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28 February 1996

PS/Baroness Denton

cc PS/Secretary of State
(part encls)
PS/Sir John Wheeler
PS/PUS
PS/Sir David Fell
Mr Loughran
Mr Semple, DFP
Mr Gibson
Mr McDonnell
Mr Quinn, DFP
Mr Robinson
Mr Buckland
Mr Henderson
Mrs Brown, Central Sect. (part encl.)
Mr Harding
Mr McMinnis
Mrs Heron, Press Office

LAUNCH OF INTEREST SUBSIDY SCHEME

The Minister has agreed to participate in the formal launch of the above scheme which is due to take place at **11.45 am on Monday 4 March 1996 in the Dunmisk Suite, Stormont Hotel, Belfast.** The Minister will be sharing the platform at the event with Commissioner Monika Wulf-Mathies of the European Commission, Mr Hugh Coveney TD, Minister of State at the Department of Finance in the Republic of Ireland, and Mr Michel Deleau, Director General of Directorate 2 within the European Investment Bank.

I attach the following briefing material for the event:

- the Programme;
- the Guest List;
- draft Speech;
- draft Press Release;
- personality notes on Commissioner Wulf-Mathies and Messrs Coveney and Deleau; and

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- bullpoint briefing
- background material on: (a) the Peace and Reconciliation Programme
(b) the Interest Relief Subsidy Scheme
(c) the European Investment Bank

The draft Press Release has been cleared with the Department of Finance, Dublin, the EIB and the European Commission and also with the Department's Press Officer. I should be grateful for confirmation by Friday 1 March if the Minister is also content with it.

Advice provided by UKREP in Brussels urges that a NIO Minister should take advantage of Commissioner Wulf-Mathies' visit to reassure her that the new security situation in the wake of the Canary Wharf bomb does not present an impediment to proceeding with the Programme. We have included a reference to this in the draft speech but the Minister may also wish to have a private word with the Commissioner in the margins of the event.

I shall be the officer in support at the event.

A W HAMILTON

PROGRAMME

- 11.30am Coffee reception, Dunmisk Suite, Stormont Hotel
- 11.30am Minister arrives: introduced to other speakers and main guests
- 11.45am Commissioner Wulf-Mathies arrives; brief meeting with Baroness Denton
- 11.50am Publicity event:
- Introduction by Mr Wilfie Hamilton, Head of EC Division, DED
- Baroness Denton - Speech announcing launch of Scheme
- Commissioner Dr Wulf Mathies - Speech responding to announcement
- Mr Hugh Coveney TD - Speech giving ROI viewpoint.
- Mr Michel Deleau, EIB - Speech outlining main features of the Scheme
- Photo call
- 12.20pm Opportunity for media interviews.
- 12.30-12.45pm Minister departs
- Buffet lunch for guests

GUEST LIST

Members of the European Parliament

NI

Mr John Hume MP, MEP
Mr Jim Nicholson MEP
Rev Dr Ian Paisley MP, MEP

ROI

Mr Joe McCarbin, MEP
Mr Pat the Cope Gallagher TD, MEP
Mr Mark Killilea, MEP

European Investment Bank

Mr Michel Deleau, Director General, Lending Operations in EU
Mr Thomas Hackett, Head of Division, Lending Operations in UK and Ireland
Mr Andreas Verykios, Head of UK Division
Mr Richard Power, Head of Ireland Division
Mr Adam McDonaugh, Head of Division, Media Relations

European Commission

Commissioner Monika Wulf Mathies, EC Commissioner for Regional Policies
Mr George Markopouliotis, Member of Commissioner's Cabinet
Mr Esben Poulsten, DG XVI, Head of Regional Policy Ireland Unit

Mr Colin Wolfe, DGV
Mr Colm Larkin, Head of EC Office, Dublin
Ms Jane Morrice, Head of Belfast Office
Mr Myles McSwiney, DGXVI

Dept of Tourism and Trade (ROI)

Mr John Dully, Asst Secretary

Department of Enterprise and Employment (ROI)

Mr Michael McKenna, Asst Secretary

Department of Finance (NI)

