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Opera Mundi EUROPE

A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

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THE WEEK IN THE COMMUNITY
February 17 - February 23, 1969

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THE WEEK IN THE COMMUNITY

February 17 - February 23, 1969

THE COMMON MARKET

The Soames Affair

from our Paris correspondent.

The man in whom General de Gaulle confided before lunch at the Elysee Palace on February 4, was no ordinary, dyed-in-the-wood career diplomat. Mr. Soames is a former Conservative minister, the son-in-law of Churchill, and it was Mr. George Brown, Foreign Secretary at the time, that recommended his appointment as ambassador in Paris to Mr. Wilson. Mr. Soames was only too eager to take up the post: a convinced European, his aim was through personal contacts to deliver Britain from the impasse that threatens her bid for EEC membership. He left no stone unturned to secure a private interview with the General, and in November received his invitation to lunch. Because of illness, this had to be cancelled in January, and it was three weeks ago now that the meeting finally took place.

This was not the first occasion on which the General had revealed his thoughts to the ambassador of a friendly nation, but was the first time that what passed between the two came to light in the press. Mr. Soames was very taken with what the General said, and quite naturally committed to paper all he could recall of the conversation immediately afterwards, forwarding a report to London, as was his duty, and for safety's sake on February 8 submitting the transcript to the Elysee which, he says ratified it, although this is now denied.

We shall see presently what were the circumstances of Britain's reply to Paris on February 12, when she also acquainted Bonn with the facts, for what matters here is that on this same occasion Mr. Wilson acquired Chancellor Kiesinger's assent for the calling of a meeting of the W.E.U. in London on the fourteenth, without the agreement of France. Ostensibly, this was to be a discussion of the situation in the Middle East, but the occasion was used to inform the other four EEC member states in secret of this, the latest of the General's "grands desseins". At that point, the French had no reason to suppose that the whole thing would still not be kept secret, and indeed it was not until February 20, when the general assembly of the W.E.U. took place that the "leak" finally occurred.

By the evening of the 20th, it was not only the premiers, foreign and state secretaries of the seven countries concerned that were in the know, but also various parliamentarians from W.E.U. countries who were at the Palais d'Iena for the assembly. This does not mean necessarily that the leak was made by a member of the British Parliament or even the British Government. It could equally well have been done by a German, Dutchman or Belgian who was concerned about the turn events were taking, and wanted to bring matters to a head. It was "Le Figaro" that got the story, and in an article entitled "Is there a secret cause of the Anglo-French crisis in the W.E.U.?", it dropped the bombshell on February 21 as information "which was circulating yesterday, especially in the wings of the W.E.U. assembly". Strange that a story that was supposed to be buzzing in such a place should have reached the ears of just one journalist: one can only conclude that this was a deliberate, specific leak. In most of its particulars, the story was taken up the same day by the Paris and London evening papers, but even then it was not too late for the British Government, in consultation with Paris, to kill the rumour at the outset, either by offering no comment or with one of those ambiguous press statements which diplomats are so adept at phrasing. That Mr. Wilson preferred to use the affair for political ends would seem to be borne out by the fact that he chose to provide the Press Association with an official appraisal of what the General had said to Soames - and this brings us to the heart of the matter.

The Elysee has denied nothing of what was reported except the supposed plan for a "directorate of four" in Europe. It merely asserts, quite rightly, that the General was recapitulating on ideas that he has frequently and consistently put forward for years past. It is a question not of "what?" but of "how?". Had the General rested content merely to repeat what he had already said to the press or on radio and television, there would have been no transcript, no secret meeting in Bonn and indeed no public hue and cry. The differences in interpretation bear witness to differences not in thinking - the General's thinking does not change - but in approach and strategy.

De Gaulle has never concealed his predilection for a "European Europe", politically independent, but nonetheless an ally of the U.S.A. Thus it was that he pulled France out of the Atlantic Organisation, but kept her within the Alliance. Moreover, for Washington, the days of her physical presence on European soil have to be numbered: she will withdraw when Western Europe is both united and strong enough alone to maintain her own security, with the assistance only of the U.S. deterrant force. For the General to tell Soames that a truly independent Europe could dispense with NATO is perfectly in order, provided we allow that this is a far-reaching aspiration, and not an immediate objective. It is perhaps surprising, however, that he appeared to omit reference to the delicate situation in Germany and last year's events in Czechoslovakia.

The question of transforming the EEC into just a free trade area is rather more disquieting. The General has never been convinced about the Common Market, and he reminded Soames of this fact, adding that he had little faith in its destiny. But he has always bent with the wind. In 1958 he decided to endorse the launching of this Community, without hindrance or safeguard clauses, although having played no part in the preparatory work. Throughout the past ten years he again has for the most part sustained the Community against the troubles and trials that have beset it, albeit drawing the line at the integration that he so much eschews, but working sometimes quite avidly for the matching of the common industrial policy with a common agricultural policy. If today he no longer has faith in its destiny, he only has himself to blame, for the Community would have developed into a larger grouping, covering every sector, had he not chosen to impose his own strategic thinking upon it and ensure independence at any price, preferring inter-state cooperation to the truly community policies that the propounders of the European idea had in mind. But again there is nothing new about this, and we can hardly ask De Gaulle to stop being himself.

Another new feature in this affair is the ease with which the General - apparently in order to be able to let Britain in - seems to have resigned himself to the free trade area formula. Now there has never been any question that as a man of state, De Gaulle cherishes nations and states as inviolable, and communities rise and fall as mere expedients, temporary recourses. But until this time, whenever he was denying Britain entry, either because she was not yet ready, or because she appeared to be too much under the wing of Washington, he would go on to say that the enlargement of the EEC by the admission of Britain and the Scandinavian countries would be the death of the ideal, would dilute it into nothing more than a free trade zone, albeit of vast proportions. The General was not ready for such a metamorphosis, and he repeated this sentiment as recently as his November press conference of 1967 - is there then a switch in thinking here?

To all intents and purposes, De Gaulle's official line is the one he puts forward at cabinet meetings, at press conferences, in speeches and on the air. Maybe he departs slightly from it, according to mood, when he is talking off the cuff and in private to visitors, and especially to ambassadors. At such times he is inclined to give voice to his ideas on the future, to disregard the realities and proprieties that the Quai d'Orsay and the Rue de Rivoli must needs observe. He does this in the knowledge that his thoughts will be duly transmitted to the government in question, and that they will go no further. But with Soames the whole thing was far different, not least because he had been seeking this interview for so long, and with the specific aim of bringing about a rapprochement between Britain and France. This then was a time when the General could afford to make no slips about the implications of what he was saying.

It could well be that he too had decided that this was the time to set about effecting the rapprochement. He has for a long time been banking on Germany, and on basing the European Community on a Franco-German entente, but of late divergencies between Paris and Bonn have been increasing, and the crunch came last November when in the throes of a major monetary crisis Germany flaunted her new strength by cocking a snook at not only France but also the U.S.A. and Britain. Automatically, Britain could then be seen as a possible counterweight, a lever for restoring the balance in Europe. But why start burning bridges, undermining, even demolishing the Common Market? For the champion of a Europe of nation-states, who identified the Community with Franco-German cooperation, to lose confidence in Germany is to lose confidence in the Community. This is a possible theory, but it leaves too much unexplained, in particular the abruptness of the apparent switch, to offering what France has always denied, and what Britain now rejects, even though she sought it for a long time: a vast free trade area.

Whatever the motives of De Gaulle at the time, however, the fact remains that in itself his talk with Soames was contructive, and came as a thinly veiled invitation: it intimated that he would welcome a British move to get bilateral talks under way, covering all the economic, political and defence issues concerning the two countries. Such talks would of course be subject to whatever common approaches to the problems in question might be under way, but at least Mr. Wilson had a golden opportunity - perhaps the best since the memorable meeting of Macmillan and De Gaulle in December 1962 - to explore in depth the possibilities for a renewed entente and warming up of relations between London and Paris. The handling of the matter on this occasion was so inept that it will be long time before the chance comes round again. For a start, it was eight days before London sent its reply to the General, with Soames informing Herve Alphand, secretary general at the Quai d'Orsay (in the absence of M. Debre), on the morning of February 12 that his government was maintaining its candidature in its present form, that it rejected the French views on NATO, but that it found the General's proposals significant and far-reaching.

Bilateral talks were not ruled out in principle, but the communique added that the Prime Minister had arrived in Bonn that same day, and that he had decided to inform Dr Kiesinger and subsequently the governments of the other member states. This was the first mistake, because it made it look as though Mr. Wilson had waited for his visit to Bonn in order to present France with a fait accompli, whereas diplomacy and protocol demanded that in such a case France and Britain should have agreed as to what should be done in relation to the other five states, and reconcile their versions of the talk before passing them on. Moreover, having slipped up in this way already, Britain aggravated the situation by failing to get together with the French to secure the assent of the others for their starting these bilateral talks, notice now having been given of the plan. History is not short of examples where two have been able to talk better than seven, albeit in the interest of all.

What Wilson should have understood better, moreover, was the difference that lies between ideas mooted by the General in closed conversation with an ambassador, and talks between ministers and top-rank civil servants, directly concerned with the running of the economy and policies of their countries, and fully aware of all the immediate realities involved. Greatest amongst these in fact is the Common Market itself: it would be no easy matter, against the will of those whose interest is at stake, in France as much as anywhere, simply to chip away the structures of ten years' making and leave a mere free trade organisation. Not only has Wilson tried to rush things: he has also presented the affair as a bid to cripple the Common Market and to make a deal with Britain over the heads of the other member states. In fairness, however, M. Debre's approach was scarcely less mystifying when on February 12 he failed to intervene immediately, and during Wilson's Bonn visit, and produce clear explanations for the Five, preferring merely to call a meeting of their ambassadors for February 24.

To the diplomatic faux pas, Wilson added an error of judgement when he let slip the suggestion that De Gaulle had been trying to lure Britain into a trap, in inviting

Britain to take the initiative to get talks started that would lead to an agreement behind the backs of the Five, which would have left Britain open to De Gaulle's accusations of duplicity. While one might criticise the ideas, actions and even the dreams of Charles De Gaulle, one cannot impute dishonesty to him. Indeed, if all had been nothing more than some particularly nefarious plot, the General would have come out of it every bit as badly in the eyes of France's partners as would Wilson.

One of the most surprising things to come out of the affair, however, is that we now find in De Gaulle a new champion of the free trade area idea, and in Wilson a neophyte of the Common Market: the world, or rather Europe, turned upside down. There are those who have suggested, especially in France, that in coming through this fire so dramatically, if not unstained, Wilson has been attempting to boost his image not only with the Five, but with President Nixon, on the eve of his European tour, by way of demonstrating that Britain remains the most faithful ally of the U.S.A. There is in fact no reason to suppose that Wilson has been any more Macchiavellian than the General, but if we really believe that fresh strengthening of the links between France and the U.S.A. by the elimination of existing misunderstanding and divergencies could benefit the whole of Europe, including Britain, then we can only regret that the British Government should have issued a communique that turned the whole thing sour, rather than use its "special relationship" with America to effect a rapprochement between the two.

No matter where we look - Paris, Bonn or London - we find that whatever good intentions there were have now been turned awry. We can only settle now for a cooling-off period, and live in the hope that with goodwill and foresight the incident may be forgotten quickly. In the meantime, France must appreciate that the Common Market is not to be demolished lightly or quickly, and the Five must accept that while Britain is necessary to Europe, Europe cannot exist without France.

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The General Wants a Change

The clash over the interpretation to be given to the proposals or propositions which President de Gaulle is supposed to have made to Mr. Christopher Soames on February 4th is as violent as one might expect, given the present deteriorating state of relations between the British and French governments. But this situation is not perhaps as dark as one might imagine, for it has had the advantage of focussing attention on two different concepts of the future of European integration. The ideas contained in the pre-lunch conversation which the French President had with the British Ambassador contain little that is new in content, although their presentation may indicate a willingness by General de Gaulle to change the policy followed until now, if he considers a new approach would strengthen the position of France. The crisis is likely to provoke fresh consideration throughout Europe of the future of the Common Market and the North Atlantic Treaty Organisation. Both have been going through a troubled period and their development during the coming years has been discussed, but this latest crisis could provide the effective stimulus for all concerned to review their own approach and to study new ways of undertaking the integration of Europe - and not just Western Europe. If Britain and France can at least patch up their differences sufficiently to sit down and talk matters over, along with the other countries involved, progress could be made. Not only does the continued rivalry between the two former Great Powers weaken Europe internally, but lessens its influence and standing throughout the world.

The President's harping on the fact that France was the only European country to have taken up a wholly-independent position vis-a-vis the United States, is the reiteration of one of his favourite themes. It can have come as no surprise to the countries mentioned, when they were informed - without the agreement of Paris - of the tenor of his remarks on this subject. But the fact the British government informed Washington only a few days before de Gaulle was to receive the new United States president in what would have been - and still may be - an ambitious attempt to restore some confidence and trust to Franco-American relations, cannot have pleased Paris in the least. His suggestion that if Europe was to be truly independent there would be no need for NATO as such "with its American dominance and command structure" is not a particularly new view, and further definition of this approach could be useful, since NATO has to develop. But given the President's attitude to NATO up till now, London is unlikely to find any reason to change its decision to reject his views on the organisation's future.

Again his remarks about the future of the European Community and the statement that he had little faith in its future are not out of keeping with past remarks by General de Gaulle. He opposed its creation, and although he has not tried to destroy the EEC, France - which along with Italy is one of the Six to have benefited most, especially with regard to her agriculture - has attempted to concentrate on inter-governmental rather than supra-national cooperation. From the economic point of view, French agriculture and industry would stand to lose a good deal if a decision was taken to withdraw from the Common Market, and it is quite possible that General de Gaulle would find himself ousted. The suggestion that the Community could no longer be the same if Britain and the other countries joined is obviously valid, for the need to have a majority ~~unanimous~~ vote - long opposed by France - within such an enlarged Community would be vital, as otherwise decisions could never be reached. It would seem however that in his view, the EEC has outlived its usefulness for it has now reached the stage where all its members must cooperate more closely than ever before and he is afraid of France losing her "spirit of national independence" within an amorphous European state. His answer is thus a looser form of free trade area - a proposal which he has previously said he would be willing to discuss if the rest of the Five agreed - along with bilateral agricultural agreements to take care of the French farming problem. Apart from this larger European economic association, he is said to have put forward the suggestion that there should be a small inner council of a European political association or directoire comprising Britain, France, Germany and Italy, but leaving aside some of the most fervent supporters of integration, the Benelux countries. The President is reported as having suggested that Britain should ask France if she would hold talks, especially to see how their economic, monetary, political and defence differences might be resolved, and it is this suggestion which has played a considerable part in the crisis of the last few days.

The reactions in Paris to the British decision to issue a fairly detailed statement of what was said at the pre-lunch meeting of the President and the Ambassador, was to deny that anything new had been expressed, whilst qualifying the British reports as sensational. Of course, Britain claimed that she was acting because of reports in the French press and in the Figaro in particular. But it seems almost certain that the real source of the leaks was neither Paris nor London. Some reports have suggested that hints were first dropped in Germany or Belgium, and certainly the story in the Brussels paper Le Soir which was dated Luxembourg February 18 confirms nearly all the main points: "The rumours according to which France has envisaged replacing the WEU by a new alliance to be built on the old Franco-British Entente Cordiale, have however been received with sceptism. In Luxembourg it is felt unlikely that Britain would sign a treaty excluding the Benelux countries, whilst at the same time making West Germany and Italy co-founders along with France and Britain". And this was immediately under a report from NATO, quoting a high official in the organisation, on its future structure: "It is not possible to imagine agreement being reached on the idea of a directoire, backed by France".

If the British Foreign Office considered that the suggestion for bilateral talks at the request of Britain was a cunning Gaullist plot to belie London's European convictions once and for all, the decision to inform Britain's partners within the WEU of the conversations - despite their confidential nature - can be supported. The manner in which this decision was handled is a different question. Nevertheless if Britain had followed up the General's suggestion, and then Paris had in fact leaked the story, the harm done would have been very much greater than any of the likely effects of releasing an "official version", especially when various inspired versions were beginning to appear.

So far the reactions in the capitals of Europe have been circumspect, for a variety of reasons. Firstly no country wants to increase the tension existing between the countries of Western Europe, especially at a time when President Nixon is making his visit to Europe. Again most of the ideas attributed to General de Gaulle are not new as such, although the context in which they were presented may have been. But this could be attributed to an old statesman attempting to fulfil his dreams before he has to leave the scene. Even the suggestion for the exclusion of the Benelux countries from the proposed inner political council and the switch to a free trade area are not contradictory to previously expressed Gaullist ideas.

For the time being however, the petty quarrelling between the two countries is likely to continue. France helped to keep the pressure up by sending a protest note to London on Monday February 24 complaining about the use made of the General's conversation and alleging that it has been distorted, as well as never receiving any approval. Britain however continues to maintain that her version is correct. The dispute is taking such a turn that sides may soon decide to publish their own full accounts of the conversations. The decision of the Five to attend the regular London meeting of the WEU permanent council on February 26, again, is hardly calculated to pour oil on troubled waters.

Basically, the underlying argument is not even an Anglo-French dispute, but rather a clash between the different ways in which Europe should pursue its long-drawn out struggle to achieve greater integration. The positions adopted by the two capitals may have helped to clarify the different concepts, and thus make it easier to resolve the problem. A considerable amount of evidence indicates that increased cooperation on the basis of the existing Communities, instead of trying something different, would be the best way to strengthen and unify the whole of Europe, and not just Western Europe. But it must be remembered that no effective integration of Western Europe can take place until there is a mood of confidence and trust between Germany, France and Britain, with none of the three trying to take the dominant role.

* * *

Western European Union

The meeting of the WEU Assembly in Paris on February 20-21, which began before the Soames affair officially broke, served once again to stress the difference of views between France and other WEU countries. Efforts at mediation were made by the Luxembourg Foreign Minister, M. Thorn, who nevertheless supported the principle of "political consultations" and the Assembly's president, Signor Badini who appealed to France "not to carry her discontent to the point of endangering the construction of Europe". But one of the leaders of the Gaullist delegation, M. Krieg, maintained that the moves at the Luxembourg meeting of the WEU Ministerial Council and the subsequent meeting of the permanent council in London on February 14 to discuss the Middle East crisis - which France refused to attend - were nothing more than a British manoeuvre to launch a European political community outside the framework of the EEC. The WEU could not be made into an appeal court for the Common Market, and according to M. Krieg, if the crisis was prolonged this would be the fault of London, as long as the latter refused to accept "normal procedure".

