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A recipe for cheese and chocolate

Kraft takeover of Cadbury is a sign of UK openness. Good

A great comfort food need not be a strategic asset. Perhaps Belgium and Switzerland could argue that a confectionery group deserved national champion status, but this line – rightly – does not prevail in the UK. Yet such is the visceral allure of chocolate that the agreement of Cadbury's board to an £11.9bn takeover offer from US food group Kraft has prompted renewed unease about the UK's openness to overseas bidders. Despite such qualms, it is greatly to the UK's benefit that its takeover rules focus resolutely on value.

Investors have yet to approve the deal, but Cadbury shareholders will note that the total price of 850p a share in cash-and-shares is an increase of more than 10 per cent on the value of Kraft's original approach. Kraft is paying handsomely, but not too handsomely, to gain a business with strong growth prospects in India and Brazil, among other benefits.

The process has shown the virtues of London's financial code, which makes clear that decisions on deals are for shareholders and that they must be treated equally. It imposed deadlines on Kraft that forced the group to make a firm offer instead of keeping Cadbury endlessly under siege, while ensuring that Cadbury management could not block the approach just because it was unwelcome.

Those who prefer to recall Cadbury's roots in 1824 when John Cadbury, a Quaker and lifelong supporter of the temperance movement, set up shop in Birmingham, have already warned that its culture and heritage are in danger. This is overdone. Cadbury is no longer a family company with paternalist instincts: its chief executive is Todd Stitzer, a hard-driving, Harvard-educated lawyer. As the group's new and high-profile owner, Kraft may even be more sensitive about moving production and jobs abroad than Cadbury is.

Of course, when company headquarters leave the UK, research and other high-value corporate functions often move too: the UK does not want to become a branch office. But the way to avoid this fate is not to set up artificial barriers to protect British companies from overseas ownership even if this would create value.

Instead, the UK must be a location that attracts businesses or – at least – does not drive them away. This means a tax regime that is predictable, even when circumstances preclude generosity. It also requires the presence of a highly skilled and educated workforce. We need more progress on both areas if the corporate traffic is not to become one-way only.