Opera Mundi EUROPE

A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

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THE WEEK IN THE COMMUNITY

July 29 - August 4, 1968

THE COMMON MARKET

"While the Cat's Away..."

It would be reassuring to think that, having carefully seen their final meetings to an amicable conclusion, the ministers of the Five will now use the summer recess in the Community as an opportunity for preparing the way for more forthright action on the British membership question, due for discussion in a special Council meeting in September or October. The issue was skated over on July 30 (see No 472), as none of the ministers present in the Council had any desire to start pulling chestnuts out of the fire when there was pleasant consensus to be had on the various other items on their agenda (details of the association arrangements for the Maghreb states and of the decisions on labour are given below). This, however, did not prevent a brief re-statement of their positions by the various members: Germany for mutual tariff concessions with Britain as an interim phase, the Benelux and Italy for their plans for technical, defence and foreign policy links, and France, no less than before, begging to differ. This bodes not very well for the next major meeting on the question, but in some particulars the climate is changing, and this is what Britain, waiting in the wings, must watch most closely.

On the negative side, as noted by the Chairman of the C.B.I.'s economic committee, Sir High Weeks, in a recent newsletter, the recent crisis in France, and the measures of mutual assistance taken by the Five under the Rome Treaty, have placed some strain on the Community, and reduced its capacity to absorb the adjustments and imbalances that early British membership would throw upon it. Again, even the most pro-British of the Five - the Netherlands - would hardly be likely to accept British membership at the price of French withdrawal, and this is the threat that Paris can always return to in its discussion of the issue with other member states. Indeed, the present repercussions of the French crisis on conditions in the Community virtually rule out any hopes of success for the German plan for closer links with Britain and the other candidates, as reciprocal tariff reductions could not, in deference to France, be effected on anything like an adequate scale, even if she could be persuaded to accede to them.

However, while France has always her trump card to play - her right of secession from the Community - those who favour British entry are now in a stronger position to call her bluff, if necessary: the recent crisis may even have made her continuing membership even more vital to her then to her opponents in the British entry debate. This is at least borne out by recent moves amongst the Five. The possibility of at least the Dutch, if not a number of their supporters going ahead with separate cooperation links with Britain outside the scope of the Treaty is far from dead.

There is evidence that the Benelux countries and Italy will be discussing ways and means of achieving progress on the British dossier during the summer recess, and evidently one of their main ploys in tackling France on the question when the time comes will be a moral argument: that some reciprocal gesture on her part is indicated in return for their own help to her during the crisis. Of course, "in politics, there is no gratitude", but this argument could nevertheless be used to modify the French stand, however slightly. Anything remotely akin to integration, of course, is not to be hoped for yet, but at least it may be possible to enlist French support for other forms of links between the Six and the candidates.

Promising signs for Britain have also come from Bonn in the last week, where Herr Willy Brandt had talks with the Italian foreign minister, Sig Giuseppe Medici. Although the final communique was vague, and the conversation appears to have ranged over many topics, it does seem that the two ministers agreed to launch a programme for new moves on European integration. This of course covered the NPT and relations with the Eastern Bloc, amongst other things, but the spokesman did afterwards refer to the ministers' intention to embark on a fresh and "more frank" bid to enlarge the Community itself.

As ever, on the question of British entry, one is forced to surmise, and to temper optimism with the knowledge of how frustrated a history this quest has had. Just the same, the power structure of the Community has undoubtedly changed of late, and this could lead in the autumn to concrete developments in the Council of ministers.

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ENERGY

Power & Diplomacy

One of the most delicate tasks before the new single EEC Commission is to forge a common energy policy for the Six, and it has made this a priority in its schedule, promising, only a few weeks after coming into being, to present its draft proposals on the matter by the beginning of 1969. Work has, however, been hampered by the task of getting the new community administration running smoothly, and it has rapidly become clear that even the unified Commission, with its experts working under Herr Haferkamp, whose portfolio is energy problems in the Six, will not be able in a few weeks to resolve the difficulties that have beset the ECSC Council of Ministers ever since the Community coal crisis arose, almost ten years ago. The more closely the Commission studies the question, and the more contact it has with interested parties, the more apparent becomes the sheer complexity of the issues involved. High hopes as to the speed with which the task could be carried out have now faded, and far more reserved estimates of when the first proposals will be forthcoming are now being offered.

The experts' starting point in re-examining the problem last spring was a compendious study of the present situation in the Community's energy sector, containing an analysis of recent developments and presenting the main economic features of the industry as it now is, together with a schedule of all the major problems facing the various forms of energy. It illustrates the rapidly changing structure of the sector: the decline of the coal industry, which has only been able to maintain its position by measures of support or intervention on the part of the governments; the accelerated growth of oil and natural gas, which have not only taken the place of coal, but catered for almost all increases in energy consumption, and finally, the emergence of nuclear energy as a viable sector.

The rise in and changing pattern of demand has occasioned these changes, all of which pose difficult problems for the industries involved, and these problems were examined in a second phase of the Commission's studies. Its findings here are now almost complete, and it is already working on a report defining those problems which, under a common energy policy, would require governmental solutions.

One of the first problems is to retain preferences in favour of coal, Community coal, bearing in mind both the question of security of supply, which in the long term can justify keeping certain pits going, and the need to maintain social and regional stability, which demands progressive rather than sudden, sweeping action in reducing coal output.

To get an exact picture of what is needed, the Commission's researchers canvassed widely amongst the interested parties, and it intends to hold further talks also with those concerned in government, industry and the unions, with the European Parliament, and with energy producers and users. Thus when it next meets the heads of the Community's coal industry, it plans to have intensive discussions on the prices the Community should be asked to pay, should it decide to increase its assured supplies of energy by retaining a nucleus of coal production, appreciably beyond the competitive capacity of the coal sector. The Commission is not to be drawn into any reckless financial ventures, at all events, and before it puts its proposals for common coal and energy policies to the Council, it wants to have the cost well and truly counted. Once bitten twice shy: it has the sobering lesson of the spiralling costs of the common agricultural policy to give it pause, and to remind it of the consequences to its purse of precipitant acts in this sort of field.

The coal producers, on the other hand, maintain that it would be extremely difficult, if not impossible, to estimate the cost of ensuring supplies, as these depend on altogether too many factors, and variable factors at that. The Commission therefore suggested that both its own study groups and those of the coal industry should conduct a series of researches, working from hypothetical terms of reference, in order to achieve some sort of concrete approach to the question. The picture that emerges from this work will be available around October.

Obviously, the Commission's talks with heads of the labour movement have centred mainly on the social and regional aspects of the question. The miners' unions are worried by the declining standard of living in the mining communities, and by the rate at which this is increasing, compelling governments to take action at national level, thus emphasising disparities within the Community. It is this that motivates the workers' demands for urgent action. They have presented the Commission with a crash social plan for community miners, designed for inclusion in the overall energy policy, but with priority measures for the coal mining sector.

Like the producers, these trade unionists are calling for the definition of production targets, and a statement of the role that coal is to play in any policy for energy and for supply in the Community. This must take economic, geological, technical, regional and social considerations alike into account.

Modification of the coal sector must be orientated around these production objectives, and must embrace also the allied problems of reducing the workforce, concentrating mining zones and investment in them, pit closures, labour readaptation and regional reconversion.

In the meantime, emergency measures must be devised to protect miners against the more rigorous action taken, and to protect them from the financial losses incurred by the coal crisis.

For the most part, unionists from all Six countries are seeking a permanent voice in regional, national and community discussions and consultations on these questions. In return, they are prepared to coordinate their own activities on all three of these levels.

Whilst it is in the social and regional spheres that the energy problem affects the coal sector most vitally, the oil industry is facing equally important problems with the difference that these concern especially the matter of supplies in the Community. Here again there has been close contact between the parties concerned and their governments and the Brussels authorities. The question also arises here of the effects of the problem on members' balances of payments, for it should be borne in mind that the annual cost of oil imports is already as high as between $4, 500 and 5,000 million a year.

