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COM (84) 760

Vol. 1984/0270

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COM(84) 760 final

Brussels, 21 December 1984

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COMMISSION
OF THE
EUROPEAN COMMUNITIES

General Secretariat

COMMUNICATION FROM THE COMMISSION TO THE COUNCIL

Request for assent of the Council under Article 54, second paragraph, of the ECSC Treaty to the co-financing of the conversion from oil or gas to coal firing of boilers at Tate and Lyle Refineries

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Note to the Council

Subject : Request for the assent of the Council under Article 54 paragraph 2 of the ECSC Treaty to the co-financing of the conversion from oil or gas to coal firing of boilers at Tate and Lyle Refineries.

Amount of the loan : £ 6.0 m. (approximately 10.11 m. ECU)

Borrower : Tate and Lyle Refineries (a division of Tate and Lyle Industries)

Description : The company plans to reduce its dependence on oil and gas for the energy requirements at its sugar refinery by replacing four existing boilers with coal-fired installations.

The project, which will take 2 ½ years to complete has estimated costs as follows :

	£ 000
a) Boilers, ancillary plant	5,271
b) Coal/ash handling plant	819
c) Mechanical, electrical and chimney installations	2,255
d) Civil, building and miscellaneous works	1,347
e) Continency and inflation	2,469
	12,161

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Anticipated Savings

The current annual usage of gas and oil results in an energy cost of £ 7.8 m. and this will be reduced to £ 6.3 m. after the investment to give a payback of 8 years. The benefit of an ECSC loan with an interest subsidy together with government grants should encourage the company to carry out the investment.

As a result of the investment Tate and Lyle expect to consume 103,000 tonnes of coal per annum and long term contracts are being negociated with EEC coal producers. The project is therefore eligible for an ECSC loan with an interest rebate.

Assessment

The Member States of the European Community have set themselves the objective of reducing their dependence on oil imports. The European Council of 27 and 28 April 1980 in Luxembourg and the Western Economic Summit of 22 and 23 June 1980 in Venice put out very precise statements on this subject and expressly recommended a return to coal.

In a communication transmitted to the Council on 11 May 1981 the Commission examined the scope for replacing oil by coal in "other industry" (i.e. all branches of industry except the energy sector, the steel industry and small industry and crafts) and went into the problems involved.

The Commission considers that conversion to coal in "other industry" should be encouraged by additional measures at national and Community levels.

The project to be co-financed is in line with the general energy policy of the Community. At the same time one of its direct results will be to provide an additional market for ECSC coal.

The proposed investment programme is therefore also in line with the provisions of Article 54, 2nd paragraph, of the ECSC Treaty.

This project falls within the scope of the decision of the Commission to grant loans at a reduced rate of interest for investments aimed at promoting the consumption of Community coal (O.J. No. 343 of 31 December 1982) It is proposed that this loan be granted with an interest rebate.