Despite this strong criticism, the Assembly carried by an overwhelming majority a resolution, which in effect backed the British approach to make the work of the WEU more worthwhile. It welcomed "the decision taken by the Council at its previous meetings to establish regular and frequent consultations on international relations" and " invited the French government to resume full participation in these consultations". The Gaullists representatives voted against, but the vote in itself is an indication of the mood of her partners in the WEU.

EEC ECONOMY

The latest figures published by the Commission show that under the influence of a vigorous and rising demand for investment, industrial production within the EEC was expanding rapidly at the end of 1968, and in November for the whole Community was some 11% higher than in 1967. In West Germany, efforts by firms to beat the deadline for the introduction of the 4% tax on exports probably played an important part in this trend, whilst in France the strong demand from within the country stimulated output. The imminent introduction of the VAT system in the Netherlands boosted production there, whilst in the BLEU-Belgium and Luxembourg Economic Union the stimulus was provided by exports to other EEC states. In Italy there was a fall in industrial production during November probably as a result of the continued strikes.

Unemployment in most of the Community was falling off according to the latest statistics, states the report: "the improvement in the situation on the labour market, discernible for quite some time in Germany, the Netherlands and France as a result of the rising tempo of production and the increasing exhaustion of productivity reserves, has recently been fairly pronounced in Belgium too". It is felt that the spring may even see "bottlenecks on the labour markets" in the Netherlands and Germany.

Consumer prices rose in the Community during November and December, and this was only partly due to seasonal influences. The rise in food prices in some countries was accompanied by an increase in prices for industrial products and services. In Germany the pressure of demand worsened the price situation, and in France as a result of the wage increases in July prices also rose. In other countries and on a seasonally adjusted basis there was little change. But both the Netherlands and France are expected to show further rises in January because of the VAT system.

The previous trend for a deterioration in the EEC's trade balance with non-member countries was slightly modified towards the end of the year as although imports and exports were rising, the latter achieved a faster rate of growth. In Germany the considerable trade surplus was probably in part due to the fact that export contracts agreed and executed before December 23rd did not have to pay the 4% special tax. The sharp increase in Dutch sales to non-EEC states more than offset the rise in imports, and higher Italian exports prevented a further deterioration of the country's balance of trade. In the BLEU there was a slight deterioration in the balance of trade, a feature much more noticeable in France where the strong pressure of domestic demand stimulated imports and slowed exports.

Exports by the Six to other countries than themselves have continued to show a rising trend during recent months. Three main factors are believed to account for this: expansion of deliveries to the overseas associate states, a strong rise in exports to Eastern Europe and "the high level of sales maintained to the United States and Britain". Germany's exports rose sharply, but the approaching introduction of the special tax played its part here. Dutch exports increased through a rise in farm produce sales and also because industry was beginning to benefit from new production plant. Italian exports recovered somewhat, whilst in the BLEU the poor demand from some non-member countries for steel products affected the position. In France the pressure of domestic demand kept exports to non-EEC countries at a limited level.

Visible trade within the EEC was expanding at "a particularly" rapid pace at the end of 1968, largely as a result of the strong domestic demand in member countries. In Germany this led especially to imports of finished industrial goods. French purchases from her partners were aimed at meeting the dynamic demand from consumers and "the rising call for intermediate products and capital goods to meet the needs of enterprises". In Italy, the apparent resumption of both private and industrial demand has helped to hike imports. In the Benelux countries imports from the rest of the EEC rose rapidly, especially in the BLEU, although plant and machinery was an exception. The report states "But for the vigorous expansion of intra-Community trade, the price climate in most member countries would have been appreciably worse in the past few months".

Turning to its review of Community money markets, the Commission's report says that the higher interest rates in the USA, the progressive revival of economic activity in the EEC and the international monetary crisis in November were the main factors influencing the situation since the autumn of 1968. Increased pressure on the US money market pushed up Eurodollar interest rates and stimulated exports of money and capital from member states. This caused Belgium and the Netherlands to raise their rates to 4.5% and 5% respectively "in an effort to adjust official rates to the market situation and to the evolution of interest rates at an international level". The need for such a move by the Dutch government was however dictated by a necessity to control an excessive expansion of credit. In France it was the November crisis, which provoked Banque de France to raise its discount rate.

Short-term bank lending has been expanding in most of the EEC due to the upsurge in economic activity. In the Netherlands credit expansion was so vigorous that restrictions covering lending had to be introduced at the end of December and the demand for credit grew considerably in West Germany. Borrowings from French banks fell off towards the end of the year following the severe restrictive measures introduced by the Banque de France as a result of the monetary crisis. The situation in Italy showed only a small growth, whilst in Belgium there was almost a slowdown in credit expansion.

In its survey of the monetary crisis the report states " For the first time in the life of the European Communities, two member countries - Germany and France - were in November the focus of hectic currency speculation" ... "Once both countries had, at the end of November, taken measures to counter speculative money movements, and the nervousness over possible parity changes had subsided" French reserves showed a marked recovery and those of West Germany declined. But in other member countries, the effect of the crisis was appreciably less.

The results of the survey of business heads indicates that 26% consider their total order books were above normal in November compared with 25% the previous month and 23% in September, with 33% being recorded in France. Only 14% estimated that their total order books were below normal, the same figure as in October. With regard to export orders, the highest figure was in Italy (27% compared with 18% in September) with 23% considering the figure was above normal throughout the EEC. The number of those who considered that their export books were normal was 58% in November as against 55% in October and 57% in September. Stocks of finished products were thought to be below normal by 19%, although this ranged from 12% in the case of Italy to 25% in France (27% in October and 26% in September) with 73% considering stocks were at normal levels. The future for prices does not however seem cheerful for 23% of business heads in the EEC expect an increase (from 35% in France to 15% in Italy). The overall production trend does indicate that the outlook is favourable with 26% expecting an increase (30%) in France, and only 6% (4% in West Germany and 5% in France) expecting a decline.

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TECHNOLOGY
New Structure for French Aerospace

In a series of further measures aimed at rationalising and strengthening the country's aerospace industries the French government last week announced that it had decided to merge Sud-Aviation SA (see No 489), Nord-Aviation SA (see No 488) and SEREB SA, St-Avlin, Gironde. The decision to go ahead with this move was taken at the meeting of the Council of Ministers on February 19th.

The new group thus formed will employ around some 40,000 persons, approximately 40% of the workforce in the French aerospace industry and will concentrate on building airframes and missiles. It will have only one French competitor, Breguet-Dassault with some 14,000 employees, which concentrates largely on making military aircraft although showing increasing signs of intending to venture into the manufacture of medium-sized civilian transport aircraft, and has already announced a number of projects.

At the same time as the merger takes place, it is expected that SNECMA - Ste Nationale d'Etudes & de Constructions de Moteurs d'Aviation will take over or intensify its cooperation to such an extent that this will amount to the same thing - with the private firm Turbomeca. Snecma is a State company, whose production includes Atar, Larzac engines and cooperates with Rolls-Royce on the Olympus engines for the Concorde, as well as producing rocket propulsion and landing gear systems. Turbomeca makes less powerful and lighter engines, and helicopter propulsion units.

According to the French Minister for the Armed Forces, M. Messmer, the man in charge of the French aerospace industry, the merger should enable the companies to become more efficient and productive, both as regards their manufacturing efforts and sales campaigns. He believes that it may eliminate some of the duplication of work and research, through concentration of research facilities and reshaping production programmes. It is expected that the work previouslyundertaken separately by each company will be grouped together with that of its partners to provide a large and well-integrated group with a number of specialised divisions. A special commission will be formed to organise the divisions, which are likely to be financially independent. According to some sources, there is reason to believe that the decision tomerge the companies involved indicates that France is preparing to push ahead with rapid production of the European airbus, the A-300 B whether or not Britain is willing to take part. The French government has also said that the fact themerger is occurring does not necessarily mean the loss of jobs, though this is far from certain.

French Aerospace Industry Before the Merger of Sud-Aviation, Nord-Aviation and Sereb and the Snecma - Turbomeca Deal.

GROUP	WORK FORCE	TURNOVER (Ff)	PRODUCTION
Sud and subsidiaries (State)	28,400	1,750 m in 1968	Caravelle and Super-Magister Concorde, A-300 B, two-engined SN-609 at design stage Helicopters, light aircraft Strategic and tactical missiles Sounding rockets Satellites and launchers (also domestic appliances, caravans, portable chalets)
Nord (State)	11,000	820 m in 1967	Nord-262 and Transall transports Two-engined SN 609 (with Sud) Strategic and tactical missiles Diamant and ELDO space project In charge of Symphonie telecommunications satellite
SEREB (State)	1,100	53 m in 1967	Strategic weapon systems ELDO launcher (second stage) Diamant programme

GROUP	WORK FORCE	TURNOVER	PRODUCTION
Breguet-Dassault (Private)	12,000	1,650 m in 1968	Mirage-III, Mirage-5, Mirage-IV Mirage-F-I, Mirage-G (swing-wing) Jaguar and Atlantic Mystere 20 and Hirondelle, Bregeut-941 (S.T.O.L.) Short-haul Mercury and two-engined military trainer at drawing-board.
SNECMA (State)	17,500	1,246 m in 1968	Atar, Larzac turbojets, Olympus for Concorde Rocket propulsion systems Electronics and landing gear
Turbomeca (Private)	3,860	240 m in 1967	Turbojets, turboshaft engines (especially for helicopters)
MATRA (Private)	2,400	300 m in 1967	Missiles, etc Satellites for ESRO
S.E.P.R. (Ste d'Etudes pour la Propulsion a Reaction)	1,400	120 m in 1967	Rocket engine developments including liquid and solid propellants.

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AGRICULTURE

No Decision Yet On Prices

The main item on the agenda of the agricultural ministers' meeting on February 17 and 18 was the level of prices for agricultural in the 1969/70 season. No decision was reached at this meeting and the question will be discussed again on March 10 and 11. There is now therefore even less chance that any agreement can be reached before the new prices are supposed to come into operation on April 1. It will certainly not be possible to make any drastic changes, such as those suggested by the Commission - that is, a sharp reduction in the intervention price for butter and an increase in that for skimmed milk powder. On the whole the ministers appear to be opposed to making these particular changes and their opposition to other reductions in price proposed by the Commission - for wheat, barley, rye, sugar and rapeseed- is quite unanimous and unequivocal.

Prices for dairy produce are the central problem. All are agreed that something must be done to discourage present over-production and to limit the cost of market support to the Community, but none appear ready to face the obvious inferences. The Commission's proposals are not acceptable to France or Belgium because putting them into practice would involve the removal of the differentials in the prices for butter and skimmed milk which were introduced last July and which enable these two countries to guarantee their producers a higher price than that applicable to the other four. This is not a problem for West Germany or the Netherlands because the result would be an increase in their prices. Italy is very little interested in price mechanisms on the dairy produce market, since she produces so little, and her main concern is to get the cost to Community funds reduced.

The French would not resist some reduction in the butter price, though they would not accept the 30 per cent drop proposed by the Commission. They would also agree to an increase in the skimmed milk price, but this would have to be high enough to compensate for the loss of the differential. But France wants a larger package altogether and would like to see these changes accompanied by some measures to reduce competition from vegetable oils; this has already been suggested by the Commission and, according to them, an indiscriminate tax on these products, applicable equally to home-produced or imported goods, would bring in some $ 400 million a year. Such a tax, however, would be quite unacceptable to the Germans or Dutch. The German minister is believed to favour a scheme involving production quotas for dairy produce and acting so as to penalise those countries which generate the milk surplus.

One possible solution to these difficulties is to freeze all prices at their present levels for next season. As the Commission points out, however, this does not solve the problems of surpluses. No exact calculations have been made of the cost of supporting the dairy market if production continues at its present rate and nothing is done about prices, but it will be very high. The sum has been worked out for sugar and the Commission says that if its proposals for lower basic production quotas are not accepted the Community funds will have to find another $ 40 million for this product in the coming season. The question of grain prices is not of major importance, though it would probably be desirable to do something to correct the balance between wheat and feed grain production.

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European Parliament on Prices

A few days later, on February 20, there was a special session in Luxembourg of the European Parliament to discuss this same problem of farm prices. The decision had previously been made that on the agenda there would be discussed only cereals, rice,rapeseed and sugar, with the dairy sector left out of the debate until March, as this requires deep consideration. The Parliament in fact rejected the Commission's price-powering proposals, it being argued that merely to maintain them at their present level (which in the end was agreed) would be effectively to produce some lowering in income, and that anyway since sowing had now taken place, there was little to be gained from altering prices. Again, the Parliament was dissatisfied with the way that the Commission had sent its price proposals in six months late.

As the debate continued, there was agreement that before long there should be some sort of readjustment between prices, so as to achieve more rational production. Parliament invited the Commission to submit to it by May at the latest its suggested prices for the following season, and "as soon as possible" its proposals for renewing the farm financial regulations.

Although milk products were not officially included in the proceedings, they were called in question by a number of Members. In particular for France, M. Cointat presented the findings of the Assembly's finance commission. This showed that what M. Rey's Commission was suggesting for the dairy sector would bring the support cost of this market alone up by another $ 600 million a year, and without providing any real solution to the butter surplus problem. Needless to say, Dr Mansholt inveighed against this criticism.

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RULES OF COMPETITION

"Double Barrier" Against Cartels Approved

The Court of Justice of the European Communities on February 13 decided that, unless a Community regulation provides otherwise, national authorities in the Six may take action against a restrictive commercial agreement under their own law. This remains true even if an examination of the agreement concerned is being undertaken by the European Commission with regard to the Community regulations, with the proviso, however, that the enforcement of national law cannot prejudice the full and uniform enforcement of Community law or the effects of action undertaken or to be undertaken in its execution.

This decision by the European Court arises from a case in Germany where in July 1968 the Court of Appeal in Berlin, which has competent jurisdiction in the German Federal Republic for restrictive agreements, asked the European Court to interpret certain provisions of the Rome Treaty, which were involved in a case being heard before it.

The case arose from the Bundeskartellamt (Federal monopolies commission), who fined seven German companies for having agreed jointly on three occasions - in January 1964, January 1965 and October 1967 - to increase the price of aniline. The Commission of the European Communities was notified of the case in view of Article 85 of the Rome Treaty on restrictive practices. However, the Commission has not yet decided on the application of the Community law on restrictive practices.

The German procedure took its course under national law. Appealing to the Berlin Court of Appeal, the companies contested the fines on the grounds that they could not be the object of two parallel prosecutions for the same facts, once before a national court, and again under Community law.

The Berlin Court's request to the European Court was to decide whether the same agreement could give rise to cumulative penalties under both national and Community law, or whether it should be answerable under one or other jurisdiction alone. The Community Court found itself faced with the problem of the so-called "single barrier" and the "double barrier",and decided that prosecutions could proceed at both levels.

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COMMISSION

Jean Rey Received by President Nixon

The President of the United States of America, Mr. Richard Nixon, on February 24 received in Brussels the President, the Vice-Presidents and the Members of the Commission of the European Communities.

The conversations began with a talk between President Nixon and the President of the Commission, M. Jean Rey. At the same time M. Jean-Francois Deniau, Member of the Commission, met Secretary of State William Rogers, Assistant Secretary of State Martin Hillebrand, and Presidential Assistant, Henry A. Kissinger.

Subsequently President Nixon and the other American personalities met the entire Commission.

The conversations dwelt on the main questions of common interest between the United States and the European Communities, covering the common responsibility borne by the United States on the one hand and the Community on the other in the pursuit of a liberal policy, particularly in trade, and the need to pursue constant collaboration between the United States and the Community.

* * *

CUSTOMS & TARIFFS

Harmonisation Continues

During last week's Council meeting on farm prices (see above), the ministers agreed on the pre-financing of restitutions on processed foods, and thus lifted a barrier on a vital series of regulations and directives harmonising national customs legislation between the Six. Five texts were involved, all of them completed at the end of last year, but France had reserved her approval, pending definitive agreement on the question of pre-payment of such restitutions. The decision last week was made in principle only, but should be fully ratified within the next few days, thus furthering the Six's customs harmonisation programme, which despite the customs union of last July still has many anomolies that need to be cleared up. The mere suppression of duties in fact is only a first step towards the realisation of a true common market: tourists saw this for themselves last summer, and international truck drivers know it to their cost every working day.

The most important of the five texts in question concerns "Community transit". The multiplicity of formal procedures that have to be followed when goods or persons move from one member state to another is well known. This agreement, a systems analyst's set piece, simply suppresses all these customs documents and replaces them with a Community "transit" form, the same for all, and which will not be checked at the frontier (unless it is so desired by the individuals in question), but vetted on departure and arrival. Companies will be able to use this system by forwarding to their national authorities a surety (calculated in toto on the overall value of goods transported in a day, or load by load), which in effect will tend to eliminate formalities at the frontier altogether.

The Six also made an agreement on traffic in semi-finished goods, via which it will be possible to suspend duties on goods that are bought in from third countries, for purposes of part processing and re-export. This form of business was subject until now to very different legal provisions in the various member states, and indeed in the Benelux there was no red tape whatsoever. In France, on the other hand, the most stringent of provisions were in force. The Council has drawn up a list of types of transaction that may be classified under this heading, and this will be amplified as and when new instances arise, for which purpose a committe has been appointed. The economic importance of this flow in semi-manufactures cannot be under-estimated: almost a quarter of Community exports in fact come under this head. The formula that the Six devised last year is such that Community exporters will benefit, but not to the detriment of Community firms that themselves manufacture the goods that are being imported from third countries.

