Dutch government for its shipyards under its different shipbuilding aid schemes as regards the investment of the Statshavneadministrationen in Esbjerg for a trailing suction hopper dredger/grab dredger	OJ C 274, 19 October 1991, pp. 8-9
170	N 312/91	Italy	Aid to small and medium-sized shipyards	OJ C 203, 11 August 1992, p. 3
171	N 351/91	UK	Investment aid for the ship-repair yard Tyne Dock Limited	OJ C 129, 21 May 1992, p. 3
172	N 361/91	Germany	Shipbuilding aid	OJ C 3, 7 January 1992, p. 6
173	N 381/91	Germany	Shipbuilding investment development aid for Indonesia – Jos L. Meyer Werft in Papenburg	OJ C 124, 16 May 1992, p. 8
174	N 403/91	Germany	Shipbuilding aid	OJ C 3, 7 January 1992, p. 7
175	N 537/91	Spain	Shipbuilding aid 1991-1993	OJ C 3, 7 January 1992, p. 10
176	650/91	Italy	Compensation for losses in the Fincantieri shipyards in 1990	OJ C 203, 11 August 1992, p. 2
177	N 686/91	Germany	Aid for boat construction or modernisation or for the purchase of second hand boats	OJ C 157, 24 June 1992, p. 3

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
178	N 692/B/91	Germany	Aid to facilitate the continued operation of Mathias Thesen Werft – first tranche (Mecklenburg-Western Pomerania)	OJ C 66, 9 March 1993, p. 8
179	N 692/C/91	Germany	Restructuring aid for Peene yard – first tranche (Mecklenburg-Western Pomerania)	OJ C 209, 3 August 1993, p. 11
180	N 692/D/91	Germany	Restructuring aid for Warnow yard – first tranche (Mecklenburg-Western Pomerania)	OJ C 209, 3 August 1993, p. 11
181	N 692/E/91	Germany	Shipbuilding aid – Mecklenburg-Western Pomerania	OJ C 111, 21 April 1994, p. 4
182	N 692/F/91	Germany	Shipbuilding aid – Mecklenburg-Western Pomerania	OJ C 111, 21 April 1994, p. 4
183	N 692/G/91	Germany	Aid for the shipyard Warnow Werft	CEC 1992a
184	N 692/H/91	Germany	Shipbuilding aid – Mecklenburg-Western Pomerania	OJ C 111, 21 April 1994, p. 4
185	N 692/I/91	Germany	Restructuring aid for Meerestechnik Werft (MTW) in Wismar, Mecklenburg-Western Pomerania	OJ C 259, 16 September 1994, p. 4
186	N 692/J/91	Germany	Shipbuilding aid – Mecklenburg-Western Pomerania	OJ C 111, 21 April 1994, p. 4
187	N 726/91 → C 64/91	Germany	Development aid which Germany has decided to grant for a project to build two 1066 teu container vessels for Indonesia – Mathias Thesen Werft	OJ C 36, 14 February 1992, pp. 3-4
188	N 773/91 → C 14/92	Germany	Sale to Bremer Vulkan by Krupp of Krupp Atlas Elektronik	OJ C 171, 7 July 1992
189		Greece	Ministerial Decree providing for shipbuilding aid in the period 1991-1993	CEC 1992a
190		Greece	Three shipbuilding aid schemes	CEC 1992a
191		Germany	Development aid credit for the purchase of two passenger vessels by the Indonesian Government from Meyer Werft	IP/91/683

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
192		Germany	Development aid credit for the purchase of a tugboat by the Tunisian government from Mutzenfeldt, Cuxhaven	IP/91/683
193		Netherlands	Contract-related operating aid to Dutch yards	CEC 1992a
194		Spain	Loss compensation to the public Spanish yards in the context of restructuring of those yards 1987-1992	CEC 1992a
195		Ireland	Irish Government's intention to grant Swansea-Cork Ferries Ltd an interest-free loan	CEC 1992a
1992				
196	N 2/92	Spain	Spanish shipbuilding aid for Mexico	OJ C 66, 9 March 1993, p. 7
197	N 23/92	Belgium	Shipbuilding aid	OJ C 286, 22 October 1993, p. 4
198	NN 103/92 → C 27/93	Italy	Aids granted by Italy to port companies	OJ C 281, 19 October 1993, p. 10
199	NN 116/92	UK	Modernisation of the fishing fleet	OJ C 173, 7 June 1997, p. 8
200	192/92	Germany	To promote investment in the construction and modernisation of fishing vessels	OJ C 203, 11 August 1992, p. 8
201	N 261/92	Italy	Eureka project No. 353 FASP (Flexible Automation in Ship Prefabrication)	OJ C 334, 18 December 1992, p. 5
202	N 290/92	Germany	Development assistance to Indonesia by the German shipyard Volkswerft Stralsund	OJ C 201, 23 July 1994, p. 7
203	N 354/92	Germany	Development assistance to Cameroon by the German shipyards Bayerische Schiffbau and RoBlauer Schiffswerft	OJ C 201, 23 July 1994, p. 7
204	N 688/92	Denmark	Shipbuilding aid	OJ C 66, 9 March 1993, p. 8

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
205	N 703/92	Germany	German shipbuilding aid	OJ C 209, 3 August 1993, p. 11
206	N 712/92	Germany	Shipbuilding aid for the new Länder	OJ C 209, 3 August 1993, p. 11
207	N 714/92	Denmark	Scheme for guarantees from the Danish Ship Credit Fund to the last ship at a shipyard under closure	OJ C 252, 16 September 1993, p. 4
208		UK	State aid of ECU 115 million for workers made redundant in connection with the restructuring of ports	CEC 1993a
209		Greece	Aid in the form of debt write-offs for financial restructuring linked to the sale of 4 publicly-owned shipyards	CEC 1993a
210		Denmark	Five shipbuilding contracts signed in 1992 by Odense Stalskibsværft A/S	CEC 1993a
1993				
211	NN 52/93	Belgium	Flemish fund for shipbuilding aid	OJ C 215, 25 July 1996, p. 8
212	NN 79/93 → C 65/94	Italy	Aid granted by Italy to Viamare SpA di Navigazione	OJ C 261, 6 October 1995, pp. 2-4
213	NN 102/93	Germany	Loans from BvS and Mecklenburg-Western Pomerania for the future restructuring and operation of MTW and Volkswerft	CEC 1994
214	NN 103/93	Germany	Loans from BvS and Mecklenburg-Western Pomerania for the future restructuring and operation of MTW and Volkswerft	CEC 1994

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
215	NN 104/93 (ex NN 126/93) → C 10/94	Greece	<ul style="list-style-type: none"> • Aid which Greece has decided to grant to Hellenic Shipyards plc and Neorion Shipyards of Syros plc • Aid which Greece has granted to Neorion shipyard of Syros • Aid which Greece has decided to grant to Hellenic Shipyards plc • Aid which the Greek government plans to grant to Hellenic Shipyard plc 	OJ C 138, 20 May 1994, pp. 2-3
216	NN 111/93 → C 8/95	France	Direct and indirect aid granted by the French government for the building of passenger sailing ships (ACH and SFCN) (French overseas department)	OJ C 279, 25 October 1995, pp. 3-6
217	NN 130/93 → C 46/95	France	Aid granted by France to the Compagnie Generale Maritime	OJ C 58, 28 February 1996, pp. 4-7
218	N 131/93	Germany	Shipbuilding aid, pursuant to Article 4(7) of the Seventh Directive for Husumer Schiffswerft	OJ C 158, 10 June 1993, p. 5
219	N 158/93	Denmark	Danish aid scheme for shipbuilding	OJ C 252, 16 September 1993, p. 4
220	N 159/93	Denmark	Danish aid scheme for shipbuilding	OJ C 252, 16 September 1993, p. 4
221	N 198/93	Germany	Aid scheme to reduce operating costs of its ship operating companies	IP/93/1202
222	N 222/93	Belgium	Aid for the rescue and restructuring of the Boelwerf shipyard	OJ C 111, 21 April 1994, p. 3
223	N 265/93	Italy	Shipbuilding aid for 1991-1993	OJ C 302, 9 November 1993, p. 6

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
224	N 417/93	Spain	Aid for the National Maritime Passenger Transport Company (Algeria) to finance the purchase of a ferry as part of development aid	OJ C 302, 9 November 1993, p. 6
225	N 527/93	Germany	Aid in favour of Neptun Industrie Rostock GmbH	OJ C 85, 22 March 1994, p. 11
226	N 561/93	Denmark	Shipbuilding aid, interest aid scheme	OJ C 87, 24 March 1994, p. 3
227	N 641/93	Germany	Special depreciation scheme for new ships and tax deduction scheme for individuals investing in new ships	OJ C 266, 13 October 1995, p. 16
228	N 685/93	Greece	Investment aid to Salamis Shipyard SA	OJ C 293, 21 October 1994, p. 12
229	N 727/93	Denmark	Shipbuilding aid – extension of delivery limit for 3 chemical tankers	OJ C 175, 28 June 1994, p. 6
230	N 731/93	UK	Shipbuilding aid to Swan Hunter shipyard	CEC 1994
231	N 784/93	Germany	Naval construction technique	OJ C 58, 8 March 1995, p. 6
232		Germany	Changes to the Wettbewerbshilfe previously approved on 13 September 1991	IP/93/47
233		Germany	Werfthilfe programme (already approved for the West German yards in 1991)	IP/93/81
234		Netherlands	Interim state aid to stimulate shipping	CEC 1994
235		Germany	Aid to assist with the privatisation of Deutsche Seereederei Rostock	CEC 1994
236		Spain	Aid for a new shipping line	CEC 1994
237		Italy	Aid to support the restructuring of the Italian port sector	CEC 1994
238		Spain	Financial support granted by the Spanish authorities to the leisure ports of Catalonia	CEC 1994

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
1994				
239	N 18/94	Germany	Development assistance to China by the German yard Brand Werft GmbH Oldenburg	OJ C 201, 23 July 1994, p. 7
240	N 31/94	Germany	Development aid to China by the German shipyard MTW	OJ C 165, 17 June 1994, p. 7
241	N 32/94	Germany	Development aid to China by the German shipyard Lindenau	OJ C 165, 17 June 1994, p. 7
242	N 33/94	Germany	Development aid to China by the German shipyard Bremer Vulkan	OJ C 165, 17 June 1994, p. 7
243	N 34/94	Germany	Development aid to China by the German shipyard	OJ C 165, 17 June 1994, p. 7
244	N 35/94	Germany	Development assistance to Indonesia by the Meyer Werft shipyard	OJ C 165, 17 June 1994, p. 7
245	N 39/94	Germany	Extension of aid scheme into 1994 – grants for yards in West Germany on shipbuilding contracts	OJ C 175, 28 June 1994, p. 6
246	N 41/94	Denmark	Shipbuilding aid – extension of three aid schemes	OJ C 165, 17 June 1994, p. 7
247	NN 49/94 → C 38/94	Italy	Aids granted by Italy to Lloyd Triestino SpA di Navigazione and Italia SpA di Navigazione	OJ C 333, 29 November 1994, pp. 6-8
248	N 90/94	Germany	Extension of aid scheme into 1994 – interest support grants for yards in West Germany for contracts acquired in 1994 and to be delivered before end 1997	OJ C 175, 28 June 1994, p. 6
249	NN 102/94	Germany	Application of shipbuilding aid schemes in 1994	OJ C 390, 31 December 1994, p. 19

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
250	N 146/94	Spain	Draft Royal Decree on shipbuilding premiums and financing	OJ C 259, 16 September 1994, p. 5
251	N 233/94	Netherlands	Subsidy regulation for the new building of sea-going ships	OJ C 259, 16 September 1994, pp. 4-5
252	N 302/94	Greece	Restructuring and modernisation of the Elefsis Shipyards SA	OJ C 265, 12 October 1995, p. 17
253	N 336/94	Italy	Shipbuilding aid	OJ C 390, 31 December 1994, p. 18
254	N 429/94 → NN 135/94	Portugal	Shipbuilding aid in 1994	OJ C 395, 31 December 1994, p. 12
255	N 529/94 → NN 136/94	France	Shipbuilding aid	OJ C 395, 31 December 1994, p. 13
256	N 533/94	Germany	Guarantee for a conversion contract of Mützelfeldt shipyard, Lower Saxony	OJ C 390, 31 December 1994, p. 20
257	N 540/94	Spain	Aid for the acquisition of fishing vessels	OJ C 339, 3 December 1994, p. 3
258	N 546/94	Greece	Shipbuilding aid	OJ C 390, 31 December 1994, p. 19
259	N 566/94	UK	Shipbuilding aid scheme	OJ C 395, 31 December 1994, p. 13
260	N 573/94	Germany	Pt. Pelni – Indonesia – acquisition of a passenger vessel	OJ C 395, 31 December 1994, p. 12
261	N 614/94 → NN 145/94	UK	Renotification of shipbuilding aid schemes for 1994	OJ C 395, 31 December 1994, p. 13

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
1995				
262	N 1/95	Germany	Restructuring aid in relation to the privatisation of the Warnow Werft yard, Mecklenburg-Western Pomerania	OJ C 265, 12 October 1995, p. 18
263	N 2/95	Denmark	Extension of three shipbuilding aid schemes for 1995	OJ C 265, 12 October 1995, p. 18
264	N 9/95	Germany	Restructuring aid in relation to the privatisation of the Peene Werft yard, Mecklenburg-Western Pomerania	OJ C 265, 12 October 1995, pp. 18-19
265	N 15/95	Netherlands	Development aid for Ghana – financing for three tugs to be built for Ghana at Damen shipyard	OJ C 295, 10 November 1995, p. 23
266	N 16/95	UK	Investment aid for the A & P Appledore shipyard, Tyne	OJ C 295, 10 November 1995, p. 23
267	N 39/95	Spain	Development aid for the building of fishing-boats for Cameroon	OJ C 295, 10 November 1995, p. 23
268	N 50/95	Italy	Shipbuilding aid	OJ C 55, 24 February 1996, p. 6
269		Spain	Loss compensation to the public Spanish yards	CEC 1996
270	N 81/B/95	Germany	Restructuring aid in the form of a loan to Deutsche Binnenreederei Binnenschiffahrt Spedition Logistik GmbH (inland waterway transport)	OJ C 155, 30 May 1996, p. 9
271	N 84/95	Germany	Privatisation of Volkswerft (second tranche), Mecklenburg-Western Pomerania	OJ C 343, 21 December 1995, p. 14
272	N 96/95	Portugal	Plan for restructuring and conversion of Lisnave ship-repair firm	OJ C 55, 24 February 1996, p. 6

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
273	NN 103/95	Spain	Assistance towards modernisation and conversion of fishing vessels	OJ C 150, 24 May 1996, p. 12
274	NN 119/95	Spain	Aid for the construction of fishing vessels	OJ C 53, 22 February 1996, p. 5
275	N 128/95	Germany	Restructuring aid in relation to the privatisation of the Elbwerft Boizenburg yard, Mecklenburg-Western Pomerania	OJ C 266, 13 October 1995, p. 18
276	N 141/95	Denmark	Support for passenger ferry services	OJ C 207, 8 July 1997, p. 9
277	N 142/95	UK	UK shipbuilding aid schemes	OJ C 392, 16 December 1998, p. 5
278	NN 181/95 → C 23/96	Italy	Aid from the Sardinian authorities to Sardinian ship-owners	OJ C 368, 6 December 1996, pp. 2-3
279	NN 189/95	Netherlands	Investment aid to the Frisian shipyard Welgelegen BV	OJ C 150, 24 May 1996, p. 13
280	N 232/95	Portugal	Shipbuilding aid	OJ C 55, 24 February 1996, p. 6
281	N 239/95 → C 58/96	Spain	Application for extension of delivery limit under Article 4(3) of shipbuilding aid Directive in respect of five tugs built by Astilleros Zamacona SA	OJ C 58, 25 February 1997, pp. 8-10
282	N 246/95	Spain	Modernisation and conversion of the Canary Islands fishing fleet	OJ C 272, 18 October 1995, p. 8
283	N 263/95	Netherlands	Development assistance according to Article 4(7) of the Seventh Directive for Jamaica	OJ C 343, 21 December 1995, p. 14
284	N 365/95	France	Shipbuilding aid	OJ C 55, 24 February 1996, p. 6
285	N 370/95	Sweden	State guarantee for shipbuilding	OJ C 53, 22 February 1996, p. 4

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
286	N 376/95	Germany	Shipbuilding development aid for Indonesia	OJ C 343, 21 December 1995, p. 14
287	N 379/95	Spain	Shipbuilding development aid for Tunisia	OJ C 343, 21 December 1995, p. 15
288	N 388/95	Netherlands	Aid to Dutch inland waterways	OJ C 155, 30 May 1996, p. 7
289	N 391/95	Denmark	Guarantee fund for shipbuilding	OJ C 343, 21 December 1995, pp. 14-15
290	N 411/95	Germany	Inland waterways	OJ C 343, 21 December 1995, p. 13
291	N 418/95	Greece	Investment aid to Neorion Shipyard SA	OJ C 150, 24 May 1996, p. 10
292	N 448/95	France	Aid for the purchase of the Jegoquere ship-owning business by Pescanova	OJ C 88, 19 March 1997, p. 16
293	N 457/95	Netherlands	Shipbuilding development aid for Vietnam	OJ C 343, 21 December 1995, p. 15
294	N 482/95	Spain	Shipbuilding development aid to Morocco	OJ C 227, 6 August 1996, p. 5
295	N 521/95	Spain	Assistance towards modernisation and conversion of the fishing fleet	OJ C 168, 12 June 1996, p. 9
296	N 536/95	Germany	Subsidy schemes for the shipbuilding industry 1995	OJ C 53, 22 February 1996, p. 7
297	N 546/95	Italy	Management buy-out of Luigi Orlando shipyard in Livorno	OJ C 53, 22 February 1996, p. 5
298	N 572/95	Germany	Shipbuilding aid in Mecklenburg-Western Pomerania: restructuring of MTW-Schiffswerft GmbH	OJ C 150, 24 May 1996, p. 10
299	N 605/95	Belgium	Operating aid to secure a contract for the construction of six small chemical tankers	OJ C 392, 16 December 1998, p. 5

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
300	N 637/95	Germany	Shipbuilding aid in Mecklenburg-Western Pomerania: restructuring of Warnow Werft	OJ C 150, 24 May 1996, p. 10
301	N 688/95	Germany	Shipbuilding development aid for China	OJ C 53, 22 February 1996, p. 5
302	N 700/95	Germany	Shipbuilding aid in Mecklenburg-Western Pomerania: restructuring of Elbwerft Boizenburg	OJ C 150, 24 May 1996, p. 10
303	N 721/95	UK	Guarantee for the building of a vessel in the McTay marine shipyard	OJ C 55, 24 February 1996, p. 7
304	N 728/95	Greece	Extension of the application of national aid scheme for the year 1995	OJ C 150, 24 May 1996, p. 10
305	N 723/95	Spain	Prolongation of Royal Decree 442/1994 as modified on shipbuilding premiums and financing	OJ C 85, 22 March 1996, p. 15
306	N 797/95	Germany	Shipbuilding aid in Mecklenburg-Western Pomerania: restructuring of Warnow Werft	OJ C 150, 24 May 1996, p. 10
307	N 801/95	Germany	Shipbuilding aid in Mecklenburg-Western Pomerania, privatisation of Volkswerft, third tranche of investment aid	OJ C 53, 22 February 1996, p. 5
308	N 802/95	Germany	Restructuring of the Peene Werft shipyard – second tranche of closure aid	OJ C 197, 27 June 1997, p. 8
309	N 806/95 → C 7/96	Germany	Spillover of restructuring aid for MTW-Schiffswerft and Volkswerft to other Bremer Vulkan Verbund AG undertakings, non-authorised payment of DM 112.4 million investment loan to the MTW shipyard	OJ C 150, 24 May 1996, pp. 2-4
310	N 841/95	Netherlands	Dutch maritime research	OJ C 102, 4 April 1996, p. 8
311	N 842/95	Germany	Shipbuilding development aid for China	OJ C 86, 23 March 1996, p. 4

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
312	N 883/95	Germany	Shipbuilding development aid for Indonesia	OJ C 86, 23 March 1996, p. 4
313	N 897/95	Netherlands	Subsidy for crew, definitive withdrawal of vessels	OJ C 55, 24 February 1996, p. 7
314	N 930/95	Spain	Shipbuilding development aid to the Philippines	OJ C 168, 12 June 1996, p. 10
315	N 936/95	Netherlands	Subsidy regulation for the new building of sea-going ships	OJ C 85, 22 March 1996, p. 15
316	N 941/95 → C 56/95	Spain	Aid that Spain plans to grant its publicly-owned shipbuilding yards in the form of a tax credit facility 1995-1998	OJ C 75, 15 March 1996, pp. 2-5
317	N 943/95	Netherlands	Shipbuilding development aid for Costa Rica	OJ C 86, 23 March 1996, p. 4
318	N 948/95 → C 26/96	Spain	Aid which the Spanish government plans to grant to the shipyard P. Freire SA	OJ C 291, 4 October 1996, pp. 8-9
319	N 958/95	Belgium	Closure aid for VSM shipyard	OJ C 290, 3 October 1996, p. 14
320	N 959/95	Belgium	Closure aid for Boelwerf shipyard	OJ C 86, 23 March 1996, p. 4
321	N 966/95	Netherlands	Shipbuilding development aid to Tunisia	OJ C 150, 24 May 1996, p. 11
322	N 981/95	Netherlands	Investment aid to the shipyard Bodewes Schhepswerf Volhardt Foxhol BV	OJ C 168, 12 June 1996, p. 11
323	N 1023/95	Germany	Shipbuilding development aid to Indonesia	OJ C 150, 24 May 1996, p. 11

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
324	N 1034/95	Denmark	Extension of three shipbuilding aid schemes for 1996	OJ C 168, 12 June 1996, p. 10
325	N 1048/95	Germany	Investment aid for the modernisation of Flender Werft, Schleswig-Holstein	OJ C 290, 3 October 1996, p. 14
1996				
326	N 1/96 → C 11/96	Germany	Aid for construction of two cruise vessels for the Malaysian company Genting International – Star Cruise	OJ C 144, 16 May 1996, pp. 121-3
327	N 8/96	Spain	Shipbuilding development aid for the Philippines	OJ C 168, 12 June 1996, p. 10
328	NN 31/96 → C 7/96	Germany	Spillover of restructuring aid for MTW-Schiffswerft and Volkswerft to other Bremer Vulkan Verbund AG undertakings, non-authorised payment of DM 112.4 million investment loan to the MTW shipyard	OJ C 150, 24 May 1996, pp. 2-4
329	NN 37/96	Portugal	Modification of rates of aid for construction and acquisition of fishing vessels	OJ C 391, 28 December 1996, p. 14
330	N 48/96 → NN 51/97	France	A multi-annual programme (1995-1997) of state aid in favour of shipping companies with the objective of improving the competitive position of the fleet flying under the French flag	OJ C 207, 8 July 1997, p. 9
331	N 64/96	Netherlands	Investment aid to Bijlsma shipyard	OJ C 290, 3 October 1996, p. 13
332	NN 64/96 → C 35/96	Germany	Contract-related aid in favour of Bremer Vulkan Werft for the construction of the cruise vessel Costa I	OJ C 290, 3 October 1996, pp. 10-12
333	NN 66/96 → C 32/96	Denmark	Ship financing in Denmark in the period 1987-1993	OJ C 232, 10 August 1996, pp. 6-7
334	NN 68/96 → C 5/97	Germany	Aid the German Government intends to grant to Neptun Industrie Rostock GmbH, Mecklenburg-Western Pomerania	OJ C 119, 17 April 1997, pp. 4-7

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
335	N 87/96	Germany	Development aid to Friedrich Lürssen Werft for Indonesia	OJ C 215, 25 July 1996, p. 7
336	NN 102/96 → C 60/96	Germany	Loans from the BvS and Mecklenburg-Western Pomerania for the continued restructuring and operation of MTW-Schiffswerft and Volkswerft	OJ C 120, 18 April 1997, pp. 2-4
337	NN 103/96 → C 60/96	Germany	Loans from the BvS and Mecklenburg-Western Pomerania for the continued restructuring and operation of MTW-Schiffswerft and Volkswerft	OJ C 120, 18 April 1997, pp. 2-4
338	NN 105/96 → C 6/97	Germany	Aid the German Government intends to grant to Dieselmotorenwerk Vulkan GmbH, Mecklenburg-Western Pomerania	OJ C 119, 17 April 1997, pp. 8-10
339	N 107/96	Germany	Guarantee scheme for shipbuilding	OJ C 150, 24 May 1996, p. 11
340	N 108/96	Germany	Subsidy schemes for the shipbuilding industry	OJ C 168, 12 June 1996, p. 10
341	N 125/96	Finland	Shipbuilding aid	OJ C 227, 6 August 1996, p. 5
342		Finland	Aid scheme for ship-owners – tax concessions when they acquire ice-breakers	CEC 1997a
343	N 207/96	Germany	Investment aid for the restructuring of MTW shipyard	OJ C 215, 25 July 1996, p. 8
344	N 240/96	Spain	Aid for the construction and modernisation of fishing vessels	OJ C 225, 2 August 1996, p. 6
345	N 256/96	Germany	Rescue aid to Dörries Scharmann	IP/96/423
346	N 277/96	Italy	Shipbuilding aid – Fratelli d'Amico	OJ C 290, 3 October 1996, p. 14
347	N 281/96	Spain	Prolongation of Royal Decree 442/1994, as amended, on shipbuilding premiums and financing	OJ C 227, 6 August 1996, p. 5