Mr Stephen Quinn, Under Secretary

Department of Finance (ROI)

Mr Pol O'Duibhir, Principal
Mr Morgan Sheehy, Principal

EIB Local Agents

NI

Mr Wilson Gillespie, Principal,
Wilson Gillespie and Co
Mr Ian Jordan, Principal Associate

ROI

Mr Raymond Burke, Director KPMG

Participating Banks

NI

Mr Gerry McGinn, Group CE,
Bank of Ireland Ltd

Sir Desmond Lorimer, C'man) Northern
Mr John Wright, CE) Bank Ltd
Sir George Quigley, C'man) Ulster
Mr Ronnie Kells, CE) Bank Ltd

ROI

Mr Michael Quinn, MD ICC Banks Plc
Mr John McCloskey, CE, ACC Bank Plc
Mr H Feeley,
Group General Manager, AIB Bank

Mr Pat McDowell, CE,
Bank of Ireland Group

NI

Mr W M Carson, CBE, C'man) First
Mr Dan E Harvey, MD) Trust Bank

Mr Dan Harvey, Northern Ireland
Bankers Association
Mr Colin Walsh, MD, Hambro NI
Venture Managers

Leading Accountancy Firms

Mr Tony Hopkins, Partner in Charge,
Deloitte Touche
Mr Steven Kingon, Regional Partner
in Charge, Coopers and Lybrand
Mr Paul Rowan, Senior Partner,
Price Waterhouse
Mr Tony Cameron, Managing Partner,
Ernst and Young
Mr Henry Saville, Senior Partner,
KPMG

Small Business Organisations**NI**

Professor Ken O'Neill,
NI Small Business Institute
Mr W Jeffrey, Chairman,
Federation of Small Businesses

ROI

Mr John McNally,
Regional Director, Ulster Bank
Mr Charlie Daly,
Senior Manager, Equity Bank
Mr David McGee, Head of Business
Banking, National Irish Bank Ltd

Other Organisations

Mr Howard Hastings, C'man) Institute
Ms Linda R Brown, Director) of
Directors
Mrs J Roberts, Secretary, -
NI Chamber of Trade

Mr Denis Galway, President) Chamber
Mr John Stringer, CE) of Commerce
and
Industry

Mr Bill Tosh, Chairman) Confederation of
Mrs Deirdre Stewart,) British Industry
Acting Director)

Mr John B McGuckian, C'man)
Mr Bruce Robinson, CE) IDB
Mr Charles Harding, Exec Director)

Mr Paul McWilliams, C'man) LEDU
Mr Chris Buckland, CE)

Lord Rathcairn, C'man) NI Tourist
Mr Ian Henderson, CE) Board

ROI

Mr Brendan Butler, Director
Small Firms Association
Mr Frank Mulcaly, Director,
ISME

Mr Geoff McEnroe,
Joint Business Council, IBEC
Mr Anthony Ferguson) Border
Mr Mel Keaveney) Regional
Authority

Mr Simon Nugent, Asst Director
Chamber of Commerce Ireland

Mr Matt McNulty, DG,
Bord Failte Eireann

Dr Graham Gudgin, Director NI Economic Research Centre
Dr Paul Gorecki, Director NI Economic Council

COMMISSIONER MONIKA WULF-MATHIES

Commissioner responsible for Regional Policies,
Relations with the Committee of the Regions, and the Cohesion Fund

Born: 17 March 1942, Wernigerode (Harz)

Married: 1968 to Dr Carsten Wulf-Mathies

School Education: 1961 - Abitur (A Level) in Hamburg

Further Education: 1961 - 68 Studied History, German and Economics at Hamburg and Freiburg Universities
1968 Promotion to Dr. Phil. Hamburg

Professional Career: 1968 - 71 Branch Assistant
Federal Ministry of Economics
1971 - 76 Federal Chancellery
last post - Head of Department for Social Policy

Joined ÖTV: September 1971

Full-time activities: 1976 Elected to ÖTV managing executive committee
1980 Re-election
September 1982, elected Chairperson of ÖTV
1984, 1988, 1992 re-election