Another aspect of the problem is the fact that the Community's supplies of oil are handled by a number of companies that vary in size, technical and financial approach, and also in the sectors of industry that they cater for. Again, there are those amongst these that enjoy advantages emanating from the system followed in their countries of origin. This being so, particular attention must be paid to the future role of community oil companies, with regard both to the matter of ensuring supplies and of maintaining healthy competition.

Natural gas is of course playing an increasing part in supplying the Community with energy, but as the extent of resources available is still uncertain, there is a pressing need for large-scale prospection and survey work in this sector, in particular on the continental shelf adjacent to member countries. The question arises of the terms on which this gas should be offered to consumers, and at the same time increasing trade in natural gas between member states and the prospect of imports of natural gas from third countries will have repercussions on the market for other forms of energy.

Finally, we have the nuclear power sector, which is now becoming a full-fledged industry, but in which the Community's position remains anomolous: the nuclear equipment industry must stand prepared to embark fully upon commercial production and to adapt itself structurally, whilst for its part the electricity sector must be ready to accept the giant new generating stations into its networks and grids, as nuclear generating demands operations on this scale even more than the use of conventional sets.

This gives us briefly an idea of the range and complexity of the problems to be solved in producing a common energy policy, and the solution of these lies largely - if not essentially - in the hands of the six member states of the EEC. Thus it is only natural that the single Commission should want to secure every possible assurance, and not put forward its proposals until it is aware of all the hazards, lest it compromise the next round of ministerial discussions of energy policy from the very outset.

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LABOUR

Freedom of Movement for Workers

One year in advance of the time limit set by the Rome Treaty and in accordance with the accelerated trend of European economic integration, the Community has now granted freedom of circulation for workers throughout the Six member countries. The old restrictions and discriminations based on the nationality of workers have been lifted in the fields of employment, pay and general working conditions.

There are at this time some 850,000 people working in the Community whose origins are not in the country where they are working. In 1965, a year of great industrial expansion, some 300,000 Community workers crossed the frontiers into other member countries to work, but in 1967 this figure fell off - to a low 130,000.

These figures represent an obvious fact of economic union, that free circulation of goods must go hand in hand with the free circulation of labour. The Community therefore embodied in the Rome Treaty proposals which would promote the free movement of labour in parallel to the free circulation of goods. As the Community is structurally deficient in labour, it is especially important that the labour force which it does have should be flexible and mobile, and that in particular a system should be developed to allow the relatively large supplies of labour in Italy to be tapped by the other member countries without the hindrances of domestic legislation.

Accordingly, on July 29 in Brussels the Council of Ministers gave its approval to two new Commission regulations concerning the free circulation of labour. These were:

1) Abolition of priority for a worker who is a national of the home country over a national of another member country. The new ruling grants nationals from other member countries the same rights and chances of gaining employment as those from the home country.

2) Abolition of the work permit: from now on workers from the Common Market countries will be able to apply for jobs in any member country without having to comply with any formalities save that of obtaining a residence permit, which will in any case be granted free of charge and, to begin with, for a period of five years.

3) Freedom to seek employment in another member country and to move about freely in that country whilst doing so.

4) The right to be followed by the members of one's family. In this respect there are still some restrictions just as there are similar restrictions for workers of domestic origin. This all hangs on the question of housing the dependents. Workers may from now on send for members of their families, their 'infant' children and their parents and grandparents, if they have reasonable lodgings in the vicinity of their place of work. In practice this new ruling ought not to work in a discriminatory way between community workers and workers from the country concerned. In other words the member countries have taken steps to guard themselves against an inrush of families of foreign nationals, especially in areas where they could easily find difficulty in finding accomodation. Such an invasion would evidently aggravate the already desperate housing situation in many areas and would oblige the authorities to step in and to take action. In anticipation of such an eventuality the authorities have taken steps to limit the incursion of foreign labour, just as it limits the movement of its own labour on account of the accommodation shortage.

In order to help workers from other member countries in their search for jobs in the country of their choice and also not to leave workers from third countries entirely out of the picture, a special system of compensation have been worked out. All jobs that cannot be filled by nationals of the home country are passed on to the other member countries, with the exception of certain jobs which, by their very nature, cannot be offered to other nationalities. In addition, the member countries have examined jointly with the Commission all the possibilities of giving priority to workers from the member countries, and of adopting measures which would promote this end.

Generally speaking, the ministries of labour of the Community countries which

which receive applications for employment from other member countries, usually foward these to employers within eighteen days, thus giving the community worker the same advantage over the applicant from a third country as would be enjoyed by a national. During these eighteen days, offers of employment are only made to third countries if the availability of workers from the Community in that particular industry is judged insufficient by the party which is offering that employment.

If the labour market of one paricular member country is upset, or if there is unemployment in a given region or industry in a member country, special dispensations have been introduced which allow for the suspension (partial or total) of the compensation scheme. If such a situation arises in one of the member countries then the government of the country concerned must ask the Commission executive to take action, which it must do within two weeks. The other governments can voice any objections which they have with the Commission's findings at meetings of the Council. This they must do within two weeks of the Commission coming to its conclusion, whilst the Council, in its turn, must enact its decision within two weeks of its being seized.

Finally, workers from throughout the Community are to have the same voting rights and the same right to be elected to the workers' representative councils as the nationals of the country concerned. Thus the condition of having been employed in the same company for a period of three years at least in order to be eligible for election to the councils has been abolished. Workers from outside the country of origin have now also the right to become leaders of trade unions under the new ruling, but governments may reserve the right to exclude foreign nationals from the governing bodies of certain unions which cover the workings of nationalised industries, or public services.

The new regulations will now be made final; they will go before the Council once more but not for discussion. The governments of the Six will have nine months to put their domestic laws in line with the Community directives.

Following proposals by the Italian and Luxembourg Ministers of Labour, the Council has decided to organise a tripartite meeting, for the Council, Commission and both sides of industry, in order to study the problems of the labour market in the Community. Nothing of this kind has ever been attempted before. The main aim of the conference is that the representatives of the workers and of employers should voice before the ministers their grievances on the development of the labour market. The permanent representatives will soon be announcing the date, duration, composition and agenda of this tripartite meeting.

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COMPETITION

Commission Slackens the Reins

Further to its recent ratification of three agreements between community companies (see No 472), and the promise of a more flexible line on competition policy in the Community, the EEC Commission has issued a list of eight types of industrial and commercial agreement which it will no longer deem to be in contravention of the Rome Treaty's provisions against limiting competition. These eight types of agreement are as follows:

1) Exchanges of findings and experimental data, joint market research, comparative studies of companies or industries, cooperation in assembling statistics or basic research data.

2) Cooperation in accountancy and book-keeping, joint concessions in credit guarantees, joint debt collection and tax consultancy.

3) Joint R & D activities and tendering for or placing contracts of this kind, including joint participation in the implementation of these.

4) Pooling plant and manufacturing facilities, warehousing or transport.

5) Temporary link-ups for the completion of contracts, when the associated companies are not in competition, not able severally to fulfil such contracts.

6) Agreements covering sales, servicing, handling and maintenance, where the associates are not in competition for the product or service cited in the contract.

7) Advertising link-ups.

8) Joint access to a trademark, in defining a set quality of product provided that the trade-mark remains available to all competing firms on the same conditions as mentioned in the contract covering the agreement.

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INDUSTRY

Harmonised Legislation on L.T. Electrical Equipment Proposed

The Commission has just passed on to the Council for its perusal proposals on the alignment of national legislation concerning electrical equipment in the low tension sector. The Community authorities have come to the conclusion that a certain degree of uniformity is called for now, as this is especially lacking in the national regulations on technical matters and methods of control, as well as in the basic underlying aims and goals of the national systems. All these factors militate against the effective functioning of the common market, so the Commission has formulated a list of proposals covering "electrical equipment and machinery", which forms the first part of the general plan for overcoming the technical barriers to the freedom of movement for goods and services.