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
348	N 303/96	Netherlands	Subsidy regulation for the new shipbuilding of sea-going ships	OJ C 227, 6 August 1996, p. 5
349	N 317/96	France	Financial support to carriers subject to the 'French economic and social plan for transport by inland waterway'	OJ C 213, 23 July 1996, p. 2
350	N 318/96	Netherlands	Shipbuilding development aid to Benin	OJ C 290, 3 October 1996, p. 14
351	N 327/96	Netherlands	Shipbuilding development aid to Vietnam	OJ C 300, 10 October 1996, p. 5
352	N 335/96	Netherlands	Shipbuilding development aid to India	OJ C 300, 10 October 1996, p. 5
353	N 372/96	Portugal	Sipesca aid scheme for fleet construction and modernisation	OJ C 39, 8 February 1997, p. 16
354	N 380/96	Belgium	Flemish plan for aid to transport by inland waterway	OJ C 139, 6 May 1997, p. 5
355	N 406/96	Spain	Shipbuilding development aid to Vietnam	OJ C 1, 3 January 1997, p. 7
356	N 426/96	Germany	Contract-related aid in favour of Schichau Seebeckwerft for the construction of two ferryboats for Cotunav	OJ C 1, 3 January 1997, p. 7
357	N 464/96	UK	Shipbuilding aid schemes	OJ C 300, 10 October 1996, p. 6
358	N 468/96	Germany	Shipbuilding development aid to China	OJ C 1, 3 January 1997, p. 7
359	N 544/A/96	Denmark	Modernisation of fishing vessels	OJ C 173, 7 June 1997, p. 8
360	N 557/96 → C 38/96	Germany	Contract-related production aid in favour of Bremer Vulkan Werft GmbH, in liquidation, for the construction of two container ships	OJ C 330, 5 November 1996, pp. 6-9

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
361	N 602/96	UK	Financial measures of the UK within the framework of the privatisation of Devonport Royal Dockyard	OJ C 111, 9 April 1998, p. 20
362	N 663/96	Netherlands	Shipbuilding purchase of five buoy tenders by the Government of the Republic of Indonesia, represented by Seacom	OJ C 141, 8 May 1997, p. 9
363	N 679/96	Netherlands	Investment aid to Niestern Sander BV shipyard	OJ C 141, 8 May 1997, p. 9
364	N 691/96	Netherlands	Shipbuilding development aid to Jamaica	OJ C 141, 8 May 1997, p. 8
365	N 723/96	Netherlands	Shipbuilding development aid to Costa Rica	OJ C 141, 8 May 1997, p. 8
366	N 724/96	Spain	Shipbuilding development aid to Tunisia	OJ C 141, 8 May 1997, p. 9
367	N 738/96	Germany	Loan guarantee for Flender Werft, Lübeck	OJ C 43, 11 February 1997, p. 4
368	N 739/96	Netherlands	Purchase of two fishing vessels to the private shipping company PT Midasian (Indonesia)	OJ C 141, 8 May 1997, p. 9
369	N 789/96	Denmark	Shipbuilding extension of three aid schemes for 1996	OJ C 141, 8 May 1997, p. 9
370	N 803/96	Denmark	Aid for the construction of fishing vessels and for consultancy services in the fishing sector	OJ C 173, 7 June 1997, p. 8
371	N 810/96	Finland	Prolongation of two shipbuilding aid schemes for 1996 and 1997	OJ C 302, 3 October 1997, p. 3
372	N 849/96	France	Shipbuilding aid	OJ C 197, 27 June 1997, pp. 8-9
373	N 852/96	Netherlands	Shipbuilding development aid to Cape Verde	OJ C 141, 8 May 1997, p. 9

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
374	N 858/96	UK	Financial measures of the UK within the framework of the privatisation of Rosyth Royal Dockyard	OJ C 88, 19 March 1997, p. 16
375	N 899/96	Germany	Changes to the present programme of state aid to German inland navigation	OJ C 4, 8 January 1997, p. 4
376	N 903/96	Netherlands	Subsidy regulation for the new building of sea-going ships	OJ C 197, 27 June 1997, p. 8
377		Germany	Guarantee scheme for the shipbuilding sector in Mecklenburg-Western Pomerania	IP/96/159
378		Germany	Depreciation/tax deduction scheme for ships operated under the German flag	IP/96/874
379		Germany	Aid schemes for ship operating companies	IP/96/991
380		France	French law on the application of tax reduction measures to investments in overseas departments, where they apply to shipbuilding	CEC 1997a
381		France	Aid for restructuring of yards	CEC 1997a
382		UK	Special tax measure for ship-owners extending the period allowed for reinvesting excess allowances in replacement vessels	CEC 1997a
383		UK	Amending and extending the above-mentioned scheme	CEC 1997a
384		Netherlands	Measures aimed at reducing the costs involved in employing Dutch nationals on board Dutch vessels and at reducing the tax burden on shipping companies	CEC 1997a
385		France	Tax proposals concerning maritime co-ownership aimed at encouraging the registration of vessels under the French flag	CEC 1997a
386		France	Restructuring aid for CGM	CEC 1997a
387		Italy	Aid scheme introduced by Italian Law No. 343 of 8 September 1995 for shipping companies so as to promote the employment, training and skills of sailors	CEC 1997a
388		Spain	Three development aid cases	CEC 1997a
389		Netherlands	Development aid case	CEC 1997a

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
1997				
390	NN 8/97 → C 22/97	Germany	Purchase of three dredgers from the German yard Volkswerft Stralsund by an Indonesia public corporation, Pengerukan Rukindo	OJ C 192, 24 June 1997, pp. 9-10
391	NN 9/97 → C 10/97	Portugal	Measures taken by Portugal to assist Lisnave ship-repair firm	OJ C 98, 26 March 1997, pp. 20-21
392	NN 11/97 → C 76/2001	Italy	Aid to the fisheries sector in Corsica – 1987-1999 – aid for purchasing and converting vessels	OJ C 25, 29 January 2002, pp. 2-8
393	NN 35/A/97 → C 27/97	Italy	Tax reductions provided by Law 549/95 in Italy – application to the motor vehicle, shipbuilding and synthetic fibres industries and to firms covered by the ECSC Treaty	OJ C 268, 4 September 1997, pp. 4-8
394	N 70/97 → C 25/97	Germany	Aid in favour of Dörries Scharmann GmbH	OJ C 230, 29 July 1997, pp. 6-14
395	N 31/97	Germany	First tranche of aid for the restructuring of MTW Schiffswerft GmbH	OJ C 344, 14 November 1997
396	NN 63/97	Sweden	Operating aid for ship-operating companies	OJ C 231, 30 July 1997, p. 10
397	NN 64/97 → C 31/98	France	<ul style="list-style-type: none"> • Aid in the shipping sector for the shipping company Brittany Ferries (BAI) • Additional aid for the restructuring of BAI (Brittany Ferries) 	OJ C 244, 4 August 1998, pp. 9-18
398	N 69/97	Greece	Amendment and prolongation of shipbuilding aid legislation until 31 December 1997	OJ C 197, 27 June 1997, p. 8
399	N 85/97	Germany	Prolongation of aid schemes applicable to shipbuilding 1996/1997	OJ C 51, 18 February 1998, p. 6
400	N 91/97	Netherlands	Shipbuilding development aid to El Salvador	OJ C 302, 3 October 1997, p. 4

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
401	N 92/97	Germany	Shipbuilding development aid to Vietnam	OJ C 302, 3 October 1997, p. 4
402	NN 102/97	Germany	Aid to Neptun Industrie Rostock GmbH	OJ L 144, 9 June 1999, pp. 21-33
403	N 108/97	Italy	Shipbuilding aid scheme to remain in force until 31 December 1997	OJ C 50, 17 February 1998, p. 5
404	N 113/97	Germany	State guarantee for a short term working capital loan – Lloyd Werft Bremerhaven GmbH	OJ C 51, 18 February 1998, p. 6
405	NN 144/97 → C 71/97	Italy	Aid to the shipping sector (loans/leases at concessionary conditions for the acquisition/conversion and repair of vessels): amendment of aid scheme under C 23/96 (ex NN 181/95)	OJ C 386, 20 December 1997, pp. 6-8
406	NN 146/97 → C 73/97	France	Recapitalisation of Stardust Marine (boat charter)	OJ C 111, 9 April 1998, pp. 9-17
407	N 163/97	Spain	Shipbuilding aid	OJ C 107, 7 April 1998, p. 22
408	N 172/97	Netherlands	Shipbuilding development aid to Morocco	OJ C 302, 3 October 1997, p. 5
409	NN 176/97 → C 9/98	Germany	Financial measures in connection with the takeover of Bremer Vulkan Marine Schiffbau GmbH by Lürssen Maritime Beteiligungen GmbH and Co. KG	OJ C 252, 11 August 1998, pp. 4-6
410	N 254/97	Spain	Shipbuilding aid	OJ C 107, 7 April 1998, p. 22
411	N 322/97 → C 86/97	Ireland	Aid to the shipping sector (refund to employers of social security contributions paid in respect of seafarers)	OJ C 103, 4 April 1998, pp. 15-18

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
412	N 353/97 → C 55/97	Italy	Additional aid for the INMA shipyard in respect of two liner conversion contracts	OJ C 377, 12 December 1997, pp. 4-5
413	N 389/97	Netherlands	Development assistance according to Article 4(7) of the Seventh Directive on shipbuilding aid for Yemen	OJ C 7 January 1998, p. 3
414	N 401/97	Greece	Investment aid to Hellenic Shipyards	OJ C 47, 12 February 1998, p. 3
415	N 415/97	Germany	State guarantee for the financing of the conversion of the passenger vessel Winward	OJ C 51, 18 February 1998, p. 6
416	N 421/97 → C 81/98	Italy	Measures under Law No. 30/98 in favour of the port sector	OJ C 108, 17 April 1999, pp. 2-5
417	N 433/97 → NN 9/98	Germany	Aid for Kranbau Eberswalde GmbH (part of Bremer Vulkan Verbund)	OJ L 326, 18 December 1999, pp. 57-64
418	N 448/97 (modification of N 724/96)	Spain	Development assistance for Tunisia	OJ C 3, 7 January 1998, p. 3
419	N 450/97	Netherlands	Development assistance for Cuba	OJ C 3, 7 January 1998, p. 3
420	N 481/97	Spain	Development assistance for Morocco	OJ C 3, 7 January 1998, p. 3
421	N 490/97	France	Economic and social plan for inland waterway 1997-1998	OJ C 336, 7 November 1997, p. 12
422	N 497/97	Netherlands	Development assistance for Indonesia	OJ C 3, 7 January 1998, p. 3
423	N 500/97	UK	UK shipbuilding aid schemes	OJ C 47, 12 February 1998, p. 3
424	N 525/97	Germany	Amendments to the programmes of state aid N 411/95 and N 399/96 in favour of inland waterways	CEC 1998b
425	N 547/97	Germany	Development assistance for China	OJ C 3, 7 January 1998, p. 3

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
426	N 571/97	Luxembourg	Inland navigation	OJ C 336, 7 November 1997, p. 12
427	N 699/97	Netherlands	Subsidy regulation for the new building of sea-going ships	OJ C 47, 12 February 1998, p. 3
428	N 701/97 → C 59/98	Netherlands	Aid to the Barge Control Centre in the Port of Rotterdam (inland waterway freight) (investment aid was approved)	OJ C 372, 2 December 1998, pp. 6-9
429	N 783/97 → C 35/98	Italy	Italian notification of regional investment aid under the Italian Law No. 488/92 for the creation of two new shipyards	OJ C 307, 7 October 1998, pp. 8-9
430	N 784/97	Italy	Regional investment aid for the Nuovi Cantieri Apuiana shipyard	OJ C 409, 30 December 1998, p. 6
431	N 786/97	Italy	Regional investment aid for Vittoria Spa shipyard	OJ C 409, 30 December 1998, p. 6
432	N 802/97	Germany	Restructuring and privatisation of MTW Schiffswerft – second tranche of aid	OJ C 24, 29 January 1999, p. 20
433	N 803/97	Germany	Restructuring and privatisation of Volkswerft GmbH Stralsund – second tranche of aid	OJ C 24, 29 January 1999, p. 20
434		Germany	Aid granted for the rescue and reprivatization of Ingenieur und Maschinenbau GmbH (IMG), Rostock – part of Bremer Vulkan	IP/98/807
435		France	Extension until 31 December 1997 of the shipbuilding aid scheme in force in France since 1991	CEC 1998b
436		UK	Privatisation of Devenport Royal Dockyard	CEC 1998b

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
1998				
437	N 618/98 → C 31/98	France	<ul style="list-style-type: none"> • Aid in the shipping sector for the shipping company Brittany Ferries (BAI) • Additional aid for the restructuring of BAI (Brittany Ferries) 	OJ C 244, 4 August 1998, pp. 9-18
438	NN 12/98 → C 10/98	Spain	Aid to the shipping sector (new maritime public service contract)	OJ C 147, 13 May 1998, pp. 10-15
439	NN 21/98 → C 79/98	France	Aid to the shipping company Corsica Marittima (subsidiary of Société Nationale Maritime Corse Méditerranée – SNCM)	OJ C 62, 4 March 1999, pp. 9-13
440	N 45/98	Denmark	Shipbuilding aid	OJ C 409, 30 December 1998, p. 6
441	N 73/98	Denmark	Aid for the construction of fishing vessels	OJ C 111, 9 April 1998, p. 20
442	N 103/98	Italy	Shipbuilding aid scheme for 1998 and special guarantee fund for shipping credit	OJ C 32, 6 February 1999, p. 3
443	N 107/98	Netherlands	Development aid to Indonesia	OJ C 69, 12 March 1999, p. 13
444	NN 113/98 → C 66/98	Germany	Breach of capacity restrictions by Kvaerner Warnow Werft GmbH	OJ C 41, 16 February 1999, pp. 23-26
445	N 124/98 → C 37/98	France	French notification of development aid to the French Polynesia – two cruise vessels by Chantiers de l'Atlantique	OJ C 307, 7 October 1998, pp. 6-8
446	NN 128/98 → C 77/98	Italy	Loss compensation granted to the INMA shipyard by the public holding company Itainvest (formerly GEPI)	OJ C 63, 5 March 1999, pp. 2-4
447	NN 134/98 → C 2/99	France	Shipbuilding aid – ACHCN	OJ C 113, 24 April 1999, pp. 7-8
448	NN 145/98 → C 3/99	Spain	Excess of aid to publicly-owned yards – shipbuilding group AESA	OJ C 113, 24 April 1999, pp. 14-16

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
449	N 152/98	Germany	Investment aid to Flensburger Schiffbau Gesellschaft (Schleswig-Holstein)	OJ C 409, 30 December 1998, p. 6
450	NN 152/98	Germany	Rescue, privatisation and restructuring of Wismarer Propeller und Maschinenfabrik GmbH	OJ C 88, 25 March 2000, p. 3
451	N 157/98	Italy	Regional investment aid for the Visentini shipyard	OJ C 409, 30 December 1998, p. 7
452	N 158/98	Italy	Regional investment aid for the Orlando shipyard	OJ C 409, 30 December 1998, p. 7
453	N 159/98	Italy	Regional investment aid for the CRN shipyard	OJ C 409, 30 December 1998, p. 7
454	N 160/98 → C 35/98	Italy	Italian notification of regional investment aid under the Italian Law No. 488/92 for the creation of two new shipyards	OJ C 307, 7 October 1998, pp. 8-9
455	N 161/98	Italy	Regional investment aid for the De Poli shipyard	OJ C 409, 30 December 1998, p. 7
456	N 208/98	Germany	Extension of shipbuilding aid schemes for 1998	OJ C 24, 29 January 1999, p. 19
457	N 212/98	Greece	Prolongation of shipbuilding aid legislation until 31 December 1998	OJ C 392, 16 December 1998, p. 6
458	N 303/98	Germany	Development assistance to China	OJ C 409, 30 December 1998, p. 6
459	N 344/98	Greece	Investment aid to the shipyard Elefsis Shipbuilding and Industrial Enterprises SA	OJ C 11, 15 January 1999, p. 3
460	N 351/98 → C 42/99	France	Measures in favour of the port sector	OJ C 233, 14 August 1999, pp. 25-28

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
461	N 383/98	Germany	Development assistance to Cape Verde	OJ C 409, 30 December 1998, p. 6
462	N 396/98	Germany	Law amending the law on maritime transport – introduction of a tonnage tax and non-payment of 40 per cent of seamen’s income tax by the shipping lines (employers)	OJ C 29, 4 February 1999, p. 13
463	N 415/98	Netherlands	Prolongation of shipbuilding aid legislation until 31 December 1998	OJ C 11, 15 January 1999, p. 2
464	N 436/98	France	Inland navigation – economic and social plan for inland waterway transport	OJ C 337, 5 November 1998, p. 5
465	N 511/98	France	Aid scheme for the early cessation of activity of seafarers of the commercial fleet	OJ C 392, 16 December 1998, p. 4
466	N 535/98	Spain	Development aid to Algeria	OJ C 69, 12 March 1999, p. 14
467	N 553/98	Ireland	Seafarer income tax concession – aid to the maritime transport sector	OJ C 72, 16 March 1999, p. 4
468	N 582/98	Finland	Tax concession for vessels with ice-breaking facilities	OJ C 340, 27 November 1999, p. 5
469	N 602/98	Finland	Prolongation of the contract-related shipbuilding aid scheme for 1998	OJ C 69, 12 March 1999, p. 13
470	N 610/98	Spain	Shipbuilding aid scheme 1998	OJ C 88, 25 March 2000, p. 3
471	N 617/98	Netherlands	Subsidy for Container Terminal Lage Weide Utrecht (inland waterway transport)	OJ C 71, 11 March 2000, p. 7

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
472	N 618/98 → C 31/98	France	<ul style="list-style-type: none"> • Aid in the shipping sector for the shipping company Brittany Ferries (BAI) • Additional aid for the restructuring of BAI (Brittany Ferries) 	OJ C 244, 4 August 1998, pp. 9-18
473	N 664/98	Spain	Shipbuilding aid scheme 1999-2003	OJ C 151, 29 May 1999, p. 5
474	N 694/98	Germany	Restructuring of Volkswerft Stralsund (third tranche of aid)	OJ C 27, 29 January 2000, p. 17
475		Germany	Reprivatisation of Volkswerft and second instalment of aid	CEC 1999a
476		Germany	Reprivatisation of MTW-Schiffswerft	CEC 1999a
477		Spain	EUR 110.9 million paid in 1998 to the publicly-owned yards	OJ L 37, 12 February 2000, p. 22
1999				
478	N 3/99	Denmark	Contract-related shipbuilding operating aid	OJ C 72, 16 March 1999, pp. 4-5
479	NN 35/99	Belgium	Granting of exemptions to merchant shipping and dredging companies from certain social security contributions	OJ C 225, 7 August 1999, p. 3
480	NN 46/99	Germany	Restructuring and privatisation of Mecklenburger Metallguß GmbH	OJ C 375, 24 December 1999, p. 5
481	N 50/99	Finland	Contract-related shipbuilding operating aid	OJ C 313, 30 October 1999, p. 2
482	NN 59/99 → C 46/99	Germany	Kvaerner Warnow Werft – exceeding of capacity limitation in 1997	OJ C 245, 28 August 1999, pp. 24-27
483	NN 68/99 → C 64/99	Italy	State aid to the Gruppo Tirrenia di Navigazione Companies – shipping	OJ C 306, 23 October 1999, pp. 2-10
484	NN 65/99 → C 74/99	France	Shipbuilding development aid to Saint-Pierre-et-Miquelon	OJ C 33, 5 February 2000, pp. 6-8

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
485	NN 93/99 → C 6/2000	Germany	Excess payment of restructuring aid to Kvaerner Warnow Werft	OJ C 134, 13 May 2000, pp. 5-9
486	N 121/99	Austria	Programm für die Förderung des kombinierten Güterverkehrs Straße-Schiene-Schiff, 1 January 1999 – 31 December 2002	OJ C 245, 28 August 1999, pp. 2-3
487	NN 124/99	Germany	Shipping – to improve seafarers' know-how	OJ C 110, 15 April 2000, p. 45
488	N 133/99	Spain	Shipbuilding - Fiscal investment aid for ship-owners	OJ C 151, 29 May 1999, p. 5
489	N 147/99	Denmark	Decree on the grant of subsidies for the construction of fishing vessels	OJ C 259, 11 September 1999, p. 5
490	N 178/99	Italy	Regional aid for investments at the De Poli shipyard	OJ C 340, 27 November 1999, p. 5
491	N 180/99	Italy	Shipbuilding aid scheme 1999-2003	OJ C 288, 9 October 1999, p. 22
492	N 231/99	Ireland	Reimbursement of social security contributions paid by employers in respect of seafarers	OJ C 203, 17 July 1999, p. 8
493	N 233/99 → C 3/2000	Netherlands	Development aid for Indonesia	OJ L 264, 15 October 2003, pp. 25-27
494	N 234/99 → C 3/2000	Netherlands	Development aid for Indonesia	OJ L 264, 15 October 2003, pp. 25-27
495	N 272/99	Germany	Continued application of shipbuilding aid programmes for 1999	OJ C 62, 4 March 2000, p. 18
496	N 283/99	Germany	Development aid to Indonesia for the construction of two passenger ferries – Meyer Werft	OJ C 142, 20 May 2000, p. 2

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
497	N 290/99	UK	Tonnage tax - UK maritime transport sector	OJ C 258, 9 September 2000, p. 3
498	N 315/99	France	Shipbuilding aid scheme	OJ C 88, 25 March 2000, p. 5
499	N 325/99	Germany	Transfer of the shipbuilding capacity of the former Elbewerfft	OJ C 88, 25 March 2000, pp. 3-4
500	N 412/99	Netherlands	Shipbuilding aid scheme for 1999	OJ C 332, 20 November 1999, p. 8
501	N 422/99	UK	Shipbuilding aid schemes for 1999	OJ C 359, 11 December 1999, p. 6
502	N 532/99 → C 12/2000	Netherlands	Shipbuilding development aid for China	OJ C 148, 27 May 2000, pp. 14-16
503	N 557/99	Italy	Regional investment aid for the Rodriguez C. N. shipyard	OJ C 354, 9 December 2000, p. 14
504	N 567/99	Belgium	Second Walloon aid scheme for inland waterway transport	OJ C 284, 7 October 2000, p. 3
505	N 568/99	France	French aid plan for inland waterway carriers	OJ C 365, 18 December 1999, p. 8
506	N 569/99	Germany	Aid for training ships' boys (inland waterways)	OJ C 12, 15 January 2000, p. 7
507	N 573/99	Finland	Interest subsidy for loans taken for vessel acquisition	OJ C 162, 10 June 2000, p. 24
508	N 631/99	Germany	Shipbuilding development aid for the Philippines – construction of 2 lifeboats	OJ C 232, 12 August 2000, p. 8
509	N 700/99	Germany	Rescheduling of debt – ship-repair – Bremerhavener Dockbetriebs GmbH (Bredo)	OJ C 232, 12 August 2000, pp. 8-9
510	N 716/99	Italy	Regional aid for investment by Palumbo SpA, a mechanical engineering and shipbuilding firm	OJ C 232, 12 August 2000, p. 9

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
511	N 731/99	Spain	Ship financing aid scheme 2000	OJ C 94, 1 April 2000, p. 8
512	N 734/99	Finland	Prolongation of the interest equalisation system of officially supported ship credits	OJ C 184, 1 July 2000, p. 22
513	N 819/99	Sweden	Aid to Swedish shipping companies	OJ C 88, 25 March 2000, p. 4
514		France	Aid scheme concerning the acquisition of additional new equipment by handling firms operating in the ports of Dunkirk and Le Havre	CEC 2000a
2000				
515	NN 4/2000	Germany	Aid to Schiffsanlagenbau Barth GmbH	OJ C 94, 24 March 2001, p. 2
516	NN 61/2000 → C 40/2000	Spain	Further restructuring of publicly-owned Spanish shipyards	OJ C 328, 18 November 2000, pp. 16-18
517	NN 97/2000	Germany	Financial contributions for 2000 to impose seafarers' skills	OJ C 106, 9 June 2001, p. 28
518	N 110/2000	Germany	Shipbuilding aid in Germany for year 2000	OJ C 272, 23 September 2000, p. 47
519	NN 130/2000 (ex N 758/2000)	UK	Shipbuilding – partial closure aid to Harland and Wolff	OJ C 117, 21 April 2001, p. 15
520	N 151/2000	Netherlands	Shipbuilding aid schemes 2000	OJ C 184, 1 July 2000, p. 22
521	N 156/2000	Germany	Navigation and maritime technology for the 21 st century	OJ C 37, 3 February 2001, p. 50
522	N 180/2000	Germany	Aid for boys' training ships (inland waterways)	OJ C 184, 1 July 2000, p. 23
523	N 194/2000 → C 6/2001	Netherlands	Shipbuilding development aid for the Republic of Djibouti	OJ C 172, 16 June 2001, pp. 12-14

