

November 3, 1981

EMBARGO: 12.00 HOURS, TUESDAY, NOVEMBER 3, 1981

LOW INTEREST LOAN FOR CO-OPERATIVE BANK IN COAL AND STEEL

Commission officials are in Manchester today signing a ~~new~~ facility agreement for £1 million on behalf of the European Coal and Steel Community with the Co-operative Bank. The loans are being made available under the ECSC Treaty, which provides for low interest loans for projects creating new job opportunities.

It is expected that part of the funds will be used for the loan scheme for small businesses recently launched by the Commission. The Co-operative Bank is the second of the UK clearing banks to join in the new scheme which is designed to provide cheap finance for the very small businessman in those travel-to-work areas where significant redundancies have occurred in either the steel or coal areas. The qualifying investments must be for a manufacturing project or allied service industry and must create at least two jobs suitable for former coal or steel workers.

Those projects which require finance of not more than £50,000 and are located in one of the development areas will qualify under the UK Government Guarantee Scheme against foreign exchange fluctuations. Consequently, fixed interest loans are possible at rates substantially lower than those generally available in the UK, and these are reduced even further by the use of ECSC funds. Initially the small borrower will pay less than 11 per cent for the funds under this global loan facility.

Larger loans and those not located in a development area can be financed under the facility signed today but will be more expensive because of the non-availability of exchange risk guarantee from the UK Government although they will be entitled to the interest rebates granted by the ECSC.

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