Standardisation will of course play a large part in the scheme and this will affect both the private and public sector. The standardisation scheme will be linked to a scheme to promote safety, the standard models of the equipment having been designed with the needs of safety as a primary consideration. The Commission's directive is to apply to current of a nominal tension of between 50 and 1,000 volts A.C. and from 75 to 1,500 volts D.C., but will not apply to goods for the export market to third countries. Safety regulations are covered in an addendum and consist of regulations on labelling of goods as to their use and manufacturer, the dangers of incorrect connections, protection against injury, the range of safe temperatures and safe radiation, and efficient insulation. Each product in this sector will be given a norm, details of which will be published in the Official Journal of the Communities. As soon as the product passes the conditions laid down in the norm, it is given a stamp of approval and is then free to circulate openly on the EEC market.

The member countries are to be granted an 18 month period of grace within which they are to align their national legislation with the Community regulations. Soon after the directive is adopted by the Council a system of consultation between the Six member countries will be set in motion to discuss any national plans touching upon this sector. There will, however, be some exceptions to the application of the regulations including equipment used in explosive atmospheres, radiology and electrical medical equipment, radio and electrical agitators, electrical parts for escalators and hoists, and electric counters.

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AGRICULTURE

FEOGA Machinery Speeded Up

The EEC Commission has decided that disbursements from the Agricultural Guidance and Guarantee Fund, the Community's farm exchequer, will soon be made six-monthly instead of annually, such that expenses incurred by member governments over the last two seasons should now be paid out by January 1969.

This move will be a shot in the arm especially for France, which will receive some $ 43,353,000 for the second half of 1967. On the receiving side also will be the Netherlands ($ 33,414,000) and Belgium ($ 2,023,000), whilst Germany and Italy will be called respectively to pay into the Fund $ 50,527,000 and $ 27,946,000.

Following recent decisions taken by the EEC Council of Ministers to speed up procedure the first instalments of grants from the Common Agricultural Fund (FEOGA) to member states for the 1967/68 season will shortly be made. These instalments will be equivalent to 75 per cent of expenditure incurred by national governments during the first six months of the season. Under the Guarantee section, i.e. market support, total expenditure for the 1967/68 season is put at US $1,313 m. It is possible that expenditure has been over-estimated and the cost of the Common Agricultural Policy will prove less than had been estimated. The expenditure declared by member states for the first six months is in fact only 25 to 30 per cent of the budgeted $1,313 m. This percentage must be treated with caution since there is always a certain time lag between the actual operations qualifying for FEOGA grants, such as exports to third countries, interventions etc. and the payment of national reimbursements to the organisations or firms concerned.

It is estimated that support expenditure to be met by FEOGA during the 1968/69 season will reach US $1,800 m. With the US $285 m. forecast under the Guidance section including the modernisation of rural plant FEOGA expenditure will reach a record figure of US $2,000 m. This figure is based on expenditure incurred in 1967/68 plus the following four items:

Dairy Products: The common dairy market came into force on July 29. Total expenditure in this sector is expected to be about $ 600 to 650 m. (£250 to 270 m.), considerably more than last season. The cost of absorbing old butter stocks, put at $170 m. (£70.8m.) will be to the account of national treasuries. $87 m. (£36.25 m.) of support expenditure will be met by the tax on vegetable fats.

Sugar: The common sugar marketing regulation came into force on July 1, however, the market will not be fully unified until 1972. Support expenditure, i.e. export refunds, denaturing premium etc., will however be much higher than last year, around $250 to 280 m. (£104 to 116 m.) as against $110 m. (£45 m.).

Cereals: For the first time end of season compensation and intervention measures have to be considered as common expenditure and will involve considerable sums.

Beef: Intervention measures are likely to call for considerable expenditure.

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Milk, Beef and Veal Arrangements

With the introduction last week of the milk, beef and veal common market arrangements, over 85% of the Community's agricultural production can now be traded in freely. These products, which were first covered by an arrangement dealing with the whole Community in November 1964 account for one-third of the EEC's agricultural output, and with the exception of Italy, stockbreeding is the main source of farm income in the Six. Many of the new regulations are based on those in force during the three and half years transition period, although the introduction of common prices has necessitated substantial changes in the arrangements governing prices and trade. The July 1966 resolution of the Council and the other basic regulations in the agricultural sector, in particular those concerned with cereals and pigmeat have also been taken into account.

As a result of the new organisation the majority of levies and customs duties in intra-Community trade in this sector have been eliminated. The Commission will fix the levy on imports from outside the Six on a weekly basis; butter and skim milk powder will however be subject to special regulations until April 1969, and even in intra-Community trade payments will be made at the frontier. Another aspect of the introduction of the common prices is that the agreement on cattle for the food-processing industry, made with Denmark during the Kennedy Round will come into force.

The main changes affecting milk and milk products will mean that intervention arrangements will be administered at a Community level. These include support buying for butter, skim milk powder and certain Italian cheeses; the latter may also be granted storage subsidies. The definition of the target price is now the price for milk that is to be guaranteed in respect of all sales by producers during the milk year in so far as outlets are available on the Community and external markets. Furthermore as a general rule, aid arrangements will also be uniform throughout the Community; however, aids whose amount is determined by reference to the price or quality of the product will be prohibited, as will measures allowing for the equalisation of milk product prices. Finally, the general clauses of the Rome Treaty (Arts 92-94) on State aids will apply to production of and trade in milk products.

The common milk market cannot yet be compared to a true domestic market, since a number of matters have to be dealt with. For liquid milk the status quo remains generally in force, and the CET duties will apply to imports from outside the Six until the end of the transitional period. Community arrengements for supplementary measures will be adopted by April 1, 1969 and come into force not later than January 1, 1970. During the year only, import and export licences will be valid only in the country where they are issued. Supplementary measures will be adopted by the Council to help the marketing of butyric fat surpluses. Transitional measures may be applied until July 28 1969, and before the end of 1968 a Community butter inspection seal is to be adopted.

For beef and veal intervention measures may be adopted for grown cattle and beef if the price of grown animals on representative Community markets falls below 98% of the guide prices; if the price of grown animals falls below 93% of the guide price then intervention is compulsory throughout the Community. Customs duties under the CET and levies still provide protection against imports from third countries, but the rate of application of the levy has been changed. There will be a distinct and permanent levy on frozen meat; if such meat is imported for processing the levy may be totally or partially abolished. As with milk, a number of matters still have to be resolved if the beef and veal market is to have all the features of a domestic market. The harmonisation of veterinary regulations is a particularly important aspect. Transitional measures will remain in force for one year to allow time for a changeover to the new arrangements and import licences will also remain valid until August 1, 1969 but only in the country which has issued them.

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TRANSPORT

Harmonisation of Rules for Pipelines

The EEC Commission has just laid before the Council of Ministers its draft proposals for harmonising the legislation of the Six concerning technical and safety specifications for installing and operating long-distance pipelines in the Community. This relates specifically to oil and petrochemicals transmission lines, and excludes internal conduits in individual complexes. The proposals have been issued under Article 100 of the Rome Treaty, which concerns the approximation of national legislative and administrative provisions having an incidence on the establishment or running of the Common Market. The present situation is marked by the fact that discrepancies, especially in the technical and safety fields, between the national legislations of the Six are forcing producers of pipelines and ancillary equipment to diversify and thus lose the full benefits of the enlarged EEC market in this sector.

The Commission's directive of course covers the stictly juridical aspects of the question, but also contains a comprehensive technical appendix, in which it goes into considerable detail regarding specifications and so on. This approach it justifies on the grounds that technical requirements (layout and bore of pipelines etc) have a direct bearing on installation and cross-border linkages of pipelines, and also because this is a sector in which rapidly advancing technology calls for frequent legislative modifications, which unless harmonised will only lead to greater disparities from state to state.

Specifically, the technical appendix covers the materials from which pipelines may be manufactured, configuration and dimension of the pipes themselves, installation and operation, prevention of internal corrosion, pumping stations and maintenance. According to the proposed scheme, the Commission will be empowered to request modifications or addenda to legislation governing materials (metal behaviour, manufacture of pipes, dimensions, inspection etc), construction (connecting section, welding and inspection) and pumping stations (electrical installations, pumps, siting etc), which are the essential areas in which harmonisation is indicated.