Honorary Activities: Since 1989 President of Public Services International (PSI)
Member of the Executive Board of the
Beteiligungsgesellschaft für Gemeinwirtschaft AG (BGAG)
Since 1978 member of the Executive Board of the
Deutsche Lufthansa AG
Since May 1988 Deputy Chairman Executive Board

Party Membership: Since 1965 member of the Social Democratic Party

CURRICULUM VITAE

NAME: HUGH COVENEY TD

DATE OF BIRTH: 20 July 1935

ADDRESS: Laharn
Minane Bridge
Co Cork

WIFE: Pauline

FAMILY: Six boys, One girl
(aged from 25 to 12)



POLITICAL BACKGROUND: — Appointed Minister of State at the
Department of Finance.

May 1995

— Appointed Minister for Defence and
Minister for the Marine.

December 1994

— Elected TD for the Constituency
of Cork South Central.

November 1994

— Narrowly lost Dail seat at
1987 General Election

— Became immersed in professional
business and family involvements
since temporarily departing public
life 1987.

— Member of Dail.

1982 - 1987

— Regained seat

November 1982

— Lost Dail seat to Party Colleague
Jim Corr,

February 1982

— Lord Mayor of Cork.

1981 - 1982

Elected TD for the Constituency
of Cork South Central at first
attempt.

June 1981

Elected Alderman, Cork Corporation
having headed the poll at the
first attempt.

June 1979.

EDUCATION:

Christ the King Convent School
Turners Cross
Cork

Christian Brothers College
Cork

Clongowes Wood College
Co Kildare

PROFESSION:

Chartered Quantity Surveyor

Former Managing Partner in one
of the larger Quantity Surveying
practices in Ireland.

**OUTSIDE
INTERESTS:**

Former Member of Higher Education Authority
Cork Harbour Commissioners
Cork/Kerry Tourism

President
Cork Chamber of Commerce

1981

Commissioner of Irish Lights

1977 to 1994

Irish Representative on the
Trilateral Commission

1983 - 1991

Former director of both the
Society for the promotion
of Research into Children's Diseases
and of the Heart Foundation.

SPORTS:

Rugby, Sailing and Golf.

Curriculum-vitae
Michel DELEAU

- Nationality:** French
- Date of birth:** 16.09.1942
- Career :**
- Economist, CEPREMAP, Paris (1970-77)
 - Assistant Director, National College of Civil Engineering, Paris (1977-82)
 - Deputy Director, Ministry of Finance, Paris (1983-86)
 - Professor of economics in various institutions (ENSAE, ENPC, Ecole Polytechnique; 1973-1986)
- Career in EIB:**
- Director of Economic Studies in the EU (1986-1993);
 - Director General of Financial Operations outside the EU (1994-1995);
 - Director General of Financial Operations inside the EU (Spain, Portugal, UK, Ireland, Greece, Finland, Denmark and Sweden) (September 1995-present)
- Education:**
- science, Ecole Polytechnique (diploma 1964);
 - economics, Institut d'Etudes Politiques (diploma 1967);
 - civil engineering, ENPC (engineer 1967);
 - economics, Berkeley University, USA (MA 1969, PhD 1975)
- Honours:** Chevalier de l'Ordre National du Mérite 1986
- Publications:** Articles and reports on economic matters.
- Marital Status:** Married with two daughters

23.2.96

BULLPOINT BRIEFING FOR PURPOSES OF PRESS INTERVIEWS

- * This Interest Subsidy Scheme is an extremely important initiative which will directly benefit SMEs in industry, related business and tourism.
- * The loan monies will be provided by the EIB under its global loan arrangement with the subsidy (£24 million in NI) coming from the Special Support Programme jointly funded by the EU and the UK Government.
- * It represents a major vote of confidence by the EIB and the European Union in the peace process in Northern Ireland.
- * The effect of the scheme will be to create a positive climate for new and accelerated investment.
- * The 4% subsidy over 5 years for approved loans makes it a very attractive scheme; unique in the UK, particularly for SMEs in deprived areas.
- * It is estimated that the scheme will lever over £250 million in new investment over the next few years.
- * Prospective investors are encouraged to explore the scheme in consultation with the participating bank of their choice.

