Opera Mundi EUROPE

A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

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THE WEEK IN THE COMMUNITY

November 10 - November 16, 1969

AGRICULTURE

Mansholt Plan Updated

The Mansholt Plan for the reform of EEC agriculture has recently been revised. The new version attempts to clarify certain items and contains an analysis of the costs involved, the effect on the agricultural population and production targets.

In the original plan the agricultural population was to be reduced to 10 million in 1970 and 5 million in 1980. Failure to carry out the plan and the continuation of existing policies would leave some 7.5 million persons working on the land in 1980. The Commission believes that the rate of decline in the agricultural population depends more and more on the rate at which the farmers themselves retire. Since they are less mobile than family helpers and labourers, the figures that had been given may be misleading. The Commission also points out that with markets saturated and a maximum annual increase in demand of 1.5 to 2% rise in agricultural returns cannot possibly equal that of 4% achieved in other sectors of the economy unless the annual exodus from farming is more than 3%, assuming that agricultural prices do not diverge from the general level of prices. Taking the argument further the Commission has calculated the optimum figure for the agricultural labour force, if the level of productivity is to be raised to that achieved in industry or in services. With an estimated productivity of $6,400 per year per worker in other sectors of the economy and assuming 90% of total agricultural production will be obtained on "modern agricultural entreprises" the agricultural population should be reduced to 4 million, one million less than in the original Mansholt Plan. Of these 4 million 2.9 million would still be employed in the traditional sector with a productivity rate of only 40% of that in the modern sector. However, the Commission goes on to point out that it does not expect the figure of 4 million to be attained by 1980. Though this figure would be ideal for economic reasons, it disregards the human factor. In the opinion of the Commission it is neither possible nor necessary nor in fact rational to reduce the labour force to 4 million by 1980. This should however be the aim for some future date, to achieve parity of income in the various sectors of the economy.

Those leaving agriculture (in million manpower units) will be distributed among the different age groups as follows:

Age (1970)	Over 65	Over 60	Over 55	Over 50	Over 45	20 - 45	15 - 20	Total
No. at present	1.017	0.926	1.079	1.027	1.088	4.272	0.763	10.172
No. leaving agriculture	1.017	0.926	1.078	0.545	0.579	1.616	0.229	5.900
Means	Old age pension					Other occupation		

On the question of age the Commission points out that if too many young people between 16 and 20 enter farming after 1970 it will not be possible to reach the target of 5 million in 1980 and 4 million at a later date.

The overall total of annual expenditure excluding costs for farm modernisation, the creation of new employement opportunities in agricultural regions and old age pensions (the last two items estimated at $2,200 million per annum) is put at $2,500 million. This sum could not be furnished from EEC finances alone and a method of apportioning it among the member states taking into account the different measures and varying degrees of their application in the individual countries remains to be found. The Brussels authorities emphasis that in their opinion only about 30% of the total sum represents new objectives. It should be possible to provide the remaining 70% from the reorientation of national and EEC programmes to the improvement of the agricultural structure. No calculations are given for the period after 1980. The Commission does not dispute the fact that the Mansholt Plan will necessitate considerable expenditure for both EEC and member states' budgets. At present it is envisaged that the estimated annual expenditure from 1970 to 1980 will be provided as follows: $1,190 million from the Community and $1,290 million from member states, representing an equal distribution, however, with the Community only accepting 30% of expenditure on producer groups.

The Commission's comments on the cost of individual items are as follows:

Professional training: Of the 1.6 million persons between 20 and 45 remaining in agriculture in 1980 in production units or modern agricultural enterprises some 20% will require further professional training at an estimated cost of $740 per course of three months.

Scholarships: Some 162,800 three-year scholarships will be granted to members of farm families and others between 15 and 20 leaving agriculture.

Structural reorganisation grants: These are intended to promote the incorporation of land in production units and will be granted to farmers going out of production at the rate of $240 per hectare.

Income indemnities: These are based on a sliding scale of $274 per person in 1971 to $14 in 1978, since it is assumed that the annual rate of increase in the agricultural old age pension will be 5%, and will be paid to farm workers and members of farm families as well as to farmers themselves.

Capitalisation of ground rent: Farmers retiring from production and placing their land at the disposal of production units and modern agricultural enterprises will receive for a period of nine years double the lease, averaging $30 per hectare plus interest of 6%. This sum will be paid half by the production units or modern agricultural enterprise and half by the Community.

Financial payments: Sales to non-agricultural landlords will be encouraged. The retiring farmer will receive additionally an annual premium of 1.5% of the value of the land sold or $30 per hectare for a ten-year period.

Afforestation: at the cost of $500 per hectare.

Capitalisation of income from afforested land: Farmers giving up land for afforestation will receive payment on the same basis as those giving up land to production units or modern agricultural enterprises.

Investment aids for production units: of which (in million dollars) from 1970 to 1980: for wine 146, orchards 101, market gardening 53, intensive crops 9.9, under glass 20, dairy farming 3,607, cattle farming 542, meat production including intensive farming 366, pigs 45. By 1980 a total of 803,144 production units are expected to be established in the Community.

Accountancy aid: This will be at the rate of 0.8% of the gross production value.

Aid to pilot modern agricultural enterprises: Some 8,000, one in fifty of the total 400,000, will be run as model farms with a technical adviser at $6,000 per annum for five years.

Interest on capital: In order to reduce the labour force (but not the capital invested) on both the production units and the modern agricultural enterprises as time proceeds farmers leaving this section will be encouraged to leave their capital behind and will receive a 3% return for ten years.

Initial grants: Each modern agricultural enterprise will receive an initial grant of $5,000 and producer groups 6% of gross production value.

Investment aid for producer groups: This will be at the rate of 30% of total investment.

Distribution of land in 1970 and 1980 (in million hectares)

	1970	1980 change		percentage change 1970 to 1980	
		natural	planned	natural	planned
Area cultivated	70.1	67.4	64.8	-2.7	-5.3
Woods, forests, etc.	27.8	30.1	32.7	+2.3	+4.9
Uncultivated (usable)	6.1	5.4	5.4	-0.7	-0.7
Urbanisation	13.0	14.1	14.1	+1.1	+1.1
Total area	117.0	117.0	117.0	-	-

The breakdown of agricultural land in 1980 should be as follows:

- 13.976 million hectares - farms which can as early as 1970 be described as "modern" with an average of one manpower unit per 14 hectares;
- 8.902 million hectares - farms not belonging to a producer group averaging one manpower unit per 8.9 hectares;
- 41.929 million hectares - the so-called production units and modern agricultural enterprises averaging one manpower unit per 14 hectares.

The required agricultural acreage and the optimum agricultural labour force necessary to obtain the required level of productivity in agriculture have been calculated on the basis of 1980 production requirements. These have been related to estimated consumption in order to avoid surplus production.

The German Farmers' Compensation Deal

On November 11, the Agricultural Council concluded its meeting late in the evening with an agreement on the form of compensation to be granted to West German farmers affected adversely by the recent revaluation (see No 538). In principle the ministers had only to ratify the compromise reached in Luxembourg on October 27. However, since then the Commission had circulated revised proposals for degressive payments to farmers over four years with an increase in the agreed FEOGA contribution from $150 million to $180 million. The West German ministers rejected the degresssive element whereupon the Commission presented the following solution:

a) The border taxes and subsidies will be applied until December 31 instead of December 7;

b) German farmers will be granted a total annual compensation of Dm 1,700 million partially by way of the TVA system, it being understood that the increase in TVA up to a maximum of 3% to be shown on invoices will be refunded to the "first buyer" so as not to affect consumer prices;

c) FEOGA will contribute about 10% of this support operation, namely $100 million in 1970, $50 million in 1971 and $30 million in 1972, with the West German government making up the decrease;

d) This 10% will be distributed to farmers for modernisation projects or as social aid by the federal government under the control of the Commission. The West German government will advise the Commission annually as to expenditure under this heading.

In principle these direct payments will terminate on January 1, 1974, but the German government can extend them for a further year. The Dutch representatives particularly objected to the fact that these subsidies were virtually permanent and gave the German farmers an advantage over other farmers in the EEC.

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New American Attack on EEC Policy

The United States administration has just published a further document attacking the Common Market's agricultural policy, which it accuses of upsetting world markets without resolving the problems faced by European farmers. The document, prepared by the Department of Agriculture, reviews the state of the common agricultural policy since 1962 and comes to the conclusion that is has isolated the EEC's agriculture from external competition at a great deal of expense to the consumer. The report makes four main points:

1) the high price paid to European farmers has resulted in growing surpluses of wheat, dairy products and sugar, without ensuring a large enough income for small farmers;

2) since prices have been maintained at an artificially high level, the growth in consumption of agricultural products has been discouraged and this has resulted in the Community imposing what the report calls discriminatory taxes such as those now under consideration for imported vegetable oils, with the aim of stimulating butter consumption;

3) by reducing the possibility for exports from third countries to enter the Common Market and by subsidising the export of their own agricultural surpluses "without considering the natural advantages of competition and the law of supply and demand" the Six have distorted the world market;

4) the cost of agricultural subsidies paid by the Six has risen from $88 million in 1962 - 63 to $2,400 million in 1968-69.

Nevertheless, the report does point out that there is increasing pressure within the Community for a major overhaul of the common agricultural policy.

* * *

EEC ECONOMY

Productivity Problems

The latest survey of the EEC economy published by the Commission reveals that industrial production has been continuing to expand at a fairly rapid pace over the last few months, although there has been some slowing down in the growth rate due to the high level capacity utilisation. There has also been a fall in productivity growth, and the shortage of labour is making matters difficult. Furthermore, says the report, "production is being hampered by widespread industrial unrest, and with production expansion slowing down, the gap between supply and demand has widened still further in most of the Common Market countries".

At the start of the autumn, labour markets were under heavy strain throughout the Community, and especially in Germany and the Netherlands where the demand for labour is far from being met by the numbers looking for work. Furthermore, unless specific measures are taken, unemployment in these two countries is not likely to decrease by any great extent, as the proportion of older and part-time workers is already high. In France, although there is a continued strong demand for skilled labour, the unemployment figure has not shown much change, due largely to the influx of school-leavers, and a lack of qualification amongst those seeking work. There has been a fall in unemployment in Belgium and Italy, and in the latter country bottlenecks in the heavily industrialised regions and the building trade have worsened considerably.

EEC consumer prices have continued to move upwards over the past few months, and with an expansionary trend of demand in most states, there has been a reinforcement of the imbalances on the markets for goods and services. The effects on the price level are all the stronger as enterprises face the mounting pressure of costs, for productivity gains are shrinking more and more and the upward movement of wages continues to be strong. The report says the current upward thrust of prices is alarming, especially because prices in most member countries were already rising very distinctly in the past twelve months. From August 1968 to August 1969, the price indices representative of the consumer price level rose 6.9 points in the Netherlands, 6.3 in France, 4 in Belgium, 3.4 in Italy, 2.7 in Germany and 2.4 in Luxembourg.

The development of changes in the French and German exchange rates will take several months to assess fully, and initially the modifications to import and export prices may produce the reverse of the effect intended. Community exports to non-member countries have continued to rise at a lively pace, due to a persistent strong demand from industrialised and developing countries, with an increase of 16% during June-August compared with the same period last year. Exports to the USA have fallen off, however, due to a slackening in the country's economic situation, but exports to Sweden, Switzerland and Austria have risen very sharply, while increases also occurred in exports to Spain, Japan and Canada. Intra-community trade has also been strong, but exchange rate alterations within the Community has an appreciable influence on trade patterns in August, September and October, and the report feels German imports are likely to rise now that revaluation has taken place.

Interest rates in the Community during the third quarter rose, due to a more sharply restrictive credit policy, higher bank rates, and capital outflows, with Italy increasing her bank rate for the first time since 1958. During September German interest rates on the money market fell substantially due to a heavy inflow of liquidity. French rates also hardened, and in Belgium and the Netherlands the upward trend of interest rates continued unabated.

* * *

ENERGY

You Have to Start Somewhere

On November 13, the ministers of the Six responsible for energy matters met in Council in Brussels and took the first formal step towards establishing a common energy policy for the Community. "La mer a boire" was how one of them described the task that opens up ahead, and the immensity of the undertaking is coupled on the one hand with the lack of terms of reference for action in this sphere and on the other with the divergent energy policies of the Six, that have been following their own devices until now, there being no constraint upon them (e.g. in the Rome Treaty), even to begin to align procedures. Indeed, this is largely a procedural question, as emerges from the Commission's initial guidelines for a common energy policy, published almost a year ago (see No 493, p.5). It has taken that much time (admittedly with approbation from the European Parliament and the Economic and Social Committe provided in the meantime) for the Six to attack the matter at ministerial level, although an expert group has put in a great deal of groundwork to provide the ministers with some sort of güide (see No 513).

