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Opera Mundi EUROPE

A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

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March 28, 1968 — No. 454

THE WEEK IN THE COMMUNITY

March 18 - March 24, 1968

THE COMMON MARKET - FINANCE

What Price Solidarity?

The well-worn phrase "Community solidarity" has been used in many different ways since the inception of the Common Market, but its most arduous test may well have been created by the present economic and financial difficulties of the Western world. To some extent the crisis of confidence amongst the Six is less open and less publicised than previous splits, yet it is as deep, if not deeper, than these. The conflict is presented as a clash between the Five and France, and this time it seems less likely that threats from France will win over her partners to a modicum of support for her proposals, since the problem is different from a question such as British entry into the Community. In the latter case, the Five would like to see Britain in, for both political and economic reasons, but if France is intent on opposing any worthwhile links, they are not going to risk breaking up the Community, since their own trade and economies will not be sufficiently threatened by the failure of Britain's bid. Present circumstances are different, since the speeding up of the Kennedy Round cuts and the introduction of the Special Drawing Rights agreed upon in Rio de Janeiro last September by all, including France, will affect the development of the economies of the Five and world trade. The need to avoid further world crises is expressed by the Common Market countries, but the solutions offered differ considerably between France and the Five.

The decisions reached in Washington by the Central Banks to introduce a two-tier gold market system is generally welcomed, though all would agree that it is only a way of buying time. This cannot be used as a permanent solution, and both the United States and Britain must take steps to overcome their balance of payments problems; in fact, Mr. Jenkins' first budget last week was taken as a sign that the British government meant to take full advantage of devaluation, although doubts subsisted in many quarters as to whether the trade unions would accept the control of wages and incomes. The Commission described the budget as "courageous", though it considered that everything hinged on whether the proposals could be fully implemented. It was felt last week that if the United States decided to take Mr. Jenkins' proposals as an example, and curbed home demand as well as taking more effective measures to restore the country's balance of payments position, that the world monetary and economic situation would look much brighter.

Proposals that the cuts in tariffs agreed as part of the Kennedy Round should be accelerated by the Community countries faster than the United States, with the aim of helping the latter's balance of payments by boosting her exports, were supported by the West Germans, Dutch and Italians during the meeting of the Finance Ministers on March 25. In fact West Germany supported the British proposals for all Kennedy Round cuts to be made by January 1, 1969, with the United States continuing until 1972, whilst the Commission suggested that the Six speed up their cuts by one-fifth, with a one-fifth deceleration by the United States. When the meeting closed, little progress had been made, except that the Ministers agreed to take into consideration unilateral acceleration of Kennedy Round cuts, and to meet again to discuss this before Easter. However, whilst all Six agreed that the U.S. should abolish the American Selling Price system for chemicals and renounce protectionist methods, which would be easier for Washington if the Six did make cuts, France also wanted further domestic deflation. Meanwhile, the Commission will discuss the proposals through normal diplomatic channels with the United States.

The acceleration of the Kennedy Round cuts is linked by the French Government with the Stockholm meeting at the end of this week to finalise the implementation of the SDR's. Not only do they want a reform of the IMF voting procedure, along with the Five, but they insist that the SDR's be treated as credits rather than a new form of reserve asset, and seek powers to opt out, if outvoted on a decision to implement the scheme. What seems certain is that Finance Minister M. Michel Debre will do everything possible to swing the rest of the Five behind him at the final meeting of Community ministers in Stockholm, but judging from reports of the dinner they all attended in Brussels on Tuesday night his chances of success must be considered slight. Although his case is backed by General de Gaulle's two pronouncements made on Wednesday and Sunday, to the effect that France recognises that the modern world "demands an international monetary system which justifies universal confidence" and that she is willing to help achieve this aim, the French government has also made it clear that it feels the SDR's should be delayed until after an international conference, "a second Bretton Woods", which would discuss the American and British balance of payments problems and world liquidity. The fact that France still wants gold to back any new monetary system, because of its immutability, impartiality and universality does not help M. Debre. In any case, the SDR's would lay the basis for new international currency system separate from gold, the dollar or the pound, but their full introduction will take at least a year. Despite this, there is general agreement that if another crisis in the near future is to be avoided, then the Stockholm meeting has to be successful.

The next few days are thus of crucial importance to the Community. Will the endeavours of member countries to adopt a common policy result in a split between the Five and France over a fundamental question of interest to them all, or will General de Gaulle at the last moment decide that his position would become stronger by going along with the Five, and with the opportunity of creating difficulties over co-operation afterwards?

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EUROPEAN PARLIAMENT: AGRICULTURE

One in the Eye for Mansholt

On Thursday March 21, the day after the European Parliament's Agricultural Commission had rejected most of the recommendations in the European Commission's plan for the Community's dairy products sector, the main tenets of this plan were voted against by a majority of members at a full session of the Parliament itself. This did not come as a surprise: certain of Sicco Mansholt's proposals (see No 452) were fairly stringent, and would have made the going rough, in the short term, for a number of people in the Community. Indeed, in their capacity as defenders of the interests of the Community's peasantry, the European MPs were probably right to reject the plan, and there seems little likelihood of the Ministers of the Six, with whom the final decision in the matter rests, going back on this vote. However, the issues here are somewhat complex, and the crux of the matter is to assess which of the two schemes, that of Mansholt or that approved by Parliament, will in fact serve the better long-term interests of the Community and those who farm there.

Probably the most important point to be debated was the Commission's recommendation of a cut of 2.5% in the price of milk, and the freezing of this price for the next four years. The Parliament's Commission, under M. Roland Boscary-Monsservin, refused to accept this idea, which it said would not of itself suffice to bring butter production down (the main object of the exercise), and would further reduce farmers' confidence in the C.A.P. The extent of the problem was illustrated by Mansholt himself, who reminded Parliament that the Community's 150,000 ton butter surplus, already costing hundreds of millions of dollars each year, was likely to rise by another 90,000 tons in the 1967-8 season alone. Mansholt's contention is that to reduce the price of milk would be to force producers to re-orientate towards beef production, in which the Community is deficient, thus tending to restore the balance between supply and demand in dairy products, and improving the beef supply situation. This, he feels, although an unpopular measure in the short term, would ensure better equilibrium in the future, with benefit to all concerned, and his plan does "sugar the pill" by recommending lump sum payments to small dairy farmers willing to go out of production, and to those prepared to bring calves to maturity. A further argument put forward by Mansholt is that, if the milk price is not reduced, the balance would most likely be restored by putting Community surpluses on the world market at dumping prices, with all the ill-feeling that this would engender amongst third countries, and a generally disruptive effect on world trade.

From the milk price aspect there follows the matter of margarine, and whether or not to tax this, as suggested by M. Rene Blondelle of the Parliament's Farm Commission. Both Commissions in one respect see eye to eye in this matter, in that both want to see the ratio between butter and margarine prices (at present about 3 to 1) brought closer together, in order to stimulate consumption of butter. Rather than bring butter prices down by lowering the price of milk, a la Mansholt, M. Blondelle favours taxing margarine, and in this gained the support of Parliament.

The Brussels Commission, however, argued that such a tax (5 to 6 Belgian francs per kilo imported) would do little to alter the consumption pattern in the Community, nor would it bring the EEC any further outlets for farm production. Revenue from this tax will go partly to the guarantee section of FEOGA, and partly to raising the prices paid to associated developing states for imports of vegetable oils. The corollary to this would appear to be that the Parliament's Commission is seeking in fact to reduce one form of consumption of such oils, not in margarine, but in feeds.

Both Commissions were agreed that subsidies for skim milk be reduced, the more so for powdered skim milk, in the case of the Parliament's Commission, as it felt there was a vital need to stimulate the feeding of calves at the farm with pure milk, rather than go on with the "absurdity" of encouraging the use of powdered skim milk, re-enriched with vegetable oils. This was one sector in which butter surpluses could be directly tackled from below. Finally, on a resolution presented by Mr. Brouwer of the Netherlands, the Parliament rejected the Brussels Commission's suggestion of freezing the price of milk over the next three seasons, and this will continue to be revised each year on the basis of production costs.

By and large, the Commission's scheme for dairy products was shot down in flames, but what it, and Dr. Mansholt in particular, probably find even more irksome is the fact that this failed almost entirely, in its flight, to spark off any constructive debate in Parliament, or to elicit any real alternative schemes as such for the ministers to get their teeth into, in the few days remaining before the deadline for this sector has to be met, on April 1. The European Parliament ratified those few ideas to which it could not take exception, but shrank from those that were not for the squeamish. Free, perhaps, from the burden of implementation, Parliament could safely go on defending the rights of an alreadyover-burdened minority, rather than answer the Commission's ambitious scheme with an alternative of similar scope but slightly different orientation. Whilst it might appear that Parliament could not do otherwise, there nevertheless remains the fact that, in the long term, and even perhaps quite soon it will find itself facing an even more critical situation in the sector that it was last week attempting to let down lightly. It failed completely, for instance, to discuss Mansholt's suggestions on the actual restructuring of the sector, and on prices and subsidiaries it did virtually nothing more than maintain the status quo. This, coupled with its suggested introduction of an intervention price for powdered skim milk could yet lead to an increased burden on FEOGA, which was the very thing that had to be avoided. Indeed, the final irony of last week's session is that there still lurks the possibility, if FEOGA takes too much of the brunt, that production quotas may have to be introduced, using an equalisation tax, to put the brake on the Community's financial guarantees, in order to save the CAP itself. Should this happen, then the outcome could be nothing more or less than the lowering of the price of milk. Everything is now up to the ministers, and anything short of another marathon in Brussels now seems unlikely in the extreme.

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ENLARGEMENT

Pressing On, Regardless

In the past few days, from various quarters in Britain, and from Denmark, Sweden and Austria, there have come reiterations of these countries' intentions to secure links with the EEC. The enlargement issue itself remains on the Brussels Council's agenda, and the date of the next meeting is April 5, though few are very optimistic about what is likely to be achieved on that occasion. Nevertheless, although prospects at the moment may be bleak, the countries seeking EEC membership are continuing to follow their strategy of maintaining the momentum.

Britain: The Prime Minister, the Foreign Secretary and the Confederation of British Industry have all reaffirmed their dedication to the bid for entry, Mr. Wilson in replying to questions in the House, Mr. Stewart, on appointment to his new post, in letters to the Foreign Ministers of the Six, and to M. Jean Rey, and the CBI in a declaration issued after its council meeting on March 20. Mr. Wilson was dealing with such criticisms of Britain's Common Market policy as those offered by Mr. Jay (see No 453), who was amongst the questioners. The North Atlantic Free Trade Area idea was rejected by Wilson, having been debated at length in the Commons last year, and, he maintained, being studied by the United States at the present time solely in the light of future, long-term trading possibilities. As regards the "cold shoulder" Britain seemed to be getting once more from France, Mr. Wilson stoutly rejected the idea of allowing this to deter the country, and maintained that, if this was an "all eggs in one basket" approach, it was better, perhaps, than transferring these to an even more fragile basket - that of the untried Atlantic trade idea. Mr. Wilson also dissociated himself and the House at large from the support offered by certain M.P.s in New York last month for the idea of a Canadian/British/American trade pact, held at the time not to be in conflict with the EEC.

From the CBI, there came as strong a recommendation as ever that full membership be the government's objective, despite devaluation, the conclusion of the Kennedy Round, and the cool attitude taken by Paris. Advanced technological collaboration remains the CBI's aim, and it is clearly intending to go on pressing for the creation of a European Technology Centre. The Confederation has rejected three other policy alternatives in its talks: standing aside to await the issue, investigating Atlantic free trade, and settling for limited Community membership.

The main object of Mr. Stewart's communications was to show that his stand over Europe in no way diverges from that held by his predecessor, Mr. Brown, who announced his resignation last week in protest against the Prime Minister's handling of the gold crisis, and the lack of consultation in the matter. In his letters to the Benelux ministers, Mr. Stewart welcomes the Benelux plan for closer political and economic co-operation, which he sees as the most suitable form of interim arrangement, pending Britain's full entry into the Community. He seems rather to have skated around Herr Brandt's ideas about trading arrangements, however, and in his letter to M. Couve de Murville is even more unspecific. In all six letters, Mr. Stewart expresses his hope that progress will be made at the ministers' important meeting on April 5. At the moment, Britain is waiting on the sidelines, but one fears that any tacit support for the Benelux solution to the situation is all but doomed to disappointment. Clouds gathering over the Kennedy Round cuts question seem likely to make the atmosphere at the Council meeting even more acrimonious than it already threatened to be, and hope of any compromise over the Commission's assessment of the various proposals for interim arrangements, now being prepared, seems rather to be fading.