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
524	N 230/2000	Netherlands	Shipbuilding development aid for Syria	OJ C 149, 19 May 2001, pp. 9-10
525	N 232/2000	Netherlands	Shipbuilding development aid for Bangladesh	OJ C 149, 19 May 2001, pp. 9-10
526	N 244/2000	Netherlands	Shipbuilding development aid for Sri Lanka	OJ C 149, 19 May 2001, pp. 9-10
527	N 441/2000	Denmark	Maritime training aid	OJ C 380, 30 December 2000, p. 11
528	N 502/2000	Italy	Measures to promote shipbuilding investment in 2000	OJ C 117, 21 April 2001, p. 14
529	N 531/2000	Finland	Contract-related shipbuilding operating aid	OJ C 44, 10 February 2001, p. 6
530	N 542/2000	Germany	Shipbuilding development aid to Vietnam	OJ C 102, 31 March 2001, p. 8
531	N 564/2000	France	French aid plan for inland waterway carriers for 2000	OJ C 380, 30 December 2000, p. 10
532	N 597/2000	Netherlands	Subsidy scheme for private links with inland waterways	OJ C 102, 31 2001, p. 8
533	N 664/2000	Spain	Shipbuilding development aid to Algeria	OJ C 149, 19 May 2001, p. 8
534	N 666/2000	Spain	Shipbuilding development aid to Algeria	OJ C 149, 19 May 2001, p. 8
535	N 679/2000 → C 65/2000	France	Start up aid for short sea shipping services	OJ C 37, 3 February 2001, pp. 16-21
536	N 702/2000 → C 23/2001	Germany	Investment aid to Flender Werft AG	OJ C 191, 7 July 2001, pp. 15-17
537	N 757/2000	Spain	Shipbuilding modification of aid regime	OJ C 172, 16 June 2001, p. 16
538	N 763/2000	Spain	Aid for building and modernising fishing vessels	OJ C 234, 18 August 2001, p. 13
539	N 785/2000	Sweden	Maritime training aid	OJ C 107, 7 April 2001, p. 2
540	N 788/2000	Greece	Shipbuilding aid scheme 1999-2000	OJ C 172, 16 June 2001, p. 16
541	N 809/2000 → C 18/2002	Italy	Investment aid for various shipyards	OJ C 141, 14 June 2002, pp. 15-21
542		Spain	Acquisition of Juliana and Cadiz yards	CEC 2001a
543		Luxembourg	Aid for a firm for acquisition of 2 cranes for the handling of containers for inland water transport	CEC 2001a

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
2001				
544	NN 16/2001 → C 14/2001	France	Aid to Soci�t� National Corse M�diterran�e – maritime services	OJ C 117, 21 April 2001, pp. 9-13
545	NN 43/2001 → C 56/2001	Netherlands	Application of maritime transport state aid to Dutch tugboat operations in EU inland waterways and ports	OJ C 298, 24 October 2001, pp. 5-9
546	NN 48/2001	Spain	Measures to assist the Trasmediterranea shipping company	OJ C 96, 20 April 2002, p. 4
547	NN 57/2001 → C 64/2001	Netherlands	Privatisation and restructuring of Koninklijke Schelde Group (shipbuilding and ship-repair)	OJ C 254, 13 September 2001, pp. 6-14
548	NN 89/2001	Germany	Maritime shipping – seafarers’ skills	OJ C 146, 19 June 2002, p. 11
549	N 93/2001 → C 97/2001	Italy	Scrapping and renewal of the Italian oil tanker fleet	OJ C 50, 23 February 2002, pp. 7-15
550	NN 174/2001	Germany	Shipbuilding aid 2001	OJ C 164, 10 July 2002, p. 5
551	NN 174/A/2001	Germany	Shipbuilding aid 2001	OJ C 164, 10 July 2002, p. 5
552	N 176/2001	Germany	R & D project ‘Integrating bus technologies into shipbuilding’ by Flensburger Schiffbau-Gesellschaft GmbH and Co. KG	OJ C 24, 26 January 2002, p. 2
553	N 299/2001	France	Aid for French inland waterway carriers	OJ C 342, 5 December 2001, p. 7
554	N 314/2001	Netherlands	Shipbuilding development aid for Yemen	OJ C 333, 28 November 2001, p. 6
555	N 315/2001	Netherlands	Shipbuilding development aid for Vietnam	OJ C 333, 28 November 2001, p. 6

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
556	N 371/2001 → C 28/2003	Italy	Guarantees for ship financing	OJ C 145, 21 June 2003, pp. 48-53
557	N 499/2001	UK	UK support for maritime training scheme	OJ C 347, 8 December 2001, p. 2
558	N 513/2001 → C 40/2002	Greece	Aid to Hellenic Shipyards	OJ C 186, 6 August 2002, pp. 5-12
559	N 542/2001	Sweden	Fiscal measures for maritime transport	OJ C 347, 8 December 2001, p. 2
560	N 550/2001	Belgium	Public-private partnership for loading and unloading facilities (inland waterways)	OJ C 24, 26 January 2002, p. 2
561	N 563/2001	Denmark	Act on taxation of shipping (tonnage tax)	OJ C 146, 19 June 2002, p. 9
562	N 612/2001	Germany	Development aid to Indonesia – construction of a passenger vessel	OJ C 62, 9 March 2002, p. 41
563	N 649/2001	UK	Port of Rosyth project and extension of the UK scheme Freight Facilities Grant	CEC 2002a
564	N 725/2001	Germany	R & D project ‘Optimisation of the development and production of small and medium sized ships in order to reduce costs by 30 per cent’ by Peene Werft GmbH	OJ C 98, 23 April 2002, pp. 34-35
565	N 731/2001 → C 33/2002	Spain	Prolongation of the three-year delivery limit for LNG tankers	OJ C 238, 3 October 2002, pp. 2-6
566	N 801/2001	Finland	Subsidy to passenger vessels	OJ C 98, 23 April 2002, p. 35

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
567	N 836/2001	Netherlands	Shipbuilding development aid to Colombia	OJ C 71, 25 March 2003, p. 3
568	N 840/2001 → C 51/2001	Netherlands	Aid for Alkmaar container terminal	OJ C 212, 6 September 2002, pp. 2-8
569	N 843/2001	Germany	Meyer Werft Papenburg – extension of the 3-year delivery limit for a vessel	OJ C 238, 3 October 2002, p. 14
570		France	Extend beyond 2001 the scheme for the reimbursement of employers' social security contributions paid by shipping companies	CEC 2002b
571		France	Further aid measure in support of the employment of Community seafarers	CEC 2002b
572		Finland	Repay to ship-owners the employers' contributions paid towards seafarers	CEC 2002b
573		Spain	Aid compensating the company for public service obligations between Canary Islands	CEC 2002b
2002				
574	N 3/2002	Spain	Shipbuilding development aid to Namibia	OJ C 262, 29 October 2002, p. 3
575	XS 34/2002	Italy	Legge 1329/65 'Sabatini'	CEC 2002a
576	N 48/2002	Netherlands	Shipbuilding development aid for Jamaica – construction of a tugboat	OJ C 127, 29 May 2002, p. 7
577	NN 49/2002	Germany	Reduction of non-wage labour costs in the maritime transport sector	OJ C 164, 10 July 2002, p. 5
578	NN 53/2002 → C 55/2002	France	Aid to Soreni Ship-Repair Company	OJ C 222, 18 September 2002, pp. 21-24
579	XS 55/2002	Germany	Investment aid for Neue Jade Werft, Lower Saxony	OJ C 182, 1 August 2003, p. 20

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
580	N 59/2002	Germany	R & D project 'Virtual engine room – passenger ship' by Aker MTW Werft GmbH	OJ C 277, 14 November 2002, p. 3
581	N 61/2002	Germany	R & D project 'Virtual engine room – cargo ship' by Kvaerner Warnow Werft GmbH	OJ C 277, 14 November 2002, p. 3
582	N 71/2002	Ireland	Tonnage remeasurement programme	OJ C 232, 28 September 2002, p. 3
583	NN 94/2002	Germany	Directive for the promotion of German maritime shipping (financial contributions for 2002)	CEC 2002a
584	N 99/2002	Denmark	Prolongation of delivery limits for 2 ships built at Odense shipyard	OJ C 262, 29 October 2002, pp. 4-5
585	N 113/2002 → C 23/2003	France	Misuse of shipbuilding development aid for ships R3 and R4	OJ C 105, 1 May 2003, pp. 30-32
586	N 118/2002 → C 58/2002	France	Aid for restructuring SNCM	OJ C 308, 11 December 2002, pp. 29-34
587	N 146/2002	Germany	R & D project entitled 'Analysis of requirements and specification of the NET-S model with special regards to the PDM aspects' by Fr. Lürssen Werft GmbH	OJ C 277, 14 November 2002, p. 2
588	N 147/2002	Germany	R & D project entitled 'Analysis of the current position and specification of the NET-S model with special regard to the financial connections between cooperating partners' by Thyssen Nordseewerke GmbH	OJ C 277, 14 November 2002, p. 2
589	N 221/2002 → C 62/2002	UK	Ad hoc aid to Clyde Boyd under the freight facilities grant scheme	OJ C 269, 5 November 2002, pp. 3-8
590	N 306/2002	Germany	Investment aid for Flensburger Schiffbaugesellschaft mbH and Co. KG	OJ C 277, 14 November 2002, p. 2

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
591	N 383/2002	Greece	Investment aid to Neorion shipyards	OJ C 6, 10 January 2004, p. 21
592	N 406/2002	Germany	Support of transshipment facilities in combined transport (inland waterway)	OJ C 292, 27 November 2002, p. 5
593	N 433/2002 → C 20/2003	Belgium	Fiscal measures for maritime transport	OJ C 145, 21 June 2003, pp. 4-47
594	N 455/2002	Netherlands	Shipbuilding development aid to El Salvador	OJ C 71, 25 March 2003, p. 4
595	N 468/2002	Finland	Kvaerner Masa Yard - extension of 3-year delivery limit for a ship	OJ C 15, 22 January 2003, p. 5
596	N 484/2002	Germany	R & D project 'Sinsee, ship safety' by Flensburger Schiffbau Gesellschaft mbH and Co. KG	OJ C 292, 27 November 2002, p. 6
597	N 504/2002	Ireland	Tonnage tax 2002	OJ C 15, 22 January 2003, p. 5
598	N 519/2002	Italy	Extension of a scheme to reduce social charges in the maritime cabotage sector	OJ C 262, 29 October 2002, p. 4
599	N 556/2002	Germany	R & D project 'SITZ, Safe Double Hill Tankers' by Lindenau GmbH Schiffswerft und Maschinenfabrik	OJ C 327, 28 December 2002, p. 9
600	N 572/2002	Spain	Introduction of a tonnage tax in Biscay	OJ C 58, 13 March 2003, p. 9
601	N 585/2002		Maritime transport and fisheries	OJ C 1, 4 January 2003, pp. 9-12
602	N 591/2002	Finland	CIRR ship financing scheme	OJ C 221, 17 September 2003, p. 10
603	N 598/2002	Netherlands	Development aid for Sri Lanka - shipbuilding	OJ C 87, 10 April 2003, p. 34

	CASE NUMBER	COUNTRY	TITLE OF AID	REFERENCE
604	N 662/2002	France	Amendment of the scheme for refunding the maritime part of the trading income tax (N 593/2000)	OJ C 15, 22 January 2003
605	N 728/2002 → C 34/2003	France	Aid for CMR, ship-repair yard, Marseille	OJ C 188, 8 August 2003, pp. 2-7
606	N 744/2002	Germany	Temporary defensive mechanism for shipbuilding	OJ C 108, 7 May 2003, p. 5
607	N 751/2002	Italy	Extension of the three-year delivery limit for a cruise vessel	OJ C 108, 7 May 2003, p. 5
608	N 780/2002	Netherlands	Temporary defensive measures for shipbuilding	OJ C 221, 17 September 2003, p. 10
609	N 796/2002	Germany	R & D project 'Simba' simulation toolkit for maritime equipment by Flensburger Schiffbau Gesellschaft mbH and Co. KG	OJ C 114, 14 May 2003, p. 2
610	N 811/A/2002	Spain	Spanish CIRR ship-financing scheme	CEC 2002a
611	N 812/2002	Spain	Temporary defensive measures for shipbuilding	OJ C 6, 10 January 2004, p. 22

Source: Author's compilation from Official Journal of the European Communities (C and L series), European Commission Competition Policy Reports and the EU State Aid Register.

Appendix F

SHIPBUILDING PRODUCTION IN PRINCIPAL SHIPBUILDING COUNTRIES, 1956-1988 (tonnes gross)

	1956	1957	1958	1959	1960	1961	1962	1963	1964
Federal Republic of Germany	1,083,963	1,230,574	1,355,121	1,241,366	1,123,500	1,038,281	967,213	1,051,284	826,779
Japan	1,538,247	2,309,275	2,234,086	1,727,533	1,838,666	1,719,419	2,072,569	2,269,373	3,763,932
Western Europe total	4,313,242	5,026,511	5,594,272	5,478,180	5,311,696	5,103,702	4,700,356	5,159,473	4,642,650
World total	6,291,021	8,117,091	9,059,267	8,696,601	8,382,342	8,057,542	8,182,306	9,028,210	9,723,825
Federal Republic of Germany's share of Western Europe total (per cent)	25.13	24.48	24.22	22.66	21.15	20.34	20.58	20.38	17.81
Federal Republic of Germany's share of world total (per cent)	17.23	15.16	14.96	14.27	13.40	12.89	11.82	11.64	8.50
Japan's share of world total (per cent)	24.45	28.45	24.66	19.86	21.93	21.34	25.33	25.14	38.71

SHIPBUILDING PRODUCTION IN PRINCIPAL SHIPBUILDING COUNTRIES, 1956-1988 (tonnes gross)

	1965	1966	1967	1968	1969	1970	1971	1972	1973
Federal Republic of Germany	1,035,099	1,157,772	1,041,466	1,211,433	1,786,842	1,317,120	1,967,512	1,388,670	1,925,956
German Democratic Republic		254,506	271,768	294,806	309,809	326,764	294,766	325,064	308,267
Japan	4,885,605	6,494,613	7,217,375	8,349,212	9,167,930	7,099,965	11,132,359	12,857,119	14,750,831
South Korea		9,920	6,313	2,566	6,806	1,899	16,161	14,708	14,358
Western Europe total	5,329,184	5,944,297	6,150,326	6,293,762	7,263,361	8,105,400	9,798,901	10,088,527	11,189,393
World total	11,763,251	14,105,450	15,156,857	16,844,962	18,738,741	20,979,977	24,387,691	26,748,822	30,408,930
Federal Republic of Germany's share of Western Europe total (per cent)	19.42	19.48	16.93	19.25	24.60	16.25	20.08	13.76	17.21
Federal Republic of Germany's share of world total (per cent)	8.80	8.21	6.87	7.19	9.54	6.28	8.07	5.19	6.33
German Democratic Republic's share of world total (per cent)		1.80	1.79	1.75	1.65	1.56	1.21	1.22	1.01
German Democratic Republic's share of Western Europe total (per cent)		4.28	4.42	4.68	4.27	4.03	3.01	3.22	2.75
Japan's share of world total (per cent)	41.53	46.04	47.62	49.57	48.93	33.84	45.65	48.07	48.51
South Korea as share of world total (per cent)		0.07	0.04	0.02	0.04	0.01	0.07	0.05	0.05

SHIPBUILDING PRODUCTION IN PRINCIPAL SHIPBUILDING COUNTRIES, 1956-1988 (tonnes gross)

	1974	1975	1976	1977	1978	1979	1980	1981	1982
Federal Republic of Germany	2,141,823	2,498,569	1,873,658	1,595,214	844,530	437,286	376,192	702,523	615,407
German Democratic Republic	331,982	350,636	354,998	378,276	409,727	381,320	346,084	358,347	343,126
Japan	16,894,017	16,991,230	15,867,828	11,707,635	6,307,155	4,696,996	6,094,142	8,399,831	8,162,915
South Korea	312,947	409,655	813,583	562,019	604,286	495,219	522,245	929,180	140,0525
Western Europe total	11,880,458	12,205,331	12,080,675	13,691,316	6,678,744	4,530,538	3,090,801	4,176,162	3,761,018
World total	33,541,289	34,202,514	33,922,193	27,531,824	18,194,120	14,289,369	13,101,104	16,931,719	16,820,101
Federal Republic of Germany's share of Western Europe total (per cent)	18.03	20.47	15.51	11.65	12.65	10.34	12.17	16.82	16.36
Federal Republic of Germany's share of world total (per cent)	6.39	7.31	5.52	5.79	4.64	3.06	2.87	4.15	3.66
German Democratic Republic's share of world total (per cent)	0.99	1.03	1.05	1.37	2.25	2.67	2.64	2.12	2.04
German Democratic Republic's share of Western Europe total (per cent)	2.79	2.87	2.94	2.76	6.13	8.42	11.20	8.58	9.12
Japan's share of world total (per cent)	50.37	49.68	46.78	42.52	34.67	32.87	46.52	49.61	48.53
South Korea's share of world total (per cent)	0.93	1.20	2.40	2.04	3.32	3.47	3.98	5.49	8.33

SHIPBUILDING PRODUCTION IN PRINCIPAL SHIPBUILDING COUNTRIES, 1956-1988 (tonnes gross)

	1983	1984	1985	1986	1987	1988
German Democratic Republic	336,929	366,841	358,002	361,669	292,241	292,221
Federal Republic of Germany	798,461	516,590	562,378	515,394	341,319	521,156
Japan	6,670,317	9,711,381	9,502,831	8,177,953	5,707,898	4,040,199
South Korea	1,538,592	1,472,897	2,620,472	3,642,495	2,090,966	3,174,494
Western Europe total	4,259,664	3,707,813	3,115,330	2,169,981	2,117,121	1,879,375
World total	15,911,143	18,334,061	18,156,526	16,844,909	11,259,419	10,909,340
Federal Republic of Germany's share of Western Europe total (per cent)	18.74	13.93	18.05	23.75	16.12	27.73
Federal Republic of Germany's share of world total (per cent)	5.02	2.82	3.10	3.06	2.78	4.78
German Democratic Republic's share of world total (per cent)	2.12	2.00	1.97	2.15	2.38	2.68
German Democratic Republic's share of Western Europe total (per cent)	7.91	9.89	11.49	16.67	13.80	15.55
Japan's share of world total (per cent)	41.92	52.97	52.34	48.55	46.56	37.03
South Korea's share of world total (per cent)	9.67	8.03	14.43	21.62	17.06	29.10

Source: Author's percentage calculations based on figures from Lloyd's Register of Shipping (1973: 68-69), (1989: 36-37).

Appendix G

**FINANCIAL AID OF THE FEDERAL GOVERNMENT FOR INDUSTRY
AND FOR SHIPBUILDING IN THE FEDERAL REPUBLIC OF GERMANY,
1970-2002**

Year	Financial Aid to Shipbuilding (million DM)	Financial Aid to Industry (million DM)	Shipbuilding Aid as Share of Total State Aid (per cent)	Shipbuilding Aid as Share of State Aid to Industry (per cent)
1970	28	3,702	0.2	0.8
1975	100	5,564	0.5	1.8
1980	254	9,163	1.0	2.8
1981	301	9,116	1.2	3.3
1982	240	8,884	1.0	2.2
1983	290	9,595	1.1	3.0
1984	167	11,384	0.6	1.5
1985	148	11,078	0.5	1.3
1986	142	11,042	0.5	1.3
1987	136	12,019	0.5	1.1
1988	250	13,466	0.9	1.9
1989	291	14,255	1.0	2.0
1990	381	14,534	1.3	2.6
1991	597	17,821	1.6	3.4
1992	607	17,629	1.6	3.4
1993	536	17,708	1.5	3.0
1994	489	14,977	1.4	3.3
1995	399	16,354	1.1	2.4
1996	355	22,768	0.8	1.6
1997	335	20,674	0.8	1.6
1998	280	19,584	1.3	1.4
2000	244	22,555	1.1	1.1
2002	223	19,421	1.0	1.2

Sources: Author's percentage calculations based on figures from Deutscher Bundestag (1987: 14-15), (1989: 15), (1991: 25), (1993: 6), (1995: 6), (1997: 6 and 13), (2001: 15).

Appendix H

SHIPBUILDING ORDERS PLACED IN PRINCIPAL SHIPBUILDING COUNTRIES, 1970-1993 (per cent)

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Belgium						0.8			0.7	2.7	0.6	0.4	0.5	0.5	0.7	
Denmark	4.2	2.7	1.0	0.9	3.6	2.8	1.3	1.3	2.6	2.3	2.1	2.5	1.3	2.4	2.9	
Finland	0.7	0.5	0.5	0.9	1.7	0.8	0.9	0.2	1.5	1.6	1.5	1.8	1.0	0.4	2.1	1.3
France	3.6	4.3	1.9	2.4	8.4	2.3	0.2	0.1	1.4	1.5	1.7	1.9	0.9	0.7	0.6	2.0
Germany	5.7	4.0	2.5	7.1	8.9	5.2	2.4	3.3	3.6	4.4	2.2	4.4	4.4	2.4	3.2	5.5
GDR				0.3	0.6	1.9	2.1	2.6	3.5	0.9	1.2	1.9	4.0	2.4	1.0	
Italy	2.8	1.8	1.8	3.3	1.7	1.3	1.9	0.6	2.7	1.0	1.6	0.5	2.6	0.2	0.3	2.8
Netherlands	5.4	1.6	0.6	1.8	1.7	0.5	1.1	2.7	2.0	0.7	1.2	1.2	1.2	0.6	1.0	1.0
Spain	6.8	4.8	2.7	5.6	2.5	3.3	6.3	2.1	2.4	4.4	5.2	5.3	1.6	1.1	0.3	0.9
Sweden	6.7	3.6	10.8	7.5	4.4	0.6	2.5	4.7	5.2	1.7	1.5	2.1	1.8			
UK	4.9	4.0	2.3	5.9	1.6	0.6	3.2	3.9	1.9	1.4	2.7	2.9	2.5	0.6	1.0	1.4
EC					26.99	13.44	10.56	13.11	14.89	14.02	12.11	14.04	13.47	7.40	9.95	14.21
Western Europe					39.46	2.47	23.69	27.16	25.95	27.43	24.39	25.33	21.24	11.60		
Japan	44.2	54.1	63.0	48.6	38.4	49.2	56.0	52.1	43.3	49.5	52.7	48.0	49.7	56.6	56.7	49.8
South Korea	0	0	0	1.3	2.8	3.7	2.5	5.7	3.7	6.2	9.0	8.1	9.6	19.2	14.7	10.8

SHIPBUILDING ORDERS PLACED IN PRINCIPAL SHIPBUILDING COUNTRIES, 1970-1993 (per cent)

	1986	1987	1988	1989	1990	1991	1992	1993
Japan	43.37	34.58	37.58	49.80	46.28	40.5	40.68	33.18
South Korea	24.04	30.15	24.00	16.62	23.83	25.62	17.29	36.85
EC	11.42	14.63	16.96	14.27	16.19	14.49	16.42	14.44
Rest of the world	21.17	20.64	21.46	19.31	13.70	19.39	25.61	15.53

Source: Lloyd's Register of Shipping (1984: 7), (1993: 37).

Appendix I

**LABOUR FORCE OF GERMAN SHIPBUILDING FIRMS
IN CESA AND AWES, 2003**

Name of Firm	Number of Persons Employed
Schiffswerft von Cölln GmbH & Co.	8
Schiffswerft Wilhelm Fleischhauer	10
Binger Schiffswerft Ing. Dieter Schaefer	14
Heinrich Buschmann & Söhne GmbH Schiffswerft	14
Julius Grube KG GmbH & Co.	15
SSB Spezialschiffbau Oortkaten GmbH	18
Weserwerft Minden GmbH	18
M. A. Flint GmbH & Co.	20
Neue Oderwerft GmbH	20
Arminius Werke GmbH	25
Deutsche Industrierwerke GmbH	25
Kötter Werft GmbH	25
Schiffswerft Bolle GmbH Derben	26
Schiffswerft Diedrich GmbH & Co. KG	26
Husumer Dock- und Reparatur GmbH & Co. KG	30
Schiffswerft Hermann Barthel GmbH	30
Erlenbacher Schiffswerft Maschinen- und Stahlbau GmbH	33
Hitzler Werft GmbH	40
Kölner Schiffswerft Deutz GmbH & Co. KG	45
Theodor Buschmann GmbH & Co. Schiffswerft	50
Gebr. Friedrich KG Schiffswerft	75
Meidericher Schiffswerft GmbH & Co. KG	75
Neue Jadewerft GmbH	76
Elsflether Werft GmbH & Co. KG	80
Bodan-Werft Metallbau GmbH & Co. KG	90
Mützelfeldtwerft GmbH	100
Schiffbau- und Entwicklungsgesellschaft Tangermünde	100
Turbo-Technik Reparatur-Werft GmbH & Co.	100
Neptun Reparaturwerft GmbH	150
Peters Schiffbau AG	150
Schiffswerft und Maschinenfabrik Cassens GmbH	150
Detlef Hegemann Rolandwerft GmbH & Co. KG	200
MWB Motorenwerke Bremerhaven AG	235
Fr. Fassmer GmbH	240
Kröger Werft GmbH & Co. KG	250
Lindenau GmbH	280
Blohm + Voss Repair GmbH	400
HDW-Nobiskrug	400
Abeking & Rasmussen GmbH & Co.	450
Lloyd Werft Bremerhaven GmbH	510

Name of Firm	Number of Persons Employed
Flensburger Schiffbau-Gesellschaft & Co.	650
SSW Fähr- und Specialschiffbau GmbH	650
Fr. Lürssen Werft GmbH & Co.	700
Peene-Werft GmbH	750
Flender Werft AG	800
Blohm + Voss GmbH	1,000
J. J. Sietas KG Schiffswerft GmbH & Co.	1,200
Volkswerft Stralsund GmbH	1,200
Aker MTW Werft GmbH	1,370
Thyssen Nordseewerke GmbH	1,400
Jos L. Meyer GmbH	2,400
Howaldtswerke-Deutsche Werft AG	3,400

Source: Author's compilation from the websites of CESA, AWES and the respective shipbuilding firms.

