Opera Mundi EUROPE

A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

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December 1 - December 7, 1969

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A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

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THE WEEK IN THE COMMUNITY

December 2 - December 7, 1969

THE COMMON MARKET

U.K. Entry: Agenda for the Six

In the wake of last week's summit, the results of this week's meeting of the EEC Foreign Ministers were awaited with some interest, for the light they might shed on the state of confidence between the Six, rekindled with some difficulty in The Hague. The outlook is still hopeful, for after two hours behind closed doors, the ministers, with Dr. Luns of the Netherlands in the chair, agreed a list of topics on which a common position must be adopted before negotiations can begin with Britain and the other candidate countries. This is not likely to be an easy task, and furthermore the compromise agreement also states - at French insistence - that if needs be, other matters can be included. Some member states want a large number of topics to be agreed on a Community basis before starting talks, whilst others favour the minimum. The six main points which have been transmitted to the permanent representatives who will make a report to the Council by February 11, are:

1) Problems caused by the adaptation of regulations for financing the common agricultural policy, which the Six are expected to agree as from January 1, 1970, even if this means a marathon "clock-stopping" session until January 15. This CAP financing system will obviously have a considerable effect on the cost of British entry, and although during The Hague summit France admitted it could be modified, this would be dependent on a unanimous vote of the Council and with no infringement of the principles behind the CAP.

2) Problems raised by the Commonwealth such as Commonwealth sugar, dairy products (especially New Zealand butter) and the special arrangements for India, Pakistan; Gibraltar, Hong Kong and other dependencies.

3) The effect of British membership on the future of Euratom, and the Coal and Steel Community. This was included largely as a result of French pressure, but with the backing of both Italy and Germany, and it takes into account Britain's leading role in the development of nuclear power, and her position as a major coal producer.

4) The length and scope of the transitional period allowed to the candidate countries if they become members of the EEC, and whether or not there should be different treatment for agricultural and industrial products.

5) Institutional questions, such as more power for the European Parliament over Community expenditure.

6) The procedure to be followed during negotiations with the candidate countries. This revolves around the question of whether the Commission should negotiate on behalf of the Six - a method which provides scope for delaying tactics - or whether the Six should negotiate directly with the candidates.

An examination is also to be made of the various financial problems raised by British entry, including sterling balances, capital movements and the U.K. balance of payments.

* * *

ENLARGEMENT

The Hague: Following Through

The success of the summit can be judged to some extent from the fact that President Pompidou has already come under fire from orthodox Gaullists for departing from the policies laid down by his predecessor, while almost all commentators in Europe have stressed the dynamic role played by the new German chancellor. Although Bonn has little interest in upsetting the special Franco-German relationship, a more independent line vis-a-vis Paris can now be expected. This tendency will be strengthened if the talks for a pact covering the renunciation of force with the Soviet Union are successful, for under Chancellor Kiesinger, France's own links with Eastern Europe could be used to help Germany.

Increased optimism is evident in Whitehall, although care is taken to point out the difficulties which still have to be overcome before negotiations can even begin. For the first time in many years, possible dates for the start of membership, ranging from the end of 1972 to the end of 1974 are being advanced. The position of the British government was summarised by Mr. Wilson as "so far, so good" although he warned against over-optimism. He considered that the results of the summit with regard to the cost of the CAP could well mean a future departure from the existing EEC policy. The Prime Minister also expressed the hope that negotiations might be relatively short in length. One way of speeding up negotiations which has been suggested is that Britain and France should hold talks aimed at coordinating, if not pooling, their nuclear deterrents. At present, however, this idea does not seem likely to get far, on both political and military grounds. Furthermore the rumours last week of Britain wanting secret talks with France, which appeared in the London press, were denied in both London and Paris, while the evidence advanced seems hardly sufficient to justify this particular claim.

The American Secretary of State, Mr. William Rodgers, who was in Brussels last week, described the outcome of the summit as a step forward for European unity, while a spokesman for the State Department in Washington said that since the end of the Second World War, the United States had always backed progress towards Western European unity, and that she would continue to do so. However, the way this was achieved was a problem for Western Europe itself.

M. Jean Rey, the president of the EEC Commission, which was "satisfied by the outcome of the summit",stated during a debate in France last weekend that one of the most encouraging results was the decision to strengthen monetary cooperation between the Six. He did however criticise the lack of any progress towards political unity, and called for fresh ideas to be put forward, not refurbished schemes such as the second Fouchet Plan. He stressed that steps must be taken to strengthen the Community's institutions, and this did not mean modifying the Rome Treaty, only its application. There were certain matters on which the Treaty ruled that majority voting within the Council should take place, and according to M. Rey this should be given effect. In any case, the Commission's president pointed out, to require unanimous decisions in a community of ten member states would be impractical. Discussing the cost of CAP finance for Britain, he said that if she joined the Community then Ireland and Denmark would also join, and this would serve to cut the cost of certain agricultural products including butter. When asked what in his opinion was the highest acceptable figure for Britain, M. Rey passed the question to the British Ambassador, Mr. Christopher Soames who quipped "If you want a figure, you will have to open negotiations".

The improvement in Anglo-French relations was highlighted last week when the French Finance Minister, M. Giscard d'Estaing arrived in London for a one-day meeting with Mr. Jenkins and Mr. Wilson. Coming two days after the summit, he was able to expound the French view in detail. During his discussions they dealt with implementation in the near future of the Special Drawing Rights on the I.M.F., and M. Giscard d'Estaing said that French parliament would be asked to ratify these for a three-year trial period. The atmosphere was friendly, and they went on to deal with the proposals for increased monetary and economic cooperation within the EEC, and the role of sterling in an enlarged Community. The French Finance Minister is also a member of the Action Committee for the United States of Europe, headed by Jean Monnet, which will meet in Bonn next Monday and Tuesday to discuss the results of the summit, as well as to consider a report by Professor Robert Triffin for the formation of a European reserve fund. The British delegation will be headed by the Foreign Secretary, Mr. Michael Stewart; his Conservative opposite number, Sir Alec-Douglas Home and the Liberal leader, Mr. Jeremy Thorpe.

That the new French government feels the time has come to make a change in Gaullist European policy is evidenced by continuing reports that it will end the boycott of the Western European Union, grouping Britain and the Six, which has been in force since last February. The President of the WEU Council of Ministers,M. Pierre Harmel stated on Tuesday addressing the WEU Assembly in Paris that he had sent letters on this subject to the seven member governments four days previously and he was confident of a positive outcome. M. Harmel pointed out that if they were to be negotiating over British entry in six months, the dispute over legalistic interpretations of the WEU's procedural rules were less important than the political will to make fresh progress. The Belgian plan for French reintegration involves the postponement until 1970 of the forthcoming Council meeting of the WEU (December 17 - 18), at which time the presidency will revert to France. At the same time the agenda for formal meetings will have to be agreed unanimously - France's argument - while at informal meetings, member states will be allowed to propose discussions on any particular problem.

The WEU Assenbly also heard the Conservative Party Defence spokesman, Mr. Geoffrey Rippon suggest "a separate and distinct European defence capability - nuclear as well as conventional - that can and should be an integral part of the defence of the free world, but which gives an independent influence to Europe".

Of the non-EFTA European countries affected by Britain joining the Community, the Irish Republic is the most important, because of her close trading ties in agricultural and industrial products. There has been some concern in Dublin over suggestions that negotiations with Britain might have too great a precedence over those with the other three candidates. The indications are indeed that negotiations with Britain would be treated as the most important, but at the same time negotiations with the other countries would be kept broadly in step with the aim of starting the transitional period to full membership on the same date. The Irish Ministers for Foreign Affairs (Mr. Hillery), Finance (Mr. Haughey), Agriculture (Blaney), Industry & Commerce (Mr. Colley), who were in London earlier this week to discuss the Anglo-Irish Free Trade Agreement signed in 1965, also agreed with the British government that they should hold regular consultations over progress on their respective bids for EEC membership.

* * *

AGRICULTURE

Six Prepare to Thrash It Out

Take 0.6% of Community GNP, all levies on farm produce and all customs duties; add greater powers for the European Parliament, and confound the issue with beef, dairy and cereal surpluses, and the vexed question of state tobacco monopolies and vested interests in wine production, and you have the basic ingredients of the Six's farm marathon for next week. This seems a certain formula for reducing the foreign affairs, finance and agricultural ministers of the Six to a state of exhaustion, but it is nevertheless the fate to which they are committed, as the result of The Hague Summit last week. They had the opportunity on December 8 and 9 to get their teeth into the major problems, and indeed much promise was shown by their handling of the theoretical and long-term issues involved (financing the C.A.P.), but the note on which the Council meeting closed bodes ill, one feels, for the chances of the Six emerging with a complete formula before Christmas, or indeed before they have to go through the ritual of stopping the clock at midnight on New Year's Eve, pending the forging of agreement a week or so later.

To their credit, however, and as a vindication of the apparent goodwill created at the Summit, the Six on monday took their greatest step forward in many a long month, and committed themselves to handing over the pursestrings of EEC agriculture to Community control, the transition to be completed by 1974. This is the most positive relinquishment of sovereignty, for it involves not only the present sources of finance that feed FEOGA, the farm guidance and guarantee fund, but also general customs duties raised at the external frontiers of the Community, and more than that, an actual proportion of turnover taxation within each member state. Into the bargain, the Six will have to abandon their power to dictate the disposal of this money, which will be handled by the Commission, under the widened discretionary power of the European Parliament (for which, one may be sure, there will be growing pressure for universal suffrage in the coming years).

In hammering out the details of this commitment next week, the temptation for the Six will be to haggle in particular over the contributions "key" involved in farming finance - the perennial problem, and to keep to the barest minimum any additional powers that may devolve upon the European Parliament. There is a type of transition involved: first, instead of 90% of all levies raised on imports of farm produce being passed on to FEOGA as at present, all such income will be so channelled; second, all duties raised under the CET - common external tariff - will gradually be channelled into this same fund. The latter was a laudible concession by the Dutch, who as a major importing nation stand to lose considerable income through this, specifically in terms of duties accruing from the vast volume of EEC trade that passes through Rotterdam. Dutch assent was obtained on the understanding that this part of the financial arrangement would be phased in over a longer period than the three years suggested by the Commission.

When both these sources of income are fully pooled on a Community basis, there will remain about another 30% of funds to be raised in order to meet forecast expenditure on Community farming. This, as at present, will have to be collected on the basis of the controversial "contributions breakdown" system. At present the key is: France - 32%; Germany 31.2%; Italy 20.3%; Netherlands 8.2%; Belgium 8.1% and Luxembourg 0.2%. The system does not work equitably, as is shown if we take the cases of Germany and Italy. In the 1968-69 season, the fixed key payments to FEOGA totalled $ 1,157 million, and levy income came to $ 838 million. Germany contributed its appointed 31.2% to the first, but only 28.1% to the second, making 29.9% ($ 596 m) of the FEOGA total (excluding the smaller, guidance side of the Fund). However, she received back only 15.7% of the $ 1,995 million total. Similarly, Italy paid in 20.3% of the fixed key contributions, and no less than 37.1% of the levy (making 27.4% of the FEOGA total), but received back only 17.2% of the total. It is mental calculations of this sort that will motivate much of the financial debate that is anticipated in the week-long series of meetings scheduled for December 15-20.

