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COMMISSION
OF THE
EUROPEAN COMMUNITIES

General Secretariat

COM(82) 764 final
Brussels, 22 November 1982

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Communication from the Commission to the Council

Request for assent, pursuant to Article 56 (2a) of the ECSC Treaty to
the granting of a conversion loan to Barr & Stroud Limited, United Kingdom

COM(82) 764 final

Communication to the Council

Subject : Request for assent, pursuant to Article 56 (2a) of the ECSC Treaty to the granting of a conversion loan to Barr & Stroud Limited, United Kingdom.

I. THE COMPANY

No. 371

Applicant : Barr & Stroud Limited

Registered Office : Anniesland, Glasgow

Parent company of applicant : Barr & Stroud is a wholly-owned subsidiary of Pilkington Brothers P.L.C., a company incorporated in the United Kingdom.

Recipient : Barr & Stroud Ltd

Field of activity of recipient : The main range of products is :
1) Products for the Defence market which include inter-alia-Laser Rangefinders, Rapier Systems, Periscopes, masts and Associated Equipment, and Equipment Development contracts.
2) Commercial Market Products which include : medical instrumentation, optical filters, fibre optics, etc.

II. THE PROJECT

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Description

: The company intends to develop and upgrade several of its existing areas of production. As the company's various production areas are inter-related, the proposed capital expenditure on the project will contribute to the overall expansion, efficiency and employment levels of the business as a whole. The project -inter alia - involves the introduction of new equipment, the resiting of the optical components department, and the demolition of an existing factory (former Temple Iron Works) and the erection of a 45,000 sq ft factory on the site to rehouse the updated periscope manufacturing department presently located in the company's main works.

	<u>£ 000</u>	
<u>Cost</u>	: Land	
	: Buildings	2 350
	: Plant and machinery	8 400
	: Other	-
	: Total	10 750
		(+ 19.4 MioECU)

Schedule

: 1982 - 1984

Market

: The company's turnover can be split into three broad categories :

- 1) Defence products for the Ministry of Defence
- 2) Defence products for other customers
- 3) Civilian products

Non Ministry of Defence sales will represent 36 % of the company's turnover by 1984.

Environment

: Environmental protection measures in accordance with current legislation

The sectoral and competition aspects of the project have been closely examined ; they do not militate against the granting of the loan applied for.

The project appears to be economically sound ; it will make a significant contribution to the redevelopment of the region which is suffering the effects of a decline in ECSC industries.

III. THE REGION

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- Project location : Anniesland, Glasgow and Vale of Leven Industrial Estate, Strathleven, Strathclyde, Scotland.
- Unemployment rate : In January 1982 there was an unemployment rate of 16.5 % in the Glasgow travel to work area. The position is particularly severe for men with male unemployment now at 20.8% (18.2% in Scotland)
- National aid status of project area : Special Development area.

The ECSC industry has been an important source of employment in the area.

IV. CONFORMITY WITH ARTICLE 56 OF THE ECSC TREATY

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- ECSC redundancies in project area : Between 1970 and 1980 employment in coal-mining in Scotland fell by about 9,000 (31%) and in metal manufacture (of which iron and steel making is the major component) by about 15,000 (32%). The decline in iron and steel employment has been particularly rapid in Strathclyde in the more recent period and it is estimated that a fall of over 12,000 jobs has occurred in the region since 1976.
- Jobs to be created by the project : Total employment to be created by the project is 459, of which 278 inhouse and 181 secondary employment (sub-contracting).
- Training : As regards the inhouse jobs, training will be provided by the company, for the secondary jobs training will be provided by sub-contractors, if required.

The Commission considers that the application complies with Article 56 (2a) of the ECSC Treaty and that the new jobs to be created by the project are capable of absorbing redundant ECSC workers into productive employment.

V. CONVERSION LOAN
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Loan applied for : £ 4 000 000

Loan to be granted : The Commission has approved a loan of
£ 4 000 000 (about 7.22 MioECU)
or equivalent to the above mentioned
company in accordance with Article 56
application criteria (OJ C 82,
29 March 1979)

Interest rebate : 3 percentage points per year for five
years on 3 MioECU.

Job basis of interest rebate : 150 jobs suitable for former ECSC
industry workers, to whom they will be
offered in priority.

VI. COUNCIL ASSENT
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The Commission requests the Council to give its assent to the foregoing
decision.