The third text now approved concerns free ports and trading zones. Members agreed that, with the exception of the old port of Hamburg or where special conditions apply, goods manufactured in free zones should not be consumable in the same. This agreement also covers:

1) Bonded warehouse legislation: agreement had to be reached on the valuation of goods for purposes of applying duties. This matters greatly for commodities like coffee, which are subject to fairly wild market price fluctuations. The value used from now on will be that which applies as the item leaves bond.
2) Deferred payment of customs duties and levies: importers will now have one month's grace for such payments. Hitherto, deferment of payment ranged from a few days only in Belgium, to three months in Germany.

Now that this range of provisions is going through, we should be able to avoid many of the distortions in trade that could have occurred, especially with those countries that had the most supple and "welcoming" of customs provisions taking more than a representative share of the trade in any given product. Equally, foreign investment will no longer be attracted by the effects of these distorting elements. This regulation complements the three adopted by the Council before the recess, concerning application of the common external tariff, customs valuation and definition of origin. Last but not least, with the climate as it now is in the Community, this Council agreement has not a little political tenor; at least, this was what certain of the delegates were all for instilling, when they started manoeuvering for an early agreement on the question of pre-financing food exports.

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TRADE

Community Criticizes US Textile Tariff Move

The US Tariff Commission has proposed reducing from 86 per cent ad valorem to 55 per cent the present duty on cloth of wool and silk mixture, following the earlier unilateral US decision to raise the tariff to 86 per cent from the 11.6 per cent target level in the Kennedy Round negotiations.

This follows negotiations in Geneva between representatives of the European Commission and of the US Government over what the former considered to be a flagrant breach of the Kennedy Round agreements and of the GATT rules.

As a result of the US decision to increase the tariff so sharply it would be impossible for Italy to export to the United States wool-silk cloths, which are a speciality of the Prato region. Discussions will begin again shortly in Geneva of the new US proposals.

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EURATOM

Too Many Boffins

The Scientific and Technical Committee of Euratom met last week to carry out preliminary discussions on the Commission's new plan for a long-term nuclear research and study programme within the Euratom framework. This is a programme which the Council would like to see sewn up by July 1, and which would seem not only to entail the continuation of the present work on Community research, but also proposals for the revamping of the Joint Research Centre and the re-alignment of the industrial side of the nuclear sector. The Commission has also made it known that it plans eventually under this programme to disband certain of the Joint Research Centre teams which cannot be accommodated under the 1969 Euratom budget. The question of what to do with the researchers outside the J.R.C. programme is one which has been preoccupying the national representatives doing the ground-work for the current year's budget for the Council. A certain compromise seems to have been distilled out, which would entail the re-employment of the majority of the 417 researchers in question, either by cutting down on the assistance contracts made by the J.R.C. and replacing them with researchers outside the programme, or by temporarily cutting out all recruiting for the Community institutions, which would enable them to re-classify some of the administrative personnel not covered by the 1969 J.R.C. budget. According to the official statistics these methods would reduce the seemingly irreducible hard core of employees not covered by the research programme by between 100 and 200. The researchers in question are those concerned with scientific and technical work, and it seems that there are three possibilities for them. First, they could be merely made redundant which would mean that no new decision need be made on their account until the formulation of the new long-term programme. This is the solution which the Commission would like to see implemented, for it hopes that it would then be possible to define clearly the non-nuclear and para-nuclear sectors within the J.R.C., thus making it possible to re-employ a certain number of the researchers in question.

The second solution, which could hardly avoid setting up an unfavourable reaction in Community scientific and technical circles, would consist in merely making these people a pool of readily-available researchers, who would be then subject to the regulations laid down in Article 41 of the Statute for the Staff of the European Communities, with the compensation that this entails. The third solution would just be to give them a golden hand-shake under the provisions set up at the time of the merger of the three Executives.

It is hoped that unanimous agreement on the course to be adopted will be reached by the end of the week, which would allow the Council to go ahead and approve the Euratom Budget for 1969 any time after the beginning of March.

As for the long-term programme more particularly, the Scientific and Technical Committee has decided to organise its future work around the formation of four working parties, covering:

a) Reactors and component technology
b) Nuclear Physics
c) Combustion sciences and the study of materials.
d) Biology.

Since the discussion the German representative has accounced that the Federal Government has decided to embark upon the construction of a heavy and extra-heavy particle accelerator beginning next Summer, a project which the Commission had itself suggested in its communique to the Council on the future activities of Euratom. The German delegate, who underlined the experience gained by German researchers at CERN and DESY (Deutsches Elektronon-Synchrotron, Hamurg), repeated his invitation to the other Euratom members to take part in the scheme, but also stressed that even if the other member parties chose to stay out, Germany would go on alone.

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World Steel and Coal Production for 1968.

For the first time ever annual world production of crude steel has passed the 500 million (metric) tons mark. Without including China, whose production is sure to be very large, but for which no figures are available, the world figure for 1968 was in the region of 510 million tons, thus beating the previous year's total by 26 million tons or 5.4%. A significant part of this increase was contributed by the Community, which accounted for the biggest increase in production of all over last year, 9.7%.

The biggest producer of steel in the world remains the United States with 121 million tons although that country's increase in production over last year was only 2.5%. This 121 million tons accounted for 23.7% of the world total, a slightly lower proportion than last year. The second position continues to be occupied by the USSR, which with a production o 106.2 million tons last year (an increase of 3.9% on last year) is gradually closing the gap on the USA. This now accounts for 20% of total world production. The third largest producer of steel is Federal Germany, whose 1968 production of 41.1 million tons accounted for almost half of the whole Community production (98.6) and was a 12% increase on last year's production. Following the stagnation of production in 1966 and 1967 and the reorganisation of the industry under state control, Britain's steel output is now on the increase again. In 1968 25.3 million tons were produced, an improvement of 8.2% on the previous year.

The countries of the East continue to expand their output following the uninterrupted trend since 1952 (production 34.5 m tons, +4.1% over last year), but most impressive of all has been the increase of production exhibited by Japan, which in twelve years has moved up from an annual production of 7 million tons to 67 million tons in 1968 (+7.6% compared with last year).

World production of coal has also reached record levels. Last year it reached 2,870 million tons, 150 million tons more than the previous year, but this time neither the Community, nor Britain made any contribution to this increase. On the contrary, both the EEC and the U.K. decreased their production in 1968, the former by almost 9 million tons to 180.98 m. tons and the latter by some 7 million tons. In the majority of other major coal-producing countries output went up. The USSR, the largest producer of coal in the world, topped 600 million tons in 1968, whilst Poland with its 140 million tons increased production by almost 4 million on last year. China produced 50 million tons more coal in 1968 than 1967 (275 m. tons and 225 m. tons respectively), whilst South Africa managed an increase of 2 million tons (56.15 m. tons), and Australia 3 million tons (37 m. tons).

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ASSOCIATION

Agreement with Morocco & Tunisia

It was announced last week that negotiating teams from Tunisia, Morocco and the Community had agreed the final text covering the provisions of the first Association Agreement between the EEC and the two Maghreb countries. The teams will now report back to their respective governments and the Council of Ministers.

In fact the agreement will amount to "partial association" as the Commission's team was not given a mandate to negotiate full association, which normally includes such matters as financial aid, the free movement of labour and the more wide-ranging Community preferences. The agreement, covering some 70% of their exports to the EEC, is expected to last for five years, and after three years it is possible that a series of fresh negotiations will begin with the aim of establishing full association status for both Morocco and Tunisia.

An additional factor to be borne in mind is the bid by Spain and Israel for closer links with the Community. Apart from political factors, their agricultural exports to the EEC are largely similar to those of the two Maghreb countries, so that further delays when the agreement comes up before the Council of Ministers are always possible.

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Ghana wants closer EEC links

The Ghanaian Ambassador has informed the Commission in an oral message that his country would welcome an association agreement with the Community. But the exact shape such an agreement would take is still uncertain, although presumably some arrangement like the recent agreement between the Common Market countries and the three East African states of Kenya, Uganda and Tanziania is envisaged.

These three states, which are linked to the Common Market by the Arusha Agreement, have indicated to Brussels that they would like this to be extended to include technical assistance clauses.

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Argentine bid for trade deal

In a further move to increase its contacts with the EEC, the Argentine has made a formal request for the opening of negotiations aimed at establishing a trading agreement between itself and the Six. It is also hoped that this might lead to some form of regular political consultations between both sides.

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ASSOCIATED STATES

Community's 50,000 Ton Food Aid for Turkey

The European Community's first contribution to the Kennedy Round food-aid programme comprises of 50,000 metric tons of soft wheat. This will be delivered to Turkey under an agreement signed between the Turkish Government and the Community Council of Ministers in Brussels on February 17.

The 50,000 tons will include 14,000 tons contributed each by Germany, France and Italy, and 4,000 tons each by Belgium and the Netherlands.

The Turkish Government will be responsible for shipping the wheat from Community ports of embarkation and undertakes to ensure its use for human consumption. The revenue of sale of the wheat within Turkey, less transport and distribution costs, will be paid into a special Turkish Government fund to finance development projects.

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EUROPEAN DEVELOPMENT FUND

Grants for Three States

The Commission has recently given the go-ahead for grants totalling \$ 1,433,000 from the second E.D.F. This brings the total commitments to date to some \$ 582,584,000 and involves 291 financing decisions. The latest decision covered three countries forming part of the 18 Associated African States.

Burundi: \$ 307,000 as supplementary financing for a 500 hectare tea-producing unit at Rwegura, a tea factory and a hydro-electric station to provide the power. The original project is being financed by the first and second E.D.F. at a cost of some \$ 2 million.

Rwanda: \$ 366,000 has been made available to finance technical surveys for the construction of a new hydro-electric station at Mukungawa, and the construction of high-tension line from Ntaruka and Ruhengeri. This will provide power for the pyrethrum factory at Ruhengeri to be built with aid from the UN Special Fund.

Togo: \$ 760,000 has been granted to provide technical assistance to SORAD - Regional Improvement and Development Company in developing the agriculture of the Central and Plateaux Regions.

STUDIES AND TRENDS

EFTA and Foreign Investment

The EFTA Secretariat has just published its report on foreign investment in the Seven, revealing for the first time in a concise and readily understandable form the trends in inter-EFTA investment. The principal point to come out of the thirty-four page fact-filled report is that as the tariff barriers have fallen over the last ten years so the investment between the members of the outer Seven - and especially of the three main capital-exporters, Britain, Sweden and Switzerland - has also tended to fall. Evidently, the improved exporting possibilities will reduce the pressures towards establishing manufacturing subsidiaries abroad, while on the other hand the increased exports may require the establishment of more extensive sales and servicing facilities in the foreign market. As the export possibilities to the foreign markets improve, so the markets become more profitable to exploit and therefore more attractive for investment. Thus the idea that the lowering of trade barriers will lead more and more to the introduction of the multi-national company system has been largely disproved, for as the trade barriers are lowered and the market becomes bigger, so it becomes more profitable to manufacture in a single location and to export to all markets thus deriving maximum profitability from economies of large-scale production.

The report reveals that the sixties has been the first decade of real significant foreign direct investment, most countries being involved in this trend both as suppliers and receivers of capital. Up to the end of the fifties only a few of the larger countries (notably the United States) had made significant investment abroad and though in the more recent past more countries have participated in such investment, the bulk of foreign investment remains in the hands of a few of the larger countries. Thus for example in 1965 U.S. companies accounted for 65% of total direct investment while Britain controlled 15% and the countries of the Community a similar share.

The United Kingdom stands out as the biggest supplier and recipient of foreign investment within the EFTA grouping. The second place would probably go to Switzerland, but lack of adequate statistics put Sweden in second place, with the other four countries as somewhat insignificant tail-enders in this sphere. As regards inward investment the picture is somewhat different. Omitting Switzerland, Denmark and Sweden tie for second place after Britain, whilst Norway occupies the third position and Austria (closely) the fourth. Portugal with its rapidly developing economy is hot on the tail of Austria, whilst for Finland inflow of foreign capital remains somewhat low. Britain and Sweden are the only net exporters of investment capital, whilst Austria, Denmark, Norway and Portugal are net importers of direct investment capital. The positions of Switzerland and Finland cannot be accurately defined in this context, the former because of the lack of data whilst in the case of the Finnish economy, this is mainly a result of the insignificant level of both inflow and outflow, though her receipts do seem to have been going up over the past three years.

As regards direct investment within the EFTA grouping, Switzerland, whose export and import performance can be calculated with reference to the data supplied by her trading partners, was clearly the most important investor in the EFTA Area during the period 1962-1965. Switzerland, Sweden and Britain were the major exporters of capital in the Seven, though as trade barriers fell, so did the importance of their 1962-1965 investments. In fact Swiss investment in EFTA countries fell from $87 million in 1962 to $57 million in 1965, and as shown in the table below, the trend was similar for both Sweden and Britain.

Table 1.

Swedish and British Investment in EFTA (percentages of total direct foreign investment).

	1962	1963	1964	1965
Sweden	35	35	29	17
Britain	9	7	2	5

It is also interesting to note that the three countries which account for the biggest, yet declining, investment in EFTA countries, are also receiving a declining share of their total direct investment inflows from EFTA partners. It is now the less highly industrialised and developed countries - especially Portugal - that are appearing the most attractive to EFTA investors. Both Switzerland and Britain marked up a significant fall in incoming investment over this period though Sweden managed to reverse the trend in 1965, (see table 3), but the EFTA share of overall investment still fell from 66% in 1962 to 55% in 1965.

In all the other EFTA countries (apart from Finland) there was a clear upward trend in investment from 1962-1965. In Austria for example receipts went up from $6 million to $15 million, in Denmark receipts rose from $13 million to 34 million, in Norway from 5 million to 15 million and in Portugal from less than 2 million to 17 million. Except in the case of Norway, investment on the part of EFTA countries rose by a greater amount than investment by non-EFTA countries. The EFTA share of Norwegian investments fell from 54% in 1962 to 36% in 1965, due mostly to a number of important United States investments in that year.

Thus it is apparent that the three most important capital exporters in EFTA, Sweden, Switzerland and Britain, are turning away from EFTA and particularly away from investing in each other, to the more rapidly developing countries where although the risks may be higher, the returns are greater. Moreover, the other EFTA countries are showing a declining interest in these three as vehicles for investment. Britain in particular seems to be turning to the outer sterling countries and to the United States, where the amount of direct investment has more than doubled in the period 1962-1965, and as a result, the flow of investment to the US has surpassed investment in other EFTA countries. Sweden has yet to turn her attention to the United States, her investment there being only 5% of her total overseas commitments. Swedish companies seem to have switched their investments to the EEC countries in particular and also to countries outside Western Europe.

In the field of incoming investments from sources outside EFTA, neither Sweden or Britain are particularly favoured recipient countries. Both these countries have been receiving increasing amounts of investment from the EEC, but this advantage has been enjoyed by the other EFTA member countries. Both Denmark and Britain received some $40 million in foreign investments from the EEC in 1965, which compares favourably with the 3 and 7 million invested respectively in 1962. The majority of United States investment in EFTA is poured into Britain, the relevant figures being 265 million in 1962 and 400 million in 1965, whilst Switzerland accounted for about one-third of this figure and no other member country for more than $25 million.

(See Tables at end)

Austria.

Austria has been a net recipient of foreign direct investments over the period under consideration. From 1962 to 1964 it ran at a steady $ 15 million and then rose to 30 million in 1965, and net outflow of capital has risen in harmony with this trend. At the beginning of this decade foreign investments were pretty insignificant, but following general world trends this has increased noticeably over recent years, yet never enough to exceed the net inflow. Although the total amount of Austrian investments remains low, the annual rate of investment has been increasing rapidly, the gross figure going up every year from $ 800,000 in 1961 to $4.9 million in 1965. Save for a small investment in 1963, the United States investment market has been almost totally ignored, the country prefering to invest in the EEC (at an increasing rate) and in EFTA (especially Switzerland).

As regards inward investment, the bulk of receipts came as a result of moves by EEC countries, at least up to 1964, for in 1965 EFTA partners seem to have provided some 50% or more of all foreign investment, which reflects a new overall trend of increasing EFTA investment and declining EEC investment (to the tune of 50%). United States investment has remained small, though in 1965 it rose sharply, thus offsetting the reduced EEC contribution. Of EFTA countries the main contributor seems to have been Switzerland, though a true analysis is difficult to obtain in this case due to the lack of adequate information. In 1964, the only year for which a full break-down is obtainable, some $9.6 million of the total 10.4 million came from Switzerland, though this figure is likely to include some further contributions from third countries directed through Swiss financial institutions.

Denmark

During the first five years of this decade there was a marked increase in foreign investments in Denmark, a trend which it has been unable to match in its own investments abroad. During the fifties the excess of inflow over outflow never exceeded more than $15 million or so, but over the period 1960-1965 this positive balance reached a total of $326 million. Up to the end of 1965 Danish investment abroad totalled $147 million of which some 40% had been made since 1960. Of this sum the EFTA countries had taken some 35%, the EEC $31 million and the United States 27 million. Within the EFTA system Britain had absorbed the greatest amount ($25 m), Sweden $17 million and Norway $6 million. The foreign investment peaks of 1961 and 1965 were largely the result of big investment programmes in the EFTA countries, and the 1965 peak is in particular a reflection of a big programme in the U.K. when some $4.2 million was invested. Although investment in EFTA countries has been steady and important over this period, it has been consistently surpassed by investment in EEC countries by a small margin. Investment in the Community has been running at an average of $2.5 million p.a. and in 1960 reached a peak of $3.7 million, West Germany accounting for over half of this total, and France receiving an ever increasing share.

The net value of foreign investments in Denmark reached $510 million at the end of 1965, which amounts to 3½ times that of Danish assets abroad, the vast majority of which can be traced to the first half of this decade. The sum of direct net investment by foreign companies amounted to $380 million for the period 1960-1965, of which the United States accounted for $150 million, EFTA partner countries for $135 and EEC countries for $90 million. As in the case of outward investment peaking and troughing has been particularly marked, though here it is not due to the actions of EFTA partners but of the United States, the 1961 peak of $75 million being almost entirely due to a $51 million investment by an American oil company. In its peak years, and on the average U.S. investment in Denmark has exceeded that by the EEC and EFTA, though investment contributions by the latter parties have been much more consistent. Amongst EFTA partners Sweden and Britain have been the largest investors, and in all cases EFTA contributions have been greater than the EEC's running at an average of $31 million for 1963-65.