However, such is the state of the game at the present time that the Six simply cannot settle for a mere financial agreement. Despite the commitments made in The Hague, and the year's extension given to the present regulations, allowing for national ratification of the new CAP arrangement, all the other outstanding problems will have to be thrown into the melting pot, a) because of the December 31 deadline for common market organisations, and b) because there has still to be a reciprocal deal on farm finance to satisfy some members,despite The Hague. In particular here one is thinking of Germany and the Netherlands, and the question of dairy surpluses, and of Italy when it comes to the still unaligned wine and tobacco markets. France is now assured of financial security for her farming, and she is expected to reciprocate with agreement to crash measures to cure the short-term structural crises besetting EEC farming, in particular surpluses. Again, we have Italy, whose Finance Minister, Emilio Colombo was still saying, even after The Hague, that the Six should still consider putting a ceiling on their expenditure on farm finance. With a bargaining base as fundamental as this, Colombo clearly intends to force a settlement of the wine and tobacco problem next week. Italy wants free access to the whole EEC wine market (see No 533), while France insists that precautions be taken to avoid placing yet another sector in surplus. Since a million Italians are employed in wine production, and since one-sixth of all agricultural production in Italy is wine, the scope of this question speaks for itself. How the Six will settle the matter of a common tobacco market (see No 520), when both the fiscal systems of the Six are still at variance here, and with France and Italy exercising state monopolies, we shall have to wait and see.

Goodwill and stamina in unprecedented measure will have to be on the side of the full Council all next week, but even this seems hardly enough to equip the ministers for the sheer volume of work they must get through: it would be a most optimistic man who could venture to say that "it will all be over by Christmas"!

* * *

ASSOCIATION

Six Agree to Fresh Talks with Vienna

The Foreign Ministers also agreed during their meeting at the start of the week that the possibility of fresh talks with Austria should be gone into by the Commission. The Austrian request for links with the Community had been blocked since 1967 by Rome as a result of disagreement with Vienna over the southern Tyrol, but this was recently settled by a meeting of Italian and Austrian Foreign Ministers in Copenhagen.

The Commission will discuss the matters for negotiations with Austrian representatives but it is thought unlikely that any full-scale discussions will start before the opening of negotiations with the candidate countries. The main objectives of any trade agreement from the Austrian point of view are 20% cut in the Community's tariff to 33% on Austrian industrial exports, as well as the establishment of further outlets for Austrian agricultural produce.

* * *

EURATOM

First-Fruits of the Hague Summit

It was not the Hague Communique itself (see No 541), but the immediate results in terms of concrete action that were to be the acid test for the supposed new solidarity of the Six. Saturday December 6 saw the first Council meeting to be held after the summit. This was a gathering of the science ministers of the EEC, its specific objective being to find eleventh-hour means of resuscitation for the ailing Euratom, and it did not disappoint the critics. In theory at least the nuclear community of the Six is now safe: it will continue to tick over for anything up to two years while complete and realistic new terms of reference are formulated. It has its breathing space, provided those concerned have the strength, will and morale to go on inhaling the thin, sour air of the Joint Research Centre, the focus of the whole problem. It could be that this "stay of execution" will prove an insufficient means of preserving the loyalties of researchers that have had too little to do for too long, and who still have no real grist for their mill, nor any guarantee that their work will receive a major boost in less than two years. Brains have been drained for far less.

However, the Hague Summit not only "agreed on the necessity of making fresh efforts to work out in the near future a research programme for Euratom, designed in accordance with the exigencies of modern industrial management, and making it possible to ensure the most effective use of the JRC", but also opened the door to early talks for British entry. It is the combination of these two facts, perhaps, that will prove an adequate incentive to the hard core of the Euratom team to stand by for further orders. Once the Community does get going again, it is a fairly safe bet that British technology will be permeating through the enlarged EEC, to the benefit not least of Euratom and its workers. Hopes that Euratom will have a part to play in the ultracentrifuge nuclear fuel separation plant, and indeed in the development of the GCR - gas cooled breeder reactor generation of nuclear power stations for the Eighties, must all be coupled in the minds of its personnel with the immediate hopes engendered by last week's meeting.

There can be no doubt that the saviour of the day in this fraught sector of the Community has been Germany. It was from Germany (see No 537) that the moves leading up to consideration of the Euratom question at The Hague initiated, and it was essentially the German compromise scheme that the Six opted for in their decision to keep Euratom afloat last Saturday. The German plan for the nuclear sector is basically one of seeking the commercially viable answer to most of the questions arising. This needed as its cornerstone a concerted political drive at the very top - which, of course, is what The Hague provided. The German Secretary of State for Research, Herr Dohnyani, was at Willy Brandt's side in presenting the scheme, the essense of which was cross-fertilization between Euratom and industry. The basic concept was that of the future "complementary" nature of much of Euratom's work, and the participation of only the member states interested in certain projects; clash after clash with France had previously occurred on this point.

The Dohnyani plan, for it is fair enough to call it that, is that the "complementary" concept be applied to both national research plans and collaboration with the private sector: the whole running of Euratom should become far more flexible. To this end - and this point did not emerge until last Saturday's meeting - there should be appointed, according to Germany, a "supremo" in the Community to coordinate Euratom affairs. This director-general would be delegated to the detailed elaboration of Euratom programmes, leaving the Council and the Commission free from responsability for anything but the basic directive and guideline decisions. Again, it is now clear from Saturday's meeting that in drawing up their Euratom programme the Six will specifically consider non-nuclear activities, as outlined in the Commission's pluri-annual programme (see No 520), which we may eventually expect to see in an emended version. Not only this: they will have directly in mind the future participation of Britain and the other candidates for membership (this was reaffirmed on Monday - see P. 1) and will where possible link their suggestions with those for wider technical cooperation laid down in the Aigrain plan. One of the main objectives of the formulators of the scheme for Euratom will, in short, be the weaving of the atomic Community far more intricately into the general fabric of the EEC venture, in the context of its strengthening and enlargement.

We have at least a philosophy now that will take Euratom on, and what this means in practical terms for the coming months is a series of ministerial discussions (hopefully, conducted in the spirit of the last), concentrating specially on the five-year plan (whether it will cost more or less than the Commission's original $ 391.6 million we have yet to see), on the streamlining of the administration and management functions, detailing the non-nuclear diversification idea, fast breeder reactor development and the isotopic separation plant. The broad decisions here are not all difficult - even the last two points may be eased, with industry very much dictating the pace, and the framework being created for either venture by the private sector (hence the wisdom of the German plan) - but there is nonetheless the old latent danger of the Six getting bogged down in detail. A really salutary development, therefore, might be for a decision on the creation of the new Euratom overlord post to be taken very soon. Such a director general, by his very existence, would obviate this danger.

As far as one can tell, the Achilles' heel for Euratom could now well be that which it is hoped will be its greatest strength: the role of the private sector. In the past weeks alone, industrial companies have been getting to grips with forming consortia to administer the isotopic separation plant and GCRs - and to date, there is a noticeable lack of French participation. For the Dohnyani formula to work, French industry must get involved - and quickly - otherwise there is every danger of the goodwill between the Six turning sour again. If this danger is skilfully averted, then there seems to be little reason why the Six should have to go into the second year of their period of grace in forging their master plan for Euratom.

* * *

FISCAL

TVA Delay Authorised

The Foreign Ministers during their meeting earlier this week also agreed to extend the deadline for the introduction of the T.V.A. - tax on value - added system until January 1972, a move which means that Italy should now be able to comply with the Community's fiscal harmonisation programme, after deciding unilaterally to extend the introduction of the system by two years, instead of applying it as from January 1, 1970. At the same time Belgium, which decided to delay the application of the TVA until January 1, 1971, because of the possible inflationary influence on its economy, also received the necessary authorisation from the Council.

The Italian case was somewhat different from the Belgian one, in that Rome has been preparing a major series of reforms to the country's taxation system and it was thought to be more practical to introduce the TVA at the same time. A hard-fought compromise agreement considered to be more practical has therefore been worked out, covering the Italian cascade turnover tax which will remain in force until the TVA is applied. However, certain modifications are to be made to the cascade tax system in order to limit the danger of Italian rebates exceeding the level permitted under Article 95 of the Rome Treaty. The main lines of the compromise are as follows: 1) rates of 4% will not be modified; 2) no changes will be made before April 1, 1970, in order to take account of existing contracts; 3) rates of between 4.1% and 6% will be reduced by 10% as from April 1, 1970; 4) rates between 6% and 7.8% will be reduced in two stages: a) 13% on April 1, 1970 b) 15% on January 1, 1971.

In practice the new rates will be rounded off, for instance, domestic appliances with an existing rate of 6.6%, will have this reduced to 6% on April 1, 1970, and a further reduction to 5.5% in 1971. Cars have an existing rate of 7.8%, but in April 1970 this will become 7%, with a further cut to 6.5% in 1971.

* * *

INDUSTRY

Westinghouse Turned Down

The French government's decision to veto the acquisition by the American, Westinghouse Electric Corp (see No 532) of a controlling stake in the French heavy electrical manufacturer, Jeumont-Schneider (see No 538) marks a further episode in the attempts to build "European-scale" industries in the key technological sectors. The decision was taken at last week's Council of Ministers and Westinghouse's representatives were officially informed on Friday afternoon. The move is also a reflection of France's own problems with her nuclear industry following the decision in November to cease any effort on its national gas-graphite reactors, and instead build enriched uranium reactors during the seventies, under licence from American companies.

Westinghouse, which with a turnover of $ 3,296 million in 1968 ranks as the world's second biggest electrical equipment manufacturer after the General Electric Co ($ 8,381 million), first made public its plan to acquire the 61% in Jeumont-Schneider held by the Belgian industrialist, Baron Empain in late 1968. But since the permission of the French government is needed for any holding of 20% or more in a French company by foreign interests, this immediately fell foul of the government of General de Gaulle. Baron Empain is not a French citizen, but nevertheless Paris made it clear it would oppose the transfer of control to Westinghouse. The situation was further complicated by Baron Empain's other interests and their links with Westinghouse's plans to build a European division based largely on its licensees, which apart from Jeumont-Schneider (and Baron Empain has a 25% stake in Schneider, which in turn has just under 40% in Jeumont-Schneider) include A.C.E.C. - Ateliers de Constructions Electriques de Charleroi in Belgium (under Baron Empain's majority control); Merlin & Gerin, Grenoble (a 20% Empain stake; Jeumont-Schneider 12%; A.C.E.C. 6%); Ercole Marelli SpA and Franco Tosi in Italy; and Constructora Nacional de Maquinaria Electrica - CENEMESA in Spain.

Some observers have asserted that the French veto applies only to Westinghouse's existing plans, and that President Pompidou and his cabinet are not averse to the American group acquiring an interest as such in Jeumont-Schneider. Certainly the new government is wary of being accused of adopting an attitude as tough as its predecessors over foreign investments, but at the same time it will no doubt seek national or European solutions in preference. Various alternatives as to Westinghouse's next line of action have been suggested, including a decision to proceed with its "European division", but leaving out Jeumont-Schneider. Another plan might be only partially to follow through its original proposal, but also establish a special relationship in the manufacturing field with Jeumont-Schneider. Under this scheme, the research and management centres which might have been built in France under the original plan, would instead be established in Belgium. Thirdly, Westinghouse might decide to link up with another of its European licensees, the German, Siemens group (1968 turnover $ 2,097 m) with whom Westinghouse has a wide-ranging reciprocal licence agreement, and which ranks sixth amongst world electrical groups. It has also been mooted that Jeumont-Schneider might instead link with Siemens and thus cooperate with Westinghouse through the German group. Furthermore, the nuclear plant subsidiary of Siemens and AEG, Kraftwerk Union is in a strong position with an expected turnover of Dm 700 million during its first year - it was formed on April 1, 1969 - and its orderbook is worth Dm 1,000 million. The work by AEG and Siemens on the nuclear licences they received from the United States, has refined and developed the original work to such an extent that the technology involved is now nearly as much German as American.

