5-9-66

Opera Mundi EUROPE

LI
~~FST~~
~~FAA~~
AD
MP

A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

CONTENTS

April 28, 1966. No. 354

Opera Mundi EUROPE

A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

PUBLISHED ON BEHALF OF OPERA MUNDI BY EUROPEAN INTELLIGENCE LIMITED
GENERAL BUILDINGS ROYAL TUNBRIDGE WELLS KENT *TEL. 25202/4 TELEX 95114*

OPERA MUNDI EUROPE

100 Avenue Raymond Poincaré - PARIS 16e
TEL: KLE 54-12 34-21 - CCP PARIS 3235-50

EDITOR & PUBLISHER . . PAUL WINKLER
EXECUTIVE EDITOR . . CHARLES RONSAC
MANAGING EDITOR . . . . ANDRE GIRAUD

SWITZERLAND
54 Rue Vermont GENEVA
TEL: 33 7693

ITALY
72 Corso di Porta Romana MILAN
TEL: 540.301 - 540.309

BENELUX
4 Boulevard Anspach BRUSSELS
TEL: 18-01-93

o

SUBSCRIPTION RATES

U.K. EIRE AND STERLING AREA £75 ONE YEAR £40 SIX MONTHS
U.S.A. AND CANADA $250 ONE YEAR $135 SIX MONTHS INCLUDING AIRMAIL
OTHER COUNTRIES AT LOCAL EQUIVALENT OF U.K. RATES

Printed and Published by EUROPEAN INTELLIGENCE LIMITED
at General Buildings, Royal Tunbridge Wells, Kent, England

COMMENT
A Letter from Paris

THE RENAULT - PEUGEOT ASSOCIATION

The motor industry is one sector where mergers have been anticipated for years as a result of European integration. Competition is fierce between the large Common Market motor-car manufacturers and there is a large number of more or less similar models, which in itself should lead to a certain degree of rationalisation of production when a merger occurs. The various European installations of the American giants, General Motors, Ford, and Chrysler have introduced a further important factor into the equation because of the considerable impact of their parent firms. This has encouraged the idea of large-scale European units, which would be better equipped than at present to withstand transatlantic competition.

However, the Renault-Peugeot association, which was worked out with the highest degree of secrecy and announced with the maximum publicity, is not exactly the kind of concentration forecast by the majority of observers, because there is no question of a merger. The term "association" is also inaccurate because it is used in the English sense rather than in the French legal sense (which refers to a real partnership within the same corporation): it merely implies a cooperation agreement between the two firms and not the pooling of assets. This agreement could also be compared with the "ententes", which were so popular before the war and which are somewhat suspect today, because they had a tendency to cause abuses, resulting from a dominating position on the market, and for that reason were kept secret. In this case everything is quite open and there is no reason to believe that the agreement could give the two firms an unduly dominating position on the European market. The situation would of course be altered if other car firms joined this agreement. The promotors of the scheme have indicated that the possibility of other makers joining in has not been ruled out: and not only French makers but those from other member-countries as well. If this did occur, a limit would have to be set beyond which Article 86 of the Treaty of Rome would have to be consulted, with the possible consequence of action by the Brussels authorities.

Cooperation with other European car-manufacturers has been a pet project of Pierre Dreyfus, President of the Regie Nationale Renault, for quite some time. The fact that the Volkswagen sales network in the United States has progressed faster than his own firm's itself lends some weight to the idea. He felt that a cooperation pact with the German company would be mutually profitable, while Renault would benefit in particular from Volkswagen's experience in large scale foreign sales operations. However, the negotiations did not come to anything because Volkswagen considered that most of the advantages of such a deal would go to Renault. Nevertheless, M. Dreyfus has not given up the idea of cooperating with other manufacturers since, in his view, concentration is essential for improving commercial efficiency under present day circumstances, where even large second-line firms find it more and more difficult to keep up. Even when he considered cooperating with a French firm he had to remember that Renault's status as a nationalized company - with little prospect of returning to private ownership - rules out the normal procedure of a merger pure and simple. Another more flexible formula had to be found which would keep the financial independence of the partners: and this is what has been achieved with Peugeot. It remains to be seen if this flexibility will reduce the effectiveness expected by both sides.

It has been stated that Citroen was invited to take part in the deal but refused, although it still retains its limited cooperation agreements with Peugeot. These agreements are quite different from the present one and refer to joint purchase and manufacture of specific parts (sparking-plugs, batteries etc) so there are none of the attendant problems which will inevitably arise out of the Renault-Peugeot agreement. Citroen's reasons for refusing to join in at the moment are fairly obvious:

1) An agreement for large-scale cooperation between two or more firms - of the kind just signed by Peugeot and Renault - is, according to Citroen, pointless unless it is a kind of "trial marriage" which should lead to a complete merger. In that case the concessions made by one firm to the other (or others) are made between future partners in the interests of rationalisation and do not raise any questions of valuation and compensation, since the assets of the associated companies will eventually be pooled. Otherwise - when the "trial marriage" merely becomes a permanent liaison - there is the ever-present problem of deciding which firm is to give way. And, even when that is settled, some means has to be found to decide what compensation is to be offered in return.

We are skating on very thin ice: it is not enough to announce beforehand that it is your firm intent to achieve such cooperation - it must both look feasible and follow from a given situation existing in both parties. If for example the two makers are each producing competing models of different engine capacities in different areas, one of them better placed in one of the areas and vice versa in the other, then one can easily picture them indulging in some "give and take", with each suppressing its model in the area where it is weakest. But we should not let Renault's anticipation of an "overall agreement" lead us to believe that such a well-balanced situation is, in fact, bound to arise. Obviously things would be very different if the parties concerned were two factories belonging to the same company - or due to amalgamate in the near future - since possible sacrifices by one of these would be largely made up, through pooling of costs, by the better results achieved by the other. However, there is no question of admitting the principle of amalgamation in a nationalised industry.

2) If partners make light of these considerations, then there is a distinct danger either of their arriving at a mere "platonic" and ineffectual "declaration of intent", or of one of them being eclipsed by the other. Given Renault's "inbuilt" State backing, this way of looking at it would make Peugeot's stepping down seem inevitable in any concrete case of conflicting interests.

3) The Renault-Peugeot agreements could lead to their cooperation in research and development, whereas Citroen's activities in this field have always been its strong point, enabling it to launch many innovations on the market: even before the war it had

introduced front-wheel drive, the DS type and the "rotary" engine, the exclusive rights for which it obtained from NSU, etc. It would have been difficult for it to share these systematically with any other French concern, just as it would be difficult to pursue any such developments in the future as a joint venture.