Denmark: In talks with the Commission, the Danish economics and agricultural ministers seem to have adopted a similar stand to Mr. Stewart: their attitude to Brandt's proposals in particular correspond to his. The prime question here, for Denmark, would be Britain's reciprocation to the Community, in the matter of agricultural products - she would have to open her frontiers to these, in return for her own access to the Community's industrial goods markets, and Danish exports to Britain would inevitably suffer as a result. At the same time, the Commission assured the Danes that the inclusion of beef under the CAP on April 1 would not affect their exports of this commodity to the Community, and they would continue to enjoy their privileged trading regime, secured at the Kennedy Round. The Danes are further opposed to trading arrangements, pending membership, because of the lengthy negotiations involved, and because of the paucity of advantages likely to be accrued from the same, once the agreed Kennedy Round cuts have come into force. Denmark, like Britain, is in favour of accelerating the Kennedy Round tariff cuts, which she sees as a disincentive to the United States to go ahead with trade-crippling restrictions to protect her own position, in attempting to improve her balance of payments situation. The Danes expressed their understanding, however, if the difficulties that France and Italy would face, if the cuts were to be speeded up. On April 22, the Nordic Council, consisting of Norway, Sweden, Denmark, Finland and Iceland, is to meet and discuss the adoption of a common policy towards EFTA and the EEC, and this may also see the beginnings of a Nordic common agricultural policy.

Sweden: To the Swedes, one of the most important tasks at the Nordic Council meeting will be to take action against what Mr. Tage Erlander, their Prime Minister, last week called the split between the two European trading blocs. Whilst Sweden's Scandinavian partners have taken an unequivocal "all or nothing" approach to EEC membership, her neutrality, as is well known, places her in a rather different position, and this finds Erlander, above all, exhorting flexibility: he wants his country to be in at the start of any commercial arrangements with the Community, but further commitment is still inhibited by the neutrality problem. "All conceivable measures of co-operation", he says, should be explored, and one wonders whether in fact the Swedes would not prefer to see the emergence of a wider free trade area or fuller trading arrangements with the Six, pure and simple, rather than any "strings attached" regime. Should the Nordic C.A.P. actually get under way, next month, Sweden's conflict of loyalties, not to say her fear of isolation from her neighbours, could become extremely acute, especially if the EEC enlargement quest begins to gather momentum: it is a matter of deciding where fading sovereignty in economic affairs begins to impinge upon the neutrality or otherwise of the country in question.

Austria: From this quarter, too, there has come the expression of the country's continuing intention to draw closer to the Community, and to secure a special treaty regulating economic relations between Austria and the EEC, the neutrality problem again being of prime importance here. The occasion was the courtesy visit to M. Rey of Austria's new foreign trade minister, Herr Mitterer, who reminded the Commission's president of the repeated hold-ups his country's quest for closer links has suffered. M. Rey expressed the Commission's concern with the problem, and moreover promised that Austria would be included with the topics to be dealt with in its report on enlargement, now being prepared for the forthcoming foreign ministers' Council meeting.

Hungary: On February 26, Hungary, whilst deploring its "closed" nature, recognised the EEC as a "fait accompli", and announced that it intended to establish contacts with the Community's institutions in Brussels, if only as a matter of economic expediency. This week, the Hungarian Head of Government, Mr. Fock, and the foreign minister, Mr. Peter, will be having talks in Paris with French government ministers and officials, with a view to securing a greater volume of trade between Hungary and the Six, as well as investigating bilateral trading arrangements. The Hungarians will also be attempting to persuade the French that EEC tariff discrimination against the countries of Eastern Europe be relaxed. With General de Gaulle's policy of raprochement with the Eastern bloc, it was obviously logical for the Hungarians to make their first move towards the West European trading bloc through this quarter, and one may expect France, in some measure, to be interceding for Hungary in the weeks to come, as far as trading arrangements are concerned.

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AGRICULTURE

FEOGA Guidance Allocations for 1967

In 1967, the budget for the guarantee section of the European Agricultural Guidance & Guarantee Fund, which finances the Community's farm policy, was fixed at one-third of the amount earmarked for the guarantee section in the 1965-66 financial year, thus offering disposable funds of $80,040,000. Before allocation, however, some $45 million was drained off for structural improvements in Italy for olives, olive oil, fruit and vegetables, another $5 million for making good the flood damage of 1966, and a further $4 million for backing the Community survey of agricultural structures. This left a total of $26,040,000 available for guidance disbursements last year, as against $41,587,676 in 1966 (see No 425). However, compared with the last allocations, requests this time amounted to only 303, of which 152 were chosen, as against 427 and 254 last year. As usual, a weeding-out operation was mounted, to reduce the number of requests to within the scope of the funds available. Non-approval of the state concerned and inadequacy of background detail are the two main eliminating factors, and the advice of the Standing Committee on Agricultural Structure places applications in order of merit thereafter. Table I gives the breakdown of these guidance appropriations by country, and Table II the breakdown by type of project.

TABLE I

	Production		Marketing		Mixed		Total	
	Projects	$	Projects	$	Projects	$	Projects	$
Germany	9	2,884,983	22	4,354,957	-	-	31	7,239,940
Belgium	3	642,160	5	1,248,504	1	150,000	9	2,040,664
France	30	5,199,471	4	546,037	-	-	34	5,745,508
Italy	25	4,528,953	29	3,644,513	5	661,979	59	8,835,445
Luxembourg	1	125,000	-	-	1	25,600	2	150,600
Netherlands	7	1,092,265	10	934,947	-	-	17	2,027,212
Total	75	14,472,832	70	10,728,958	7	837,579	152	26,039,369

(please turn to page 9 for Table II)

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E.E.C. ECONOMY

The Economic Situation

The latest figures for the Community's economic development show that industrial production made appreciable progress during the period December - January as the result of vigorous expansion in internal demand, and the fact that steel and iron production was up by 11% in January indicates that the processing industries were rebuilding their stocks. The most noticeable expansion was in West Germany, whilst in the Netherlands industrial production rose, due to export demand - largely from West Germany - and increased home demand. In France export demand helped to push production up, whilst the improved outlook for iron and steel as well as for consumer durables boosted industrial production in Belgium. In Italy, January saw the upward trend continue after a slight weakening during December as a result of special factors affecting the car industry.

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Unemployment: The unemployment position throughout the Six seemed to show signs of improving, although seasonal factors need to be taken into account. Furthermore, the situation shows considerable variations from one country to another. In the Netherlands, the general upward trend in economic activity seems to have produced a drop in unemployment, and the number of those out of work in Italy has also continued to fall. In West Germany the picture seems to be similar, although a sharp rise in

TABLE II

DISTRIBUTION OF GUIDANCE GRANTS BY TYPE OF PROJECT

(in $1,000 approximately)[1]

	Improvement of Production Structures			Improvement of Marketing Structures					
	Consolidation of holdings	Water engineering	Miscel-laneous	Milk	Meat	Fruit and vegetables	Wine	Miscel-laneous[2]	Mixed Projects
Germany	665,456	1,806,124	413,403	2,979,497	75,000	795,735	204,725	300,000	-
Belgium	610,000	-	32,160	339,108	-	310,000	-	599,396	150,000
France	942,353	2,897,103	1,360,015	-	436,444	-	109,593	-	-
Italy	-	1,622,139	2,906,814	533,970	210,952	1,311,495	1,100,764	487,332	661,979
Luxembourg	-	-	125,000	-	-	-	-	-	25,600
Netherlands	310,000	665,000	117,265	503,795	120,000	311,152	-	-	-
Total	2,527,809	6,990,366	4,954,657	4,356,370	842,396	2,728,382	1,415,082	1,386,728	837,579

1 These are minimum figures as several projects cover a number of different products. The sub-heading "Miscellaneous" under "Improvement of production structures" and the heading "Mixed Projects" also covers several schemes which mainly concern one sector or product, such as animal husbandry or the construction of factories to manufacture animal feeds.

2 of which, in $1,000: Cereals: 599,396 (Belgium)
Eggs and poultry: 300,000 (Germany)
Oleaginous products: 187,332 (Italy)
Sugar: 300,000 (Italy)

seasonally unemployed tends to hide the overall trend. In France and Belgium the number of those looking for work has remained at a comparatively high level, but this may be changing. The introduction of new unemployment insurance rules may, however, have made the situation in France appear to be worse than it really is.

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Prices: Both the overall business trend and seasonal factors helped to contribute to a rise in wholesale prices towards the end of the year. Crop prices rose in Italy and livestock product prices went up in the Netherlands though they remained reasonably stable in West Germany. Industrial producer prices were firmer, with the main effects being felt in the consumer sector. The introduction of the TVA in West Germany pushed up industrial producer prices, although in France the reform of the TVA does not appear to have caused many price changes at the industrial or wholesale level.

The trend in the level of consumer prices within the Community showed few important increases at the start of the year, although in some countries internal factors did bring about some changes. In West Germany the introduction of the TVA changed the price pattern, especially for services, whilst the extension of the TVA to the retail trade in France produced an increase in the cost of living, and in the latter country rents for certain categories of housing were held down to prevent greater rises. In West Germany rents were raised, as in the Netherlands (+4%), where the turnover tax went from 10% to 14%.

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Income and Sales: As regards retail sales, the upward trend strengthened during the last few months, at a faster rate than normal for the time of year. Wages have not, as yet, been greatly affected by an upswing in production and falling unemployment, although the rate at which wages are rising has not shown any sign of slackening, and if fact in some member countries may even be accelerating.

In West Germany household expenditure showed a strong increase as a result of attempts to beat higher prices caused by the introduction of the TVA and purchases being made, which had previously been delayed. Although wages as a whole rose only slightly throughout industry, in some sectors there seems to have been a considerable increase in actual per capita earnings. In France the extension of the TVA to retailers on January 1 stimulated sales, whilst the minimum industrial wage went up by 3.25% on January 1. In the Netherlands, higher retail taxes on January 1 boosted end of year sales, and although wages remained quiet during the last quarter, they seem likely to show a strong upward trend in the near future.

In Italy the upward trend of minimum agreed wages continued at much the same rate as in recent months. In Belgium, the tendency for wages to rise was no longer slowing down, whilst retail sales, which had been sluggish, also showed signs of recovery.

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The report says that whilst in previous years the Community's terms of trade have shown a very pronounced improvement in the summer and autumn months - as a result of seasonal factors - they hardly changed at all during the last half of 1967. This may mean that the underlying tendency has deteriorated - probably due to the upward trend in average import values during the last few months of the year.

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Trade Balance: In 1967, the Community achieved its largest export surplus since its establishment - $860 million, which, compared with 1966, was an improvement of $2,200 million. This came about despite a weakening in the upward trend of exports, and an increased demand for imports - especially by West Germany - as a result of the improved internal situation towards the end of the year and in the early part of 1968.

This rise in imports is thought to have been as high as 6% between the third and fourth quarters of 1967. Contributory factors were a steep rise in demand for raw materials and semi-manufactures to replenish depleted stocks, higher priced heavy crude oil imports and higher transport rates, a drive in the BLEU to make up for the effect of the strikes during the summer, and German firms making purchases before the introduction of TVA on January 1. Dutch imports, especially of consumer goods, rose, and in Italy there was a marked rise in imports of raw materials, plant and machinery, whilst French imports showed a very distinct upward trend.

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1968: A Year of Growth

The Commission has just made available its economic forecast for the present year (for Council's Guidelines, see No 452), and considers that, taken as a whole, the Community's gross product may rise by 4.5% (1966: +3.9%; 1967: +2.5%). However, the full effects of sterling devaluation and the subsequent measures to make it work, allied with those aimed at dealing with the American balance of payments problem, have yet to be taken into account, and an accurate assessment of the position is not easy.

The Commission believes that internal demand within the Six will probably suffer little from the direct and indirect effects of these measures. Gross fixed investment is expected to show a considerable rise over 1967, and aggregate expenditure on consumption will follow a similar trend. Private consumers' expenditure "may revive distinctly". The general improvement in the internal demand is likely to boost supply. Agricultural output is not expected to be more than marginally higher than 1967 when it was exceptionally good, unless the weather is better than normal. However, industrial production should be up, and both the building industry and the services sector are likely to make a considerable contribution.

