

Can we think the unthinkable?

Dr Paul Stott, Strategic Maritime (UK), 4th July 2026



Last week in my presentation in Liverpool (available for free on www.strategicmaritime.co.uk), I discussed national strategies and, in that context, I gave examples of situations that have justified government assistance in shipbuilding. Subsidy is most often used as a pejorative term but financial assistance is much more than a means of cheating and taking work from competitors. There are strategic aims and market and operating difficulties for which assistance can be legitimately needed and which has been and will continue to be given.

There is an industry in which support to counter market distortions and underlying business and investment difficulties is the norm. I am talking about farming where, in Europe at least, the industry has been benefiting from the Common Agricultural Policy for 50 years. From what we now know and after a century of fighting the inevitable, dare we now think that shipbuilding might legitimately join a limited group of difficult industries that struggle without occasional help?

Un-fettered subsidy or protectionism are likely, eventually, to be counter-productive. With this in mind, assistance to shipbuilding must be:

1. Occasional and focused;

2. Targetted at very specific aims, for example relating to national security and resilience;
3. Time-bounded and closely monitored;
4. Proportionate.

Shipbuilding is, in reality, already a de facto recipient of legitimised assistance – as evidenced, for example, by the wide acceptance of ‘innovation aid’ as a measure needed to enable governments to assist R&D in the context of product development – something that is precluded for shipbuilding under normal R&D aid restrictions.

The world is changing and we need more efficient shipyards to provide strategic resilience. Assistance can surely be justified to overcome barriers to achieving this aim?

I first became involved in subsidy in 1988 when I was employed as a consultant by the European Commission to monitor shipbuilding subsidies in Europe – at a time when billions of € were being wasted trying to shore up shipyards that were already doomed to closure. Until recently my position has been that assistance and subsidy are, generally speaking, fundamentally wrong, often counter-productive and sometimes damaging to others. I have now changed my view and believe that assistance to achieve strategic aims is inevitable, but needs to be tightly controlled – to overcome barriers that private capital alone cannot surmount.

More to follow on this in a book I am writing to help understand the issues.