* * *

E.F.T.A.

First Nine Months' Trade: 1969

The latest figures for EFTA trade issued by the Secretariat in Geneva, and which cover the period January-September of this year, show a very palpable improvement on what was already a far from disappointing record. The key to the trend is Britain's much improved trade balance situation, with exports to EFTA partners up 21%, and to the EEC up 19%. Compared with 1967, which indeed was the first year of completely free trading in EFTA, and with last year, during both of which periods there was a trade growth of about 5% in the first three quarters, the Eight in 1969 have achieved a value rise in exports of no less than 15%, and in imports of 9.4%. Bear in mind (see No 511) that at the end of last year their trade gap was narrowing, despite far lower growth figures than these. The two main blights on future prospects, at this time, are the fact that between the second and third quarters, there seems to have been a switch in EFTA-EEC trade from a faster rate of growth in exports to a more rapid rise in import values, which of course will undermine the overall figures for the year, and the disappointing record for trade with the United States (see table), after the 20% growth in exports registered last year.

In the first nine months, it was only Denmark, Finland, Sweden and Switzerland that had imports rising faster than exports, while at the other extreme, imports actually dropped in Portugal by 2%. Britain, Austria, Finland and Portugal all expanded their trade within EFTA at a greater rate than overall trade. There was an import boom benefitting the Eight in the EEC during the first six months, and centred on France and Italy, while demand in Germany remained high. This was a strong influence on the overall pattern of EFTA trade, although it was much emphasised by the fact that Britain in particular showed only 1.3% as its rate of growth for EEC imports. This kept the overall average for the EFTA group down to 10.1%.

The following are the basic statistics relating to EFTA trade, comparing the first nine months of 1969 with the first nine months of 1968 ($ m.):

	E.E.C.	U.S.A.	Rest of World	E.F.T.A.	Total
Exports	7,118.4 + 18.9%	2,699.0 + 1.4%	10,583.9 + 15.8%	7,235.0 + 15.7%	27,636.2 + 15.0%
Imports	9,769.7 + 10.1%	3,229.0 + 7.4%	11,380.2 + 6.0%		31,954.2 + 9.4%

*

Nordek Under a Shadow

The negotiations for the formation of the "Nordek" economic union, embracing the Scandinavian countries (Denmark, Finland, Norway, Sweden and possibly Iceland) seem likely to have been jeopardised by the results of the Common Market summit conference held in The Hague at the start of last week. The new threat to Nordek came on December 6, when the Finnish Prime Minister, Mr. Mauno Koivisto proposed the indefinite postponement of the meeting of Nordic Prime Ministers, due to be held in Turku on December 16 and 17. He felt they needed further time to consider the new situation created by the developments in The Hague. The news came as a bombshell, the Nordic Ministers of Agriculture having just finished meeting in Stockholm, with discussions expected at Turku. The reason for the Finnish move is not yet clear, but it is felt that pressure from the Soviet Union, with which Finland has a special relationship, cannot be ruled out.

Of the Scandinavian countries, Norway and Denmark have applied for full membership of the Common Market and Sweden has sent a letter asking whether its neutrality would be compatible with membership, while Finland has not asked for any links. The first three are all full members of the European Free Trade Association - EFTA, Finland being an associate member. The proposals for Nordek put forward by the Danish Prime Minister, arose largely because of the French veto on Britain - she is the leading EFTA member - joining the EEC, but if negotiations for EEC membership start again in the near future it would obviously complicate progress on the establishment of Nordek. The problem of Swedish neutrality and Finland's links with the USSR cannot be overlooked, either in the context of Nordek or more especially that of the Common Market, for both Norway and Denmark are members of NATO. Again, there would be major problems in trying to harmonise and align links in other sectors such as agriculture, if some Nordek states were within the European Economic Community and the other outside.

The whole spirit of the bid for closer Nordic economic integration has thus been upset by the success of the Hague summit and Finland's reaction to it. A possible solution may be found when the prime ministers of the four countries meet in Helsinki on Friday, largely as a result of efforts by Mr. Hilmer Baunsgaard. Various alternative solutions have been suggested, including a slow-down in work on Nordek until future relations with the EEC can be assessed more accurately, as well as the formation of a new grouping to take in Denmark, Iceland, Norway and Sweden with Finland as an associate.

The Danish Prime Minister clearly expressed the dilemma facing his country, and the fear that if work on Nordek is completely suspended in expectation of progress on links with the EEC, the latter may break down, leaving Denmark in a very difficult situation. Apart from any EFTA considerations, Nordek would strengthen Danish interdependence with Sweden, creating further difficulties if Denmark joined the

Common Market. If this happened, Sweden would be faced with serious problems, since both Britain and Norway would also be joining, and it would cause increased pressure on the Swedish government to clarify its position vis-a-vis the Community. For Stockholm to decide to seek full membership would simplify matters, and no doubt make it easier for Finland to ask the EEC for associate membership, or a trade agreement similar to that sought by other EFTA countries, such as Austria and Switzerland. Iceland, which is due to join EFTA next March, is also likely to seek closer links with the Common Market if Britain, Norway and Denmark join.

The Norwegian Prime Minister, Mr. Per Borten, has claimed that the outcome of the Hague summit "will not have any influence on Nordic negotiations for extended cooperation", but this does not tally completely with the views of the Minister of Trade, Mr. Kaare Willoch, who during his visit to Paris this week said he was encouraged by the prospects for enlargement of the Six and that "the proposals for Nordic economic unity could not replace the advantages of EEC membership".

* * *

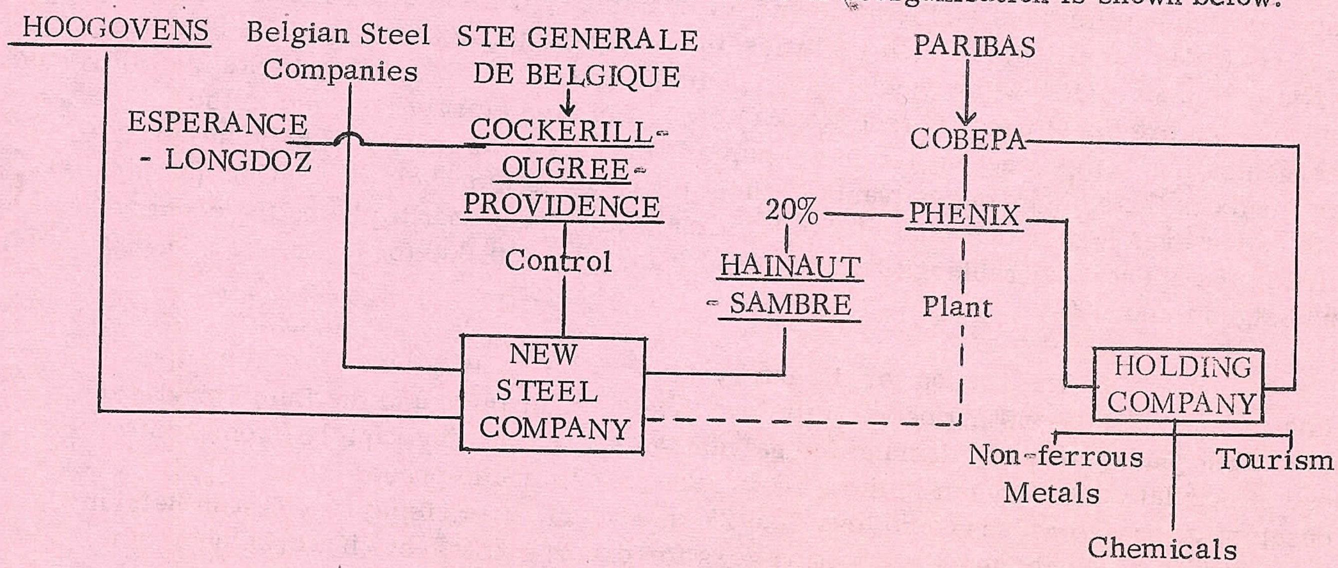
E.C.S.C.

Major Belgian Steel Reorganisation

On December 1 the Belgian C.C.P.S. - Steel Policy Coordination Committee intervened in moves afoot between the Belgian galvanised steel sheet industry and the Dutch Kon Ned Hoogovens en Staalfabrieken NV of Ijmuiden (see Euroflash, 541), in order to prevent a takeover by the Dutch firm, and to maintain the pattern of development and investment that it has been fostering in Belgian steel in past years. Essentially, the Belgian galvanised sheet industry consists in the Phenix Works SA company of Flemalle-Haute, which has its plant at Flemalle and Yvoz-Ramet. This is controlled by the Banque de Paris & des Pays-Bas, through its Brussels holding company COBEPA - Cie Belge de Participation SA. Only a few weeks ago, Phenix purchased a 20% holding in Ste Metallurgique Hainaut-Sambre SA of Couillet (see No 536), which is also closely involved in the reorganisation of the sheet sector in Belgium. This is a vital section of Belgian industry, for Phenix is the number one galvanised sheet producer in the whole of the Community, with output even higher than that of the Thyssen group, such that it places the country third in the sheet steel rankings for the ECSC (Germany 950,000 tons, France 510,000 and Belgium 440,000).

The reason for the intervention of the CCPS stems from the supply situation previously existing between the two Belgian companies and the Dutch producer. In the first place, although demand for galvanised sheet is rising rapidly (from 2 kilos per head of population per annum in the EEC in 1958 to 7 kg at the present time - U.S. consumption has now risen to no less than 28 kg a year), it is rising less fast in Belgium, such that 90% of Phenix sheet production goes for export. In effect, it works on a subcontracting sort of principle, avoiding over-investment as it can by processing coil supplied to it on contract terms by outside suppliers. Since last February, the Dutch Hoogovens has had the lion's share of this trade, filling a good 50% of Phenix' coil requirements. However, the Hainaut-Sambre company is currently opening up a new plant, for which it received government credits eighteen months ago, and agreed to supply from it 150,000 tons of coil each year to Phenix. It has not the facilities to process the slab it will produce into this form, however, and it was apparently in return for converting Hainaut slab into coil for Phenix that Hoogovens might be offered a stake in the Flemalle company.