Imports from non-member countries are expected to show a vigorous rise, whilst exports are unlikely to rise as dramatically, such that the Community's balance of trade will deteriorate again. Furthermore, the surplus on aggregate current account may as a consequence be distinctly smaller. The Commission considers that although supply and demand are likely to be balanced for most of the year, price rises will probably gather momentum.

The forecast concludes that steps must be taken to ensure that the recent recovery of economic activity is maintained without creating adverse effects - either on a short term or long term basis. Action will be needed where - influenced by factors such as foreign trade - the growth of production and employment falls short of the expectations of the report. In the member countries of the Six "where economic growth is already rapid and can be expected to continue, or where a distant acceleration of the pace at which demand is expanding would sooner or later jeopardize equilibrium", there is, in the Commission's opinion, even a case for increased caution, particularly in the way public authorities implement their budgets.

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TRADE

Brussels makes Decisions on Import Restrictions for Deficient Goods

At a recent meeting in Brussels, the Council decided to ease import restrictions on certain products for which the domestic production of the Six is insufficient to cover demand. In some cases, the common customs tariffs and quotas for these items have been dropped. In other cases tariffs and quotas may be temporarily suspended, the goods coming in at a considerably reduced tariff level, or even duty free, but over a certain amount, levies will have to be paid at a uniform level throughout the Community.

These decisions will be enforced for the most part for one year, but in certain cases for only six months. This, however, is one field in which we find signs of real Community solidarity. Taking into account the provisions of the Kennedy Round talks within GATT, it is now the Community as a whole which is taking the initiative on tariff and quota limitations for imported goods.

Broadly, there are ten categories of products involved:

1) Titanium Sponge: This is the first stage in the processing of the mineral ore as it is made into a pure metal. The Community does not as yet have any production facilities for this commodity, all the supplies at present coming from the United States. As all supplies have to come from abroad, it would be absurd to impose an import tariff, so the import duties will be abolished from March 11 to December 31, 1968.

2) Aircraft Equipment: The domestic EEC aircraft equipment industry is still inadequate to supply all the Community's needs for certain products. These include wooden panels covered in aluminium sheet, escape gear, passenger life-saving jackets, air pressurising equipment and rubber dinghies. The Council decided not to burden the industry with unnecessary customs tariffs, but feels that steps ought to be taken to set up the required production facilities within the Community. Until this has been done, all tariffs and quotas will be suspended on aircraft equipment.

3) Crude Aluminium: According to the terms of the Kennedy Round agreements, the Community will import during 1968, 130,000 metric tons of aluminium from third countries at a tariff rate of 5%. This will be allocated as follows:

Germany	68,370 metric tons
Italy	18,310 metric tons
Belgium	9,750 metric tons
Netherlands	8,560 metric tons
France	3,360 metric tons
Luxembourg	1,650 metric tons

The balance of imports (20,000 tons) will be distributed amongst the member countries who have exhausted their quotas.

4) Ferrosilicium: Within the terms of the Kennedy Round talks the Community will import 20,000 metric tons of this commodity duty free. The BLEU countries are the greatest importers of ferrosilicium and will benefit most from this reform; in the past they have been accustomed to importing this commodity duty-free, so the introduction of a tariff at this juncture was deemed to be too deleterious to the long-term interests of the industry.

5) Ferro-silico-manganese: The Kennedy Round provided for the importation of 40,000 metric tons of this commodity duty free for 1968, with Germany as the major recipient (30,480 metric tons). There is to be a reserve stock of some 6,000 tons to be distributed to member states who use up all their quota. If, by September 15, a country has not used up all its quota, it must return a proportion of the remainder to the reserves for use by the deficit countries.

6) Highly Refined Ferrochrome: Here the Kennedy Round allows for the importation of 3,000 tons duty free, Italy being the major recipient with 2,482 metric tons. No reserves are kept of this commodity.

7) Crude Magnesium: Community production of crude magnesium is still not sufficient to cover all the Six's domestic needs. The crude magnesium which is imported to cover the deficit is not subject to restrictions, but difficulties were experienced in calculating the extent of the demand within the Community.

Italy, the chief producer of crude magnesium in the Community, has demanded that Germany, the main consumer, should not import the commodity from third countries before all the supplies from within the Community are exhausted. This stipulation has prevented the conclusion of any definite agreement on the level of imports between the Six until now. A temporary quota level has been fixed, but it is probably lower than the expected demand for crude magnesium; it stands at 10,000 metric tons, 650 tons of pure magnesium and 9,350 tons of magnesium alloy. Most of the magnesium alloy goes to Germany, to the Volkswagen factory (9,255 tons), the rest to France (50 tons), the Netherlands (25 tons), BLEU (15 tons), and Italy (5 tons).

8) Newsprint: The Community imports 625,000 tons of newsprint per annum duty free, but calculations have shown that this figure will not suffice for this year. The amount is to be increased to 750,000 tons, most of which will go to Germany (495,000 tons).

9) Raw flax thread: Raw flax thread is used in the shoe trade and in the cable industry. The Kennedy Round talks decided on an import quota of 500 tons per annum at a 2% tariff rate, and this will be introduced gradually as tariff barriers are generally reduced. The tariff rate will begin at 3% and the 2% level will be reached the year after next. Germany is really the only country which will be affected by this quota. Out of a quota of 275 tons, which will be allowed in during 1968 at the lower rate, 255 tons will go to Germany, the rest to France, Italy, the Netherlands and BLEU in 5 ton tranches. There will also be a small reserve stock.

10) Chemicals, Cork, Natural Uranium and Cultivated Pearls: The Council also approved the suspension of customs duties on a variety of goods from the primary and semi-finished sectors, goods that are essential to some of the Community's specialised finishing and processing trades. These products have enjoyed the privilege of duty free importation over the years, and the Council saw no reason for changing the status quo. The list of products concerned is divided into two sections, the first covering a range of chemical products, turpentine, cork (tariff now at 3%), cultivated pearls and natural uranium (both duty free), the second covering tariff reductions until June 30 only. Under this category, there are various other chemical products and second-hand sacks and wrapping materials.

* * *

E.C.S.C.

The Common Energy Policy

A working group under the presidency of Herr Haferkamp, commissioner responsible for energy questions, met recently in Brussels to appraise the energy situation in the Community. It examined reports from experts on coal and other types of fuel, and also studies made of trends in demand for energy in the ECSC area. Working from this data, the Commission's experts have now been delegated to the task of producing further reports, in which we will have the first hints as to the future development of the energy market in the Community. The working group hopes to be able to produce a document for adoption by the Commission and subsequent submission to the Council of Ministers by the beginning of May.

Energy policy, moreover, is a question treated at length in a report produced by the Commission's legal experts on the problems posed by the merger of the Communities and the Treaties, since the latter, as they now stand, offer no instruments for achieving the objectives of a common energy policy.

The experts' principal finding is that, for the day-to-day running of the Common Market and the establishment of a common commercial policy, the Community should opt for the provisions offered in the Rome Treaty, the tenor of which is usually fairly unspecific, as opposed to the Euratom and Paris Treaties, which cover strictly defined fields. However, when it comes to common energy policy, the experts feel that the nature and tone of certain Paris and Euratom Treaty legislation is to be preferred, and that these should be included as additional provisions of the EEC Treaty itself.

By the same token, as regards market regulations, the highly concentrated nature of this sector and the degree to which government intervention occurs are such that the vague, general provisions of the Rome Treaty should be complemented by specific clauses relating to agreements and link-ups, as well as prices, and by legislation ensuring freedom of access to resources.

*

First Discounts under the Oven Coke Aid System

The Commission has just notified member states' governments as to the amount of the first discount (covering the first quarter of 1967) under the financial compensation system for coking coal and oven coke for steel-making, to be granted to the Community's steel companies. The system was established by the High Authority's Decision No 1/67, which states that aid actually disbursed will be credited to supplier countries for the period January 1, 1967 to December 31, 1968, up to a determined ceiling. The member state will be responsible for 40% of these credits, and the remaining 60% will be levied as follows:

West Germany	28%
France	28%
Italy	14%
Belgium	11%
Netherlands	10%
Luxembourg	9%

For the first quarter of 1967, West Germany was credited with $2,197 million, whilst the remaining five member countries were indebted for the following sums:

France	$ 928,303
Italy	$ 464,152
Netherlands	$ 331,537
Luxembourg	$ 298,383
Belgium	$ 175,047

* * *

SOCIAL

Manpower and Industrialisation

A useful way of assessing the achievement of the European Economic Community, other than in terms of trade and economic expansion as such (see Studies and Trends, 446), is to trace the "occupational drift" as it were of its population over a given period. The opportunity to do this is provided in the OECD's Labour Force Statistics, 1956-1966, some of which were extracted in these pages in No 450. For the most part, this impressive collation of data covers the detailed occupational breakdown, by age, sex and status, of the populations of all OECD members over the ten-year period. However, by a simple division into three main sectors, and taking only the Common Market Six and Britain (as a point of comparison), we can, in percentages, give an indication of the degree of drift away from agriculture and into industry and/or services. To bring into relief the facts that such a breakdown reveals, we give below three "league tables" for these seven countries, under the three sectors of agriculture, industry and "other", defined as follows (International Standard Industrial Classification):

Agriculture: Farming, forestry, hunting and fishing.

Industry: Mining and quarrying, manufacturing, construction, sanitation and utilities.

Other: Commerce, transport, storage, communications, services and not specified.

TABLE 1 - The Drift Away from Farming

	Italy	France	Germany	Netherlands	Luxembourg	Belgium	Britain
1956	37.5	25.9	16.9	13.2	(16.4) *	8.7	4.6
1966	24.9	17.6	10.8	8.5	12.9	6.0	3.4
Change	-12.6	-8.3	-6.1	-4.7	-3.5	-2.7	-1.2

TABLE 11 - Industrial Orientation

	Italy	France	Germany	Luxembourg	Netherlands	Britain	Belgium
1956	34.2	37.9	47.2	(44.0) *	42.2 *	49.0	48.1
1966	40.7	40.8	49.3	45.9	42.8	47.2	45.3
Change	+6.5	+2.9	+2.1	+1.9	+0.6	-1.8	-2.8

TABLE 111 - Employment in Other Sectors

	Italy	Belgium	France	Netherlands	Germany	Britain	Luxembourg
1956	28.3	43.2	36.2	44.6	35.9	46.4	(39.6) *
1966	34.4	48.7	41.6	48.7	39.9	49.4	41.2
Change	+6.1	+5.5	+5.4	+4.1	+4.0	+3.0	+1.6

* 1960 figures only available.

A number of observations are occasioned by even this small extraction of data from the OECD report, and it is useful, not least, for revealing national peculiarities, as well as overall trends in the Community.

Italy, not unsurprisingly, having the farthest to go, heads all of the league tables. Perhaps the most dramatic development over the ten years for Italy was that she succeeded, but for a mere 0.1%, in catching up with France in the ratio of population employed in industry (40.7%), mainly because in France the drift to service occupations was almost as pronounced (+5.4%) as it was in Belgium. At the same time, of course, Belgium is one of the Community's most industrialised nations, exhibiting, like Britain, a sort of manpower saturation phenomen, such that moves into service occupations are hardly surprising there.

In what we have called "industrial orientation" of the workforce, it is the Netherlands that shows minimal deviation, a rise in the ratio of only 0.6%, and it is interesting to note, at the same time (see Studies and Trends, 446), that the Dutch also have the mean consumption index for the Community: 134, against Italy's base 100, and 168 for Luxembourg. This is because the manpower drift from farming here was swallowed almost entirely by the service occupations (+4.1%).

One factor of interest in the tables is the fall-off, or proportional drop in the industrial workforce in Belgium and Britain. At the beginning of the period, Belgium, in terms of numbers employed, was the most industrialised of the Community countries, with a ratio of 48.1%. It has since shown a drift away from industry of no less than 2.8% (against Britain's 1.8% in the same time), and moreover now has the Community's highest consumption index for white collar workers (see No 446 - 152, against base 100 for Italy). As with Britain, both farming and industry were "bled" for the additional requirements of the service occupations, although here we should bear in mind, on the one hand, that these do include transport, communications and other vital functions, and on the other that the phenomen also illustrates not only inflationary tendencies in the economy, but also to some extent improved productivity in both industry and agriculture. Having said this, however, there is perhaps a very real significance in the level at which this drop in the ratio of those employed in industry comes in any given country. In Britain, the period started at 49%, in Belgium 48.3% came as the peak in 1957, while in Germany the tide has yet to turn, and the proportion has now risen to 49.3%. Against this, we should contrast the fact that between 1956 and 1966, the proportion of those in industry in the USA, with its mammoth G.N.P. fell steadily from only 35.8% to 34.1%, with a final ratio of those in service occupations as high as 60.4%.