Appendix J

SHIPBUILDING PRODUCTION IN GERMANY BY LAND,
1961-1972 AND 1980-1995 (thousand DM)

<i>Land</i>	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
Bremen	532,799	478,287	375,259	524,107	427,009	605,507	509,339	698,963	872,092	869,678
Hamburg	645,782	597,394	500,216	642,481	580,425	540,649	599,312	552,830	783,723	845,900
Lower Saxony	232,554	189,121	250,469	219,813	260,734	293,360	376,648	379,010	410,286	416,781
Schleswig-Holstein	646,570	454,098	614,933	427,698	552,623	682,491	613,675	820,765	828,703	785,993
Federal Republic of Germany	2,192,305	1,849,116	1,885,193	1,976,502	1,954,506	2,270,761	2,246,802	2,586,358	3,063,288	3,116,128

<i>Land</i>	1971	1972	1980	1981	1982	1983	1984	1985	1986	1987
Bremen	1,136,512	1,224,485	908,698	888,500	804,200	1350,300	668,800	810,700	683,600	687,500
Hamburg	783,639	798,279	868,629	454,900	592,800	549,300	408,700	321,800	240,200	175,100
Lower Saxony	606,938	639,748	759,608	297,400	675,100	761,200	683,400	619,000	701,900	631,100
Schleswig-Holstein	980,603	1,022,504	832,390	1,197,700	1,316,400	1405,500	1,054,600	1,086,600	964,200	507,100
Federal Republic of Germany	3,759,240	3,939,950	3,673,616	2,856,800	3,406,800	4,128,500	2,815,500	2,838,100	2,589,900	2,000,800

SHIPBUILDING PRODUCTION IN GERMANY BY LAND,
1961-1972 AND 1980-1995 (thousand DM)

<i>Land</i>	1988	1989	1990	1991	1992	1993	1994	1995
Bremen	718,200	778,900	792,500	718,900	915,300	859,600	1,024,400	619,100
Hamburg	240,700	279,800	512,400	346,500	344,300	394,900	433,500	461,800
Lower Saxony	460,800	408,300	1,030,300	801,300	906,100	1,412,400	606,500	1,771,200
Schleswig-Holstein	581,800	683,400	866,700	1,123,400	981,500	830,800	921,200	1,106,400
Mecklenburg-Western Pomerania	2,001,500	2,150,400	1,650,300	1,235,100	965,300	1,365,600	1,700,000	1,323,300
Federal Republic of Germany	4,003,000	4,300,800	4,852,200	4,225,200	4,178,400	4,863,300	4,685,600	5,281,800

Source: VDS (1962), (1973) and various issues of annual reports of the *Verband für Schiffbau und Meerestechnik*.

Appendix K

**PARTICIPATION OF THE BREMEN LAND GOVERNMENT, THE FEDERAL GOVERNMENT AND THE EUROPEAN UNION
IN CASES OF STATE AID PROVISION TO BREMER VULKAN VERBUND AG, 1980-1996**

	STATE AID CASE	PARTICIPATION OF BREMEN LAND GOVERNMENT	PARTICIPATION OF FEDERAL GOVERNMENT	PARTICIPATION OF EUROPEAN UNION
1	Covering of losses of Bremer Vulkan in 1981	<ul style="list-style-type: none"> HIBEG acquired 25.1 per cent of Bremer Vulkan shares and the Bremen Senate thereby became a minority shareholder of Bremer Vulkan 	<ul style="list-style-type: none"> Federal Government contributed DM 190 million for the frigate programme 	None
2	Proposed merger of Bremer Vulkan and AG Weser 1982-1983	<ul style="list-style-type: none"> January 1982: HIBEG, Krupp and Thyssen commissioned a group of experts with a report Mayor Koschnik first enunciated the Bremen Senate's plans for the merger of Bremer Vulkan and AG Weser in the Bremen Parliament on 9 December 1981 January 1982: Bremen Senate instructed the board of directors of Bremer Vulkan and AG Weser to develop a common concept 	<ul style="list-style-type: none"> Federal Government insisted on concrete plans of reduction of capacity in new shipbuilding and conditions of reviewability Federal Chancellor Dr. Kohl invited the works councils of AG Weser and Bremer Vulkan to discuss the situation with him directly 20 July 1983: Committee on Bremen ideas for a reorganisation of the yards – generally understanding of the Bremen Senate's position but demanded more concrete documentation from the Bremen Senate and argued that small and medium-sized shipyards would suffer 22 July 1983: Telex from von Würzen to Bremen Economics Senator – generally sympathetic but imposed conditions 	None

	STATE AID CASE	PARTICIPATION OF BREMEN LAND GOVERNMENT	PARTICIPATION OF FEDERAL GOVERNMENT	PARTICIPATION OF EUROPEAN UNION
2	Proposed merger of Bremer Vulkan and AG Weser 1982-1983	<ul style="list-style-type: none"> • 17 and 18 February 1983: Mayor Koschnik spoke with Federal Economics Minister Graf Lambsdorff and Federal Finance Minister Dr. Stoltenberg about the recommendations by Bremer Vulkan and AG Weser and asked the Federal Government to participate in the financing of the shipyards • April 1983: Conference of economics ministers of north German coastal <i>Länder</i> – ministers agreed that future provision of shipbuilding aid must be linked to the reduction of new shipbuilding capacity • Expert forum composed of board of directors of the two yards and Bremen Senate representatives prepared draft merger agreement • 5 July 1983: Bremen Senate meeting – Senate agreed to take on DM 50 million of the anticipated DM 115 million state aid • 11 July 1983: Bremen Economics Senator, Karl Willms, informed the State Secretary in the Federal Economics Ministry, von Würzen, of these plans 	<ul style="list-style-type: none"> • November 1983: Federal Government rejected application of Bremer Vulkan, AG Weser and Hapag-Lloyd Werft for cross-firm structural measures 	None

	STATE AID CASE	PARTICIPATION OF BREMEN LAND GOVERNMENT	PARTICIPATION OF FEDERAL GOVERNMENT	PARTICIPATION OF EUROPEAN UNION
3	Merger of Bremer Vulkan and Schichau Unterweser AG (SUAG)	<ul style="list-style-type: none"> • 28 July 1983: Bremen Senate applied for Bund-Land financing instrument of the <i>Gemeinschaftsaufgabe</i> (which was preferred by the Federal Government) • Bremen Senate refused to increase its share of state aid even when Thyssen withdrew from German shipbuilding – Senate told Krupp and Hapag-Lloyd Werft not to take over Thyssen’s share → closure of AG Weser on 31 December 1983 • Bremen Senate exerted pressure in linking guarantees for Schichau with its merger with Bremer Vulkan • <i>Bremer Gesellschaft für Wirtschaft und Arbeit</i> acquired 38 per cent of the share capital of SUAG 	None	None
4	Merger of Bremer Vulkan and Seebeckwerft AG	<ul style="list-style-type: none"> • Guarantee for a capital increase of DM 7.95 million • Repayable loan of DM 25 million • 29 November 1985: Talks between the Bremen Economics Senator and chairman of Friedrich Krupp GmbH, Dr. Wilhelm Scheider 	<ul style="list-style-type: none"> • Federal Government did not notify the European Commission as it felt that the measure was covered in an earlier communication 	<ul style="list-style-type: none"> • EU learnt about the acquisition of Seebeckwerft investments by Bremer Vulkan from the press • Measure became part of EU proceedings initiated on 10 July 1989

	STATE AID CASE	PARTICIPATION OF BREMEN LAND GOVERNMENT	PARTICIPATION OF FEDERAL GOVERNMENT	PARTICIPATION OF EUROPEAN UNION
4	Merger of Bremer Vulkan and Seebeckwerft AG	<ul style="list-style-type: none"> • Talks between representatives of the Bremen Senate and Krupp on the model of integration of Seebeckwerft into Bremer Vulkan • 30 June 1986: Working group composed of Bremen Senate and Krupp representatives on development of procedural suggestions for Seebeckwerft to be modelled after Bremer Vulkan • 2 July 1986: Agreement between the Bremen Senate and Friedrich Krupp GmbH with which takeover of Seebeckwerft stocks and VFW shares became contractual • 23 July 1986: Bremen Senate takeover of shares of Seebeckwerft and VFW from Krupp via HIBEG • 29 August 1986: Agreement between Krupp, HIBEG and Bremer Vulkan on new structuring of the Bremen shipbuilding industry • 21 October 1986: DM 6 million to Seebeckwerft to facilitate the acquisition of a conversion contract (Lorentzen conversion of Bremer Vulkan) 		16 October 1990: EU closed procedure – approved aid because it lay below the annual ceiling allowed by the EU guidelines

	STATE AID CASE	PARTICIPATION OF BREMEN LAND GOVERNMENT	PARTICIPATION OF FEDERAL GOVERNMENT	PARTICIPATION OF EUROPEAN UNION
5	Merger of Bremer Vulkan and Hapag-Lloyd Werft → Bremer Vulkan-Lloyd Werft Verbund	<ul style="list-style-type: none"> • 10 January 1984: Bremen Senate passes a resolution • 12 February 1985: Acceptance of a 75 per cent loss guarantee for a consolidation loan to Bremer Vulkan AG in the amount of DM 70 million with a maturity of 15 years for financing of long-term installation assets • 12 February 1985: Acceptance of a 100 per cent loss guarantee for a loan of Commerzbank AG to Bremer Vulkan in the amount of DM 33.3 million with a maturity of 25 years for the financing of WAST • 12 February 1985: Acceptance of a 100 per cent guarantee for a loan from <i>Hanseatische Gesellschaft für öffentliche Finanzierungen mbH Bremen</i> (100 per cent company of HIBEG) for refinancing of credits to Bremer Vulkan in the amount of DM 13 million with a maturity of 9 years for the financing of mobile assets for shipbuilding 	None	None

	STATE AID CASE	PARTICIPATION OF BREMEN LAND GOVERNMENT	PARTICIPATION OF FEDERAL GOVERNMENT	PARTICIPATION OF EUROPEAN UNION
6	Aid for Bremer Vulkan's liquidity problems in 1985	<ul style="list-style-type: none"> • 5 November 1985: Bremen Senate approved Bremer Vulkan's application for a 100 per cent loss guarantee in the amount of DM 22 million for an operating resources special credit • 17 December 1985: New shipbuilding 53 (end financing): 100 per cent guarantee for down-payment in the amount of DM 10.55 million • 17 December 1985: New shipbuilding 54 (end financing): 100 per cent guarantee for down-payment in the amount of DM 10.75 million • 17 December 1985: New shipbuilding 70 (building financing): 100 per cent loss guarantee in amount of DM 26.7 million and (for backup of end financing) 100 per cent back guarantee for down payment in the amount of DM 11.4 million, 100 per cent loss guarantee for a ship-mortgaged loan in the amount of DM 5.9 million • 17 December 1985: New shipbuilding 80 (building financing): 100 per cent loss guarantee in the amount of DM 20. 4 million and (for backup of end financing) 100 per cent back guarantee for down-payment in the payment of DM 7.44 million, a 100 per cent loss guarantee of DM 4 million for a ship-mortgaged loan and finally, a 100 per cent loss guarantee over DM 3 million for a supplementary operating resources special credit 	None	None

	STATE AID CASE	PARTICIPATION OF BREMEN LAND GOVERNMENT	PARTICIPATION OF FEDERAL GOVERNMENT	PARTICIPATION OF EUROPEAN UNION
7	Bremer Vulkan's American President Lines (APL) contracts	<ul style="list-style-type: none"> • 23 September 1986: DM 15 million as a 'Werthaltig' guarantee and DM 20 million for covering losses • 4 November 1986: Contract aid for the completion of the contract for two big container ships of APL 	None	None
8	Sale of Bremer Vulkan's ship shares in 1987	<ul style="list-style-type: none"> • 12 February 1987: Guarantee of DM 95 million for Bremer Vulkan's third capital increase • Guarantee for a DM 130 million credit • 20 June 1988: Bremen Economics Senator informed the Federal Economics Senator about the DM 130 million credit in response to the EU communication 	<ul style="list-style-type: none"> • 22 June 1988: Federal Economics Ministry representative contacted Geertz of the Bremen Senate – disagreed with the Bremen Senate argument • Federal Government did not initially notify the European Commission about the DM 130 million credit guarantee → negotiations and communications with EU in resolution of matter 	<ul style="list-style-type: none"> • 6 May 1988: European Commission wrote to Federal Government about what they had come to know about the DM 130 million operating resources special credit from the <i>Handelsblatt</i> article of 27 April 1998 • 22 July 1988: EU acknowledged the notification of acquisition of financial investment of Bremer Vulkan • 18 November 1988: EU specified to the Federal Government exactly which measures had been notified and requested for further information • 10 July 1989: European Commission opened proceedings

	STATE AID CASE	PARTICIPATION OF BREMEN LAND GOVERNMENT	PARTICIPATION OF FEDERAL GOVERNMENT	PARTICIPATION OF EUROPEAN UNION
8	Sale of Bremer Vulkan's ship shares in 1987			16 October 1990: EU closed procedure – approved aid because it lay below the annual ceiling allowed by the EU guidelines
9	Bremer Vulkan's structural concept	<ul style="list-style-type: none"> • 16 January 1987: Meetings of economics and transport ministers of north German coastal Länder – agreed on shipbuilding aid guidelines • December 1987: Bremen Senate working group consisting of representatives of Senate and Bremer Vulkan – formulation of structural concept • 1-3 February 1988: Meeting of SPD Bremen Senate and SPD Parliament fraction – reduction of shipbuilding capacity was required • 31 May 1988: Financial aid of DM 20 million for the diversification concept • 13 December 1988: Financing of the diversification concept with a total of DM 31.1 million 	<ul style="list-style-type: none"> • 28 June 1988: Federal Government notified the EU about the aid for the structural concept • 26 August 1988: Federal Government notified the EU about the parallel acquisition of Seebeckwerft investments 	None

	STATE AID CASE	PARTICIPATION OF BREMEN LAND GOVERNMENT	PARTICIPATION OF FEDERAL GOVERNMENT	PARTICIPATION OF EUROPEAN UNION
9	Bremer Vulkan's structural concept	<ul style="list-style-type: none"> • DM 126.1 million as grant-in-aid • DM 84.5 million covered by a guarantee • Takeover of DM 256 million ship shares of Bremer Vulkan • HIBEG provided Mentool GmbH with DM 1 million and a business loan of DM 300,000 		
10	Bremer Vulkan's acquisition of Senator Linie GmbH and merger of Senator Linie with DSR	<ul style="list-style-type: none"> • 9 January 1987: Acceptance of a 90 per cent failure/loss guarantee for an operating resources credit in favour of Senator Linie GmbH in the amount of DM 15 million • Two further guarantees of DM 7 million each for the purchase of 2 Korean ships that were chartered long term by Senator Linie • HIBEG took on more shares of Senator Linie in merger of Senator Linie and DSR • Bremen Senate acquired 50 per cent of DSR-Senator Linie • Loan from HIBEG to Bremer Vulkan of DM 2 million for Bremer Vulkan's shares in Senator Linie 	None	None

	STATE AID CASE	PARTICIPATION OF BREMEN LAND GOVERNMENT	PARTICIPATION OF FEDERAL GOVERNMENT	PARTICIPATION OF EUROPEAN UNION
11	Bremer Vulkan's acquisition of Krupp Atlas Elektronik (KAE)	<ul style="list-style-type: none"> • Mayor Wedemeier suggested formation of Systemtechnik Nord • Guarantee of capital of DM 196 million • 26 November 1991: Share exchange between Krupp and Bremer Vulkan in which Bremer Vulkan transferred 2.8 million new shares (total value according to Bremer Vulkan of DM 350 million, DM 125 per share) to Krupp while 74.9 per cent of Krupp shares in KAE went to Bremer Vulkan • Krupp and HIBEG together form <i>Gesellschaft bürgerlichen Rechts</i> (GbR) • 31 December 1991: Krupp and HIBEG bring in both the agreed investments: Krupp the 7.8 million Bremer Vulkan shares and HIBEG a cash investment of DM 350 million that was financed by a bank credit • Bremen Senate took over for a credit share of DM 126 million a guarantee including credit interest and costs 	<ul style="list-style-type: none"> • 19 September 1991: Federal Economics Minister Möllemann wrote to the Bremen Senate asking them to consider EU state aid approval • 17 December 1991: Federal Economics Minister Möllemann notified EU of state aid for acquisition of KAE by Bremer Vulkan • Federal Government, HIBEG and Bremer Vulkan filed a complaint against the European Commission at the ECJ → ECJ overturned the European Commission Decision 	<ul style="list-style-type: none"> • 6 May 1992: EU opened proceedings • EU found the state aid to be non-compatible and demanded its repayment – Commission Decision 31993D0412 of 6 April 1993 (OJ L 185, 28 July 1993, pp. 43-50) • ECJ Joined Cases C-329/93, C-62/95 and C-63/95 • Commission Decision 31998D0665 of 25 February 1998 (OJ L 316, 25 November 1998, pp. 25-32)

	STATE AID CASE	PARTICIPATION OF BREMEN LAND GOVERNMENT	PARTICIPATION OF FEDERAL GOVERNMENT	PARTICIPATION OF EUROPEAN UNION
11	Bremer Vulkan's acquisition of Krupp Atlas Elektronik (KAE)	<ul style="list-style-type: none"> • 31 December 1991: On the basis of the agreement on founding GbR, GbR provides Krupp with a loan of DM 350 million • HIBEG, Federal Government and Bremer Vulkan filed a complaint against the European Commission at the ECJ → ECJ overturned the European Commission Decision 		
12	Acquisition of East German shipyards	None	<ul style="list-style-type: none"> • 18 February 1992: Mayor Wedemeier wrote to Federal Chancellor Kohl rebutting Lower Saxony Minister President's charges and requesting that the Federal Government considers Bremen's interests 	<ul style="list-style-type: none"> • EU only approved the release of Treuhandanstalt funds to the East German yards under fixed conditions • Spill-over clause was inserted into the Treuhandanstalt contracts – Bremer Vulkan had to issue spill-over quarterly reports • EU set capacity limitations on MTW and VWS • EU initiated procedure concerning suspected misuse of East German aid

	STATE AID CASE	PARTICIPATION OF BREMEN LAND GOVERNMENT	PARTICIPATION OF FEDERAL GOVERNMENT	PARTICIPATION OF EUROPEAN UNION
12	Acquisition of East German shipyards		<ul style="list-style-type: none"> • 11 August 1992: Treuhandanstalt signed purchase and transfer agreement on MTW and DMR with Bremer Vulkan acquiring 95 per cent and Schichau Seebeckwerft 5 per cent of the shares of Hanse Holding, the sole shareholder of MTW and DMR • 7 July 1993: Neptun Industrie Rostock • 18 December 1993: VWS • Treuhandanstalt funds for East German shipyards acquired by Bremer Vulkan of DM 3472.8 million • Treuhandanstalt requested clarification from Bremer Vulkan 	
13	Bremer Vulkan's acquisition of Klöckner Stahl GmbH	<ul style="list-style-type: none"> • Autumn 1993: Bremen Senate began talks with Bremer Vulkan about rescue of Klöckner Stahl • 14 December 1993: Takeover of Bremer Vulkan's ship shares in the amount of DM 50 million 	None	None

	STATE AID CASE	PARTICIPATION OF BREMEN LAND GOVERNMENT	PARTICIPATION OF FEDERAL GOVERNMENT	PARTICIPATION OF EUROPEAN UNION
14	Unterweser concept	<ul style="list-style-type: none"> • November 1992: Information talks between Bremer Vulkan and the Bremen Senate on competition aid • 8 September 1993: Keller of the Bremen Senate asked Bremer Vulkan for documentation on Bremer Vulkan Verbund firms • 14 December 1993: Dr. Hennemann was invited as a guest to the Bremen economics cabinet meeting • 19 January 1994: Bremen Economics Senator responded to Bremer Vulkan's request for aid for the Bremerhaven yard, SSW and Schichau Seebeckwerft – insisted on greater productivity • April 1994: Talks between Mayor Wedemeier and Dr. Hennemann on state aid • 13 April 1994: Bremen Economics Senator reminds Bremer Vulkan of concept • Conditions imposed by the Bremen Senate on Bremer Vulkan for provision of state aid 	<ul style="list-style-type: none"> • 26 October 1995: discussion among Prof Dr. Haller, Keller and Dr. Ollig about EU aspects of possible funding of Unterweser concept and Bremer Vulkan's liquidity problems for investment in Mecklenburg-Western Pomerania • Federal Economics Ministry saw that the Bremen Senate's support of the Unterweser concept must lie within the 8th EU guidelines on shipbuilding aid • 14 November 1995: Talks in Federal Government on Bremen draft of EU notification of Unterweser concept 	<ul style="list-style-type: none"> • EU initiated procedure on contract-related given for the construction of Costa I vessel

	STATE AID CASE	PARTICIPATION OF BREMEN LAND GOVERNMENT	PARTICIPATION OF FEDERAL GOVERNMENT	PARTICIPATION OF EUROPEAN UNION
14	Unterweser concept	<ul style="list-style-type: none"> • 19 May 1994: Logemann wrote to Bremer Vulkan about link between a Bremerhaven concept and acceptance of a guarantee for Costa I • June 1994: Commissioned C & L Treuarbeit with two reports on Costa I • Spring 1994: Link between Costa I guarantee and Unterweser concept abandoned • August 1994: New Bremen Finance Senator, Fluß, asked Bremer Vulkan for detailed information • 21 September 1994: Mayor Wedemeier expressed his concerns about Bremer Vulkan's possible neglect of West German yards to Dr. Hennemann • Acceptance of a building time financing guarantee for two ro-ro ships built by SSW 		

	STATE AID CASE	PARTICIPATION OF BREMEN LAND GOVERNMENT	PARTICIPATION OF FEDERAL GOVERNMENT	PARTICIPATION OF EUROPEAN UNION
14	Unterweser concept	<ul style="list-style-type: none"> • 14 October 1994: Bremen Senate informed Bremer Vulkan in talks of time horizon and job guarantee conditions • 18 October 1994: Bremen Economics Senate wrote to Bremer Vulkan about additional conditions • 26 October 1994: Discussion between the Bremen Senate and Bremer Vulkan about the Bremerhaven concept on the basis of these conditions • November 1994: Dispute between the Bremen Senate and Bremer Vulkan on release of C & L report to Bremer Vulkan • 15 November 1994: Bremen Senate instructed Bremer Vulkan to bear the costs of the expert report • 17 November 1994: Bremen Senate informed Bremer Vulkan that Vegesack should be included in the concept • 21 November 994: Talks between the Bremen Senate and Bremer Vulkan on agreement on new time plan for concept • 21 December 1994: Talks on the time plan • January – May 1995: Exchange of letters about financing and EU conformity of Unterweser concept 		

	STATE AID CASE	PARTICIPATION OF BREMEN LAND GOVERNMENT	PARTICIPATION OF FEDERAL GOVERNMENT	PARTICIPATION OF EUROPEAN UNION
14	Unterweser concept	<ul style="list-style-type: none"> • 19 January 1995: Senate requested Bremer Vulkan for documents on how balanced end year results will be achieved • 24 January 1995: Talks between Mayor Wedemeier and Dr Hennemann on new demands of the Senate • 27 January 1995: Mayor Wedemeier wrote to Dr Hennemann about lack of progress by Bremer Vulkan on providing documents • January and February 1995: Dispute between the Bremen Senate and Bremer Vulkan on state aid for Unterweser concept • 19 April 1995: Mayor Wedemeier wrote to Dr Hennemann about basic readiness of the Bremen Senate to support the Unterweser concept with DM 200 million with provisos • 15 June 1995: Dr. Hennemann wrote to leaders of the SPD and CDU coalition regarding Bremer Vulkan and shipbuilding but he did not receive a reply • July 1995: Meetings between the Bremen Senate and Bremer Vulkan about Unterweser concept • 23 June 95: Meeting was cancelled • 16 August 95: Dr Scherf invited Bremer Vulkan to a discussion about the Unterweser concept but cancelled the invitation on 23 August 1995 		

	STATE AID CASE	PARTICIPATION OF BREMEN LAND GOVERNMENT	PARTICIPATION OF FEDERAL GOVERNMENT	PARTICIPATION OF EUROPEAN UNION
14	Unterweser concept	<ul style="list-style-type: none"> September 1995: Talks between Finance and Economics Senators with EU on possible funding of Unterweser concept 		
15	Ultimate crisis of Bremer Vulkan	<ul style="list-style-type: none"> Bremen Senate approached other Länder with Bremer Vulkan Verbund firms for involvement in crisis aid 25 August 1995: Meetings on crisis aid including banks August 1995: DM 300 million credit package 21 November 1995: Discussion on aggravated liquidity situation of Bremer Vulkan 30 November 1995: Purchase of shares of DSR-Senator Lines GmbH for DM 50 million 	<ul style="list-style-type: none"> 17 January 1996: Meeting in Bonn between Bremer Vulkan, Federal Economics Ministry and BvS representatives –Federal Government refused co-operation in the solution of the short-term liquidity needs of Bremer Vulkan because of lacking EU compatibility KfW rejected Bremen Senate’s request for credit for Bremer Vulkan 	<ul style="list-style-type: none"> 6 February 1996: Talks between EU and Bremer Vulkan management 28 February 1996: EU initiated proceedings against misuse of DM 588 million in aid intended for the restructuring of the Eastern German shipyards MTW-Schiffswerft and Volkswerft (NN 31/96 and N 806/95, OJ C 150, 24 May 1996)

	STATE AID CASE	PARTICIPATION OF BREMEN LAND GOVERNMENT	PARTICIPATION OF FEDERAL GOVERNMENT	PARTICIPATION OF EUROPEAN UNION
15	Ultimate crisis of Bremer Vulkan	<ul style="list-style-type: none"> • 30 November 1995: Purchase of shares of NSB for DM 80 million • December 1995: Senate addressed Bremer Vulkan to organise further action • Harbours Senator Beckmeyer visited Lloyd Werft announcing need for EU conformity of Bremer Vulkan state aid • mid December 1995: DM 132 million liquidity aid • Guarantees for ship financing 		

Source: Author's compilation from Bremische Bürgerschaft (1998).