4) Styling: Even in a vast, unified, multi-departmental concern like General Motors, each division enjoys a considerable degree of autonomy when it comes to evolving its own particular type of body-styling: during the development stage at least this remains a secret closely guarded from other divisions. Thus it is a near impossibility to formulate more liberal rules for styling when it comes to an independant firm, no matter how cordial the relationship between it and the others.

5) Cooperation in advertising would achieve absolutely nothing, for even the most closely-unified firms more often than not run completely separate campaigns, for their various brands. This remains true of all industries: thus Procter and Gamble and Unilever have accounts with different agencies for the promotion of their various detergents, so that their agents can work undividedly for the success of the products, as if they were really in competition. This again holds true for marketing campaigns, in that advertising agencies are now concentrating more and more on marketing. General Motors again gives the model for this. So, if the advertising function, to be effective, is farmed out into separate compartments in this way, even in the large unified companies, then it is difficult to imagine it being coordinated by two or three firms whose assets remain separate.

6) Of course the possibility remains of pooling activities in a limited sort of way, for example in facilities for buying and fabricating the sort of basic materials that are in all ways the same for competing factories, and which are not in any way subject to secrecy. This, indeed, is the basis of Citroen's existing cooperation with Peugeot. There are numerous precedents for this limited sort of joint procurement agreement: covenants between competing publishers for the joint purchase of paper at the best obtainable prices; central buying agencies working for different industries, and so on. Amongst those limited agreements, which have already proved their worth, can be classed Renault's and Peugeot's joint assembly line in Canada. There is no proof, however, if we follow the argument to its logical conclusion, than an overall agreement would do anything to enlarge the scope for finding such bases for cooperation as these.

7) At the same time as it stresses the need for both parties to keep their sales networks in France separate, the Renault-Peugeot agreement anticipates their mutual support in overseas sales. This is fair enough, if one is considering the pooling of two mediocre organisations, but should it be allowed to pass before they have abandoned all hope of ensuring, in at least one part of the world, a command of the market such as Volkswagen enjoys in the USA? One of the reasons why the German firm was unwilling to cooperate with Renault is known to be its reluctance to share its position on the American market with the French concern.

8) One of the main advantages to be gained by the formation of large industrial combines is financial: it enables the company to enlarge its assets, and thus to improve its credit and ease investment, as much in its scope as in the conditions under which it can be carried out. This, however, only applies to complete mergers: it offers no solutions in a case such as that of Renault and Peugeot, where the agreement safeguards both companies' financial autonomy.

It is clear that any firm which might decide to join the alliance will weigh up the pros and cons of its involvement in the "open" agreement in the light of such considerations as we have outlined, and will also pay close attention to the results obtained by the present partners. It is, however, early days yet, perhaps, with the ties between the partners still so loose, to add together the number of vehicles they produce and consider them - as people have been, lately - as a single figure on a par with Fiat and as the second largest European manufacturer after Volkswagen. Logically the second place still belongs to BMC.

THE WEEK IN THE COMMUNITY
April 18-24, 1966
From Our Correspondents in Brussels and Luxembourg

* * *

Agriculture : Fair Shares For All

The EEC Ministers of Agriculture met on April 21 in Brussels and continued to prepare the way for the major European session at the beginning of May when, at least in theory, some decision should be taken. However, this clearance of the technical ground has been of limited use, especially since the appearance of a further complication: M. Sicco Mansholt, the mainspring of the agricultural policy, has been ordered to rest for two months following an attack of peritonitis. With Professor Hallstein also out of action until at least the beginning of May because of a lung infection, the Six will thus be deprived of valuable help in this difficult period.

The meeting on April 21 confirmed that an agreement on the agricultural finance regulation will mainly depend on material considerations. From a political point of view, everyone feels that agreement is both necessary and urgent. However, beyond that, each one wants his share of the cake. The balance can be achieved by juggling either with Common Market prices or with the common organization of the agricultural markets. The latest meeting of the Agricultural Ministers dealt with the second possibility, or, to be more exact, with the regulations on sugar, fats and oils, and fruit and vegetables. It was clear that Italy in particular was determined to extract the maximum benefit from the European agricultural agreement. It is worth keeping in mind that in the past, during several critical negotiations, it was the Italian representatives who took over at the last moment. M. Edgar Faure is probably being far-sighted because he has been reasonably sympathetic to the demands of his Italian colleague, Sig. Restivo.

Sig. Restivo launched an attack on all three main fronts. And in the case of fats and oils, he gained his first advantage: the 20,000 tons of oil that Italy extracts every year from grape-seeds will be protected by FEOGA for a time at least. The Council also confirmed the working principle according to which the common market organisation and the European price, in fact, FEOGA support, should operate for olive-oil from November 1, 1966. The amount of this support is yet to be settled. This is a question of paramount importance, not only for Italian producers, but also for the Italian government, which will have then to abolish the extremely heavy taxation on other types of oil.

In the case of fruit and vegetables, for which the principle of Community financial responsibility is admitted, Italy fought vigorously to have the Commission's proposals accepted. The other members were more reserved on this point. They feel that if fruit and vegetables were to have a system as generous and automatic as the one for grain and dairy produce, wholesale productive chaos would ensue, because of the considerable degree of elasticity inherent in this industry. FEOGA would be placed at the mercy of the producers. To avoid this situation some of FEOGA's responsibilities should be transferred to these producers as far as market support is concerned, on the understanding that producers should be encouraged to form themselves into groups in order to achieve a degree of control over their own output. The two sides are therefore still some way apart. From an accounting point of view this variance represents very large sums of money.

If Sig. Restivo gives way in this sector he may gain some compensation in the sugar sector, despite the fierce opposition to his demands on the part of the Belgians. The Belgian Minister, M. Heger, is - quite logically - convinced that the Community's financial responsibility cannot be limited for sugar when there is no limit for grain and dairy produce. Of course the principle of "unlimited responsibility" would mean lowering the prices envisaged by the Commission, otherwise there would be a production explosion in the better equipped enterprises, that is, in Belgium and France. On the other hand lower prices would mean disaster for German and Italian producers. This is why the German and Italian governments are seeking a quota system for the production to which FEOGA gives support, which would ensure the survival of practically every existing factory.