As a result of the intervention of the authorities, Hoogovens may still get its stake in Belgian steel, but this will not affect the overall ownership or development of the national industry. The formula adopted is for the Cockerill-Ougree-Providence SA company of Seraing (see No 534), which is currently merging with Ste Metallurgique d'Esperance-Longdoz SA of Liege (see Community, 525), to take over all the manufacturing activities of Phenix (industrial assets valued at about 1,200 million Belgian francs), and form a new company to administer these. Phenix would become a holding company, perhaps with a small stake in the new concern, while C-O-P would have control and run the new manufacturing concern, with just over 25% of the equity in the hands of Hainaut-Sambre, and other stakes held by various Belgian steel companies, and no doubt a holding taken up by Hoogovens. The Banque de Paris & des Pays-Bas would have indirect control of the Hainaut-Sambre holding, through the de-industrialised Phenix, and might also purchase a quantity of direct shares. The main items in the Phenix portfolio, apart from any stake in the new company, would be its holdings in Sidmar SA of Ghent, Hainaut-Sambre, Phenix-Aluminium and Forges d'Haironville. With the liquidity raised by sale of its industrial assets, the likelihood seems to be that it will invest in three main fields outside its present sphere: non-ferrous metals, chemicals and the service sector (probably including tourism, in which Paribas is involved, through its stake in the Club Europeen du Tourisme). The latest possibility appears to be that of a merger between the new Phenix holding company and Copeba itself: what all the moves mean in terms of reorganisation is shown below:



Italian Expansion Plans

The Italian steel holding company Finsider - Sta Finanzaria Siderurgica SpA, Rome (see OME 541), which belongs to the Rome-based state group I.R.I. - Istituto Per La Ricostruzione Industriale SpA is reported to be considering the construction - in cooperation with IRI - of a new steel plant which would begin operations during the seventies, and have an initial capacity of some 10 million tons a year. Finsider is also about to give the go-ahead for the expenditure of a further \$ 300 million, bringing the total up to \$ 1,000 million, on raising the capacity of its Tarento plant. This started operations in 1964, and the new expansion plan would enable it to raise its output from 3 million to 4.5 million tons by 1972.

If both these projects are finalised and carried out, Italian steel production should be able to keep abreast of demand from the home market in 1975 - 1976.

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	TRUST HOUSE HOTELS to link with Australian TRAVELODGE; motels	T
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ADVERTISING

** LONDON PROGRESSIVE ADVERTISING, a wholly-owned subsidiary of the British advertising group STOWE & BOWDEN, has joined with six other European agencies who form part of the IMPACT group (see No 517) to form a new London company called IMPACT INTERNATIONAL. LPA has a 51% stake in the new concern, which will be headed by LPA's creative director, Mr John Nicholls, while other directors are Messrs Michael Robinson and Eric Burleton (joint managing director of LPA) along with three representatives from the other agencies in the Impact group.

Impact was first established four years ago by M. Pierre Lemonnier, president of Impact SA, and it is now the sixth biggest agency in France with a turnover exceeding £20 million from its operations in France, Britain, Germany, Spain and Italy. LPA was acquired by the Stowe & Bowden group during 1966 and it is considering links with American agencies in order to further its expansion.

AEROSPACE

** The French Defence Ministry has backed the opening of talks between the state-owned group SNECMA - SOCIETE NATIONALE D'ETUDE ET DE CONSTRUCTION DE MOTEURS D'AVIATION (see No 536) and MESSIER SA, Paris (see No 444), with the aim of encouraging cooperation between both in the manufacture of aircraft landing gear and braking equipment.

Messier was formed some 42 years ago, and had a 1968 turnover of F 172 million. It employs 2,500 persons in the design and manufacture of brakes and landing systems for civil and military aircraft, including the Mirage and Jaguar fighters, the Mystere-20 business jet, and the Transall and Breguet-941 (STOL) transport aircraft. It also cooperates with SNECMA in manufacturing the Concorde landing system.

For its part SNECMA acquired during 1968 a company operating in this sector, Societe Chatelleraudaise de Travaux Aeronautiques - SOCHATA, which today is a division within the group manufacturing landing systems for the Caravelle, the marine reconnaisance Breguet-Atlantique and the Concorde. This also makes the engines used in the Breguet-Atlantique and the Transall as well as arrester nets, ejector seats, diesel engines and industrial turbines. There are production facilities at Bois-Colombes, Hauts-de-Seine, and Molsheim, Bas-Rhin, with repair and testing facilities at Chatellerault, Vienne and Bouvier, Yvelines.

** The Austrian company F. BRANDNER, Saltzburg, has taken a 25% stake in the formation of a new Spanish company called PROYECTOS INDUSTRIALES Y AERONAUTICOS SA, Madrid. Based in Madrid with a capital of Pts 1 million, this will plan manufacturing and aerospace projects. A 65% stake in the new company is held be HORTAN SA, Madrid, with 10% held by CONDUCTA SA, Madrid. German interests, represented by Herr T. Soucek, Frankfurt, have shareholdings in both Hortan and Conducta.

** The Australian government is considering the manufacture under licence of the Anglo-French helicopter, the SA-341, built in conjunction with WESTLAND AIRCRAFT LTD, Yeovil (see No 523), by the French aerospace group SUD AVIATION SA, Paris and Toulouse (see No 536). This is being built for the French and British armies, and is due to come into service during the second half of 1971, and a helicopter of this type has been sent to Australia for evaluation. An evaluation team from the Australian navy is also in France studying the heavy-lift helicopter developed by the French group, the Super-Frelon, with a view to its possible purchase.

Sud-Aviation will form part of the new French aerospace group, the STE NATIONALE AEROSPATIALE, when this comes into being on January 1, 1970. This will be formed by merging SUD-AVIATION, NORD-AVIATION and SEREB, and with some 40,000 employees will have a turnover of around F 2,000 million. Earlier this year Sud-Aviation linked with the American, Ling-Temco-Vought Aerospace Corp in a sales and production agreement for the SA-341, as well as two other helicopters already made by Sud-Aviation, the "Alouette II" and "III" light helicopters (see No 523).

** An option for the new West German short-haul 44 seat passenger aircraft the VFW-614 jet has been placed by the Spanish government on behalf of the civil air transport section of the Air Ministry. First deliveries of this jet are due to be made in June 1973, and it is built by the German partner VEREINIGTE FLUGTECHNISCHE WERKE GmbH, Bremen (see No 541) in the new international aerospace group formed in conjuction with the Dutch KONINKLIJKE NEDERLANDSCHE VLIEGTUIGENFABRIEK FOKKER, Amsterdam. The new group has been established along lines similar to the Agfa-Gevaert combine through a Düsseldorf holding company with Dm 100 million capital, Zentralgesellschaft VFW-Fokker mbH (see No 540).

AUTOMOBILES

** The Spanish diesel engine manufacturer DIAZ DE TERAN SA - DITER, Zafra, Badajoz (see No 457), in which the West German MWM - MOTOREN-WERKE MANNHEIM AG (see No 457), a subsidiary of KNORR-BREMSE KG, Bremerhaven (see No 516), has a considerable shareholding, intends to spend Pts 40 million on enlarging its foundry facilities. Part of its production is sold to other Spanish companies, SEAT - S.E. de Automoviles de Torisimo (see No 393 - an associate of FIAT SpA, Turin - see this issue and No 541) and Soc Barreiros (see No 351), with the remainder exported to Perkins in Britain (see No 430) and to John Deere (see No 537).

Diter manufactures around 18,000 diesel engines a year, including three-cylinder engines used for the tractors made by Samar-Renault, Burgos, while four- and six-cylinder engines are to be launched in the near future. At present around 30% of the engine parts are imported from Germany, but this is due to be reduced to 10% while Diter may also undertake the manufacture of parts for MWM.

** CITROEN ITALIA SpA, Milan subsidiary of the French motor group CITROEN SA, Paris (see No 538), which at the end of last year was placed in charge of a new plant at Pregnana-Vanzago (see No 491), is to raise its capital from Lire 600 million to 1,100 million. The FIAT SpA group of Turin is a 15% shareholder of Citroen, after the agreement sanctioned last year by the French government (see No 486).

** UNION CEMENTERIE MARCHINO EMILIANE E DI AUGUSTA - UNICEM SpA has been formed by the merger of SOCIETA PER AZIONI INDUSTRIE CEMENTIERE EMILIANE - SAICE and CEMENTI MARCHINO to regroup the cement interests of the I.F.I. - ISTITUTO FINANZIARIO INDUSTRIALE Turin holding company (of the Agnelli family group - FIAT etc - see No 539). Unicem will have an annual production capacity of 3.8 million tons, of which 2.5 million tons is accounted for by Cementi Marchino's present capacity, and during 1968 the latter had a net profit of Lire 750 million.

** SUD-CONSTRUCTIONS SA (capital F 100,000) has just been formed to carry out building and civil engineering operations. The chairman and managing director of the new company is M. Francesco Sciabbarrasi, and other directors are MM. Calogero Sciabbarrasi and Francesco Malaguarnera.

** SOCIETE D'IMPORTATION & DE DIFFUSION D'ECHAFAUDAGE & DE COFFRAGES - SIDEC Sarl has just been formed in Paris with a capital of F 20,000 to manufacture, purchase, sell and import all types of scaffolding equipment. The manager of the new concern is M. Jean Bucheman.

-CHEMICALS

** STE DES USINES CHIMIQUES RHONE-POULENC (see No 541) is to make over to the STE PARISIENNE D'EXPANSION CHIMIQUES - S.P.E.C.I.A. three factories and related properties. These are based at Saint-Fons, Rhone; Livron, Drome and Maisons-Alfort, Val-de-Marne, and as a result of this move Usines Chimiques Rhone-Poulenc will increase its stake in S.P.E.C.I.A., whose capital has been raised from F 13.9 million to F 18.4 million.

** The West German VEBA CHEMIE AG (a member of the Berlin and Bonn group VEBA - VEREINIGTE ELEKTRIZITAETS & BERGWERKS AG - see No 540) intends to build an ethanol production plant in Antwerp with an annual capacity exceeding 100,000 tons. The new plant is likely to be built on a site belonging to the German chemical group FARBENFABRIKEN BAYER AG, Leverkusen (see No 537).

** The Italian concern C.G.C. - COMPAGNIA GENERAL - CHIMICA, Turin (headed by Sig Guiseppe Cesare Trisoglio) has been made a limited liability company (previously a "s.a.s."), and been given Lire 1 million capital.

COSMETICS

** The German chemicals and pharmaceuticals group FARBWERKE HOECHST AG, Frankfurt-Hoechst (see No 541) is to form a company in Japan in association with MITSUI PETROCHEMICAL CO (see No 540) to manufacture and import cosmetics for the Japanese market. Called LOUMAR COSMETICS (capital Yen 100 million) it is under the 60% control of Mitsui, with the remainder held by Hoechst. This will begin by importing Hoechst products, but cosmetics production is due to start in Japan towards the end of 1970.

CONSUMER GOODS

** SCHAUB-LORENZ VERTRIEBSGESELLSCHAFT mbH, member of the New York I.T.T. group - INTERNATIONAL TELEPHONE & TELEGRAPH CORP (see No 541), through the S.E.L. company of Stuttgart - STANDARD ELEKTRIK LORENZ AG (see No 463), has issued a licence to a Spanish member of the group, MARCONI ESPANOLA SA, Villaverde, Madrid, to produce the former's "Formula II" f.m. car radio receivers.

** VILLEROY & BOCH ITALIANA - SPICA SpA, Teramo, Abruzzi (capital Lire 701 m.), Italian subsidiary of the German ceramics and refractories concern VILLEROY & BOCH KERAMISCHE WERKE AG, Mettbach (see No 472), is to have its glazed tiles production capacity enlarged to around 3,500 square metres per annum, and the payroll increased accordingly from 450 to 600. The development will require the investment of some Lire 1,305 million, 700 million of which will be subscribed by ISVEIMER, Naples, the Mezzogiorno Development Institution (see No 446).