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MAGHREB STATES

The Commission's Mandate

The Commission has been granted a new mandate by the EEC Council (see No 472) to conclude an agreement of limited association with Tunisia and Morocco. Tunisia and Morocco have for some time been candidates for association to the Community, but realising the impossibility of concluding an agreement for complete association within a reasonable period of time, they have decided to settle for a "partial treaty" covering some 70% of Moroccan and Tunisian exports to the EEC. This agreement is to last some five years according to the Community authorities, further negotiations starting in three years for a 100% association.

The Commission's negotiating mandate does not cover wines, nor financial and technical aid, nor in fact anything on the free movement of labour. The Community will however offer Tunisia and Morocco all the other benefits of the system within the Community, namely duty-free passage of industrial goods and some minor agricultural products. The Six will in addition make concessions for certain high-volume agricultural products:

Olive Oil: The Community has agreed to grant a preference to Morocco and Tunisia in the form of a reduced levy on this product; the levy will be the same as that on olive oil from third countries but reduced at a rate of $ 5 per 100 kilos, on condition that exporters respect the minimum selling price which is the same as the world price. Added to this, both Tunisia and Morocco will be allowed to offer this product on the market at an outright reduced price of half a dollar less per 100 kilos.

Durum Wheat: Exporters (mostly Tunisian) of this commodity will be subject to the same levy as third countries, reduced by $1 dollar per ton; there will be no change in the threshold price.

Citrus Fruit: Customs duties will be reduced by 80%, which represents quite a respectable preference; for the same commodities Spain only gets a 40% reduction and Algeria a 50% reduction.

Fruit and Vegetable Preserves: Some preserves will be subject to the same treatment as goods within the Community, whilst others will be subject to a 50% reduction on the normal customs rate.

Fish Products and Canned Fish: Certain concessions of a minor nature will be offered for these products by the member countries.

Community sources expect the negotiations with Rabat and Tunis to be completed before the year is out. The Netherlands have however made a point of the need to "maintain the balance" within the Mediterranean and of pursuing Israel's candidature for association to the Community.

The Six have also at this time tackled the problem of the preferential terms it is to give to Algeria. The Hague government has for some time refused to enter into negotiations with Algiers, the former French colony being still officially at war with Israel. Thanks to its being a former French overseas posession, Algeria enjoys a particularly advantageous, and at the same time, expensive, preferential customs rate. Algeria's somewhat anomolous position as regards customs duties will have to be altered if there is not to be a significant deflection of trade, now that the customs union has been achieved. Thus the Community has decided to "grant" Algeria a new preferential system, which is however less attractive than real association. The central problem here was the exportation of wines to member countries other than France, the latter country having its own bilateral agreement (itself fraught with difficulties) covering this sector. Italy in particular has been keen to protect its wine industry from unreasonable incursions of cheap Algerian wine and to be able to get rid of its wine without too much difficulty on the EEC market (see No 461). After many hours of discussion agreement was finally achieved on the reduced tariffs granted by Belgium, the Netherlands and Germany. Germany is to import 175,000 hectolitres of table wine at a 50% reduction of the common customs tariff, and 100,000 hectolitres of wine for distillation, at a 25% reduction of the common customs tariff. The comparable figures for Dutch imports will be 70,000 and 40,000 hectolitres respectively.

France has been making moves recently to unfreeze its relations with Morocco. On August 1 a Moroccan government delegation left Rabat for Paris to discuss the resumption of financial aid which has been suspended for the past three years. Aid was discontinued in 1965 when the French accused the Moroccan government of being behind the disappearance in Paris of Mehdi Ben Barka, the opponent of King Hassan's regime.

The talks which opened on August 2 were specifically to obtain French finance for particular projects within the Moroccan Five Year Plan, including rolling stock, civil aircraft and the construction of a sugar beet processing plant. Finance for the £420 million Five Year Plan (1968-1972) has proved difficult to obtain, in spite of increases from primary sources, the United States and West Germany. In addition to the aid that the Moroccan government hopes to get from the French government, it is seeking assistance from the USSR and from the international agencies.

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NAFTA

Atlantic Free Trade "Would Help UK"

"Scope for New Trade Strategy-Dimensions of Free Trade" is the title of a booklet written by Mr. David Robertson, a lecturer at Reading University and former EFTA economist, published by The Atlantic Trade Study group. He considers that the idea of an open-ended NAFTA type of agreement covering the United States, EFTA, possibly Japan, Australia and New Zealand would be at least as attractive from the economic standpoint as British membership of the Six. Mr. Robertson says that even if Paris should change its attitude, it is unlikely that Britain could have a full say in running the Community before 1978. However the writer believes that Britain would have to play an active role in encouraging the creation of such an economic organisation for although there is some support for the idea in leading United States circles, Washington would need convincing that the scheme had a good chance of being successful before becoming too closely involved.

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MALTA

Prospect of Full EEC Membership

The EEC Council of Ministers having given the Commission a mandate to start exploratory talks with the Maltese authorities concerning their application for association with the EEC, submitted a year ago (see No 472), the Maltese Prime Minister, Dr. Borg Olivier, has now expressed his country's desire for full membership of the Community. There appears to be a consensus on this in Malta, even to the extent of recommendations having been put forward that Maltese tariffs be tailored to the notion of eventual entry into the Community. Dr. Olivier himself felt that entry could well come about in five years.

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VIEWPOINT

AFTER THE CUSTOMS UNION

By Hellmuth Wagner

Director of the Confederation of German Industries
Cologne

Complete customs union within the Six was achieved on July 1, eighteen months before the deadline laid down in the Rome Treaty. The last vestiges of customs duties which hindered free trade between the partners of the Community, namely 15% of the rates which were in force on January 1, 1958, disappeared on that day. At the same time national customs duties towards third countries were brought into line under the Common External Tariff, which itself has been lowered by two-fifths in accordance with the Kennedy Round agreement, in readiness for the accelerated cuts. Taken together these measures mean that from now on Community industries will be placed in identical conditions of competition as regards customs duties - but this is as far as it goes.

That this stage in the pursuit of the European idea has been reached in spite of the many difficulties that have assailed both the authorities and the member countries, is a remarkable achievement. A real, unified economic and financial market such as that outlined in the Rome Treaty can only be realised after fiscal and administrative frontiers have been completely abolished; only when this has been done can the institution justly be called a Common Market. As long as individual states persist in prolonging national discrepancies between their trade policies, their legislation on customs and economic matters, their taxation, industrial standards, energy, monetary, transport and social policies, there can be no guarantee that competition will be equitable, nor necessarily that there will be free access to an enlarged market.

This is why any delay in the transition from customs union to economic union, due to be realised on January 1, 1970, must be avoided. July 1 may be a significant date in the development of the Community system, but it must not be regarded as a convenient stopping place, and an excuse to avoid further integration. The abolition of customs frontiers will in fact highlight those hindrances to the free circulation of goods and services which as yet have not disappeared, and which in any case are of a purely technical character.

The agreement on the introduction of the added value tax into all the member countries between now and 1970 is the first step on the road to harmonising national taxation systems. This, together with the fusion of community institutions, and the already well-advanced development of the common agricultural policy, constitute quite an achievement. In other important fields, such as economic, structural and industrial policy, the seeds of future joint solutions to community problems are being sown.

This is but a beginning. No one should delude himself into thinking that the Community can now rest on its laurels. On the contrary, before the end of the next transition period the authorities should take pains to ensure that the momentum and the desire for reform are not lost.

The customs union should be made to last long enough for decisions taken by companies on questions of investment or production (and which are dependent on the existence of an enlarged market) not to be jeopardised by the threat of a change in national policy, nor by the possibility of re-establishing the old customs frontiers. Such a guarantee, however, would only be possible if the movement towards economic union is really pushed ahead. Without any further delay, institutions must be formed which will permit the Community to assume, in its own right, functions which up till now have been the sole preserve of national governments, and as a result have been less and less atuned to the needs of the moment. The real crux of the matter is to make the re-emergence of economic nationalism well nigh impossible.