The Commission has already taken an important step in this direction. In this discussion Sig. Restivo is less isolated than M. Heger. In addition M. Faure is trying to find a compromise solution. The basic idea is that the quota system could be accepted for a certain period, during which the marginal firms should adapt themselves or be reconverted to other activities. Also it should be understood that the expected increase in Community consumption of sugar should mainly, if not entirely, benefit the most efficient firms. Finally, there should be a reasonable price policy so as to avoid the formation of a more or less automatic production surplus. It remains to be seen how these reasonable prices can be reconciled with maintaining, even temporarily, Italian and German production. In the meantime agreement is a long way off and the sugar problem could prove extremely difficult if M. Heger sticks to his guns.

* * *

Economic Growth : The Commission Rings the Alarm Bell

The latest quarterly report on the economic situation of the Community, which has just been published by the Commission, contains a new and very clear warning to the Six on the dangers of inflation. This document does not hesitate to say, in summing up its analysis of the outlook for 1966, that if adequate measures are not taken, "There will be a spiral effect inside the Community, - a chain reaction from country to country, of costs and prices - which could lead to widespread inflation within the Community, followed by recession". However, the writers of the report immediately add that, "On the other hand, if internal unbalances can be eliminated, costs and prices stabilised, there is no shadow of doubt, that the long term outlook for the Community. will be a period of vigorous and well-balanced economic expansion".

This somewhat equivocal forecast is based on the following points. Firstly, for several months now, a slight acceleration of economic growth throughout the Community has been apparent, and it is expected that this will quicken, so much so that the increase in the Community's gross product should reach the target figure of 4.5%. These past and future developments can be explained by the following factors:

(1) A vigorous growth in external demand, especially from the USA and the developing countries (an 11% increase in value compared with last year).
(2) A slightly quicker growth in internal demand, partly due to increased expansion in investment, in the shape of stocks, but even more to private spending.
(3) A slightly quickened growth of internal output, as industrial production went up by 1.5% between the third and fourth quarters of 1965.

On the other hand, price rises accelerated during the last months of 1965, and even more so at the beginning of 1966. It is true that this was due to "outside" factors (increases in indirect taxes, in rents and customs duties), or exceptional factors (climatic conditions), and that the tendencies which normally lead to cost and price increases do not appear to have changed greatly. But these tendencies are already alarming enough, and it is doubtful whether they will become less so during the next few months. Although a relative increase in available supplies in some member countries can be discounted, it seems that the growth in costs will remain an active factor in price rises.

Working from this basis and strengthened by the support of the EEC's economic policy committee, the Commission therefore again stresses that, "the first aim of the governments must be to maintain price and cost stability". The Commission goes on to add, "It has appeared that the slowing down in the expansion of demand and economic growth, to the degree which occurred in 1964 and 1965, was not sufficient to prevent increases in unit costs". It will therefore be necessary to have, "a true incomes policy....... and the main aim of this policy should be the stabilisation of wages per unit produced. If this stabilisation is not achieved, a situation could soon arise, "in which it would be necessary to use "classical" methods of economic control, and with such toughness that economic growth and employment would be seriously affected; otherwise more or less open inflation will ensue, ending in a recession or in prolonged stagnation.

The Commission grows more categorical stating that: "In fact, it is now absolutely vital for the members of the Community to eliminate cost or demand inflation. Because of ever-closer economic integration, it is only necessary for one or two of the more important member-countries to allow internal inflationary pressures for all the others to be affected" The danger is even greater because the lack of synchronisation in economic trends which used to exist between member countries and which had certain advantages from the stabilisation stand-point, is now much less apparent. In any case, "it is no longer sufficient to allow stabilising factors to produce their full effect on costs and prices in one member country alone;, economic trends in its partners would induce a premature inflationery pressure, while prices were still tending to rise.

After all, this is not a theoretical danger - far from it - and the Commission writes, "This is the danger which the Community could have to face in the near future, either towards the end of 1966 or in 1967, if it is found impossible to control renewed expansion in Italy and France, and to prevent fairly quickly the rise in costs and prices in the other member countries. This danger is all the more serious as it seems that the action of external factors on the Community is not having a stabilising effect, but, for the present at least, rather the opposite".

* * *

The Departure of Mr John W. Tuthill

Ambassador John W. Tuthill, head of the American mission to the EEC, has just been appointed United States ambassador to Brazil by President Johnson. According to American commentators, the appointment is justified not only by Mr Tuthill's diplomatic and economic ability, but also by Washington's eagerness to lay down a firm Latin-American policy, in which the Rio de Janeiro post will have an important part to play.

Since no successor to Mr Tuthill in Brussels has yet been named, the question immediately arises whether this sudden transfer does not indicate that the USA is becoming less favourably disposed towards the development of Europe. The State Department has wasted no time in clarifying the issue: its spokesman has said that it continues to watch with the keenest interest the development of the EEC, as well as that of an Atlantic partnership, whose main cornerstone will be the Kennedy Round.

In Brussels, and particularly at the EEC Commission, whose spokesman made a tribute to the personality and work of the departing ambassador, it is hoped that the State Department's assurances will be made good with the nomination of a first-class man to the head of the American mission. Until now, the post has been held successively by Mr Butterworth and Mr Tuthill, both of whom were "ambassadors by profession", which is a definition not hastily bestowed in the American diplomatic corps: they were both, too, supporters of the European idea. One therefore hopes that this tradition will continue, especially now that relations between Europe and the USA are going through a phase that could prove to be difficult.

* * *

ECSC

Steel in Urgent Need of Reorganization

The returns of new orders for laminated products filed by the Community's steel-works reached a new record during the first quarter of 1966: they were a long way ahead of the results shown for the corresponding period last year but only slightly above those of the first three months of 1964. The greatest progress was in Italy where the decline of steel so apparent in 1964 and the first half of 1965 has now been reversed : since the second quarter of 1965 there has been a strong recovery and estimated consumption of steel rose in 1965 from 13 to 15% in relation to the previous year. France has also shown a certain degree of improvement and the French steel-processing industry shows a slight recovery since the last quarter of 1965. At the same time the steel industry has tuned steel production to trends in actual consumption; this has considerably reduced the level of steel stocks which had been holding down the French market.

In West Germany producers have also shown willing and reduced production. Consequently they have avoided the return of stock-piling which tends to depress prices. However in Germany the steel processing industry has slowed down so much that home steel-consumption has not moved since the beginning of the year.

The situation is more or less similar in Benelux, except for the Netherlands, where consumption is still rising by from 3 to 4%.