The situation of Luxembourg, by far the Community's smallest member state, often proves interesting in this sort of statistical context, and in manpower it again shows a number of peculiarities. Its consumption index (see above) is by far the highest in the Community, at 168, yet it remains the third most agricultural country (percapita employed) in the EEC. At the same time, it is second to lowest in the drift from farming league, and shows the smallest ratio for transfers of labour into the service occupations.

In conclusion, we may glance at the relative tendencies in the Six, as regards changes in the constitution of the labour force. At the extremes, we have Italy, with farming losing 12.6% of the total workforce, almost equally to industry and services, and at the other comes the Netherlands, with almost seven-eighths of the drift away from farming going into service rather than industry. Of the remaining four countries, Belgium, with the highest intake into services, receives this 50-50 from farms and factories, whilst France, Germany and Luxembourg all show a fairly uniform trend for about two-thirds of their lost farm workers to go to services and the remaining third to productive occupations.

* * *

E.D.F.

France Way Ahead in the E.D.F. League Table

France continues to obtain most of the contracts with the Associated African and Malagasy States under the auspices of the European Development Fund. In reply to a question from one of the European Parliament members, the Commission has published tables showing the distribution of contracts in the African market covering two periods - the First Fund from 1958 to 1963, and the Second Fund from 1964 to 1969. The second period is yet to be completed, and as yet figures are only available for about one fifth of the period, so these can only be regarded as guide lines.

What is apparent is that during the second period Germany has increased its share of the market, especially in the technical aid sector (where it commands 22% of the market) and the goods supply sector (25%). Germany is less successful in gaining contracts for construction work in the field. In this sector it has only 18.3% of the market, because of the need to transport large amounts of plant to the site. France, with its long-standing communications network with the African countries, is evidently better placed for this work.

Cumulative total of Funds - $532.5 m. - Dec.1967)

Percentage of Contracts Gained

First E.D.F. Period

France	43.89%
Members of all associated states	24.39%
Italy	12.7%
Germany	9.85%
Netherlands	4.53%
Belgium	4.21%
Luxembourg	0.34%
Third Countries	0.11%

Second E.D.F. Period

France	46.13%
Germany	19.88%
Members of all associated states	18.25%
Italy	7.79%
Belgium	5.42%
Netherlands	2.16%
Luxembourg	0.13%
Third Countries	0.24%

LEGAL MATTERS

European Court of Justice - a decision on Patents

The Court of Justice has recently been considering a case concerning patent law between the American pharmaceuticals firm, Parke Davis and the Belgian firm, Probel, in company with a number of Dutch firms. The decision, which to all intents and purposes was a foregone conclusion, concerned the conflict between the right of competition as formulated in the Rome Treaty, and the right to own and protect industrial assets, as is recognised in the legislation and jurisprudence of each of the individual member states.

The Court found that the rights which a member state grants to holders of a patent licence are not incompatible with the intentions behind Articles 85 (paragraph 1) and 86 of the Rome Treaty. (See Series of Articles Nos 359 - 376). This runs as follows: "The following practices shall be prohibited as incompatible with the Common Market: all agreements between undertakings, all decisions by associations of undertakings, and all concerted practices which are liable to affect trade between Member States and which are designed to prevent, restrict or distort competition within the Common Market or which have this effect." Article 85 guards in particular against agreements which consist in "market-sharing or the sharing of sources of supply." Article 86 forbids, as contrary to the intentions of the Rome Treaty, "any improper exploitation by one or more undertakings of a dominant position within the Common Market or within a substantial part of it;" any such occurrences shall be deemed "incompatible with the Common Market and shall be prohibited in so far as trade between Member States could be affected by it."

The exercise of patent rights is not dependent on Article 85, paragraph 1 in the absence of any agreements, decisions, or concerted practices envisaged by this Article, nor by Article 86, if there is no misuse of a dominant position within the market. The fact that a patented product has a higher price than an unpatented product from another member country does not necessarily point to an abuse of the market.

* * *

YUGOSLAVIA

The Rough End of the Stick

Yugoslavia, which has for three years been trying to obtain a trading arrangement with the Community, has become a blameless victim of the continuing strife between the Six over Britain's bid for membership. The Yugoslavs are especially disappointed that they have received what is virtually a rebuff from Italy, which was the country that seemed likely to embrace their cause, promising talks having been held between Yugoslav and Italian representatives in January. Italy's refusal, in Brussels, to join in any talks about countries seeking trade pacts until the Six have reached a common stand over Britain, is what has left Yugoslavia out in the cold.

The problem is a vital one for Yugoslavia, as its trade deficit with the EEC is soaring from year to year, to reach a total in 1967 of $285 million. Even though it is in agricultural produce that the matter is most vital (40% of Yugoslav exports to the Community fall into this category), the government in Belgrade does not feel that any trading arrangements would threaten a breach in the Community's CAP. The feeling amongst the Yugoslavs appears to be one of righteous indignation, not only at Italy's volte face, but at the fact that their own cause has nothing whatever to do with the squabbles that have brought about its rejection, and that they seek only a strict trade arrangement, without preferences or associate membership. German opposition, the negotiating of the Kennedy Round (see No 400) and the introduction of the CAP have all in turn militated against Yugoslavia's quest, but real hopes were sparked that constructive talks might begin by last January, when Belgrade said it was prepared to nominate a permanent representative in Brussels. The talks were subsequently postponed until this month, and have now been deferred again until July at the earliest.

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	Danish G. W. VENTILATION forms manufacturing/sales subsidiary	I
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	Dutch ALUMINIUM MATRIX to form £20,000 steel dies company	G
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CONTENTS

ADVERTISING

** BURKE MARKETING RESEARCH INC., the Cincinnati, Ohio market research and advertising agency (see No 444) has opened a branch in Milan under the direction of Mr. Edwig Wuerz. Control of the American company's European operations was recently taken over by Mr. Robert Schneider, the European headquarters being in Frankfurt.

AUTOMOBILES

** SEMEX METALL-& MASCHINEN GmbH of Munich has been granted exclusive sales rights in West Germany for Czech family saloons made by SKODA of Pilsen (see No 427). With a capital of Dm 250,000, Semex is affiliated to the sales companies, E.B. Clemens GmbH, Hamburg, the Poldi Steel Corp. and Exico Ltd., both of London.

In Western Europe the Pilsen concern has a number of sales outlets, Skoda Motor NV in Forest-Brussels (see No 386) and Skoda (Great Britain) in London (see No 386).

BUILDING & CIVIL ENGINEERING

** The two German metal and mining groups HANIEL (see No 448) and C. DEILMANN BERGBAU GmbH, Bentheim (see No 453) are to link up in the fields of land resources exploitation (mines, mineral oil, civil engineering etc), and will form a joint subsidiary to this effect, called DEILMANN HANIEL GmbH, Dortmund-Kurl, the Dm 16 million initial capital of which will be shared 74% by Deilmann and 26% by the Nuremberg metallurgical holding company GUTEHOFFNUNGSHUETTE AKTIENVEREIN. A wholly-owned subsidiary of the latter, Haniel & Lueg GmbH, Düsseldorf-Grafenberg, will make over its specialised functions to the new company.

Gutehoffnungshütte has also increased its stake in the welding machinery sector by gaining control of H. ZEUNER NACHFOLGER KG, SPEZIALSCHWEISS-SCHNEID-& RIEGELWERK, Düsseldorf, the business of which will be integrated with that of the Oberhausen subsidiary, Gutehoffnungshütte Sterkrade AG.

** Two Belgian public works concerns, MAISON VICTOR NIZET SA, Jemeppe, Liege, and ISOLATION REFORME SA, Uccle-Brussels, have linked 50-50 in forming REFORME & NIZET SA (capital Bf 2 m.) on the premises of the second. This company is to negotiate, prepare, and carry out projects in the fields of insulation, sealing and cladding, as well as manufacturing such materials, and its principal directors are Mm Jean Nizet, Joseph Fontaine, Henri Storme, and Mme Storme-Favart.

The parent companies, further linked with Revisma NV, Schoten, Antwerp, and Algemeen Isolatiebedrijf - I.S.O. NV, Schoten, had already become associated, in December 1966 in the formation in Brussels (with site offices in Jemeppe, Antwerp and Uccle) of the co-operative Isorga S.C. (see No 390), for similar types of project.

** Four Dutch civil engineering groups have taken equal interests in forming a Fl 1.5 million building and public works concern (capital 20% paid up), called NV AANNEMINGSCOMBINATIE GOUDA (A.C.G.) in Gouda. The four are: BONTENBAL"S AANNEMINGSBEDRIJF & BRANDSTOFFHANDEL NV, Reenwijk (see No 329), a member of the group Eerste Ned Asfaltcentrale "De Vrije Molen" NV, Alphen, Rijn; NV BOUWMIJ & GOUDA, Gouda; JOH MOURIK & CO'S AANNEMING-MIJ NV, Groot-Ammers, and NV BOUW-& AANNEMERSBEDRIJF P.G. VAN WILLINGEN, Gouda.

CHEMICALS

** ETS LASSAILLY & RICHEBOIS SA, Paris (tar distillation and asphalt) has decided to withdraw from the agreement it made in 1966 (see No 364) with the Sigs. F. Rosenweig, Milan and G. Bongiorni, Placenza, and which resulted in the formation of TAPISABLE ITALIA (T.I.P, S.A.) SpA, Monza, Milan. The latter, which was the licensee of the French company for its "Tapisable" road resurfacing techniques, will be wound up under the supervision of Signor E. U. Rava.

The Paris company is itself a 75% subsidiary of Ste Chimique de La Route Sa whose own main shareholders are the Progil SA group (20%) and Ugine-Kuhlmann SA (11.5%).

** The Belgian company, F.N. FABRIQUE NATIONALE D'ARMES DE GUERRE SA of Herstal (see No 452) intends to increase to a considerable extent its (minimal) holding in the Paris company, CARTOUCHERIE FRANCAISE SA; this move will increase the Paris company's capital to F 11.86 million. The two companies recently strengthened their links (see No 452) following an agreement in the technical and sales field; the agreement foreshadowed a move to make their munitions factories and their foreign distribution networks interdependent and complementary.

** STE D'EXPLOITATION DES PROCEDES SUBLISTATIC SA, Glarus (capital Sf 50,000) has just been formed with M. Pierre Folliet as president. Its shareholders are FILATURES PROUVOST-MASUREL & CIE-LA LAINIERE DE ROUBAIX SA, Roubaix, TRENTESAUX-TOULEMONDE SA, Tourcoing and CIBA AG, Basle. The Swiss company has similar aims to a company just formed in Roubaix with the same name: this is to exploit a process developed by M. Noel de Plasse for printing on textiles through the use of paper coated in special colorants. The backers of the French firm are the same as those who financed its Swiss counterpart.

** PROCTER & GAMBLE CO, Cincinnati, Ohio (see No 426) has strengthened its Italian interests by increasing the capital of its Milan affiliate LABORATORI DI MILANO SpA, to Lire 400 million. The managing director of PROCTER & GAMBLE ITALIA SpA, Rome, Mr. G.P. Kerr, has been appointed head of the Italian firm.

The Rome subsidiary, (president Mr. W.L. Lingle) has a capital of Lire 2,000 million. It controls a considerable share of the Italian detergent and toiletries market and its production facilities are at Pomezia-S.Palomba and Bariano, Bergamo.

** The American GREAT LAKES CARBON CORP, Wilmington, Delaware (which makes and sells carbon, coke, briquettes, carbon products and by-products) has opened a Paris office and at the same time made STE DE GERANCE & DE PARTICIPATION SA, Paris - represented by its director M. F.P. Manca, responsible for its interests in France.

The Wilmington firm already has some European interests: Dicalite Europe Nord SA, Brussels and Dicalite Europe Sud SpA, Milan. Both of these make "Dicalite" filtration adjuvants and insulation materials. It also has a West German representative in Hamburg, Tropag Oscar Ritter KG. There is a British subsidiary Great Lakes Carbon International Ltd, London.