What makes this such a difficult problem to tackle, though tackled it must be, as it weighs heavily upon the prospects for economic integration in general, is its generally rather amorphous and elusive nature. The questions arising either fail to come under Rome Treaty provisions, or fall piecemeal into various categories: such matters as the coke aids (see below), which the Six still have not resolved, and the future isotopic separation plant come under the general heading, but this equally takes in production, transport and distribution of energy overall, and in every respect where discrepancies might occur. This covers such a vast field that the C.E.P. is bound to take many years in the making. The absence of Rome Treaty provisions again complicates matters. The only terms under which the Six can proceed are those expressed in Article 235, which simply states that where the Treaty has made no specific mention of a field of action, and where it is apparent that action is needed, if the aims of the Community are to be realised, then the Six must proceed as necessary: they must agree to act on a unanimous vote in the Council, acting on Commission proposals and in consultation with the European Parliament. All these terms have now been complied with, such that it is at least on paper that the Community is working on a common energy policy.

What is on paper, however, is merely the Council's approval of the "basic principles" in the Commission's proposals, which means that the Six have done nothing more than to concede that any policy will be liberal in nature and based on the principle of consumer priority, giving the lead to the play of competition. The main instrument of the policy will be the function of surveillance, although intervention might be used in some extreme cases to prevent malfunctioning of the market. Member states will have to conclude agreements where it is not possible to proceed on Rome Treaty provisions. Finally, there is the question of keeping tabs on all investments in the energy sectors, and preventing over-investment through liaison, re-orientating this function towards the Community, and not the national interest.

Thus the principles are agreed in the letter, but this only brings closer the real crunch, when the Council is called upon to start work on the practical side. Then attitudes which range from French dirigisme in this sector, with hopes of persuading the Community to go over to its system of programmed imports and investments, to Dutch chariness of any sort of meddling with private enterprise or free competition in the sector, will probably come into start relief. This is foreshadowed in the continuing hiatus over coke subsidiaries, and with the Commission having had ten months or more in which to work on its submissions, it cannot be long before it provides the Council with the data requested at last week's meeting. Then, the Six called upon the Executive to provide proposals for outstanding problems: oil prospection, definition of the "continental shelf", uranium supplies, comparison of national investment plans for the various energy forms and so on. The Commission has work well in hand on these matters, and once its written reports are before the Council we shall be able to see what sort of progress - or otherwise - we might expect in the future.

* * *

OIL

Dutch Aid for a Petrochemical Refinery

The Dutch government has just informed the Commission of its intention to grant state aid for the construction of a petrochemical refinery in the Limburg near the Juliana Canal. This will be built by Shell and the Dutch State Mines and state aid has been requested because of the financial risks involved in the operations, which it is intened to carry out at the new refinery. The refinery will be mainly concerned with chemical products and this requires special equipment, although at the same time it should provide a further stimulus for the industrialisation of the Limburg. The total cost of the refinery, which should come on stream during 1973, is estimated at Fl 350 million. The State will accept responsibility for the interest involved and the amortisation of part of the loans which the two groups will have to raise and in particular the expenditure of Fl 75 million due to begin in 1972. Further measures are also envisaged with the aim of limiting air and water pollution. The Commission will have to decide under Article 93 of the EEC Treaty whether the aid in question is both justifiable and valid. The Dutch government in its submission to Brüssels says that the aid is justified on the grounds of regional policy.

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State Aid for German Oil Industry

The Commission has just authorised the German government to pay out a total of Dm 575 million over the six-year period 1969 - 74 to help the launching of a viable German oil industry. The German government had originally intended only to grant such aid to companies established within West Germany before January 1, 1969, but the Commission's authorisation enables all Community firms fulfilling the necessary considerations to qualify. The main objectives of the Bonn government's policy are the following:

1) To guarantee and diversify German supplies of crude petroleum by encouraging the exploitation of independent resources.

2) To strengthen national firms which can provide a backing for its policy.

3) The financial aid granted by the German government is aimed at reducing the interest risks involved in trying to acquire fresh sources of crude petroleum. It can be used to pay for oil and natural gas prospecting (up to 75% of the cost at 5%) and does not have to be re-paid if the prospection proves fruitless. This aid can also be used to acquire oil fields or shareholdings in companies operating oil fields (up to 30% of the cost), but the aid can only be used for operations outside the Community.

In studying the German system, the Commission also investigated the systems used elsewhere in the Community and the break-down of research expenditure by the international oil majors. The Commission concludes that although the cost of drilling a well can vary considerably, it is approximately around $1 million, whilst the cost of acquiring a prospection and exploitation permit is probably very similar. This means that under the German system just under 100 wells can be drilled and up to 70 can produce no result. This can be expressed differently by saying that the financial aid paid out by the German government should ensure the supply of between 5-10 million tons of crude a year, compared with a current consumption rate of 110 million tons a year and a domestic production of some 8 million tons. During the current year research expenditure by Texaco is estimated to stand at Dm 2,740 million; Royal Dutch-Shell Dm 1,600 million; E.N.I. Dm 400 million;

ERAP Dm 360 million; C.F.P. Dm 236 million and Petrofina Dm 200 million. Furthermore overall oil expenditure by oil companies for research during 1969 is expected to come to around Dm 4,000 million, a figure which excludes North American operations.

Before authorising the German aid programme the Commission consulted the other member governments of the EEC. Generally speaking the Belgian, French and Italian governments supported the German proposals, although the Dutch government felt there was a possibility of discrimination against other companies.

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E.C.S.C.

Stalemate on Coke Subsidies

The Commission may have worked out a reasonable regime for coking coal subsidies (see No 534), and the Consultative Committe may have endorsed it in principle (see No 538), but this did not convince the ministers' meeting last week (see Energy) that the proposals were worth pursuing. Views ranged from the Dutch reluctant assent to the principle of retaining aid after it lapses officially on December 31 and Italian preparedness to put up with it for one more year, to suggestions at the other extreme that no termination should be laid down (in fact it has to be, under the Treaty of Paris provisions in question). The matter has been thrown back to the Permanent Representatives, who for the sake of harmony and getting consensus may have to axe the Commission's scheme ($1.5 per ton coking fines subsidy to offset cheaper imports and $1 per ton transport aid, 20% degressive over five years) and simply retain the present terms for another year, i.e. extend Decision 1/67 of the former High Authority. Indeed, this may be the best recourse, as the Council is scheduled during next year to review the whole system of state aid to the coal industry throughout the Community, which is reaching alarming proportions under the scope offered up to the end of 1970 by Decision 3/65 (see No 519), and it could then integrate coke aid into the overall subsidy system.

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Steel Prices Change

The basic steel prices for November, which have recently been issued by the EEC show that compared with October two major changes have taken place. Firstly German prices have risen by 9.28% as a result of the DM revaluation, while French prices due to the effects of devaluation rose at the end of October by between 5 and 8.4%, according to the product involved. No major alterations occurred in other Community states.

* * *

INDUSTRY

Stimulating Company Cooperation

The 22nd Conference of government experts on business agreements was held in Brussels in late October with a Commission representative in the chair. The experts discussed three draft regulations designed to encourage cooperation, particularly among small and medium-sized firms, where this is economically desirable and does not conflict with competition policy requirements.

One of the regulations will specify what minor agreements are considered as not being caught by the EEC Treaty ban on restrictive agreements (Article 85 (1)) since the extent to which they impair trade between member states is not "appreciable" ("*de minimis* agreements").

By amending Article 4 of Regulation No. 17, the second proposed regulation will extend exemption from the notification requirement to all research and development agreements and to specialisation arrangements. The main aims of the new regulation are to help firms to ensure that legitimate business secrets are safeguarded and to eliminate as rapidly as possible, through a simple solution that is quick to implement, any obstacles to cooperation arising from the need for secrecy. This does not mean that the agreements are exempted from Article 85 (1) itself: the situation will now be that in the first instance the firms themselves will have to decide whether their R & D or specialisation agreements are caught by Article 85 (1) or not.

Under the third draft regulation, the Council would authorise the Commission to issue regulations granting block exemption from Article 85 (1) under Article 85 (3) for agreements on the application of standards and types, on research and development, specialisation, and joint procurement and marketing.

In July of this year the Commission informed the EEC trade and industrial federations and the EEC consumers' and workers' associations of the considerations underlying the first two drafts and invited them to state their views. In the light of their replies, the government experts on business agreements discussed the definitions proposed by the Commission. On the basis of the results of their discussion and of the comments from the federations and associations, the Directorate-General for Competition will revise the drafts. The Commission plans to adopt final proposals in the next few months and they will then be laid before the Council of the European Communities.

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Sales of the Top 20 Cars in the EEC during 1968

No.	Make	Sales	Country	% outside country of origin
1	VW 1500	616,222	Germany	93.6
2	Fiat 850	375,000	Italy	38.8
3	Fiat 500	360,000	Italy	14.9
4	Renault 4	336,604	France	52.7
5	Opel Kadett	304,983	Germany	63.3
6	Ford Cortina	300,000	Britain	
7	VW 1300	296,556	Germany	44.5
8	Fiat 624	250,000	Italy	57.7
9	B.M.C. 1100/1300	229,000	Britain	
10	B.M.C. 850/1000	210,000	Britain	
11	Ford Escort	195,000	Britain	
12	Peugeot 204	184,290	France	22
13	Vauxhall Viva	168,843	Britain	
14	Peugeot 404	167,205	France	60
15	Opel Rekord	162,864	Germany	52.6
16	Fiat 124	150,000	Italy	40.8
17	Citroen Ami 6	145,100	France	19.6
18	VW 1200	142,039	Germany	56.5
19	Simca 1100	138,242	France	38.7
20	VW Brake	123,670	Germany	58.7

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RETAILING

Not Enough European Beer

The Commission, which is concerned by the lack of intra-Community trade in beer, which also involves a limited access to other markets, has decided that it should carry out a specialised study of the brewery sector. In 1966 out of a total Community production of 118 million hl., only 3.4 million was exported, of which 1.7 million went in intra-Community exports. The Commission intends to investigate in particular the tied house system which plays a major role in the EEC brewing industry and it is estimated that some 300,000 outlets in this sector have exclusive contracts with particular breweries.

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FREEDOM OF ESTABLISHMENT

Opticians

The Commission has recently submitted to the Council four proposals for directives laying down procedures for implementing freedom of establishment and freedom to supply services for opticians. The proposals are a follow-up to those already submitted to the Council concerning doctors, dentists, pharmacists and nurses. The four latest proposals deal with (1) the removal of restrictions, (2) the mutual recognition of degrees and diplomas, (3) some coordination of the conditions for exercising the profession in accordance with Article 57 (3) of the Treaty and (4) firms carrying on optician's business.

The removal of restrictions, as usual for this type of proposal, is accompanied by provisions of a general nature concerning enrolment with professional organisations and the requirements for professional reputability. This directive supplements two others previously adopted by the Council - one for industry and small business of 7 July 1964 and one for the retail trade on 13 October 1968. Certain special activities within the optician's field had been excluded from these directives and are now given specific attention in the present proposal. The proposed directive on mutual recognition of degrees and diplomas establishes equivalence between various types of training for opticians to the extent necessary for the achievement of freedom of establishment.

The third and most important directive describes the minimum standards to which the various types of training must conform in order to qualify under the mutual recognition arrangements. The proposal mainly concerns academic and vocational training, making them each converge towards a final examination of equal standing. The coordination envisaged by this proposal also applies to the scope of the optician's activity. It is proposed that the optician, by reason of the minimum training standards laid down in the directive, be declared competent to carry out objective and subjective examinations of sight in addition to the usual activities of his profession. However, these examinations may be carried out only with a view to correcting purely visual deficiencies, not treating pathological defects; moreover, they may be carried out only on medical prescription not more than six months old in the case of persons less than sixteen years of age or in order to fit contact lenses. The proposed directive specifies further that these activities are to be exercised with due regard for professional discipline.

The fourth directive applies to firms in the optician business, which are required to employ permanently an optician conforming to the conditions of competence and discipline stipulated in the other directives.

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General Nurses

The Council has had three proposals submitted to it for directives determining the procedures for achieving freedom of establishment and freedom to supply services for general nurses.

These are the first texts to be submitted by the Commission on the medical auxiliary occupations referred to in Article 57 (3) of the Treaty; they follow those already submitted to the Council during March on the medical professions (doctors, dentists and pharmacists).

The proposals provide solutions to the immediate problems of free movement of general nurses.

This means firstly that nurses will be entitled to establish themselves in a Community member state and secondly will have the right to exercise their profession throughout the Community as a service, while remaining established in the country which is their main place of work.

* * *

COMPANY LAW

Dutch Backing for EEC Proposals

A bill laid last Wednesday before the second chamber of the Dutch Parliament is aimed at giving the force of law to the first directive of the EEC on company law. It is pointed out that this directive was accepted by the EEC Ministers of the 9th March, 1968, and is based on the consideration that commercial ventures within the Community should be encouraged through the extension of legal protection for companies. The directive has three main headings: the publication of information concerning a company, the validity of contracts and the considerations under which a company no longer exists. The directive also includes protection for the rights of third parties.

* * *

TRADE

Imports from GATT States

The Commission has recently laid before the Council a proposed regulation establishing common arrangements applicable to imports from non-member countries other than state-trading countries, i.e. the GATT Contracting Parties and others treated as such. In so doing the Commission has complied with two regulations which require that the temporary provisions they contain regarding the establishment of a joint liberalisation list in respect of imports and the special procedure for the importation of certain products from some non-member countries should be reviewed by the end of the transitional period. The new proposal merges these two regulations into a single homogeneous text governing imports into the Community.