DATA PROCESSING

** LEASCO DATA PROCESSING EQUIPMENT CORP, Great Neck, New York (see No 539) is to join with the Royal Dutch Airlines K.L.M. - KONKLIJKE LUCHTVAART MIJ NV, The Hague (see No 540) and with the Rotterdam group WM. H. MUELLER & CO NV, which is in the course of merging with Internationale Crediet- & Handelsvereeniging "Rotterdam" - Internatio NV (see No 540), in forming a transport data processing systems company. This is to take the name TRANSYSCO NV: it will have Fl 110,000 capital subscribed by each of the founders, out of a total equity of Fl 1 million. Based in The Hague, it will offer general-purpose EDP facilities for transport, especially shipping companies, and will provide software facilities, as well as linking clients with computer terminals for processing purposes.

** The French CEGOS - COMMISSION GENERALE D'ORGANISATION SCIENTIFIQUE, Neuilly, Hauts-de-Seine (see No 514) is to join with the CREDIT LYONNAIS SA, Lyons and Paris (see No 535) and the American TYMSHARE INC in forming a computer time sharing company. The French concern will command 51% of the F 2 million capital of the new concern, which will receive the financial support of Credit Lyonnais and acquire know-how from the American backer, which is the third largest time sharing concern in the United States, after I.B.M. and GENERAL ELECTRIC.

The new company will be called CEGOS-TYMSHARE, and with M. Gerard Bauvin as president (director of the data processing division of Cegos), it will go into business using an XDS-940 computer next January. It will set up about 100 in-feeding terminals on customers' premises, who will be hooked on in February. The initial cost of the venture is about $ 2 million, and it should become a paying proposition in 2½ years.

Cegos is the second largest business consultancy concern in France, having turned over F 7,000 million in 1969, F 2,400 million of this being made in the informatics sector. Its new joint subsidiary will work in close collaboration with CEGOS-GESTION, the aim being to stimulate use of time sharing techniques in company administration, these methods having previously been used only for scientific calculations.

The fact that Credit Lyonnais is taking part comes as an answer to the recent announcement that the B.N.P. - BANQUE NATIONALE DE PARIS (see No 541) had joined with various other concerns in forming a data processing consultancy company. The BANQUE DE PARIS & DES PAYS-BAS (see No 540) again has a large stake in SEMA (see No 533), while BANQUE DE SUEZ (see No 533) has a stake of about 15% in the Franco-British C.A.P. (see No 537).

ELECTRICAL ENGINEERING

** The French heavy electrical engineering concern RATEAU SA, Paris and La Correure, Seine-St-Denis (see No 481), which 18 months ago turned down an offer from the SCHNEIDER SA group (see No 537) to pool certain industrial activities, has now made a firm agreement to concentrate with ALSTHOM SA (see No 529), a member of the C.G.E. group - COMPAGNIE GENERALE D'ELECTRICITE SA (see No 540).

This move follows the joint formation by the two companies in September 1967 of the F 4 million SOCIETE GENERALE DE TURBINES SA, Paris (see No 468) to produce and sell certain types of steam turbines. This move will also involve the winding up of the subsidiary which Rateau formed in association with the Schneider group, Societe des Turbines a Vapeur Rateau-Schneider SA. The move comes as a reply, on the one hand to the growing industrial strength of Schneider, and on the other as Alsthom's way of answering the challenges of the Westinghouse bid to buy up the 61% stake held by the Belgian EMPAIN group in JEUMONT-SCHNEIDER SA, Paris (see No 538), although the French government has now quashed this bid (see Community section).

** ALSTHOM SA, Paris (see No 539), member of the CGE group - COMPAGNIE GENERALE D'ELECTRICITE SA, Paris (see No 540) is to supply gas turbine rotors under contract to the American GENERAL ELECTRIC CO, New York (see No 540). The value of the equipment involved is about $10 million. As a cooperative venture with General Electric, Alsthom is also developing a gas turbine engine three times more powerful than those currently in use.

** The Swiss SA DES ATELIERS DE SECHERON (capital Sf 22m - see No 521), which for several months past has been holding negotiations with various European electrical concerns, having been in financial difficulties under pressure from Italian and Austrian competition on the Swiss market, has now agreed to a takeover by BROWN BOVERI & CO, Baden, Aargau (see No 539), in preference to the German SIEMENS AG, Berlin and Munich (see No 539. The German offer was turned down because the company was intent on preserving its Swiss character, even though of oourse Brown Boveri has much wider interests in Germany than on Swiss soil. As a result of the move Secheron will be able to maintain its research and production facilities in Geneva, and its planned structural overhaul will now be boosted by the fact that Brown Boveri is short of personnel, and itself is keen to decentralise various of its activities.

ELECTRONICS

** The American AMPEX CORP, Richmond City, California (stereo recording tapes, videotape etc - see No 525) has now opened its factory at Battise near Nivelles in Belgium, which is producing recording tape for the British, EEC, African and Middle Eastern markets. Production has begun with pre-recorded cassette tapes, and next year there will come on stream a unit producing 8-band tapes.

** The American group GTR CORP, Akron, Ohio, has signed an agreement with PYE RECORDS LTD, London subsidiary of PYE OF CAMBRIDGE LTD, itself a member of the Dutch group PHILIPS GLOEILAMPENFABRIEKEN NV, Eindhoven (see No 541) under which they will form a joint subsidiary to produce and sell pre-recorded magnetic tape.

ENGINEERING & METAL

** CONTINENTAL PARKER HISPANIA SA, Barcelona (capital Pts 40.1m), 99.87% subsidiary of the French STE CONTINENTALE PARKER SA, Clichy, Hauts-de-Seine (see No 515) itself affiliated to the German-Swiss group METALGESELLSCHAFT AG, Frankfurt (see No 535) through FINANCOR METALLGESELLSCHAFT, has opened a metal surface treatments factory at Canovellas, Barcelona.

** The world's leading steel producer the UNITED STATES STEEL CORP (1968 production 29.393 million tons - see No 510) is to take a 27% stake - subject to governmental authorisation - in the French steel company STE DES ACIERIES DE PARIS & D'OUTREAU (73rd EEC metallurgical concern) when the latter increases its capital. Supporting the move will be an agreement under which the French firm (four blast-furnaces and steel works at Outreau, near Boulogne-sur-Mer, Pas-de-Calais) will supply the American group with one of its speciality lines, carbon ferro-manganese. This is a ferro-alloy used to strengthen steel and several pounds per ton are required for this purpose. The French company dominates the domestic market with a reported production of 300,000 tons out of a national figure of 375,000, although half of its output is exported, mostly to the United States.

Paris et Outreau will be able to build a fifth blast furnace with the additional capital it will acquire through this move, with most of the production destined for export to the USA, and it will also strengthen its position in this special market. The French company expects to have a turnover of some F 270 million during the current year, a rise of some 20% on last year's figure (F 209m), of which a fifth is accounted for by its castings interests (facilities at Outreau, Le Portel and Plaine-Saint-Denis, just outside Paris). The main shareholder is the Ste d'Escaut & de Meuse (see No 490) with less than 20%.

** The French RNUR - REGIE NATIONALE DES USINES RENAULT, Boulogne-Billancourt, Hauts-de-Seine (see No 541) has granted a licence to the Spanish V. LUZURIAGA SA, which has its steelworks at Tafalla in Navarre, to produce cylinder blocks for the R-12 model. Luzuriaga is to supply these both to Renault at its head factory, and to the Spanish subsidiary FASA RENAULT - FABRICACION DE AUTOMOVILES RENAULT DE ESPANA SA, Valladolid (see No 528). It was at the beginning of last year that Fasa became the nucleus of Renault manufacturing activities in Spain, when it absorbed the body section and engineering subsidiaries, FACSA and FAMESA. The Renault contract in fact will absorb almost the entire capacity of the Luzuriaga company.

** A merger between three Dutch wire-drawing concerns and the Belgian BEKAERT SA, Zwegem (see No 535) group will result in the leading Common Market combine in this sector. The Dutch companies involved are NV WAALS, NV DRAMETA and NV AMPERE, Dordrecht, and the move will be carried out through an exchange of shares.

** The Italian GRANDI MOTORI TRIESTE - GMT SpA (see No 502), a joint FIAT-IRI subsidiary, has just granted a major contract to the French company RATIER-FOREST SA, Paris (see No 472) for the supply of seven digitally controlled metal working plants, costing almost F 15 million. This follows the agreement a few months ago to supply the aeronautics division of Fiat with three large-capacity grinding machines.

All the machinery in question is fully automated by electronic programming, including the tool-changing function. The equipment will be used for machining marine engine parts. This is the largest order of its kind ever placed in France, and will occupy the entire technical and commercial capacity of the machine tools division of Ratier-Forest.

** The American-Swiss engineering consultancy concern McCONGO, Detroit, Michigan, has made an agreement with the French group USINOR - UNION SIDERURGIQUE DU NORD & DE L'EST DE LA FRANCE SA (see No 533) whereby it will supply know-how and technical cooperation for the extension of the French concern's steelworks at Dunkerque, Pas-de-Calais. The plant extension will be for hot and cold rolled flats products, using continuous-cast slabs as the base material. McCongo has seven years' experience in this technique.

The American concern is the joint subsidiary of the McLOUTH STEEL CORP, Detroit, and of the Swiss CONCAST AG, Zurich (see No 526), which was taken over recently by the German SCHLOEMANN AG, Düsseldorf, joint subsidiary of GUTEHOFFNUNGSHUETTE AKTIENVEREIN (see No 536) and its affiliate MAN - MASCHINENFABRIK-AUGSBURG-NUERNBERG (see No 541). The French,Marine Firminy group has a stake of 22% in this concern, which specialises in continuous-flow steel production.

Usinor is the third largest metals group in France, and ranks No 13 in the overall company league. With a payroll of 35,000, in 1968 it turned over F 3,102 million.

** SKF - SVENSKA KULLAGER FABRIKEN A/B, Gothenburg (see No 508) the world's largest ball-bearing company, and third largest company in Sweden, is to join with its British, French, German and Italian subsidiaries in building a £3.2 million ball-bearing plant adjacent to the Irvine, Ayrshire workd of its UK subsidiary THE SKEFCO BALL BEARING CO LTD, Luton, to supply the European aerospace industry. This move is a part of the Swedish group's £160 million plan to increase its stake in the precision bearings market in the coming years, which in Britain entails the annual expenditure of some £3 million, apart from the cost of the Irvine plant. This will come on stream with a payroll of 300 in 1972, and is hoped to be turning over some £5 million a year by 1975. The choice of Britain as the site for the plant was largely motivated by the fact that the ROLLS-ROYCE aero-engine company (see No 505), which is a major customer in this field, is based there.

In the venture, the parent company and its British subsidiary will be linked with CIE D'APPLICATIONS MECANIQUES SKF, Clamart, Hauts-de-Seine (1968 turnover F355m. - 9th largest French engineering concern - see No 504); SKF KUGELLAGERFANRIKEN GmbH, Schweinfurt, West Germany (turnover Dm 531m - payroll 16,500 - No 13 in EEC engineering league), and RIV-SKF OFFICINE DI VILLAR PEROSA SpA, which is headed by CASIT NV, Amsterdam (see No 508).

** ALCATEL - STE ALSACIENNE DE CONSTRUCTIONS ATOMIQUES, DE TELECOMMUNICATIONS & D'ELECTRONIQUE SA, Paris (vacuum pumps - see No 537), subsidiary of the Paris CGE group - STE GENERALE D'ELECTRICITE SA, HEURTY SA, Paris (vacuum furnaces - see No 535), V.D.M.I. (vacuum furnaces and ovens) and SAT - STE D'APPLICATION THERMIQUE SA, have joined in forming a French "economic interest group" named LA THERMIQUE SOUS VIDE. This will specialise in vacuum heat treatment processes, and each backer will contribute to it its equipment and know-how in various sides of this technology.