For the Community as a whole new orders for steel sheets were as follows during the past few months: (in 1000 tons)

Orders From	The EEC	Other Countries	Total
March 1966	4,775	1,044	5,819
February 1966	4,247	997	5,244
January 1966	4,558	1,184	5,742
December 1965	4,382	1,177	5,559

The significant element in recent trends in sales of steel compared with last year is the stagnation or even the falling-off of orders from non-member countries (last year the world steel market received a boost from the threat of a strike in the American steel industry) while orders from within the Market are increasing at a comparatively high rate. At the same time, despite record sales which may or may not continue in the coming months, the state of the Community's steel industry as a whole gives little cause for rejoicing. Production of crude steel in the first quarter of this year was 0.7% lower than in the corresponding period of 1965 as can be seen from the following table (in 1,000 metric tons):

	Germany	France	Italy	Netherlands	Belgium	Luxembourg	EEC
1966	9,146	5,090	3,201	812	2,268	1,103	21,620
1965	9,578	5,081	2,926	774	2,254	1,150	21,763
% Difference	-4.5	+0.2	+9.4	+4.9	+0.6	-4.1	-0.7

An effort to adapt production to real needs is therefore particularly evident in Germany and the Netherlands, followed by France and Belgium. This reduction in production is allied to a considerable increase in the Community's productive capacity which reached some 100 million tons of crude steel in 1965, an increase of 8 million tons (including almost 3 million tons in Italy) over 1964. So the utilization rate of productive capacity which stood at 90% in 1964 fell to below 86% in 1965 and will go even lower this year.

This problem of excess productive capacity for steel arises not only within the EEC but throughout the world, and will be the biggest head-ache for the steel industry in the years to come. At world level, estimated steel consumption rose from about 275 million tons in 1955 to around 460 million tons in 1965, but during the same period productive capacity for crude steel rose from 285 million to around 515 million tons. The High Authority experts consider that this capacity will increase between now and 1970 at the high rate of 4% per annum and that the growth rate will be much higher in the smaller steel-producing countries of the west and in countries which normally import steel, while a slower rate of growth is expected in the major steel producing countries : the EEC, Britain, Japan and the United States.

For 1970 world resources of crude steel are estimated at about 620 million tons and the experts consider it unlikely that world consumption of steel can attain a growth rate capable of absorbing this surplus capacity. This will bring stiffer competition in the world market. Also many countries which normally import steel will start selling it and the Common Market countries which normally supply steel will see their international markets reduced.

Low Prices and Worsening Financial Position of the Steel Companies

This stronger competition has obvious repercussions on prices inside the EEC and on the world market. Of course the efforts made by producers themselves to relate production to demand has, over the past four months, steadied the lowest price levels in the EEC, but they are still near enough to the 1963 level, then considered insufficient. At the same time increased sales on the world market during the first nine months of last year did nothing to improve prices: in fact prices dropped by an average 10 dollars per ton from the level at the beginning of 1965. No improvement could be seen until the beginning of 1966. However, export prices for most sheet-steel products are still way below those of the previous year and they will undoubtedly fall again if supplies from within the Community continue to increase.

Below is the increase in export prices for the main sheet products - in dollars per ton - F.O.B. Antwerp.

	January 1965	January 1966
Steel bars for reinforced concrete	80-81	74-76
Wholesale rolled steel	91-93	82-86
Girders	84-86	74-77
Machined wire	89-92	78-83
Strip-steel	92-95	80-84
Heavy plates	98-99	83-86
Hot rolled thin sheets	108	100
Cold rolled thin sheets	109	103-106

Finally, it is worth pointing out, that if the general level of the Community's lowest barometer prices has hardened slightly over the last few months, the volume of sales at the lower scale of prices charged by non-member countries has gone up by as much. The result has been a worsening of the financial position of the Community's steel concerns. In its 14th General Report, the High Authority states on this point that "the repercussions of the fall in receipts, which has grown more marked throughout the year (1965) have been different according to the position of the concern and the structure of its outlets. The revenue from deliveries to non-member countries has diminished, more than that from internal deliveries within the Community, (and) it seems that amongst the coastal steel plants, those who are mainly exporters have suffered most from this recession; but because of their greater advantages in supplies of fuel and ore from overseas these coastal plants should have a lower break-even price than inland plants".

"Generally, it has not been possible to compensate for the reduction in receipts by reducing the break-even price. In fact, there have been a few cases of increases in costs, due mainly to price rises for Community blast furnace coke" It is also the reason why all the member countries' producers, who are normally supplied with Community coke, are complaining about the discrimination they are suffering, compared with producers who use coke imported from non-member countries, and therefore cheaper. It is one of the most urgent problems to be resolved within the frame-work of the efforts, now being made by the High Authority and the governments of the member countries, in an attempt to work out a Community coal policy. However, as we have already seen (in last week's issue), the first meetings of the Council of Ministers' ad hoc "Coal Policy" Committee have not been exactly encouraging on this point.

The Outlook for the future and adaptations which must be made

The High Authority's experts, after long preparations made in close co-operation with all interested parties (economic, trade union, and governmental) have drawn up a new plan, "General Aims-Steel" for the year 1970. By that date, they estimate the Community's internal steel requirements will be around 86 million tons of crude steel, which is equal to an annual rate of increase of 3.6% to 4% between 1965 and 1970, compared with an annual average of 4.3% between 1960 and 1965. The decline will therefore be noticeable, but the development will be very different from country to country, as is shown in the table below:

Internal EEC Crude Steel Requirements
(In millions of tons : index - 100 in 1960)

	1965	1970	1965	1970
W. Germany	35.0.	39.3	121	136
Benelex	4.3	4.6	127	135
France	16.8	21.0	120	150
Italy	13.0	17.0	134	175
Netherlands	3.1	4.1	109	139

In 1970, net steel exports to non-member countries should be only about 9 million tons of crude steel; total production requirements will therefore be about 95 million equivalent tons of crude steel.

With the development of competition on the world steel market, already mentioned, it will be necessary for the Community's steel industry to make an increased effort, so as to improve its competitive position by reforming its structures, and by the increased use of technical advances.