** TYPON AG FUR PHOTOGRAPHISCHE INDUSTRIE, Burgdorf, the Swiss photographic film and printing specialists, have opened up a subsidiary in Wolfersheim in West Germany. Its president is Herr Max Lüthi, and it has Sf 1 million capital, its agency in France being Telos SA, Paris, which has a capital of F 1.4 million.

** The Californian maker of chemicals and electronic instrumentation equipment MAGNA CORP, Sante Fe Springs (a 53.7% subsidiary of the Cleveland, Ohio group TRW INC - see No 448) has formed a Düsseldorf subsidiary called MAGNACHEM GmbH (capital Dm 20,000) with Mr. Henry Hillinga as manager.

The founder already has a Common Market sales subsidiary: MAGNACHEM NV, The Hague (formed in 1966 - see No 379) as well as another in Canada called Magnachem Ltd.

** R & I RAMTITE FUERFESTE BAUSTOFFE GmbH has been formed in Essen with Dm 20,000 capital and Mr. John Reed as manager, to promote sales of "Ramtite" insulation and refractory materials.

These products are made and distributed in Belgium by R & I Ramtite Europ SA, Jupille (see No 435), the shareholders of which are COMBUSTION ENGINEERING INC, New York (40%) and the S. OBERMAYER CORP of Chicago (30%), while European interests in the company are held by PISES SPECIAUX SA, Brussous-Liege (15%) and the French STEIN & ROUBAIX SA (15%), Paris, an affiliate and licensee of Combustion Engineering.

COSMETICS

** The American pharmaceuticals group, NORWICH PHARMACOL CO, Norwich, New York (see No 365) is about to enlarge its activities in the perfumes and cosmetics sector following a deal with the French group, EXPANSCIENCE SA, Courbevoir, Hauts-de-Seine, which owns Parfums Lubin SA of Paris (president M. Paul Prot): the agreement is to cover both manufacturing and sales.

Under the presidency of M. P.Berthome, Expanscience (formerly Laboratoires d'Expansion Scientifique Moderne Expanscience SA - see No 237) specialises in skin care products (factory at Epernon, Eure et Loir) and has sales subsidiaries in Forest, Brussels and Milan, in association with Laboratoires Pharmascience SA, Asnieres. Norwich Pharmacal also has a manufacturing subsidiary within the Common Market, Orphahelle NV.

ELECTRICAL ENGINEERING

** Two French domestic appliances firms have decided to take action against the ever-increasing Italian share of their national market. C.G.E.-Cie Generale D'Electrique SA, Paris (see No 451) has agreed to make a rationalisation move covering cookers with USINES & FONDERIES ARTHUR MARTIN SA, Paris (see No 417). C.G.E's interests in this sector are represented by CIE EUROPEENNE POUR L'EQUIPMENT MENAGER-CEPEM SA, its 57.6% subsidiary through the holding company PROCEDES SAUTER SA. In 1966 Cepem acquired the manufacturing assets of Procedes Sauter SA and Cie Thermor SA, Orleans, and it makes "Sauter" and "Thermor" domestic appliances.

Arthur Martin makes a wide range of cookers, washing machines and fridges bearing its own name, and in addition to those made by its 76% subsidiary Faure & Cie-Fabricants d'Appareils de Chauffage & de Cuisine SA, Revin, Ardennes.

** Set up in the Netherlands in 1965 by the British office equipment concern, TWINLOCK LTD., Beckenham, Kent, in a token association with a Dutch company in the same sector, KADEE-DELFT NV, Delft, the firm TWINLOCK NEDERLAND NV, Delft (see No 315) has now gained control of STADTMAN NV, Medenblik. This move paves the way for the manufacture of Twinlock's portable invoicing machines (the "Scribe"), and filing systems in Twinlock Nederland's new headquarters at Amsterdam.

The Beckenham group, which in Great Britain controls The Elmend Mfg. Co. Ltd., Grimwood's Transport Ltd. and Twinlock Export Ltd, recently gained a substantial holding in Cotton & Associates Ltd., London, which specialises in documentation and archives. This purchase also gained Twinlock the British agency for the American company, The Diebold Group Inc, New York and Washington (see No 446), the data-processing and information science concern.

** The American automotive and precision engineering group EATON YALE & TOWNE INC, Cleveland, Ohio (see No 419) has extended its European interests in electrical equipment and electrotechnical controlling and measuring instruments sector by gaining control of the Italian STA ELETTROTECNICA PADANA-ELPA Srl, Casale Monferrato, Alessandria, which has been renamed EATON ELPA SpA. This is now the group's fourth Italian subsidiary and will work in close co-operation with the precision parts concern C.I.M. based in Monte Carlo, a sister company of the American firm Dole Valve Co, Morton-Grove, Illinois, which the group acquired in 1963.

The other Italian manufacturing interests of the Cleveland group are: Eaton Products SpA, formed in 1966 at Rivarolo Cavanese, Torino (see No 381) by one of its Dutch subsidiaries Eaton Yale & Towne Europa NV, The Hague; Yale SpA, Aprila and Rome; Eaton Livia SpA, Rivarolo Cavanese.

Set up in 1964, the German distributor of electrical equipment and industrial ovens, NASSHEUER GmbH of Oberlar, Troisdorf (capital of Dm 81,000) has opened a branch in Vienna, under the direction of Messrs. Karl Wolfling and Josef Klug.

ELECTRONICS

** CENTI - CENTRE POUR LE TRAITEMENT DE L'INFORMATION SA (see No 404), the Paris data-processing and computer complex installation and organisation concern, has made the branch it formed in Brussels in September 1964, a full subsidiary, named CENTI BENELUX - CENTRE POUR LE TRAITEMENT DE L'INFORMATION AU BENELUX SA (capital Bf 500,000). Centi is itself the joint subsidiary of SERTI - STE D'ETUDES & DE REALISATIONS POUR LE TRAITEMENT DE L'INFORMATION SA and C.A.P. - CENTRE D'ANALYSE & DE PROGRAMMATION SA.

C.A.P. has a direct stake of its own in Belgium, in the shape of the 70% subsidiary C.A.P. - Belgique - Centre d'Analyse & de Programmation Belgique SA, Brussels, in which the balance of the capital is held by SOCODIN - Soc. Co-operative d'Investissements Sc, Brussels. It is further linked with the British Computer Analysts & Programmers Ltd, London, in a 50-50 Geneva subsidiary, Cie d'Application a la Programmation (C.A.P.) SA (see No 410). For its part, Centi has a Paris subsidiary, Centi 3 SA (capital F 100,000 - president M. J. Boisrieux), which specialises in scientific data processing.

** The British electronic and scientific materials and equipment company, METALS RESEARCH LTD, Cambridge and Royston, Herts, has formed a Paris subsidiary, METALS RESEARCH (FRANCE) Sarl (capital F 20,000) with Mme Chiland as its managing director. The new company is to trade in, assemble and maintain electronic decoders, electronic instruments for shaping metal templates, high temperature furnaces etc.

** The Dutch group PHILIPS' GLOEILAMPENFABRIEKEN, Eindhoven (see this issue) acting through its British subsidiary PYE HOLDINGS LTD (formerly Philips Electronic Holdings Ltd) directly controlled by PHILIPS ELECTRONIC & ASSOCIATED INDUSTRIES LTD, London, intends to purchase for some $A 4.5 million, one-third of the non-voting shares in the Melbourne firm ELECTRONIC INDUSTRIES PTY LTD (see No 405) in which it already has a 45.6% stake.

Other Australian interests of the Dutch group include the subsidiary Philips Electrical Industries (Australia) Pty Ltd, which in 1967 (see No 405) acquired a large minority shareholding in Eric Anderson (Consolidated) Pty Ltd, as well as Pettiford Holdings Pty Ltd and Commonwealth Electronics Pty Ltd.

** Following the reorganisation of the West German interests of the American electronics and electrical group, LEAR SIEGLER INC, Santa Monica, California (see No 444), LEAR SIEGLER GmbH, Munich-Ismaning, has taken over the manufacturing side of C.A. STEINHEIL SÖHNE OPTISCHE WERKE GmbH, Munich: this move will transform the latter into a simple sales company under the name of Steinheil-Lear Siegler Vertriebs GmbH.

The Munich-Ismaning company, to which the group contributed at the beginning of 1968 its control of Erma-Werke Waffen & Maschinenfabrik GmbH and Fiberglide Gleitlager GmbH (both at Dachau), also controls Otto Fennel Fabrik Vermessungstechnischergeräte GmbH & Co. KG, Kassel.

** S.P. ELETTRONICA SpA (see No 254), formed in Milan in 1962 to make levelling gauges and "Spectrol" potentiometers, as a 40-60 venture between CARRIER CORP, Syracuse, New York, and PIRELLI SpA, Milan, has formed a company in its own name in London. This has £100 capital, and is directed by Messrs F.J. Donagh of Beckenham and E.W.J. Wood of Ilford.

** The Brussels M.B.L.E. MANUFACTURE BELGE DE LAMPES & DE MATERIELS ELECTRONIQUES SA (see No 441) has now acquired complete control of STE BELGE D'APPLICATIONS ELECTRONIQUES & MECANIQUES- SOBELECTRO SA, Anderlecht-Brussels, the capital of which has been reduced from Bf 1 to Bf 5 million, following the withdrawal of the former 50/50 partner. The latter was the Swiss firm WERKZEUGMASCHINENFABRIK OERLIKON-BUEHRLE & Co, Zurich, which held its interest through Oerlikon-Bührle Holding AG (see No 450).

M.B.L.E., (capital increased in early 1967 by three stages to Bf 600 m.) is an affiliate of the Philips' Gloeilampenfabrieken NV, Eindhoven group, through its wholly-owned subsidiary Philips Industrielle & Commerciele Mij. NV, Brussels (see No 452). Its other main shareholders are Banque Lambert, Ste Generale de Banque Sa, as well as Banque de Paris & des Pays-Bas SA, Paris, and its Brussels subsidiary Cie Belge de Participations Paribas-Cobepa SA.

** The French components concern, SOURIAU & CIE SA, Boulogne-Billancourt (see No 395) has extended the sales coverage of its Milan subsidiary Scouriau Italiana SpA by opening branches to it in Turin and Rome.

Souriau produces connectors, control instruments and car and aircraft test panels in its four factories at Champagne, Sarthe; La Ferte-Bernard, Sarthe; Cluses, Haute-Savoie and Boulogne-Billancourt. Its European sales network takes in subsidiaries in Düsseldorf, Brussels (S.E.B.S. - branch in Rotterdam) and Milan, plus agents in Switzerland (H. Beckmann SA. Bienne); Britain (Lectropon Ltd, Slough); Austria, Spain, Greece, Denmark, Norway and Portugal.

** DEUTSCHE BALDWIN GmbH (see No 306) which was formed in Frankfurt as a sales subsidiary of the American piano and organ firm BALDWIN PIANO & ORGAN CO, Cincinnati, has been closed down.

The parent-compant itself belonged to D.H. Baldwin Co, Cincinnati, whose main direct European interests are C. Bechstein Pianofortefabrik AG, Berlin, Baldwin SA, Geneva, and Baldwin Burns Ltd, Romford, Essex. The group is well-known for its electronic pianos and electric guitars and has an annual turnover of around $45 million.

ENGINEERING & METAL

** As a follow-up to its previous plans (see No 450), the ovens, burners, gas measurement and control equipment concern, SELAS CORP. OF AMERICA, Dresher, Pennsylvania - confiscated during the war by the Americans as war booty - has now taken absolute control of its former parent company in Germany, SELAS INDUSTRIE OFENBAU WERNER SCHLEBER, Dusseldorf. The German company, with factories at Büderich, will now trade under the name of SELAS WARMETECHNIK GmbH.

** The German lawnmower, snow plough, power sweeper, large scale vacuum cleaner and crop-spraying machine concern, HAKO-WERKE HANS HOCK & SOHN KG of Bad Oldesloe, has formed a subsidiary in the Netherlands, HAKO-HOLLAND NV, Bennekom, Ede (51%) in association with local interests represented by Messrs. F. Dooge, Bennekom, L. Bouwman, Randwijk, and A. Nysse, De Zilk. With a capital of Fl 400,000 (50% of which is paid up), the new company manufactures and sells agricultural equipment, machinery for industry etc.