Appendix L

REFERENCE TO THE EUROPEAN UNION BY BREMER VULKAN, BY THE BREMEN LAND GOVERNMENT AND BY THE FEDERAL GOVERNMENT IN CASES OF STATE AID PROVISION TO BREMER VULKAN VERBUND AG, 1980-1996

	STATE AID CASE	BY BREMER VULKAN	BY THE BREMEN LAND GOVERNMENT	BY THE FEDERAL GOVERNMENT
1	Covering of losses of Bremer Vulkan in 1981			
2	Proposed merger of Bremer Vulkan and AG Weser 1982-1983			
3	Merger of Bremer Vulkan and Schichau Unterweser AG (SUAG)			
4	Merger of Bremer Vulkan and Seebeckwerft AG		“With regard to a possible solution of EC state aid law, the departments made HIBEG the contract partner of Friedrich Krupp on one side and of Bremer Vulkan on the other.” – Senate statement	

	STATE AID CASE	BY BREMER VULKAN	BY THE BREMEN LAND GOVERNMENT	BY THE FEDERAL GOVERNMENT
5	Merger of Bremer Vulkan and Hapag-Lloyd Werft → Bremer Vulkan-Lloyd-Werft Verbund		16 January 1984: Finance Senator at the guarantee committee meeting - "With regard to the aspect of consultation with the European Commission, it was advisable to provide the loan through the shareholder HIBEG." (<i>Senator für Finanzen, Unterlagen Sitzungen Bürschaftsanschüsse, Bd. I, Sitzung vom 16 Januar 1984, p. 15</i>)	
6	Aid for Bremer Vulkan's liquidity problems in 1985			
7	Bremer Vulkan's American President Lines (APL) contracts			

	STATE AID CASE	BY BREMER VULKAN	BY THE BREMEN LAND GOVERNMENT	BY THE FEDERAL GOVERNMENT
8	Sale of Bremer Vulkan's ship shares in 1987		Economics committee meeting on 12 February 1987: From the minutes of this meeting, it can be gathered that the provision of resources in the form of an increase of capital was a reaction to the EC legal position. "In view of the EC problem, this way is EC compliant."	<ul style="list-style-type: none"> • Federal Economics Ministry was not prepared to adopt the approach of the Bremen Senate of 22 June 1988 with respect to proceedings of the European Commission on the DM 130 million credit. • On the other hand, the Federal Government did not mention the intended acquisition of the financial investments of Seebeckwerft in its communication to the European Commission.

	STATE AID CASE	BY BREMER VULKAN	BY THE BREMEN LAND GOVERNMENT	BY THE FEDERAL GOVERNMENT
9	Bremer Vulkan's structural concept		<ul style="list-style-type: none"> • Senator Grobecker commenting on the joint draft of the departments for economics, employment and finance for the Senate meeting on 31 May 1988: "The draft is assailable by the EC. This vulnerability can only be reduced if the state aid for the <i>Werftenverbund</i> is provided in a packet with the structural concept." (<i>Bremische Bürgerschaft, 12. Wahlperiode, Drucksache 12/245 vom 9 August 1988</i>) • Senate meeting on 13 December 1988: Senator Grobecker acknowledges that it would be problematical to grant an EU-conforming loan. 	

	STATE AID CASE	BY BREMER VULKAN	BY THE BREMEN LAND GOVERNMENT	BY THE FEDERAL GOVERNMENT
10	Bremer Vulkan's acquisition of Senator Linie GmbH and merger of Senator Linie with DSR		<ul style="list-style-type: none"> • Memo from Theilen on 21 June 1989 on the participation of HIBEG in VIH of DM 10 million that was decided by the Senate on 13 December 1988: "need to find an EU-conforming solution" and "as a takeover of losses through Bremen is not EU-conforming, the method of an increase of capital is best". 	
11	Bremer Vulkan's acquisition of Krupp Atlas Elektronik (KAE)		<ul style="list-style-type: none"> • 17 September 1991: Lehmkuhl of the economics department presented to Mrs Kolbeck-Rothkopf, Keller, Geertz, Logemann and Nordmann the notification of the takeover of KAE by Bremer Vulkan to the EU under diversification argumentation and explained to them the legal basis of the control of state aid by the European Commission under Articles 92 and 93 of the EU Treaty. 	<ul style="list-style-type: none"> • Federal Economics Minister, Möllemann, letter to the Bremen Senate on 11 September 1991 – "I assume that the question of an eventual state aid authorisation by the European Commission will be taken account of by you." • Assumption that should a notifiable procedure emerge, the European Commission would approve the measure as a diversification measure.

	STATE AID CASE	BY BREMER VULKAN	BY THE BREMEN LAND GOVERNMENT	BY THE FEDERAL GOVERNMENT
12	Acquisition of East German shipyards	29 June 1995: Supervisory board meeting and general business meeting of 1995 – board of directors reported that the BvS had delayed payments of DM 300 million because of EU instruction		Letter from Treuhandanstalt to Dr. Hennemann on 20 December 1993: “delays in Brussels which made necessary quick and decisive steps” – asked Dr. Hennemann for clarification as soon as possible such that the multilateral working group of 21 April 1994 would have the information needed for a positive European Commission decision.
13	Bremer Vulkan’s acquisition of Klöckner Stahl GmbH		The interested parties model was developed by the Bremen Senate for the acquisition of Klöckner Stahl shares because they knew that it would have been inadmissible by EU state law that the takeover of Klöckner Stahl shares was realised entirely by the state and without the participation of private third parties.	

	STATE AID CASE	BY BREMER VULKAN	BY THE BREMEN LAND GOVERNMENT	BY THE FEDERAL GOVERNMENT
14	Unterweser concept	<ul style="list-style-type: none"> • 21 April 1994: Report of board to directors to supervisory board on the Bremerhaven concept – “especially the compliance with EU state aid law is to be guaranteed”. • Supervisory board meeting on 29 September 1994: Dr. Hennemann stated ‘importance of shipbuilding and shipping for the competitiveness of the EU has been confirmed by statements by the EU’. 	<ul style="list-style-type: none"> • Conditions of state aid from Mayor Wedemeier to Dr. Hennemann: Bremer Vulkan must provide money in equal measure, EU conformity and job guarantee. • Interview with Economics Senator Jäger in <i>Nordsee Zeitung</i> on 15 April 1994: when asked if the Land Government would participate financially in the Bremerhaven yards, Jäger spoke of the strict controls by the European Commission. • 4 May 1994: Reply of Mayor Wedemeier and Jäger to the letter from the SPD fraction demanding decisive engagement in Bremerhaven – mentioned that the gaze of the European Commission was directed at German and Bremen shipbuilding and that they could only use EU-conforming support measures. 	<ul style="list-style-type: none"> • 26 October 1995: Discussion between Prof Dr. Haller and Keller with Dr. Ollig of the Federal Economics Ministry on the EU legal aspects of a possible funding of the Unterweser concept by the Bremen Senate – Federal Economics Ministry insistence that the state aid must lie within the 8th EU shipbuilding guidelines • 14 November 1995: Lehmkuhl’s meeting in the Federal Economics Ministry – Federal Government saw the opening of a procedure by the European Commission as inevitable – saw rescue aid as a better way

	STATE AID CASE	BY BREMER VULKAN	BY THE BREMEN LAND GOVERNMENT	BY THE FEDERAL GOVERNMENT
14	Unterweser concept	<ul style="list-style-type: none"> • 15 December 1994: Board of directors informed the supervisory board of the state of negotiations with the Bremen Senate on the Unterweser concept – “it is difficult to obtain quickly the opinion of the Bremen Senate especially because the EU conformity is difficult to assess” and “the board of directors must respect this especially in view of its experiences in Wismar”. • 28 February 1995: Letter from Dr. Hennemann and Smidt to Mayor Wedemeier – ‘a point of our talks should be the possibilities of EU conforming financing’ 	<ul style="list-style-type: none"> • 28 September 1994: Senator Jäger issued a press release on the Unterweser concept and said that eventually necessary state aid must be EU compatible. • 18 October 1994: Senator Jäger wrote to Bremer Vulkan – included among the conditions was that the state aid must be EU compatible • Meeting on 26 October 1994 of Logemann, Keller, Geertz, Meinsen and Smidt – “the measures must unequivocally be EU compatible”. • 24 March 1995: Meeting of representatives of C & L and the Senate – acknowledged that ship shares could not be taken over in an EU conforming way • 28 March 1995: Mayor Wedemeier wrote to Senator Fluß – “naturally always under the condition of EU conformity and this is possible if one wants to” 	

	STATE AID CASE	BY BREMER VULKAN	BY THE BREMEN LAND GOVERNMENT	BY THE FEDERAL GOVERNMENT
14	Unterweser concept	<ul style="list-style-type: none"> • 12 June 1995: Supervisory board meeting – “the presented planning for the locations on the Weser, Bremerhaven and Vegesack originate from EU conforming support of the Land as confirmed in the letter from the Land Government of April 1995” • Meetings between 22 August 1995 and 3 November 1995 of involved parties: considerations about EU notification procedure 	<ul style="list-style-type: none"> • 3 April 1995: Reply from Fluß to Wedemeier – Fluß saw the greatest hurdle as the EU conformity of state aid as the upper ceiling of competition aid was now only 7 per cent • 30 March 1995: Bieker in the Senate Chancellery dispatched a memo to Wedemeier and Dr Fuchs - any intended sale of ship shares must be notified in advance to the EU – referred to the European Commission Decision of 16 October 1990 and the lack of notification by Germany • 19 April 1995: Wedemeier wrote to Dr. Hennemann and declared the basic readiness of the Bremen Senate to support the Unterweser concept with DM 200 million with the proviso of EU conformity of the concept and measures 	

	STATE AID CASE	BY BREMER VULKAN	BY THE BREMEN LAND GOVERNMENT	BY THE FEDERAL GOVERNMENT
14	Unterweser concept		<ul style="list-style-type: none"> • 4 May 1995: Keller answered Welke that the Bremen Senate could not be the purchaser of non-operating sections of Bremer Vulkan because of the EU problem and that the provision of Bremen funds for the implementation of measures of the Unterweser concept would be difficult because there were barely any EU conforming solutions. • Coalition treaty of 27 June 1995 between SPD and CDU with regard to Bremer Vulkan – “the coalition partners are basically willing to cooperate in the safeguarding of investments for the raising of the efficiency and thereby the competitiveness of the yards of Bremer Vulkan Verbund in Land Bremen under the proviso of EU conformity of concept and measures”. 	

	STATE AID CASE	BY BREMER VULKAN	BY THE BREMEN LAND GOVERNMENT	BY THE FEDERAL GOVERNMENT
14	Unterweser concept		<ul style="list-style-type: none"> • Meetings between 22 August 1995 and 3 November 1995 of involved parties: considerations about EU notification procedure • 20 September 1995: Article in <i>Nordsee Zeitung</i> – Senator for Harbours, Uwe Beckmeyer, visited Lloyd Werft and said that the top priority for the Senate was to design state aid for Bremer Vulkan that complies with the guidelines of the EU as they wanted to behave as the model pupil. • 21 September 1995: Senate press release – emphasised EU conformity • 26 October 1995: Bremen Senate arranged discussion in the Federal Economics Ministry between Prof Dr. Haller and Keller with Dr. Ollig of the Federal Economics Ministry on the EU legal aspects of a possible funding of the Unterweser concept by the Bremen Senate 	

	STATE AID CASE	BY BREMER VULKAN	BY THE BREMEN LAND GOVERNMENT	BY THE FEDERAL GOVERNMENT
14	Unterweser concept		<ul style="list-style-type: none"> Economics and finance senators planned to conduct talks with the Federal Economics Ministry and the European Commission in parallel about the Bremer Vulkan application for state aid so as to counter reproaches and so that the measures fall within the EU shipbuilding guidelines. 	
15	Ultimate crisis of Bremer Vulkan		<ul style="list-style-type: none"> Meeting of Traxel, Schnüttgen, Smidt, Dr. Köhler, Keller and Kolbeck-Rothkopf – all parties were concerned about the EU problem of a Land support measure. 	<ul style="list-style-type: none"> 16 January 1996: Telephone conversation between Keller and Dr. Ollig – Dr. Ollig was convinced that a guarantee of operating aid would have no chance in notification to the EU 17 January 1996: Meeting of representatives of Bremer Vulkan, the Federal Economics Ministry and BvS in Bonn (initiated by BvS) – cooperation of Federal Government in the solution of Bremer Vulkan's short term liquidity problems was rejected under the reference to lacking EU conformity

	STATE AID CASE	BY BREMER VULKAN	BY THE BREMEN LAND GOVERNMENT	BY THE FEDERAL GOVERNMENT
15	Ultimate crisis of Bremer Vulkan		<ul style="list-style-type: none"> <li data-bbox="959 220 1483 911">• 25 August 1995: Meeting in Senate Chancellery – Dr. Scherf, Nölle, Perschau and Beckmeyer, their privy councils and Keller – dealt with EU conformity of the state aid measures for the Bremer Vulkan’s liquidity crisis – reached an agreement that Bremer Vulkan has until 27 August 1995 to place a formal application for support of the Unterweser concept with the responsible government department so that notification to the EU in good time was possible - expected EU not to raise objections as HIBEG was acting as a private actor and decided that despite the associated risks, a notification to the EU could be dispensed with. <li data-bbox="959 919 1483 1094">• 11 September 1995: SPD fraction of Bremen Parliament – Bremen funds to be used for preservation of Bremer Vulkan Verbund insofar as it is EU compatible 	

	STATE AID CASE	BY BREMER VULKAN	BY THE BREMEN LAND GOVERNMENT	BY THE FEDERAL GOVERNMENT
15	Ultimate crisis of Bremer Vulkan		<ul style="list-style-type: none"> • 22 November 1995: discussion in town hall – Dr. Scherf, Nölle, Perschau, Prof. Dr. Hoffmann, Geertz and Keller – the Bremen Senate was prepared to cooperate with the banks in a solution to cope with Bremer Vulkan’s liquidity crisis but acknowledged the difficult EU legal situation • 20 December 1995: Meeting of Länder representatives of Mecklenburg-Western Pomerania, Lower Saxony, Schleswig-Holstein, Bremen and BvS – EU conformity of possible state support discussed – a general liquidity state aid would be considered by the EU as a rescue aid and is therefore notifiable – not likely to be passed (Keller) • 4 January 1996: Talks on the working plane on the wish of Bremer Vulkan – Smidt, Schmidt and Kolbeck-Rothkopf - Kolbeck-Rothkopf emphasised that a guarantee of an operating aid is not EU compatible 	

	STATE AID CASE	BY BREMER VULKAN	BY THE BREMEN LAND GOVERNMENT	BY THE FEDERAL GOVERNMENT
15	Ultimate crisis of Bremer Vulkan		<ul style="list-style-type: none"> • Keller said that he had declined Smidt's request for a guarantee for a bridging credit of DM 110 million as such an action would be operating aid and the guarantee of an EU-incompatible rescue aid • 10 January 1996: Letter from Nölle and Perschau to Bremer Vulkan – state aid must be EU legal • 11 January 1996: Inaugural visit of the new head of the Bremen Commerzbank branch – Perschau mentioned the 'well-known EU problem' to de Maiziere and Weimann • 12 January 1996: Brahms telephoned Müller-Gebel and acknowledged that because of EU regulation of the Länder, even if it wanted to, it was not possible to guarantee any additional money to the building time financing 	

	STATE AID CASE	BY BREMER VULKAN	BY THE BREMEN LAND GOVERNMENT	BY THE FEDERAL GOVERNMENT
15	Ultimate crisis of Bremer Vulkan		<ul style="list-style-type: none"> • 15 January 1996: Guarantee committee meeting – Nölle said that Bremen could not cover the liquidity gap of operating credit because of EU laws • Perschau reiterated that a guarantee of operating aid would lead to proceedings in the EU and because no Land or Federal Government could take this step • 17 January 1996: Meeting of representatives of Bremer Vulkan, the Federal Economics Ministry and the BvS in Bonn (initiated by BvS) – EU aspect of Bremer Vulkan aid discussed • 22 January 1996: Senate Chancellery meeting – Keller informed the senators about the question of notification obligation of the guarantee to the EU and about the request of the banks for confirmation that the guarantee met with EU requirements and was not notifiable 	

	STATE AID CASE	BY BREMER VULKAN	BY THE BREMEN LAND GOVERNMENT	BY THE FEDERAL GOVERNMENT
15	Ultimate crisis of Bremer Vulkan		<ul style="list-style-type: none"> • 24 January 1996: Conversation between Weimann and Keller on question of EU conformity of the guarantee • 1 February 1996: Talks between Brahms and Weimann on EU conformity of Costa II guarantee 	

Source: Author's compilation from Bremische Bürgerschaft (1998).

Bibliography

- Alesina, A. and Rosenthal, H. (1995) *Partisan Politics, Divided Government and the Economy*, Cambridge: Cambridge University Press.
- Andersen, S. S. and Eliassen, K. A. (eds) (1993) *Making Policy in Europe: The Europeification of Policy-Making*, London: Sage Publications
- Anderson, J. (1999) *German Unification and the Union of Europe: The Domestic Politics of Integration Policy*, Cambridge: Cambridge University Press.
- Aspinwall, M. (1998) 'Collective Attraction – The New Political Game in Brussels', in M. Aspinwall and J. Greenwood (eds), *Collective Action in the European Union: Interests and the New Politics of Associability*, London: Routledge, pp. 196-213.
- Aspinwall, M. and Greenwood, J. (1998) (eds) *Collective Action in the European Union: Interests and the New Politics of Associability*, London: Routledge.
- Bangemann, M. (1992) *Meeting the Global Challenge: Establishing a Successful European Industrial Policy*, London: Kogan Page.
- Black, A. P. (1986) 'Industrial Policy in West Germany: Policy in Search of a Goal?', in G. Hall (ed.), *European Industrial Policy*, England: Croom Helm Ltd., pp. 84-127.
- Blais, A., Blake, D. and Dion, S. (1993) 'Do Parties Make a Difference?: Parties and the Size of Government in Liberal Democracies', *American Journal of Political Science*, 37, pp. 40-62.
- Blais, A., Blake, D. and Dion, S. (1996) 'Do Parties Make a Difference?: A Reappraisal', *American Journal of Political Science*, 40, pp. 514-520.
- Börzel, T. (1999) 'Towards Convergence in Europe? Institutional Adaptation to Europeanisation in Germany and Spain,' *Journal of Common Market Studies*, vol. 39, no. 4, pp. 573-596.
- Börzel, T. and Risse, T. (2000) 'When Europe Hits Home: Europeanisation and Domestic Change', *European Integration Online Papers*, vol. 4, no. 15, <http://eiop.or.at/eiop/texte/2000-015a.htm>
- Börzel, T. and Risse, T. (2003) 'Conceptualising the Domestic Impact of Europe', in K. Featherstone and C. Radaelli (eds), *The Politics of Europeanization*, Oxford: Oxford University Press, pp. 57-80.
- Braun, H. J. (1990) *The German Economy in the Twentieth Century*, London: Routledge.
- Bremer Vulkan (1982) *Jahresbericht 1981*, Bremen: Bremer Vulkan Verbund AG.

- Bremer Vulkan (1983) *Jahresbericht 1982*, Bremen: Bremer Vulkan Verbund AG.
- Bremer Vulkan (1984) *Jahresbericht 1983*, Bremen: Bremer Vulkan Verbund AG.
- Bremer Vulkan (1985) *Jahresbericht 1984*, Bremen: Bremer Vulkan Verbund AG.
- Bremer Vulkan (1986) *Jahresbericht 1985*, Bremen: Bremer Vulkan Verbund AG.
- Bremer Vulkan (1987) *Jahresbericht 1986*, Bremen: Bremer Vulkan Verbund AG.
- Bremer Vulkan (1988) *Jahresbericht 1987*, Bremen: Bremer Vulkan Verbund AG.
- Bremer Vulkan (1989) *Jahresbericht 1988*, Bremen: Bremer Vulkan Verbund AG.
- Bremer Vulkan (1990) *Jahresbericht 1989*, Bremen: Bremer Vulkan Verbund AG.
- Bremer Vulkan (1991) *Jahresbericht 1990*, Bremen: Bremer Vulkan Verbund AG.
- Bremer Vulkan (1992) *Jahresbericht 1991*, Bremen: Bremer Vulkan Verbund AG.
- Bremer Vulkan (1993) *Jahresbericht 1992*, Bremen: Bremer Vulkan Verbund AG.
- Bremer Vulkan (1994) *Jahresbericht 1993*, Bremen: Bremer Vulkan Verbund AG.
- Bremer Vulkan (1995) *Jahresbericht 1994*, Bremen: Bremer Vulkan Verbund AG.
- Bremische Bürgerschaft (1998) *Bericht des Parlamentarischen Untersuchungsausschusses 'Bremer Vulkan', Band I und II*, Drucksache 14/1147, Bremen: Bremische Bürgerschaft (Selbstverlag).
- Budge, I. and Hofferbert, R. I. (1990) 'Mandates and Policy Outputs: US Party Platforms and Government Expenditures', *American Political Science Review*, 84, pp. 111-31.
- Budge, I. and Hofferbert, R. I. (1992) 'The Party Mandate and the Westminster Model: Election Programmes and Government Spending in Britain', *British Journal of Political Science*, 22, pp. 151-182.
- Bulmer, S. and Paterson, W. (1987) *The Federal Republic of Germany and the European Community*, London: Allen and Unwin.
- Bulmer, S. and Burch, M. (1998) 'Organising for Europe: Whitehall, the British State and European Union', *Public Administration*, vol. 76, no. 4, pp. 601-628.
- Bundesministerium für Bildung und Forschung (2000) *Report of the Federal Government in Research 2000*, Bonn: Bundesministerium für Bildung und Forschung.
- Bundesministerium für Bildung und Forschung (2002) *Facts and Figures Research 2002*, Bonn: Federal Ministry of Education and Research.