EU SPECIAL SUPPORT PROGRAMME FOR PEACE AND RECONCILIATION

BACKGROUND NOTE

1. Following the adoption of the European Commission's Guidelines for the Special Initiative for Peace and Reconciliation on 16 May 1995, the Operational Programme was submitted by the UK Government (jointly with the Irish Authorities) on 9 June 1995 and was formally agreed by the Commission on 28 July 1995.
2. The strategic aim of the Programme is to reinforce progress towards a peaceful and stable society and to promote reconciliation. These are 5 priority areas for action - employment, urban and rural regeneration, cross-border development, social inclusion and industrial development. These, together with Partnerships and Technical Assistance, form the 7 Sub-programmes in the Programme.
3. EC Funding has been provided initially for a 3 year period (1995-1997) with further funding for another 2 years (up to 1999) subject to a review. Of the total EC funding of 300 mecu (£250m), Northern Ireland has been allocated 240 mecu (£200m) with the remainder allocated to the border counties of Ireland. The EC will fund up to 75% of the cost of each project with up to 25% provided by Government. Matching Government funding of some £66m will bring the total value of the Programme in Northern Ireland to around £266m.
4. It has been agreed with HM Treasury that both the EC funding and the matching funding will be fully additional.
5. The Programme will be delivered through 3 mechanisms - Central Government or statutory body, Intermediary Funding Body (IFBs) (ie bodies independent of Government) and Partnerships in the District Council areas. This innovative approach means that local communities and groups will have a role to play in the delivery of the Programme. Contracts have been signed with the 6 IFB's (Community Relations Council, Co-operation North, NI University Enterprise Training Partnership, NI Voluntary Trust,

Rural Development Council and YOUTHNET) and they are now operational. An executive Partnership Board has been established to oversee the Partnership arrangements and district-based Partnerships are being formed.

6. A Monitoring Committee will oversee the implementation of the Programme and the first meeting is scheduled for 28 February 1996. The Committee includes Northern Ireland, ROI and Commission Officials as well as outside members drawn from local authorities, business, trade unions, community and voluntary groups and farming. A Consultative Forum, involving a wide range of local interests, will also be established to provide a continuing mechanism for consultation.

**EC SPECIAL PROGRAMME FOR PEACE AND RECONCILIATION:
INTEREST SUBSIDY SCHEME**

Measure 1 (Investment Promotion) of Sub-Programme 5 of the Special Programme for Peace and Reconciliation makes provision for a scheme involving interest rate relief on loans for new investment in industry and related services and tourism. This scheme is a key element within the sub-programme concerned and accounts for £24 million or 60% of the total funds allocated to it. In common with the Programme as a whole, it will operate throughout Northern Ireland and the border counties of the Republic of Ireland.

The overall objective of the Measure is to encourage a wide range of productive investment in the above sectors, including the development of new sustainable businesses and thereby to contribute to reconciliation through the creation and safeguarding of jobs, especially in the most deprived areas.

The main features of the scheme are as follows:

- * the loan finance will be provided by the EIB, operating through the local banks, under the usual conditions attaching to standard EIB global loans for SMEs and at standard EIB lending rates;
- * the level and duration of the subsidy is 4% per annum over 5 years (although the loans may extend beyond this term at normal market rates);

- * the full benefit of the subsidy will be passed on to the borrower in the form of a half-yearly rebate on interest charges;
- * prospective borrowers may choose from a number of participating banks (including the four local clearing banks) and can compare offers to provide project finance;
- * qualifying loans may be up to 50% (and not usually below 25%) of project costs in industry, related services and tourism meeting normal EIB criteria and those which apply to this subsidy scheme;
- * the main interest relief subsidy criteria are that
 - the project cost should be between £34K and £10m;
 - projects should involve new investment, expansion or development, refurbishment/modernisation;
 - projects with an effective start date after 28 July 1995;
 - applications must be supported by business plans and other necessary information; and
 - a limit of £2.5m will apply to the amount of loan qualifying for subsidy in order to allow the available funds to be spread over a wide number of projects.