** ETABLISSEMENTS AITA & CIE Sarl has been formed at Dammartin-en-Goele, Seine-et-Marne, with F 20,000 capital (managers MM. Michel Delhomme and Julien Aita), to produce plumbing, sanitary and heating installations and cladding.

** SOCIETE D'INVESTISSEMENT AGRICOLE GARDINIER - S.I.A.G. has linked with ETABLISSEMENTS BRICHET LESIEUR and various private investors in forming AGRO EQUIPEMENT SA in Paris (capital F 200,000) to make, buy, sell, lease, assemble and service all types of cereal storage and preservation installations and other types of agricultural equipment. It will specialise in the marketing and distribution of metal silos. Its president and managing director is M. Francois Roussel, while Societe d'Investissement Agricole Gardinier is represented by M. Francois Gardinier and Etablissements Brichet Lesieur by MM. Pierre Brichet and Jean Sarramon.

** MECANIQUE BOOLEENNE "MECABOOL" has been formed at Argenteuil, Val d'Oise (capital F 20,000 - manager M. Franck Keates) to make and sell mechanical and engineering equipment and to assemble various types of valve. It will also do R & D work and sub-contracted machining.

** SOCIETE D'EXPLOITATION DES ETABLISSEMENTS DEBRAY SA has been formed at Saint-Brice-sous-Foret, Val d'Oise, with F 100,000 capital and M. Pierre Debray as chairman and managing director, for general engineering, machining and shaping of component metal parts for industry.

** CHAUFFAGE DU COMTAT Sarl has been formed at Sarrians, Vaucluse, with F 20,000 capital to produce lead and zinc ware and to sell and install sanitary and central heating equipment. Its co-managers are MM. Alain Bernard and Guy Moreau.

** The Turin FIAT SpA group (see No 541) has granted a licence to the Yugoslav concern TITOVI ZAVODI "LITOSTROJ", Ljubljana (see No 502, p. 1) to produce certain parts of its 2,250 h.p. 12 cylinder diesel locomotive engine. This motor may well be installed on the diesel electric engines produced by MASINSKA INDUSTRIJANIS E DJURO DJADOVIC-SLAVONSKI, Brod, if the Yugoslav authorities decide that the importing of locomotives has become necessary, and approve this.

Litostroj intends to produce some 60% of the engine components itself, and to sub-contract another 20% of the work to other Yugoslav firms, thus leaving only 20% of the production function to Fiat itself. Litostroj is also preparing in the near future to produce large marine engines. It has for ten years been producing such equipment as a licensee of Motori Burmeister and Wain's Masking-OG Skibsbyggeri A/S, Denmark.

** SA FONDERIES DE L'EAU NOIRE, Couvin, is to make a public offer for the remaining shares in its subsidiary FONDERIES DE SAINT JOSEPH & SAMSON REUNIES in a bid to absorb this company.

FINANCE

** The Spanish investment company LIGA FINANCIERA SA, Barcelona, has backed the formation of IBERPORT SA, which is to sponsor the building of a major deep sea port in the Bay of Arosa in Galicia, North West Spain. The scheme is to cater for ships up to 500,000 tons d.w.t., but the official sanction of the authorities has yet to be obtained.

Liga Financiera has attracted to the venture the CHASE INTERNATIONAL INVESTMENT CORP, New York, affiliated to the CHASE MANHATTAN BANK (see No 528), THE STANDARD BANK LTD, London (see No 500), BANCO HISPANO-AMERICANO, Madrid, which holds 50% of the equity, KABANA SA, Madrid, which holds 25%, the Portugese group SOUSA MACHADO, which exploits the mines at Lobito, Angola, and the American OGDEN CORP, New York (see No 347), which has a 5% interest.

** The capital of INTERNATIONAL FACTORS BELGIUM (see No 535) has just been raised from Bf 30 to Bf 60 million, an increase entirely underwritten by the Swiss company, INTERNATIONAL FACTORS AG, Zurich (see No 535), the BANQUE DE BRUXELLES (see No 536), Antwerp and the KREDIETBANK NV, Antwerp and Brussels (see No 523).

The Zurich concern (see also No 424) coordinates the activities of associated factoring companies throughout the world, and it is controlled 20-70 by the FIRST NATIONAL BANK OF BOSTON (see No 404) and LLOYDS & SCOTTISH FINANCE LTD, London (see No 315). The latter is in turn a subsidiary of Lloyds Bank Ltd, London and the National & Commercial Banking Group Ltd, formed in late 1968 by the merger of The Royal Bank of Scotland Ltd with the National Commercial Bank of Scotland Ltd.

** The Dutch subsidiary MICHELIN INTERNATIONAL DEVELOPPEMENT NV of the French CIE GENERALE DES ETS. MICHELIN - MICHELIN & CIE Sca, Clermont-Ferrand tyre group (see No 540) has just issued a 54 million convertible Euro-dollar loan at 6%. This will enable the French group to increase its foreign investments and production, which already exceeds that of its factories in France. The majority of the group's foreign subsidiaries are controlled through the Swiss company CIE FINANCIERE MICHELIN, Basle (see No 540), which is itself a subsidiary of the holding company Cie Generale des Ets Michelin.

** The Italian government has authorised for operations in Italy a new venture named EUROPROGRAMME INTERNATIONAL, which actually operates under Swiss law. This is the first investment trust in Italy to concentrate solely on real estate, as opposed to paper securities. The company is a member of a group which owns or is building some Lire 55,000 million worth of real estate developments in Switzerland, Canada, Andorra and Italy. In conformity with Italian investment trust legislation (see "Viewpoint" Nos 539-540), Europrogramme International is to issue certificates in Italy for a portfolio consisting 50% of deeds on Italian buildings, and the remainder mainly in North America.

** LA LUXEMBOURGEOISE, SA D'ASSURANCE ET DE PLACEMENT, Luxembourg (see No 500) and BANQUE DU BENELUX SA, Antwerp (see No 520) have linked 50/50 to form a new bank in Luxembourg called BANQUE DE BENELUX - LA LUXEMBOURGEOISE SA. This has a capital of Lux F 40 million and it will take over the banking activities of La Luxembourgeoise as well as providing all financial and commercial services. La Luxembourgeoise is the oldest insurance company in Luxembourg. The new bank will begin operations at the start of 1970.

Banque du Benelux recently had its capital tripled to Bf 240 million by the three groups which control it: Bankers Trust Co, New York (see No 540); Banque de Suez & de l'Union des Mines SA, Paris (see No 533); and G & G Kreglinger SA, Antwerp (see No 520).

** The Japanese banking group ITOH & CO LTD (see No 392) has obtained the approval of the Tokyo government to issue a convertible Euro-bond loan carrying 6½%, and worth $15 million. The loan has a maturity of 20 years and the issue becomes convertible on April 1, 1970.

FOOD & DRINK

** The Dutch brewing group HEINEKEN'S BIERBROUWERIJ MIJ (see No 536) is to cease production at Rotterdam (600,000 hl.p.a.) and transfer operations to a new brewery at Zoetewoude, with an annual capacity of between 1 and 1½ million hectolitres. It is expected that the 80 employees of the Rotterdam plant will be found work in the new brewery. Production of "Amstel" beers is also expected to be switched from Helmond to Amsterdam following the merger of Heineken with Amstel (see No 477), a move which resulted in the formation of a combine with some 60% of the Dutch market and a turnover of around Fl 350 million.

** The French foods group PERRIER-SAPIEM (see No 540) has just gained control of the cheese manufacturer QUOEX, based in La Roche-sur-Foron, Haute-Savoie. Although the latter has only a small turnover, this move will enable Perrier-Sapiem to extend its interests to a new sector of the cheese industry, soft and Emmenthal-type cheeses.

Following Perrier-Sapiem's successful bid for the Genvrain SA, Paris, group (see No 535) it is now holding talks with Fromageries Bel, La Vache Qui Rit SA, Paris (see No 540) and the Caisse Nationale de Credit Agricole SA (see No 540) concerning the reorganisation of Genvrain, and it is reported that problems have arisen as to the implementation of their preliminary agreement. This was due to result in Perrier-Sapiem taking a 40% stake, which would then be reduced to 25%, to allow Bel control of another 25% with the Credit Agricole holding 15%.

** In the market research sector in France CECODIS SA - CENTRE D'ETUDES DE LA CONSOMMATION & DE LA DISTRIBUTION, Chambourcy, Yvelines (see No 538) is to join 80-20 with STAFCO - STATISTIQUES FRANCAISES DE CONSOMMATION in forming SOCIETE D'ETUDES DE LA CONSOMMATION, DISTRIBUTION & PUBLICITE - SECODIP as the vehicle for their merger. This will have its head office at Chambourcy, whence it will administer two consumer panels, each covering 4,000 households and three media campaign planning services, covering the press, radio and TV. The chairman of Cecodis, M. Rives, will hold the same post in the new combined company, which will be directed by M. Lanceau, managing director of Cecodis.

** The French glass group BSN - BOUSSOIS-SOUCHON-NEUVESEL SA, Paris (1968 turnover F 772.24 m - payroll 10,320 - see No 529) is reported to be interested in strengthening its links with the leading Common Market and French brewery group SEB - STE EUROPEENNE DE BRASSERIE, Champigneulles, Meurthe-et-Moselle (consolidated 1968 turnover F 426 m - 3,723 on payroll - see No 538), and despite disclaimers from B.S.N.'s board, the possibility of a takeover bid cannot be ruled out. SEB controls some 30% of the French beer market, the sixth largest in the world, and it is also affiliated to Entreprises Quilmes SA, Luxembourg (see No 534) and Heineken's Bierbrouwerij Mij NV (see this issue). The French group also linked recently - through a reciprocal representation and sales agreement with Whitbread & Co Ltd, London (see No 538).

** A leading Dutch importer of champagne, wines and liqueurs BREDASCHE WIJNHANDEL has agreed to merge with the BREDA-ORANJEBOOM brewing combine formed by the link-up of NV Bierbrouwerij de Drié Hoefijzers, Breda (see No 504) - when this was acquired by the British ALLIED BREWERIES LTD (see No 504) - with a previous acquisition of the London group, VERENIGDE NEDERLANDSE BROUWERIJ D'ORANJEBOOM NV (see No 476). As a result of this latest operation, Allied Breweries, which now has around 20% of the Dutch beer market, will strengthen its position in other sectors of the alcoholic drinks market. Earlier this year it also gained control of the Amsterdam distillery, Houweling-Warnink NV ("Warnink's Advocaat").

** Production and packaging of the ready-to-cook meals made by the French company SA DES PRODUITS ALIMENTAIRES GARBIT (see No 398 - formerly Ste Commerciale Garbit, Conza & Cie Sarl), whose head office and technical services are at present based in Marseilles, is to be transferred to the facilities run by the BRETAGNE-PROVENCE canning company in Orange, Vaucluse.

This move forms part of an overall rationalisation as both companies now belong to the GEORGES LESIEUR & FILS SA, Paris group (see No 540). The latter recently gained control of Bretagne-Provence, whose facilities at Orange include the manufacture of tomato concentrates, canned ravioli, sauces and canned desserts.

