

REPORTING, MONITORING AND CONTROL STATE AID DIRECTORATE

REPORT on monitoring of state aids granted to the shipbuilding sector in Romania between the years 2006 and 2007

According to the provisions of G.E.O. no. 117/2006 regarding the national procedures in the state aid field approved by Law no. 137/2007, the Competition Council has monitored the state aids granted to the shipbuilding sector between 2006 and 2007.

Thus, following the request on behalf of the Competition Council, the state aid grantors have sent data and information concerning a number of 9 shipyards, respectively: S.C. SANTIERUL NAVAL CONSTANTA S.A., S.C. 2X1 HOLDING CAPE MIDIA SHIPYARD S.A., S.C. SANTIERUL NAVAL MANGALIA S.A., S.C. ELECTROSCOICA MAR S.R.L. Constanta, S.C. SANTIERUL NAVAL BUTA&CO S.A. Constanta, S.C. SEVERNAV S.A. Drobeta Turnu-Severin, S.C. NAVOL S.A. OLTENITA, S.C. METALNAV S.R.L. Braila, S.C. MENAROM S.A. Galati.

Based on the analyze made, it has been determined that the activity of the targeted shipyards was mainly focused on building ships rather than repairing them.

Concerning the shareholders' structure, excepting 2 of them, respectively S.C. SANTIERUL NAVAL MANGALIA S.A. and S.C. MENAROM S.A. Galati, where the state (through The Authority for State Assets Recovery) is also a shareholder, all the other shipyards have exclusively private capital.

At the same time, it has been detected that of the 9 undertakings kept in record by the grantors of state aid, only one undertaking, respectively S.C. SANTIERUL NAVAL MANGALIA S.A. has not benefitted of state aid during the analyzed period, while 2 other undertakings, respectively S.C. NAVOL S.A. OLTENITA and S.C. MENAROM S.A. Galati have entered in a procedure of insolvency, declared by the Civil Sentence dated 11.02.2008 respectively 17.01.2008.

Between 2006 and 2007, the other 6 undertakings have benefitted of state aids granted, in the majority, based on state aid schemes. All undertakings, regardless of their field of activity, can benefit of state aids granted based on schemes.

Between 2006 and 2007, the state aids granted to shipyards consisted in budgetary allowances and subsidized interests. Their value was 6.991,30 thousand Lei, of which 6.848,35 thousand Lei were granted in 2006 and 142,95 thousand Lei were granted in 2007.

By comparing the state aids granted to shipyards between 2006 and 2007, with the state aids granted between 2004 and 2005, it has been noticed a decrease in the quantum of state aids granted between 2006 and 2007 compared to the previous period of time, when the total amount of state aid granted was 86.033,4 thousand Lei. This thing is due to the fact that in the previous period of time, the restructuring and privatization of the majority of undertakings in this sector took place.

The shipbuilding and ship repairing sector presents specific characteristic features, respectively, small-scale production, the size, value and complexity of the units produced as well as the fact that prototypes are generally used in a commercial purpose, specifications which determined the distinct approach of this sector compared to other industrial sectors.

This is the reason why, the European Commission pays particular attention to this sector, while through the regulations issued has aimed at increasing the efficiency and competitiveness, especially through promoting innovations, accepting in certain conditions of facilities for export credits, as well as granting regional state aids by the member states.

DIRECTOR

DANIEL DIACONESCU