Finland.

Official information on foreign investments in Finland has not been forthcoming, but a private estimate for the year 1965 spoke in terms of a total of $81 million in foreign investments, $28 million of which were in manufacturing. No account of Finnish investments overseas was available, though the figure for this factor is known to be negligible. The outward flow of direct investment has been noticeably greater than the inflow, and for the years 1962-1965 this amounted to $4.6 million. Over the same period net investment abroad by Finnish companies amounted to $13.8 million of which some $7.2 million, or about half went to EFTA countries (especially Switzerland - 3.9 m). Investment in the EEC amounted to 3.6 million and that in the United States to 1 million.

Foreign investment in Finland is similarly EFTA-orientated. During the 1962-1965 period these investments amounted to $9.2 million net, a figure which does not however take in the first 1.8 million of a 12 million investment by a Swiss holding company. Even if we include this repayment, investment by EFTA countries showed an increase from 1.1 million for the first two years of the period to 5 million for the last two years. Investment by the U.S. and the EEC has been on a much smaller scale, amounting to a to a mere 2 million dollars in both cases for the entire period.

Norway

There has been an upward trend in direct investment by foreign companies over the last few years, the majority of which has gone into the manufacturing industries and on a scale that can only be called substantial by Norwegian standards. Norwegian investment in branches and subsidiaries abroad is not great, and has never in fact reached the $1 million mark in any one year.

Net investment by foreign companies in Norway totalled over 150 million dollars for the period 1959-1965; investment almost doubled between the two periods 1960-1962 and 1963-1965, rising from $47 million to 93 million. Most of this increase is due to larger investments by EFTA countries - their share increasing from 23 to 42 % of the total. Investment by the United States, although fluctuating wildly, has always been great - 50% over the whole period 1960-1965 - whilst investments by the EEC countries has been negligible.

Within the EFTA partnership investments by Britain have been the most important, but in 1965 the U.K. was overtaken by Switzerland who sank large investments in that particular year. A steady, though much smaller stream of investments has come from Denmark and Sweden.

Portugal.

Portugal has been running a policy of attracting foreign investment and discouraging its own investment in overseas markets. The aim is to attract capital into the vital key sectors of the economy to provide growth, and in some sectors foreign investment is limited by decree for reasons of state security. Thus over the past five years the inflow of foreign investment has been rapidly building up, and only a small outflow of capital has been recorded. For the period 1960-1965 repatriation of former overseas investment accounted for $80 million and the net amount of direct investment in Portugal rose from $4.1 million in 1962 to 28.8 million in 1965, the increase being mainly due to increased interest in Portugal on the part of the EFTA partners. More than half of the total investment in fact has its source in EFTA, the most important country being Britain (18.2 m of the 46.9 m total). By 1965 however, both Sweden and Switzerland were beginning to show equally great interest in the country as an investment, and were pouring in money accordingly.

The EEC countries have also joined the bandwagon, but their cumulative total investment for the period was still less than that of Britain. The United States has also proved to be a small, but important source of investments of late.

Sweden.

In recent years Swedish direct investment has increased steadily in foreign markets. From 1962-1967 net direct investment rose from an annual average of \$70 million during the first three years to 110 million during the last three years. Inward investment increased even more sharply over this period averaging \$59 million in the first half and \$115 in the second. Over the six years as a whole there was a net outflow of 21 million.

During the period under consideration Sweden has been particularly strong in the formation of overseas subsidiaries, so that between 1960 and 1965 the numbers almost doubled to reach 450. Most of the Swedish firms with subsidiaries are large firms accounting for some 62% of Sweden's total merchandise exports in 1965. During the first half of the sixties Swedish investment was concentrated in Western Europe, although an increasing proportion did go to the Third World. Investment in the EEC and EFTA was about equal in 1962 (35% of all foreign investment each) but as trade barriers within EFTA began to fall so the weight of investment began to swing in favour of the EEC. In 1965 the amount invested in EFTA countries fell sharply, while investment in the EEC rose to more than twice its 1962 level. By 1965 the EFTA share of Swedish investments had dropped to 17%, whilst the EEC share had risen to 45% - a forceful indicator of the effect of lowering tariffs. Up to 1964 most of the increased EEC investment went to the Benelux countries, whilst there was a steady decline in investment in Britain. By 1965 Portugal was receiving half of Swedens EFTA contribution.

The majority of Swedish investment in manufacturing is in Western Europe and this fact is reflected both in the number of new subsidiaries and the amount of capital invested. Between 1960 and 1965 forty-nine of the new subsidiaries were formed in the EEC - representing 45% of Swedish capital invested, whilst EFTA accounted for thirty-four new subsidiaries and 19% of the capital. For both trading blocs this meant an increase in the share of total Swedish foreign investment from 1960, when the EEC had 40% and EFTA 16% of the cumulative total. The EEC increase is however to a certain extent illusory as it was accounted for by a single investment in Italy, the takeover of Riv Officine di Villar Perosa SpA by SKF in July 1965 in which the latter bought 66.6% of the Italian firm's capital. Following this deal Swedish investments became greatest in Italy, West Germany being the former number one investment market for Sweden, with \$41 million of the total \$130 million EEC investments invested there.

Within the EFTA market Britain has been the largest recipient of Swedish investment, accounting for half of the total EFTA investment, and up to 1960 it was followed by Denmark, Finland, Austria, Norway, Portugal and Switzerland. In the period 1960-1965

Norway moved up the tree to third place whilst the others remained in order, though both Denmark's and Portugal's share increased markedly.

Foreign net direct investment in Sweden fluctuated greatly between $40 million and $90 million during the first four years under review; it then rose sharply to $139 and $118 million in 1966 and 1967. Disinvestment also increased but at a slower rate to reach $19 million in 1967.

Akmost all Swedish inward investment comes from the EEC, EFTA and the United States, though the proportions provided by each source vary greatly from year to year. In 1963 for instance the United States accounted for some 76% of the total investments in Sweden due to a large investment in the oil industry. In 1964 the United States was again the biggest investor with 37% of a rather lower figure, but in the other two years for which figures are available (1962 & 1965) EFTA countries provided the majority of investments. In 1965 all three investment sources played a part in the increased investment, but EFTA, thanks to a large-scale investment by Britain (41 million of the total 48 million EFTA total), again pulled ahead. The 1962 peak was due to a large investment by Swiss companies, and in fact the whole of Swedish investment is characterised by large and irregular investments by all three parties.

Switzerland.

Swiss figures are estimates based on statistics from other EFTA countries as statistics direct from Swiss sources are not available. The figures given may also be inflated due to the fact that they may include transactions carried out by Swiss subsidiaries or holding companies of foreign parent companies.

During the fifties there was hardly any direct inflow of capital into Switzerland from the EFTA countries but this soon changed in the sixties. Over the six years 1960-1965 net direct investment totalled almost 120 million, whilst the corresponding outflow of $320 million was almost three times as great. Soon after the establishment of the Seven reciprocal movements of capital began to occur, though there is no positive proof that the formation of EFTA was the cause of it. The fact that the flow fell off after 1962 bears witness to this.

Switzerland's biggest capital investment trading partner in EFTA is Britain. During the period 1960-1965 69% of the outward and 75% of the inward flow was accounted for by Britain and this trend is a feature of the flows for every year. By the end of 1965 there were 184 Swiss affiliates in Britain with net investments valued at $470 million (book value), whilst at the same time Britain had 124 affiliates in Switzerland with net investments of $75 million. Other beneficiaries of Swiss investment have been Austria which has had a steady flow rising rapidly to $12.6 million in 1965, Demark (a steady flow but never more than $3.5 in any year), Norway ($10 m. in 1964 and 1965 for an aluminium project) and Sweden. Portugal has also received a certain amount of attention from Swiss investors in the recent past.

Apart from Britain, Sweden is the only other country which has made any significant investments in Switzerland. During the period 1962-1965 Swedish net investment totalled $22 million, most of which was paid out in 1962 and 1964. Whilst there has been a net outflow of capital to EFTA, Switzerland has recorded a much more significant inflow of capital from the United States, the value of U.S. investments in Switzerland rising by well over $800 million between 1959 and 1966. Although this figure covers two more years than the figure for outflow to EFTA countries the margin over and above the $200 million net outflow to EFTA countries is highly significant.

Britain.

By the end of 1967 the accumulated book value of British investments abroad was $12,700 million, compared with a figure of $5,600 million for foreign investment in Britain (excluding oil, insurance banking and profolio investment in both cases).

Of the $11,800 million stock of British investment abroad (end of 1965) more than half was invested in the overseas sterling area, notably Australia, the largest recipient with $3,750 million. In Western Europe the EEC countries accounted for $1,120 million and EFTA countries $320 million, i.e. 9% and 3% of the total respectively. Since 1961 however there have been increasing government controls on overseas investments, beginning with a control on capital transfers to non-sterling countries in 1961, tax measures to discourage foreign investment (1965) and restrictions on investment in the stirling area (1966). This has resulted in amongst other things the gradual falling-off of investment in North America from $125 million in 1960 to $50 million in 1962. Since then however it has crept up again, and with a 50% increase in 1966 was well above the 1960 peak. Over the period 1960-1966 Britain invested between 1.5% and 9% of its foreign direct investments in the EFTA countries, and since 1960 the most important market for U.K. capital has been Switzerland, whilst Portugal with $69 million of the total $155 million EFTA investment figured largely in 1960. Since then however, the weight of Portuguese investment has declined vis-a-vis other EFTA countries (end of 1965 Portugal accounted for $92 m of the total $320 m EFTA investments), whilst other countries especially Switzerland, have taken an increasingly large share.

British investments in the EEC have developed more steadily, exhibiting a rapid upward swing from 1960 to 1963, a slight fall in 1964 and 1965, and a considerable recovery in 1966. The principal magnet of capital investment has been West Germany, where investment has increased almost every year to a peak of 33% of all EEC investment in 1966. France has also attracted much investment and the Netherlands too, but at a lower level. Over the seven-year period 1960-1966 British investment in Germany amounted to $91 million, as against $82 million for the whole of EFTA and 69 million for France, the second biggest outlet in the EEC.

Direct investment in Britain from foreign sources amounted to $5,500 million at the end of 1965, two-thirds of which came from the United States, $590 million from EFTA and $500 million from the EEC. EFTA investment in the United Kingdom was greater than British investment in EFTA, with the result that there was a net inflow of direct investment from EFTA into the United Kingdom up to the end of 1965. Compared with the other EFTA countries the individual inward investments were large, mainly due to the fact that a large proportion of them come from the U.S. and Canada.

Due to the uncertainty of the British economy and the tax situation, the levels of incoming investments have not been very stable. A high point in incoming investment was marked in 1961 ($660 m), but this was immediately offset by a trough of $365 million in 1962. Every year since 1960 the United States has provided over half of the total and in 1966 this reached a peak of 79%. Investment by EFTA partners amounted to some 15% of the total in 1962 and 1963, but more often than not their share has been less then half of this, for example 8% in 1966. Of the total $3,400 inward investment for the period 1960-1966, EFTA countries provided some $300 million, or just under 10%. The biggest annual share of this was consistently provided by Switzerland and to a lesser extent by Sweden. The part played here by Switzerland has had a particularly formative effect on the whole of EFTA. The book value of the EEC's U.K. investments in 1965 ($500 m) was slightly less than that held by Britain's EFTA partners. For the four years 1960-1963 EEC investment in Britain was running at an annual average of $23 million compared with $45 million for the EFTA partners. In the following three years however, the average for the EEC rose to $40 million p.a., whilst the EFTA partner's share fell to $36 million. During this period all EEC member countries increased their average investment in Britain - especially the Dutch.

TABLE 1 NET DIRECT INVESTMENT ABROAD BY EFTA COUNTRIES
(in million US dollars)

	Total			EFTA			EEC			USA			Rest of world		
	1963	1964	1965	1963	1964	1965	1963	1964	1965	1963	1964	1965	1963	1964	1965
Austria	2.5	2.8	4.3	0.4	0.6	1.0	1.3	1.2	1.7	0.1	0	0	0.7	1.0	1.6
Denmark	-1.5	8.0	15.3	0.6	2.2	7.3	2.7	5.5	2.6	-0.7	1.9	2.2	-2.8	-1.6	n.a.
Finland	4.9	6.0	2.1	2.9	3.4	0.6	1.9	0.9	0.5	0	0.4	0.4	0.1	1.2	0.5
Portugal	-1.2	0.3	1.1	-0.2	0	1.0	-1.1	0.1	-0.2	0	0	0	0.1	0.2	0.3
Sweden	60.3	91.2	103.4	21.0	26.8	17.5	16.2	37.7	45.9	4.1	0.8	5.3	19.0	25.9	34.7
Switzerland	n.a.	n.a.	n.a.	74.6	42.2	56.7	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Britain	660.8	736.4	884.8	44.5	13.7	42.0	111.7	102.8	101.4	31.9	87.6	63.0	472.7	532.3	678.4

February 27, 1969

TABLE 2 FOREIGN NET DIRECT INVESTMENT IN EFTA COUNTRIES
(in million US dollars)

	Total			EFTA			EEC			USA			Rest of World		
	1963	1964	1965	1963	1964	1965	1963	1964	1965	1963	1964	1965	1963	1964	1965
Austria	18.3	16.7	30.0	7.0	9.4	-	9.4	10.0	-	1.8	-2.5	-	0.1	0.2	-
Denmark	52.7	82.1	90.4	31.4	28.7	33.9	13.6	17.3	40.6	8.3	35.7	15.9	-0.6	0.4	n.a.
Finland	0.8	4.7	2.8	0.6	3.9	1.0	0.1	0.5	0.5	0.1	0.3	1.2	0	0	0.1
Norway	29.1	22.7	40.9	8.6	15.8	14.6	0.8	0.8	0,8	18.6	5.2	24.9	1.1	0.9	0.6
Portugal	10.8	11.1	24.9	5.8	5.9	16.5	3.2	2.0	3.4	1.0	1.7	3.4	0.8	1.5	1.6
Sweden	87.1	37.3	87.0	12.8	13.0	48.0	7.1	10.1	18.2	66.9	13.9	20.5	0.3	0.3	0.3
Switzerland	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Britain	448.0	453.6	529.2	62.7	30.8	34.2	27.2	54.0	41.4	290.4	325.9	401.2	67.7	42.9	52.4

VIEWPOINT

"Moneconotics".

by S. Scheps,

Vice-President of the International Credit Bank, Geneva

During the past ten years, the whole terminology of economics and politics has been in a ferment. Preciosity has not been the only force at work behind the formulation of this new jargon, and it very much behoves economic theorists to look into the respective roles in this phenomenon of, on the one hand politics, and on the other economics in its strictest sense. The first thing to be evinced by such an exercise is that the ever more intimate correlation between theory and practice has enriched both in equal measure. Moreover, economic life and thinking are becoming increasingly subjugated to their political context: it is only where we have periods of economic and political stability that the essentially political trajectory of the economy becomes obscured.

As far as monetary problems are concerned, the pattern of events since sterling was devalued leave the political import of the economy in no doubt. However esoteric the technical and financial implications of monetary problems become, they never move out of the orbit of top level political debate. Such institutions as the International Monetary Fund and the Bank for International Settlements are there to deal with them; a fact which, as much as the experience of the past ten years, and the workings of the Group of Ten in particular, bears witness to the advance of international cooperation in this sphere. It would be wrong, of course, to infer from this evidence of cooperation between such institutions and such groups that there necessarily exists any consensus at doctrinal level between those who take part.

1968, with the French crisis in May and June, and the flurry of surmise about various devaluations or revaluations that followed it, was a year in which monetary discussion reached a new pitch. At times it all gets rather bewildering, but this is precisely because most of the questions arising have been politically charged. Indeed, the choice of this or that (purely economic) argument when it comes to formulating policies has now become an essential component of the prestige-building activities of nations. We need only recall that a veil of secrecy still hangs over the guidelines for monetary policy that the new U.S. administration is working on at present, yet there can be no doubt that this aspect of government will consume as much of the Nixon adminstration's energies as any.

Fixed exchange rates are not exactly ordained by providence, but it would be folly to expect their abolition to come as some sort of panacea. This is quickly shown when we take a look at Britain: just one year after the devaluation of the pound, the independent National Institute of Economic & Social Research published a study on the development of the U.K. balance of payments. This found that because of the new exchange rates the recovery of the economy that everyone was banking on would be delayed, and that a damper would therefore have to be placed on expansion plans, allied with restrictions on imports until such time as the balance of payments came into surplus. According to the Institute, by maintaining the improving trend in exports, increasing taxation, imposing a severe credit squeeze and requiring importers for a year to put down as a deposit 50% of the value of their imports, recoverable after six months, it should be possible to achieve a balance of payments surplus of £70 million. This is a prime example of the close affinities now existing between monetary and fiscal policies and the economy in general.

When a currency is devalued or revalued, one has to tread very lightly, for all manner of economic pitfalls can then open up. This is why my own bank was opposed to franc devaluation, both in June and November of last year. The measures needed to restore the balance of the French economy are bound to demand much of the man in the street, but even he must appreciate that the defence of currency calls not only upon monetary restrictions, but economic mechanisms also. Whether or not we believe that free exchange rates and liberalised capital movements are the best devices for securing the economy, the fact is that the restrictions currently imposed upon the British and French, and upon Germans for quite the opposite reason, are something that we are saddled with for the time being.

However, the drift towards the liberalisation of capital movements was seriously impeded in 1963 when the Kennedy administration imposed its interest equalisation tax. This led to the evolution of a European capital market that had to atone for the limitations that thus fell upon the American market. Hence the sudden surge in Euro-dollars, and subsequently the new investment potential provided by Euro-bonds, some 80% of which are issued in dollars, coming for instance in the form of convertible bonds or short-term loans.

The strengthening of monetary stability could well in fact enable the issuing market to function more flexibly. When the Euro-dollar market first came into being some 90% of all its funds came from the European subsidiaries of U.S. banks; now, these cover barely 10% of the total subscribed, with a good 60% now being raised in Western Europe as such. There has been almost as distinct a reversal in the channelling of the capital so raised. Now, only a third is destined for American banks or the subsidiaries of U.S. companies; a third goes to financing the requirements of European banks and undertakings, and the remainder finds its way to various other countries, such as Japan.