- Bundesministerium für Wirtschaft (1968a) *Richtlinien für die Gewährung von Werfthilfen für den Exportschiffbau – VI. Werfthilfeprogramm*, Bonn: Bundesministerium für Wirtschaft.
- Bundesministerium für Wirtschaft (1968b) *Schiffbaupolitik der Bundesregierung*, Bonn: Bundesministerium für Wirtschaft, Bundestagdrucksache V/3290.
- Bundesministerium für Wirtschaft (1969) *Wirtschaftsbericht 1969*, Bonn: Bundesministerium für Wirtschaft.
- Bundesministerium für Wirtschaft (1971) *Wirtschaftsbericht 1971*, Bonn: Bundesministerium für Wirtschaft.
- Bundesministerium für Wirtschaft (1975) *Wirtschaftsbericht 1975*, Bonn: Bundesministerium für Wirtschaft.
- Bundesministerium für Wirtschaft (1978) *Kabinettsvorlage zum Konzept der Bundesregierung für die Schiffbaupolitik und für Maßnahmen zugunsten des Schiffbaus*, Bonn: Bundesministerium für Wirtschaft.
- Bundesministerium für Wirtschaft (1980) *Richtlinien für die Gewährung von Wettbewerbshilfen an deutsche Werften vom 1. Juli 1987*, Bonn: Bundesministerium für Wirtschaft.
- Bundesministerium für Wirtschaft (1994) *Competition Policy in a Social Market Economy*, Bonn: Bundesministerium für Wirtschaft.
- Cameron, D. (1985) 'Does Government Cause Inflation? Taxes, Spending and Deficits', in Lindberg, L. N. and Maier, C. S. (eds) *The Politics of Inflation and Economic Stagnation*, Washington DC: Brookings Institution.
- Cameron, D. R. 1978. 'The Expansion of the Public Economy: A Comparative Analysis', *American Political Science Review*, 72, pp. 1243-1261.
- Caporaso, J. and Jupille, J. (2001) 'The Europeanisation of Gender Equality Policy and Domestic Structural Change', in M. G. Cowles, J. Caporaso and T. Risse (eds), *Transforming Europe: Europeanisation and Domestic Change*, Ithaca, New York: Cornell University Press, pp. 21-43.
- Carlsen, F. (1997) 'Counterfiscal Policies and Partisan Politics: Evidence from Industrialised Democracies', *Applied Economics*, 29, pp. 145-151.
- Castles, F. G. (1994) 'On Religion and Public Policy: Does Catholicism Make a Difference?', *European Journal of Political Research* 25, pp. 19-40.
- Castles, F. G. (1998) *Comparative Public Policy*. Cheltenham, UK: Edward Elgar.

- Castles, F. G. and McKinlay, R. D. (1979) 'Does Politics Matter?: An Analysis of the Public Welfare Commitment in Advanced Democratic States', *European Journal of Political Research* 7, pp. 169-186.
- CEC (1972a) *First Report on Competition Policy 1971*, (Commission of the European Communities), Luxembourg: Office for Official Publications of the European Communities.
- CEC (1972b) *Report on the Long and Medium Term Development of the Shipbuilding Market*, (Commission of the European Communities), Directorate-General III, Brussels.
- CEC (1974) *III^d Report on Competition Policy 1973*, (Commission of the European Communities), Luxembourg: Office for Official Publications of the European Communities.
- CEC (1978) *VIIth Report on Competition Policy 1977*, (Commission of the European Communities), Luxembourg: Office for Official Publications of the European Communities.
- CEC (1979) *VIIIth Report on Competition Policy 1978*, (Commission of the European Communities), Luxembourg: Office for Official Publications of the European Communities.
- CEC (1980) *IXth Report on Competition Policy 1979*, (Commission of the European Communities), Luxembourg: Office for Official Publications of the European Communities.
- CEC (1981) *Xth Report on Competition Policy 1980*, (Commission of the European Communities), Luxembourg: Office for Official Publications of the European Communities.
- CEC (1982) *XIth Report on Competition Policy 1981*, (Commission of the European Communities), Luxembourg: Office for Official Publications of the European Communities.
- CEC (1983) *XIIth Report on Competition Policy 1982*, (Commission of the European Communities), Luxembourg: Office for Official Publications of the European Communities.
- CEC (1984) *XIIIth Report on Competition Policy 1983*, (Commission of the European Communities), Luxembourg: Office for Official Publications of the European Communities.
- CEC (1985) *XIVth Report on Competition Policy 1984*, (Commission of the European Communities), Luxembourg: Office for Official Publications of the European Communities.

- CEC (1986) *XVth Report on Competition Policy 1985*, (Commission of the European Communities), Luxembourg: Office for Official Publications of the European Communities.
- CEC (1987) *XVIth Report on Competition Policy 1986*, (Commission of the European Communities), Luxembourg: Office for Official Publications of the European Communities.
- CEC (1988) *XVIIth Report on Competition Policy 1987*, (Commission of the European Communities), Luxembourg: Office for Official Publications of the European Communities.
- CEC (1989) *XVIIIth Report on Competition Policy 1988*, (Commission of the European Communities), Luxembourg: Office for Official Publications of the European Communities.
- CEC (1990a) *XIXth Report on Competition Policy 1989*, (Commission of the European Communities), Luxembourg: Office for Official Publications of the European Communities.
- CEC (1990b) *Industrial Policy in an Open and Competitive Environment - Guidelines for a Community Approach*, (Commission of the European Communities), COM (90) 556 final of 16 November 1990.
- CEC (1991a) *XXth Report on Competition Policy 1990*, (Commission of the European Communities), Luxembourg: Office for Official Publications of the European Communities.
- CEC (1991b) *Communication from the Commission to the Council, the European Parliament and the Economic and Social Committee - New Challenges for Maritime Industries*, (Commission of the European Communities), COM (91) 335 final of 18 September 1991.
- CEC (1992a) *XXIst Report on Competition Policy 1991*, (Commission of the European Communities), Luxembourg: Office for Official Publications of the European Communities.
- CEC (1992b) *An Open and Structured Dialogue between the Commission and Special Interest Groups*, (Commission of the European Communities), SEC (92) 2272 final, Brussels: Secretariat of the European Commission.
- CEC (1992c) *Proposal for a Council Directive Providing for Changes to the Seventh Council Directive on Aid to Shipbuilding of 21 December 1990*, (Commission of the European Communities), SEC (92) 991 of 25 May 1992.
- CEC (1993a) *XXIInd Report on Competition Policy 1992*, (Commission of the European Communities), Luxembourg: Office for Official Publications of the European Communities.

- CEC (1993b) *Communication from the Commission of a Common Policy on Safe Seas*, (Commission of the European Communities), COM (93) 66 final of 24 February 1993.
- CEC (1993c) Commission Decision 93/412/EEC of 6 April 1993 Concerning Aid Awarded by the German Government to HIBEG and by HIBEG via Krupp GmbH to Bremer Vulkan AG, Facilitating the Sale of Krupp Atlas Elektronik from Krupp GmbH to Bremer Vulkan AG, (Commission of the European Communities), *Official Journal of the European Communities* L 185, 28 July 1993, pp. 43-50.
- CEC (1994) *XXIIIrd Report on Competition Policy 1993*, (Commission of the European Communities), Luxembourg: Office for Official Publications of the European Communities.
- CEC (1995a) *Fourth Survey on State Aid in the European Union in the Manufacturing and Certain Other Services*, (Commission of the European Communities), Luxembourg: Office for Official Publications of the European Communities.
- CEC (1995b) *Communication from the Commission to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions - The Development of Short Sea Shipping in Europe: Prospects and Challenges*, (Commission of the European Communities), COM (95) 317 final of 5 July 1995.
- CEC (1996) *XXVth Report on Competition Policy 1995*, (Commission of the European Communities), Luxembourg: Office for Official Publications of the European Communities.
- CEC (1997a) *XXVIth Report on Competition Policy 1996*, (Commission of the European Communities), Luxembourg: Office for Official Publications of the European Communities.
- CEC (1997b) *Fifth Survey on State Aid in the European Union in the Manufacturing and Certain Other Sectors*, (Commission of the European Communities), Luxembourg: Office for Official Publications of the European Communities.
- CEC (1997c) *Proposal for a European Parliament and Council Decision Concerning the Fifth Framework Programme of the European Community for Research, Technological Development and Demonstration Activities (1998-2002)*, (Commission of the European Communities), COM (97) 142 final of 30 April 1997, *Official Journal of the European Communities* C 173, 7 June 1997, p. 10.
- CEC (1997d) Commission Decision 97/616/EC of 21 May 1997 on the Aid Granted to Bremer Vulkan Werft GmbH, (Commission of the European Communities), *Official Journal of the European Communities* L 250, 13 September 1997, pp. 10-14.

- CEC (1997e) *Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions: Towards a New Shipbuilding Policy*, COM (97) 470 of 1 October 1997.
- CEC (1998a) *Sixth Survey on State Aid in the European Union in the Manufacturing and Certain Other Sectors*, (Commission of the European Communities), Luxembourg: Office for Official Publications of the European Communities.
- CEC (1998b) *XXVIIth Report on Competition Policy 1997*, (Commission of the European Communities), Luxembourg: Office for Official Publications of the European Communities.
- CEC (1998c) Commission Decision 98/665/EC of 25 February 1998 concerning aid awarded by Germany to HIBEG and by HIBEG via Krupp GmbH to Bremer Vulkan AG, facilitating the sale of Krupp Atlas Elektronik from Krupp GmbH to Bremer Vulkan AG, (Commission of the European Communities), *Official Journal of the European Communities* L 316, 25 November 1998, pp. 25-32.
- CEC (1999a) *XXVIIIth Report on Competition Policy 1998*, (Commission of the European Communities), Luxembourg: Office for Official Publications of the European Communities.
- CEC (1999b) *Seventh Survey on State Aid in the European Union in the Manufacturing and Certain Other Sectors*, (Commission of the European Communities), Luxembourg: Office for Official Publications of the European Communities.
- CEC (1999c) *First Report from the Commission to the Council on the Situation in World Shipbuilding*, (Commission of the European Communities), COM (1999) 474 final of 13 October 1999, Luxembourg: Office for Official Publications of the European Communities.
- CEC (2000a) *XXIXth Report on Competition Policy 1999*, (Commission of the European Communities), Luxembourg: Office for Official Publications of the European Communities.
- CEC (2000b) *Eighth Survey on State Aid in the European Union*, (Commission of the European Communities), Luxembourg: Office for Official Publications of the European Communities.
- CEC (2000c) *Third Report from the Commission to the Council on the Situation in World Shipbuilding*, (Commission of the European Communities), COM (2000) 730 final of 15 November 2000, Luxembourg: Office for Official Publications of the European Communities.
- CEC (2000d) *Second Report from the Commission to the Council on the Situation in World Shipbuilding*, (Commission of the European Communities), COM (2000) 263 final of 3 May 2000, Luxembourg: Office for Official Publications of the European Communities.

- CEC (2000e) *Annual Report on the Socio-Economic Dimension in the Fifth Framework Programme*, (Commission of the European Communities), Luxembourg: Office for Official Publications of the European Communities.
- CEC (2001a) *XXXth European Community Competition Policy Report 2000*, (Commission of the European Communities), Luxembourg: Office for Official Publications of the European Communities.
- CEC (2001b) *State Aid Scoreboard*, (Commission of the European Communities),
- CEC (2001c) *Ninth Survey on State Aid in the European Union*, (Commission of the European Communities), Luxembourg: Office for Official Publications of the European Communities.
- CEC (2001d) *White Paper - European Transport Policy for 2010: Time to Decide*, (Commission of the European Communities), COM (2001) 370 final of 11 September 2001.
- CEC (2001e) *Fourth Report from the Commission to the Council on the Situation in World Shipbuilding*, (Commission of the European Communities), COM (2001) 219 final of 2 May 2001, Luxembourg: Office for Official Publications of the European Communities.
- CEC (2002a) *State Aid Scoreboard - Spring 2002 Update*, (Commission of the European Communities), COM (2002) 242 final, Brussels, 22 May 2002.
- CEC (2002b) *XXXIst European Community Competition Policy Report 2001*, (Commission of the European Communities), Luxembourg: Office for Official Publications of the European Communities.
- CEC (2002c) *Fifth Report from the Commission to the Council on the Situation in World Shipbuilding*, (Commission of the European Communities), COM (2002) 205 final of 30 April 2002, Luxembourg: Office for Official Publications of the European Communities.
- CEC (2002d) *Sixth Report from the Commission to the Council on the Situation in World Shipbuilding*, (Commission of the European Communities), COM (2002) 622 final of 13 November 2002, Luxembourg: Office for Official Publications of the European Communities.
- CEC (2003) *Report by the LeaderSHIP 2015 High Level Advisory Group*, (Commission of the European Communities), Enterprise Directorate-General, Commission of the European Communities.
- Checkel, J. T. (2001) 'The Europeanisation of Citizenship?' in M. G. Cowles, J. Caporaso and T. Risse (eds), *Transforming Europe: Europeanisation and Domestic Change*, Ithaca, New York: Cornell University Press, pp. 180-197.

- Cini, M. (2000) 'From Soft Law to Hard Law?: Discretion and Rule Making in the Commission's State Aid Regime', European University Institute (EUI) Working Paper RSC No. 2000/35, Florence: European University Institute.
- Cini, M. and McGowan, L. (1998) *Competition Policy in the European Union*, London: Macmillan.
- Coen, D. (1997) 'The Evolution of the Large Firm as a Political Actor', *Journal of European Public Policy*, vol. 4, no. 1, pp. 91-108.
- Coen, D. (1998) 'The European Business Interest and the Nation State: Large Firm Lobbying in the European Union and Member States', *Journal of Public Policy*, vol. 18, no. 1, pp. 75-100.
- Coen, D. and Dannreuther, C. (2003) 'Differentiated Europeanization: Large and Small Firms in the EU Policy Process', in K. Featherstone and C. Radaelli (eds), *The Politics of Europeanization*, Oxford: Oxford University Press, pp. 255-275.
- Collier, R. and Collier, D. (1991) *Shaping the Political Agenda: Critical Junctures, the Labour Movement and Regime Dynamics in Latin America*, Princeton, New Jersey: Princeton University Press.
- Comiskey, M. (1993) 'Electoral Competition and the Growth of Public Spending in Thirteen Industrial Democracies, 1950 to 1983', *Comparative Political Studies*, 26(3), pp. 350-374.
- Conzelmann, T. (1998) 'Europeanisation of Regional Development Policies: Linking the Multi-Level Governance Approach with Theories of Policy Learning and Policy Change', *European Integration Online Papers*, vol. 2, no. 4, <http://eiop.or.at/eiop/texte/1998-004a.htm>
- Corden, W. M. and Fels, G. (1976) (eds) *Public Assistance to Industry: Protection and Subsidies in Britain and Germany*, London: Macmillan for the Trade Policy Research Centre and Institut für Weltwirtschaft.
- Council Decision (1977) Council Decision 77/587/EEC of 13 September 1977 Setting up a Consultation Procedure on Relations between Member States and Third Countries in Shipping Matters and on Action Relating to Such Matters in International Organisations, *Official Journal of the European Communities* L 239, 17 September 1977, pp. 23-24.
- Council Decision (1978) Council Decision 78/774/EEC of 19 September 1978 Concerning the Activities of Certain Third Countries in the Field of Cargo Shipping, *Official Journal of the European Communities* L 258, 21 September 1978, pp. 35-36.

- Council Directive (1969) Council Directive 69/262/EEC of 28 July 1969 on the granting of aid to shipbuilding aimed at correcting competition on the international market, *Official Journal of the European Communities* L 206, 15 August 1969, pp. 25-26.
- Council Directive (1972) Council Directive 72/273/EEC of 20 July 1972 on Aid to Shipbuilding, *Official Journal of the European Communities* L 169, 27 July 1972, pp. 28-30.
- Council Directive (1974) Council Directive 31974L0643 of 19 December 1974 Extending Directive No. 72/273/EEC on Aid to Shipbuilding, *Official Journal of the European Communities* L 349, 28 December 1974, p. 62.
- Council Directive (1975) Council Directive 31975L0432 of 10 July 1975 on Aid to Shipbuilding, *Official Journal of the European Communities* L 192, 24 July 1975, pp. 27-29.
- Council Directive (1978) Council Directive 78/338/EEC of 4 April 1978 on Aid to Shipbuilding, *Official Journal of the European Communities* L 98, 11 April 1978, p. 19.
- Council Directive (1981a) Council Directive 81/22/EEC of 20 January 1981 Extending the Period of Validity of Directive 78/338/EEC on Aid to Shipbuilding, *Official Journal of the European Communities* L 43, 14 December 1981, p. 14.
- Council Directive (1981b) Council Directive 81/363/EEC of 28 April 1981 on Aid to Shipbuilding, *Official Journal of the European Communities* L 137, 23 May 1981, p. 39.
- Council Directive (1982) Council Directive 82/880/EEC of 21 December 1982 Amending Directive 81/363/EEC on Aid to Shipbuilding, *Official Journal of the European Communities* L 371, 30 December 1982, p. 46.
- Council Directive (1985) Council Directive 31985L0002 of 18 December 1984 Amending Directive 81/363/EEC on Aid to Shipbuilding, *Official Journal of the European Communities* L 2, 3 January 1985, p. 13.
- Council Directive (1987) Council Directive 87/167/EEC of 26 January 1987 on Aid to Shipbuilding, *Official Journal of the European Communities* L 69, 12 March 1987, pp. 55-64.
- Council Directive (1990a) Council Directive 90/652/EEC of 4 December 1990 Amending Directive 87/167/EEC on Aid to Shipbuilding, *Official Journal of the European Communities* L 353, 17 December 1990, p. 45.
- Council Directive (1990b) Council Directive 90/684/EEC of 21 December 1990 on aid to shipbuilding (*Official Journal of the European Communities* L 380 31 December 1990, pp. 27-36)

- Council Directive (1992) Council Directive 92/68/EEC of 20 July 1992 Amending Directive 90/684/EEC on Aid to Shipbuilding, *Official Journal of the European Communities* L 219, 4 August 1992, pp. 54-55.
- Council Directive (1993) Council Directive 31993L0115 of 16 December 1993 Amending Directive 90/684/EEC on Aid to Shipbuilding, *Official Journal of the European Communities* L 326, 28 December 1993, p. 62.
- Council Directive (1994) Council Directive 94/73/EEC of 19 December 1994 Amending Directive 90/684/EEC on Aid to Shipbuilding, *Official Journal of the European Communities* L 351, 31 December 1994, pp. 10-11.
- Council Regulation (1986a) Council Regulation (EEC) No. 4028/86 of 18 December 1986 on Community Measures to Improve and Adapt Structures in the Fisheries and Aquaculture Sector, *Official Journal of the European Communities* L 376 , 31 December 1986, pp. 7-24.
- Council Regulation (1986b) Council Regulation (EEC) No. 4055/86 of 22 December 1986 Applying the Principle of Freedom to Provide Services to Maritime Transport between Member States and between Member States and Third Countries, *Official Journal of the European Communities* L 378, 31 December 1986, pp. 1-3.
- Council Regulation (1986c) Council Regulation (EEC) No. 4056/86 of 22 December 1986 Laying down Detailed Rules for the Application of Articles 85 and 86 of the Treaty to Maritime Transport, *Official Journal of the European Communities* L 378, 31 December 1986, pp. 4-13.
- Council Regulation (1986d) Council Regulation (EEC) No. 4057/86 of 22 December 1986 on Unfair Pricing Practices in Maritime Transport, *Official Journal of the European Communities* L 378, 31 December 1986, pp. 14-20.
- Council Regulation (1986e) Council Regulation (EEC) No. 4058/86 of 22 December 1986 Concerning Co-ordinated Action to Safeguard Free Access to Cargoes in Ocean Trades, *Official Journal of the European Communities* L 378, 31 December 1986, pp. 21-23.
- Council Regulation (1990a) Council Regulation (EEC) No. 3573/90 of 4 December 1990 Amending, as a Result of German Unification, Regulation (EEC) No. 4055/86 Applying the Principle of Freedom to Provide Services to Maritime Transport between Member States and between Member States and Third Countries, *Official Journal of the European Communities* L 353 , 17 December 1990, p. 16.
- Council Regulation (1990b) Council Regulation (EEC) No. 3944/90 of 20 December 1990 Amending Regulation (EEC) No. 4028/86 on Community Measures to Improve and Adapt Structures in the Fisheries and Aquaculture Sector, *Official Journal of the European Communities* L 380, 31 December 1990, p. 1.

- Council Regulation (1994) Council Regulation (EC) No. 3286/94 of 22 December 1994 Laying Down Community Procedures in the Field of the Common Commercial Policy in Order to Ensure the Exercise of the Community's Rights under International Trade rules, in Particular Those Established under the Auspices of the World Trade Organisation, *Official Journal of the European Communities* L 349, 31 December 1994, pp. 71-78.
- Council Regulation (1995) Council Regulation (EC) No. 3094/95 of 22 December 1995 on Aid to Shipbuilding, *Official Journal of the European Communities* L 332, 30 December 1995, pp. 1-9.
- Council Regulation (1996a) Council Regulation (EC) No. 385/96 of 29 January 1996 on Protection against Injurious Pricing of Vessels, *Official Journal of the European Communities* L 56, 6 March 1996, pp. 21-33.
- Council Regulation (1996b) Council Regulation 31996R1904 of 27 September 1996 Amending Regulation (EC) No. 3094/95 on Aid to Shipbuilding, *Official Journal of the European Communities* L 251, 3 October 1996, p. 5.
- Council Regulation (1996c) Council Regulation (EC) No. 2255/96 of 19 November 1996 Amending Regulation (EEC) No. 1107/70 on the Granting of Aids for Transport by Rail, Road and Inland Waterway, *Official Journal of the European Communities* L 304, 27 November 1996, pp. 3-4.
- Council Regulation (1997a) Council Regulation (EC) No. 1013/97 of 2 June 1997 on Aid to Certain Shipyards under Restructuring, *Official Journal of the European Communities* L 148, 6 June 1997, pp. 1-3.
- Council Regulation (1997b) Council Regulation (EC) No. 2600/97 of 19 December 1997 Amending Regulation (EC) No. 3094/95 on Aid to Shipbuilding, *Official Journal of the European Communities* L 351, 23 December 1997, p. 18.
- Council Regulation (1998) Council Regulation 31998R1540 of 29 June 1998 Establishing New Rules on Aid to Shipbuilding, *Official Journal of the European Communities* L 202, 18 July 1998, pp. 1-10.
- Council Regulation (1999a) Council Regulation (EC) No. 718/1999 of 29 March 1999 on a Community Fleet Capacity Policy to Promote Inland Waterway Transport, *Official Journal of the European Communities* L 90, 2 April 1999, pp. 1-5.
- Council Regulation (1999b) Council Regulation (EC) No. 2792/1999 of 17 December 1999 Laying Down the Detailed Rules and Arrangements Regarding Community Structural Assistance in the Fisheries Sector, *Official Journal of the European Communities* L 337, 30 December 1999, pp. 10-28.

- Council Regulation (2001) Council Regulation (EC) No. 1451/2001 of 28 June 2001 Amending Regulation (EC) No. 2792/1999 Laying down the Detailed Rules and Arrangements Regarding Community Structural Assistance in the Fisheries sector, *Official Journal of the European Communities* L 198, 21 July 2001, pp. 9-10.
- Council Regulation (2002a) Council Regulation (EC) No. 179/2002 of 28 January 2002 Amending Regulation (EC) No. 2792/1999 Laying down the Detailed Rules and Arrangements Regarding Community Structural Assistance in the Fisheries Sector, *Official Journal of the European Communities* L 31, 1 February 2002, pp. 25-26.
- Council Regulation (2002b) Council Regulation (EC) No. 1177/2002 of 27 June 2002 Concerning a Temporary Defensive Mechanism to Shipbuilding, *Official Journal of the European Communities* L 172, 2 July 2002, pp. 1-3.
- Cowles, M. G. (2001) 'The Transatlantic Business Dialogue (TABD) and Domestic Business-Government Relations', in M. G. Cowles, J. Caporaso and T. Risse (eds), *Transforming Europe: Europeanisation and Domestic Change*, Ithaca, New York: Cornell University Press, pp. 159-179.
- Cowles, M. G., Caporaso, J. and Risse, T. (2001) (eds) *Transforming Europe: Europeanisation and Domestic Change*, Ithaca, New York: Cornell University Press.
- Cusack, T. R. (1999) 'Partisan Politics and Fiscal Policy', *Comparative Political Studies*, 32, pp. 464-486.
- Cusack, T. R. (2001) 'Partisanship in the Setting and Coordination of Fiscal and Monetary Policies', *European Journal of Political Research*, 40, pp. 93-115.
- Cusack, T. R. and Garrett, G. (1992) 'The Expansion of the Public Economy, Revisited: The Politics of Government Spending, 1960-1988' Discussion Paper of the International Relations Research Group, Wissenschaftszentrum Berlin für Sozialforschung.
- De Haan, J. and Sturm, J.-E. (1994) 'Political and Institutional Determinants of Fiscal Policy in the European Community', *Public Choice*, 80, pp. 157-172.
- Deutscher Bundestag (1967) *Bericht der Bundesregierung über die Entwicklung der Finanzhilfen des Bundes und der Steuervergünstigungen gemäß §12 des Gesetzes zur Förderung der Stabilität und des Wachstums der Wirtschaft (StWG) vom 8. Juni 1967 (Erster Subventionsbericht vom 21. Dezember 1967)*, Bundestag Drucksache V/2423, Bundesrat Drucksache 651/67.
- Deutscher Bundestag (1969) *Strukturbericht der Bundesregierung*, Bundestag Drucksache 8/1551.

