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## COMMISSION DECISION

of 28 October 1964

on the abolition by the Kingdom of Belgium of the aid granted to Ford Tractor (Belgium) Ltd, Antwerp<sup>1</sup>

(Only the Dutch and French texts are authentic)

(64/651/EEC)

THE COMMISSION OF THE EUROPEAN ECONOMIC COMMUNITY,

Having regard to the Treaty establishing the European Economic Community, and in particular the first subparagraph of Article 93 (2) thereof;

Having regard to the written and oral observations of Member States, and those of Ford Tractor (Belgium) Ltd, Antwerp;

## I

Whereas Ford Tractor (Belgium) Ltd, Antwerp, had contracted a ten-year loan of a thousand million Belgian francs with a private credit institution and obtained from the Belgian Government an interest rebate of 3.5 % calculated in terms of a notional six-year amortization period, the last annual redemption payment being fixed at 700 million Belgian francs;

Whereas this aid was granted under the Law of 17 July 1959 establishing and coordinating measures to encourage economic expansion and the creation of new industries; whereas it was granted in order to assist in the conversion of the production programme of the Ford Company in Antwerp, which will cease completely to assemble cars and trucks and devote its activities in the future ..... to assembling agricultural tractors and ....., and to the manufacture of gear boxes and rear-axles for agricultural tractors;

Whereas by virtue of the interest rebate granted to it Ford Tractor (Belgium) Ltd, Antwerp, is entitled, under Article 8 of the Law of 17 July 1959, to exemption for five years from property tax on any buildings constructed under the conversion project;

Whereas the production of agricultural tractors in the European Economic Community has been stag-

nating for several years; whereas this situation is reflected in the following statistics:

- between 1959 and 1963 annual Community production fell from 236 300 to 217 320 units;
- in France, after reaching 92 300 units in 1958, production fell to 68 590 in 1963, and only 60 % of production capacity is being used at present;
- in the Federal Republic of Germany production fell from 118 400 units in 1958 to 95 730 units in 1963; in the same period five German undertakings ceased producing agricultural tractors;
- only in Italy, the Member State with the smallest output, has production increased, rising in the same period from 25 600 to 53 000 units;

## II

Whereas the aid was granted by the Belgian State; whereas the interest rebate will, at the end of six years, amount to about 170 million Belgian francs; whereas it may carry a tax exemption the amount of which cannot be calculated at present;

Whereas the aid granted threatens to distort competition between tractor manufacturers, in particular to the detriment of those established in France and Germany whose production has been stationary or regressive for several years; whereas its purpose is to relieve the recipient company of part of the expenditure which it would normally have to bear for the installation and initial operation of a new production unit;

Whereas the abolition of all quotas and the progressive reduction of customs duties on tractors tend to make all manufacturers established in the Community more sensitive to the effect of aid granted to any one of them; whereas while the high-powered tractors which will be manufactured in Antwerp will not satisfy the same demand as low-powered tractors, both types are produced by most German and French

<sup>1</sup> Certain passages of this Decision have been omitted owing to the confidential information contained therein relating to the undertaking concerned.

manufacturers; whereas the interests of these manufacturers are liable to be prejudiced all the more if the shift in demand towards high-powered tractors expected by Ford Tractor (Belgium) Ltd, Antwerp, is substantial and rapid;

Whereas until now there has been no tractor production in Belgium; whereas the aid granted will have direct effects on competition between Ford Tractor (Belgium) Ltd, Antwerp, and undertakings established in other Member States; whereas such aid will affect not only Belgian imports of tractors from Member States, which in 1962 amounted to 7 252 units, but also trade throughout the Community, because of the proposed high rate of production .....

Whereas the number of agricultural tractors it is intended to manufacture in Antwerp is close to that of the same type of tractor imported by the Ford Company into the Community in recent years, so that the Ford Company would simply maintain its traditional share of the tractor market in the European Economic Community without altering the balance of the market; whereas, however, even if such equivalence is achieved, there will still be distortion of competition between the recipient company and the other tractor manufacturers established in the European Economic Community;

Whereas this is a measure which falls under Article 92 (1);

Whereas the provisions of Article 92 (2) clearly do not apply in this case;

Whereas the conditions required to enable the Commission to envisage the application of the provisions of Article 92 (3) (a) and (b) are not met;

Whereas the standard of living in the region of Antwerp is not abnormally low; whereas, furthermore, on 31 December 1963 the unemployment figures for men and women of normal, partial or low employability were respectively 3 068, 4 368 and 2 752 persons which represents 1.06 %, 1.51 % and 0.95 % of employed persons in the region; whereas at the same time there were 1 306 unfilled vacancies; whereas these figures do not represent serious underemployment, nor would there have been such underemployment following the dismissal of 2 000 employees if the Ford Company in Antwerp had abandoned its conversion project and closed down;

Whereas the Belgian economy is not affected by any serious disturbance; whereas neither the conversion undertaken by the Ford Company in Antwerp nor the manufacture of high-powered tractors are important projects of common European interest within the meaning of Article 92 (3) (b);

Whereas production capacity in the common market for agricultural tractors is not lower than demand; whereas certain undertakings already established in the Community have a high degree of technical development; whereas in these circumstances aid to encourage the creation of a new production unit is not justified by the need to increase supplies or make the sector more efficient by stimulating competition; whereas the reason for giving aid for the installation in Antwerp of a factory for the manufacture of axles and gear boxes for tractors and for the assembly of tractors cannot be the economic situation in the region of Antwerp which is prosperous compared with many other regions of the Community; whereas aid can only aggravate the already difficult conditions for Community tractor production;

Whereas, therefore, although aid may contribute to the development of agricultural tractor production, and indeed to the development of the region of Antwerp, not only is application of Article 92 (3) (c) not desirable because aid is not in the common interest, but it is out of the question because it interferes with trading conditions to an extent contrary to the common interest;

Whereas, consequently, the aid granted to Ford Tractor (Belgium) Ltd, Antwerp, is incompatible with the common market and must therefore be abolished;

Whereas the first subparagraph of Article 93 (2) empowers the Commission to fix a time limit for such abolition; whereas the Belgian Government should be allowed to continue its aid for one year, if it considers this necessary, to enable Ford Tractor (Belgium) Ltd, Antwerp, to meet its normal financial and tax commitments,

HAS ADOPTED THIS DECISION:

*Article 1*

The Kingdom of Belgium shall, not later than 31 October 1965, take all necessary steps to abolish all forms of aid to Ford Tractor (Belgium) Ltd, Antwerp, in application of the Law of 17 July 1959 establishing and coordinating measures to encourage economic expansion and the creation of new industries.

*Article 2*

This Decision is addressed to the Kingdom of Belgium.

Done at Brussels, 28 October 1964.

*For the Commission*  
*The President*  
Walter HALLSTEIN