Having developed in this way, the Euro-dollar market has in effect become a regulating device, serving to attenuate imbalances in international liquidity. As such, it has no mean part to play in the restoration of current balance of payments disequilibria. In other words, it has become a de facto international money market. But whatever ideas there may now be in the wind for extending its scope depend entirely on what solution is found for the parity problem. Even the system as it now operates in fact suffers only partial rigidity, and our fixed exchange rates, so-called, leave operators a modicum of room to manoeuvre in

My own opinion is that to widen the margins about parity, and even perhaps to go on to floating exchange rates as such would be no answer to the instability that international currencies are now suffering. As Samuel Brittan, economics editor of the "Financial Times" said on December 2 last, "the trouble with simply widening the margins is that the strong currencies would soon float up to the top of the permitted range, and the weak ones to the bottom - and after that the world would be back with rigid exchange rates...".

Clearly, any sort of monetary manipulation, regardless of the guise in which it comes, is subject to the strictures of economic reality. As Brittan says, "No mechanism can provide for political disturbances of the kind which led the French Government to offer 15% wage increases..."

However, I cannot endorse Brittan's argument when he goes on to say that moving exchange rates should be brought in. Monetary policy, both national and international, is in pursuit of often conflicting economic objectives. You cannot have international cooperation without prior, sustained coordination, aimed at the formulation of common monetary and economic policies. This means that what we need right now is the elimination of monetary disturbances, so that we can get down to taking our balanced measures, that alone will serve to safeguard the value of currencies, and thus the means of payment.

EUROFLASH - HEADLINES

CONTENTS

ADVERTISING

** M. Jean Reiwald, chairman of the Basle agency JEAN REIWALD AG WERBEAGENTUR (closely linked with the Agency Werbeagentur Jean Reiwald) is manager of the new Paris concern AGENCE REIWALD Sarl (capital F 20,000).

** The Milan agency AUDIOVISION ADVERTISING and the London group WORLD WIDE PICTURES LTD, which has had a Milan subsidiary, World Wide Pictures Srl, since 1962, have made a cooperation agreement covering the publishing and distribution of TV advertising shorts.

AEROSPACE

** The Tokyo group MITSUBISHI HEAVY INDUSTRIES LTD (see No 490) has started talks with the British ROLLS-ROYCE LTD, Derby (see No 489) and the French TURBOMECA SA, Bordes, Basses-Pyrenees (see No 477) with a view to building under licence the "Adour" engine (for eventual use in a Japanese supersonic trainer), the rights for which are held by the two's joint subsidiary ROLLS-ROYCE TURBOMECA LTD., London, which produces it for the Anglo-French "Jaguar" trainer.

The Japanese group already holds a licence for piston engines from the Pratt & Whitney division of the East Hartford, Connecticut division of the United Aircraft Corp (see No 494).

** The West German aerospace group VFW - VEREINIGTE FLUGTECHNISCHE WERKE GmbH, Bremen (see No 469) is preparing the ground work for the sale of its medium-haul VFW 614, which is due to fly in 1972. It has therefore taken a shareholding in the Hong Kong company AIR SERVICES CO. which operates in the aircraft maintenance sector. The group has recently become a shareholder in Rhein Flugzeugbau GmbH, Münchengladbach (see No 492) and in Henschel Flugzeugwerke AG, Kassel (see No 496). Its own main shareholders are Fried. Krupp GmbH, Essen (29.27%) and United Aircraft Corp, East Hartford, Connecticut (26.37%).

AUTOMOBILES

** VOLKSWAGENWERK AG, Wolfsburg (see No 498) and N.S.U. - MOTORE WERKE AG, Neckarsulm (see No 488) have commenced talks with a view to establishing clo cooperation links. V.W. (1968 turnover Dm 11,500 m.) plans to take a large holding in N.S. (Dm 590 m. turnover in same year), in which CITROEN SA, Paris, (see No 496) and FIAT S of Turin (see No 498) are already shareholders.

After this move, V.W. will be in a position to take a hand directly in the rotary engine project being advanced by their joint subsidiary COMOTOR SA, Luxembourg, the capital of which was raised recently to Lux f 80 million (see No 485).

** The TOYOTA MOTOR CO LTD, Tokyo (see No 497) intends to expand its sales in Sweden and West Germany. It has signed an agreement with the Swedish firm, SALEN & WICANDER A/B, Syndberg covering the distribution of some 20,000 vehicles a year.

In 1968 the Japanese group exported some 279,087 cars worth Yen 132.5 million.

BUILDING AND CIVIL ENGINEERING

** The KAUFMAN & BROAD INC group, Los Angeles, California (headed by Mr. Eli Broad, low-cost housing and residences) has extended its interests to France with the formation of an almost wholly-owned subsidiary called LA TECHNIQUE MODERNE D'ENTREPRISE GENERALE T.E.R.M.E.G. SA (president M. Harold Gootrad, Neuilly-sur-Seine).

The founder shares control of the new venture (capital F 800,000) with three of its affiliates; Kaufman & Broad Homes Inc, Southfield, Michigan; Kaufman & Broad Homes Inc, Minsdale, Illinois and International Mortgage Co. Los Angeles.

** HUMPHREYS HOMES LTD, Godalming, Surrey, (a member of the British group HUMPHREYS LTD, Wallington, Surrey) has formed the Paris company HUMPHREYS HOMES SA (capital F 100,000 - president Mr. Clifford C. Hughes). The new company will be able to carry all types of property deals in France and elsewhere, as well as taking shareholdings in the same sector.

** NV INTERIEUR PRODUKTEN has just been formed in Amsterdam with Fl 155,000 capital to trade in and make interior decoration materials. Some 60% of the capital is in the hands of Herren Alex and Marcel Strässle, chairman and managing director respectively of the Swiss internal building modules design and manufacturing concern SYMA-SYSTEL AG, Kirchberg, St Gall. Most of the remaining shares in the new company are held by Mr E.W. van der Horst of Amsterdam.

** The Dutch dredging and excavation concern R. BOLTJE & ZONEN, INTERNATIONAAL AANEMERSBEDRIJF VOOR GROND - & BAGGERWERKEN & WEGENBOUW NV, Zwolle, which recently formed a subsidiary in Hamburg-R. Boltje & Zonen GmbH (see No 489) - has backed the formation in Bremen of TRANSMUNDUM HOCHTIEF- BOLTJE & ZONEN INTERNATIONALE HOPPER GmbH. Under Herr Helmut Tillmann, this has a capital of Dm 2 million.

The founder, which belongs to the Boltje family, employs some 500 persons in the Netherlands.

** An agreement signed between the Dutch companies NV BOLLWFONDS NEDERLANDS GEMEENTEN, Assen and EUROWONINGEN NV, The Hague (see No 437) has resulted in the formation of a 50-50 property subsidiary NV PARK STOKHORST, Enschede (authorised capital Fl 500,000 - 20% issued).

Durowingen has as its main shareholders the property group Beheermij. "Eurohuis" NV, The Hague (50%)and with 25% each, the Pakhoed Holding NV group, The Hague (through Blauwhoed NV - see Transport) and the Rotterdam investment concern Beleggingsmij. Unitas NV (see No 500) a member of the S.H.V-Steenkolen-Handelsvereeniging NV, Utrecht.

CHEMICALS

** CIE DES SALINS DU MIDI & DES SALINES DE L'EST SA, Paris (capital F 63.71 m.), which recently (see No 492) gained majority control of the Marseilles concern CIE GENERALE DES PRODUITS CHIMIQUES DU MIDI SA, is about to absorb this firm entirely. After this, the latter's subsidiary, STE DES ENGRAIS DE RASSUEN SA, Marseilles in which an interest is also held by COMIPHOS - Cie Miniere & Phosphatiere SA, Paris (6.6% - itself a 25.6% affiliate of the Union Financiere & Miniere SA group), will have its name changed to Cie Generale des Produits Chimiques du Midi SA (second of the name).

Salins du Midi was formerly called Cie des Salins du Midi & des Salines de Djibouti SA, taking its present name after the absorption of Ste Saliniere de l'Est & du Sud-Ouest SA, Paris, plus five other subsidiaries (including Cie Commerciale des Sels Marins SA, Ste des Salins Mourgue & Dependances Sarl, Paris, and Ste du Salin de Quarante Sols & Dependances Sarl, Montpellier, Herault). It is around 10% affiliated to the Banque de l'Indochine SA, Paris (see No 497).

** In reorganising its chemical interests, the German QUANDT group (see No 492) has had ADCA - ALLGEMEINE DEUTSCHE CREDIT-ANSTALT, Berlin, which it took over in 1968 (see No 466) make over its 25% stake in CHEMISCHE FABRIK HELFENBERG AG, Wevelinghoven (capital Dm 1.5 m.) to BYK-GOLDEN LOMBERG CHEMISCHE FABRIK GmbH, Konstanz (see No 459). The latter is a member of the Quandt group, as a subsidiary, wholly-owned of the VARTA AG company of Hagen (see No 499).

Helfenberg has three wholly-owned subsidiaries in Wevelinghoven: Pharma-Münste Streidl & Steinkamp GmbH, and Chemische Gesellschaft Rhenania mbH (capital Dm 500,000).

** B.A.S.F. - BADISCHE ANILIN- & SODA FABRIK AG, Ludwigshafen (see No 499) has joined 50-50 with DEGUSSA - DEUTSCHE GOLD- & SILBERSCHEIDEANSTALT VORM ROESSLER AG, Frankfurt (see No 499) in a manufacturing venture covering a new type of plastic, based on formaldehyde. The two will build a 6,000 t.p.a. plant at Ludwigshafen, requiring the investment of some Dm 20 million.

In West Germany, formaldehyde is already produced by Ticona Polymerwerke GmbH, Kelsterbach (see No 335), a 50-41 subsidiary of Farbwerke Hoechst AG of Frankfurt and the Celanese Corp of New York (see No 439).

** The Franco-American MANUFACTURE DE PRODUITS CHIMIQUES PROTEX Sarl, Paris (owned by MM. Robert Mooz of Paris and Stefan Mendl of New York - minority) has formed a wholly-owned subsidiary named STE DE PRODUITS CHIMIQUES DE LORRAINE - PROTELOR Sarl (capital F 20,000 - manager M. R. Moor).

The parent company (formerly at Lavelanet, Ariege), which in 1968 formed a company in Paris named Produits pour les Techniques Avancees - Protavic Sarl (capital F 20,000), runs a formaldehyde works at Auzouer, Eure-et-Loir, and is completing work at St-Avold, Moselle, on a new plant for "Masquol" chelates, using hydrogen cyanide supplied by Ugilor SA.

** DOW CORNING CORP, Midland, Michigan (see No 492), joint U.S. subsidiary of the DOW CHEMICAL CO, Midland, and CORNING GLASS WORKS CO, Corning, New York, has expanded its Common Market interests by forming a mainly property subsidiary in Brussels under the name DOW CORNING SA (capital Bf 500,000).

The parent company is orientated mainly around silicones production, and its chief European interests are Dow Corning Sarl, Paris; Dow Corning SpA, Milan; Dow Corning NV, Amsterdam, and Dow Corning GmbH, Cologne.

** The Frankfurt chemical group FARBWERKE HOECHST AG (see No 499) has indirectly strengthened its United States interests as a result of the agreement reached between its 50% subsidiary (in association with the Wacker family) WACKER-CHEMIE GmbH, Munich (see No 495) and the New York company STAUFFER CHEMICAL CO, New York (see No 496). With the aim of cooperating in the silicones sector, the two companies have decided to form a joint New York sales concern called STAUFFER-WACKER SILICONE CORP in which the West German stake (held by Wacker Chemical Corp, New York) is the minority interest. Since 1964 (see No 246) the New York firm has been linked to Hoechst within a 50-50 plastic sheeting sales subsidiary called, Stauffer Hoechst Polymer Corp, Delaware City, Delaware.

In the United States, the Frankfurt group's interests are centred on its own New York subsidiary, American Hoechst Corp, which in 1966 absorbed three subsidiaries and made them into divisions: Carbide Hoechst Corp; Hoechst Chemical Corp; and Hostachem Corp. Its other main subsidiaries and shareholdings are Azoplate Corp, Murray Hill, New Jersey (85%); Lloyd Brothers Inc (100%); The National Laboratories Corp(100%); Hoechst Ude Corp (100 %) and Hystron Fibers Inc., Spartanburg, South Carolina in association with Hercules Inc, Wilmington, Delaware (50/50 - see No 453).

It was announced in early February that Hercules had signed a deal with the British textile group Courtaulds Ltd, giving it exclusive rights to sell the latter's "Grafil" carbon fibre in the United States, with an option for manufacture at a later date. Hercules, which is a pioneer in the use of fibre-technology in the aerospace industries, intends to use "Grafil" in its own products as well as selling it to other companies.

** CHEMIE GmbH CHEMISCHE FABRIK WITTEN, Witten-Annen (chemical products for floor-coverings - capital Dm 1 m) has formed a Vienna subsidiary called ARDEX CHEMISCHE BAUSTOFFE GmbH (capital Sch 250,000) with Herren Hans Stahl and Alfred Hager as managers.

The founder - owned by Herren Kurt Kraft and Gertrud Fortmann - has numerous foreign interests which include : Ste Chimique Ardex Noval Sarl, Ivry, Val-de-Marne (capital F 750,000); Ardex Surfaces Ltd, London; Ardex Espanola SL, Madrid; Ardex Chemie Skandinavia A/S, Lingby, Denmark, Chemotas Ltd, Tel Aviv, Israel; Vibro Products Pty Ltd, Greenacre, Australia; as an existing Austrian subsidiary, Agro Wels.

* * *

ELECTRICAL ENGINEERING

** THE MILTON ROSS CO INC, Southampton, Pennsylvania, recently took 40% directly and 40% through The Milton Ross Co of California, Los Angeles (remaining 20% from local French interests - M. Dominique Japy) in the formation of MILTON ROSS Sarl (capital F 20,000 - see No 500), to market electrical isolating, connection, circuit-breaking and distribution systems.

** The Hague holding company INDOHEEM NV (see No 482) has reorganised the exports side of its business, in the first instance by renaming its Hague subsidiary INTERHEEM NV (now INDOLA ELECTRIC INTERNATIONAL NV - head office transferred to Rijswijk). This has Fl 10 million, 20% paid up, and it will, as before export electric and electronic equipment on behalf of Indola Electric Nederland NV, The Hague. Secondly, Indoheem has formed a second company under the name Interheem NV with Fl 50,000 authorised capital (20% paid up), which will handle export sales for other companies in the group.

In addition, Indocheem is reorganising its EEC sales interests as such, and expanding these, having recently formed the Belgian company, Indola Electric Belgique SA, Anderlecht, Brussels (see No 482.) Three subsidiaries have now been formed in Düsseldorf, all with Dm 100,000 capital, and under the management of Mr Johannes van Tielraden of Pijnacker, Netherlands. The first bears the name Indola Technische Handels GmbH, and will specialise in technical equipment (measuring, control and hydraulics). The second is called Indola Electric GmbH, making electro-technical goods, mainly for the household and industry, and also plastic products. The third, EMI Ventilatoren GmbH, will be for fans and technical measuring, control and hydraulic equipment.

** A technical co-operation agreement has been signed between the Italian manufacturer of domestic appliances IGNIS SpA, Comerio (see No 500) and a firm in Yugoslavia, OBOD, Cetinje (see No 388).

The latter is already linked to the Turin group Indesit SpA and with Ignis' help it will produce plastic-finished fridges (500,000 a year) in its Montenegro factory. The plastic material will be supplied by the Yugoslavian firm Elastic, Titograd. Obod also has an existing agreement with Aspera Frigo SpA, Turin (see No 500) covering the manufacture of 100,000 refrigerator compressors a year.

** The Geneva company SODECO-STE DES COMPEURS DE GENEVE SA (electro-technical equipment, meters and time-mechanisms for the electronic, and telecommunications industries and for nuclear physics) has a 60% controlling stake in the newly-formed ELECTROWATER NV (capital Fl 300,000). Other shareholders with 20% each are Messrs N. Wilhelm Pickard and N. George Pickard (both from Amsterdam) who have made over to the new company, the firm - INGENIEURS-BUREAU ELECTROWATER, Amsterdam, which they owned.

The Swiss company is already represented in the Common Market by Sodeco Italiana Srl, Milan.

** STE DE CHAUFFAGE & GAZ STYX SA, La Plaine-St-Denis, Seine-St-Denis (turnover F 50 m - 350 employees) which makes gas and oil-fired water heaters has gained control of ETS LEMERCIER FRERES SA, Clichy, Hauts-de-Seine. This has some 160 employees (turnover F 15 m - capital F 2.61 m) and production facilities at head office and Gisors, Eure where it makes electric water heaters. M. Maurice Vidaleng, president of Gaz Styx will replace Mme J. Lemercier as president of the Clichy firm.

** KRONA DISTRIBUTION CO-KRONA SA Ixelles-Brussels (capital Bf 5 m) which was formed in April 1968 (see No 460) with the backing - including a token shareholding - of the American group EVERSHARP INC, Milford, Connecticut (see No 497) to market electric razors and toiletries has been dissolved. EVERSHARP BELGIUM Brussels has been appointed to finalise this move.

Krona was directly controlled by the group's Amsterdam subsidiary, Eversharp Nederland NV, and the latter's sister-companies also had token shareholdings. These were Eversharp Sweden A/B, Halmstad; Eversharp Norway A/S, Oslo; and Schieversharp GmbH, Cologne.

ELECTRONICS

** The London based electronics company, CAMBRIDGE INSTRUMENT CO LTD, London (see No 444) has formed a West German sales company based in Dortmund. This is called CAMBRIDGE INSTRUMENT GmbH.

The founder already had a couple of Common Market subsidiaries: Cambridge SA Paris (formerly Cambridge - E.I.L. France) and Cambridge - C.G.S. SpA, Casoria, Naples. The latter is in association with Instrumenti di Mesura C.G.S.SpA Monza, Milan. It also has subsidiaries in the United States, Cambridge Instrument Co Inc, and in Australia, Canada and India.