This raises the question as to what is the best size of productive capacity and of individual concerns, as well as their best location. For several years past, the Community's steel plants have been making steps in this direction, either by mergers, by specialisation and order-sharing agreements, by the joint creation of new plants, or by the construction of new plants, located where they can take advantage of imported raw materials. The High Authority's experts think that such measures must be stepped up and increased. Until now they have been mainly taken by already large steel concerns, but now these measures must be taken by small and medium size concerns, as many of them would be unable to use the most modern production equipment, with its production capacities far beyond old equipment, and whose purchase is often beyond their financial means. In its General Aims for 1970, the High Authority proposes to make a special study of this problem, and to prepare suggestions and recommendations with a view to solving it.

STUDIES AND TRENDS

THE IMPORTANCE OF PATENTS TO BUSINESS DECISIONS ON INTERNATIONAL TRADE AND INVESTMENT

by Peter von Siemens,
deputy chairman of SIEMENS-SCHUCKERTWERKE AG, (Munich)

Both the reason and justification for the existence of a patent system are primarily the economic advantages it entails. This does not mean that the patent system can be judged solely from the aspect of economic net gain. The advantage of a patent system to the research and development work carried out by a company cannot be determined exactly, and in this the difficulties are akin to those met in assessing the true worth of advertising. Advertising as well as research and development as such, and the protection afforded them under the patent system cannot be viewed only as a matter of accounting. In the same manner as research and development as well as advertising, the patent system constitutes an important factor in company policy, albeit an indirect one, in that the patent system is one of the essential preconditions to the large and growing scope of research and development.

It should be realized that a noteworthy change has taken place in the practical meaning of a patent system. It is based on the fact that in contrast to former times, technical development is no longer a result of the inventor's intuition, but mainly of industrial research carried out systematically. The era of the individual inventor belongs to the past and fundamental inventions are nowadays often the result of teamwork and usually require sizeable investments. More than 80% of the patents in Germany are not granted to individuals but to companies, who provide the very considerable funds required for research and development work. A condition for such investments is the likelihood of an appropriate return. Patent protection exists for this express purpose.

It is only just and logical that the company which bears the risk involved in new developments should also be entitled to have protection for the inventions that result, in the form of an exclusive right as represented by a patent. This does not mean that the individual inventor can be ignored. On the contrary; in West Germany his rights are to a remarkable degree protected by the law on employees' inventions. In every case, the inventor shares in the economic gain which the right of exclusivity grants the company.

In order to evaluate properly and objectively the exclusive right inherent in a patent, it should be kept in mind that this right can no longer be used in a negative, monopolistic sense owing to anti-trust legislation. This statement will no doubt raise some scepticism, but I would like to give a pertinent example from Siemens: Although it holds no fewer than 6000 patents, it has not conducted a single suit for patent infringement over the last five years where it has insisted on its right to forbid the use of a patent. In all cases it was prepared to grant the users of patents involved licence rights at reasonable terms appropriate to its development costs on the particular product.

What, then, is the actual importance of a patent system to business decisions and investments in international trade? Apart from man's natural aspiration toward technical progress, economic competition is the chief determinant of further scientific and technical development. Research and development work usually extends over a period of years and involves appreciable financial risk. For those who are responsible for investments, it is also important that the results of such research and development should be safeguarded for a reasonable period by patents, to offset the outlay and the economic risk which the company involved has to bear. The results are thus not freely available to competitors who are not prepared to make the outlay or pay an equivalent licence fee. The decision to carry out research and development work is not so dependent on the existence of a patent system that it would not be made in the absence of such safeguards; but the initiative to perform such work is no doubt given a tremendous boost by a patent system.

This does not mean that in weighing up the risks of a new research and development programme, the protection granted under patent law is in every case foremost in one's mind. Since most of the industrialized countries have a patent system, there is no need to remind oneself constantly that the risk involved in research and development is considerably reduced by the patent system, when it is precisely the patent law itself which makes it possible to bear a considerable part of the risk.

If the protection afforded under the patent system is taken too much for granted, there is a risk that its significance might not be fully appreciated, that in turn might give rise to the misconception that the patent system works chiefly to one's disadvantage. It should therefore be emphasized that industrial research and development are very much dependent on the existence of a patent system. If there were no protection by patents, it would be much too risky even for big companies to conduct research and development work at the level it has reached, thanks to the existing system. The danger of third parties exploiting the results of research without any effort of their own, and thus obtaining unfair competitive and economic advantages would call for clandestine activities. But since complete secrecy would not be attainable, this would be no substitute for patent protection, and the result would inevitably be a decline in research and development owing to the absence of patent protection. Formerly, the patent served as a stimulus to try one's hand at inventing something, whereas today it is also one of the basic prerequisites for the constantly growing investments in research and development. This by no means stems solely from an illusion on the part of the companies that patent protection creates a sufficient headstart to outdistance competitors, but is due rather to the desire not to support competing companies by making freely available to them the results of one's own efforts in research and development, and, in addition, saving them the considerable outlay necessary.

Like other investments, research and development work would certainly continue even if there were no patent protection, as competition would force the companies to conduct such work. However, investments would be made much more hesitantly and by no means on the same scale as under a patent system. Moreover, as already pointed out, research and development would be carried on under a veil of secrecy. This would remove the positive stimulus that the publication of patented inventions affords to third parties, and would incur such negative results as retardation of progress, industrial espionage, reduction in the number of scientific papers published etc.

Patents are not only of importance to decisions on research and development, but also to decisions on sales. In the export of products developed at considerable cost, it is essential that the importing country should have patent laws to prevent the product exported to that country from being copied. Consequently, the prime consideration here is that, in the first instance, the patent-holder himself derives a profit from his efforts and the outlay of funds, thereby benefitting from the advantage which he has gained over his competitors.

When it comes to overseas investments, particularly those involving the latest technical products, an additional consideration is whether or not the country in question provides patent protection. In deciding on investments, it is by no means immaterial whether third parties can copy an article without having to face legal action in consequence, and without having had to bear the very considerable research and development costs in the first place.

In many instances, the developing countries prefer an arrangement whereby the foreign patent holder not only imports the product patented, but also exploits the patent himself, furnishing the necessary know-how as well, or enters into a joint venture for the manufacture of these products. In this connection, a major consideration for the developing countries is the use of indigenous materials, the training and employment of native personnel, and the resultant savings in foreign exchange.

It is a condition precedent to investments in the developing countries that there must be patent protection for the patent holder. The managerial decisions on making investments in such countries are at least facilitated, if not positively encouraged by the fact that the countries concerned observe patent laws. As mentioned earlier, this is even more the case if manufacture of the latest technical equipment is involved.