Evidently the greater the ramifications of Community co-operation in the economic sphere, the more the member countries must extend their co-operation in the political sphere. It would in fact be very difficult to make an absolute distinction between economic integration and the totality of political decisions. Thanks to its international character, the economy could be used as a suitable vehicle for enticing nation states out of their isolation and peoples out of their stedfast individualism. Economic integration must not be allowed to stagnate at its present embryonic stage, the logic of the close relationship between economic integration and political integration, both in legal and in practical terms, must be realised, and where economies have led, policies must follow.

One cannot avoid being heartened by the fact that France, in spite of her present difficulties, has not shrunk from her duty in implementing the customs union, nor has she turned against the Rome Treaty in any way. The contagious inflationary pressure which could so easily well up following the added social and wages burden(in spite of the considerable monetary reserves which France holds) demands an active solidarity on the part of the community partners, especially if she finds herself unable to cope with her problems herself. The problem is one of disturbing the workings of the Community as little as possible, and of not creating a precedent for a return to protectionism.

The future depends largely, not only for France, but for the whole Community, on account of the economic interlacing which has already come about, on the ability of the French economy to overcome, and rapidly, the crisis into which it has been cast, and subsequently to resume the former rhythm of production without any further crises. Recent events in France and their unavoidable repercussions in the rest of the Community show at the same time that no country can ignore the political and economic ties which link it with the other members of the "Club", without harming first itself and then its partners.

Opera Mundi - Europe No 473

The European idea needs a shot in the arm. Community solidarity in large-scale and political affairs must spread outwards in all walks and sectors: it must however be sufficiently deep and long-lasting to impress the youth of Europe who tomorrow will be called upon to take on the mantle of Europe. What has been achieved in the direction of community solidarity in the majority of the member countries should be used as a source of inspiration for the young people of Europe, at present revolting against the form of society and the state, so that we can ascertain whether this youth is sincere in its search for an ideal.

This being the case, France's partners have the right and even the duty to obtain from her an undertaking that she will take more care to safeguard community interests, and particularly that she will promote community solidarity both within the Community and without, that is to say that she will allow the entry of those candidate countries that are keen to join. It is in fact just as important to close the rift between economic and political integration as to close the equally dangerous rift between the Six and the Seven.

German industry has always considered the EEC as a cornerstone upon which to build the integration of Europe and as an open club accessible to all the countries of Europe who are resolved to joint it or to be associated to it. A market embracing Britain and the other candidate countries would not just mean greater possibilities for expansion for industrial production, and thus for the economic growth of Europe as a whole, but would mean the formation of a power strong enough to influence the conduct of the safer powers. Thus it is imperative that EEC members and other European countries should come to some trading arrangement, as a prelude to their joining, or becoming associated to the Community.

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CONTENTS

ADVERTISING

** Two years a member of the Canadian group MACLAREN ADVERTISING LTD, Toronto, the London agency MACLAREN, DUNCKLEY, FRIEDLANDER LTD (see No 339) has extended its EEC interests by forming a new agency in Milan, D.F. & ASSOCIATI SpA (capital Lire 20 m.).

The new firm is headed by Mr John Dunckley, and its formation was backed by the Schaan, Liechtenstein holding company HURLINGHAMER ALLGEMEINE HANDELS ANSTALT (22%); STE IMMOBILIERE ROSE DES NEIGES SA, Geneva (11%) and individually by: Messrs R.I. Friedlander and F.H. Horler of London (11% each), Sig A. Oliva of Milan (25%), and Sig Ainis of Garbagnate, Milan (20%). The London agency towards the end of 1965 formed its own subsidiary in Milan, D & F Product Development SpA (see No 327), and since its association with the Canadian group has controlled a number of subsidiaries in Belgium, West Germany, France (M.D.F. Publicite Sarl, Paris), Sweden and elsewhere.

** SYNERGIE PUBLICITE SA, Paris (see No 448), the third largest advertising agency in France, is about to split up its shares between two new companies:
1. STE NOUVELLE SYNERGIE PUBLICITE SA (Capital F 5m. and gross assets of F 26.14m.);
2. LA RECHERCHE INTREC SA (capital F 2.5m. and assets of F 2.66m.)

Synergie (capital F 1.14m. and turnover F 95.18m. in 1967) which is to retain its land and buildings, is affiliated (47.3%) to Rhone Poulenc SA (see No 469) as well as to the two biggest advertising agencies in France, Agence Havas SA (see No 469) and Publicis (see No 468).

** The French advertising consultancy firm, STE A.C.R.C. - ACTION CONSEIL RECHERCHE CREATION, Paris, has made a cooperation and mutual representation agreement with the British group HORNIBLOW COX - FREEMAN INTERNATIONAL LTD, London (see No 411), which will act for A.C.R.C. in the U.K., Italy, Greece, the USA and a number of African countries.

In 1967 Horniblow Cox-Freeman formed links with the French Agence de Publicite & de Vente a Service Complet - SIGMA Sarl by jointly forming H.C.F. Sigma France Sarl in Paris (see No 407), in which the British interest is held directly by the H.C.F. subsidiary Service Advertising International Ltd, London. Through this same firm, it is also established in Italy and West Germany, with the agencies HCF - Brullman & Contini SpA, Milan (see No 469) and HCF - Dr Grupe GmbH, Hamburg.

AUTOMOBILES

** Having carried out market research for the past year into the matter, ATKINSON LORRIES (HOLDINGS) LTD., London, is about to launch a new series of lorries on the EEC market. These will be heavies of some 26 to 28 tons, equipped with Rolls Royce/ Eagle diesel engines of 220 and 260 b.h.p. respectively, and conforming to the regulations at present in force within the Community. Distribution of these vehicles in the Benelux falls to the firm's Belgian subsidiary, Atkinson Vehicles (Europe) SA, directed by Messrs D. Hurry and R. Van Vyve.

The British group has several subsidiaries in the United Kingdom, including Atkinson Vehicles Ltd, Preston, Lancashire, Coach Bodies Ltd, London, Atherton Bros. Ltd., Preston, and Atkinson Vehicles (Scotland) Ltd., Airdrie, Lanarkshire. It also has subsidiaries in Australia, New Zealand and South Africa.

** The Australian subsidiaries of the German and Japanese motor manufacturers, VOLKSWAGENWERK AG, Wolfsburg (see No 464) and NISSAN JIDOSHA KOGYO-NISSAN MOTOR CO., Yokohama (see No 461), the Melbourne companies, VOLKSWAGEN AUSTRALASIA (PTY) and the NISSAN MOTOR CO. (AUSTRALIA) PTY LTD., have signed an agreement to cooperate in the manufacturing sector. Volkswagen is to assemble in its Clayton, Victoria factory some 8,400 Nissan "Datsun" 1000 and 1600's per annum.

Nissan has already broken into the South African market (see No 429) through Datsun Investment Co., Rosslyn, Pretoria, by linking with another European constructor, the Regie Nationale des Usines Renault, Boulogne-Billancourt, Hauts-de-Seine (see No 470). The French holding of 26% is held by the local subsidiary, Renault Africa (Pty) Ltd.

** The Paris motor manufacturer, AUTOMOBILES PEUGOT SA, (see No 468) has taken a 10% interest in the Spanish finance and motor credit company, CRECOM SA, Barcelona (capital recently increased to Pts 55 m.), still controlled 51% by FINMACAYA SA, Madrid.

Peugot already has a 67.6% sales subsidiary in Spain called SA Espanola de Automoviles Peugeot, Madrid, whose 1967 turnover was Pts 44.2 million.

CHEMICALS

** The Dutch aromatics and flavourings group, NV CHEMISCHE FABRIEK "NAARDEN", Naarden (see No 467) has backed with a token shareholding the formation of a new company in Belgium, S.A. BELGE JAN DEKKER, Anderlecht-Brussels, which is controlled by its subsidiary, JAN DEKKER NV, Wesmereet.

