



*European Communities
Commission
Press Release*

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EUROPEAN INVESTMENT BANK LOANS £10m TO HELP UK SMALL FIRMS

A loan of 19.2m units of account, worth about £10m, to aid smaller and medium-sized companies in Britain is announced by the European Investment Bank, the EEC's long-term finance institution. The aid will be specially for Britain's development areas.

The money will help to finance a wide range of industrial ventures, with priority to those which promise to create extra employment opportunities or safeguard job levels in development areas, mainly in Scotland, the North of England, Wales and Northern Ireland where the most difficult problems of regional development persist.

The EIB finance will be channelled via a "global" loan to the Industrial and Commercial Finance Corporation Ltd for a term of 10 years at an interest rate of 10½ per cent.

Within the next 12 months ICFC will assess and select various industrial projects and, with the EIB's approval, will lend sums from £50,000 to £1 million to help with their finance.

This new loan raises to £13.5m the EIB finance provided for ICFC, now part of the Finance for Industry Group. In July 1973 the corporation received an initial "global" loan of £3.5 million, the first loan made by the bank in the UK.

Since then ICFC has on-loaned sums in support of a wide variety of industrial development, expansion or modernisation projects, ranging from factories producing sophisticated electronic medical equipment to part-fried chipped potatoes, golf-club heads, and carpets.

Scotland has been the main beneficiary from the 14 allocations so far agreed. More than £1,070,000 has been allocated for nine industrial projects, helping to create more than 900 new jobs and safeguard about 800 more. Three Welsh projects, which will provide 160 new jobs, have received loans totalling £400,000, and in the North of England 320 new jobs will be created and a further 370 safeguarded through 2 projects which have received £270,000.

Allocations have been approved in respect of a variety of similar ventures in development areas which will almost completely account for the remainder of the original £3.5 million.

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TAILOR-MADE FOR THE SMALLER BUSINESS

The global loan technique developed by the EIB is tailor-made to benefit the small or medium - scale industrial venture.

Very flexible in application, it enables the European Investment Bank - by its nature more accustomed to dealing with large schemes - to play a valuable role in stimulating growth of smaller companies, in the very areas where new, local employment opportunities are most welcomed.

Experience has often shown that favouring a number of small or medium-scale projects can create relatively more new jobs than a single loan for one large project. The EIB has therefore rapidly developed this branch of its operations over recent years.

In 1973 the Bank's loans for regional development projects within the Community totalled 424.5 u.a., more than a quarter of this (109.6m u.a.) was accounted for by global loans to intermediary financial institutions for on-lending to smaller scale schemes.

This year, including the ICFC loan, a further 89.5 million units of account has already been provided for "global" loans to help smaller and medium-size business in Italy, Ireland, Germany, France and Britain. Others are currently being negotiated.

Set up by the Treaty of Rome, the European Investment Bank has as one of its main tasks that of helping to provide the necessary finance to stimulated regional development. Loans such as that now made to the ICFC in Britain are particularly well-suited to that task.

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