

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(76) 377 final

Brussels, 16 July 1976

Request for an assent, pursuant to Article 56 of the ECSC Treaty,  
for a grant of a redevelopment loan to NATURAL GAS TUBES LTD. (UK)

-----  
(Communication from the Commission to the Council)

COM(76) 377 final



COMMUNICATION TO THE COUNCIL

Subject: Request for an assent, pursuant to Article 56 of the ECSC Treaty, for a grant of a redevelopment loan to NATURAL GAS TUBES LTD. (UK)

I. ESSENTIAL INFORMATION

Applicant: Natural Gas Tubes, Ltd. (UK)

Beneficiary: Natural Gas Tubes, Ltd. (UK)

Project: Construction of a spiral weld mill as an extension to the applicant's welded tube plant

Location: Tafarnaubach Industrial Estate, Ebbw Vale, S. Wales

Investment: 642,744 EUA (£ 406,800)

Loan requested: 0,22 billion EUA (= £ 136.000)

Jobs created: 18 jobs of which 12 will be offered in priority to ex-ECSC workers of British Steel Corporation's Ebbw Vale works.

II. ADMISSIBILITY

The planned reduction in labour requirements at British Steel Corp., Ebbw Vale works, will make about 1900 workers redundant in 1975. The applicant is among the firms which has accepted the location at Tafarnaubach Industrial Estate in order to utilise part of the work force being made redundant by the BSC closures. The applicant agrees to give priority to the recruitment of ex-ECSC workers, for which it is expected that 100 out of 120 posts will be filled by ex-steel workers for the welded steel tube plant to be commissioned in mid-1976, and for which the Commission granted an ECSC reconversion loan of £ 950,000 in December 1975. Of a total of 18 new jobs to be created 12 will be offered in priority to ex-steel workers.

\*/.

### III. THE UNDERTAKING

Description: Natural Gas Tubes Limited

Legal Status: Limited Company

Established: 1966

Administrative Headquarters: London

Registered capital: £ 600,000

### IV. THE PROJECT

It is proposed to install a spiral weld mill as an extension to the operation of the welded tube mill. Space for the installation of the spiral weld mill has been provided in the building plans for the welded tube mill and the only additional costs involved are those of plant and equipment and installation expenses. The slitter installed for the welded tube mill can be used to slit the coils for the spiral weld mill and it is the intention that the production of both plants should run as an integrated operation.

The plant and equipment will consist of the spiral weld mill, an end facing machine and testing rig. It is assumed that the plant will be delivered in March 1977, and commissioned in July 1977.

### V. THE MARKET

The new plant will have the capacity to manufacture tubes in the range 10" - 40" with thickness up to 3/8" and facilities to test a proportion of this output. It has been estimated that an annual market of 50,000 tonnes in the UK will be available in 1978 for products in this range. The output of the new plant of 3,600 tonnes per annum represents 7% of this estimated market. In addition, the new capacity will enable the company to bid for export orders.

### VI. SOCIAL ASPECTS

It has been agreed with the Iron and Steel Trade Confederation that this union will be recognised, which means that preference to work force will be given to redundant steel workers from Ebbw Vale.

A retraining programme is being devised in cooperation with British Steel Corporation and the Employment Services Agent (Department of Industry).

VII. FINANCIAL ASPECTS

The summarised financing plan for the project is as follows for 1976/77:

	<u>£'000</u>		<u>£'000</u>
Plant and machinery	406.8	Own resources	121.9
Working capital	254.8	Operating surplus	125.2
		Regional Development Grant	88.0
		ECSC loan	136.0
		Long-term Bank loan	190.5
Total	<u>661.6</u>		<u>661.6</u>

With about 30 percent of the cost of the fixed investment being provided by the firm's resources the plan can be regarded as acceptable.

VIII. CONCLUSIONS

- (a) The Commission considers that the request complies with Article 56 of the ECSC Treaty and that the proposed investment is economically sound. In consequence the Commission has approved a loan to Natural Gas Tubes Limited for a maximum amount of 0,22 million EUA (£ 136,000) or its equivalent value. For an amount of up to 0,22 m. EUA the rate of interest will be reduced by 3 percentage points for the first five years after the payment or payments.
- (b) The Commission invites the Council to give its assent to the foregoing decision.

3

Handwritten mark or signature