** NIXDORF COMPUTER Sarl (formerly Wanderer France Sarl), Paris subsidiary of the German concern NIXDORF COMPUTER AG, Cologne (invoicing and ledger-keeping computers, graphite trace accounting systems, mag. tape data storage etc - a member of the Paderborn Heinz Nixdorf group - see No 495) is about to absorb CIE REAL - ETS C. MAMET SA, Paris (capital F 200,000), and so raise its capital to F 1.2 million.

Mamet is in fact one of Nixdorf's sales organs in France, and the marketing network also includes: SA Mecaconta, Lyons; Ets Papeterie Faure, Clermont-Ferrand; Mecanix SA, Nice, and B.G.N. Bureau Service, Valence and Marseilles, all of which belong to the groupement d'interet economique Unitronic (capital F 77,000).

** In rationalising its U.S. interests (see No 484), the Eindhoven group PHILIPS GLOEILAMPENFABRIEKEN NV (see No 500) has merged NORTH AMERICAN PHILIPS CO with CONSOLIDATED ELECTRONICS INDUSTRIES CORP - CONELCO, whose respective turnovers during the last financial year were $154 and $346 million respectively.

The company resulting from this move will be called NORTH AMERICAN PHILIPS CORP (second of the name), and will be 66% controlled by the Dutch group through its New York holding company U.S.PHILIPS' TRUST. Production ranges from electronic components to chemical and pharmaceutical products.

ENGINEERING AND METAL

** The French engineering company STE PROMECAM SISSON-LEHMANN SA, St-Denis, Seine-St-Denis (see No 376) is hoping to increase its share of the Canadian market by opening a sales agency in Montreal. This will be followed by the formation of a subsidiary and the construction of an assembly line in 1970.

The French firm has production facilities at head office, Charleville, Ardennes, Chateau-du-Loir, Sarthe and Dannemoine, Yonne. Its "Promecam" division makes hydraulic presses and folding machinery, etc, whilst its "Sisson-Lehmann" division manufactures compressed air and turbine metal pelleting equipment. Apart from a Paris subsidiary responsible for expanding its export sales, Promecam International SA (capital F 100,000), it also has a branch in St-Josse-ten-Noode, Brussels.

** The Dutch investment company VEEM-VERENIGDE EINDHOVENSE EXPLOITATIE MIJ. NV (see No 487) closely-linked to the Amsterdam -based NEDERLANDSE OVERZEE BANK NV (a member of the BANK & ASSURANTIE ASSOCIATIE NV - see No 500) has gained control of the metal and scrap metal dealers and processing firm IJZERHANDEL HOLLANDIA NV, Amsterdam (along with its subsidiary NV SLOOP-MIJ. HOLLANDIA, Amsterdam). VEEM has thus strengthened its interests in a sector where it already controls FRANK RIJSDIJK-HOLLAND NV, Hendrik-Ido-Ambacht, gained as the result of a take-over bid made on its behalf by INVESTINGSBANK AMSTERDAM NV, the 75-25 subsidiary of NED OVERZEE BANK and HAMBRO INTERNATIONAL NV (see No 500).

The firm thus acquired has since been made into a holding company called HET RODE ZAN NV, Amsterdam after having transferred its manufacturing and sales interests to FRANK RIJSDIJK HOLLAND, the second concern to have this name. Since 1965 it has controlled "Tubus" Handel-Mij NV, Hendrik-Ido-Amsterdam, recently made into a property company called NV DE STEENPLAATS, Amsterdam (capital Fl 251,000). In 1968 it also acquired the Amsterdam scrap metals firm Alfread Arn. Nijkerk.

** The portfolio company LA MURE SA, Paris (see No 412) has taken a 50% share in SIDES - STE INDUSTRIELLE POUR LE DEVELOPPEMENT DE LA SECURITE SA, St-Nazaire and Champigny, Val-de-Marne, which with M. A Rotivol,as president makes bulk materials for fire protection: mobile extinguishers and pumps.

After this operation CIE CENTRALE SICLI SA, Paris (sales in 1968 of F 71.53 m - see No 496), in which La Mure recently raised considerably the 15.9% stake which it had at the end of 1968, made a cooperation agreement with Sides, whose products are complementary to its own.

** With the aim of financing the expansion of its Paris subsidiary FODEC SA, the West German manufacturer of electrical equipment for dental laboratories KALTENBACH & VOIGT KG, Biberach, Riss, has raised the French firm's capital from F 85,600 to F 200,00

The founder employs some 1,200 persons and its other foreign affiliates include Ka Vo Dental Manufacturing Co (G.B.) Ltd, London, and Ka Vo Do Brasil Industria & Comercio, San Catarina, Brasil.

** The British manufacturer of car accessories (especially windscreen washers) TUDOR ACCESSORIES LTD, Hayes, Middlesex, has closed down its West German subsidiary TUDOR ACCESSORIES GmbH, Krefeld. This was formed in April 1964 (see No 266) with a capital of Dm 20,000, with Herren Fred Worms and Dieter Oehmke as managers.

The British company has a large number of subsidiaries outside Europe: Tudor Accessories (North Africa) Ltd, Tudor Accessories (USA) Inc (formed in 1968 at Oswego, Illinois) and Tudor Accessories (Australia) Pty Ltd.

** The Danish agricultural machinery firm GYRO A/S, Skive, has formed a Hamburg sales company GYRO-LANDMASCHINEN HANDELS GmbH (capital Dm 20,000) with Herr Volker Rollenhagen as manager. The founder is represented in France by H. BENAC & FILS SA, Berdoues, Gers.

** The Swiss company RUNTAL SA, Neuchatel, has formed a direct 91% Milan subsidiary called RUNDAL SpA (capital Lire 22 m). The new company will manufacture and sell heating equipment, water heaters, ventilators and air conditioners.

Run by M. C. Wüst (vice president of the new company), the founder and Runtal-Werk AG, Will, St-Gall, are linked with the family-owned West German concern Heizbau GmbH Gebr Reusch & Co KG, Hoffnungsthal (see No 497), whose patents they use. This has three finance and management companies based at Glarus, Runtal Holding & Co SA, Runtaltherm SA and Runtalux SA. The last-mentioned is the founder of the new Paris firm Centralgaz SA (see No 497).

** WOLTER & DROS NV, Amersfoort (subsidiary of the Rotterdam group NV OVERZEE-GAS & ELECTRICITEITSMIJ. -OGEM - see No 477), which assembles and installs air conditioning, refigeration and central heating equipment, has acquired the central heating interests of NV KONINKLIJKE HAARDENFABRIEK E.M. JAARMSA, Hilversum. The latter is in fact controlled by N.V.F.M. JAARSMA (see No 299). Also taken over was the Middenburg heating concern, SAWEMA VERWARMINGSBEDRIJF NV, which employs some sixty people.

OGEM (5,900 employees - 1967 turnov r Fl 224 m) has also taken over the Amsterdam technical equipment trading concern TECHNISCHE HANDELSBUREAU KONIG NV (120 on payroll) and formed a subsidiary in Vreeswijk called MONSTER VREESWIJK NV (authorised capital Fl 500,000 - 20% issued). This will manufacture, assemble and trade in building materials, machinery, construction plant fuel, tar-based products and paints. The new firm has a sister company J.A. Monster NV (authorised capital Fl 1 m - 20% issued), which was acquired during 1967 by OGEM.

** The Utrecht companies ROLANDE, INDUSTRIELE ONDERNEMING NV and SEUMEREN'S BELEGGINGSMIJ. SEBEMA NV have backed the formation in Belgium of REMORQUES ROLANDE NV, Maaseik (capital Bf 80,000). The new company will repair and maintain road tankers and machinery as well as operating a workshop. The two founders along with their director, Mr. Adelbert van Seumeren, have a 66.6% direct and indirect controlling interest in the new firm, whilst the remainder is held by Belgian interests represented by M Lambert Latinne.

** The merger decided upon in late 1968 (see No 487) between the steel and cylinder block castings interests of CHAVANNE-BRUN SA, St-Chamond, Loire and CIE FINANCIERE DELATTRE-LEVIVIER SA, Courbevoie, Hauts-de-Seine, has now taken place with the formation of a 50-50 Paris subsidiary called CHAVANNE-DELATTRE SA (capital F 5 m). The president and managing director is M. Robert Chavanne (director of the St-Chamond firm) and the deputy chairman and managing director is M. Michel Ravery (in charge of the St-Chamond firm). The new concern has taken over from Chavanne-Brun gross assets estimated to be worth some F 15.73 million (including a manufacturing and sales complex for cast cylinder blocks for the steel and other industries at St-Chamond) and from Delattre-Levivier has acquired gross assets estimated to be valued at F 13.96 million (including its "casting" interests at Frouard, Meurthe-et-Moselle.

Delattre-Levivier is a member of the SCHNEIDER SA group, Paris, and it has a stake in Chavanne-Brun, which is also affiliated to the Banque de Paris et des Pays-Bas, and to Forges de Chatillon Commentry & Neuves-Maisons SA.

** The French State group REGIE NATIONALE DES USINES RENAULT SA, Boulogne-Billancourt, Hauts-de-Seine (see No 499) has made an agreement through its RENAULT MACHINES-OUTILS division with BERARDI ARGENTINA SA, Buenos-Aires, under which the Argentine firm will manufacture the French company's electrically controlled machine tools. Both sides will also cooperate closely in selling this equipment throughout Latin America.

In the special machine tools sector (especially assembly equipment), Renault renewed during 1967 the technical assistance agreement it has signed with the Tokyo firm Mitsui Seiki Kogyo Co Ltd (a member of the Mitsui & Co Ltd, Tokyo group - see No 492). One of its main European licensees (especially for machining equipment) is the London firm Vaughan Associates Ltd, which also markets some of the assembly machinery manufactured in France.

** The Italian firm HYDROMAC SpA, Tricino Vercellese (civil engineering equipment and machinery) will be represented in Switzerland by the newly-formed company KELLER- HYDROMAC AG, Regensdorf (capital Sf 50,000), with Sig Edda Caramello, Turin, as director.

The founder (capital Lire 250 m) is a licensee of the West German heavy engineeri group Klöckner-Humboldt-Deutz AG, Cologne (see No 498).

** The West German manufacturer of piping and rotary pumps RHEINHÜTT VORM. LUDWIG BECK & CO KG, Wiesbaden-Biebrich, has formed a French sales company called RHEINHUTTE FRANCE Sarl, Meudon (capital F 200,000). It has a direct 8% interest with the remainder shared between some 13 German shareholders including Herr Walter Beck (15%), Herren Gustav Wendt, Eduard Rabas and Sigismund Walther (12.5% each)

Until now the company (capital Dm 6.5 m - 900 on payroll) was represented in France by the Paris concern STE DE CONSTRUCTIONS ELECTROMECANIQUES JEUMONT-SCHNEIDER SA (see No 493).

** A technical agreement which will result in the formation of a 50-50 Itali subsidiary has been signed in Düsseldorf between GERHARD GEIER KG, Nevigeo, and GANDUSIO ENGINEERING SpA, Milan (see No 498). The new company will manufacture and provide chemical, biological and engineering equipment for water processing and treatment.

** The West German company HUENNEBECK GmbH, Lintorf, Düsseldorf (capital Dm 6 m - metal scaffolding and shuttering) has formed an Austrian subsidiary called HUENNEBECK GmbH, Vienna (capital Sch 3 m). The founder is the centre of a group controlled by the Hünnebeck family, whose turnover in 1968 reached Dm 100 million. Members of the group in West Germany include Deutsche Stahllamelle Hünnebeck KG, Lintorf (capital Dm 670,000) and Rex Hünnebeck GmbH, Lintorf (capital Dm 5 m), in which Herr H.J. Hünnebeck is linked on a joint basis with the American company Rex Chainbelt Co, Milwaukee, Wisconsin (see No 352). Abroad the group has a Swiss holding company Hünnebeck AG, Zug (capital Sf 350,000) and controls the activities of C.T.C. - Cia Tecnica Commerciale Srl, Milan, Hünnebeck Austria GmbH, Vienna and Skandinaviska Hünnebeck A/S, Copenhagen.

** An agreement signed between NEDERLANDSCHE WAPEN- & MUNITE-FABRIEK "DE KRUITHOORN" NV, 's-Hertogenbosch (see No 490) and HERBERHOLD BATTERIJENFABRIEK NV, Utrecht (commercial trade name DE WITTE KAT) has resulted in the formation of a 80/20 subsidiary called METAALWARENFABRIEK TILBURG NV, Tilburg (authorised capital Fl 1 m - 20% issued). Under Messrs T. Blind and J.C. Samuels, this will operate in the plastics and ingineering sectors and also manufacture industrial plant.

The first founder makes munitions, fire arms and light metal products. It is the wholly-owned subsidiary of the German engineering group INDUSTRIE-WERKE KARLSRUHE AG, Karlsruhe (QUANDT) and holds a 50% stake in Metaalwarenfabriek Hollandia NV, Amsterdam.

** The formation of a new nickel mining company in New Calidonia (see No 432) called CIE FRANCAISE MINIERE DU PACIFIQUE-COFIMPAC SA, which will terminate the monopoly until now held by LE NICKEL SA, Paris (a member of the ROTHSCHILD group) has now been decided. Cofimpac will be a 40% affiliate of the mining and engineering group INTERNATIONAL NICKEL CO OF CANADA LTD, Copper Cliff, Ontario (see No 459), which will finance 60% of the investment needed to carry through the new project, whilst it will be 60% controlled (40% contribution towards the investments) by STE AUXILIAIRE DU PACIFIC-SAMIFAC SA (initial capital F 6 m).

The latter was formed in early 1968 and its main shareholders are the State Bureau de Recherches Geologiques & Minieres - B.R.G.M. (30%), Ugine-Kuhlmann SA (30%), Banque de Paris & des Pays-Bas SA (9%), Banque de l'Indochine SA (7%), Cie de Mokta SA (7%), Cie Financiere de Suez & de l'Union Parisienne SA (6%), Cofimer- Cie Financiere pour l'Outremer SA (5%) and B.N.P. -Banque Nationale de Paris SA (4%).

The Paris firm LES APPLICATIONS DU BRASAGE SA, which trades in and sells brazed machine parts and allied finished and semi-finished products, as well as patents and trade names, has doubled its capital to F 210,000(see No 493). This increase has been underwritten on a pro-rata basis by the British company BRIGHT BRAZING LTD, Walsall, Staffs and the French companies VANTROYEN & CIE SA, Paris, and STE FRANCAISE DE MECANIQUE & DE PLASTIQUE SA, Villetaneuse, Seine-St-Denis.

The latter, which at the same time is taking over two subsidiaries Ste d'Outillages de Presse & d'Automation Sarl and Ste d'Emboutissage de Decoupage & d'Assemblage Sarl (both at Villetaneuse), will as a result increase its capital to F 1.15 million.

** An agreement has been signed between the Italian and American concerns manufacturing valves and control equipment for the oil, petrochemical and chemical industries, WALWORTH-ALOYCO INTERNATIONAL SpA, Patti, Messina (see No 477) and SA FONDERIE OFFICINE DI GORIZIA SpA, Gorizia, Trieste (see No 384). The aim of the agreement is for the latter (capital Lire 1,000 m - controlled by the I.R.I. group through its Finmeccanica SpA subsidiary - see No 500) to take over Walworth's manufacturing interests in Naples. Walworth-Aloyco International (capital Lire 1,000 m) is affiliated to the American group Walworth Co, Oakland, California (see No 453) and General Waterworks Corp, Philadelphia. Its main shareholder is Officine Meccaniche & Fonderie Napoletane SpA, Naples (see No 475), the subsidiary of Finmeccanica.

** The French company PECQUET, TESSON & CIE Sarl, Crouy, Aisne, has taken a majority shareholding in the boiler firm CHAUDRONNERIE FRANC-COMTOISE SA, Lons-le-Saunier, Jura (industrial boilers and heat exchangers), and then changed its name to STE FRANC-COMTOISE PECQUET-TESSON SA. M. Maurice Parain will however remain president, although the board will now include MM.Pierre and Francois Tesson.

Pecquet, Tesson (boilers, welded sheet, welded gas cylinders and pressure containers etc.) has production facilities at its head office at La Courneuve, Seine-St-Denis and Sotteville-les-Rouen - through its subsidiary Ste Rouennaise Pecquet Tesson & Cie Sarl, Petit-Quevilly, Seine-Maritime.

** The Dutch engineering group V.M.F. - VERENIGDE MACHINE-FABRIEKEN NV, The Hague (see No 497) has backed and also taken a token shareholding in the formation of the new Rotterdam company INDUSTRIELE REINIGINGS CONTRACTORS RECON NV (capital F 125,000), which is directly controlled by its subsidiary WESCON-WERKSPOOR SERVICES & CONSTRUCTION NV, Utrecht. The new concern will be run by Messrs H. Plaat and J. Schröder, and will provide cleaning services and equipment for industrial plant as well as selling cleansing products.

Wescon, which provides and builds plant for the petrochemical, sugar and oil industries, has associated companies in West Germany (Fritz Hirsch Rohrleitungsbau GmbH, Essen-Bredeney), in the Dutch West Indies (Werkspoor Caribbean NV, Willemstad, Curacao), in Iran (Wescon-Werkspoor Services & Construction, Teheran) and in Australia (World Services & Construction Pty Ltd, Melbourne).

** The London group B.T.R. INDUSTRIES LTD (industrial plumbing - see No 386) has strengthened its West German interests by opening a branch in Nuremberg to its subsidiary B.T.R. INDUSTRIES GmbH, Derschlag-Schönenthal, Gummersbach, which was formed in 1961 with a capital of Dm 405,000).

The British group's other subsidiaries in continental Europe include B.T.R. Industrie SA, Paris (capital F 100,000) and B.T.R. Industries A/S, Copenhagen. There are also subsidiaries in Canada and South Africa.

FINANCE

** The New York investment bank, SUEZ AMERICAN CORP (a member of the Paris group CIE FINANCIERE DE SUEZ & DE L'UNION PARISIENNE SA - see this issue) has sponsored the formation of an international investment fund SUEZ AMERICAN RISK CAPITAL FUND (authorised capital $ 20 m). This will invest in key and developing industries and help to finance expanding American firms.