The parent company is represented in France by Couaillac & Bly of Chatillon-sous-Bagneux, Hauts-de-Seine, and it has its own subsidiary in Italy, Hako Italia Srl, Verona, with a capital of Lire 900,000; the managing director is Mr. Hans Höchel.

** The Dutch manufacturer of special steel dies for the extrusion of aluminium, ALUMINIUM MATRIX NV, Arcen b. Venlo (see No 389) has now put into effect its plan to set up a subsidiary in Great Britain. Called ALUMINIUM MATRIX LTD, Birmingham. With a capital of £20,000, the company is to develop, manufacture and distribute special steel dies.

Set up itself at the end of 1963 by the Mareng NV, Curacao, and Indivers NV, Amsterdam holding companies, Aluminium Matrix has had a subsidiary in Milan, Almax Italiana SpA, since 1966: this firm was formed in association with Finderma Italiana-Financial Development Marketing di John Caminer & Co. of Milan. The second of its parent companies has recently set up in Loevarden a trading and metal processing company, NV Ramix, with a capital of Fl 500,000.

** The West German manufacturer of hydraulic equipment OTTO ECKERLE, APPARATE & MASCHINENBAU oHG, Malsch, Karlsruhe (see No 329) has formed a sales subsidiary in Austria called GOTEC APPARATEBAU- VERKAUFS GmbH (capital Sch 100,000) with Herren Otto Eckerle and Wolfhard Nejeschleba as managers.

The founder has nearly 600 persons on its payroll and its annual turnover exceeds Dm 15 million. Since 1962 it has had a Swiss subsidiary, Gotec GmbH, Sion (capital Sf 200,000) and there is also a Belgian licensee S.A.B.C.A.-Ste Belge de Constructions Aeronautiques SA, Brussels (see No 432) itself a 93% subsidiary of the Dutch NV Kon. Ned. Vliegtuigenfabriek Fokker, Amsterdam.

** The Swiss maker of industrial and domestic weighing, measuring and batching appliances DOMESTIC SCALE DISTRIBUTION SA, Fribourg (see No 247) has backed the formation in Turin of the sales company TERRAILLON Srl (capital Lire 990,000) whose manager M. Hermann Egger, is its own director.

Four years ago the founder extended its interests to Belgium with the formation of a Brussels sales subsidiary Terraillon-Benelux SA, which is headed by M. Egger and M. Tom Vogel of Geneva.

The French concern CADILLON SA, Charolles, Saone- &- Loire, (lifting, scaffolding, levelling and concrete equipment) has opened a West German branch office at Darmstadt headed by Herren Hermann Beverle and Bernhard Horn.

The founder (capital F 1.5 m. - president M. Roger Cadillon) has had a Spanish licensee since 1966, Jose Bagant Pitarch, Castellon de la Plana.

** The German optical and precision engineering group, CARL ZEISS, Oberkochen, Württemburg (see No 445) has increased its coverage of Latin America by gaining the majority control of its agency in Mexico, DEG CASA A SCHULTZ, Mexico. In addition to this move, it is also preparing to open sales outlets in San Salvador and in Caracas. In Brazil, Zeiss is about to open up an agency at Recife and the headquarters of its subsidiary Carl Zeiss Cia Otica & Mechanica, Rio de Janeiro will be transferred to Sao Paulo. In this region it also has control of Carl Zeiss Argentina SA, Buenos Aires.

** Fourteen Dutch firms have just combined to set up in Amsterdam a plant supply company called TURNKEY-HOLLAND NV aimed at the markets of Eastern Europe and the developing world. This move followed a similar venture by fourteen firms from West Germany, Belgium and Switzerland, who established Export Consortium Europäischer Ausrüter Von Industrie-Anlagen AG, Karlsruhe (see No 453).

The Amsterdam company is headed by Mr. F. Le Coultre, Wassemar and has an authorised capital of Fl 1.5 million (20% issued) held in decreasing order of interest by its founders: 1) J.P.A.NELISSEN GROEP NV, Haarlem, which controls in the Netherlands J.P.A. Nelissen Aannemingsbedrijf NV (around 900 on payroll) and Advies- & Konstruktiebureau J.P.A. Nelissen NV, Haarlem; 2) U.L.C. INTERNATIONAL NV, a Utrecht-based member of the group U.L.C.-Groep NV, and a sister company to U.L.C. Verwarming NV and U.L.C. Loodgieterswerken NV; 3) OGEM- NV OVERZEE GAS- & ELECTRICITEITSMIJ, Rotterdam (see No 450); 4) WED. J. AHREND & ZOON'S HOLDING NV, Amsterdam (see No 448); 5) MACHINEFABRIEK & CONSTRUCTIE WERKPLAATSEN A.J. MULDER NV, Onde-Pekela; 6) NED. METAALINDUSTRIE "POLYNORM" NV, Bunscheden, Spakenburg (over 600 on payroll); 7) PIETER SCHOEN & ZOON NV, Zaandam (see No 416); 8) MACHINEFABRIEK KIEKENS NV, Landsmeer, which has had a West German subsidiary, Maschinenfabrik Kiekens GmbH, Dornik, since 1959; 9) A. DE JONG NV, The Hague; 10) SAVAL APPARATENFABRIEK NV, Breda; 11) VAREKAMP-TAILLEUR NV, Amsterdam (see No 408), the joint subsidiary of the French firm Tailleur Fils & Cie SA, Paris, and the Dutch Varekamp Internationale Expediteurs NV, Amsterdam; 12) K.N.S.M.-KON. NED. STOOMBOOTMIJ. N.V., Amsterdam (see No 420); 13) K.L.M.-KON. LUCHTVAART MIJ. NV, The Hague (see No 453), and 14) the Zaandam woodworking firm BRUYNZEEL NV (see No 450).

** The Dutch bicycle manufacturer, METAALWARENFABRIEK BOOKELAAR NV, Rosendaal, has formed a sales subsidiary at Steinheim, Westphalia, called Bookelaar Metall-Handels GmbH, with Dm 20,000 capital and J.M. Bookelaar as manager. It already has a Belgian subsidiary, Book International NV, Antwerp, formed in 1966 with Bf 50,000 capital.

** The Danish manufacturer of industrial ventilation and air-conditioning equipment G.W. VENTILATION A/S, Copenhagen, has formed a Belgian manufacturing, sales and maintenance subsidiary G.W. VENTILATIE NV, Elsens-Brussels (capital Bf 750,000). This has been carried out in conjunction with Belgian and Dutch interests represented by Mm. Theodor Sandberg and Alphonse H. Iven, who will head the new concern. The founder's share in the subsidiary is mainly held by Mr. Oscar G.Pedersen, director of the Dutch subsidiary G.W.Ventilatie NV, Bolnes, Riderkerk, which was formed in 1961 on a 50-50 basis with the Dutch firm NV Fabriek Van Flaatwerken v/h Firma Wed. H. Dam.

** BIRFIELD TRASMISSIONI SpA, Brunico, Bolzano (see No 431), Italian member of the London group BIRFIELD LTD, itself controlled by GUEST, KEEN & NETTLEFOLDS LTD, Smethwick, Staffs, has taken a 33.3% interest in the formation on the premises of its own Milan branch (formed in September 1967) of UNI-CARDAN ITALIA SpA, to import and distribute parts for motor, engineering and farm machinery industries. The new firm has P. B. Walterscheid-Müller as president, and is controlled by the Anglo-German motors and automobile engineering company, UNI-CARDAN AG, Lohmar, Rhineland, in which Birfield's interest stands at about 40%.

Uni-Cardan, which was formed in July 1964 (see No 275), has itself a 50% interest in Birfield Trasmissioni, and also recently gained control of the French Glaenzer Spicer SA, Poissy-Yvelines, having previously held a minority 33% interest.

** The man behind the Belgian concern MOL GEBROEDERS Pvba, Hooglech, W. Vlaanderen, Mr. G. Mol, has now become the managing director of the French concern MOLIMPEX Sarl, set up at Antony, Hauts-de-Seine, with a capital of F 100,000. The company is to be concerned with brokerage, distribution, import and export, transportation and renting of all equipment and plant for civil engineering work and public transport.

FINANCE

** The Hamburg merchant bank SLOMAN BANK KG (see No 434) has formed a wholly-owned Swiss administration subsidiary called SLOMAN ZUG GmbH (capital Sf 1.2 m.) with Herr Hans Kopp as manager.

The West German bank (funds of Dm 11 m.) has been affiliated since June 1967 with the Danish bank Privatbank Kjøbenhavn A/B, Copenhagen. Since early 1967 it has controlled another Hamburg merchant bank, Louis Hagen & Sohn KG (see No 398).

** The Chicago-based CONTINENTAL ILLINOIS NATIONAL BANK & TRUST CO (see No 453) intends to widen its European interests, which already include two London branch offices, by opening offices during 1968 in Frankfurt and Paris.

The American bank (deposits of $5,419 m. at the end of 1967) is represented at present by offices in Brussels, Milan and Zurich, and it has many interests in other banking and financial concerns: Banca Privata Finanziaria SpA, Milan; Banque Europeenne d'Outre-Mer SA, Brussels; Continental & Overseas Investment NV - C.O.I.N., Amsterdam; Banco Atlantico SA and Union Industrial Bancaria SA (both in Barcelona); Banque Americano-Franco-Suisse pour le Maroc SA, Casablanca.

** The Turin finance and investment concern STA INDUSTRIALE STURA SpA, S.I.S., will raise its capital to Lire 1,000 million following the takeover of three of its Turin affiliates: F.I.P.-FINANZIARIA INVESTIMENTI & PARTECIPAZIONI SpA, STUDI & APPLICAZIONI FINANZIARIE SpA and PIOPETTI DI S. ALBINO SpA.

S.I.S. (capital recently raised to Lire 700 m.) is associated with the Cartiere Burgo SpA, Turin, group (see No 441) in the paper factory Cartiera di Germagnano SpA, Turin. With a capital of Lire 1,300 million, this has Sig. Rento Calabi as president, its own president, and that of F.I.P.

** Two Brussels foreign exchange dealers, E. & E. VAN CAMPENHOUT and JEAN PETERBROEK & CIE, have decided to merge under the name of PETERBROEK, VAN CAMPENHOUT & CIE Scs. This company will play an active part in making international issues through Libert Peterbroek Securities SA (capital Bf 10 m.), which emerged as the result of a merger in 1966 between Libert Peterbroek & Cie Scs and Mutuelle d'Etudes & de Finance-Mufina, the latter being the surviving company.

** BAYERISCHE VEREINSBANK, Munich (see No 449), has followed the Deutsche Bank AG, Frankfurt, and Commerzbank AG, Düsseldorf (see No 442), in taking a shareholding in the Panama City finance company DELTEL PANAMERICA SA.

This was formed with the backing of the American Deltec Corp, Nassau, Bahamas, and its other European shareholders include the London banks Schroders Ltd, S. G. Warburg & Co, as well as Bolsa - Bank of London and South America Ltd.

** Three Dutch banks specialising in marine underwriting, NEDERLANDSCHE SCHEEPS-HYPOTHEEKBANK NV, NV ROTTERDAMSCHE SCHEEPSHYPOTHEEKBANK and NV EERSTEN NEDERLANDSCHE SCHEEPSVERBAND MIJ. (all based in Rotterdam), are to merge within the last-named.

With an authorised capital of Fl 24 million, this has, since 1940, taken over three other banks, and it controls another concern in the same sector, Hollandsche Scheepsverband Mij. NV. It has total control of three shipping companies, each of which have a capital of Fl 100,000: NV Motorschip "Zuidland", NV Scheepvaart Mij "Peter" and NV Scheepvaart Mij "Steven". In Belgium, it has a long-established subsidiary, Scheepvaartmij. Angelica NV.

Ned. Scheeps-Hypotheekbank (authorised capital Fl 10 m.) has almost total control of NV Zuid-Nederlandsche Scheepshypotheekbank, Rotterdam (capital Fl 3 m.). Rotterdamsche Scheepshypotheekbank (authorised capital Fl 20 m.) runs Nationale Scheepshypotheekbank NV, formed in 1956 by Nationale Levenverzekering Bank NV, Rotterdam (see No 264), a member of the Delft insurance group Nationale Nederlanden NV (see No 446). It also has complete control of the Rotterdam shipping company Alg. Scheepvaart Mij. Saskia NV.