The arrangements are based on the joint liberalisation list for imports established and extended by three regulations. Products coming under the 859 main headings of the common customs tariff included in the list can be freely imported into the Community, i.e. without any quantitative restrictions. Since it would be unrealistic for any such arrangements not to permit the introduction of safeguard measures when a serious threat occurred, the Commission proposes that some degree of control be permissible - if only in quite exceptional cases.

Safeguard measures are allowed, then, only to alleviate well-defined crisis situations, such as market disruptions seriously affecting Community producers of similar or directly competing products. When these measures are introduced, account will be taken of products already on their way and those covered by contracts already concluded. In any event, international commitments, in particular those arising from GATT, will be scrupulously respected.

The Commission's proposal rationalises the rather cumbersome machinery of the first two regulations, replacing it by a more flexible procedure based on close collaboration between the Commission and the national authorities. The Commission believes that the Council will soon approve its proposal, together with those on the administration of quantitative quotas and on the common arrangements applicable to imports from state-trading countries and to exports from the EEC. With the anti-dumping regulation already adopted, the Community will then have on hand the basic instruments it needs for implementing an autonomous commercial policy once the transitional period expires.

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EEC is Canada's Third Market

Canadian exports to the Common Market rose by 11.5% during the first 9 months of 1969 to reach Can $ 596,561,000, compared with 534,641,000 during the same period last year. The Common Market is now Canada's third export market after the United States and Britain.

During the period in question exports rose from 6,439,790,000 to 7,496,932,000, whilst those to Britain fell from 912,188,000 to 829,637,000. Japan now holds fourth position with 474,330,000, compared with 452,750,000. Exports to all other countries have risen from 9,644,754,000 to 10,643,367,000.

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TRADE AGREEMENTS

U.A.R.

Exploratory talks between the United Arab Republic and representatives of the Community are expected to begin in Brussels before the end of November. A spokesman for the U.A.R. in Brussels on Monday 17th said that his country was hoping to negotiate a preferential trade agreement with the Community

A delegation from the Lebanon is also expected in Brussels in December to undertake similar talks for a trade pact with the Common Market

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Israel

Following the Council of Ministers' decision to give the Commission a new mandate for negotiating with Israel, representatives of both sides have been holding preliminary discussions in Brussels. When these terminated last week, both sides were reasonably satisfied with the progress which had been made, although the Israeli representatives continue to express disappointment that the proposed link is only for a preferential trade agreement and not aimed at achieving association, although this possibility cannot be ruled out at a later date, and full negotiations are now expected to start on December 10th.

The Community is proposing cuts of up to 45% on most of the EEC's industrial tariffs covering about 60% of present Israeli exports to the Common Market and these will be phased over a five-year period. The Community is also proposing 40% cuts on certain farm products, whilst the Israelis would like to have special rates for products which they can export when these are out of season in the EEC.

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TECHNOLOGY

Britain Accepts "Aigrain" Talks

Britain has become the fourth of the nine European states outside the EEC to accept the invitation sent by the Council of Ministers to discuss proposals for scientific and technological cooperation contained in the Aigrain report. The invitation was sent to Britain, Ireland, Denmark and Norway (all candidate countries) to the "industrialised neutrals", Austria, Sweden, Switzerland, as well as to Spain and Portugal at the end of October. There are some 30 specific projects, which the Community's experts feel could be implemented fairly quickly, once the go-ahead is given, and the proposals cover seven main fields: data-processing, telecommunications, metallurgy, transportation systems, oceanology, metereology and environmental control. One of the most favoured projects is the development of a large European computer which would involve International Computers (Britain), Siemens and Telefunken (Germany), Olivetti (Italy), Philips (Netherlands) and the French company set up to carry out the Plan Calcul, the Cie Internationale Informatique.

Once all nine countries have replied, the next decision will lie with the Six as to the procedure which should be followed. The invitations do not imply any political or financial commitment by the EEC, but since the proposals were also sent to countries which have not applied for full membership of the Community, the final result might be a European technological system with a basis wider than that of the Common Market.

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American Group to Promote French Hovertrain

The Paris company Ste de L'Aerotrain SA, whose main shareholders are the plant construction concern Bertin & Cie SA (see No 487) and the Rothschild investment company, Cie du Nord SA (see No 536), has signed an agreement with the American Rohr Corp, San Diego, California, giving it 60% of the French company's American subsidiary Aeroglide System Inc. Rohr will now undertake to promote, manufacture and market the French hovertrain system throughout the United States. The San Diego group operates mainly for the aerospace industry (jet engine silencers, engine struts and pipes) and with some 12,000 employees had a 1968 turnover of $ 300 million.

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NUCLEAR POWE R

New German Reactor Group

Further cooperation in the construction of high temperature helium-cooled reactors has been decided by three of the leading German concerns operating in this sector. These are Gutehoffnungshütte Sterkrade AG, Overhausen, a subsidiary of M.A.N. - Maschinenfabrik Augsburg-Nürnberg (see No 514), Fried. Krupp GmbH, Essen (see No 536) and Brown, Boveri & Cie AG, Mannheim, a member of the Swiss group Brown, Boveri & Cie AG, Baden, Aargau (see No 535). A joint subsidiary to back this cooperation will be formed during the spring of 1970 in Cologne and it will also take over the reactor-building activities of the joint subsidiary of the latter two groups, Brown Boveri-Krupp Reaktorbau GmbH, Düsseldorf (capital Dm 2 m).

The new group will be the only German competitor, for this type of reactor, of Kraftwerk Union AG, Mülheim, Ruhr (see No 507), whose capital was recently raised from Dm 100,000 to Dm 70 million and which since early 1969 has taken over the reactor interests of its joint founders, Siemens AG and AEG-Telefunken, as well as their turbine and turbo-generator interests. When they made these over to Kraftwerk Union they also transferred their transformer manufacturing assets to another joint subsidiary, Transformatoren Union AG, Stuttgart-Bad Cannstadt.

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AEROSPACE

Germany Opts for VTOL

Last week the German air industry, almost in its entirety, announced commitment to vertical take-off and landing passenger airliners as a prime development target for the 1970s. In this field, R & D is a very expensive pursuit, and the plans are therefore very ambitious for an aircraft industry working on as modest a scale as that pursued in Germany, despite recent rationalisation moves (see No 513). There were in fact three separate announcements, one from the still independent Dornier group, one from the Messerschmitt-Bölkow-Blöhm / Hamburger Flugzeugbau combine, and the third from the Vereinigte Flugtechnische Werke- Fokker group.

The Dornier plan is for the production version of the Do 31 VTOL prototype demonstrated at this year's Le Bourget air show. This is a 12 - 14 engine craft, powered by Rolls-Royce motors, having a 100-seat passenger capacity and operational speeds up to 550 m.p.h. This craft would be in a similar class to the latest design concept produced by the Hawker-Siddeley group. The latter is for a 100+ passenger jet, delta configuration, and powered by some 16 Rolls Royce "fan jet lift engines", a new type of low-noise, high-lift factor power unitr announced recently by the British company.

The second German project is for the "Vertibus", an 80-90 seat passenger liner. This is in a higher speed range - up to 625 m.p.h. It would have a range of 850 kilometres, and a rapid climb rate of about 30,000 feet in six minutes. This version, styled the HFB-600, will be assembled by Hamburger Flugzeugbau. The M-B-B-group also announced a similar or alternative VTOL craft, the BO-140, which would have slightly higher passenger capacity, but slightly lower range.

The third venture launched was a cooperative project by V.F.W. - Vereinigte Flugtechnische Werke of Bremen and M.T.U. - Motoren & Turbinen Union München, formerly called "MAN-Turbo". This was to take into the propulsion unit stage the Bremen company's existing V.C. 400/500 project, in which it is cooperating in feasibility studies with Canadair, of Montreal, a member of the General Dynamics group of New York. The project concerns a swivel-wing type of VTOL airliner. Now that M.T.U. is in on the project the chances are, should the project be realised, that the production model would use the "T 64" power unit developed by General Electric, and for which M.T.U. has licence rights, M.T.U. is the joint subsidiary of the Daimler-Benz group, and of M.A.N. - Maschinenfabrik Augsburg-Nürnberg.

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- and Italy for STOL

The recent negotiations in Italy (see No 535) aimed at creating a European-size aerospace group controlled by both state and private interests, has resulted in the Fiat group linking with I.R.I. - Istituto per la Ricostruzione Industriale, Rome, in a joint subsidiary based in Naples called Aeritalia SpA. Fiat will make over to the new company its aerospace division and I.R.I. will make over its direct 49% subsidiary Aerfer - Industrie Meccaniche Aeronautiche Meridionale SpA, Pomigliano d'Arco, Naples (see No 434), in which the group's holding company Finmeccanica SpA has a 51% stake (see No 532).

Aeritalia's founders intend to invest some Lire 300,000 million to launch the new group's operational capacity and one of the first projects is expected to be a STOL civil airliner based on the B 941 S developed by the French Dassault/Breguet group.

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ENLARGEMENT

Pressures on Pompidou

The pressures on President Pompidou not to deviate excessively from Gaullist "European" policy were highlighted last week when the Gaullist "Movement for European Independence" published a document setting out what it considered to be guidelines for the construction of an "independent Europe". Those approving the document included 12 Gaullist deputies, several former ministers Pierre Messmer, Edmond Michet, Georges Gorse and the recently-expelled Louis Vallon, as well as Francois Mauriac.

The document calls for the Six to define a foreign policy before strengthening the structures of the Six, while new members should only be admitted if they are willing to accept the fundamental objectives of this policy. Should Britain accept these aims, then her admittance should be simultaneous with that of two other "specifically" European countries, Spain and Austria. Furthermore the admittance of new member states should be preceded by a cooperation and security pact between the EEC and the COMECON. In the Movement's vision of things, the "European" tendency will have to triumph over the "Atlanticists", and countries considered to have a fundamental capacity for a European outlook are France, Federal Germany, Italy, Spain, Austria, Yugoslavia and Sweden, while those falling into the Atlantic camp are Britain, the Netherlands, Belgium, Norway, Denmark and Portugal.

"If Britain in her present state were prematurely admitted to the EEC as it now stands", states the report, "the influence of the Atlantic party would be dangerously strengthened" and London would probably toe the Washington line. Although the Movement states that Russian action, especially over Czechoslovakia, tends to help the cause of the Atlantic parties, it claims that the unprincipled attempts by the "Anglo-Americans" to "build bridges with the East" (in fact aimed at weakening the socialist system) could have helped to encourage Soviet doubts. It does nevertheless state that Western European states would be unwilling to forego American military backing unless the Soviet Union decided to withdraw its own military forces behind the Russian frontier.

It is far from certain that the Movement's approach would be warmly welcomed by all French people, as an opinion poll published by IFOP in this week's Paris-Match reveals that 52% are in favour of British membership (56% in March) with 32% undecided (28%). Nevertheless 66% would vote for a non-French European President, if they thought he was better suited than any French candidate, and the same percentage were in favour of a common defence, foreign affairs, finance and monetary policy (47% in March).

Although the French government may feel encouraged to be more flexible over its approach at The Hague as a result of this poll, it is being made constantly clear in Paris that France wants a definitive agreement on the financing of the common agricultural policy once the transitional period is over to be settled first of all. She may be willing to accept modifications if new members join the Community, but is going to The

Hague to insist on the inviolability of the principles involved. If France is really willing to arrive at common solutions to Community problems with her partners, there is of course room for some compromise. Perhaps an idea of what is involved will emerge during the forthcoming meeting of the ministers of Agriculture and Finance on November 24 and 25, for after his visit to Bonn on Friday November 14, the President of the EEC Commission, M. Rey, announced that the Commission would table new proposals relating to financing the CAP. A hopeful sign as to the outcome of the summit is the fact that the French Finance Minister, M. Giscard d'Estaing, is to visit London on December 4, just after The Hague meeting has terminated. This is the first full visit to the British government by a French Finance Minister, since June 1965 when M. Giscard d'Estaing occupied the post as a member of M. Pompidou's government, and apart from being able to give Mr. Jenkins an authoritative view as to the outcome of the summit, they are expected to discuss plans for closer economic cooperation between the Six, including the role of the pound.

The British Foreign Secretary, Mr. Stewart, was also in Bonn last Friday, for talks with Dr. Scheel, his German counterpart and Chancellor Brandt. Mr. Stewart, at a press conference afterwards gave the impression of being reasonably optimistic about the outcome of the summit, although he gave a firm warning against fixing the cost of the CAP at such a high level as to make British entry extremely difficult. But he went on: "I do not anticipate that this will happen. We hope the Six will bear it in mind when reaching their decision". With regard to the French attitude towards Britain's bid, Mr. Stewart added "The French do now accept in principle that it is desirable for Britain to join, and the will to enlarge the Community is there" - although it was "clearly possible" for France to press on conditions, which would be inacceptable to Britain, he said he would be "extremely surprised" if this happened. He referred to the need for "the principle of equity" to be observed when it came to deciding what contribution each state should make towards financing the CAP. He was also certain that the German government would do all in its power to ensure that no decisions were taken at the summit which would hamper British entry.