The president of the new concern is Mr. Roger C. Juncker, who holds the same position in the New York firm. Its other founders are the BANQUE DE SUEZ & DE L'UNION DES MINES SA, Paris and its New York affiliated SUEZ INTERNATIONAL INVESTMENT CORP, as well as ALGEMENE BANK NEDERLAND NV, Amsterdam, BANKHAUS BURCKHARDT & CO, Essen, ROBERT FLEMING & CO, London, CAZENOVE & CO LTD, London and BANQUE DE L'UNION PARISIENNE - C.F.C.B. SA, Paris.

** The French banks STE GENERALE SA, Paris (see No 499) and STE MARSEILLAISE DE CREDIT SA, Marseilles (see No 441) have made over a 25% stake in their almost wholly-owned joint subsidiary STE GENERALE MAROCAINE DE BANQUE SA, Casablanca (capital Dirham 6.4 m - see No 329) to the Moroccan DEVECO SOUSS SA (capital Dh 2.2 m).

** The London merchant bank of ROBERT FLEMING & CO LTD (see No 480) has appointed FINIMSA - FINANCIERE & IMMOBILIERE SA, Luxembourg (of the group KREDIETBANK NV, Brussels and Antwerp - see No 499) to set up an investment trust in Luxembourg using Japanese securities, and called FLEMING JAPAN FUND SA (authorised capital $ 10 m), and with it a subsidiary named FLEMING JAPAN HOLDING CO SA (capital $ 5,000), to buy back the Fund's shares on request from shareholders.

The KREDIETBANK SA LUXEMBOURGEOISE (subsidiary of the Belgian bank) will handle the new concern's financial service, as it does for two other recently-formed trusts, Hambro Overseas Fund SA (see No 500), and Japana Pacific Fund SA (see No 499). Robert Fleming is linked with the Cie Financiere de Suez & de l'Union Parisienne SA, Paris, within Fleming Suez Ltd bank of London (see No 458), and with Suez at the end of 1968 formed another investment trust called Fleming Fund SA, Nassau, Bahamas.

** Under a merger in France between the investment companies CIE DU NORD SA (a member of the ROTHSCHILD SA group - see No 497) and COFIREP - CIE FINANCIERE DE RECHERCHES PETROLIERES SA (see No 459), Cie du Nord will take over and absorb Cofirep. The latter has also begun negotiations for a similar move in conjunction with Cie Nouvelle Repfrance SA (see No 472).

Cofirep, which recently made over a portfolio investment worth F 141.58 million to Ste Miniere & Metallurgique de Penarroya SA (capital then raised to F 262.95 m - see No 496) will then strengthen the dominant position of Cie du Nord in Penarroya as its shareholding will be increased to some 40%.

** The Paris group CREDIT INDUSTRIEL & COMMERCIAL SA (see No 486) has backed the formation - with M. A. Pierrey as president - of an investment subsidiary called INTERSEM SA - capital F 100,000). Control is shared with ten other regional subsidiaries, including BANQUE DU PORT SA, Valenciennes, Nord; BANQUE SCALBERT SA, Lille; BANQUE REGIONALE DE L'AIN SA, Bourg; CREDIT INDUSTRIEL D'ALSACE & LORRAINE SA, Strasbourg; CREDIT INDUSTRIAL DE L'OUEST SA, Nantes; STE LYONNAISE DE DEPOTS & DE CREDIT INDUSTRIEL SA, Lyons and STE BORDELAISE DE CREDIT INDUSTRIEL & COMMERCIAL SA, Bordeaux.

** The COMMERZBANK AG, Düsseldorf has been the sole shareholder of the INTERNATIONAL COMMERCIAL BANK LTD, London (see No 414 - authorised capital £ 110 m) to underwrite the increase in the latter's capital from £ 3.15 to £ 3.5 million. As a result its shareholding now stands at 20% so that the German group is now on an equal footing with the other shareholders: First National Bank of Chicago, Chicago (see No 496); Irving Trust Co, New York; National Westminster Bank Ltd, London (see No 496) and Hong Kong & Shanghai Banking Corp, London and Hong Kong (see No 431).

** Following its reorganisation, the BANQUE DE PARIS & DES PAYS-BAS SA, Paris (see No 463) has made over to the STE NOUVELLE DE PARTICIPATIONS FINANCIERES SA, Paris (see No 400) various important shareholdings in the French engineering industry held by CIE FINANCIERE DE PARIS & DES PAYS-BAS SA, by OMNIUM DE PARTICIPATIONS FINANCIERES & INDUSTRIELLES SA and by IMMOBILIERE & FINANCIERE POUR L'INDUSTRIE & LE COMMERCE SA.

As a result of this move, Nouvelle de Participations Financieres (president M. Gerard Eskenazi) has raised its capital from F 100,000 to F 35 million and has acquired the following shareholdings: 30% in the FIVES-LILLE-CAIL SA group (see No 484); over 12% in STE FRANCAISE BABCOCK & WILCOX SA (a member of the London group Babcock & Wilcox Ltd - see No 495) and over 16% in CIE INDUSTRIELLE & FINANCIERE DES CHANTIERS & ATELIERS DE SAINT-NAZAIRE (PENHOET) SA (see No 486).

** A 50-50 link-up in Amsterdam between NV DE INDONESICHE OVERZEESE BANK (controlled by the Indonesian Central Bank - see No 312) and NEDERLANDSE OVERZEE FINANCIERINGS-MIJ (NOF) NV (see No 499) has resulted in the formation of a development bank for Indonesia, NV ONTWIKKELINGSBANK VOOR INDONESIE (authorised capital Fl 10 - 25% issued). Other countries will be able to join the new bank to which the Dutch government has made a contribution of Fl 5 million to finance its first loans.

** The French bank MORIN PONS SA, Lyons (formerly VEUVE MORIN PONS MORIN & CIE Scs) has established on its premises a holding company called CIE FINANCIERE DE PARTICIPATIONS SA (capital F 8.35 m) whose president is M. Raymond Tournassus. It has made over to the new bank its stake in the subsidiary formed in August 1965, CIE FINANCIERE D'EQUIPEMENT SA (capital F 1.5 m).

** The Glasgow management and financial consultants MURRAY, JOHNSTONE & CO have backed the formation in Luxembourg of the investment company MURRAY FUND SA (authorised capital $ 4 m), whose founders include five "open-end" Glasgow investment concerns linked to the MIDLAND BANK LTD group (see No 491) through its subsidiary CLYDESDALE BANK LTD, responsible for the financial aspect.

The five companies are SCOTTISH WESTERN INVESTMENT CO LTD, THE CALEDONIAN TRUST CO LTD, THE CLYDESDALE INVESTMENT CO LTD, THE SECOND GREAT NORTHERN INVESTMENT TRUST LTD and THE GLENMURRAY INVESTMENT TRUST LTD.

** Lebanese interests represented by M.K.Ousseimi, Beirut and the holding company GEFINOR BANK LTD, Nassau, Bahamas have formed a Luxembourg investment concern FORTUNE FUND SA (authorised capital $ 1 m). Apart from the founder, the members of the board include Mr. J.B. Stewart, Edinburgh and the Geneva finance company GEFINOR - STE DE FINANCE & D'INVESTISSEMENT SA.

** The Zurich DOW BANK AG (see No 468) and the Paris bank HOTTINGUER & CIE Snc (see No 393) have each taken a 20% stake in the BANQUE CANADIENNE NATIONALE (FRANCE) SA, Paris a subsidiary since 1907 of the NATIONAL CANADIAN BANK LTD, Montreal, Quebec. Its name has been changed to BANQUE CANADIENNE NATIONALE (EUROPE) SA and M. L. Hebert will be the president. MM. M. de Chabaud Latour, L. Boily and R. Surel will run the bank.

Dow Bank AG (capital Sf 100 m) is a member of the DOW CHEMICAL CO group, Midland, Michigan (see No 500) and it will be represented on the board of the French bank by its president Mr R.B. Bennett and M.Z. Merszei, director-general of Dow Chemical (Europe) SA, Zurich; Hottinguer & Cie, which is linked to the Paris insurance group Drouot through Sogefi SA, will be represented by MM. Henri & J.P. Hottinguer.

** MM Ernest Töttösy, Brussels, and E. Giubelli Nice, Alpes-Maritimes, have each taken a 50% stake in the newly-formed Milan company UNITED ATLANTIC INVESTMENT CORP ITALIANA SpA (capital Lire 1 m). This new concern will distribute in Italy investment certificates issued on behalf of U.A.I. Corp Ltd, Brussels. The latter already handles certificates issued by Dreyfus Fund Inc, Technology Fund, Fidelity Fund Inc, and Value Line Inc etc. Its agents in Piedmont are Euromarket Italia Srl, Turin and in Lombardy Fingene-Finanziaria Generale Srl, Milan.

FOOD AND DRINK

** Zurich interests represented by the investment company H. SIMONIN AG (a member of the BANK IN BADEN AG - see No 422) the majority shareholder and THESAURUS CONTINENTALE EFFEKTEN GESELLSCHAFT (a member of the UNION DE BANQUES SUISSES SA - see No 386) with 34.5% have gained control of the wine company S.I.L.P.- STA ITALIANA LIQUORI POMEZIA DI F SCHILDEO & CO Scs, Pomezia, Rome.

The latter's name has been changed to SAIP-SOC. AGRICOLA INDUSTRIALE POMEZIA DI ALFREDO BOTTA & CO Scs (capital Lire 700 m) and it has been moved to Latina, as well as having a branch opened in Milan. Its two 1966 founder shareholders, SOC FINANZIARIA F.A.DALLE MOLLE & CO and FINANZIARIO MARIO DALLE MOLLE Sas, both from Rome, have sold their shareholding to Thesaurus Continentale Effekten.

* An agreement signed in France between the manufacturer of jams and tinned fruits SA DES ETS LEREBOURG, Liverdun, Meurthe-et-Moselle (see No 268) and STE DE FABRICATION & DE DISTRIBUTION DE PRODUITS ALIMENTAIRES-PATISFRANCE Sarl, Paris (industrial baking and tinned fruits) has resulted in the formation of the "groupement interet economique" G.I.E. -LORRAINE.

Lerebourg (annual turnover F 38 m) is also a founder shareholder in Sexcofrance - Ste d'Exportation des Confituriers & Conserveurs de Fruits de France SA, Paris, along with 1 other firms in the same sector. For its part Parisfrance has production facilities at Ripport and Charmes, Meurthe-et Moselle, and its annual turnover is around F 55 million.

** The GRANDS MOULINS DE PARIS SA group (headed by the Vilgrain family - see No 490) is shortly to take a majority stake in the "groupement d'interet economique" NOBEL, which carries out R & D of wheat products as well as their sales promotion. M. Francis Vilgrain has been appointed managing director. One of the Groupement's developments is "Tamisee" extra-fine flour.

The Paris group's recent moves include the taking of a 72% direct shareholding in the Groupement d'Interet Economique A.R.I.A. - Groupement d'Analyses & de Recherches Pour Les Industries Alimentaires Cerealieres, whose sole director is M. Pierre Vilgrain. Two of its subsidiaries, Grands Moulins de Bordeaux SA, Bordeaux and Grands Moulins Vilgrain SA, Nancy each have a 10% stake. Abroad it has a stake in Ste Meuniere & Avicole du Gabon - S.M.A.G. SA, which was recently formed to build and run a plant making flour and animal-feedingstuffs (15,000 t.p.a. capacity) at a cost of some F.Cfa 360 million. Its other shareholders are the group's subsidiary Ste Industrielle & Agricole du Niari SA, Cofimer-Cie Financiere Pour L'Outremer SA (see No 495) and the Ste Nationale d'Investissement du Gabon SA.

** A reciprocal distribution agreement has been signed between the London brewing group COURAGE, BARCLAY & SIMONDS LTD (see No 477) and the Marseilles concern BERGER SA, Marseilles (formerly C. Berger & Cie SA).

The latter (capital F 4.56 m - authorised F 15 m) has production facilities in Marseilles, Paris, Bordeaux, Lyons, Rennes, Lille, Woippy-lez-Metz and Rouen making aniseed-flavoured apertif (Berger Pastis, Berger blanc, Anisette Berger) rum (Blachman, Braza) as well as calvados, flavourings and sparkling wines (Greyman). It acts as export representative for the calvados, cognac, rum, cassis, aperitifs, and sparkling wines made by Nicolas Napoleon & Cie. The London brewery sells, apart from its beer, "Kinloch" and "Saccone & Speed" wines and spirits through its subsidiaries, Charles Kinloch & Co Ltd and Saccone & Speed Ltd, as well as "Hankey Bannister" whisky.

** The Levallois-Perret, Hauts-de-Seine group GERVAIS-DANONE SA (see No 488), which is diversifying its interests beyond the dairy sector (see No 485), has made in principle an agreement with the Nanterre pasta and ready-cooked meals concern MILLIAT FRERES SA (see No 483), with a view eventually to gaining control of the same.

Milliat (turnover around the F 30 m. mark) is currently reorganising its manufacturing interests within three units for pasta (Marseilles, Montauban and Nanterre), one for semolina milling (Marseilles) and one for prepared meals (Vineuil), whilst it is further planning to launch new lines, in particular powered, instant desserts. It has several foreign manufacturing subsidiaries and affiliates, especially in Belgium (Wygmael), Spain (Granollers, Barcelona) and Cameroun (Douala). Gervais-Danone (nine factories in France and seven in the rest of Europe) a few months ago gained 50% control of the delicatessen concern L'HUISSIER SA, Paris and Conerre, Sarthe (see No 484), wherein the other half of the capital is controlled by the British group Bowyers (Wiltshire) Ltd, Trowbridge, Wilts.

GLASS

** The further re-organisation of the Belgian glass industry has resulted in NV GLASFABRIEK DE RUPEL, Boom making over its interests in this sector to MANUVERBEL SA, Ville-sur-Hainaut (see No 477), which as a result has raised its capital to Bf 178.9 million.

Manuverbel, which has facilities at Havre, Hainaut, Ville-sur-Haine and Boussu, was formed in June 1968 by the merger of the "goblet" interests of Manufacture de Boussu SA and Verreries & Gobeleteries Doyen SA.

INSURANCE

** The Italian insurance company ITALIA ASSICURAZIONI SpA, Genoa (see No 455) has re-organised its Belgian representation by closing down its Antwerp office, which was run by Sig H. Terzago. It has only one office - in Brussels - under M. L. Verschueren.

With Sig Pietro Avonzo as president, the Genoa firm belongs to the Milan group Montecatini Edison SpA, and in 1968 it signed an agreement with the American company Seabord Corp, Miami, Florida. This covered the introduction into Italy of new types of commercial insurance and the issuing of investment trust certificates.

* A cooperation and mutual assistance agreement linked to reciprocal minority shareholdings has been signed between STE REALE MUTUA DI ASSICURAZIONI SpA, Turin (see No 392) and COLONIA KOELNISCHE VERSICHERUNGS AG, Cologne (see No 83).

The Cologne company has a well-established network of branches in West Germany and is also represented in Brussels and Geneva. It is an affiliate of the Aachener & Münchener Feuer-Versicherungs-Gesellschaft, Aachen (31%) and National Allgemeine Versicherungs AG, Lübeck (13.6%). For its part the Turin firm has several subsidiaries and affiliates in the insurance sector and controls the Paris companies L'Equite SA and Mutuelle Royal Assurances Turin.

* The Paris insurance company LA PRESERVATRICE A.I.R.D., Paris (see No 267 - a member of the WORMS & CIE group - see No 499) has appointed the Liverpool company GROVES, JOHN & WESTERN LTD, as its British representative.

The French company (capital F 37.5 m - 1968 issued premiums F 386.76 m) is also represented in Brussels and Saarbrucken.

The London insurance company STEWART, SMITH & CO, which forms part of the MERCURY SECURITIES LTD, London finance group (see No 350) has formed a Düsseldorf subsidiary called STEWART, SMITH & CO GmbH. With a capital of Dm 100,000, this has Herr Klaus von Büren as manager.

MINING

** P.T. PACIFIC NIKKEL INDONESIA, sister company to PACIFIC NIKKEL MIJN-BOUW MIJ NV, The Hague (see No 444), has acquired a permit to prospect and extract from nickel and cobalt deposits covering a 283,000 hectare parcel.

The Dutch company was formed in 1962 by UNITED STATES STEEL CORP, Pittsburgh, Pennsylvania (through Navgen Co, Nassau, Bahamas), with a 50% stake, and a matching investment from the Amsterdam mining concern OOST-BORNEO-MIJ NV, which was taken over recently by the Ijmuiden group Kon. Ned. Hoogovens & Staalfabrieken NV, together with Wm H. MUELLER & CO NV (see No 499) and the NED HANDELMIJ NV (since merged with De Twentsche Bank NV within Algemene Bank Nederland NV). In October 1968, the Algemene Bank Nederland withdrew from the venture, giving way to the NEWMONT MINING CO, New York, and its 37.6% affiliate in Toronto, with 15% and 10% respectively. At the same time Hoogovens raised its stake to 22%, whilst those of United States Steel and Wm H. Müller dropped to 43% and 10% respectively.

OIL, GAS AND PETROCHEMICALS

** The Rotterdam oil marketing company ATLAS CONTINENTAL AARDOLIEPRODUCTENMIJ. NV (capital Fl 5 m - see No 453) has opened a London brnach under Mr. George J. Clayton. The founder belongs to the Brussels-based association of independent oil companies I.P.E.A. - INTERNATIONAL PETROLEUM AGENCY SC, whose administrative headquarters are in Paris.

In early 1968 the Rotterdam firm formed a Milan subsidiary Atlas Continental Italiana SpA (capital Lire 1 m).

PAPER AND PACKAGING

** The Swedish group ELOF HANSSON INTERNATIONAL A/B, Gothenburg (import and export of paper products, timber, cellulose and machinery) has formed two Milan sales subsidiaries, each with a capital of Lire 300,000. Control is shared 50-50 between its affiliates ELOF HANSSON AG, Basle, and ELOF HANSSON INC, New York. With Mr. G.T. Hansson as president, the first of the new companies, Elof Hansson Italiana Srl, will specialise in cellulose, whilst the other, known as Impaco Srl (run by Mr. L.O. Dreifaldt) will import paper.

