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COMMISSION
OF THE
EUROPEAN COMMUNITIES

General Secretariat

COM(82) 363 final

Brussels, 21 June 1982

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Request for assent, pursuant to Article 56 2a) of the ECSC Treaty,
to granting a reconversion loan to Hunterprint Group Limited,
United Kingdom

(Communication from the Commission to the Council)

COM(82) 363 final

Draft Communication to the Council

Subject: Request for assent, pursuant to Article 56 2a) of the ECSC Treaty, to granting a reconversion loan to Hunterprint Group Limited, United Kingdom.

I. THE COMPANY
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No. 351

Applicant : Hunterprint Group Limited

Registered office : St. Albans, Herefordshire

Parent company of the applicant : The fully paid up capital of £415,000 of the company is held mainly by Wren Trust Limited (£235,000) and M.G. Hunter and L.R. Hunter (£164,300).

Recipient of the loan : Hunterprint Group Limited

Field of activity of the recipient : The Group has, over the past few years, established itself as one of the leading print houses in the high quality, full colour web-offset volume printing market. Its commercial products comprise printed material such as leaflets, brochures and catalogues, whilst its special products consist of advertising material with computer sprocket drive-holes, apertures, glued areas, perforated stamps and numbering as used in large computer mail shots such as those carried out by the Readers Digest Association.

The Group now has two subsidiary companies: Peterlee Print Finishers Ltd., and Graphic Binding Ltd., and employs 211 people in three locations: Peterlee 111, Radlett 66, St. Albans 34.

II. THE PROJECT

Description

The proposed investment forms part of a continuing expansion programme of the Group and involves the rationalisation of the "Special Products" production into a new factory at Corby, Northamptonshire and the expansion of the Group print capacity at Peterlee. After the transfer of finishing activities from St. Albans to Peterlee and of computer equipment and administrative offices from Radlett to Corby, the Radlett and St. Albans premises will be closed.

<u>Cost</u> (in £000)	:	Land	}	1,020
	:	Buildings	}	
	:	Plant and machinery		3,449
	:	Other		-
	:	Total		4,469 (8 MioECU)

Schedule

: On the basis of early approval of the requested ECSC loan, the main dates are as follows: commencement of Corby factory March 1982, completion of Corby factory November 1982, receipt of 48 page M.85QL press for Peterlee January 1983, Corby fully operational (transfer completed) March 1983, Peterlee fully operational (including M.85QL) April 1983.

Market

: The Group competes in the following major markets:

Consumer advertising; mail order house printing; holiday companies and airlines; major advertising agencies.

The Group's special products account for only £4 million of the total turnover of £14.5 million, but recent sales efforts to encourage market acceptance have been successful. Recent successes included obtaining orders from France, Holland, Belgium and Germany. The centralisation of production of special products at one location will increase efficiency and enable the group to match services previously considered to be the preserves of modern large-scale American and continental printers.

On the commercial products side at Peterlee, the Group will have on completion of the project three 32-page presses and one 48-page press. The Group believes that the proposed rationalisation and expansion of capacity at Peterlee will enable it to meet the known needs of large customers who often have to look abroad for suppliers who can meet the high quality/large volume/stringent delivery requirements which they set.

Environment

: Environment protection measures in accordance with current legislation.

The sectoral and competition aspects of the project have been closely examined; they do not run counter to granting the requested loan.

The project appears economically sound; it will make a very useful contribution to the redevelopment of the region concerned which is affected by a decline in ECSC industries.

III. THE REGION

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- Project location : North West Industrial Estate, Peterlee, Co. Durham, and Earlstrees Industrial Estate, Corby, Northamptonshire (East Midlands)
- Unemployment rate : The South-East Durham travel-to-work area, which includes the employment office area of Peterlee, has a rate of 16.4 % (December 1981). The unemployment rate in the Corby travel-to-work area is 20.7 %.
- National aid status of project area : Special development area (Peterlee), development area and steel closure area (Corby).

The ECSC industry has been the main source of employment in the areas.

IV. CONFORMITY WITH ART. 56 2a) OF THE ECSC TREATY

- ECSC redundancies in project area : Peterlee area : about 700 redundancies in coal-mining plus over 3,000 steel redundancies in the last 12 months to the end of November 1981. This is on top of the 4,500 steel jobs lost in the Consett area (to the west of Peterlee).
Corby area : B.S.C.'s decision to close steel making in Corby resulted in the direct loss of over 5,000 jobs.
- Jobs created by the project : The Group expects to employ 272 people by 1985, 157 in Peterlee and 115 in Corby. The increase in jobs within Coal and Steel Closure Areas will then be 161 (272 minus 111 currently employed in Peterlee). Taking into consideration, however, that 28 employees from Radlett are likely to transfer to Corby, only 133 jobs will actually be on offer. The Group considers that approximately 102 of these jobs will be suitable for ex-ECSC employees.
- Training : will be provided by the Group.

The Commission considers that the request complies with Art. 56 2a of the ECSC Treaty and that the new jobs created by the projects will help to bring redundant ECSC workers back into productive employment.

V. CONVERSION LOAN

Loan requested : £2,235,000

Loan granted : The Commission has approved a loan of £2,235,000 (about 4 MioECU) or equivalent to the above mentioned company, in accordance with Art. 56 application criteria (O.J. No. C 82/8 of 29 March, 1979).

Interest rebate : 3 percentage points per year for five years on 2,040,000 ECU.

Job basis of interest rebate : 102 jobs suitable for former coal and steel workers who are to be given priority.

VI. COUNCIL ASSENT

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