The question of the rise in the cost of living if Britain joined the EEC still goes unanswered. The CBI is reported to have estimated this at 3.5% to 6%, but with the different factors involved , a firm idea need not be expected for several months. This also applies to the estimates which the government is preparing. Originally these were due for publication before Christmas, but as Mr. Wilson stated in the Commons on Tuesday the delay of The Hague summit has made it almost certain that the figures will not now be published until the New Year.

VIEWPOINT

The Spread of Investment Trusts

by Ulrich Zinnow,

Director of Hentsch & Cie, Geneva

The President of a large American investment company was given to telling his agents that investment fund certificates were not bought but sold, a rather facile catchphrase that in fact veils a fundamental truth about this sector of finance. There is nothing fortuitous about the fact that in recent years the investment trust has been playing an ever-increasing role in the pattern of investment in a growing number of countries. Its success stems from the sustained efforts of those who handle the placing of these investments, and their promotional activities, which have attracted both professional investors and the general public to this new type of financial institution. In examining it, we should therefore take a close look not only at promotional methods, but also at the new forms that have appeared recently, and at the legislation in force or to be drafted for the protection not only of savers but of the financial community in general. Already a number of abuses are being perpetrated, and these have compelled some governments to initiate measures tending to restrict the free circulation of capital.

The relevance of this becomes clear when we cite a few statistics about the spread of investment trusts in the free world. Thus in the United States the total amount of capital in the keeping of "open-end" type trusts rose from $ 447 million in 1940 to $ 2,500 million in 1950 and $ 17,500 million in 1960. It now stands at around $ 50,000 million, which amounts to something like 7% of all quotations on the New York Stock Exchange. A similar pattern is found in Germany, where the first trusts came on the scene in 1952, to achieve total assets in 1956 of Dm 132 million, in 1960 of Dm 3,200 million, and on June 30 of this year, Dm 8,200 million. The same goes for Switzerland: Sf 660 million in 1950; Sf 4,100 million in 1960, and at the end of June 1969, Sf 7,600 million. In Britain, we had £201 million in 1960 and £1,350 million at the end of 1968. In France, variable capital investment companies only appeared in 1967, at the end of which year they had assets of F 2,200 million: on June 30 last, these had risen to F 7,800 million. As a final example, take Spain: here, developments have been even more recent and even more dramatic. The first trusts were set up at the end of 1966, yet by the beginning of October of this year the total sum invested this way came to Pts 27,000 million, just slightly less than 25% of the total annual turnover of the Spanish stock exchanges. At the end of 1968, assets stood at not quite Pts 10,000 million, yet for the coming year the anticipated growth is Pts 30,000 million, and this could present serious difficulties in the stock market, as this is not exactly enjoying a glut of available shares, and because Spanish funds are prohibited from investing abroad.

This leaves no doubt that investment trusts have an important role to perform not only on domestic stock markets, but also in the international capital transfer business. The success or failure of given funds can determine considerable imports or exports of capital, and the repercussions are duly felt in other forms of savings. The lightning expansion of investment trusts, which is a classic example of investment in real value, has in fact paralleled a tendency for savers to lose interest in fixed-income investments, such as savings certificates. This has caused the authorities in some countries, such as France, to make it binding upon investment trusts to maintain a certain proportion of their portfolios in fixed-income securities (30% of assets for the French unit trusts - the "Sicavs" or Stes a capital variable), in order to temper the pace of competition, especially when it affects government issues. Again, trust managers have scored a coup with the general public with the energetic campaigns that their promoters have conducted, at times only working within the letter of the law, but always with total dedication. The effect of this has been to goad even the most reactionary members of the financial community into redoubling their own efforts in this direction. This only served to lend investment trusts even greater importance. Once we begin to look into the spread of investment trusts, therefore, it is not just one semi-technical topic that opens to us, but a whole range of fundamental problems. These may be legal (legislation to cope with developments), economic (the distribution of holdings, bearing on the capital market and the balance of payments), fiscal (special advantages to be extended to mutual funds) or ethical (conditions appended).

There can be no question but that trusts built up in harmony with the general economic and juridical pattern existing in a country have a vital and salutary function to perform, in establishing popular capitalism. On the other hand, this form of investment may become an industrial activity in its own right, having no regard to the real needs of investors or of the country in which it is carried out, or it may be hived off into grossly speculative promotions. In either case, it becomes a danger, which sooner or later will be noticed by the authorities, and restrictions will follow in due course, often to be greeted with the strongest resentment.

One needs to preface any study of trust certificate sales and the legislation they attract with a cursory glance at the channels through which they can and should be sold. Bearing in mind that the investment trust certificate is a paper security, it is only logical that this should be sold by experts in the business - banks, finance companies and trustees - even as medicine is sold by chemists, meat by butchers, and so on. Indeed, at some stage in the cycle, every subscription must needs be processed by a bank, which is the only agency qualified to receive the subscriber's money and to redirect it into the investment trust. But the role of the bank may be either active (if it has had something to do with the investment decision and has executed this on the part of the investor) or passive (if it is merely performing the technicalities of an operation initiated and completed by a third party - usually an independent promoter or a distribution company). When the operation is conducted directly through the agency of a bank, the implication is that the buyer has approached a cashier at that bank and duly requested him to acquire shares in the trust in question. In some cases, the investor may have approached his bank with nothing more specific in mind than the need to invest a given sum of capital. He will have enquired of the securities expert on the spot, who, bearing in mind the condition of the client, the capital he has to invest and the current situation in the market, will direct him to a fund either administered or recommended by the bank.

Purchase is thus made through the client's own bank, in the normal run of things. Alternatively, the buyer may have been attracted by one particular fund through some special promotion, and he might then approach a bank with which he had no previous connection, and so become its customer.

However the initial contact takes place, the next step is for the bank to prepare an invoice: in some countries the law even requires the subscriber to sign a pre-determined form of document whereon are inscribed all relative clauses of the legislation covering such transactions. In others, it is enough for the client to sign a simple stock exchange or purchase order. The bank will then complete the formalities and deliver the bonds, unless (as is usually the case) the buyer leaves the portfolio in trust with the bank. In such instances, we have a transaction processed directly through the banking system.

In many instances, however, and especially in the U.S.A., the sale is conducted through an accredited agent, who will be a member of a national paper securities vendors' association, or perhaps working independently, and who will have attracted this piece of business through personal contact, having approached his client to the specific end of persuading him to buy the shares in question. In such cases, the deal is, as it were, engineered and concluded outside the ambit of the banking world as such. Its material implementation will of course demand the services of a bank, but this will participate in a strictly passive way, having no influence over the client's decision, who thus deprives himself of the services of an expert advisor.

Thus we come to the buyer's motivation in choosing a mutual fund in the first place, and what directs him to a specific investment trust in the second. In almost all cases, he will have responded to publicity, and the underlying fact behind any consideration of the "spread" of investment trusts is recourse to promotion. Indeed, legislation governing the distribution of paper securities for the most part addresses itself to this side of the business, by imposing restriction and regulations of a fiscal, monetary or even ethical nature (hence it is forbidden in the United States - quite rightly - to use past records for the purposes of promotion).

The first distinction we can draw between distributional methods is to isolate anonymous promotions, which may be made through advertising in one of its many guises, to the public in general, and the success rate on which it is far less easy to predict, from direct canvassing of the investor, which may take the form either of a bank recommendation, or of a personal approach by the promoter. As regards advertising proper, the chief media are published promotions, in the sense of press, radio, TV and cinema advertising. These are the primary forces, in theory at least, behind the spread and growth of funds. In addition, we have press announcements: ostensibly printed to inaugurate a new fund, or to publish (usually startling) balance sheets, these can usually be presented in a form likely to attract the interest of the reader - who may have a sum to invest, or could be induced to realise other assets and place his investment capital in new quarters. After a flurry of publicity like this, investors may be expected to start applying to their banks and agents to purchase stock in the trusts in question. The same goes for radio and TV advertising. This is costly, but it is nevertheless resorted to in some countries, especially the United States, Britain and Germany, and has met with a remarkable degree of success. This is just one side of the promotional activity that is pursued, of course. One might also cite printed hand-outs, and in particular so-called "personal" letters sent with supporting literature to a choice selection of potential clients, based on income level or profession (doctors, engineers, lawyers etc). Presentation counts for a great deal in this form of promotion.

Investment trusts are no different from retail traders when it comes to dressing up their wares so as to be as attractive as possible to the consumer. Thus to "glamorise" their "product" they must not only offer the bare facts and figures, but also make promotional capital out of certain financial features of the organisation: size of assets, rapid growth of unit value, the development of an investment over a period, and comparisons (flattering ones of course) with current rates on the stock exchanges. The yield is a powerful attraction to the potential buyer, as is the presentation of members of the board, who of course are vital figures in the business and financial world. Novelty is another factor that must be borne in mind. Thus for a while now we have been witnessing the emergence of funds specialising in electronics, pharmaceuticals or food industry stock; others in stock from particular countries, for instance those where mineral resources are considerable (South Africa and Australia), or those that are enjoying rapid and dramatic expansion, like Japan. All such ingredients may be thrown into the promotional pot. At this stage, it is fair to compare trust promotion with that of physical wares, but there is one very dangerous difference. The average consumer finds very little difficulty in forming an idea of the value of a product: he may go wrong once in a while, but for the most part he is aware of what he is getting. Not so with the investment trust subscriber: only in a few cases will he be an expert, and indeed it is precisely because he lacks the necessary acumen that the small investor goes for mutual funds: he has neither the time nor the know-how to administer a large portfolio. Here we have at once the most attractive and solid thing about advertising in this field (achieving a wide field of investors seeking placement of their capital), and its gravest drawback: it leaves the market wide open to second-rate trusts using high-powered advertising. These may well cream off the best business, edging out more reputable trusts who tend to operate more conservatively and with greater discretion.

But it is considerations of yield that really weigh when trusts are promoting their services. Every investor is out to reap high returns on his investment without any loss in the value of his capital. The attraction of trusts resides largely in the fact that they offer at once both the sharing of risks, real value (which offsets diminishing buying power) and a high-return security which, in the eyes of a very large public, makes it akin to a high yield index-linked bond. With interest rates rising as fast as they have in recent years, this consideration has been carrying more and more weight. However, most of the shares on which investment trusts are based have a rather low rate of return: 2% to 4% at the most. In order to boost this yeild, and to provide their clients with the accumulated profits from share transactions (income which must be distributed by law in some countries, e.g. the United States), trust managers distribute not only ordinary yeilds but also extraordinary yields, called share profits. Taking these distributions into account, the income from some trusts can be considerable, It may run as high as 10% - 12%, but it is prone to quite large fluctuations, since managers obviously cannot achieve the same level of profits every year. Nevertheless, yield is still a very decisive factor in the spread of investment trusts - often commanding more interest than the real development of the basic investment.

Paradoxically enough, the total absence of returns can equally become a very influential factor with some investors. There are those major taxpaying concerns suffering a very heavy fiscal burden on income who cast about for stock which offers nil returns. They can capitalise on these, tax free, by sinking accumulated profits into them, which they can collect at a given moment by selling all or some of their shares.

The tax angle is in fact much exploited by promoters for boosting sales, often in a rather underhand, or indeed downright misleading fashion, especially by certain "off-shore funds". At times, though, there are real advantages. The trust itself is not normally considered a taxable entity, neither is that which it disburses, until this reaches the hands of the shareholder. Furthermore, special advantages have been accorded to holders under some legislations. Thus when the Germans brought in their law on investment trusts in 1957, they nor only made these exempt from all income tax, but allowed them to distribute dividends free of all deductions at the source, in the hope of encouraging savings through the medium of investment trusts. Italy, which is even now preparing its legislation in mutual funds, is also writing in fiscal advantages for certain classes of savers.

One thing in common between nearly all the forms of promotion we have described is that they maintain anonymity as far as the saver is concerned. He may grow a little curious at times about the investments offered, but the concrete results of the various campaigns tend to be slight. This has been shown in various publicity tests where, through the use of questionnaires, the "yield" of an advertising campaign has been revealed as a function of the number of people circularlised.

This brings us to an important observation. If an investment trust is to grow and spread steadlly, indirect forms of promotion alone are not enough, for these do not allow of opening a dialogue with the saver, and this is very necessary. Personal contact is all-important, for in every case a clear idea must be formed of the exact nature of the investment problem involved. Two avenues are open: to wait until the client calls upon the services of his banker - in which case he will receive excellent professional advice - or to seek out the client yourself, and to convince him of the wisdom of investing his capital in such-and-such a manner, then to persuade him to realise certain liquid assets, or to step up his rate of saving.

This brings us to the growing role of personal canvassing. Indeed, in recent years a whole host of distribution concerns has sprung up, following the American example. In often very stringent conditions, these offer investment trust certificates or investment plans in equivalent stock. These sales organisations have culled out for themselves such an important role that many countries are now taking steps to curtail their activities, or at least to contain them within closer limits.