- Deutscher Bundestag (1970) *Bericht der Bundesregierung über die Entwicklung der Finanzhilfen des Bundes und der Steuervergünstigungen gemäß §12 des Gesetzes zur Förderung der Stabilität und des Wachstums der Wirtschaft (StWG) vom 8. Juni 1967 (Zweiter Subventionsbericht vom 16. Februar 1970)*, Bundestag Drucksache VI/391, Bundesrat Drucksache 104/70.
- Deutscher Bundestag (1971) *Bericht der Bundesregierung über die Entwicklung der Finanzhilfen des Bundes und der Steuervergünstigungen gemäß §12 des Gesetzes zur Förderung der Stabilität und des Wachstums der Wirtschaft (StWG) vom 8. Juni 1967 (Dritter Subventionsbericht vom 23. Dezember 1971)*, Bundestag Drucksache VI/2994, Bundesrat Drucksache 18/72.
- Deutscher Bundestag (1973) *Bericht der Bundesregierung über die Entwicklung der Finanzhilfen des Bundes und der Steuervergünstigungen gemäß §12 des Gesetzes zur Förderung der Stabilität und des Wachstums der Wirtschaft (StWG) vom 8. Juni 1967 (Vierter Subventionsbericht vom 29. Oktober 1973)*, Bundestag Drucksache 7/1144, Bundesrat Drucksache 647/73.
- Deutscher Bundestag (1977) *Bericht der Bundesregierung über die Entwicklung der Finanzhilfen des Bundes und der Steuervergünstigungen gemäß §12 des Gesetzes zur Förderung der Stabilität und des Wachstums der Wirtschaft (StWG) vom 8. Juni 1967 (Sechster Subventionsbericht vom 17. Dezember 1977)*, Bundestag Drucksache 8/1195, Bundesrat Drucksache 580/77.
- Deutscher Bundestag (1979) *Bericht der Bundesregierung über die Entwicklung der Finanzhilfen des Bundes und der Steuervergünstigungen gemäß §12 des Gesetzes zur Förderung der Stabilität und des Wachstums der Wirtschaft (StWG) vom 8. Juni 1967 (Siebter Subventionsbericht vom 1. August 1979)*, Bundestag Drucksache 8/3097, Bundesrat Drucksache 372/79.
- Deutscher Bundestag (1983) *Bericht der Bundesregierung über die Entwicklung der Finanzhilfen des Bundes und der Steuervergünstigungen gemäß §12 des Gesetzes zur Förderung der Stabilität und des Wachstums der Wirtschaft (StWG) vom 8. Juni 1967 (Neunter Subventionsbericht vom 6. September 1983)*, Bundestag Drucksache 10/352, Bundesrat Drucksache 400/53.
- Deutscher Bundestag (1985) *Bericht der Bundesregierung über die Entwicklung der Finanzhilfen des Bundes und der Steuervergünstigungen gemäß §12 des Gesetzes zur Förderung der Stabilität und des Wachstums der Wirtschaft (StWG) vom 8. Juni 1967 (Zehnter Subventionsbericht vom 12. September 1985)*, Bundestag Drucksache 10/3821, Bundesrat Drucksache 410/85.
- Deutscher Bundestag (1987) *Bericht der Bundesregierung über die Entwicklung der Finanzhilfen des Bundes und der Steuervergünstigungen gemäß §12 des Gesetzes zur Förderung der Stabilität und des Wachstums der Wirtschaft (StWG) vom 8. Juni 1967 (Elfte Subventionsbericht vom 25. November 1987)*, Bundestag Drucksache 11/1338, Bundesrat Drucksache 530/87.

- Deutscher Bundestag (1989) *Bericht der Bundesregierung über die Entwicklung der Finanzhilfen des Bundes und der Steuervergünstigungen gemäß §12 des Gesetzes zur Förderung der Stabilität und des Wachstums der Wirtschaft (StWG) vom 8. Juni 1967 (Zwölfter Subventionsbericht vom 1. September 1989)*, Bundestag Drucksache 11/5116, Bundesrat Drucksache 460/89.
- Deutscher Bundestag (1991) *Bericht der Bundesregierung über die Entwicklung der Finanzhilfen des Bundes und der Steuervergünstigungen gemäß §12 des Gesetzes zur Förderung der Stabilität und des Wachstums der Wirtschaft (StWG) vom 8. Juni 1967 (Dreizehnter Subventionsbericht vom 11. November 1991)*, Bundestag Drucksache 12/1525, Bundesrat Drucksache 690/91.
- Deutscher Bundestag (1993) *Bericht der Bundesregierung über die Entwicklung der Finanzhilfen des Bundes und der Steuervergünstigungen gemäß §12 des Gesetzes zur Förderung der Stabilität und des Wachstums der Wirtschaft (StWG) vom 8. Juni 1967 (Vierzehnter Subventionsbericht vom 26. August 1993)*, Bundestag Drucksache 12/5580, Bundesrat Drucksache 610/93.
- Deutscher Bundestag (1995) *Bericht der Bundesregierung über die Entwicklung der Finanzhilfen des Bundes und der Steuervergünstigungen gemäß §12 des Gesetzes zur Förderung der Stabilität und des Wachstums der Wirtschaft (StWG) vom 8. Juni 1967 (Fünfzehnter Subventionsbericht vom 1. September 1995)*, Bundestag Drucksache 13/2230, Bundesrat Drucksache 521/95.
- Deutscher Bundestag (1997) *Bericht der Bundesregierung über die Entwicklung der Finanzhilfen des Bundes und der Steuervergünstigungen gemäß §12 des Gesetzes zur Förderung der Stabilität und des Wachstums der Wirtschaft (StWG) vom 8. Juni 1967 (Sechzehnter Subventionsbericht vom 29. August 1997)*, Bundestag Drucksache 13/8420, Bundesrat Drucksache 597/97.
- Deutscher Bundestag (1998) *Bericht des 2. Untersuchungsausschusses des Deutschen Bundestages der 13. Wahlperiode (DDR Vermögen)*, Bonn: Presse- und Informationszentrum des Deutschen Bundestages.
- Deutscher Bundestag (1999) *Bericht der Bundesregierung über die Entwicklung der Finanzhilfen des Bundes und der Steuervergünstigungen gemäß §12 des Gesetzes zur Förderung der Stabilität und des Wachstums der Wirtschaft (StWG) vom 8. Juni 1967 (Siebzehnter Subventionsbericht vom 13. August 1999)*, Bundestag Drucksache 14/1500, Bundesrat Drucksache 430/99.
- Deutscher Bundestag (2001) *Bericht der Bundesregierung über die Entwicklung der Finanzhilfen des Bundes und der Steuervergünstigungen gemäß §12 des Gesetzes zur Förderung der Stabilität und des Wachstums der Wirtschaft (StWG) vom 8. Juni 1967 (Achtzehnter Subventionsbericht vom 26. Juli 2001)*, Bundestag Drucksache 14/6748, Bundesrat Drucksache 592/01.

- Dittberner, J. (1987) *FDP – Partei der zweiten Wahl: Ein Beitrag zur Geschichte der liberalen Partei und ihrer Funktionen im Parteiensystem der Bundesrepublik*, Opladen.
- Donges, J. B., Schmidt, K. -D. and Gundlach, E. (1988) 'Strukturwandel und wirtschaftliche Entwicklung – Die deutsche Wirtschaft im Anpassungsstau', *Kieler Studien*, 216.
- DSI Data Service and Information (2003) *International Statistical Yearbook 2003*, electronic version, Germany: DSI Data and Service Information.
- Duina, F. G. (1997) 'Explaining Legal Implementation in the European Union', *International Journal of the Sociology of Law*, vol. 25, pp. 155-179.
- Duina, F. G. (1999) *Harmonising Europe: Nation-States within the Common Market*, New York: State University of New York Press.
- Dyson, K. (1992) (ed.) *The Politics of German Regulation*, Aldershot: Dartmouth Publishing Company Limited.
- Dyson, K. (2002a) (ed.) *European States and the Euro*, Oxford: Oxford University Press.
- Dyson, K. (2002b) 'Europeanisation of German Economic Policies: Testing the Limits of Modern Germany', *Public Policy and Administration*, vol. 17, no. 2, summer 2002, special issue, pp. 87-109.
- Dyson, K. (2003) 'Economic Policies: From Pace-Setter to Beleaguered Player', in K. Dyson and K. H. Goetz (eds), *Germany, Europe and the Politics of Constraint*, Oxford: Oxford University Press for the British Academy, pp. 201-229.
- Dyson, K. and Featherstone, K. (1996) 'EMU and Economic Governance in Germany', *German Politics* 5(3), pp. 325-355.
- Dyson, K. and Featherstone, K. (1999) *The Road to Maastricht: Negotiating Economic and Monetary Union*, Oxford: Oxford University Press.
- Dyson, K. and Goetz, K. H. (2003a) (eds) *Germany, Europe and the Politics of Constraint*, Oxford: Oxford University Press for the British Academy.
- Dyson, K. and Goetz, K. H. (2003b) 'Living with Europe: Power, Constraint and Contestation', in K. Dyson and K. H. Goetz (eds), *Germany, Europe and the Politics of Constraint*, Oxford: Oxford University Press for the British Academy, pp. 3-35.
- Falkner, G. (1999) 'How Pervasive Are Euro-politics? Effects of EU Membership on a New Member State', Max Planck Institute for the Study of Societies (MPIfG) Discussion Paper 99/4, Max-Planck-Institut für Gesellschaftsforschung, Cologne.

- Featherstone, K. and Radaelli, C. (2003) (eds) *The Politics of Europeanization*, Oxford: Oxford University Press.
- Federal Ministry of Education and Research (2002) *Germany's Technological Performance 2001*, Bonn: Bundesministerium für Bildung und Forschung.
- Freie Hansestadt Bremen, Freie und Hansestadt Hamburg, Land Niedersachsen and Land Schleswig-Holstein (1983) *Gemeinsame Richtlinien der norddeutschen Küstenländer für die Gewährung von Zuwendungen an deutsche Werften vom 19. September 1983*, Bremen.
- Garrett, G. and Lange, P. (1991) 'Political Responses to Interdependence: What's "Left" for the Left?', *International Organisation*, 45, pp. 539-564.
- George, A. L. and McKeown, T. J. (1985) 'Case Studies and Theories of Organisational Decision Making', *Advances in Information Processing in Organisations*, 2, pp. 21-58.
- Gerber, D. J. (1998) *Law and Competition in Twentieth Century Europe: Protecting Prometheus*, Oxford: Clarendon Press.
- Glouchevitch, P. (1992) *Juggernaut: The German Way of Business - Why It Is Transforming Europe and the World*, New York: Simon and Schuster.
- Goetz, K. H. (1995) 'National Governance and European Integration: Intergovernmental Relations in Germany', *Journal of Common Market Studies*, vol. 33, no. 1, March 1995, pp. 91-116.
- Goetz, K. H. (2000) 'European Integration and National Executives: A Cause in Search of an Effect?', *West European Politics*, vol. 23, no. 4, special issue, pp. 211-231.
- Goetz, K. H. (2002) 'Four Worlds of Europeanisation?', Paper presented at ECPR Joint Sessions, Turin, 22-27 March 2002, Workshop 19: Europeanisation and National Political Institutions.
- Goetz, K. H. (2003) 'The Federal Executive: Bureaucratic Fusion versus Governmental Bifurcation', in K. Dyson and K. H. Goetz (eds), *Germany, Europe and the Politics of Constraint*, Oxford: Oxford University Press for the British Academy, pp. 55-72.
- Goetz, K. H. and Hix, S. (2001) (eds) *Europeanised Politics? European Integration and National Political Systems*, London and Oregon: Frank Cass Publishers.
- Gourevitch, P. A. (1986) *Politics in Hard Times: Comparative Responses to International Economic Crisis*, Ithaca, New York: Cornell University Press.

- Grande, E. (1996) 'Das Paradox der Schwäche: Forschungspolitik und die Einflusslogik europäischer Politikverflechtung' in M. Jachtenfuchs and B. Kohler-Koch (eds), *Europäische Integration*, Opladen: Leske + Budrich, pp. 371-397.
- Grant, W. (1991) 'DIY: The Government Relations Functions of Large Companies', in G. Jordan (ed.), *The Commercial Lobbyists*, Aberdeen: Aberdeen University Press, pp. 99-122.
- Greenwood, Justin (1995) (ed.) *European Casebook on Business Alliances*, London: Prentice Hall International (UK) Limited.
- Greenwood, J. (2000) 'Organised Business and the European Union', in J. Greenwood and H. Jacek (eds), *Organised Business and the New Global Order*, Basingstoke: Macmillan Press Limited, pp. 77-98.
- Greenwood, Justin (2002) (ed.) *The Effectiveness of EU Business Associations*, New York and Basingstoke: Palgrave.
- Grewlich, K. W. (1987) 'Technological and Industrial Policy in the Federal Republic of Germany', in P. R. Beije, J. Gronewegen, I. Kostoulas, J. Paelinck and C. van Paridon (eds), *A Competitive Future for Europe? Towards a New European Industrial Policy*, England: Croom Helm Ltd., pp. 62-82.
- Gross, D. A. and Sigelman, L. (1984) 'Comparing Party Systems: A Multidimensional Approach', *Comparative Politics*, 16, pp. 463-479.
- Gutowski, A., Thiel, E. and Weilepp, M. (1984) *Analyse der Subventionspolitik - das Beispiel der Schiffbau-, Luft- und Raumfahrtindustrie*, Hamburg.
- Haas, E. B. (1958) *The Uniting of Europe: Political, Social and Economic Forces*, Stanford: Stanford University Press.
- Hall, P. A. and Taylor, R. C. R. (1996) 'Political Science and the Three New Institutionalisms,' MPIfG Discussion Paper 96/6, Max-Planck-Institut für Gesellschaftsforschung, Cologne.
- Hallstein, W. (1972) (edited by Charles Roetter) *Europe in the Making*, New York.
- Hanf, K. and Soetendorp, B. (1998) (eds) *Adapting to European Integration: Small States and the European Union*, Harlow, Wesley: Longman Limited.
- Hecht, G., Heseler, H., Knabe, W., Panter, W., Schuldt, K. and Troost, A. (1995) *Entwicklung der Schiffbauindustrie in Mecklenburg-Vorpommern – wirtschaftliche und beschäftigungspolitische Tendenzen*, Studie im Auftrag des Wirtschaftsministeriums Mecklenburg-Vorpommern, Bremen and Rostock: PIW Progress-Institut für Wirtschaftsforschung GmbH.

- Helleiner, E. (1994) *States and the Reemergence of Global Finance: From Bretton Woods to the 1990s*, Ithaca: Cornell University Press.
- Héritier, A., Knill, C. and Mingers, S. (1996) *Ringing the Changes in Europe: Regulatory Competition and the Transformation of the State: Britain, France and Germany*, Berlin, New York: Walter de Gruyter.
- Heseler, H. (1983) 'Der Subventionsdschungel', in H. Heseler and H. J. Kröger (eds), *Stell Dir vor, die Werften gehören uns ...: Krise des Schiffbaus oder Krise der Politik?*, Hamburg: VSA Verlag, pp. 106-215.
- Heseler, H. (1993) *Restrukturierung des deutschen Schiffbau – Neuorganisation des Bremer Werftenverbands*, Bremen: Universität Bremen – Kooperationsbereich Universität-Arbeitkammer.
- Heseler, H. and Kröger, H. J. (1983) 'Aufstieg und Niedergang des deutschen Schiffbaus', in H. Heseler and H. J. Kröger (eds), *Stell Dir vor, die Werften gehören uns ...' – Krise des Schiffbaus oder Krise der Politik?*, Hamburg: VSA Verlag, pp. 21-49.
- Heseler, H. and Löser, H. (1992) *Die Transformation des ostdeutschen Schiffbaus – Restrukturierung, Privatisierung, Arbeitsmarktfolgen 1990-1992, geförderte Studie durch die Kommission für die Erforschung des sozialen und politischen Wandels in den neuen Bundesländern, Bremen and Rostock: PIW Progress-Institut für Wirtschaftsforschung GmbH.*
- Hibbs, D. A. Jr. (1977) 'Political Parties and Macroeconomic Policy', *American Political Science Review*, 71, pp. 1467-1487.
- Hibbs, D. A. Jr. (1987) *The Political Economy of Industrial Democracy*, Cambridge: Harvard University Press.
- Hibbs, D. A. Jr. (1992) 'Partisan Theory after Fifteen Years', *European Journal of Political Economy*, 8, pp. 361-373.
- Hicks, A. and Swank, D. H. (1992) 'Politics, Institutions, and Welfare Spending in Industrialized Democracies, 1960-1982', *American Political Science Review*, 86, pp. 658-674.
- Hofferbert, R. I. and Klingemann, H.-D. (1990) 'The Policy Impact of Party Programmes and Government Declarations in the Federal Republic of Germany', *European Journal of Political Research*, 18, no. 3, May 1990.
- Horn, E. J. (1987) 'Germany: A Market-Led process' in F. Duchene and G. Shepherd (eds), *Managing Industrial Change in Western Europe*, London: Frances Pinter Publishers Limited, pp. 41-75.
- IG Metall – Bezirksleitung Hamburg (1978) *7. Nationale Schiffbaukonferenz der IG Metall am 3. März 1978 in Hamburg – Protokoll.*

- IG Metall (1982) *Gemeinsame Presseerklärung der Betriebsräte AG Weser und Bremer Vulkan AG*, 16 July 1982, IG Metall Local Branch, Bremen.
- IG Metall Bezirk Küste and University of Bremen (2002) *Employment, Order Situation, Perspectives in German Shipbuilding: Survey Results 2002*.
- International Monetary Fund (1989) *The Federal Republic of Germany: Adjustment in a Surplus Country*, IMF Occasional Paper 64, Washington D.C.: IMF.
- International Monetary Fund (1991) 'Determinants and Systemic Consequences of International Capital Flows', Washington DC: IMF, Occasional Paper No. 77.
- Isaacsson, K. E. and Tirsén, C. (1996) '20,000 in Germany Protest Job Cuts', *The Militant*, vol. 60, no. 10, 10 March 1996.
- Iverson, T. (1998) *The Politics of Macroeconomics and Wage Bargaining in Advanced Democracies*, Cambridge: Cambridge University Press.
- Jeffery, C. (2003) 'The German Länder: From Milieu-Shaping to Territorial Politics', in K. Dyson and K. H. Goetz (eds), *Germany, Europe and the Politics of Constraint*, Oxford: Oxford University Press for the British Academy, pp. 97-108.
- John, P. and Ward, H. (2001) 'Political Manipulation in a Majoritarian Democracy: Central Government Targeting of Public Funds to English Subnational Government, in Space and across Time', *British Journal of Politics and International Relations*, vol. 3, no. 3, October 2001, pp. 308-339.
- Johnson, C. (1984) 'The Idea of Industrial Policy', in C. Johnson (ed.), *The Industrial Policy Debate*,
- Jordan, G. and McLaughlin, A. (1991) *The Rationality of Lobbying In Europe: Why Are Euro Groups So Numerous and So Weak?*, Oxford: Centre for European Studies Discussion.
- Jordan, G. (1998) 'What Drives Associability At The European Level? The Limits of the Utilitarian Explanation', in M. Aspinwall and J. Greenwood (eds), *Collective Action In The European Union: Interests and The New Politics of Associability*, London: Routledge, pp. 31-62.
- Kassim, H. and Menon, A. (1996) 'The European Union and State Autonomy', in H. Kassim and A. Menon (eds), *The European Union and National Industrial Policy*, London: Routledge, pp. 1-9.
- Katzenstein, P. J. (1987) *Politics and Policy in West Germany: The Growth of a Semi-Sovereign State*, Philadelphia: Temple University Press.

- Katzenstein, P. J. (1997) 'United Germany in an Integrating Europe,' in P. J. Katzenstein (ed.), *Tamed Power: Germany in Europe*, Ithaca, New York: Cornell University Press, pp. 1-48.
- Keman, H. (1984) 'Politics, Policies, and Consequences: A Cross-National Analysis of Public Policy Formation in Advanced Capitalist Democracies, 1967-1981', *European Journal of Political Research*, 12, pp. 147-170.
- Keman, H. (1997) 'Does Politics Matter?: A Perennial Question!', *European Journal of Political Research*, 31, pp. 159-164.
- Keohane, R. O. and Milner, H. V. (eds) (1996) *Internationalisation and Domestic Politics*, Cambridge: Cambridge University Press.
- Kiesel, W. (1997) *Bremer Vulkan: Aufstieg und Fall – 200 Jahre Schiffbaugeschichte*, Bremen: Kurze-Schönholz und Ziesemer.
- King, G., Laver, M., Hofferbert, R. I., Budge, I., and McDonald, M. D. (1993) 'Party Platforms, Mandates and Government Spending', *American Political Science Review*, 87(3), pp. 744–750.
- Klingemann, A.-B., Hofferbert, R. and Budge, I. (1994) *Parties, Policy and Democracy*, Boulder: Westview Press.
- Kloss, G. (1990) *West Germany: An Introduction*, England: Macmillan Education Limited.
- Knill, C. and Lehmkuhl, D. (1998) 'An Alternative Route of Legal Integration: The Community's Railways Policy', *European Integration Online Papers*, vol. 2, no. 3, <http://eiop.or.at/eiop/texte/1998-003.htm>
- Knill, C and Lehmkuhl, D. (1999) 'How Europe Matters: Different Mechanisms of Europeanisation', *European Integration Online Papers*, vol. 3, no. 7, <http://eiop.or.at/eiop/texte/1998-007a.htm>
- Knodt, M. and Staeck, N. (1999) 'Shifting Paradigms: Reflecting Germany's European Policy', *European Integration Online Papers*, vol. 3, no. 3, <http://eiop.or.at/eiop/texte/1999-003a.htm>
- Kohler-Koch, B. (1993) 'Germany – Fragmented But Strong Lobbying', in M. P. C. M. Van Schendelen (ed.), *National Public and Private EC Lobbying*, Aldershot: Dartmouth Publishing Company Limited, pp. 23-49.
- Kohler-Koch, B. (1997) 'Organised Interests in the EC and the European Parliament', *European Integration Online Papers*, vol. 1, no. 9, <http://eiop.or.at/eiop/texte/1997-009a.htm>

- Kohler-Koch, B. et al. (1997) (eds) *Interaktive Politik in Europa: Regionen im Netzwerk der Integration*, Opladen: Leske + Budrich.
- Krasner, S. D. (1984) 'Approaches to the State: Alternative Concepts and Historical Dynamics', *Comparative Politics*, 16(2), pp. 223-246.
- Küster, G. H. (1974) 'Germany', in R. Vernon (ed.), *Big Business and the State: Changing Relations in Western Europe*, Cambridge, Massachusetts: Harvard University Press, pp. 64-86.
- Ladrech, R. (1994) 'Europeanisation of domestic politics and institutions: the case of France', *Journal of Common Market Studies*, vol. 32, no. 1, pp. 69-88.
- Ladrech, R. and Marlière, P. (1999) (eds) *Social Democratic Parties in the European Union: History, Organisation, Policies*, London: Macmillan.
- Lammers, K. (1989) *Regionalförderung und Schiffbausubventionen in der Bundesrepublik*, Kieler Studien 224, Institut für Weltwirtschaft an der Universität Kiel, Tübingen: J.C.B. Mohr (Paul Siebeck).
- Land Schleswig-Holstein (1986) *Zur Lage der Schiffbauindustrie*, Kiel.
- Larres, K and Panayi, P. (1996) (eds) *The Federal Republic of Germany since 1949: Politics, Society and Economy Before and After Unification*, London: Addison Wesley Longman Limited.
- Laudati, L. (1996) 'The European Commission as Regulator: The Uncertain Pursuit of the Competitive Market', in G. Majone (ed.), *Regulating Europe*, London and New York: Routledge, pp. 229-263.
- Lehmbruch, G. (1976) *Parteienwettbewerb im Bundesstaat*, Stuttgart: Kohlhammer.
- Lehmbruch, G. (1978) 'Party and Federation in Germany: A Developmental Dilemma', *Government and Opposition*, vol. 13, no. 2, pp. 151-177.
- Lequesne, C. (1996) 'French Central Government and the European Political System: Change and Adaptation since the Single Act', in Y. Mény et al. (eds), *Adjusting to Europe: The Impact of the EU on National Institutions and Policy*, London: Routledge.
- Liebert, U. (2000) 'The Europeanisation of Domestic Gender Equality Policy: Cross-Cutting or Re-emphasising National and Cultural Boundaries?', Paper presented at the Convention of the German Political Science Association, Halle, October 1-5, 2000.
- Little, A. D. and Berger, R. (1993) *Der Einfluß der japanischen und der südkoreanischen Schiffbaupolitik auf die Wettbewerbsfähigkeit der westdeutschen Werftindustrie*, Gutachten im Auftrag des BMWi, Berlin.