The risk foreign companies already face in developing countries with regard to investments is greater if there is no patent protection, for this means that a competitor may manufacture and distribute the same product by using somebody else's invention. On the other hand, the developing countries themselves should bear in mind that if they do afford patent protection, they will be the first to benefit economically from the investments made by foreign companies.

All the preceding reflections apply not only to the major companies, but on a corresponding scale to the medium-size and small companies as well. For the latter two categories, it is of special importance that, in their generally smaller, specialist fields, they benefit from patent-law protection with regard to third parties, and that the economic risk is thus reduced.

The view that the medium-size and small companies are being smothered by the great number of patents in the hands of big business enterprises and that the former two lose more than they gain from the patent system is based on false reasoning. If anything the small and medium companies naturally do not carry on research and development activities to the extent practised by the financially stronger firms, with the obvious result that they have comparatively fewer inventions to show for it. But this does not mean that the patent system militates against their competitive ability. On the contrary, experience shows that small companies profit to a considerable extent from the economic and technical progress of the large companies, and indeed are frequently at an advantage owing to their small internal outlay.

It should not be forgotten that the information disseminated under the patent system benefits all competitors and that the wealth of scientific publications - which is accessible to all interest - is only possible as a result of patent protection. There is no need to explain the importance attached to publications from the viewpoint of managerial decision-making.

Lastly, there is the significance the patent system has for capital transfers. Everyone of those cases where affiliated companies abroad receive economic worth in the form of patent rights made available to them. In such cases the parent company is usually paid royalties from its foreign affiliates, thereby profiting directly from the economic success of its affiliates. However, this practice requires the actual existence of patent rights; it again serves to illustrate the major importance that patent rights also have in the framework of management policy.

When speaking on the existing patent systems, it should be made clear that the decisive concept underlying all these considerations is that the patents under discussion are examined patents, that is to say patents that actually satisfy the requirements regarding novelty, level of invention, and engineering progress. For this reason the efforts being made at present in the direction of modifying the rules of procedure in the patent-examining countries should be viewed with considerable concern. One must hope that the responsible authorities will succeed in maintaining the present patent systems without making drastic changes in the rules of procedure, since in the long run only an examined patent has any bearing on a company's policy decisions, and since an examined patent also offers the guarantee, that no competitive restraints are placed on other companies beyond the scope actually covered by the patented invention. For these reasons, the examination as to whether a patent should be granted should be carried out at the earliest possible stage and should by no means be dropped.

sales rights for beryllium alloys from PECHINEY. In the leading private Italian steel company, ACCIAERIE & FERRIERE LOMBARDE FALCK, Milan merges with one of its subsidiaries. In the Italian group RIVA FINANZIARIA, COSTRUZIONI MECCANICHE RIVA, Milan takes over ALESSANDRO CALZONI, Bologna. STAHL MASCHINEN, Stuttgart (cranes, hoists etc) forms sales subsidiary in Genoa. Netherlands: POWELL DUFFRYN, London (building, ventilation etc) takes over the Dutch engineering company GEESINK, Weesp (pantechnicons etc). USA: STRUTHERS SCIENTIFIC, New York and the Belgian consortium of COCKERILL OUGREE, TRACTION & ELECTRICITE, SOBELCO and SYBETRA form joint US subsidiary.

K	FINANCE	Belgium: The Belgian group EMPAIN links up with SCHNEIDER & CIE and BANQUE DE L'INDOCHINE. Britain: OMNIUM FRANCAIS DES PETROLES, Paris increases its interest in BRITISH & CONTINENTAL BANKING CO, London. France: UNAFINA, Paris is formed 45-55 by MARINE MIDLAND, New York and UNION EUROPEENNE INDUSTRIELLE & FINANCIERE, Paris. AFRICAINE DE BANQUE (now FINANCIERE & DE PARTICIPATIONS) makes over its banking department to CREDIT LYONNAIS-MAROC, Casablanca. Luxembourg: EED-EUROPEAN ENTERPRISES DEVELOPMENT, Luxembourg raises its capital and acquires new shareholders.
L	FOOD & DRINK	Belgium: Two Belgian sugar concerns RAFFINERIE TIRLEMONTOISE and RAFFINERIE & SUCRERIE DU GRAND PONT centralize investments. France: The Dutch chemical dairy products firm HSM expands its French manufacturing subsidiary. Three large French dairy concerns form joint research subsidiary GERDABEL, Paris. Germany: ETS L'HERITIER-GUYOT, Dijon forms German sales subsidiary. BUITELAAR, The Hague (meat and livestock trade) forms German subsidiary.
M	INSURANCE	France and Belgium: SCHNEIDER, Paris, ELECTRORAIL, Brussels and BANQUE DE L'INDOCHINE will now also link up with LA PATERNELLE SA.
N	OIL, GAS & PETRO-CHEMICALS	France: UIP, Paris has 90% in newly-formed UNION CORSE DES PETROLES, Paris (fuel sales in Corsica). Italy: FRANCAISE DES PETROLES reorganizes its Italian investments. Switzerland: A new Swiss company RAFFINERIE ROMANDE takes over the assets of RAFFINERIE DU RHONE, Collombey,Valais which has been liquidated.
N	OPTICAL & PHOTOGRAPHIC	Belgium: Mr A. Rozin makes over his optical firm ETS A. ROZIN to new company of that name.

Page		
O	PAPER & PACKAGING	Germany: CROWN CORK, USA forms Frankfurt subsidiary. Italy: VISCORA ITALIANA is formed to sell NOVACEL food-packing products.
O	PHARMA-CEUTICALS	Belgium: The Belgian chemical and pharmaceuticals group KON ZWANENBERG-ORGANON, Oss forms ASCHIPAR (import and sales of biological and other products). France: The American pharmaceutical group A.H. ROBINS gains control of LABORATOIRES MARTINET, Paris. BECTON DICKINSON, USA and INSTITUT MERIEUX, Lyons form 50-50 French subsidiary.
P	PLASTICS	Belgium: PLASTIC COATINGS, Guildford, Surrey forms Brussels subsidiary.
Q	TEXTILES	Belgium: FELIX WATINE, Wattrelos, Nord raises the capital of its Brussels sales subsidiary. Britain: CARRINGTON & DEWHURST, Eccleston, Lancashire takes over the British terylene fibre maker CHESLENE & CREPES and its Italian subsidiary. France: FILLATTICE, Milan (elastic thread) and FILS ELASTIQUES MODULA, Paris form Lyons manufacturing and sales company.
Q'	TOBACCO	Netherlands: The American tobacco firm R.J. REYNOLDS will now manufacture in the Netherlands through NIEMEYER, Groningen.
R	TRADE	Belgium: AMEREX, Brussels backs new Brussels firm JAPAN PEARL IMPORT.
R	TRANSPORT	Italy: AUXILIAIRE INTERNATIONALE DE CHEMIN DE FER, Brussels takes share in L'AUSILIARE, Milan (waggon-hiring). Netherlands: Three German transport companies form joint subsidiary HOLLAND RIJN MAIN BEVRACHTINGS, Rotterdam.
R	VARIOUS	Germany: BURBERRYS, London (GUS group) will form German subsidiary. The Swedish safety-belt manufacturer A/B STIL-INDUSTRI forms Frankfurt sales subsidiary. The American central-heating firms LENNOX INDUSTRIES and MIDLAND HEATER form Frankfurt sales company. Spain: The German food and beer group OETKER buys minority share in DAMM, Barcelona (brewers).