- * priority for subsidy approval will be given to smaller companies (less than 50 employees) and to projects which benefit deprived areas, create/safeguard employment, further industrial competitiveness and innovation, promote tourism opportunities;
- * the loan finances can be tailored to meet the needs of the borrower: there will be some flexibility on interest rates, the term of the loan and the repayment arrangements;
- * the decision on the initial batch of applications received by 31 March 1996 will be taken in April; thereafter applications will be processed on a monthly basis. The final deadline for loan applications under the scheme is 28 February 1997.

It is intended that Wilson Gillespie and Company will be jointly appointed by the EIB and DED to act as a support agent for the scheme in Northern Ireland. Their function will be to register applications received, ensure these comply with the eligible criteria and priorities, monitor the uptake of available funds, and report quarterly to the two responsible Departments (DED in Northern Ireland and Department of Finance in the Republic) and the EIB.

EUROPEAN INVESTMENT BANK

1. The European Investment Bank (EIB) was established in 1958 under the Treaty of Rome and its role has been reaffirmed by the Treaty on European Union. It is an institution enjoying its own legal personality and financial autonomy within the Community system. The members of the EIB are the member states of the EU, who have all subscribed to the Bank's capital.
2. As a Community institution it continually adapts to developments in Community policies thereby contributing towards European integration and promotion of greater economic and social cohesion. As a bank it works in close collaboration with the banking community, both when borrowing on the capital markets and when financing capital projects.
3. Projects considered for EIB funding must contribute towards one or more of the following objectives:
 - fostering the economic advancement of the less favoured regions
 - improving transport and telecommunications infrastructure of benefit to the Community

- protecting the environment and architectural and natural heritage
- promoting urban development
- attaining community energy policy objectives
- enhancing the international competitiveness of industry and enhancing it as Community level
- supporting the activities of small and medium sized enterprises

4. In addition to drawing on its own resources, the EIB raises the funds required for financing its lending operations on the international markets and its lending rates therefore reflect the prevailing market rates.
5. To date there has been a poor uptake of EIB loans in Northern Ireland. This has been attributed to the size of the minimum loan, the absence, until recently, of a local global loan provider, and the need for a guarantee on interest rates. EIB believes that Northern Ireland as a region should be making more use of EIB finance and the possibility of additional support from the European Union, though the interest subsidy scheme, is viewed by EIB as an opportunity to make this possible.
6. A list of EIB lending to date in Northern Ireland is attached.

EIB FINANCE IN NORTHERN IRELAND
1981 - 1994

<u>EIB DIRECT LOANS</u>	GBP million	ecus
1981		
Improvements to Northern Ireland road network, especially in Belfast and Londonderry areas		
- DEPARTMENT OF FINANCE FOR NORTHERN IRELAND	5.0	9.1
1983		
Production of 36-seater SD3-60 non-pre- surised commuter aircraft in Belfast		
- SHORT BROTHERS	10.0	17.4
Modernisation and extension of dairy in Belfast		
- CO-OPERATIVE WHOLESALE SOCIETY LIMITED	2.6	4.5
1984		
Development and production of a 36-seater commuter aircraft at Belfast		
- SHORT BROTHERS	10.0	16.9
1986		
Development and construction of a new short- haul jet aircraft (90-110 seater) in Belfast		
- SHORT BROTHERS	30.0	47.1
Conversion of Kilroot power station		
- NORTHERN IRELAND ELECTRICITY SERVICE	10.0	14.0
(In 1979 EIB lent GBP 33.3 m for the construction of Kilroot oil-fired power station.)		
1987		
Conversion of Kilroot power station		
- NORTHERN IRELAND ELECTRICITY SERVICE	63.0	90.8
1989		
Extension of hotel in Newcastle, County Down		
- BURRENDALE HOTEL LTD	1.0	1.5
1991		
Extension of the telecommunications system in Northern Ireland		
- BRITISH TELECOM	90.0	127.15
TOTAL	221.6	328.45

1992

Development and Production of new motor
vehicle engine at Bridgend, Swansea (Wales)
and Belfast (Northern Ireland)

-FORD MOTOR COMPANY LTD

200.0

254.0