

ISEC/8/81

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MORE EEC FUNDS FOR CREATING JOBS IN UNITED KINGDOM

Britain's senior EEC Commissioner, Mr Christopher Tugendhat, signed an agreement in London on February 23, 1981, providing another £20 million of European Community money to help create jobs for steel workers and coalminers affected by recent closures.

The money will be loaned at special low rates of interest, up to three per cent below market rates, and will be made available through Finance for Industry Ltd. (FFI), the long-term investment institution owned by the UK clearing banks and the Bank of England

Mr Tugendhat signed the facility at the FFI Headquarters, 91 Waterloo Road, London this morning\*. At the same time, the UK Department of Industry signed a separate agreement guaranteeing half the amount of the loan against exchange risks.

The latest loan is the third global loan provided by the EEC for reconversion under article 56 of the European Coal and Steel Community (ECSC) Treaty. This gives the Commission powers to make loans to enterprises starting up or expanding businesses in areas affected by closures in the coal and steel industries, and which create alternative jobs for displaced workers.

Like the previous global loans of £10m in 1974 and £20m in 1979, it is designed for applicants requiring less than £1 million. It is in addition to allocations made to larger applicants. Forty of the latter have received over £231 million in the UK since 1973 by way of reconversion finance, creating over 18 000 new jobs, at least three quarters of them for redundant miners and steelworkers.

The Commission estimates that the new loan facility should be even more job intensive, creating some four thousand new work places.

The first two global loans have already been totally committed and part of the third loan applied for by some 190 enterprises. Average size of loan is about £170 000.

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\* Monday, February 23, 1981