ADVERTISING

** The New York advertising and marketing agency GARDNER ADVERTISING CO (see No 332) has strengthened its Benelux interests by forming a Brussels branch, INTER-GARD EUROPE managed by Mr T.O. Simpson.

INTERGARDNER HOLLAND NV was recently formed 50-50 with BAUDUIN NV. In Britain the American company is represented by BUTLER & GARDNER LTD, London and in Italy by PUBLICIS, GARDNER, BUTLER & STIP SpA, Milan.

BUILDING & CIVIL ENGINEERING

** NV BOUWBEDRIJF NOORLAND, the Hague (civil engineering and the building materials trade - capital Fl 450,000) has opened a West German branch at Neuss.

** The Italian civil engineering firm IMPRESIT GIROLA LODIGIANI (IMPREGICO) SpA, Milan (see No 54) which carries out major operations, both at home and abroad, has formed a Turkish subsidiary in Ankara under its own name. This will be managed by Sig. M. Baldassarrini and G. Lazzarino.

The Italian company whose main contracts have been in the Middle East and Africa, was formed a few years ago by an agreement between IMPRESIT-IMPRESE ITALIANE ALL' ESTERO SpA (a member of the Fiat group - see infra) and the Milanese civil engineering firms IMPRESA UMBERTO GIROLA SpA (see No 263) and IMPRESA ING LODIGLIANI SpA (see No 254).

** Two major French industrial concerns CGE-CIE GENERALE D'ELECTRICITE SA (electrical engineering; see No 343) and STE GENERALE D'ENTREPRISES SA (see No 351: civil engineering) are centralising their building and civil engineering business, which in 1965 represented a turnover of about Ff 1,000 million. CGE is to become the majority shareholder in Generale d'Entreprises which is owned 21.86% by SOFINA-STE FINANCIERE DE TRANSPORTS & D'ENTREPRISES INDUSTRIELLES SA, Brussels (see No 343) which has links with STE GENERALE DE BELGIQUE SA. In return CGE is contributing its 62% holding in CIE GENERALE D'ENTREPRISES ELECTRIQUES SA, Paris (capital Ff 14,400,000) which owns 35% in the paper engineering firm COGECEL SA, Paris (see No 318). 52% in LA SOUDOURE EXOTHERME SA, Levallois-Perret, Hauts-de-Seine with a factory at Bellegarde, Ain (see No 327); 99% in L'ELECTRO-SOUDURE SA, Villeurbanne, Rhone; and 95.8% in ETS DALHAS CGE's principal foreign subsidiaries are INTERNATIONALE GES FUER ENERGIE & UNTERNEHMUNGEN mbH, Frankfurt (see No 234) and STE ALGERIENNE DE CHAUDRONNERIE & DE MONTAGE, CIE CHERIFIENNE D'ENTREPRISES ELECTRIQUES and STE TUNISIENNE D'ENTREPRISES.

Ste Generale d'Entreprises formed by the "Giros-Loucheur" group also has a large number of shareholdings including 9.4% in KLEBER-COLOMBES SA, Colombes, Hauts-de-Seine (see No 343); 4.1% in ETS NEYRPIC SA, Grenoble (see No 307); 48.1% in ENTREPRISE DESCHIRON SA, Bagneux, Valede-Marne; and abroad STE GENERALE D'ENTREPRISES-ALGERIE and EMPRESA DE CONSTRUCCIONES GENERALES SA, Mexico.

** The Spanish tourist agency and property development company SANTA AGATHA SA, Calleta de Palafrugel, Gerona (president Sen. R.P. Fabregas) has opened a French branch at Perpignan, Pyrenees Orientales.

** DE GROOT'S HOUTBOUW NV, Vroomshoop, Netherlands (prefabricated buildings) has set up a subsidiary in Dortmund, DE GROOT MONTAGEBAU GmbH (capital DM 100,000; managers Messrs G. Veldhuis, Vroomshoop, and W. Danco, Dortmund).

** Five civil engineering and manufacturing companies from West Germany, Italy and Greece have each taken an equal share (20%) in the formation of HYDRAMAG-STE D'ETUDES & DE TRAVAUX HYDRAULIQUES D'AMENAGEMENTS AGRICOLES SA, Luxembourg (initial capital F Lux 250,000). The companies are: 1) HELDE & FRANKE BAU AG, Munich (see No 285) whose main shareholders are the Basle holding company MONSABERT GmbH (representing the interest of Herr H. Noris) and BAYERISCHE HYPOTHEKEN & WECHSEL BANK AG, Munich; 2) KSG - KLEIN, SCHANZLIN & BECKER AG, Frankenthal, Pfalz (see No 345) pump and compressor specialists; 3) IMPRESIT - IMPRESE ITALIANE ALL'ESTERO SpA, Milan, a financial subsidiary of FIAT SpA, Turin; 4) ITALCONSULT - STA GENERALE PER PROGETTAZIONI CONSULENZE & PARTECIPAZIONIS SpA, Rome (see No 259) who includes MONTECATINI EDISON SpA, FINMECCANICA SpA and ITALCEMENTI SpA amongst its shareholders; 5) ALIAKMON SA, Athens.

CHEMICALS

** HOOKER CHEMICAL CORP, New York is forming a Brussels subsidiary HOOKER CHEMICAL SA (capital Bf 500,000) to supervise its manufacturing and sales operations in Belgium. The new company (president Mr Thomas F. Willers) will be directed by Mr Raymond M. Smith. The group already has a branch in Belgium of its foreign Division, HOOKER CHEMICAL INTERNATIONAL LTD, Wilmington, Delaware (see No 347).