** The Italian bank BANCA PROVINCIALE DI DEPOSITI & SCONTI SpA, Milan (see No 327), is in the process of absorbing BANCA POPOLARE S. GAETANO Srl, Turin, thus raising its capital to Lire 964.4 million. Late in 1965 it carried out a similar move with BANCO BOVISIO SpA, Vigevano, Pavia (see No 317), when its capital went up to Lire 608.5 million (subsequently raised to 851.9 m.).

** A link-up on a 35-35-30 basis has been forged by two Geneva banks, BANQUE PASCHE SA (see No 400) and BORDIER & CO Snc, represented respectively by MM. Albert Pasche and Raymond Bordier, and the BANQUE INTERNATIONALE A LUXEMBOURG SA (see No 453). As a result a holding company called SEALFIRE SA has been formed with a capital of Lux F 5 million. Its directors are MM. Bordier, Pasche and Joseph Leydenbach.

Banque Pasche is a member of the Lyons banking group Lyonnaise de Depots & de Credit Industriel SA, itself affiliated to C.I.C. - Credit Industrielle & Commercial SA, Paris (see No 427).

FOOD & DRINK

** The spirits group (especially Vermouths), CARPANO G. B. ANTICA FABBRICA DE VERMOUTH Sas, Turin (see No 355), has closed down its sales subsidiary in Munich, Carpano Vertriebs GmbH; the managing director of the firm was Sig. H. Becchio.

** A concentration of the various interests of the Italian food group EGIDIO GALBANI SpA, Melzo, Milan, is about to take place; the move will involve two Milan companies, IMMOBILIAREX CENTRO ITALIA SpA (capital Lire 100 m.) and S.A.I.C.A. - SOC. AGRICOLA INDUSTRIALE CASALESE AZIONARIA (Lire 100 m.).

With a capital of Lire 2,250,000, Galbani, which is one of the biggest cheese concerns in the country (Bel Paëse, Gorgonzola, Teleggio, Erbo, etc.), also produces prepared meats, which, like its cheeses, are exported to the whole of the Common Market. Produits Galbani SA Belge, its subsidiary in Molenbeek-St-Jean, which is directly controlled by Commissionaria Internazionale Finanziaria SpA of Milan, has represented it since 1960.

** The Canadian group DISTILLERS CORP - SEAGRAMS LTD, Montreal, is holding talks in West Germany with the aim of gaining control of the fruit juice and spirits firm FRITZ LEHMENT GmbH & CO KG, Kiel. Owned by Herren Friedrich and Joachim Lehment, this has an annual turnover exceeding Dm 55 million, and since 1963 has had an Austrian subsidiary called Fritz Lehment GmbH, Graz (see No 259).

The Canadian group is headed by Mr. Samuel Bronfman, and its sales for 1966 - 1967 amounted to U.S. $1,164 million. One of its most recent Common Market moves was the acquisition in 1967 of a controlling interest in the Antwerp Van Den Wyngaert Import & Bottling Pvba, which has since been changed to Seagrams Belgium NV (see No 406).

** The British spirit merchants BERRY BROS. & RUDD LTD, London, has taken a larger interest in the West German firm responsible for marketing its products, WOLFGANG SARP. & CO KG, Wiesbaden, by acquiring the interests of Herren Rudolf Zehnder, Zurich, and Josef Schmitt, Rossdorf.

GLASS

** The Milan subsidiary of the American group DOW CHEMICAL CO, Midland, Michigan (see No 452), DOW CHEMICAL SpA, has made an agreement with VETRERIA ITALIANA BALZARETTE, MODIGLIANI SpA, Milan (see No 431) - a member of the French group CIE DE SAINT-GOBAIN - granting it distribution rights in Italy for its insulators, "Styroform FR" and "Roofmate FR". The insulators are used mainly in the building industry and are produced in the group's three European factories: Terneuzen in the Netherlands, Greffern in West Germany and Kings Lynn Britain.

INSURANCE

** An agreement between the Paris insurance brokers JEAN MOULIN & FILS SA and the Amsterdam LANGEVELDT DE VOS DE WAAL (see No 390) has resulted in the formation in Paris of MOULIN & LANGEVELDT SA. With M. Andre Moulin as president, this will be run by Mr. Harm Millaard, Baarn, one of the Dutch firm's partners.

In 1967 the latter acquired a shareholding in the Hamburg insurance brokers Georg Wildegans & Co KG, in return for assets made over by its West German representative H. Bode & J. Hermann Schröder, Hamburg. At the same time it established Langeveldt & Wildegans NV.

** The Edinburgh and London insurance company CENTURY INSURANCE CO LTD has set up a branch in Milan with assets of Lire 20 million. Directed by Sig. Olello Apuzzo, the branch will concern itself with all sectors of insurance and re-insurance, with the exception of life insurance.

** The British insurance company THE DOMINION INSURANCE CO LTD, Edinburgh, has opened a Paris branch under Mr. Roger Roditi. With a capital of £250,000, the founder (chairman Mr. Douglas Horne) has been a 20% affiliate since 1965 of the Japanese group TAISHO MARINE & FIRE INSURANCE CO LTD, Tokyo. It already had a branch in Antwerp.

OIL, GAS & PETROCHEMICALS

** The Belgian-American company PHILLIPS FINA SpA, Milan, which specialises in the distribution and processing of liquefied gas (see No 397), has enlarged its sales network with the opening of branches in Catania, Calabria and Castellmare del Golfo, Sicily.

With a capital of Lire 300 million, Phillips Fina, control of which is shared by the Belgian group PETROFINA SA, Brussels, and the American group PHILLIPS PETROLEUM CO, Bartlesville, Oklahoma, has storage depots and branches in Rome, Ancona, Perugia, Bari, Naples, Padua, Brescia, Turin and Genoa.

PAPER & PACKAGING

** Given the task of co-ordinating the international marketing and advertising policy of affiliated or associated companies in the drinks packing and food sectors, the Swiss company IMPROMEX AG of Fribourg (see No 401) has set up a second subsidiary in Belgium, BEFEVEND NV, Turnhout. The move has been made in association with its subsidiary, Intrafood International NV, which it set up in Turnhout in March 1967. Manufacturing a large range of technical equipment, including electrical goods and refrigerators, Intrafood International has a capital of Bf 200,000. The latter has also, in token association with Befavend, formed Bevolux Belgie NV (capital Bf 200,000) to manufacture technical equipment, plastic goods, and packaging.

** Collaboration agreements between the Dutch card-box and paper concerns PAPIER-' CARTONFABRIEK PEKELA NV, Nieuwe Pekela, and CARTONNAGE & GOLF CARTONFABRIEK LOMAN-HUIZING NV, Winschoten and Stadskanaal (some 75 on the payroll), have now resulted in the merger of these two firms. With some 50 on the payroll, the former specialises in the manufacture of cartons in imitation leather, double-sided imitation leather covered card and imitation leather for book-binding. It is represented abroad by Cartiera Paudice Merco SpA, Turin, S. A. Clark Ltd, Northwood, Middlesex (a member of the B. Finch Holding Ltd group of Barkingside, Essex).

** Two of France's leading producers of newsprint are to co-operate within a joint subsidiary. The manufacturing and sales interests of PAPETERIES DARBLAY SA (see No 453) and PAPETERIES DE LA CHAPELLE SA will be co-ordinated by the new firm, in which La Chapelle will have a majority interest.

If it is formally established, the new company will have an annual capacity of some 450,000 tons (58% in newsprint) and will be the second largest firm of its type within the Common Market after the Düsseldorf group Feldmühle AG (see No 450). Turnover will amount to F 400 million, and the four factories will employ some 5,000 people. These are at St-Etienne-de-Rouvray, Seine-Maritime, owned by La Chapelle - subsidiary of the British group Bowater Paper Corp Ltd through its Swiss holding company A. G. für Unternehmungen der Papier Industrie, St-Moritz - as well as at Corbeil-Essone, Grand-Couronne, Seine-Maritime, and Bellegarde, Ain, owned by Darblay.

PHARMACEUTICALS

** The Danish chemicals and pharmaceuticals group H. LUNDBECK & CO A/S, Valby, Copenhagen, has formed an almost wholly-owned sales subsidiary in Belgium, LUNDBECK SA, Watermael-Boitsfort, in which its subsidiary, H. LUNDBECK & CO KEMISK FARMACEUTISK LABORATORIUM (KEFALAS) S/A, Valby, has a token shareholding. With a capital of Bf 1 million, its president is Mr. Olaf Thrane of Copenhagen.

The Danish group already has a considerable number of Common Market interests. These include L.I.C.-Lundbeck Industries Chimiques Sarl, Paris (formerly at Neuilly, Hauts-de-Seine), and in Amsterdam, H. Lundbeck & Co (Holland) NV (formerly NV Ned. Importmij. Van Pharmaceutische Artikelen-Nedipharma). It also controls Lundbeck Arznemittel GmbH, Vienna, and Lundbeck AG, Arlesheim, Basle, and there are subsidiaries bearing its own name in Norway, Sweden and Finland.

PLASTICS

** The American moulded plastics and vulcanized insulation fibres concern, the N.V.F. CO, Wilmington (formerly National Vulcanized Fibre Co), is to form a French sales subsidiary called N.V.F. EUROPE SA. This will be responsible for selling throughout Europe - with the exception of Britain - products made at Ivours-Irigny and Villeurbanne, Rhone, by LA FIBRE FRANCAISE SA, Ivours, or by the parent company in the United States.

With M. C. M. Germain as president, La Fibre Francaise became an 85% interest of the American group in 1961, and in 1962 the stake was raised to 97%. In 1966, N.V.F. acquired indirect control of Manufacture Lyonnaise d'Isolants H. Beurley SA, Villeurbanne, and merged it with La Fibre Francaise, the capital of which was raised to F 3.69 million.

** Swiss interests represented by the Zug holding company FIDEFIN BETEILIGUNGS- & HANDELS AG have backed the formation in Düsseldorf of the plastics and insulating materials production concern TRI-COAT KUNSTSTOFF DESCHICHTUNGS GmbH (capital Dm 50,000). Managers of the new firm are MM. John Schromer, Zurich, and Christian Orssich, Zug.

Fidefin (capital Sf 2.5 m.) also controls the Brussels chemical and metals trading concern Belgofer SA, the capital of which was raised to Bf 1.8 million during 1967.

PRINTING & PUBLISHING

** The Stuttgart publishing house of CHR. BELSER DRUCKEREI & VERLAG KG is to launch in West Germany the new monthly magazine "Sputnik" (initial print-out of 130,000 copies), providing both general and scientific information on the USSR. This follows an agreement between Belser and the Moscow press agency NOVOSTI, which already supplies written and photographic material of this kind for "Sputnik" magazines published in France, Britain and Japan.

The German concern (share capital of Dm 3.3 m.) heads a group of concerns with a global turnover in excess of Dm 100 million, the main members being: Franz. W. Wesel, Druckerei & Verlag, Baden-Baden; Verlag Rheinschwaren GmbH; Litei Kalenderverlags GmbH, and Colorprint Seidendruck GmbH of Stuttgart, and Druckhaus Tempelhof GmbH & Co KG of Berlin.

SERVICES

** The German fiduciary company WHINNEY, MURRAY & CO KG WIRTSCHAFTSPRUEFUNGSGESELLSCHAFT, Hamburg, has opened up a branch in Düsseldorf. Opened in 1922 with Messrs. E. Whinney, H. Murray, M. Grianger, E. Bartolomew, T. McDonald, G. Rufford, L. Raitte and A. Eichhorst as associates, the firm has a sister company in Switzerland, Whinney, Murray & Co, Zurich.

The latter played a part in the formation of an organisation consultancy firm in Paris in 1967, Whinney Murray Ernst & Ernst Sarl, in a 50-50 association with the American company, Ernst & Ernst International of New York.

** The Swiss marketing and advertising consultancy company ADVERTA AG of Zurich, with a capital of Sf 50,000, has backed the formation of a new company in Düsseldorf, the agency HANS LOOSER GmbH. With a capital of Dm 20,000, the managing director, M. H. Looser, is also president.

TEXTILES

** A subsidiary of the Dutch textile concern, CORNELIS VAN DEN BRINK'S TAPIJTFABRIEKEN NV, Hilversum (some 600 employees) called KEIJZER CARPETS NV (formerly Stoomtapijfabriek Nederland NV) has made a co-operation agreement with the Austrian company, KARL EBYL, Krems, Donau, in the fields of research and production.