What we can say is that direct promotion has become the primary method in a number of countries: in the United States and Canada, and more recently in Europe; in Germany (where strict legislation has just been brought in), in France, and in Spain (where the successes scored by mutual funds can be attributed mostly to the activities of such organisations). Direct promotion of paper securities is illegal in Switzerland, as it comes under the federal law of 1930 concerning commercial travellers: we shall return to this later.

One needs to stress that where promotion relates to national funds under strict surveillance and in tune with national legislation, the direct approach has something to recommend it, and it is of prime importance that strict control over the activities of promoters should be exercised: affiliation to a responsible banking organisation would seem to be a reasonable formula, and this indeed is what seems to be happening in most European countries.

It is a different story when we come to the promotion of certain trusts through international organisations, for here we come across funds that often are not even authorised for sale in certain countries, and whose certificates change hands without the knowledge of the authorities, or even in contravention of local exchange regulations. This type of activity - which unfortunately is pursued either directly or indirectly in Switzerland by certain concerns - should be prevented at all costs, not least because it is seldom in the interests of the saver. The methods used by some buying groups can be questionable, and both the quality and the performance of some funds may involve subscribers in losses that become all the more serious when they find it difficult or costly to sell off the stock so acquired.

In Switzerland, to recapitulate, the basic situation with direct promotion is somewhat different. The 1930 law on commercial travellers (brought in the following year) in fact prohibits - quite rightly - the sale by direct approach of certain goods, the absence of technical knowledge of which, on the part of the general public, allows of abuse. The list includes paper securities. This means that the spread of investment trusts (as of all other firms using paper securities) can only occur in Switzerland through the agency of banks, and by extension through qualified trustees. Only recently, certain foreign sales organisations embarked on intensive direct selling in Switzerland, and this attracted swift intervention, in particular from the Swiss Bankers' Association, such that the venture was quickly squashed. No doubt other more marginal cases still continue in business, but for the time being the Swiss authorities are content to adhere to the principles of the 1930 law. In so doing, however, a contentious situation has arisen over the introduction into this country of certain investment plans using investment trust certificates, carrying insurance clauses. The question arises here of whether the insurance company agents who do the direct promotion are in fact legally entitled to recommend these investment schemes, or even to endorse the subscriptions. At the moment, the authorities are turning a blind eye, but one cannot help wondering what will happen when the insurance companies themselves get to offering (as they have in many other countries) life insurance policies coupled with investments in stock. Modifications to the law will surely have to be made then.

- To Be Continued -

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ADVERTISING

** The New York advertising group MARSTELLER INC (see No 436) has formed a Paris affiliate called MARSTELLER INTERNATIONAL Sarl (capital F 20,000), which will be managed by M. Philippe Roche. The new company is directly controlled 50/50 by two "Marsteller International" subsidiaries in Brussels and Geneva.

Until now the American group was represented in France by SODIPA SA (see No 403).

** The New York advertising group BENTON & BOWLES INC, which recently severed its links with Herr Horst Baumgardt within Baumgardt Benton & Bowles GmbH (now re-named Baumgardt & Partner GmbH Werbeagentur), has signed a cooperation agreement with the Munich agency CARL GABLER WERBE GmbH (see No 418), which may later be extended to include an exchange of minority shareholdings.

The German agency (branches in Augsburg, Frankfurt, Hamburg, Nuremberg and Stuttgart) cooperates closely with two Düsseldorf agencies, Werbeagentur R.W. Geuterlück oHG and Werbeagentur Wienholt oHG, and is owned by Herren Carl and Wolfgang C. Gabler. In Geneva it is linked on equal terms with the Paris, Agence Yves Alexandre Publicite SA and London Osborne Peacock Ltd agencies within Osborne, Alexandre & Gabler Sarl (branch in Munich) and the sister company Osborne, Alexandre & Gabler GmbH, Vienna.

** The Montreal agency B.C.P. DUPUY PUBLICITE Ltee, has gained control of another agency in the same city, PUBLICITEX Ltee, which is controlled by M. P. Casgrain. B.C.P. is the 50/50 subsidiary in Canada of the Paris Dupuy Compton SA (a 20% affiliate of the American Compton Advertising Inc - see No 492) and of the Montreal B.C.P. - Bouchard-Champagne & Pelletier Ltd,(see No 439).

AUTOMOBILES

** The Paris group AUTOMOBILES PEUGEOT SA (see No 524) has negotiated control of the South African N.M.A. - NATIONAL MOTOR ASSEMBLIES LTD, Johannesburg. For the past 15 years this has carried out assembly of the French group's vehicles and with some 1,200 employees has an existing assembly capacity of 12,000 vehicles p.a., which will be raised to 25,000 by 1975.

** The Brazilian commercial vehicle concern MERCEDES BENZ DO BRASIL SA, Soa Bernardo do Campo, a 51.7% subsidiary of the German group DAIMLER-BENZ AG, Stuttgart-Untertürckheim (see No 536 - directly and through the Swiss holding company BRASFINANZ AG, Glarus), has gained control of the Sao Paulo foundry SOFUNGE SA. This has a monthly capacity of 3,600 tons and has 2,700 employees. Mercedes Benz do Brasil, which has some 9,000 employees, is also an interest of the Frankfurt Deutsche Bank AG.

BUILDING AND CIVIL ENGINEERING

** The Hamburg property development group "NEUE HEIMAT" GEMEINNUETZIGE WOHNUNGS- & DIEDLUNGS GmbH (controlled by the West German trade unions through VERMOEGENSVERWALTUNGS- & TREUHANGES. DES DEUTSCHEN GEWERKSCHAFTSBUNDES mbH, Düsseldorf - see No 527) has formed in Austria through its subsidiary "NEUE HEIMAT INTERNATIONAL" WOHNUNGS- & SIEDLUNGS GmbH a holding company called INFRA-BAU GmbH, Vienna (capital Sch 25 m). This is owned 50/50 with the Austrian unions bank BANK FUER ARBEIT & WIRTSCHAFT AG, Vienna (see No 404) and will form two construction subsidiaries, one of which will specialise in subsidised dwellings.

** Belgian interests represented by M. Josse Spinoye (84%) and Spanish interests by Sr Antonio Ruiz de Medina (8%) have backed the formation in Brüssels of two companies, BELGO-ESPAGNOLE DES ALBATRES SA (alabaster goods) and ENTREPRISES DE DEMOLITIONS SPINOYE & CIE SA. Both have a capital of Bf 250,000.

CHEMICALS

** The American company DIVERSEY CORP, Chicago, Illinois (industrial chemical products, disinfectants and insecticides - see No 462) has strengthened its Common Market interests by forming an indirect subsidiary in the Netherlands. Called DIVERSEY NV, Utrecht (capital Fl 100,000), this is directly controlled by its Frankfurt subsidiary DIVERSEY GmbH (capital Dm 1m).

** The British group F.E.B. LTD, Manchester (chemical products for the building industry - mastics, plasticizers, drying agencts and colourants - and building materials - cement, mortar, bricks, etc) which is headed by Mr Gordon Fisher, has extended its interests in the Common Market by forming a subsidiary in Belgium called F.E.B. (EUROPE) NV, Aalst. With a capital of Bf 250,000, this is headed by Mr Joseph de Clerck.

The founder has six British subsidiaries and has been represented in Denmark since 1956 by a sales subsidiary, Scandinavian FEB A/S.

** The German chemical and pharmaceuticals group FARBWERKE HOECHST AG, Frankfurt-Hoechst, which is negotiating with the New York chemical group CELANESE CORP (see No 538) for its 29.4% interest in the British paints, lacquers and varnishes group BERGER, JENSON & NICHOLSON LTD, London, has also made a £20 million takeover bid for control of the latter. If the German group succeeds with its bid it will make over 50% of its shareholding thus acquired to the London REED PAPER GROUP LTD (see No 536) under a development, marketing, production and technology agreement signed with the latter.

** The Japanese company DAINIPPON INK & CHEMICALS INC, Tokyo (printing inks, lacquers, paints, colourants, pigments, synthetic resins and chemical products) has formed a West German sales subsidiary. With Mr Hidetoshi Irie as manager, this is based in Düsseldorf and is called DAINIPPON INK & CHEMICALS - EUROPE GmbH (capital Dm 200,000).

** The French industrial gases and welding equipment group L'AIR LIQUIDE SA, Paris (see No 536) has rationalised its West German interests through its subsidiary DEUTSCHE L'AIR LIQUIDE EDELGAS GmbH (capital Dm 1.8m), absorbing GALCO GES. FUER INDUSTRIELLE FERTIGUNGEN DER CHEMIE & PHYSIK mbH (capital Dm 100,000 - see No 428).

** A merger within the Paris L'AIR LIQUIDE SA group (see No 532) will strengthen the position of its 59% subsidiary L'OXHYDRIQUE FRANCAISE SA, Malakoff, Hauts-de-Seine (see No 330). This intends to absorb a number of subsidiary and affiliate companies, ETS ASTA SA, Metz, Moselle (capital F 10,000), STE BARDOT SA, Paris (capital F 900,000) and OXYGENE DE SAINT-DIZIER SA, St-Dizier, Haute-Marne (capital F 315,000).

When this is completed Oxhydrique Francaise will raise its capital to F 516 million in return for gross assets valued at F 12.4 million.

** The New York company M. & T. CHEMICALS INC (formerly Methal Thermit Co - see No 456), which has been a member since 1962 of the AMERICAN CAN CO group (see No 535), has bought from the Dutch engineering and metal group NV BILLITON MIJ (see No 532) its 50% shareholding in their subsidiary BILLITON- M. & T. CHEMISCHE INDUSTRIE NV.

This was formed during 1963 in The Hague (factory at Vlissingen-Oost since 1967) and makes inorganic tin compounds and organic metal compounds used for surface treatment processes.

CONSUMER GOODS

** The Paris shoe manufacturer CHAUSSURES MYRYS SA has formed a Belgian sales subsidiary, CHAUSSURES MYRYS SA, Schaerbeek-Brussels (capital Bf 5m) with M. Joseph Riu as president. Token shareholders in the new company are two affiliates, Ets Murjef Sarl, Limoux, Aude, and Anc. Ets Pons & Cie - Chaussures Capitole & Jomi SA, Toulouse.

** The German shoe manufacturer DORNDORF-SCHUHFABRIK GmbH & CO KG, Zweibrücken (see No 340) has negotiated the acquisition of a 75% controlling interest in a similar company REMONTE SCHUHFABRIKE WILLI MEMMER KG, Hanenstein, Pfalz (capital Dm 10m), which was owned by Herr Johannes Memmer and employs 450 persons for an annual turnover of Dm 15 million (670,000 pairs of shoes in 1968). For its part Dorndorf-Schuhfabrik had 1968 sales of Dm 92 million and has 2,400 employees.

DATA PROCESSING

** The French INSTITUT INTERNATIONAL D'INFORMATIQUE - 3 1 SA, Grenoble (data processing facilities), a member of the ALSTHOM SA group (see No 538) through its hydraulic research and fluid engineering subsidiary Sogreah SA, Grenoble (see No 501), has formed a subsidiary in Brussels. This is called 3-1 BENELUX SA (capital Bf 2m) and control is shared with the Belgian and American EUROPEAN MARKETING & RESEARCH ASSOCIATES - EMRA SA, which was formed in late 1963 with the backing of M. Lambert Janssen.

ELECTRICAL ENGINEERING

** The two leading West German electrical engineering groups AEG-TELEFUNKEN AG, Berlin and Frankfurt (see this issue), and SIEMENS AG, Berlin and Munich (see No 536) have signed a manufacturing agreement covering naval winches.

Siemens also recently made an agreement with the London group THE GENERAL ELECTRIC & ENGLISH ELECTRIC COS LTD (see No 534) for joint bids to supply the avionics to be used in the Anglo-German M.R.C.A. fighter. This operation will be headed by the Munich company AVIONICA SYSTEMS ENGINEERING GmbH (see No 529) in which the British firm has a stake through its indirect subsidiary E-A Space & Advanced Military Systems Ltd, Aldershot, Hants.

In Austria Siemens' link-up with Wiener Schwachstromwerk AG (the former Siemens Schuckert GmbH, now rationalised) within a 49/48 subsidiary (3% of shares remain frozen) in a company called NACHRICHTENTECHNISCHE WERKE AG, has now been finalised with the formation of the latter in Vienna. The new concern has an initial capital of Sch 1 million, and Herr Franz Langhans is the president. The West German group's shareholding is held directly by its 75% direct subsidiary Wiener Kabel- & Metallwerke AG, and the remainder is held by the state concern Elin Union AG Für Electrische Industrie.

** The Swiss THIELMETTI GmbH company has formed a sales subsidiary to sell electrical equipment in West Germany. Based in Königstein, Taunus, this is also called THIELMETTI GmbH and has a capital of Dm 50,000.