NUCLEAR ENERGY

** TERNI SpA - SOCIETA PER L'INDUSTRIA a L'ELETTRICITA, Terni, a member of the I.R.I. group of Rome - ISTITUTO PER LA RICOSTRUZIONI INDUSTRIALE SpA (see No 541), through its industrial holding company FINSIDER SpA, has just embarked upon a major growth programme, which includes a contract deal with the American BABCOCK & WILCOX CO of New York (see No 541), for the design and manufacture of pressure vessels used in the chemical, petrochemical and nuclear industries. The agreement also covers special inner shield structures for nuclear power stations.

Terni (see No 434) is expanding various of its plant installations, but in particular its rolling mills, and magnetic strip capacity. A complete hot-rolling installation will be in service by the end of 1970, adding an extra 30,000 tons a year capacity to the present 30-35,000 t.p.a. For the pressure vessel production line,a fully automated and programmed installation is being built at Terni, taking the process from smelting to finished product. This is computerised, and project calculations are to be made on the Univac 1108 operated by Rome University. Again, the magnetic sheet capacity being built into the enlarged complex will find its way into the nuclear sector, as this is a base material for the construction of particle accelerators.

** The Italian BREDA TERMOMECCANICA (see No 402), a member of the Rome group EFIM - ENTE PARTECIPAZIONI & FINANZIAMENTO INDUSTRIE MANUFATTURIERE SpA (see No 518), is to manufacture in cooperation with the Dutch R.D.M. company - DE ROTTERDAMSCHE DROOGDOK MIJ NV, Rotterdam (see No 451) the reactor pressure vessel to be used in the 800 MWE nuclear power station being built by the German A.E.G. - TELEFUNKEN group near Hamburg (see No 539). R.D.M. is a member of the RIJN-SCHELDE MACHINEFABRIEKEN & SCHEEPSWERVEN NV group.

** The capital of SEMO - SOCIETE BELGO-FRANCAISE D'ENERGIE NUCLEAIRE MOSANE SA has just been raised from Bf 500 million to Bf 1,500 million. This move has been underwritten by the state-controlled E.D.F. - ELECTRICITE DE FRANCE (see No 500), INTERCOM - Ste Intercommunale Belge de Gaz & d'Electricite, Brussels (see No 540), EBES - Stes Reunies d'Energie du Bassin de l'Escaut, Brussels (see No 540), INTERBRABANT - Union Intercommunale des Centrales Electriques du Brabant, Brussels (see No 540) and ESMALUX - Ste d'Electricite de Sardre & Meuse, des Ardennes & du Luxembourg, Avelais (see No 540).

** The Spanish company DESCO SA, Bilbao, has recently won an order for three cooling towers from C.E.R.N. - CENTRE EUROPEEN DE RECHERCHES NUCLEAIRES for the Geneva nuclear physics research centre. At the same time Desco has signed an agreement with the British FILM COOLING TOWERS LTD (1925), Richmond, Surrey, under which the latter will manufacture these refrigeration towers under licence from the Spanish company.

OIL, GAS & PETROCHEMICALS

** The French S.N.P.A. - STE NATIONALE DES PETROLES D'AQUITAINE (capital F 1,147 m - turnover F 1,326 m - employees 4,300 - see No 538) has won a major contract to supply a natural gas processing and sulphur manufacturing plant to the Soviet Union, in association with two other French concerns TECHNIP - CIE FRANCAISE D'ETUDES & DE CONSTRUCTION, Rueil-Malmaison, Hauts-de-Seine (capital raised in late 1968 to F 8.7 m - a 12% interest of S.N.P.A. - see No 528) and the STE GEXA (formed in 1962 to supply foreign turnkey factories). The order for the new plant has been placed by the Soviet central purchasing agency, TECHMASHIMPORT and it will be installed in the Orenburg industrial complex. Design and construction of the 15,000 million m3 p.a. capacity plant will be the responsibility of Technip, while technical and operational assistance will come from S.N.P.A. A major part of the equipment will be supplied by Gexa, whose shareholders are Alsthom (F 353 m capital - 1968 turnover F 1,278 m - 14,200 staff - see No 527); Babcock & Wilcox (F 140 m capital - 1968 turnover F 300 m - 23,000 employees - see No 527); Chantiers de l'Atlantique (F 140 m capital - 1968 turnover F 679 m - 7,122 employees - see No 541); Fives-Lille-Cail (capital F 205 m - turnover F 390 m - 4,855 employees - see No 520) and Socaltra (turnover F 169.8 m - employees 2,200 - see No 496).

** The London THE BRITISH PETROLEUM CO LTD (see No 540) group is to place all its recently acquired American interests under a Dutch holding company called BRITISH PETROLEUM (OVERZEE) NV, Amsterdam. This was formed earlier this year and has an authorised capital of Fl 50 million. It will also provide a basis for financing the London group's moves elsewhere in Europe. Details of the agreement under which the United States Justice Department has consented to the merger of B.P.'s American interests with STANDARD OIL OF OHIO have also been released. These require Standard Oil to divest itself by sale or exchange of not less than 400 million gallons a year of taxable fuel volume over a four-year period: 1) retail outlets having an annual volume of not less than 33 million gallons and not more than 200 million gallons must be divested by Standard Oil to a single person who does not at present retail motor fuel in Ohio; 2) one half of the outlets making up the balance of the 400 million gallons must be divested by Standard Oil to a person at present controlling less than 2% of retail sales of taxable fuel in Ohio; 3) the remainder must be divested to not less than two and no more than three further and different persons, each of whom has less than 2% of sales of taxable motor fuel in Ohio.

** COMPAGNIE GAZIERE DE SERVICES THERMIQUES SA has just been formed in Paris (capital F 400,000) to supply and finance gaz central heating systems. The chairman of the new concern is M. Pierre Du Vivier de Streel and the managing director is M. Jean Gerber, while the directors include MM. Jacques Dewailly, Jacques Triplet, Edouard Jauparti, Ange Carli, Louis Letord, Jean Blondeau and Emile De Koster. The S.A. COMPAGNIE GENERALE DE CHAUFFE, St-Andre, Nord (see No 500) is also represented on the board by M. Guy Dejouany.

** The ROYAL DUTCH SHELL group, Rotterdam (see No 540) has just signed an exploration agreement in Djakarta with the Indonesian state oil company P.N. PERTAMINA (see No 477). Under this the group - its interests in Indonesia were nationalised in 1965 - will spend some $ 25 million between now and 1976 in searching for oil over an area of 12,500 square miles in East Pertamina.

Indonesia is at present the leading producer of oil in the Far East accounting for some 1% of world production, and if Shell finds oil it will be able to take up to 40% of the crude oil produced to cover operating costs, while the remainder will be split with 65% going to the Indonesian company and 35% to Shell up to a total of 75,000 barrels a day. If production exceeds this figures, it will be shared on a 67.5%/32.5% basis.

** The London B.P. group - BRITISH PETROLEUM (see above) is to raise the capital of its Italian subsidiary B.P. ITALIANA SpA, Milan from Lire 16,500 million to 25,500 million, mainly to back the construction of the group's new refinery at Volpiano near Turin, which will have an annual capacity of around 4 million tons per annum of crude. The refinery is due to come into production in the spring of 1971.

B.P.'s other main Italian subsidiaries are: Dr Edoardo Garrone Raffinerie Petroli SpA, a joint venture between the Milan subsidiary and Dr Garrone; Cia Idrocarburi della Sicilia d'Arcy SpA, Industria Raffinazioni Oli Minerali SpA, wherein it is linked with Agip SpA, a member of the state-owned E.N.I. group - Ente Nazionale Idrocarburi SpA, and Raffineria Italiana B.P. SpA.

PAPER & PACKAGING

** The French CIE CENTRALE D'ETUDES INDUSTRIELLES SA - C.O.C.E.I., a member of the Paris LEBON & CIE SA group (capital F 326 m - see No 486), has linked with CIE ELECTROMECANIQUE SA - CEM of Paris (see No 529) and the Canadian specialist plant design concern SANDWEL & CO LTD, Vancouver, in bidding for a contract in the Soviet Union. This is for the installation of a 500,000 t.p.a. cellulose pulping plant, to be built at Ust-Ilimsk.

C.E.M. (president M. Jean Faye - capital F 105 m) is an affiliate of the Swiss group Brown, Boveri & Co AG, Baden, Aargau (see No 539), and with 10,600 on its payroll in 1968 turned over F 732 million.

** The London paper group WIGGINS TEAPE & CO LTD (see No 433) intends to invest a total of £ 32 million between now and 1980 in increasing its production capacity of NCR carbonless copying paper, for which it holds the exclusive licence for Europe until 1976, from the American NCR - NATIONAL CASH REGISTER (see No 411). Under its new investment plan, the British group expects to produce some 200,000 tons - 25% of the market outside the U.S. - by 1980, compared with the present 500,000. The basis of the group's expansion is a new 50-50 production company in Belgium with the American, MEAD CORP, Dayton, Ohio (see No 522 - president Mr. James McSwinney; vice-president Mr. Evans) under which each will contribute £ 4 million in building a new plant at Virginal, based on Mead's former Papeteries de Virginal, employing 400 people in the production of coated base-paper. At the same time Wiggins Teape (around 10% of the carbon copying market with 17% of its £ 17 million turnover from NCR paper) will spend another £ 7 million on raising production at its Nivelles plant run by Wiggins Teape (Belgium) SA (formerly Papeteries Delecroix SA) from 24,000 tons to 60,000 tons. Finance for both of these plans will be supplied by the Banque de Brussels, the Ste Generale de Banque and Morgan Guaranty. Wiggins Teape is also to spend £ 5 million on expanding NCR paper out at its plant in South Wales.

Other EEC interests of the London group include Wiggins Teape (France) Sarl, Courbevoie, Hauts-de-Seine; Wiggins Teape Italiana SpA, Milan, and Wiggins Teape Feinpapier GmbH, Wiesbaden (formed in autumn 1967 - capital Dm 20,000 - manager Mr. R. Poole). For its part Mead recently strengthened its Italian interests by taking a 26% stake in Cartiere Paolo Pigna SpA, Milan (print, packaging and writing paper mainly educational supplies - see No 522), which under Sig Pesenti Pigna has an annual turnover of some Lire 6,200 million, and 1,000 persons on its payroll.

PLASTICS

** STE DES USINES CHIMIQUES RHONE-POULENC, a subsidiary of the Paris group RHONE-POULENC SA (see No 541), which is concentrating with the PRODUITS CHIMIQUES PECHINEY-ST-GOBAIN SA group (see No 521), is to build 70,000 t.p.a. paraxylene plant in the Seine Maritime department, adjacent to the petrochemicals complex that is now under construction near the Gonfeville refinery of the C.F.R. - CIE FRANCAISE DE RAFFINAGE SA, 50.36% subsidiary of the C.F.P. - CIE FRANCAISE DES PETROLES SA (see No 492). This move is motivated by Rhone-Poulenc's desire to achieve greater self-sufficiency in the man-made fibres and textiles sector, paraxylene being a base product used in polyester production. Usines Chimiques Rhone-Poulenc is a constructional sub-group in the combine, having four subsidiaries of its own, including Mecaplast SA in Switzerland. The design and construction of the new plant has been placed in the hands of TECHNIP - CIE FRANCAISE D'ETUDES & DE CONSTRUCTION SA, Rueil-Malmaison, Hauts-de-Seine (see above and No 528).