With a capital of Bf 250,000, the new concern manufactures, packs, markets and advertises chemical products. The founder company has four subsidiaries or affiliates as its token associates: SA Belge Naarden, Anderlecht, NV Industrie & Handels Onderneming Het Spaarne, Uithoorn, NV Chemische Fabriek E. Laadt, Groningen and Amstel Sodaraffinaderij v/h Vane & Co NV, Amersfoort.

CONSUMER DURABLES

** A French group, represented by M. Etienne Leandri of Paris, is currently negotiating the takeover of the Italian domestic appliances concern, SALAMINI SpA, San Lazzaro, Parma, for the sum of around Lire 1,000 million.

The Italian firm, formerly a limited partnership headed by Sig Angelo Salamini, together with its subsidiary COMET, produces washing machines, refrigerators, cookers, heaters etc. In 1967, it took over the business of another Italian refrigeration equipment concern, O.E.M.P. - Officine Elettromeccaniche Piemontese, Vercelli.

COSMETICS

** The German- controlled Austrian cosmetics and perfumes import, export, manufacturing and wholesaling concern LANGGUTH COSMETIC GmbH, Vienna, has opened a branch in Linz. It has Sch 200,000 capital and was formed in 1964 with three managers: Herren Wigbert Langguth of Munich, E. Lanfer of Vienna, and E. Schenz of Linz.

ELECTRICAL ENGINEERING

** AEG-ETI ELEKTRIK INDUESTRISI A.S., joint Turkish subsidiary of the German group AEG-TELEFUNKEN (see No 469) and the Turkish bank ETIBANK, Istiklal Cad, has put its factory at Gebze, Istanbul, into production. This will provide employment for 400 people when running at full capacity, manufacturing electric motors, transformers and other electrical equipment and appliances.

One of the German group's most recent moves abroad was to back the formation at Velizy, Yvelines, of Groupement Franco-Allemand Symcosat (see No 465), in association with Siemens AG of Berlin and Munich; Erno Raumfahrttechnik GmbH, Bremen, and Engins Matra SA, Paris (of the Floirat group).

ELECTRONICS

** VARO INC, Garland, Texas, has gained outright control of VARO-ATLAS GmbH, Bremen (navigational equipment) by buying up the 50% interest held therein by ATLAS-MaK MASCHINENBAU GmbH, Kiel-Friedrichsort (see No 342), a subsidiary of the Essen heavy engineering group FRIED. KRUPP GmbH (see No 471).

The Texas firm specialises in military instruments (infra-red optical sights, electronic devices etc.). In 1962 it formed Varo Atlas (capital now Dm 1 m.), in association with Atlas Werke GmbH of Bremen (see No 426), which until 1964 supervised most of the manufacturing interests of the Mulheim, Ruhr group Hugo Stinnes Industrie & Handel GmbH. After being bought up by a banking consortium headed by BfG - Bank für Gemeinwirtschaft AG, Frankfurt, Atlas was taken over in the same year by Krupp. A few months ago the Essen group (see No 426) sold its Bremen division, Fried. Krupp Mess- & Analysen-Technik Bremen to the Palo Alto, California group Varian Associates Inc, which also bought up certain of the Electronic measuring interests of Atlas' former subsidiary Atlas Mess- & Analysen-technik GmbH (now liquidated).

** COMPUTER RESALE BROKERS LTD, Reading, Berkshire(see No 372), the British second hand electronic calculators and computors trading firm, is planning to increase the capital of its French subsidiary, COMPUTER RESALE BROKERS Sarl, Versailles, Yvelines, founded at the beginning of 1967; capital at present stands at F 45,000.

Formed in 1965, the Reading company has a subsidiary in the United States which supplies it with second hand installations which it resells throughout Europe; it also has a subsidiary in Frankfurt.

ENGINEERING AND METAL

** THE GILLETTE CO, Boston, Massachusetts (see No 449) has decided to increase the production facilities of its German subsidiary, GILLETTE ROTH-BUECHNER GmbH, Berlin. These new facilities will be for the production of the new "Techmatic" safety razors for the European market. The Gillette Co are pouring Dm 3.5 million into the project, which will bring the total invested in the Berlin subsidiary in the last ten years to Dm 37 million.

** The American group, WESTINGHOUSE AIR BRAKE CO, Pittsburgh, Pennsylvania, (see No 469) has been rationalising its indirect interests in Belgium - through its French subsidiary CIE DES FREINS & SIGNAUX WESTINGHOUSE SA, Sevran, Seine-St-Denis - by promoting a split/merger with the Brussels company, INTERNATIONAL BRAKE & RECTIFIER CO, - I.B.R. SA.

I.B.R. has made over some of its assets (in particular the brake-manufacturing complex at Forest-Brussels and its holdings in La Prodigieuse SA and International Gaz Electricite Applications - I.G.E.A. SA) to Mecatherm SA, Brussels, (formerly Usines Ed. Mesereel SA), whose capital, reduced in the first instance, has been doubled to Bf 10 million. Affiliated to Union Financiere d'Anvers-Bufa NV (see No 462), I.B.R. has made over the balance of its assets to General Road Brake - G.R.B. SA, Brussels (capital increased to Bf 65 m.) which has become International Brake and Rectifier Co - I.B.R. SA (the second to bear this name).

** An agreement to cooperate in the manufacture of rubber extrusions using the saline bath vulcanisation process has been concluded in West Germany between WERNER & PFLEIDERER KG MASCHINENFABRIK, Stuttgart (see No 438) and HERMANN BERSTORFF MASCHINENBAU GmbH, Hanover.

With a capital of Dm 4 million, Berstorff Maschinenbau has a payroll of almost 500; as a result of this agreement, the company will enlarge its range of products for the processing of rubber and plastics. Abroad, the Stuttgart concern recently formed a branch in Uccle-Brussels and increased the capital of its French subsidiary Werner & Pfleiderer France Sarl, Courbevoie, Hauts-de-Seine, to F 800,000 to cover expansion.

** CONSARC CORP., Rancocas, New Jersey, the engineering and re-heating furnace concern has decided to form a branch in Europe in order to expand its sales there. The new branch will be situated in Versailles, Yvelines and directed by M. Claude Barbazanges.

** In the German cutlery sector, M.H. WILKENS & SOEHNE AG, Bremen (silver and stainless steel ware etc) is to absorb its 58% subsidiary BREMER SILBERWAREN-FABRIK AG, Bremen, and thus raise its own capital to Dm 3.49 million.

The second company (capital Dm 2 m.) is an affiliate of the Geislingen, Steige group WUERTTEMBERGISCHE METALLWARENFABRIK AG (see No 436). With a payroll of 480, its turnover is in the region of Dm 20 million. Its chief interests are: I) Nord-Metall Silberwarenfabrik GmbH, Wildeshausen, Oldburg (100%); 2) Handseatische Silberwarenfabrik GmbH, Bremen (69%), in association with Wilkens itself; 3) Auerhahn-Besteckfabrik GmbH, Altensteig, Württemberg (55%), in association with the Frankfurt chemical and metal group DEGUSSA - Deutsche Gold- & Silber Scheideanstalt Vorm. Roessler (see No 465); 4) Pacific Besteckdienst GmbH, Bremen (50%), formed in 1964 to make and distribute "Pacific Silver-cloth" canteens for cutlery. Wilkens itself (Dm 24 m. turnover - 770 people on payroll) has another 70% subsidiary in the sector, Otto Kaltenbach GmbH, Altensteig.

FINANCE

** At the same time as absorbing BANQUE REGIONALE DU CENTRE SA, Roanne, Loire (see No 466), which has gross assets of F 263.92 million and agencies in several central departments of France, the B.N.P. group - BANQUE NATIONALE DE PARIS SA (capital F 325 m.) has merged with another regional bank, from the South West - BANQUE GUILHOT SA, Agen, Lot-et-Garonne, Gers, Landes, Tarn and Garonne.