** The New York group GENERAL ELECTRIC CO (see No 536) will raise its stake from 10% to 12% in the West German AEG-TELEFUNKEN AG (see No 532) in return for making over to the latter its radio and television manufacturing subsidiary KUBA-IMPERIAL GmbH, Wolfenbüttel (formerly Kuba Tonmöbel- & Apparatebau Gerhard Kubetschek -see No 371). At the same time the Berlin group will acquire the radio and television interests with 1,800 employees of the 75% Milan subsidiary C.G.E. Cia Generale di Elettricita SpA, Milan of the American group (see No 493). The latter recently made over its Milan sales subsidiary Telefunken Radio Televisione SpA (capital Lire 500m) to AEG-Telefunken. The other shareholders in C.G.E. are the Fiat group (20%) and La Centrale Finanziaria Generale SA.

Kuba-Imperial (1,900 employees - Dm 35m capital) has an annual turnover of around Dm 150 million from sales of its "Kuba", "Imperial" and "Silberfunk" goods. The latter is based on imported products. It was acquired by the New York group in 1966 (see No 344) after having been owned by Herr Gerhard Kubetschek and it has around 10% of the German television market and 5% of the radio market.

ELECTRONICS

** The West German electronics company PILZ KG, Esslingen (control instruments and metering equipment) has formed a sales and maintenance subsidiary in Vienna called PILZ GmbH. This will cover Austria and the countries of Eastern Europe. The founder recently began work on a factory which will employ some 200 persons at Neuenkirchen in the Saar.

** The Chicago electrical and electronics group BUNKER RAMO CORP (see No 522) has gained control of the French U.M.D. - USINE METALLURGIQUE DOLOISE, Dole, Jura (capital F 1.3 m). This has M. Edouard Jeanrenaud as president and makes electronic components, and it has 250 employees - a figure which should rise to nearly 1,000 with the opening of a new factory being built in the industrial zone of Dole. The Jeanrenaud family also controls in Dole the Usines Jeanrenaud SA (see No 309), whose president is M. Henri Jeanrenaud. Although the latter's electronic products are complementary to those of U.M.D., the two companies are totally independent in the manufacturing and sales sectors.

The American group already has a French subsidiary in the textiles sector, Borg Textiles France Sarl (see No 479), which markets the canvas backings made by the Belgian subsidiary Borg Fabrics NV, St-Niklaas-Waas.

** The recently decided rationalisation of the Paris CIE DES COMPTEURS SA's interests in the scientific instruments sector (see No 536) has led to NUCLEOMETRE SA, St-Denis, being taken over by STE D'APPLICATIONS INDUSTRIELLES DE LA PHYSIQUE SA, Malakoff, Hauts-de-Seine, which already held a 49.9% shareholding. The new concern will have an annual turnover of some F 20 million, with around 25% from exports.

** The American electronic instrumentation and optical group BAUSCH & LOMB INC, Rochester, New York (see No 476) has strengthened its West German interests by forming a subsidiary in Düsseldorf, APPLIED RESEARCH LABORATORIES GmbH VERTRIEB SPEKTRAL-ANALYTISCHER GERAETE (capital Dm 100,000). This is managed by Mr. Robert A. Hawkins, the president of the Lausanne subsidiary APPLIED RESEARCH LABORATORIES (SWITZERLAND) SA. The founder already has a West German subsidiary Bausch & Lomb GmbH, Frankfurt (capital Dm 110,000), which has branches in Hamburg, Düsseldorf and Neu-Isenburg.

** The West German company STAHLHANDEL GmbH, Lübeck, which trades in steel products, has formed a similar subsidiary STAALHANDEL LUEBECK NV, Hooge Zwaluwe, in the Netherlands with an authorised capital of Fl 500,000 (60% issued). This is headed by Herr Carl E. Schaeffer, Hamburg, who has a 45% stake in the founder along with Frau Jutta Johannsen (55%).

** The French company BATIMETAL SA, Lille (steel reinforcements for concrete) has formed a Milan sales subsidiary called BATIMETAL ITALIANA Srl (capital Lire 900,000). This has the founder's president, M. Victor Levi, as its managing director, while a minority partner, Sig O. Bosco, will also take part in the day-to-day running of the new company.

** The West German heavy engineering group DEMAG AG, Duisburg (see No 538) has boosted its interests in the plastics injection machinery sector by gaining 76% control of STUEBBE MASCHINENFABRIK KG, Vlotho (to be made a GmbH), while the former owners Herren Friedrich and Peter Stübbe will retain a 24% stake. This move will not affect its sister company Albert Stübbe KG, which when Albert Stübbe Maschinenfabrik (see No 418) was reshaped in 1967 acquired its plastic meter and shoe products (heels and soles) interests. With 300 employees it has an annual turnover of more than Dm 10 million.

Stübbe Maschinenfabrik has 1,400 persons employed in its factories in Kalldorf, Lemgo and Bonneberg, as well as in Craigavon, Northern Ireland, where it is linked with the London, Charterhouse Group Ltd ($\frac{1}{3}$) in Stübbe (Northern Ireland) Ltd. Its other foreign interests include two Swiss subsidiaries in Zug: Stübbe AG (sales), and Stübbe & Co KG, which directly controls the French sales subsidiary, Stübbe France Sarl, Ivry, Val-de-Marne (capital F 200,000). As a result of the latest move Demag, which also has a 76% subsidiary, Ankerwerk Nürnberg GmbH (see No 495) in this sector, now controls 30% of the German plastics injection machinery market with an annual turnover of Dm 150 million.

** POCLAIN HISPANA SA, Madrid (see No 493), the 60% sales subsidiary of the French civil engineering equipment group POCLAIN SA, le Plessis-Bellville, Oise (see No 532) has acquired a minority stake in the Zaragoza company TALLERES UNIDOS SA - TUSA. This will now manufactur "Poclain" hydraulic shovels and export a large proportion of its production to Latin America.

The French group decided on this move as a result of the increasing competition on the Spanish civil engineering market from Luis Grasset SA, Madrid, which makes hydraulic shovels using the Richier French licence (see No 491), Guria SA, Pamplona, using a Beneti SpA, Imola, Italian licence, and Metalurgica Sant Ana SA, Madrid, which intends to manufacture similar equipment with a Liebherr German licence (see No 503).

Tusa is also linked to the French company Ets Faustin Potain & Cie SA, La Clayette (see No 492) within Potain-Tusa SA, Zaragoza, as well as making vibrating screens using a licence from the French firm Ets G. Chauvin Sarl, Grenoble. Other equipment made is processing plant, under licence from Chantiers des Ponts-Jumeaux SA, Toulouse, cement mixers with a Dutch licence from Mulder's Fabriek Van Rollend Materieel NV (see No 520) and since the start of 1969 a 35 ton floating pressure drag line under licence from the German Ludwig Schnell KG. It has, however, terminated the licence agreement which it had with another French company Yumbo SA, Genus, Rhone (see No 487).

FINANCE

** The reciprocal financial links which have existed since 1966 (see No 354) between the Paris insurance group LA PATERNELLE SA (see No 531) and BANQUE DE L'INDOCHINE SA (see No 537) will be strengthened by a series of moves which will assure the latter's financial independence in return for which La Paternelle's stake (7.2% in late 1968) will be strengthened.

At the same time the investment company A.G.P. - LES ASSURANCES DU GROUPE DE PARIS (PATERNELLE, PREVOYANCE, MINERVE, UNITE) SA (see No 522) which since 1967 has had majority interests in several insurance companies of the La Paternelle group (see No 403) will acquire a large shareholding - in return for making over part of its portfolio to Banque de l'Indochine. The latter's other main shareholders at the end of 1968 were the French group Cie Financiere de Suez SA (6.9% - see No 536) and Schneider SA (6.5% - through SA de la Chaleassiere - see No 534) as well as the Belgian group Empain (6.5% - through Electrorail SA - see No 535).

** The Turin holding company I.F.I. - ISTITUTO FINANZIARIO INDUSTRIALE SpA (see No 538) has backed the formation in Luxembourg of the holding company SEFI - STE EUROPEENNE FINANCIERE POUR L'INDUSTRIE SA, and the CREDIT GENERAL DU LUXEMBOURG - CREGELUX SA (see No 538) has carried out the relevant legal formalities. The new concern (capital $1.5m) has as its first directors Sigs F. Rota (director of I.F.I.), G. de Stefanis, C. Rolando, P. Chiomenti and F. Bona, all from Turin.

** The newly-formed Frankfurt company, REAL ESTATE FUND OF AMERICA (SALES) DEUTSCHLAND GmbH (capital Dm 20,000) has Mr Jerome David Hoffmann of London as manager. It will promote the sale in West Germany of certificates in the investment fund operating under the same name.

** The Frankfurt company BOOKER & CO GmbH (see No 371) has appointed as West German representative for two new property investment funds EBCO I (geared to profits) and EBCO II (geared to growth), which are managed by EASTBOOK CORP. This is the joint subsidiary of the New York brokers EASTMAN DILLON UNION SECURITIES & CO INC (see No 456) and the international investment concern BOOKER CORP, and its investment managers are EASTDIL REALTY INC, a subsidiary of the New York brokers.

The Frankfurt company was established during 1966 to represent in Europe and North Africa the Nassau-based INSURANCE INVESTORS LTD, which is also linked with Atlantic Life Insurance Co, The Trusted Investment Plans and The Real Estate Trusts.

** The New York portfolio and investment management concern GLORE, FORGAN Wm R. STAATS INC - formed in early 1965 by the merger of the Los Angeles brokers William R. Staats & Co with their New York counterparts, Glore, Forgan & Co (see No 253) - has decided to centre its European operations on Brussels. A branch has now been opened there under M. Jean Arthur Tilot.

** The Paris holding company SA DU PORT DE ROSARIO (see No 271) is to absorb a similar company STE FINANCIERE HERSENT SA (see No 471), change its name to STE FINANCIERE DU ROSARIO SA and raise its own capital to F 8.6 million.

In 1964 Port de Rosario made over most of its assets to Financiere Hersent (gross assets now stand at F 43.29 m), whose capital will be raised to F 18 million before its takeover. The latter has a 52% controlling stake in the Paris holding company SOPE - STE DE PARTICIPATIONS D'ENTREPRISES SA (capital F 10 m - see No 471), which holds the group's "Entreprises" portfolio including 75% of the Ste Hersent SA (see No 425), 19% in Grands Travaux De L'Est SA (see No 475) and 50% in Ste Generale d'Equipements Pour Travaux Maritimes - G.E.M. SA (see No 407). Its other direct interests including the marine supply and operation companies based in Rotterdam, Dienstverlening Buitevgaats NV (see No 408) and Internationale Dienstverlening Buitevgaats NV (see No 452) as well as affiliates in the Argentine, Morocco, Portugal and the Cameroons.

** The recently established New York investment brokers NORTH AMERICAN PROPERTIES CORP, which was set up by two members of the New York banking group ALLEN & CO INC (see No 498), PLANET OIL & MINERAL CORP, Dallas, Texas and HORIZON CORP, Tucson, to provide financial backing for prospecting and exploitation of mineral rights covering 75,000 acres on the McFadden Ranch on the Gulf of Texas, has linked on a 24% basis with French interests (61%) to form a new Paris company called NORTH AMERICAN PROPERTIES Sarl (capital F 20,000). The French stake is held by M. Richard Klehe, president of KLEHE & CO SA, which is affiliated to Allen & Co, as well as being the latter's Paris representative. M. Patrick de Lesquen is manager of the new company, which will help to promote - at a later date - its parent company's shares in France.

The new company has no links with the recently-formed Luxembourg investment trust North American Properties SA (authorised capital $ 25 m), established by Brown Brothers Harriman & Co, New York (see No 531).

** The leading French motor finance and credit sales company DIAC - LA DIFFUSION INDUSTRIELLE & AUTOMOBILE PAR LE CREDIT SA, Paris (a member of the REGIE NATIONALE DES USINES RENAULT SA group - see Nos 413, 534) has formed in association with VENDOME-EQUIPEMENT SA, Paris (a member of the American LEASEWAY TRANSPORTATION CORP, Cleveland, Ohio, group - see No 484): 1) a subsidiary to finance the leasing of private vehicles and small commercial vehicles called RENAULT BAIL SA; 2) a credit leasing subsidiary called DIAC EQUIPEMENT SA to deal in industrial vehicles, coaches and industrial equipment. Both of the new companies have M. Jean Paret as president and each has a capital of F 4 million. Vendome-Equipement's stake in the two concerns is 20%.

FOOD & DRINK

** The German brewery FUERSTLICHE BRAUEREI REGENSBURG GmbH, Regensburg, has gained control of another brewery, JOSEF GOETZ HOFBRAUEREI, Bad Buchan (capital Dm 4.5 m), which it has made into a branch under Herr Hans Vesenmayer. The Regensburg brewery (capital Dm 4.5 m) is owned by Johannes Prinz von Thurn and Taxis, who is also a shareholder in the Munich merchant bank Fürst Thurn & Taxis Bank Albert Fürst von Thurn & Taxis (see No 534). It has an annual production capacity of 600,000 Hl. and since early 1969 it has been linked with Marthabräu GmbH, Fürstentalfbruck (100,000 hl. p.a. capacity), which it runs.