The Gothenburg group controls a number of foreign subsidiaries bearing its name. These are in London, Madrid, Düsseldorf, Helsinki, Johannesburg and Denmark (Vipperöd). It also has a well-established network of representatives in the Netherlands, India, Japan, Mexico and Venezuela.

** The New York group CELANESE CORP (see No 497) has decided to sell off its Italian interests in the paper and cardboard packaging concern S.I.A.C.E.SpA - INDUSTRIALE AGRICOLA PER LA PRODUZIONE DI CELLULOSA, Frumefreddo, Sicily (see No 482), which has cardboard production facilities at Bagheria, Palermo, Foggia and Rome.

In a further move to re-shape its European interests the group is to sell to the London-based paint group BERGER, JENSON & NICHOLSON LTD (see No 264) its interests in BRITISH PAINTS (HOLDINGS) LTD (see No 293). This has a number of Common Market subsidiaries including Alexander Mittag GmbH in West Germany, and NV Mij. "De Veluwe" Verfabriek in the Netherlands.

** The Swedish paper group KLIPPANS FINPAPPERSBRUK A/B, Klippan (see No 362) has established a Cologne sales subsidiary called KLIPPAN PAPIER GmbH (capital Dm 20,000), whose manager Mr. Sven Sjöholm is director of the Arthur Sjöholm & Sohn GmbH, Cologne firm, which was until now its West German representative. With a capital of Kr 28.5 million, the Swedish group has had a Basle subsidiary since 1966, Klippan Feinpapier AG (capital Sf 50,000) and since November 1966 has been represented in Vienna by Klippan Finpappersbruk GmbH (capital Sch 200,000).

PHARMACEUTICALS

** The Dutch chemical and pharmaceutical group KONINKLIJKE ZOUT ORGANON NV, Arnhem (see No 497) has dissolved its West German subsidiary ORGANON PHARMA GmbH, Aulendorff, Württemburg.

The Dutch group is at present negotiating for control of the West German lacquer and paints firm LESONALWERKE CHR. LECHLER & SOHN NACHF. LACK- & LACK-FARBENFABRIK KG, Stuttgart-Fuerbach (see No 498). It still has a number of important West German interests including Sikkens Lackfabrieken GmbH, Emmerich (lacquers and paints), Norddeutsche Salinen GmbH, Stade, (salt), Elektro-Chemie Ibbenbüren GmbH, Ibbenbüren, Westphalia (chlorine and caustic soda), Chefaro oHG, Kempen (basic chemical and pharmaceutical products) and Nourypharma GmbH, Munich (pharmaceutical products).

PRINTING AND PUBLISHING

** The West German publishing group C. BERTELSMANN VERLAG KG, Gütersloh, which is already established in Austria, the Netherlands, Spain and Switzerland, as well as in Italy, where it recently took a minority shareholding in the printing concern ISTITUTO ITALIANI D'ARTI FRAFICHE SpA, Bergamo (see No 493), is holding talks with the aim of forming a French subsidiary. Its partner in this venture will be PRESSES DE LA CITE SA, Paris (see No 485) and the aim of the move is to develop Bertelsmann's book club system which has already been successful in West Germany and the Netherlands.

SERVICES

* The American management consultants WILLIAM E. HILL INTERNATIONAL INC, New York (president Mr. William E. Hill) have opened a Brussels branch which will be run by Mr. Peter F. Pilton.

** The Paris-based BERNARD KRIEF, CONSULTANTS OF EUROPE (marketing, sales promotion, market surveys, personel selection and applied statistics - see No 496) is to extend its foreign interests by forming subsidiaries in West Germany and Switzerland. It already has an office in Geneva.

The French company, which is headed by Mr. Victor Krief, already has its own subsidiaries in Madrid (with a branch in Barcelona - see No 408), in Brussels and Milan. The latter, which has been recently established, is run by Mr. A. Deligios.

TEXTILES

** The Milan chemical and petrochemical group STA ITALIANA RESINE - S.I.R. SpA (headed by Sig N. Rovelli - see No 473) is to extend its investments in Sardinia by building two synthetic textiles manufacturing complexes. These will cost a total of some Lire 80,000 million and will employ between 4 to 5,000 persons. The first will be at Otanna, Nuoro, and will make 60,000 t.p.a. of polyester fibres and the other at Tronco Reale, Sassari, making 30,000 t.p.a. of acrylic fibres.

** VESDRE-ESCAUT SA, Anderlecht (capital Bf 225 m - see No 430) has gained control of another firm in the same sector, HALLUIN & CIE SA. This will enable the former to extend its production of synthetic fibres used in making tufted carpets.

Vesdre-Escaut is the joint subsidiary of LA VESDRE-SA BELGE DE PEIGNAGE & FILATURE, Anderlecht-Brussels and LAINIERE DE L'ESCAUT SA, Oudenaarde.

** Two Dutch making-up concerns, VERENIGDE MODEMAGAZIJNEN VINKE NV, Utrecht (see No 309) and GEBR COSTER NV, Rotterdam, which between them run 19 tailors' shops, have made a cooperation agreement carrying a possible merger clause.

Vinke has a subsidiary in Antwerp, Vinke Belgie NV, wherein token holdings are retained by its subsidiaries or affiliates Modemagazijnen Vinke Rotterdam NV, Rotterdam; Vinke Nederland NV, Amsterdam; Modemagazijnen Eindhoven NV, Eindhoven; Exploitatiemij Verenigde Modemagazijnen Vinke NV, Amsterdam, and J. Th. Witteveen NV, Heerlen.

** The French knitwear group ETS PORON SA, Troyes, Aube (see No 490) has decided to terminate the agreement linking it since 1936 with the American company JANTZEN INC, Portland, Oregon, which covered the manufacture under licence and sale in France and Belgium of "Jantzen" swimwear.

The American firm was established shortly after the end of the first world war by Messrs C. Jantzen and J. Zehntbauer, and its distributors in Italy are A. Bellini & Co Sas, Milan and Gilardoni, Florence. Its main European licensees are Vereinigte Trikotfabriken Wollmöller AG, Stuttgart-Vaihingen (see No 410) and Sportline Textiles Ltd, Sunbury-on-Thames, Surrey, a member of the London John D. Hutchinson U.K. Ltd group. The latter, having acquired the British subsidiary of the American group Jantzen Ltd, Plymouth and Barnstaple during 1964, then intigrated it during 1965 within Hutchinson Sabre Textiles Ltd. This was formed in association with Sabre Sportwear Ltd, London (see No 251).

** The British knitwear group PRINGLE OF SCOTLAND LTD, Hawick, Roxburgh, has carried through its plan to extend its interests to West Germany (see No 478) by forming the Düsseldorf sales company PRINGLE OF SCOTLAND STRICKWARENHANDELS GmbH (capital Dm 20,000). Manager of the subsidiary is Herr Günter Wolf. The founder, which will soon establish a subsidiary in Amsterdam, has had a Vienna subsidiary since 1966. This is called Pringle of Scotland Strickwarenhandels GmbH (capital Sch 480,000). It is itself under the control of the Bradford group Joseph Dawson (Holdings) Ltd, which has two Swiss subsidiaries Joseph Dawson AG and Windlestrae Textiles AG, Zug.

** The Berlin manufacturer of women's ready-made clothing HOMMEL & KLATT KG, (300 employees) has become the wholly-owned interest of the KLAUS STEILMANN KG, Wattenscheid, group. The latter (2,400 employees - 1967 turnover Dm 80 m) formed in 1968 (see No 400) the women's ready-to-wear firm BRITTA-MODELLE GmbH, Gelsenkirchen. This took over the interests of Napieralla & Söhne KG, Gelsenkirchen.

TOBACCO

** The successful take over bid by the New York conglomerate GULF & WESTERN INDUSTRIES INC (see No 499) for the tobacco manufacturer CONSOLIDATED CIGAR CORP, New York (see No 367) has given Gulf & Western an indirect 70% stake in the Dutch cigar manufacturer NV WILLEM 11 CIGARENFABRIEKEN v/h H. HERSTEN & CO, Valkenswaard.

Gulf & Western, whose main Dutch interests include GULF & WESTERN INTERNATIONAL NV (authorised capital Fl 10 m - 30% issued) and GULF & WESTERN OVERSEAS NV (authorised capital Fl 500,000 - 20% issued), made a take over bid in late 1968 for the tenth largest American oil group SINCLAIR OIL CORP, New York. A counter offer was then made by ATLANTIC RICHFIELD CO, Philadelphia, Pennsylvania, and an agreement to merge was reached between Atlantic Richfield and Sinclair Corp. This move has just led to an anti-trust decision by Washington. As a result the agreement by Atlantic Richfield to sell to the London-based group BRITISH PETROLEUM CO LTD for $ 300 million a network of some 5,000 service stations in the Eastern United States and two refineries has been postponed.

TOURISM

** The French holiday group TRIGANO VACANCES SA, Paris (see No 495) has taken a 51% stake in the formation on its premises of EURO VACANCES SA (capital F 200,000), which will acquire, construct, maintain and run camping, caravan, leisure and holiday centres. A 40% stake in the new company (president M. Rene de la Serre) is held by CIE FINANCIERE DE L'UNION EUROPEENNE SA (see No 490) and 3% by CLUB MEDITERRANEE SA (see No 487). The latter's main shareholders are Trigano Vacances and three other groups, EDMOND DE ROTHSCHILD (through CIE FINANCIERE SA), LEVEN (through Panagest-Panamian Development), and CIE FINANCIERE HAUSSMANN SA, as well as the AMERICAN EXPRESS CO, New York group (15% - see No 474). Also represented on the board of the new company is the Paris concern UFINCO SA, although this does not have any shares. As a result the participation of UFITOUR - UNION FINANCIERE INTERNATIONALE POUR LES INDUSTRIES DU TOURISME SA in the new company, a move which was originally envisaged has now fallen by the wayside. Ufitour is also a shareholder in Club Mediterranee.

Trigano Vacances (headed by Messrs Gilbert and Andre Trigano) has as its main shareholders Cie Financiere SA, the Belgian groups G. & C. Kreglinger SA, Antwerp and Brussels, and Plouvier & Cie NV, Antwerp, as well as Cie Internationale de Banque SA, Paris (a member of the REVILLON FRERES group).

** The French company STE D'INVESTISSEMENT & D'EXPLOITATION HOTELIER SA, Lesquin, Nord has formed in Switzerland SODENOS - STE DE DEVELOPPEMENT DES NOVOTELS EN SUISSE SA, Geneva (capital Sf 100,000 - president M. Pierre Allain). The French company (capital being raised to F 6 m), whose president is M. Paul Dubrule, launched in France the idea of "Novotels" motels. Two are already in operation in Lille and Colmar, and four more are under construction in Metz, Nancy, Marseilles and Evry, Essonne. The possibility of extending Novotels to Belgium and the United States is under consideration.

** The New York company INTERCONTINENTAL HOTELS CORP (see No 494), which already has a number of West German hotels in use or under construction in Düsseldorf, Frankfurt, Hanover and Hamburg, is to build another in Cologne. A holding company has been formed for this purpose called KOLN INTERCONTINENTAL HOTELS GmbH, Cologne (capital Dm 20,000) with Herren Günter Behrendt and Ferdinand Dillmann as managers.

The New York company, which operates some 54 luxury hotels throughout the world, is the wholly-owned subsidiary of PAN AMERICAN WORLD AIRWAYS INC, New York (see No 480). In West Germany it co-operates closely in the hotel sector with the West German airline DEUTSCHE LUFTHANSA AG, Cologne (see No 497).

TRADE

** UNICOM Sprl (capital Bf 500,000) has just been formed to trade in textile products and animal feeding stuffs. It is a 48% interest of M. Maurice E. Argi, Lausanne, with M. Robert Eugel, Koekelberg, Brussels, holding a token shareholding.

TRANSPORT

** The American charter airline AMERICAN FLYERS AIRLINE CORP, For Worth, Texas, has opened a branch in Frankfurt. The founder, which has recently establis a London office, belongs to the PITTSBURGH COKE & CHEMICAL CO, Pittsburgh, Pennsylv group (see No 469).

** A 50-50 agreement between two Hamburg transport firms HAMBURGER FRUCHTSPEDITION RICHARD SCHLIEMANN & CO KG and RICHTER & CO SPEDITION Gm has resulted in the formation of a Rotterdam subsidiary called SCHLIEMANN & CO NV (authorised capital Fl 40,000 - 50% issued). This will specialise in the transport and desp of goods, especially fruit and vegetables.

** The Milan chemical and petrochemical group S.I.R. - STA ITALIANA RESINE SpA (see this issue - Textiles) has gained control of the Sassari-based shipping company STA TRAGHETTI DEL MEDITERRANEO SpA. The latter's president will now be Sig N. Rovelli, with assistance from Sig S. Magliveras, and its head office has been moved to Genoa.

The shipping company has a fleet of five "Espresso" vessels (Lombardy, Sardinia, Sicily, Toscana and Liguria) operating between the continent, Sardinia and Sicily. It recently took a 40% stake in the formation of TRANS TIRRENA EXPRESS-LINEE MARITIME VELOCI DEL MEDITERRANEO SpA, Cagliari (capital Lire 10 m), which will operate 320-seater hovercraft between the continent and Sardinia. An equal shareholder in this venture was S.F.I.R.S. SpA, Cagliari (see No 365), which has recently become linked to the I.R.I. group (through Italstat SpA - see No 497) and Sta Bonifica, Rome to form P.T.M. - Porto Terminal Mediterraneo SpA, Cagliari (authorised capital Lire 100 m). This is to build container-handling facilities for ships sailing from the Atlantic or other Mediterranean countries.

** The Dutch transport and storage group PAKHOED HOLDING NV, The Hague (see No 487) is continuing to rationalise its structure and has made its Rotterdam subsidiary BELGISCH-BLAAUWVRIESVEEM NV (through BLAAUWHOED NV, Amsterdam - see No 299) into BELGIAN PAKHOED NV. With an authorised capital of Fl 5 m (20% issued), this carries out all operations in the transport and despatching sectors, mainly in Belgium, where it has branches in Antwerp, Brussels, Middelkerke, Deurne and Zeventem.

Recently the Dutch group made the Amsterdam company Blaauwhoed NV into an investment company and raised its authorised capital to Fl 75 million. As a result the latter's subsidiaries NV Exploitatie Mij. Epsilon, Amsterdam and NV Blaauwhoedenveen-Amsterdam, Amsterdam, have been renamed respectively Pakhoed-Deelnemingen NV (capital Fl 500,000 - head office moved to Rotterdam) and Pakhoed-Amsterdam NV (authorised capital Fl 15 m).

** The Antwerp company SHIP & GENERAL STORES CO SA (see No 461) has changed its name to CONTAINER MARINE BELGIUM SA (capital raised from Bf 2 to Bf 25 m) and had its head office moved to Brussels. It will now be able to handle all operations connected with the transport of goods by air, sea and land, and will concentrate on door-to-door container operations.

Ship & General Stores is the subsidiary of Cie Maritime Belge (Lloyd Royal) SA, Antwerp (a member of the Ste Generale de Belgique SA group - see No 497), directly and through three Antwerp companies, Agence Maritime International SA, Armement Deppe SA and Ste Anversoise de Liaisons Fluviales "S.A.L.F." SA.

VARIOUS

** The French shoe footwear group CHAUSSURES ANDRE SA, Paris, which recently extended its interests to West Germany (see No 494) by forming a subsidiary in Ludwigshafen called ANDRE DEUTSCHLAND GmbH (capital Dm 400,000), has strengthened its interests by gaining control of the chain of SCHUH-HANSON, Mannheim, shoe shops. Until now there were owned by Herr Friedrich Werner, and the chain will now become a "GmbH" (capital Dm 12 m). It has some 20 sales outlets in West Germany and in 1968 had a turnover of Dm 16 million. In 1968 the French group formed Chaussures Andre Belgique SA (see No 480).

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** Two Belgian families Lambert of Arlon, and Guiot of Bertrix, have linked in Luxembourg to form LAMBERT-GUIOT & CIE Snc (capital Lux F 200,000). This will operate under the MUBULUX (MATERIEL DE BUREAU LUXEMBOURG) trade name and will sell all types of office and photocopy equipment.

** The Rome film distributor RIZZOLI FIRM SpA has merged with a similar concern based in Milan and Rome (headed by Sig E. Lesni), which it already controlled.

Rizzoli Film, which controls the Rome film production company CORIZ FILM SpA (formed in 1965 with Sig M. Cecchi Cori) has had another affiliate in Rome since 1968, Cineriz Distributori Associati SpA (capital Lire 30 m - under Sig R. Polverini).

** The Italian manufacturer of plywood and wood kitchen equipment SALVARANI FRATELLI Snc, Boganzolo, Parma, has taken over two other firms in the same sector, GERMAL Snc, Parma, and S.A.R.E. DI SALVARANI & CO Snc, Basillicanore, Parma. As a result its own capital has been increased to Lire 364.8 million.

** Negotiations are taking place in the Netherlands between C.A. RUIGROK INDUSTRIE (C.A.R.) NV, Katwijk-aan-den-Rijn, and NV FABRIEK & HANDELSBUREAU "NEDERLAND", Haarlem (see No 402) with the aim of the latter's subsidiary, SABIN-BENNIS NV, Woerden, being made over to Ruigrok Industrie. The subsidiary employs some 80 persons, and specialises in the manufacture of tubular furniture (especially for industry).

** The Italian furniture firm DAL VERA SpA, Conegliano, Treviso (see No 450) has formed a new Common Market sales subsidiary DAL VERA (NEDERLAND) NV, Amsterdam. Headed by Mr. A. Wegman, this has a capital of Fl 30,000 shared 80/20 between the founder and its affiliate MOBILIFICI RIUNITI SpA, Conegliano.

** The newly-formed West German company LOUIS FERAUD GmbH, Darmstadt (capital Dm 20,000) has been backed by the fashion house FINK MODELLE GmbH Darmstadt. This will now sell in Germany, fashions made by the haute couture LOUIS FERAUD Paris.

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