Keijzer Carpets, which specialises in the manufacture of tufted carpets, already has a subsidiary in the Netherlands, Koninklijke Handtapijtknuperij Kinheim NV at Beverwijk, which, with about thirty employees, manufactures rugs.

** The Dutch making up firm, NV CONFECTIEINDUSTRIE v/h D. KAMPHIUS, Zutphen (capital Fl 1.36 m.) is to take a holding in another Dutch firm in the sector, DUMAK CONFECTIEBEDRIJF NV, Roermond. This is the logical follow-up to the recently-decided commercial co-operation agreement which was signed between the two firms.

With a payroll of some 150, Dumak has had a subsidiary in Britain since July 1964, Dumak Slacks (U.K.) Ltd. With a capital of £1,000, this firm is directed by Messrs. Hertzdahl & Leene, Dumak's own directors.

** The British group ROBERT CLOUGH (KEIGHLEY) HOLDINGS LTD (see No 438) has agreed with its Italian partner FILATURA DI GRIGNASCO SpA, Grignasco, Novara to close down their subsidiary MOHAIR GRICLO SpA, Prato Sesia, Novara (see No 311) which they formed in July 1963.

With Signor Lombardi Renato as president, this had been in difficulties from its start due to the poor textile situation in Italy and running costs higher than expected. With an authorised capital of Lire 300 million, it was a 55% interest of the Italian firm.

** SEDITEX-STE D'ETUDES POUR LE DEVELOPPEMENT DE L'INDUSTRIE TEXTILE Sarl recently formed in Paris (see No 443) and STE FRANCAISE BUNGE SA, Paris (a member of the Argentinian and Belgian group BUNGE, Antwerp and Buenos Aires - see No 445) will together take a 48.7% interest in the formation in Madagascar of STE TEXTILE DE MAJUNGA SA, Majunga (capital F.Malg.800 m.). The remaining interest will be held by the State concern STE NOUVELLE D'INVESTISSEMENT. Before the end of this year the new concern will begin to operate a cotton and rayon filaments spinning and weaving factory, which will supply the needs of the Malagasy market with an output of some 14 million metres p.a.

Seditex was formed as the result of moves by a Hamburg firm Jos. Hansen & Söhne Aussenhandels GmbH (capital Dm 2.3 m.) which has a 38% interest, along with M. Edward Serroussi-Bidanchon (54%) and Jean Epstein (8%). The Hamburg firm has direct subsidiaries in most African countries, including Landis Madagascar SA, Tanararive. Ste Francaise Bunge (capital raised in October 1967 from Ff 5.95 to 10.05 m.) is mainly involved in the oil seeds sector; recently it took part in the move to increase the capital of Eurosoya SA, Paris (production facilities at Nantes, Loire-Atlantique).

** Sales in West Germany of "Gelinotte" knitwear made in France by COMPTOIR DE LA MAILLE SA, Brioude, Haute-Loire (capital F 1 million) will in future be carried out by GELINOTTE PARIS STRICKWAREN VERTRIEBS GmbH, Düsseldorf (capital Dm 20,000). The head of the new venture is M. Francois Doucet (sales director of Comptoir de La Maille) and its manager is M. Etienne Motte, president of Ets Motte Dewavrin SA, Tourcoing, Nord (capital F 10.7 m.) which supplies the Brioude firm with "Lismeran" processed synthetic textiles.

** The Italian raincoat concern, SAN GIORGIO IMPERMEABILI SpA, Sturba, Genoa (headed by Sig. G. Borelli) has made an agency and promotion agreement with the French making-up concern, BIDERMANN & CIE SA, Paris and Montreuil-sous-Bois. A subsidiary of the latter, Arya Sarl, Paris (mens garments) will make available to the Italian concern its sales network, which has some 2,000 sales outlets in France and abroad.

** MÖLNLYCKE A/B, Göthenburg (see No 342), the Swedish manufacturer of textile and hygienic goods, has extended its coverage of the Six by setting up a subsidiary in France, MOLNLYCKE-FRANCE Sarl, Paris. Under the direction of Mr. Berglund and with a capital of F 100,000, the company is to trade in, export and import and manufacture all types of hygienic goods.

The other direct interests of the Swedish firm within the Common Market are Mölnlycke (Nederland) NV, Hoogezand, which in turn controls Exploitatiemij. Mölnlycke Nederland NV, Amsterdam (patent and trade name exploitation) in a token association with Beeheermij. Pharas NV, Amsterdam: Mölnlycke GmbH, Düsseldorf. The company also has indirect subsidiaries in the Netherlands and in West Germany, Melka NV at Hoogsdand and Melka GmbH at Düsseldorf, through Melka A/B.

** The London textile group STAFLEX INTERNATIONAL LTD, which has decided not to go ahead with its plan to build new production facilities in Durham, will instead boost those facilities of its Dutch subsidiary STAFLEX NEDERLAND NV, Veenendaal. It will thus be able to distribute its heat-bonded fabrics in the Benelux countries and West Germany. The group controls the Dutch firm directly, and through KON. VEENENDAALSCHE STOOMSPINNERIJ. & WEVERIJ. NV, Veenendaal, in which it recently raised its interest to 76% (see No 449).

The British group also has other Benelux interests, with Staflex Verkoopmij Holland NV, Amsterdam and Staflex (Belgium) SA, Brussels. In West Germany it controls Staflex-Service GmbH, Düsseldorf (formerly Staflex Fixierbare Finlagestoffe GmbH) on a 50-50 basis with Kon. Veenendaalsche Stoomspinnerij.

TRANSPORT

** The ATLANTIC STEAM NAVIGATION CO. LTD., a London member of the State group, TRANSPORT HOLDING CO. (see No 416) has formed a subsidiary in Rotterdam, THE TRANSPORT FERRY SERVICE (NEDERLANDS) NV. With a capital of Fl 1 million and under the presidency of Mr. Michael K. Bushard, the company will be concerned with the transportation of both passengers and merchandise and all allied services.

Transport Holding recently made an agreement with the London transport undertaking, BRITISH ELECTRIC TRACTION CO. LTD. which gives it an option until August 31, 1969, to take a shareholding in a score of the group's subsidiaries all in the bus and coach transport sector.

** The Dutch fuel transport and trading group S.H.V.-STEENKOLEN-HANDELSVEREENIGING NV, Utrecht (see No 449) intends to acquire control of the Swiss river transport group STE BALOISE DE NAVIGATION RHENANE SA (see No 437). The latter has numerous Common Market interests including in West Germany, Balser Rheinschiffahrt GmbH, Duisburg, Kehl and Mannheim and Ruhr Reederei GmbH, Mülheim which - controlled through Brag Trankschiffahrt AG, Basle - has recently formed in association with its subsidiary Mülheimer Lagerhaus & Speditions GmbH, a Rotterdam subsidiary czlled Ruhr-Reederei Nederland NV; in Belgium Ste Baloise de Navigation Rhenane SA; in France Ste Strabourgeoise de Navigation Rhenane-Sostra Sarl, Strasbourg; and in the Netherlands Bazeler Rijnvaart Mij. NV.

S.H.V. controls a long-established Swiss holding company Steenkolen-Handelsvereeniging (SHV) International NV, Chur; (formerly Oilcoa AG Ges. Für Oel- & Kohleninteressen, which is in charge of running and financing its foreign interests.

** A rationalisation scheme is being put into effect in Antwerp between four stevedoring concerns which were already linked by joint directorship, in the person of M. Engels. The major company is the deal is LEVY BRAND STEVEDORING CO. NV, which, having absorbed the other three, MALTBY, LEVY STEVEDORING CO. NV, KATTENDIJK STEVEDORING CO. NV, and STEVEDORING QUICK DISPATCH NV, will increase its capital to Bf 25 million and will change its name to ASSOCIATED ANTWERP STEVEDORES NV.

The new company will maintain the links of association which united the four original companies with the Dutch transport and stevedoring concerns, NV Frans Swarttouw's Havenbedrif, Rotterdam, and Stevedore Co. Quick Dispatch NV, Rotterdam (see No 445), the second of which recently fell into the hands of Koninklijke Rotterdamsche Lloyd NV, Rotterdam, a member of the Amsterdam group Nederlandsche Scheepvaart Unie NV.

** DEUTSCHE LUFTHANSA AG, Cologne, having earlier this year gained 100% control of the Stuttgart charter concern SUDFLUG INTERNATIONAL GmbH & Co KG (see No 438), by buying up the interests held by the travel agencies Touropa GmbH & Co KG, Ruhpolding, and Scharnow Reisen GmbH & Co KG, Hanover, plus that of Herr R.A. Bückle, has decided to merge this company with its other wholly-owned subsidiary in the sector, CONDOR FLUGDIENST GmbH, Frankfurt. In 1967 these two companies carried totals of 400,000 and 420,000 passengers respectively.

VARIOUS

** The Turin tannery CONCERIE ITALIANE RIUNITE SpA - C.I.R. (president Sig. A. Bocca) has decided for financial reasons to delay taking over the strap and belt manufacturer MANIFATTURA ITALIANA CINGHIE MASSONI & MORONI SpA, Milan. The move was agreed to in principle during July 1967. With a capital of Lire 2,250 million, C.I.R. prepares cattle hides in its Turin and Pescara plants.

** BEAUTILITY LTD, London (see No 447) a design and furniture group, has extended its French interests following an agreement with the timber and plywood firm E. ADLER & CO SA (formerly Weil, Adler & Cie - factory at Montreuil, Seine -St-Denis). The latter's annual turnover is around F 2 million and it is now a 51% subsidiary of the British group's Paris subsidiary JOHN WRIGHT (FRANCE) SA, whilst M. Emeric Adler, who has been appointed president of both companies, takes a 49% interest in John Wright.

This move is intended as a first step towards a rationalisation of the British group's French interests. In Britain it is linked - through William Goodacre & Sons Ltd, Kendal - with the American carpet manufacturer E.T. Barwick Mills Inc, Chamblee, Georgia, in the Lancashire firm, E.T. Barwick Mills Ltd, Bolton. Beautility also has indirect subsidiaries in India and the United States.

** The British footwear group G.B. BRITTON & SONS (HOLDINGS) LTD, Bristol (see No 372) which is well-known for its "Tuf"shoes with moulded rubber soles, has strengthened its West German interests with the acquisition of a shareholding in the leather shoe firm SCHUFABRIK FERDINAND RINNE AG, Hessisch Oldendorf (capital Dm 1.3 m.) until now solely controlled by Swiss interests represented by M. Johann Zwicky (90%) and Mme Clara Schniter-Zwicky (10%). The company has around 400 persons on its payroll and an annual turnover exceeding Dm 12 million.

The British group already has a West German sales company Tuf-Schuh GmbH, Düsseldorf, a Belgian firm, Tuf-Belgique SA - directly controlled by Moulded Footwear Ltd, Kingswood, Bristol - and a one-third share in the Dutch firm Ravo Schoenfabrieken NV, Ravenstein.

** The French firm, MARCOREG-MARCHE COMMUN DE LA REGIE SA, La Ciotat, Bas du Rhin, has backed the formation of a new company at Schaerbeek-Brussels, MARCOREG SA. The French concern holds 10% of the Bf 100,000 capital directly, the balance of its holding (50% in all) being in the hands of M. Franceshi and Mme Stakowsky: for the other half of the capital it is associated with local interests held in particular by M. Muyldermans and Mme Lamon.

The new company, whose board consists of Messrs. Muyldermans, Franceschi and Lacombe, is to concern itself with the maintenance of factories, construction and assembly work, the hiring of labour, the organisation of a repairs and break-down service, as well as the processing of primary products and all kinds of general commercial activities.

** M. Franz Leo Stoffel (president of the Swiss company STOBA AG, Horn, Thurgau) holds 94% of the Bf 1 million capital of the newly-formed UNISTO SA, Brussels. This will manufacture and trade in all types of identification and sales promotion materials, lead seals, novelties, and similar work. His partners are Mm Paul Stoffel and Hans Bienz, who are respectively chairman and managing director of STOFFEL & SOHN, Inhaber F.L. Stoffel Horn, a sister company of Stoba, but without any links with the St-Gall textile group Stoffel AG. Stoffel & Sohn has numerous Common Market interests: Stoffel & Sohn (Holland) NV, Amsterdam; Stoffel & Fils SA, St-Louis, Haut-Rhin, and Stoffel & Sohn GmbH, Constance.

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