** The leading European sauerkraut producer, the West German RICH HENGSTENBERG KG, Esslingen, has acquired the processing facilities in France of STE HAUT-RHINOISE DE TRANSFORMATION & DE COMMERCIALISATION DE PRODUITS AGRICOLES - S.O.T.R.A.C.O. SA, Ensisheim, Haut-Rhin, in liquidation since the spring of 1969.

The German company is owned by Herren Richard and Helmut Hengstenberg. It controls 12 processing plants in Germany and has an annual turnover around Dm 100 million from the sale of sauerkraut, vinegar, mustards, pickles etc.

** A rationalisation of the Paris milling group GRANDS MOULINS DE PANTIN-PARIS SA's interests will result in STE FRANCAISE DE MEUNERIE SA, Paris (see No 348) taking over LES MAISERIES DE SAINT-CYR SA, Paris (capital F 1.8 m). Ste Francaise de Meunerie will then raise its capital to F 4.6 million in return for gross assets valued at F 6.2 million.

** A cooperation agreement has been signed between the West German ice-cream company, ALLGEMEINE LEBENSMITTELBETRIEBE INH. TEO SCHOELLER, Nuremburg and the frozen foods concern GROENLAND GmbH, Grevenbroich (see No 461) as a defensive counter-measure to face to the expected onslaught resulting from the agreement in principle reached by UNILEVER NV, Rotterdam, and NESTLE ALIMENTANA SA, Vevey, Vaud and Cham, Zug to merge their frozen foods interests in Germany, Italy and Austria.

Grönland is a subsidiary of the industrial gases and welding equipment concern Industriegas GmbH & Co KG, Braunsfeld, Cologne, and it has an annual turnover of Dm 40 million. It is linked by marketing agreements with the mail order group, Neckermann Versand KGaA, Frankfurt (see No 538) and it prepares frozen food products for the purchasing agency, Gedelfi-Import, Grosseinkauf Deutscher Lebensmittelfilialbetriebe Import GmbH & Co KG, Cologne (which represents around 80 multiple concerns) sold under the "Filia-Frost" trade name. Schöller has 90 branches and 4 regional warehouses supplying around 90,000 retail outlets, and over 85% of its Dm 100 million + turnover comes from sales of ice cream. Nestle has already had its Vienna subsidiary Findus Vertriebs GmbH, take over Jopa GmbH, and it has been renamed Findus-Jopa GmbH (capital increased from Sch 40 m to 60 m) to facilitate its cooperation with Unilever in Austria.

** Eight French coffee roasting companies have linked to form GROUPEMENT DES TORREFACTEURS FRANCAIS in Bordeaux. The founders are A. BALESTIE SA, Paris (San Rivo trade name); CAFES DE L'ELEPHANT NOIR SA, Toulouse, Haute-Garonne (Elephant Noir); ETS LABRUYERE & EBERLE SA, Macon, Saone-et-Loire (Diamont Noir); CAFE GRAND MERE SA, Lille, Nord (Grand Mere); CAFE-CAFE SA, Nice, Alpes-Maritimes (Cafe Cafe); VEUVE E. LEPORCQ SA, Paris; SOGECAMEX SA and CAFES MARSAN SA (both of Bordeaux). The new group will market under the "Ivor" trade name around 30,000 tons p.a. of Ivory Coast roasted coffee.

** The Dutch feedingstuffs concern HENDRIX VOEDERS NV, Boxmeer, has formed a company at Krefeld, West Germany, to trade in poultry, eggs, livestock, meat and delicatessen. This is called HENDRIX GmbH, has Dm 100,000 capital, and its first manager is Mr Jr. Godefridus van der Poel, its own director. The parent company has been linked since last year by cooperation agreement with another similar Dutch company, Bergia NV, Zwolle.

** The French L'ALIMENT ESSENTIEL SA, Nanterre (see No 511) has made over its British subsidiary HEUDEBERT FOODS LTD, Alperton, Wembley, Middlesex (see No 242) which makes "Slymbread" diet products, to the British group PARK CAKE BAKERIES LTD, Oldham, Lancashire.

L'Aliment Essentiel belongs to the Swiss group, Nestle Alimentana SA (see No 538) and in 1967 it sold its interests in the French, Heudebert SA - today part of Ceraliment SA (see No 525). Its other interests include a 96% stake in Laboratoires Heuprophax SA, Nanterre, and Aliment Essentiel SA, Brussels (13%).

** The French food group GENERALE ALIMENTAIRE SA - GASA, Neuilly, Hauts-de-Seine (see No 538) has acquired from the New York BORDEN INC group (see No 382) its 80% control of a company in French Guiana, P.I.D.E.G., Cayenne.

The latter operates a fishing fleet and shrimp freezing plant (2,000 tpa capacity) and has a turnover of some F 25 million. Renamed the CONSORTIUM INDUSTRIEL DE GUYANE, it will later extend its interests to include a "Palm Hearts" processing facility.

** The negotiations which began some months ago in Austria (see No 528) for a merger between a 14% affiliate of the German group RUDOLF A. OETKER, Hamburg (see No 537) the Linz brewery OESTERREICHISCHE BRAEU AG, and its own affiliate BRAUEREI ZIPF AG VORM WM. SCHAUPF, Zipf, as well as BRAUEREI SCHWECHAT AG, Vienna, are now being finalised, but now will take in only the first two concerns. The new group, headed by Osterreichische Brau AG (capital raised to Sch 203m) will be the leading brewing concern in Austria with an annual capacity of 1.8 hl of beer and 215,000 hl of non-alcoholic drinks (payroll 2,500).

* * *

INSURANCE

** EURITASS - EURO ITALIAN INSURANCE ORGANISATION SpA, formed in 1965 and headed by Prof. Paulo Tesauro (capital Lire 80m) has been taken over by a similar concern, based in Palermo, FIRS - ITALIANA DI ASSICURAZIONI SpA (capital Lire 1,000m). Firs a few months ago absorbed the Rome company Autora SpA (capital Lire 20m).

** The marine insurance concern H. CLARKSON & CO (INSURANCE) LTD, London, a member of the London group SHIPPING & INDUSTRIAL HOLDINGS LTD (see No 504) has formed in Genoa a direct insurance broking and reinsurance subsidiary named H. CLARKSON ITALIANA SpA (capital Lire 10m - director Sig Enzo Garufi).

The founder has been active in France since 1968 through the affiliated Trivassur Sarl (see No 457), direct control of which is shared between the subsidiary The Trident Insurance Co Ltd, London, and the Norwegian Forsikrings A/B Vesta, Bergen. The main sister company in the group, H. Clarkson (Holdings) Ltd, is a world leader in the marine broking business, having associates in New York, San Francisco, Mulhouse, Montreal, Beirut and Paris (Asmarine SA and Transmarine SA).

MINING

** GENSTAR LTD (see No 537), Montreal member of the STE GENERALE DE BELGIQUE SA group plans to pay Can $ 700,000 for a major holding in the Toronto concern CANADIAN MAGNESITE MINES LTD. This exploits a magnesium deposit in Ontario, having patent rights to a new production system for high-purity magnesium, which is used in atomic piles, crucibles, insulation and refractories.

OFFICE EQUIPMENT

** The West German office equipment concern ADLERWERKE VORM HEINRICH KLEYER AG, Frankfurt, has carried out the plans of its American parent company LITTON INDUSTRIES INC, Beverly Hills, California (see Nos 522, 525) and formed a Dutch subsidiary, NEDERLANDSE ADLER FABRIEKEN NV, Leyden. Headed by Mr G.Brinksma, this has an authorised capital of Fl 5 million with 20% issued. It will take over the manufacturing assets (factories in Leyden, Cuyk and Nieuwkoop, with 1,150 employees) of the Royal Typewriter Co division of the Amsterdam Litton Business Systems Holland NV, itself a subsidiary of the Beverly Hills group.

OIL, GAS AND PETROCHEMICALS

** The Saarbruken mining and chemicals concern SAARBERGWERKE AG (see No 525), 74% owned by the Federal Republic of Germany, and 26% by the Saarland itself, has made a public offer in a bid to acquire outright control of its 58.11% petroleum subsidiary ERDOELWERKE FRISIA AG, Emden (see No 497). This move will be the first step in ameliorating the financial position of the latter company, which has cumulative losses almost equal to it Dm 31 million capital. At the next stage, the Frisia capital will be dropped to Dm 3.1 million, and then raised again to its former level.

In 1967-8 Frisia had sales of Dm 142.1 million, for production of 2.06 million tons of petroleum at its Emden refinery. Its subsidiary Frisia Mineralöl GmbH, Düsseldorf, runs a chain of 680 service stations in Germany, as well as distribution subsidiaries in France (Sipec - Ste International de Petrole & de Chimie Sarl, Paris, the capital of which was raised recently from F25,000 to F 1m.), and in the Netherlands (Frisia Mineralolien NV - 14 service stations in the Netherlands and Belgium) and Luxembourg (Frisia Petroles Sarl).

** DEUTSCHE SHELL AG, Hamburg subsidiary of the Rotterdam oil group ROYAL DUTCH-SHELL (see No 538) has formed a subsidiary in Hamburg to run service stations. This is called APOLLO-TANKSTELLENBETRIEBS GmbH, and will directly operate about 30 sales outlets in Germany, the object being to use these as test-marketing points and for personnel training. In the Netherlands, the group recently changed to SHELL DELFSTOFFEN NEDERLAND NV the company named Shell Minerals Exploration & Production NV, which was formed in The Hague this year with Fl 500,000 capital by its subsidiaries, Shell Petroleum NV and Nederlandse Internationale Industrie & Handel Mij NV, both of The Hague.

PAPER & PACKAGING

** Four Dutch paper groups have linked equally to form a subsidiary called FLEVOHOUT NV, Wageningen (capital Fl 2.2m) which will plant deciduous trees for paper pulp covering 20,000 hectares on the new polders at Oostelijk and Zuidelikl Flevoland. Felling will not begin until 1980, and output will eventually reach some 70,000 million m^3 annually.

The founders of the new concern are: KON PAPIERFABRIEKEN VAN GELDER & ZONEN, Amsterdam (see No 492), KON NEDERLANDSCHE PAPIERFABRIEK NV, Maastricht (see No 383), PAPIERFABRIEK DE HOOP NV, Eerbeek (see No 427) and VEREENIGDE PAPIERFABRIEKEN EERBEEK NV, Brummen, an affiliate of the Nymegen group, Gelderlandtielens Papierfabrieken NV.

** PAPETERIES DE PONT-SAINTE-MAXENCE SA, Pont-Sainte-Maxence, Oise (a member of the Swedish group MO OCH DOMSJO A/B group - see No 519) has sold its controlling interests in PAPETERIES DUJARDIN Sarl, Vanves (see No 335) to the Swiss company INTERCELPA AG, Basle (see No 496) which has increased the capital fivefold to F 500,000 to back its expansion.

The Basle company's assets were distributed amongst its shareholders during 1968: Papeteries de Pont-Sainte-Maxence were acquired by the Swedish group and the Italian company Cartiera Di Carmignano by another Basle concern, Ges. Für Holzstoffbereitung AG, which also controls the French company, Papeterie de Mandeure SA, Mandeure, Doubs (see No 266) as well as the West German Papierfabrik Albbruck-Waldshut (see No 244).

PHARMACEUTICALS

** M. J.R. Bocquet, president of TRAVENOL LABORATORIES SA, Brussels - a subsidiary of the American group, BAXTER LABORATORIES INC, Morton Groves, Illinois (see No 523) - is also manager of the newly-established Frankfurt TRAVENOL LABORATORIES GmbH (capital Dm 20,000). This will develop, manufacture and sell sterile containers in glass, rubber and plastics, as well as making laboratory and hospital equipment and accessories.

** The agreement made in July for DART INDUSTRIES INC, Los Angeles (formerly Rexall Drug & Chemical CoO to make over its RIKER LABORATORIES pharmaceutical division to MINNESOTA MINING & MANUFACTURING CO, St Paul, Minnesota (see No 531) has now been finalised.

The latter group is now linked with the Dart Industries group - which recently acquired from the Chas. Pfizer group its House of Romney division, along with the latter's subsidiary, Romney Cosmetics SpA, Milan (see No 354) - and 3M controls ten new "Riker" subsidiaries outside the United States. These include KETTELHACK RICKER PHARMA GmbH, Borken, Westphalia (see No 430), LABORATOIRES JEAN ROY-FREYSSINGE SA, Paris (see No 430) and LABORATOIRES MEDIAL-RIKER SA, Pithiviers, Loiret (acquired in 1964 - see No 268).

** The Paris holding company FINANCIERE & INDUSTRIELLE DE PETROLE & DE PHARMACIE SA, a 58% subsidiary of the STE GENERALE FONCIERE SA group (itself controlled by the UNION DE PARTICIPATIONS SA - see No 537) is to rationalise its interests by merging four affiliates. The GUSTIN MILICAL - LABORATOIRES DU DOCTEUR GUSTIN SA, Paris (capital F 3.6m) is to be renamed LABORATOIRES GREMY-LONGUET SA (second company with this name - capital raised to F 4.77m) following the absorption of three other concerns.

