

(BN) Bitter Taste of Cadbury Guides U.K. Stance on Pfizer-AstraZeneca

+-----+

Bitter Taste of Cadbury Guides U.K. Stance on Pfizer-AstraZeneca

2014-05-02 16:04:16.468 GMT

By Thomas Penny

May 2 (Bloomberg) -- In January 2010, four months before then Prime Minister Gordon Brown's election defeat, Kraft Foods Group Inc.'s takeover of candy maker Cadbury Plc was used by the Conservative opposition to portray a government that was out of touch with the British people.

Now in power and facing his own general election within the year, Conservative Prime Minister David Cameron is seeking to avoid opening himself to a similar charge over Pfizer Inc.'s bid for London-based AstraZeneca Plc.

Even after Pfizer's 63.1 billion-pound (\$106.5 billion) sweetened offer for AstraZeneca was rejected, the government said it was pressing Pfizer for assurances on jobs and the U.K.'s place as a center for the life-sciences industry. The government will carefully weigh Pfizer's proposals to see "whether they offer sufficient protection of our priorities,"

Cameron's office said today.

Cameron's Conservative-led coalition is trying to strike a balance between leaving the decision to the companies'

shareholders without government interference and securing safeguards for jobs and U.K. science. In doing so, it is being reminded of Northfield, Illinois-based Kraft's reversal of a pledge to keep open a Cadbury plant in Keynsham, southwestern England.

Whether Pfizer's commitments are binding "is a real issue," Science Minister David Willetts said in an interview.

"After the way in which Labour mishandled Kraft's takeover of Cadbury, we're very much aware of it."

Electoral Pressure

The AstraZeneca takeover bid is all the more sensitive to Cameron's government less than three weeks before it contests local and European elections at which securing jobs will play a role. With a U.K. general election due in May 2015, the opposition Labour Party has upped the political pressure, accusing the premier of being "in league" with Pfizer, which its business spokesman, Chuka Umunna, referred to as "the beast."

"Labour will try to get as much advantage out of it as possible but would be doing similar things if they were in power," Steve Fielding, who teaches politics at the University of Nottingham, said in an interview. That said, "if people start losing their jobs, then Labour will say 'we did warn you,'" he said.

Cameron's office today welcomed a letter to the prime minister from Pfizer Chief Executive Officer Ian Read, describing it as "a positive sign with significant undertakings on research, jobs and investment." In it, Read pledged to set up the company headquarters in the U.K., complete a planned AstraZeneca science hub in Cambridge, eastern England, and protect jobs in Britain.

Plant Pledge

In 2010, Cadbury agreed to be sold to Kraft for 11.7 billion pounds, creating the world's largest confectionery company. Business Secretary Peter Mandelson was accused by the opposition of failing to stand up for British workers after Kraft went back on its pledge to keep open a Cadbury plant with

400 workers in Keynsham.

Kraft's Chief Executive Officer Irene Rosenfeld said in September 2009, at the beginning of the unsolicited takeover, that she believed the Keynsham plant could be kept open, only to announce, seven days after her company's offer was made unconditional, that it would close. The U.K.'s takeover panel reprimanded the company for misstating its plans.

Peter Luff, a Conservative lawmaker and then chairman of the House of Commons Business Committee, said at the time he was "left with the uncomfortable feeling that politicians in these circumstances can't do anything except talk." He compared Mandelson to Shakespeare's King Lear, "fulminating against the winds but without any control over those winds."

Benevolent Employer

Founded by John Cadbury in 1824 in Birmingham, central England, Cadbury built a reputation as a benevolent employer after John's sons Richard and George opened a "factory in a garden" in 1879 and provided housing, education facilities and sports fields for their staff.

Rosenfeld, in a letter to Mandelson, pledged to "proceed with sincere respect for Cadbury's heritage and identity,"

Mandelson told lawmakers on Luff's committee in January 2010. He rejected calls from lawmakers in his then governing Labour Party for new powers to stop such mergers and said he would meet with Kraft to "hear how Kraft will fulfill the commitments they made to Cadbury and its workforce."

In Cameron's favor is the fact that AstraZeneca, while it is Britain's second biggest pharmaceutical company, does not enjoy the same household status as Cadbury, maker of chocolate Creme Eggs and Dairy Milk bars.

For most people in the U.K., Cadbury "was an issue that had a resonance because they'd heard of the product," said Fielding. "AstraZeneca is not a name people talk about down the pub."

For Related News and Information:

Top Stories: [TOP](#) <GO>

Stories on U.K. politics: [TNI POL UK](#) <GO> Top British Stories: [TOPB](#) <GO>

--With assistance from Robert Hutton in London.

To contact the reporter on this story:

Thomas Penny in London at +44-20-3525-2532 or tpenny@bloomberg.net To contact the editors responsible for this story:

Alan Crawford at +49-30-70010-6237 or

acrawford6@bloomberg.net

Eddie Buckle