** ITALCEMENTI SpA's finance and property company, directed by Sig. Carlo Pesenti (see No 469), ITALMOBILIARE SpA, Milan has sold off its minority holding in the portfolio and finance company, SOFIS-SOC. FINANZIARIA SICILIANA SpA, Palermo, (see No 378) to the Sicilian state controlled E.S.P.I. - ENTE SICILIANO PER LA PROMOZIONE INDUSTRIALE SpA, Palermo.

Italmobiliare (capital Lire 15 m.) has just taken over two finance companies in the group, Finanziaria Fiso SpA, Milan and Finanziaria Commerciale-Fincom SpA, Rome. Its most recent moves have been the taking of a controlling interest in the Piedmont bank, Credito Legnanese SpA, Legnano, in which it already had a number of shares, and the electrical engineering concern, Franco Tosi SpA, Legnano, Milan (see No 313), which with a capital of Lire 2,500 million is linked with Westinghouse Electric Co., New York and Baldwin-Lima-Hamilton corp., Chicago in the technical field.

** The Chicago group WALTER E. HELLER & CO (see No 360) has doubled the capital of its 50% Belgian subsidiary HELLER FACTORING SA, Etterbeek, to Bf 20 million to back its expansion plans. This was formed two years ago with the participation of Associated Factors Inc and Walter E. Heller Factors Inc, both of Chicago, and is a 50% affiliate of the Jambes, Namur firm, Les Assurances de Credit SA (see No 432).

Walter E. Heller & Co is a finance and factoring company operative in ten European countries, and in association with BANCA COMMERCIALE ITALIANA SpA recently formed its eleventh foreign subsidiary, Heller Factoring Italia SpA - ITALFACTOR, Milan. It formed an investment company in Luxembourg a few months ago (see No 438), under the name of Heller International SA (capital Lux f 50 m.), control of which it shares with three other firms in the group: Heller Factoring Bank AG, Mainz; Heller Factoring SA, Brussels, and Factofrance Heller SA, Paris.

FOOD & DRINK

** The Nuremberg spirits concern NORIS WEINBRENNEREIEN GmbH, which a few months ago (see No 451) came under the outright control of the Hamburg group RUDOLF A. OETKER (see No 456), has purchased a substantial holding in the "Steinhager" spirits concern, STEINHAEGER, BRENNEREI FRITZ JUECKEMOELLER, Steinhagen, Westphalia.

The Oetker group's investments in this sector include a 98% subsidiary, Söhnlein Rheingold KG Kellereien, Wiesbaden, Schierstein, and a wholly-owned subsidiary in Hanau, Stück AG, which in its turn controls Vertriebsgesellschaft für Brennerei-Erzeugnisse GmbH (100%), Hanauer Obst-Brennerei Stück AG & Co (88.9%), Klöwer Markenspirituosen GmbH (90%) and Jakob Stück Markenspirituosen GmbH (48%).

** The Dutch non-alcoholic drinks concern HERSCHI NV, Hoensbroek, is planning to set up plant in the Belgian Limburg province, which with 200 people on its payroll will gradually take over the whole of the company's manufacturing interests.

** Two Dutch cooperatives for egg collection, sorting and sales, C.R.E. - COOPERATIEVE ROERMONDSE EIERMIJN, Roermond, and C.V.V. - COOPERATIVE VENLOSE VEILING, Grubfenvorst, have decided to regroup, and to form a new cooperative named ROVECO- ROERMOND VENLO COPPERATIE, the annual sales of which will amount to 225 million eggs.

** The German dairy products concern, MILCHHOF MUENCHEN GmbH, Munich has formed a sales subsidiary in Milan called BALCAN PERI Srl (capital Lire 500,000). Directed by Messrs Karl Ransch and G. Gelpi, the new company will import and distribute yoghurts, butter, cream cheeses etc.

With some 450 on its payroll, Milchhof München (annual sales in excess of Dm 75 m.) has interests in West Germany, Hanselmann & Co KG, Bayer Milchindustrie GmbH and Bayerische Raiffeisen-Zentralkasse GmbH, the latter being affiliated in addition to Bayerische Warenvermittlungs Landwirtschaftlicher Genossenschaften AG, Munich.

** The Rome state holding company, E.F.I.M. (see No 460) has made an agreement with the Uruguayan group S.O.Y.P. - SERVICIO OCEANOGRAFICO y DE PESCA, Montevideo concerning the development of the tuna fishing industry on the Atlantic coast of that country. The agreement covers the working of two or three fishing vessels out of Uruguay, with the technical assistance of S.O.Y.P., and the establishment of a fishery company, also handling exports to Italy, controlled 51% by Italian interests channelled through EFIM.

OFFICE EQUIPMENT

** ANKER-WERKE AG, Bielefeld (see No 446), the manufacturers of cash registers, comptometers and data processing machines, has taken control of the franking and enveloping machine firm, BAFRA-MASCHINEN GmbH, Berlin, in which it already had a 40% interest.

Bafra-Maschinen (capital Dm 1.75 m.) employs some 250 people. The Bielefeld group manufactures sewing machines through its subsidiary, Anker-Phoenix Nähmaschinen GmbH and during its last financial year turned over some Dm 220.4 million.

** GUENTHER WAGNER PELIKAN-WERKE GmbH & Co KG, Hanover (inks, carbon papers, type ribbons, pens and sundries for offices and printing - see No 408) has doubled the capital of its Zurich holding company PELIKAN GmbH to Sf 2 million. This is under the control of the Hanover group (48%) and its own backer, GUENTHER WAGNER VERWALTUNGS GmbH, Hanover (capital Dm 36 m.), which is owned by the Beindorf family.

Günther Wagner has numerous interests in West Germany: 1)Grief-Werke GmbH, Goslar (capital Dm ½ m.), which makes photocopying equipment, inks, pigments, carbon papers and pens etc; 2) Hans Rebhahn oHG, Nuremberg, which makes high quality inks; 3) Roto-Werke GmbH, Königslutter (capital Dm 1m. - sales of Dm 13 m.), employing about 500 people in the manufacture of office printing machines; 4) Copygraph GmbH, Hanover, a 55-45 subsidiary with the American Nashua Corp, Nashua, New Hampshire (see No 374), making electrostatic copiers etc. Abroad, Wagner has interests in Günther Wagner AG Pelikanwerk, Addiswil, Zurich; Günther Wagner Prodotti Pelikan SpA, Milan, and numerous sales subsidiaries in Austria, Spain, South Africa, Columbia, the Argentine etc.

OIL, GAS AND PETROCHEMICALS

** The Milan chemical and petrochemical group, STA ITALIANA RESINE - S.I.R. SpA (see No 469) and the municipal authorities of Bar (formerly Antivari) has made an agreement in principle covering the installation on the Adriatic Coast (Province of Montenegro) of the sixth refinery in the country (capacity 1.5 m. tons p.a.). Within the terms of the agreement, the Italians have agreed to take on 70% of the investment burden and will, in return for all their recent investments in Yugoslavia, recieve 49% of the revenue derived from this complex. Informed opinion has estimated that the complex will be making returns within five years.

The five other refineries in the country (total capacity 7 million metric tons p.a. of which 5 m. tons is for domestic consumption) belong to two separate state concerns: I.N.A., Fiume and Sisak, and Petrolunion, Pancevo, Bosanski Brod and Novi Sad.

** The Bochum group BOMIN HEIZOEL GmbH intends to raise its controlling interest in the petroleum products distribution concern AG FUER ERDOELPRODUKTE, Hamburg (see No 359), mainly by buying up the minority holdings of JULIUS SITT & SOEHNE GmbH, a member of the Duisburg group KLOECKNER & CO KG (over 25%), and of VALVOLINE OEL GmbH RITZ & CO, Hamburg (over 5%).

Erdöl Produkte (capital Dm 1.5 m.) was formed in January 1966, and in West Germany has an extensive network of service stations operating under the "Valvoline" banner through a licence granted by the ASHLAND OIL & REFINING CO, Ashland, Kentucky (see No 329). Its parent company has another subsidiary, Bomin Bochumer Mineralöl GmbH & Co KG, for oil exploration and extraction.

