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In Übereinstimmung mit der Verordnung (EWG, Euratom) Nr. 354/83 des Rates vom 1. Februar 1983 über die Freigabe der historischen Archive der Europäischen Wirtschaftsgemeinschaft und der Europäischen Atomgemeinschaft (ABl. L 43 vom 15.2.1983, S. 1), geändert durch die Verordnung (EG, Euratom) Nr. 1700/2003 vom 22. September 2003 (ABl. L 243 vom 27.9.2003, S. 1), ist diese Datei der Öffentlichkeit zugänglich. Soweit erforderlich, wurden die Verschlussachen in dieser Datei in Übereinstimmung mit Artikel 5 der genannten Verordnung freigegeben.

COMMISSION
OF THE
EUROPEAN COMMUNITIES

General Secretariat

COM(82) 875 final
Brussels, 7 January 1983

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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 Smith Kendon Ltd.

United Kingdom

COM(82) 875 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 Smith Kendon Ltd. United Kingdom.

I. THE COMPANY

No. 359

Applicant : Smith Kendon Ltd.

Registered Office : Bridgend, South Wales

Parent company of applicant : Beatrice Foods

Recipient : Smith Kendon Ltd.

Field of activity of recipient : Manufacture and sale of confectionery

II. THE PROJECT

Description

: Callard & Bowser Ltd, Nuttal Ltd (C. & B.N.) a manufacturer of high quality confectionery, was recently acquired by Beatrice Foods and placed under the management of another Beatrice subsidiary, Smith Kendon Ltd (S.K.), also manufacturing confectioners, carrying on business at Waterton Industrial Estate, Bridgend. It is intended to merge the business of C. & B.N. with that of S.K. in the very near future. C. & B.N. currently manufacture at Halifax, Yorkshire and Hayes, Middlesex. The Hayes factory is old and in the opinion of the new owners not well suited to confectionery manufacture. About 11,000 tons of confectionery were manufactured in the year to 31st August, 1981, 8,000 at Hayes and 3,000 at Halifax.

The project is to close the Hayes manufacturing unit, concentrating all chocolate confectionery manufacture on one site at Halifax, while bringing the remaining 6,000 or 7,000 tons of sugar confectionery to a purpose built extension of S.K.'s modern factory at Waterton.

Eventually it is also intended, as a separate project to relocate the C. & B.N. head office with that of S.K. at Waterton.

The effect of the merger and relocation of production at Waterton will be to quadruple the size of the existing S.K. operation with consequent increased demand on all local service and manufacturing supply industries.

Cost

	<u>£ 000</u>	
Land	1,342	
Buildings	2,500	
Plant and machinery	2,000	
Other	<u>0,500</u>	
Total	6,342	(+ 11.2 MioEcu)

Schedule

: 1982 to 1986, with the bulk of capital expenditure being incurred in 1983.

Market

: The products are being sold mainly in the U.K. (55 %), in third countries (25 %) and in Europe (20 %).

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 : Bridgend, South Wales
- Unemployment rate : The unemployment rate in the Port Talbot travel-to-work area, of which Bridgend forms part, was 16 % in February 1982.
- National aid status of project area : Assisted 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 : In the past decade, industrial South Wales has been affected by the loss of 18,000 jobs in the coal industry. In steel, the past 6 or 7 years have seen a massive contraction within the industry with steel employment falling from over 67,000 in 1975 to 27,600 by the end of 1981.
- Jobs to be created by the project : The new factory extension at Waterton will lead to the creation of about 284 new production jobs in the new location and moving the C. & B.N. administrative headquarters to Waterton would provide about 88 new administrative and selling jobs in Waterton. It is expected that about 260 Production jobs and 50 administrative and selling jobs would be recruited locally. Although many of the jobs lost at the Hayes closure will be recreated at Halifax and Waterton, the overall job loss resulting from the restructuring action will be 156, due to the installation of more automated and modern equipment at Waterton and Halifax.
- Training : Training will be provided by applicant.

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

Loan applied for

: £ 3,100,000

Loan to be granted

: The Commission has approved a loan of
£ 3,100,000 (about 5.48 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 2.2 MioECU.

Job basis of interest rebate

: 110 jobs suitable for former ECSC
industry workers, to whom they will be
offered in priority.

VI. COUNCIL ASSENT

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