Supplies of benzine derivates, the base material for the plant, will come from the catalytic reforming plant of the CFR refinery, and paraxylene will be extracted, using a process developed under the "Parex" title by U.O.P. - UNIVERSAL OIL PRODUCTS CO, Des Plaines, Illinois (see No 532). The petrochemicals complex chosen as the site for this venture is a four-company, two-nation affair (see No 472), backed by C.F.R., S.N.P.A. - Ste Nationale des Petroles d'Aquitaine SA (see No 538), the German Scholven Chemie AG, Gelsenkirchen-Buer (see No 525) and Chemische Werke Hüls AG, Marl (see No 520).

** The American group MONSANTO CO, St-Louis, Missouri (see No 533) intends to raise its world-wide production capacity of polyvinyl butylrol resin and sheet. A new production plant is to be built at Springfield, Massachusetts, to replace existing facilities, while extensions will be made to increase by 60% the capacity of the Ghent factory. A new plant will also be built in Europe, but the exact site has not yet been chosen.

** A group of Dutch plastics companies are to link in a production pool with Spanish firms, and possibly form joint subsidiaries with them. The companies concerned are NV NEVIPROFA (plastic coverings for tubes), CHEMISCHE FABRIEK EN LABORATORIUM MAATS. DR. VAN ROOME & CO (industrial adhesives, leather and shoe dyes), NV NELF LAK (paints) and NV RADIUM LATEX (foam rubber, foam mattresses and pillows).

RUBBER

** SOFAJOINT SA, Paris (capital F 1 m) has been formed to manufacture and sell asbestos and compressed rubber seals and joints. The president is M. Georges Flourest, while the managing director is M. Cyril Latty. Companies represented on the board are the MANUFACTURE DE JOINTS AMIANTE & CAOUTCHOUC SA, Paris (M. Serge Flourest) and BELDAM LATTY SA, Paris (M. Xavier Latty).

SERVICES

** A group of twelve industrial companies, nine Italian and three foreign, have linked in Italy with ASSOLOMBARDA and the Milan "Young Industrialists Group" in forming a new business school organisation named ISTUD - ISTITUTO STUDI DIREZIONALI, which will be based in a villa near Milan. This will organise nine-week sandwich courses in management studies, designed mainly for the 35-40 age group, and is an Italian initiative designed to narrow the "management gap", now accepted as one of the fields in which Europe is falling short of the American challenge. The school will be run by Dr Dubini, and its open offer to all companies to participate is soon to be taken up by a number of other major companies.

The founders are: PIRELLI SpA, Milan (see No 522); the textiles group SNIA VISCOSA SpA, Milan (see No 539); the Milan retailing group LA RINASCENTE SpA (see No 516); the domestic appliances concern IGNIS SpA, Comerio, Varese (see No 531); the Milan finance group, GRUPPO LEPETIT SpA, a 60% subsidiary of the DOW CHEMICAL CO, Midland, Michigan (see No 494); the wool group MANIFATTURE LANE G. MARZOTTO & FIGLI SpA, Valdagno, Vicenza (see No 510), COMIF, CHIARI and FORTI. The non-Italian backers of the venture are: I.B.M. - INTERNATIONAL BUSINESS MACHINES CORP, New York (see No 448); NV PHILIPS GLOEILAMPENFABRIEKEN, Eindhoven (see No 541), and GENERAL ELECTRIC INFORMATION SYSTEM INC, informatics subsidiary of the New York, GENERAL ELECTRIC CO (see No 540).

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SHIPPING

** LES CARGOS DU NORD, Paris, has just been formed as a new economic interest grouping "G.I.E." with the aim of promoting and helping the growth of its members, in particular the acquisition, operation and charter of vessels between the Maghreb countries and northern Europe. The directors of the new grouping are MM Jean Poigny, Noisy-le-Roi, Albert Lefebvre, Bihovel, while the working of the new venture is the responsibility of M. Marcel Donat, Paris.

** The American LYKES LINES CO INC, New Orleans, Louisiana, has appointed H. COE & CLERICI SpA to be its shipping agent in Milan, Genoa and Leghorn. This is a preliminary measure to the expansion of Lykes' business on the Southern States - Italy run. Lykes connects Florida (Port Everglades), New Orleans and various other Mexican Gulf ports with Naples, Leghorn and Genoa, and it is now planning not only to increase the frequency of its services, but also to convert a number of fairly new vessels into "partial containerships", to cater for this growing side of the business.

TEXTILES

** The Belgian group SOLVAY & CIE SA (see No 540), which recently began production of "Eltexil" high density polyethylene fibres in its Italian plant at Rosignano, has now decided to expand production to supply the requirements of northern Europe by building a second plant at Tournai in Belgium. This will employ some 300 persons and work on the project, which is expected to cost around Bf 400 million, is due to start during 1970.

Solvay also intends to begin construction in 1970 of a flexible PVC sheeting production unit to supply the Benelux market. This will be based at Audenarde, and it will be the fourteenth plant of the Calandrage-Enduction groups of Solvay. Initially it will give work to some 220 persons and at a cost of Bf 300 million will regroup the existing activities of the Anderlecht plant run by VENILIA SA (see No 533). The latter is in fact a 91.65% subsidiary of the Brussels group U.C.B. - Union Chimique SA, through its Luxembourg holding company Ste Financiere de la Cellulose SA (see No 519), and it recently linked with Solvay (87.6%); Mutuelle-Solvay-Boel & Cie Scs; Sels & Produits Chimiques-Selchim SA to form B.A.P. Benelux SA, Ixelles-Brussels (capital Bf 750,000), which will be responsible for selling throughout the Benelux countries plastic packaging made by an almost wholly-owned Paris subsidiary of Solvay, Ste Bourguignonne d'Applications Plastiques Sarl.

** JUTE INDUSTRIES LTD, Dundee, and LOW & BONAR (TEXTILES & PACKAGING) LTD, Dundee, have joined in forming a subsidiary at Zele in Belgium named NV FIBRILO, to supervise the construction and running of a £ 200,000 polypropylene yarn plant. The two British founders have a stake of 25% apiece, while the balance of the capital will be found by PHORIUM SA, a Belgian jute group based in Zele.

This move is a European extension of the two founders' existing joint diversification into production of yarns now being used in place of jute, especially for carpet weaving. They have a joint subsidiary named Synthetic Fabrics (Scotland) Ltd, which produces polypropylene tufted carpet backing, and each holds 40% of the equity in Polytape Ltd, which extrudes yarn. The new Belgian firm will come on stream with its plant next March, in production of fibrillated polypropylene yarns, used in place of cotton in carpeting. Diversification of production will follow in due course.

** The Paris trousseaux company PRONUPTIA SA (see No 404), which recently made an agreement with the Barcelona based Saint-Patrick house, is about to form PRONUPTIA-PALMA. The French concern (capital F 2.2 m) is represented in Switzerland by Pronuptia Zurich SA (formed October 1965 - see No 331), Pronuptia Basel SA (capital Sf 50,000 - formed in early 1967) and Pronuptia Lausanne SA. Apart from other foreign retail outlets it is also represented by Pronuptia Belge Sprl, St-Josse-ten-Noode; Pronuptia of Paris Ltd, London (formed in October 1965) and Pronuptia, Montreal, established during May 1967 for EXPO 67.

TOURISM

** The leading British and Australian hotel combines, TRUST HOUSES LTD, London (chairman Lord Crowther) and TRAVELODGE AUSTRALIA have linked in a consortium "Travelodge Europe" with the second ranking American hotel group TRAVELLODGE INTERNATIONAL. The new venture intends to spend some £ 35 million over the next years in building around 50 medium-price motels of between 100 and 300 rooms each, with a total of 7,500 rooms. The initial capital is £ 500,000 shared equally between the founders, who are already associated in development and marketing projects. Priority in building motels has been given to Germany (Frankfurt - open in 1971, Hamburg and Munich), France (Paris - open in 1971, Lyons and Bordeaux), Switzerland (Geneva and Zurich), Italy (Rome, Florence and Milan) followed by a second phase of operations covering Scandinavia, Spain, Portugal, Austria and the Benelux countries. The motels, which will have exclusive use of the "Travelodge" name and computer booking service, will be situated on the outskirts of towns near main roads the airports.

Trust Houses Ltd will contribute around 25% of the total cost, while it will operate each motel and collect management fees for doing so from its partners. It has a stake of some 7% in Travelodge International, in which Travelodge Australia has 8%, and together they form part of a group controlling Travelodge International (438 hotels). The board of the new Travelodge Europe will comprise 2 directors from each of the three founder partners, while Mr. J. Rumfitt, Trust Houses' European general manager, will be general manager in charge of operations.

TRADE

** SOCIETE COMMERCIALE DE L'OUEST AFRICAIN SA - SCOA (see No 515) plans to have its 57.07% subsidiary FISUMA open two grocery hypermarkets at Angers and Aix-en-Provence, its first outlet of this kind having been operating at Nantes under the "Escale" banner since October. "Escale" is a 7,000 square metre development sited at St. Herblain. Fisuma holds 34% of its capital, the remaining 66% being held by the national retail group PRINTEMPS - PRISUNIC (see No 539), which is headed by GRANDS MAGASINS AU PRINTEMPS: LAGUIONIE & CIE Sca, Paris. The two planned hypermarkets, however, will both be wholly-owned by Fisuma. Fisuma turned over F 271 million in 1968, an increase of 15.8% on the previous year. It controls 26 Prisunic shops.

** The French STE DES SUPERMARCHES DOC - SMD, a subsidiary of the DOCKS DE FRANCE group (capital F 36 m - turnover F 659 m - see No 536),has just opened a new hypermarket under the "Mammouth" trade name at Garges-les-Gonesse, just north of Paris. This move forms part of SMD's projects to expand its sales outlets by the end of 1971, principally by opening new large-scale sales facilities in shopping centres. During the first ten months of 1969 SMD's turnover of F 377 million from 26 sales outlets showed an increase of 24% over the same period last year.

In another recent move, Docks de France (an 11.8% affiliate of the Cie Financiere de Suez SA - see No 533), which is controlled by the Toulouse family, simplified its operations by strengthening the position of SMD. This absorbed its wholly-owned subsidiary Cie Superdoc SA, Paris (see No 370) and in return for fresh assets valued at F 45.1 million, raised its own capital to F 19.7 million.

** The French out-of-town supermarkets group CARREFOUR SUPERMARCHE SA, Paris (see No 541) has opened its 18th trading centre in Nevers. This covers a 25 acre site, there is a 1,200 place car park and over 35,000 different items are offered on self service at a discount. The shop forms the nucleus for the future development of a 10,000 m2 trading centre, housing some 40 smaller shops. This project was carried out by the DOCKS - LYONNAIS / DOCKS DE NEVERS group (see No 538) and is the second of its establishments to be opened this year under franchising agreements made with the Caffefour-Supermarche company. The first such centre was opened last March in Bourges, and its sales area has since been increased from 6,000 to 7,000 m2.

TRANSPORT

** SEA-LAND SERVICES INC, Elizabeth, New Jersey, a member of the Delaware group McLEAN INDUSTRIES INC (see No 440) has named PAOLO SCERNI of Genoa as its Italian agent for the containership service it is about to open between Italy and the United States. Sea-Land at present links New York and Boston with Rotterdam, Bremen and Grangemouth by such a service, and it already has agents in Belgium, France and Switzerland.

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