RUBBER

** UNIROYAL INTERNATIONAL SA, Geneva subsidiary of the New York rubber group UNIROYAL INC (formerly U.S. Rubber Co - see No 458) has gained 100% control of the Belgian trademark administration subsidiary Uniroyal SA, St-Gilles, Brussels (capital Bf 100,000), which has now been wound up.

In Belgium, Uniroyal's main subsidiary is Uniroyal Englebert Belgique SA, Herstal-lez-Liege (capital raised recently to Bf 500.6 m. - see No 447), which coordinates all its European manufacturing activities. Uniroyal produces tyres in France, Turkey and West Germany (US Rubber International Vertriebs GmbH, Frankfurt, was recently renamed Uniroyal International Vertrieb GmbH).

TEXTILES

** The German textile group, VEREINIGTE BEKLEIDUNGSWERKE R. & A. BECKER GmbH, Stuttgart (see No 397) has acquired on behalf of its subsidiary, RAWE RHEDA BEKLEIDUNGS GmbH, Rheda (see No 434), the industrial and sales assets of the shirt-manufacturing concern WERNER STRAUCH, Westerholt. With a payroll of 1200 this firm has factories at Westerholt and Brackwede and is owned by Herr Werner Strauch.

Under the control of Verbag Vereinigte Gesellschaften Arnold Becker GmbH, Saarbrucken (56.49%), VVB VERMOEGENS VERWALTUNG BECKER, Frankfurt, (16.37%) and Herr Wilhelm Bentele, Stuttgart (14.65%), R.A.Becker is one of the largest off-the-peg clothiers for women in the Six (1967 turnover in the region of Dm 240 m.). Its West German factories are at Stuttgart, Deggingen, Viernheim, Bernhausen, Saarbrücken, St. Ingbert etc. and it controls Fourman Bekleidungsfabrik GmbH, Vierheim, Bekledungsfabrik Bernhausen GmbH, Bernhausen, Bekleidungs-Union Herald Feigenhauer GmbH, Gelsenkirchen, Memmo-Becker SpA, Milan etc.

** The American shirts, blouses, underwear and working clothes group, WORK WEAR CORP, Cleveland, Ohio (formerly Cleveland Overall Co) has just set up in the EEC by gaining control of the Belgian working clothes making up and distribution concern, Van Moer NV, Heist-op-den-Berg, Antwerp. This is directed by MM. Rene and H. Van Moer, and employs some 140 people.

** CHATILLON SpA, Milan (see No 458), member of the Milan MONTECATINI-EDISON SpA group, has gained control of the making-up and ready-to-wear concern A. VITTA-DELLO Sas, Turin. This specialises in menswear, and controls 143 outlets in Northern Italy and the centre, for a turnover of Lire 14,000 million.

TRANSPORT

** The German international transport and cargo service concern, KUEHNE & NAGEL SPEDITIONS AG, Bremen (see No 463) has expanded its sales network in Italy by setting up a 90% subsidiary there, TRANSIMPIANTI KUEHNE & NAGEL Srl, Milan. With a capital of Lire 10 million, Herr Klaus M. Kühne of Hamburg will hold the balance of the capital and will be director together with Messrs O. Werther and A. Santi.

Kühne & Nagel has had another subsidiary in Milan since 1964, Kühne & Nagel Srl (see No 451), whose most recent move was the formation of a branch in Florence under Sig. G. Biffoli.

** SANARA-CIE FLUVIALE & MARITIME DE TRANSPORTS SA, Puteaux, Hauts-de-Seine (see No 426), the French inland waterway transportation concern is about to absorb three of its subsidiaries, STE DU PORT DE GIVET SA, Puteaux (formerly at Givet, Ardennes), Ste Lorraine d'Exploitations Portuaires SA, Paris (see No 332) and COGET - CIE DE GERANCE & D'EXPLOITATION FLUXIALE SA (see No 367).

Sanara SA belongs to S.C.A.C. - Ste Commerciale d'Affretement & de Combustibles SA which holds 34.11% of the capital (see No 461) and controls, both directly and indirectly the three companies which are being taken over.

VARIOUS

** ANKER KOLEN MIJ NV, Rotterdam (see No 469) has joined 50-50 with the Rotterdam timber concern KONINLIJKE HOUTHANDEL ABRAHAM VAN STOLK & ZOONEN NV in forming ASTO NV in Rotterdam with Fl.500,000 authorised capital to make and trade in furniture and other wooden goods.

Anker Kolen recently extended its interests in the building materials and ceramics sector by gaining control (through its Kloosterhaar subsidiary Anker Kalkzandsteen Fabriek NV) of the four companies, Ariens Steenfabrieken NV, Ariens Steenfabriek Tree NV, NV Steenfabriek de Nijgraaf and Waalsteenfabriek v/h Van Bingsbergen & Van de Pol NV, all of Mawik.

** DANSK FORM-MOEBELVERTRIEBS GmbH has been formed in Stuttgart with Dm 20,000 capital and Mr Preben Mikkelsen of Randers, Denmark, as manager to distribute furniture and fancy goods imported from Denmark throughout West Germany.

** Dutch interests held in particular by Mr. Jan van Urk, Schiedam have backed the formation in Belgium of NV MUZIMEXPORT, Zavenheim-Brussels. With a capital of Bf 200,000 and Messrs Karel Prins and Gerard and Jan van Urk, the new venture will sell, import and manufacture musical instruments.

** The Danish JYDEN RAMMFABRIKEN VED. B.P. RANGHØJ & SØNNER, Aabyhoj has formed JYDEN FRANCE SA in Paris with F 150,000 capital to import and distribute mirror, photograph and picture frames. The new company has M. Clas Wismer as president, and will be run by MM. L. Ranghøj of Aarhus and H. Van Neck of Breda, Netherlands.

** Herr Volker Allgoewer, director of NOVOTECHNIK KG OFFTERDINGER & CO, Ruit, Wurttemburg (measurement and control equipment) and AEROPLANNING GmbH ZUR BERATUNG & PLANUNG FUER TECHNIK & WISSENSCHAFT (engineering) has been nominated managing director of a new concern, MADOX AG, Zug (capital Sf 250,000). With Herr Paul Gwerder of Zurich as president, the new company is to manufacture and trade in technical equipment and is to acquire and exploit new inventions, patents, licences, processes, etc.

Engineering & Metal: Negotiations started in France in the autumn of 1967 regarding the industrial and financial reorganisation of STE DES ACIERIES DE POMPEY SA, Pompey, Meurthe-et-Moselle (see No 287) have now resulted in a draft agreement between its main shareholder (89.9%) CIE INDUSTRIELLE & FINANCIERE DE POMPEY SA, Paris (see No 383) and a Franco-German group of high-grade and special steel producers.

It has firstly been agreed that a holding company named Ste Industrielle de Pompey SA will be set up with F 47.5 million capital, with about 21% of this held by Industrielle & Financiere de Pompey, which will then become the majority (67%) shareholder of Ste des Nouvelles Acieries de Pompey SA. This will have F 71 million capital, consisting of: 1) 19% assets contributed by the present Ste des Acieries de Pompey, and 2) the balance from assets in kind from Cie Industrielle & Financiere de Pompey (14.1% app.) and from the new holding company. The other shareholders of the latter, governing about 79% of its equity, will be a group led by Ugine Kuhlmann SA, and comprising Forges de Chatillon-Commentry & Neuves-Maisons SA (see No 405); C.A.F.L. - Cie des Forges & Ateliers de la Loire SA (see No 370); S.F.A.C. - Ste des Forges & Ateliers du Creusot SA (see No 450); SA des Hauts Fourneaux de la Chiers (see No 450); Röchlings'sche Eisen - & Stahlwerke GmbH (see No 366) and SIDECO - Ste Siderurgique de Participation pour de Developpement Siderurgique SA (formed late in 1966 by the G.I.S. and a group of steel companies).

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