These have total net assets valued at F 11.62 million, and are all based in Paris: LABORATOIRES GREMY-LONGUET SA (first of the name - capital F 1.59m) with M.M. Lignon as president, LABORATOIRES DU LANORD SA (under M. J. Guerin) and LUDENNE Sarl.

PLASTICS

** A cooperation and licence agreement has been signed netween HALMATIC LTD, London (a member of the HUNTING GROUP OF COS - see No 532) and the Belgian DIDAK NV, Grobbendonk, granting the former exclusive manufacturing rights for the reinforced plastic petroleum products containers and tanks used for road transport, which have been developed by Didak.

The Belgian company (capital Bf 30m) is controlled by the Liechtenstein holding company ELECTRONICS CONTINENTAL ANSTALT, Vadus and FORT PRODUKTEN NV, Itgem, Antwerp (a minority stake). Since 1955 it has manufactured plastic containers reinforced with fibre-glass, used for transport of liquid food, chemical and petroleum products, while one of its main clients is ESSO.

** The Milan chemical group STA ITALIANA RESINE - S.I.R. SpA, headed by Sig Nino Rovelli (see No 518) has formed at Sassari as part of the expansion plans for the complex in the Porto Torres region of Sardinia (see No 512) an affiliated company to manufacture plastic packaging materials: SARDA IMPIANTI MACCHINARI SpA (authorised capital Lire 500m). Control is shared 50/50 by two subsidiaries, FIBRASIR SpA, Milan (see No 338) and SOC ITALIANA FENELO ACETONE - S.I.F.A. SpA. The latter was formerly S.I.R.G. - Sta.Italiana Resine Gulf SpA (see No 317) and the Gulf Oil Corp, Pittsburg acquired a 40% stake during 1961 which it sold in 1965.

** The Belgian P.R.B. group, Woluwe-St-Pierre, Brussels (see No 534) in a further diversification of its interests into the plastics sector (polyurethane foam - see No 516) has gained overall control of the British company, HUGHES PLASTICS LTD, Faversham, Kent.

The group is affiliated to the Ste Generale de Belgique SA, Brussels and is engaged in raising its capital to Bf 1,143.08 million, which will enable the UNION MINIERE group to acquire a direct stake (see No 538). It has also strengthened its stake in France in two other moves: 1) by purchasing the polyurethane foam production and sales assets of the KLEBER RENOLIT PLASTIQUES SA, Trilport, Seine-et-Marne (see No 451) a 50% subsidiary of Kleber Colombes (see No 525) also affiliated to Renolit Werke GmbH, Worms (see No 451) and Phillips Petroleum Co, Bartlesville, Oklahoma (see No 535); 2) its affiliate RETICEL FRANCE SA, Angers (see No 494) has purchased from the Paris SALPA SA group (see No 521) its "Foam" division with production facilities at Langeac, Haute-Loire.

In early 1969 P.R.B. gained control -through a specially formed Zurich holding company Interchemie AG - of the Dutch foam concern, Reticel NV, Kesteren, with subsidiaries in Germany, Switzerland, Belgium, as well as France. This has in turn recently acquired the assets of the mattress company, H. ACHTEREEKTE NV, which is now being closed down.

PRINTING & PUBLISHING

** The American greeting cards, calenders, playing cards, wrapping paper and similar goods group HALLMARK CARDS INC, Kansas City, Missouri, has decided to close down its French subsidiary HALLMARK SA, Nueilly-sur-Seine. The latter's manufacturing assets were recently made over to EDITIONS DOMINIQUE SA, Neuilly (see No 525).

** PERGAMON PRESS LTD, London, now affiliated to the LEASCO DATA PROCESSING EQUIPMENT CORP, New York group (see No 533) has decided to close down its Paris subsidiary PERGAMON PRESS Sarl, and M. Jean Rambure has been appointed to carry out this operation.

** THE LONGMAN GROUP OF PUBLISHING COS LTD (formerly LONGMANS GREEN & CO LTD), a member of the S. PEARSON & SON LTD group, London, headed by Lord Cowdray, Lord Poole and Mr. D.L. Pollock - through its 51.6% subsidiary S. PEARSON PUBLISHERS LTD (see No 451) has made a 50/50 agreement with the Dutch publishing concern WOLTERS-NOORDHOFF NV, Groningen (see No 442). This covers the production of English-language educational works to be used in conjunction with tape-recorders, records and slides. A subsidiary will be set up to coordinate the project, and this will be called WOLTERS-NOORDHOFF-LONGMAN NV, Groningen, under Mr F.A. Kalmeijer.

Wolters Noordhoff recently strengthened its Dutch interests by gaining control of DRUKKERIJ DE WAAL NV, Groningen (printing and publishing) which is now headed by Mr B.J. Borema. The main interests of S. Pearson Publishers include, apart from the Longman group, the Financial Times and the Westminster Press Ltd.

SERVICES

** The London-based consultants URWICK, ORR & PARTNERS LTD (see No 515) have opened a Düsseldorf office to deal with West German operations. The London concern is headed by Mr John Gratwick, and it has an annual turnover of around £4.5 million (20% outside Britain) and it already has other EEC subsidiaries: Urwick, Orr & Partners International SA, and Urwick International Sprl, both in Brussels, and Urwick International NV, Amsterdam.

** M. Henri Ferdinand Lavanchy, who heads the Swiss temporary staff concern ADIA INTERIM Sarl (see No 532) is the manager of a new Hamburg company called NEUES LERNEN SYSTEM SIGHT & SOUND GES. FUER PROGRAMMIERTEN UNTERRICHT mbH (capital Dm 20,000), which will promote audio-visual commercial and linguistic courses.

A Hamburg sister- company called ADIA GmbH (temporary staff) already exists, and this has ten branches throughout West Germany including one each in Dortmund and Munich.

TEXTILES

** The link-up which was recently agreed between two French cotton and linen weaving concerns (see No 521), ETS DICKSON SA, Paris and TISSAGE MECANIQUE EUGENE CONSTANT SA, Lille, has bee finalised with the Paris concern taking over assets worth F 6.75 million (gross) from Eugene Constant. As a result the Paris firm has been renamed Dickson Constant SA, and its capital now stands at F 13.5 million.

** The British textiles group CARRINGTON & DEWHURST LTD, Eccleston, Chorley, Lancs (see No 527) has boosted its manufacturing capability within the EEC by linking with TESIT - TESSITURA ITALIANA SpA, Rome, to build a wool fabrics and knitwear factory at Ceccano, Frosinone. Although the Italian partner will only have a 20% stake, it will be in charge of the new factory, which will be run by a joint subsidiary, CARRINGTON TESIT SpA, operational during 1971.

Carrington & Dewhurst already has an Italian subsidiary under its own name at Carlazzo, Como, and it is completing the construction at Kaiserlautern in West Germany a nylon and polyester fibre texturisation plant with a monthly capacity of 450 tons. Its other EEC subsidiaries are in Frankfurt, Bayreuth, Amsterdam and Brussels (Textilmaille SA - see No 481).

** The British textile company J. & P. COATS LTD, Glasgow (of the COATS PATONS LTD group - see No 520) has made an offer to the minority shareholders in its 73% Dutch subsidiary J.A. CARP'S GARENFABRIEKEN NV, Helmond, with the intention of acquiring outright control.

Coats Patons will also raise its indirect Dutch interests by acquiring for £6.3 million a 60% controlling stake in JOHN HEATHCOAT LTD, Tiverton, Devon (see No 367) whose chairman is Lord Amory. The Tiverton group has an annual turnover of £12 million, and it is the sole British licensee of the Swiss group Herberlein Holding AG, Wattwil (see No 510) for its Helanca texturised fibres. Since 1966 it has had a Dutch affiliate in Uithoorn, Andex-Heathcoat NV, in association with Textiel Industrie Andex NV group (see No 531) and for the past three years it has also controlled a German sales subsidiary, Lastonet Products GmbH, Aachen.

** The Milan textile group SNIA VISCOSA SpA (see No 536) is planning to build in Ireland a factory making "Lilion" polyamid fibres. Although no site has yet been chosen for this new project, the factory will be run by a new subsidiary, SNIA IRELAND LTD.

** The New York JACK LENOR LARSEN INC (weaving and sales of furnishings) has established a West German branch at Herrenberg under Herr Frederich Potnik.

** The Italian textiles group MAGLIERA RAGNO DELLA MANIFATTURA PASTORE SpA, Valduggia, Vercelli, has sold its 50% stake in the Paris firm of C.P.F.I. - CREATIONS PIERRE FERRAT INTERNATIONAL SA (see No 468), which was formed late in 1965 as a 50/50 venture with the Troyes, Aube woollens concern ETS PORON SA.

Magliera Ragno has also strengthened its Italian organisation by: 1) taking over NONI SPORT of Milan, and 2) acquiring a large holding in the Anglo-Italian MOHAIR GRICLO SpA, Prato Sesia, Novara (see No 454), and then absorbing it. The former shareholders of the latter, Robert Clough (Keighley) Holdings Ltd (see No 516) and Filatura di Grignasco SpA, Grignasco, Novara, had decided to wind this venture up last year.

TOBACCO

** The New York tobacco and cigarette group LIGGETT & MYERS INC (see No 514) has strengthened its German interests by acquiring from the German businessman, Herr Erich Eilebrecht-Kemena, the remaining shares it needed for outright control of the tobacco and cigarette manufacturer EILEBRECHT CIGARETTEN- & RAUCHTABAK-FABRIEKEN GmbH, Baden-Baden (formerly at Hamburg - see No 458).

At the same time the American group acquired from Herr Eilebrecht-Kremena his interest in the Swiss firm United Cigarettes Co Ltd, Carouge, Geneva, which was formed in 1965 as a subsidiary of the French Ste Job SA, Perpignan, group.

TRADE

** STE FRANCAISE DE MAGASINS SA (capital F 4.6 m - a member of the Paris STE LAGUIONIE & CIE GRANDS MAGASINS "AU PRINTEMPS "Sca group, directly and through its wholly-owned subsidiary SAPAC - Ste Parisienne d'Achats en Commun Sarl - see No 337) is to rationalise its interests by absorbing four subsidiaries. These are STE DU MAGASIN ROQUETTE Sarl (gross assets valued at F 4.7 m), STE GENERALE DES GRANDS BAZARS DU NORD SA (F 8.1 m), STE DU MAGASIN VAUGIRARD Sarl (F 7.1 m), all based in Paris, and STE DU MAGASIN POPULAIRE DE VALENCIENNES Sarl, Valenciennes.

** A cooperation agreement has been signed in West Germany between three voluntary purchasing groups in the grocery sector who have an annual wholesale turnover of Dm 1,200 million through 80 wholesalers and 9,400 retail outlets. This will lead to a joint services agency based on the HKG - HANDELSKETTEN-HANDELS GmbH & CO KG, Cologne, subsidiary of the CENTRA group. HKG will raise its capital to Dm 4.1 million so that the two other groups, T.I.P. and UNION, both based in Düsseldorf, can acquire shares. The latter two already have a joint purchasing agency for their food products, Volg-Lebensmittel-Handels GmbH & Co KG, Düsseldorf.

TRANSPORT

** Herr Theodor Karl Göken, the manager of UNIVERSAL SERVICE-GOEKEN NORDSEE GmbH, Emden (see No 303), which is controlled by the American company UNIVERSAL SERVICE INC, Seattle, Washington, has linked 50-50 with Herr Gerhard Köhler, Warsningsfehn, to form a new company in Rotterdam called UNIVERSAL SERVICE-GOEKEN NV. With a capital of Fl 20,000, this will act as a supply company for off-shore drilling platforms.

** The Dutch ship brokers and shipping agents ANTHONY VEDER & CO NV, Rotterdam and Amsterdam (see No 533) have linked with a similar Australian firm ELDER SMITH & CO LTD (branches in Sydney, Melbourne, Perth and London) to form a joint subsidiary in Amsterdam called ELDER SMITH, VEDER & CO NV. This will be headed by Messrs A. van Waarde and P.J. Werkman and has been established to gain an increased share in cargo operations between Europe and Australia.

** The Italian shipping company ADRIA LINES Sarl, Trieste (capital Lire 900,000), which is headed by Sig Paolo Cossi, has opened a branch in West Germany at Heckendorf.

VARIOUS

** The American group SCOVILL MANUFACTURING CO, Waterbury, Connecticut, has backed the formation in France of SCOVILL FERMETURES Sarl, Pontarlier, Doubs (capital F 20,000) with M. Daniel Lardet as manager. The new company will sell press-studs, zip fastners and staples. There is already a similar West German sales subsidiary in Wuppertal, Stocko-Scovill Verschluss GmbH (see No 372), in which the German firm Stocko-Metallwarenfabrik also has a stake.

Scovill recently sold (see No 529) its Scovill France SA, Lourdes, subsidiary (domestic appliances) to the kitchen ware and domestic utensils group Ste d'Emboutissage de Bourgogne (SEB) SA, Selongey, Cote d'Or, which has since re-named it Ste Francaise d'Equipement Menager (SFEM) SA.

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