- Lloyd's Register of Shipping (1973) *Lloyd's Register of Shipping: Annual Report for the Year 1972*, London: Lloyd's Register of Shipping.
- Lloyd's Register of Shipping (1984) *Lloyd's Register of Shipping: Annual Report for the Year 1983*, London: Lloyd's Register of Shipping.
- Lloyd's Register of Shipping (1989) *Lloyd's Register of Shipping: Annual Report for the Year 1988*, London: Lloyd's Register of Shipping.
- Lloyd's Register of Shipping (1993) *Lloyd's Register of Shipping: Annual Report for the Year 1992*, London: Lloyd's Register of Shipping.
- Lodge, M. (2002) 'Varieties of Europeanisation and the National Regulatory State.' *Public Policy and Administration*, vol. 17, no. 2, pp. 43-67.
- Lodge, M. (2003) 'Competition Policy: From Centrality to Muddling Through?', in K. Dyson and K. H. Goetz (eds), *Germany, Europe and the Politics of Constraint*, Oxford: Oxford University Press for the British Academy, 231-250.
- Majone, G. (1997) 'From the Positive to the Regulatory State: Causes and Consequences of Changes in the Model of Governance', *Journal of Public Policy*, vol. 17, no. 2, pp. 139-167.
- Marcussen, M. (2000) *Ideas and Elites: Danish Macro-Economic Policy Discourse in the EMU Process*, Aalborg: Aalborg University Press.
- Mann, M. and Guerrerera, F. (2002) 'Monti and Lamy clash over aid for shipbuilders', <http://www.FT.com>, 23 April 2002.
- Maritime Industries Forum (1992) *Maritime Industries Forum Report to the Commission*.
- Maritime Industries Forum (1993) *Second Report to the Commission*, Ref. 1260/03, Athens Plenary Session, 28 June 1993.
- Maritime Industries Forum (1994) *Third Report to the Commission*, Proceedings of the Fifth Plenary Session, Rotterdam, June 1994.
- Maritime Industries Forum (1995) *Fourth Report to the Commission*, Proceedings of the Sixth Plenary Session, Bremen, June 1995.
- Maritime Industries Forum (1996) *Fifth Report to the Commission*, Proceedings of the Seventh Plenary Session, Marseille, July 1996, 1626/08 final.
- Maritime Industries Forum (1997) *Sixth Report to the Commission*, Proceedings of the Eighth Plenary Session, Göteborg, June 1997, 1738/3 final.
- Maritime Industries Forum (1998) *Seventh Report to the Commission*, Proceedings of the Ninth Plenary Session, Lisbon, June 1998, 1828/4 final.

- Maritime Industries Forum (2000a) *New Maritime Industries Forum: A Strategy Paper*.
- Maritime Industries Forum (2000b) *Ninth Report to the Commission*, Proceedings of the Helsinki Plenary Session, June 2000.
- Marks, G. and McAdam, D. (1996) 'Social Movements and the Changing Structure of Political Opportunity in the European Union', in *Governance in the European Union*, G. Marks, F. W. Scharpf, P. C. Schmitter and W. Streeck (eds), London, Thousand Oaks, New Delhi: Sage, pp. 95-120.
- Mazey, S. and Richardson, J. (1993) (eds) *Lobbying in the European Community*, Oxford: Oxford University Press.
- Mazey, S. and Richardson, J. (1996) 'The Logic of Organisation: Interest Groups' in J. Richardson (ed.), *European Union: Power and Policy-Making*, London: Routledge, pp. 200-215.
- Mazey, S. and Richardson, J. (2001) 'Interest Groups and EU Policy-Making: Organisational Logic and Venue Shopping', in J. Richardson (ed.), *European Union: Power and Policy-Making*, 2nd ed., London and New York: Routledge.
- Menon, A. and Hayward, J. (1996) 'States, Industrial Policies and the European Union,' in H. Kassim and A. Menon (eds), *The European Union and National Industrial Policy*, London: Routledge.
- Mény, Y., Muller, P. and Quermonne, J. L. (1996) (eds) *Adjusting To Europe: The Impact of the European Union on National Institutions and Policies*, London: Routledge.
- Moravcsik, A. (1994) 'Why the European Community Strengthens the State: International Co-operation and Domestic Politics', Centre for European Studies Working Paper Series 52, Massachusetts: Harvard University.
- Morlino, L. (1999) 'Europeanisation and Representation in Two Europes: Local Institutions and National Parties', Paper given to the Conference on Multi-party Systems: Europeanisation and the Reshaping of National Political Representation, European University Institute, Florence, 16-18 December 1999.
- Müller-Armack, A. (1948) *Wirtschaftslenkung und Marktwirtschaft*, Hamburg: Verlag für Wirtschaft und Sozialpolitik.
- Müller-Armack, A. (1971) *Auf dem Weg nach Europa*, Tübingen.
- OECD (2003a) *OECD Statistical Compendium 2003*, electronic version, Paris: OECD Electronic Publications.
- OECD (2003b) *OECD STAN Database for Industrial Analysis*, volume 2003, electronic version, Paris: OECD Electronic Publications.

- Olsen, J. P. (1995) 'Europeanisation and Nation State Dynamics', ARENA Working Paper 9/95, University of Oslo.
- Olsen, J. P. (1996) 'Europeanisation and Nation State Dynamics', in S. Gustavsson and L. Lewin (eds), *The Future of the Nation State*, London: Routledge, pp. 245-285.
- Page, E. C. and Wouters, L. (1995) 'The Europeanisation of National Bureaucracies?', in J. Pierre (ed.), *Bureaucracy in the Modern State: An Introduction to Comparative Public Administration*, Aldershot: Edward Elgar, pp. 185-204.
- Peacock, A. and Willgerodt, H. (1989) (eds) *Germany's Social Market Economy: Origins and Evolution*, London: Macmillan Press Ltd.
- Persson, T. and Svensson, L. E. O. (1989) 'Why a Stubborn Conservative Would Run a Deficit: Policy with Time-Inconsistent Preferences', *The Quarterly Review of Economics*, 104, pp. 324-345.
- Peters, B. G. (1991) *The Politics of Taxation: A Comparative Perspective*, Oxford: Blackwell.
- Philipp, U (1998) *Zwischen Moral und Morast: Die Vulkan Connection*, Berlin: Ullstein.
- Price, S. (1998) 'Comment on "The Politics of the Political Business Cycle"', *British Journal of Political Science*, pp. 201-210.
- Radaelli, C. (2000) 'Whither Europeanisation? Concept Stretching and Substantive Change,' Paper presented at the Political Studies Annual Conference, London, 10-13 April.
- Richardson, J. (1999) 'European Union: Power and Policy-Making' in S. Nagel (ed.), *The Policy Process*, New York: Nova Science Publishers.
- Risse, T. (2001) 'A European Identity? Europeanisation and the Evolution of Nation-State Identities', in M. G. Cowles, J. A. Caporaso and T. Risse (eds), *Transforming Europe: Europeanisation and Domestic Change*, Ithaca, New York: Cornell University Press, pp. 198-216.
- Risse, T., Cowles, M. G. and Caporaso, J. (2001) 'Europeanization and Domestic Change: Introduction', in M. G. Cowles, J. A. Caporaso and T. Risse (eds), *Transforming Europe: Europeanisation and Domestic Change*, Ithaca, New York: Cornell University Press, pp. 1-20.
- Roberts, G. K. (1993) 'The Free Democratic Party and the New Germany', in Padgett, S. (ed.) *Parties and Party Systems in the New Germany*, Aldershot: Dartmouth.
- Rometsch, D. and Wessels, W. (1996) *The European Union and Member States: Towards Institutional Fusion?*, Manchester: Manchester University Press.

- Rose, R. (1984) *Do Parties Make a Difference?*, 2nd edition, London: Macmillan.
- Roubini, N. and Sachs, J. D. (1989) 'Political and Economic Determinants of Budget Deficits in the Industrial Democracies', *Economic Policy*, 8, pp. 100-132.
- Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung (1971) *Jahresgutachten 1971/1972: Währung, Geldwert, Wettbewerb – Entscheidungen für morgen*, Stuttgart-Mainz: W. Kohlhammer Verlag.
- Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung (2002) *Jahresgutachten 2002/2003: Zwanzig Punkte für Beschäftigung und Wachstum*, Stuttgart: Verlag Metzler-Poeschel.
- Scharpf, F. W. (1985) 'The Joint-Decision Trap: Lessons from German Federalism and European Integration, Discussion Paper, IIM/LMP 85, Berlin: Wissenschaftszentrum.
- Scharpf, F. W. (1991) *Crisis and Choice in European Social Democracy*, Ithaca: Cornell University Press.
- Schleswig-Holsteinischer Landtag (1981) *Bericht der Landesregierung über die Lage der schleswig-holsteinischen Werften und die öffentlichen Hilfen zur Bewältigung der Schiffbaukrise*, Anlage zur Drucksache 9/1222, Kiel.
- Schleswig-Holsteinischer Landtag (1983) *Bericht der Landesregierung über die Lage der schleswig-holsteinischen Werften in der 5. Tagung der 10. Legislaturperiode des schleswig-holsteinischen Landtages am 21. September 1983*, Anlage zur Landtagsdrucksache 10/120, Kiel.
- Schmidt, M. G. (1989) 'Social Policy in Rich and Poor Countries: Socio-economic Trends and Political-Institutional Determinants', *European Journal of Political Research*, 17, pp. 641-659.
- Schmidt, M. G. (1997) 'Reflections: Politics Does Indeed Matter!', *European Journal of Political Research*, 31, pp. 164-168.
- Schmidt, M. G. (1996) 'When Parties Matter?: A Review of the Possibilities and Limits of Partisan Influence on Public Policy', *European Journal of Political Research*, 30, pp. 155-183.
- Schmidt, V. A. (2000a) 'Democracy and discourse in an integrating Europe and a globalising world', *European Law Journal*, vol. 6, no. 3, pp. 277-300.
- Schmidt, V. A. (2000b) 'Values and discourse in the politics of adjustment', in F. W. Scharpf and V. Schmidt (eds), *Welfare and Work in the Open Economy: Diverse Responses to Common Challenges*, Oxford: Oxford University Press.

- Schneider, V. (2000) 'Global Economic Governance by Private Actors: The International Chamber of Commerce', in J. Greenwood and H. Jacek (eds), *Organised Business and the New Global Order*, Basingstoke: Macmillan Press Limited, pp. 223-240.
- Schultz, K. (1995) 'The Politics of the Political Business Cycle', *British Journal of Political Science*, 25, pp. 79-99.
- Smith, G. (1976) 'West German and the Politics of Centrality', *Government and Opposition*, 11(4), pp. 387-407.
- Smith, M. P. (1996) 'Integration in Small Steps: The European Commission and Member State Aid to Industry', *West European Politics*, vol. 19, pp. 563-582.
- Smyser, W. R. (1993) *The German Economy: Colossus at the Cross-roads*, New York: St. Martin's Press.
- Stråth, B. (1987) *The Politics of Deindustrialisation: The Contraction of the West European Shipbuilding Industry*, London and New York: Croom Helm.
- Streeck, W. (1997) 'German Capitalism: Does It Exist? Can It Survive?' in C. Crouch and W. Streeck (eds), *Political Economy of Modern Capitalism: Mapping Convergence and Diversity*, London: Sage Publications, pp. 33-54.
- Sturm, R. (1989) 'The Industrial Policy Debate in the Federal Republic of Germany', in S. Bulmer (ed.), *The Changing Agenda of West German Public Policy*, Aldershot: Dartmouth Publishing Company Limited, pp. 155-174.
- Swann, D. (1983) *Competition and Industrial Policy in the European Community*, London: Methuen and Co. Ltd.
- Thielemann, E. (1999) 'Institutional Limits of a Europe with the Regions: EC State Aid Controls Meet German Federalism', *Journal of European Public Policy*, vol. 6, no. 3, pp. 399-418.
- Todd, T. (2003) 'German Shipbuilding: There's Life After Vulkan', *Marine Log*, <http://www.marinelog.com> accessed on 14 November 2003.
- Tufte, E. R. (1978) *Political Control of the Economy*, Princeton, N.J.: Princeton University Press.
- Tyson, L. and Zysman, J. (1983) 'American Industry in International Competition', in J. Zysman and L. Tyson (eds), *American Industry in International Competition: Government Policies and Corporate Strategies*, London: Cornell University Press.
- United Nations Industrial Development Organisation (2003) *United Nations Development Organisation (UNIDO) Industrial Statistics 2003*, (electronic resource), Vienna: United Nations Industrial Development Organisation.

- Van Schendelen, M. P. C. M. (1993) *National Public and Private EC Lobbying*, Aldershot: Dartmouth Publishing Company Limited.
- VDS (1962) *Bericht über das Geschäftsjahr 1961*, (Verband der Deutschen Schiffbauindustrie), Hamburg: Verband der Deutschen Schiffbauindustrie.
- VDS (1973) *Deutscher Schiffbau 1962-1972*, (Verband der Deutschen Schiffbauindustrie), Hamburg: Verband der Deutschen Schiffbauindustrie.
- VDS (1984) *100 Jahre Verbands- und Zeitgeschehen*, (Verband der Deutschen Schiffbauindustrie), Hamburg: Verband der Deutschen Schiffbauindustrie.
- Von Beyme, K. (1985) *Political Parties in Western Democracies*, Aldershot: Gower.
- von der Groeben, H. (1987) *The European Community, the Formative Years: The Struggle to Establish the Common Market and the Political Union*, Luxembourg: Office for Official Publications of the European Communities.
- VSM (1981) *Jahresbericht 1980*, (Verband für Schiffbau und Meerestechnik e.V.), Hamburg: Verband für Schiffbau und Meerestechnik e.V.
- VSM (1982) *Jahresbericht 1981*, (Verband für Schiffbau und Meerestechnik e.V.), Hamburg: Verband für Schiffbau und Meerestechnik e.V.
- VSM (1983) *Jahresbericht 1982*, (Verband für Schiffbau und Meerestechnik e.V.), Hamburg: Verband für Schiffbau und Meerestechnik e.V.
- VSM (1984) *Jahresbericht 1983*, (Verband für Schiffbau und Meerestechnik e.V.), Hamburg: Verband für Schiffbau und Meerestechnik e.V.
- VSM (1986) *Jahresbericht 1985*, (Verband für Schiffbau und Meerestechnik e.V.), Hamburg: Verband für Schiffbau und Meerestechnik e.V.
- VSM (1987) *Jahresbericht 1986*, (Verband für Schiffbau und Meerestechnik e.V.), Hamburg: Verband für Schiffbau und Meerestechnik e.V.
- VSM (1988) *Jahresbericht 1987*, (Verband für Schiffbau und Meerestechnik e.V.), Hamburg: Verband für Schiffbau und Meerestechnik e.V.
- VSM (1989) *Jahresbericht 1988*, (Verband für Schiffbau und Meerestechnik e.V.), Hamburg: Verband für Schiffbau und Meerestechnik e.V.
- VSM (1990) *Jahresbericht 1989*, (Verband für Schiffbau und Meerestechnik e.V.), Hamburg: Verband für Schiffbau und Meerestechnik e.V.
- VSM (1991) *Jahresbericht 1990*, (Verband für Schiffbau und Meerestechnik e.V.), Hamburg: Verband für Schiffbau und Meerestechnik e.V.

- VSM (1992) *Jahresbericht 1991*, (Verband für Schiffbau und Meerestechnik e.V.), Hamburg: Verband für Schiffbau und Meerestechnik e.V.
- VSM (1993) *Jahresbericht 1992*, (Verband für Schiffbau und Meerestechnik e.V.), Hamburg: Verband für Schiffbau und Meerestechnik e.V.
- VSM (1994) *Jahresbericht 1993*, (Verband für Schiffbau und Meerestechnik e.V.), Hamburg: Verband für Schiffbau und Meerestechnik e.V.
- VSM (1995) *Jahresbericht 1994*, (Verband für Schiffbau und Meerestechnik e.V.), Hamburg: Verband für Schiffbau und Meerestechnik e.V.
- VSM (1997) *Jahresbericht 1996*, (Verband für Schiffbau und Meerestechnik e.V.), Hamburg: Verband für Schiffbau und Meerestechnik e.V.
- VSM (1998) *Jahresbericht 1997*, (Verband für Schiffbau und Meerestechnik e.V.), Hamburg: Verband für Schiffbau und Meerestechnik e.V.
- VSM (1999) *Jahresbericht 1998*, (Verband für Schiffbau und Meerestechnik e.V.), Hamburg: Verband für Schiffbau und Meerestechnik e.V.
- VSM (2000) *Jahresbericht 1999*, (Verband für Schiffbau und Meerestechnik e.V.), Hamburg: Verband für Schiffbau und Meerestechnik e.V.
- Wallace, H. (1996) 'Relations between the European Union and the British Administration', in Y. Mény *et al.* (eds), *Adjusting to Europe: The Impact of the EU on National Institutions and Policy*, London: Routledge, pp. 61-92.
- Wallace, William (ed.) (1990) *The Dynamics Of European Integration*, London: Pinter.
- Wallace, H. and Wallace, W. (1996) (eds) *Policy-Making in the European Union*, Oxford: Oxford University Press.
- Williams, J. T. (1990) 'The Political Manipulation of Macroeconomic Policy', *American Political Science Review*, 84, pp. 767-795.
- Wright, V. (1994) 'Reshaping the State: Implications for Public Administration,' *West European Politics*, 17, pp. 102-134.
- Zoll, R. (1980) *Krisenbetroffenheit und Krisenwahrnehmung: eine empirische Untersuchung in der norddeutschen Küstenregion*, Bremen: Universität Bremen.

Press Releases of the European Commission and European Council

- P/85/81 (1 October 1985) 'The State of the Shipbuilding Industry in the Community: Situation at the Beginning of 1985'
- P/86/81 (1 October 1986) 'The Restructuring of the Shipbuilding Industry Will Require a Re-examination of the Social and Industrial Properties for the Affected Regions'
- MEMO/86/168 (23 December 1986) 'Industry Council of 22 December 1986: Council Supported Sixth Directive on Shipbuilding'
- IP/86/611 (12 December 1986) 'Extracts from Commissioner Peter Sutherland's Intervention on Quin Report on Sixth Directive, Strasbourg, 12 December 1986'
- IP/87/233 (11 June 1987) 'Commissioner Sutherland Calls for Fair International Competition on Shipbuilding'
- IP/87/566 (16 December 1987) 'Shipbuilding Aid Ceiling to Stay at 28 per cent'
- IP/88/467 (19 July 1988) 'La Commission Approuve une Aide d'Etat à l'Industrie de la Construction Navale en Allemagne'
- IP/89/59 (8 February 1989) 'Commission Approves Aid to the German Shipyard HDW Nobiskrug'
- IP/89/101 (22 February 1989) 'Commission Approves Investment Aid to the German Yard HDW'
- IP/89/182 (21 March 1989) 'Commission Approves Capital Injection to the German Shipbuilding Yard HDW in Kiel'
- IP/89/318 (3 May 1989) 'Commission Approves Investment Aid to German Yard Neue Jade werft'
- IP/89/441 (14 June 1989) 'Commission Approves German Aid for Ships for Mauritius and Thailand'
- IP/89/449 (14 June 1989) 'Commission Enquiry into Aid to Bremen Shipyard Group'
- IP/89/556 (12 July 1989) 'Commission Approves German Aid for Shipbuilding – Sürken Werft'
- IP/89/578 (19 July 1989) 'Commission Opens Procedure against German Development in Shipbuilding'
- IP/89/911 (29 November 1989) 'Commission Approves German Shipbuilding Aid Scheme'
- IP/89/988 (20 December 1989) 'Shipbuilding Aid Ceiling Fixed at 20 per cent'

- IP/90/504 (21 June 1990) “European Shipbuilding on the Road to Recovery”: Extracts from the Speech of Mr. Bangemann at the Annual Conference of the Association of West European Shipbuilders (AWES), Odense, 21 June 1990’
- IP/90/754 (26 September 1990) ‘Commission Closes Procedure Concerning Bremer Werftenverband’
- IP/91/683 (17 July 1991) ‘Commission Approves Two Aids to the German Shipbuilding Sector’
- IP/91/1181 (18 December 1991) ‘Shipbuilding Aid Ceiling for 1992’
- IP/92/363 (6 May 1992) ‘State Aid Enquiry into Sale of Krupp Atlas Electronics’
- IP/92/401 (20 May 1992) ‘Commission Proposes Amendment to Seventh Shipbuilding Aid Directive to Allow Higher Aid for Shipyards in the New Länder’
- IP/92/1090 (23 December 1992) ‘Commission Approves Aid for Meeres-Technik-Werft Shipyard’
- IP/93/47 (26 January 1983) ‘State aid (*Wettbewerbshilfe*): Commission Approves Changes in the Aid Scheme to Shipbuilding in Germany’
- IP/93/81 (10 February 1983) ‘Commission Approves the Aid Scheme ‘*Werfthilfeprogramm*’ to Shipbuilding in the New Länder (Germany): State Aid
- IP/93/98 (12 February 1993) ‘Martin Bangemann: “There is No Alternative to a European Federal State”’
- IP/93/254 (6 April 1993) ‘Commission Declares Aid to Bremer Vulkan Incompatible with Treaty’
- IP/93/1202 (21 December 1993) ‘The Commission Decides to Approve an Aid Scheme for Ship-Operating Companies’
- IP/93/1216 (21 December 1993) ‘Commission Fixed the Production Aid Ceiling for Shipbuilding in 1994’
- IP/94/51 (26 January 1994) ‘Commission Initiates Proceedings in Respect of Aid to Klöckner’
- IP/94/390 (11 May 1994) ‘The Commission Decided to Approve the Release of a Second Tranche of Aid for the Meerestechnik Werft in Wismar in Meklenburg-Vorpommern (Germany)’
- IP/94/733 (27 July 1994) ‘Commission Decides that Proceedings against Klöckner Stahl GmbH Are to be Terminated’

- IP/95/622 (21 June 1995) 'The Commission Approves the Release of a Second Tranche of Aid for the Volkswerft in Stralsund'
- IP/95/1128 (18 October 1995) 'Commission Agrees to Draft Proposal on Injurious Pricing Instrument to Counter Unfair Competition in Shipbuilding'
- IP/95/1253 (15 November 1995) 'The Commission Approves the Release of a Further Tranche of Investment Aid for the Volkswerft in Stralsund in Meklenburg-Vorpommern'
- IP/96/159 (22 February 1996) 'Commission Approves Installation of a Guarantee Scheme for the Shipbuilding Sector in the German Land Meklenburg-Vorpommern'
- IP/96/222 (13 March 1996) 'New Proposals to Enhance the Competitiveness of Europe's Shipping and Maritime Industries'
- IP/96/423 (15 May 1996) 'State Aid: Germany – Bremer Vulkan: The Commission Requests Urgent Clarification on Rescue Aid for Dörries Scharmann, a Bremer Vulkan Subsidiary'
- IP/96/874 (2 October 1996) 'Commission Authorises Depreciation/Tax Deduction Scheme for Ships Operated under the German Flag'
- IP/96/991 (6 November 1996) 'Commission Authorises German Aid Schemes for Ship-Operating Companies'
- IP/96/992 (6 November 1996) 'Commission Conducts Initial Interim Review and Widens Current Investigation – Directed Resources DM 200 Million Higher than Suspected'
- IP/97/724 (30 July 1997) 'Commission Releases First Instalment of Restructuring Aid for MTW Schiffswerft in Wismar and Volkswerft in Stralsund under the Programme Approved by the Council in June 1997'
- IP/97/836 (1 October 1997) 'A New Shipbuilding Policy'
- IP/98/687 (22 July 1998) 'Commission Orders Recovery of Illegal Aid to Bremer Vulkan Group'
- IP/98/790 (4 September 1998) 'The Maritime Information Society Becomes a Reality'
- IP/98/807 (16 September 1998) 'Commission Clears Aid to IMG (Rostock, Germany)'
- IP/01/656 (8 May 2001) 'Commission Sets Out Strategy on Korean Shipbuilding Case Following Investigation into Unfair Trade Practices'

IP/02/1661 (13 November 2002) ‘Commission’s Sixth Report on Shipbuilding Highlights Serious Market Downturn and Continuing Market Distortion’

SPEECH/02/420 (24 April 2002) ‘Mr. Erkki Liikanen, Member of the European Commission, Responsible for Enterprise and the Information Society, “The International Shipbuilding Industry in the 21st Century: The European Perspective”, Shipbuilding and Marine Technology International Trade Fair, SMM 2002, Hamburg, 23 September 2002’

IP/03/120 (24 January 2003) ‘High-Level European Advisory Group on Shipbuilding to Be Set Up to Drive “LeaderSHIP 2015”’

SPEECH/03/53 (4 February 2003) Mr. Erkki Liikanen, Member of the European Commission, Responsible for Enterprise and the Information Society, “New Perspective for the European Shipbuilding Industry: The LeaderSHIP 2015 Initiative”, New Year’s Reception of the Committee of EU Shipbuilders’ Associations (CESA) and the European Marine Equipment Council (EMEC), Bib. Solvay, Brussels, 29 January 2003’

Interview References

1. Interview conducted by the author with the head of a department in the Senate for the Economy and Harbours of the Free Hanseatic City of Bremen, Bremen, Germany, 3 December 2002.
2. Interview conducted by the author with an official in the Industry and Financing Division in the Senate for the Economy and Harbours of the Free Hanseatic City of Bremen, Bremen, Germany, 3 December 2002.
3. Interview conducted by the author with the head of a department in the Competition Directorate-General of the European Commission, Brussels, Belgium, 8 November 2001.
4. Interview conducted by the author with the head of a department in the Competition Directorate-General of the European Commission, Brussels, Belgium, 5 November 2001.
5. Interview conducted by the author with a consultant to the Committee of European Union Shipbuilders' Associations (CESA), Bremen, Germany, 2 December 2002.
6. Interview conducted by the author with a former member of the board of directors of Bremer Vulkan Verbund AG, Bremen, Germany, 5 December 2002.
7. Interview conducted by the author with an official in Directorate A3 of the Competition Directorate-General of the European Commission, Brussels, Belgium, 5 November 2001.
8. Interview conducted by the author with the head of a department in the State Ministry for Economic and Labour Affairs of Free and Hanseatic City of Hamburg, Germany, 10 December 2002.