** DOW CORNING CORP (silicones, derivatives of silicon, disulphide of molybdenum etc), a joint subsidiary of DOW CHEMICAL CO, Midland, Michigan (see No 339) and CORNING GLASS WORKS CO, Corning, New York (see No 338), has formed a manufacturing and sales subsidiary in Milan DOW CORNING SpA. The president of the new company is Mr A.W. Rhodes of Brussels, the director is Mr T. Nehil of Milan and it will have a starting capital of Lire 10 million which will shortly be raised to Lire 60 million. It is owned 90-10 by DOW CORNING INTERNATIONAL LTD, Nassau, Bahamas and DOW CORNING AG, Zurich.

The American company, which recently formed a branch in Brussels run by Mr Thomas L. Colman, formed a similar subsidiary in Amsterdam a few months ago: DOW CORNING NV. It has been represented in London since October 1965 by DOW CORNING LTD and it has a minority shareholding in France in BARA-BUREAU D'ANALYSE & DE RECHERCHES APPLIQUEES SA, Issy-les-Moulineaux (see No 359) where it is associated with PRODUITS CHIMIQUES PECHINEY-SAINT-GOBAIN SA, Neuilly, Seine in SISS-STE INDUSTRIELLES DES SILICONES SA, Paris. This latter company is represented in Italy by SOGESIL-SOC GENERALE SILICONI & DERIVATI SpA, Milan (president M. Francois Hennequin) which also represent Dow Corning Ag, Zurich.

** LE CARBONE LORRAINE SA, Paris (see No 347) a 25% subsidiary of the electro-chemical and metal group UGINE SA (see No 353), has formed a London company, LE CARBONE CONTRACTS LTD (capital £1,000 - directors Messrs N.A.O. Slater and E.U. Dieppe) which will make electrical contacts, carbon brushes and batteries.

The French group already had a London sales company LE CARBONE (GREAT BRITAIN) LTD. It has numerous other direct or indirect subsidiaries abroad (mainly through CIPEL). The most important (see No 255) are LE CARBONE AG, Frankfurt and DEUTSCHE KOHLENBURSTEN -EN ELEMENTE FABRIEK CARBONE AG, Karlbach; IL CARBONIO SpA, Milan; LE CARBONE BELGE SA, Brussels; LE CARBONE LORRAINE (NEDERLAND) NV, Rotterdam, CARBONE LORRAINE ELEKTROTECHNISCHE ARTIKELM GmbH, Vienna, LE CARBONE AG, Berne; SOC. DE FABRICATION DE CARBONES ELECTRICOS - SOFACEL, Barcelona etc........

COSMETICS

** The New York chemicals and pharmaceuticals group CHAS PFIZER & CO (see No 329) has formed ROMNEY COSMETICS SpA, Milan (capital Lire 190 million, president Mr J.H. Green of Brussels) to manufacture and sell toiletries, hygienic products, perfumery and cosmetics. The new company is directly controlled by the holding company PFIZER CORP, Colon,Panama.

The American group has a manufacturing subsidiary in Latina PFIZER ITALIANA SpA (capital Lire 3,000 million, director Sig F.P. Guerra and president Mr J.H. Green). In Italy the group also controls COTY ITALIANA SpA, Milan (see No 220) through COTY INTERNATIONAL CORP, New York. It shares control of LIRC-LABORATORI ITALIANI DI RICERCA CHIMICA SpA, Milan with LEDOGA SpA and SNIA VISCOSA SpA.

ELECTRICAL ENGINEERING

** WESTINGHOUSE ELECTRIC CORP, New York (see No 353) has taken a majority shareholding in STE DES ASCENSEURS ARTIS SA, Paris (capital Ff 7,087,000) through WESTINGHOUSE ELECTRIC INTERNATIONAL CO, New York. The Paris company employs 1000 workers in its Nice factory and has a network of 36 regional agencies to sell its range of elevators, hoists, car-ramps, invalid lifts etc). It is linked on the manufacturing side with STE DE CONSTRUCTIONS METALLIQUES DE SUD-EST SA, Nice ,which supplies it with landing-doors and elevator cabins.

In France the American group also controls its own distributor of electrical raw materials SMI-STE DE MODERNISATION INDUSTRIELLE SA, Paris (formerly WESTINGHOUSE-ELECTRIC EUROPE-PARIS SA) and has a 48% holding (43% direct and 5% indirect through SMI) in STE DE DEVELOPPEMENT WESTINGHOUSE SCHNEIDER SA, Paris which was formed in May 1964 (capital Ff 1 million). This latter company also has two French shareholders: LE MATERIEL ELECTRIQUE SA with 42% and FACEJ-JEUMONT with 10% (see No 258). The group's Belgian subsidiary WESTINGHOUSE ELECTRIC CORP SA, Awans-lez-Liege (formerly ATELIERS JASPAR-WESTINGHOUSE SA) has had a branch in Paris since 1965 (see No 326) to represent it for sales of hoists and elevators.

** STRAND ELECTRIC HOLDINGS LTD, London have entered the German market by forming a sales subsidiary STRAND ELECTRIC BUEHNENBELEUCHTUNG GmbH, Giessen. The new company (capital DM 100,000) will sell electrical equipment for theatres and will be run by Herr G. Ohlmer, Braunschweig and Messrs J. Hunter and J.D. Sheridan, both of London. The latter is chairman of the parent company, which already has two subsidiaries outside Britain, STRAND ELECTRIC (AUSTRALIA) PTY LTD, and STRAND ELECTRIC LTD, Canada.

ELECTRONICS

** BSR LTD, Old Hill, Staffordshire (record players and recording machines), which already has Common Market subsidiaries in France and West Germany (see No 255), has decided to make Milan the operations centre for its manufacturing and marketing activities in Italy. These will be the responsibility of BSR (ITALIA) SpA, which has just been formed with an initial capital of Lire 3 millions, which the board (president Mr M. Cher, a minority associate at New Preston, Connecticut) is empowered to raise by increments to Lire 500 millions.

In 1964, by way of avoiding the strictures of the Common External Tariff, BSR decided to build a DM 10 million factory in Hanover: in West Germany it controls BSR (GERMANY) GmbH, Hamburg (formed in 1962; see No 166), which finances BSR (GERMANY) GmbH & CO KG, Laatzen, Hanover. Its interests in Paris are in the hands of BSR (FRANCE) SA, which was formed in 1964 (see No 216).

ENGINEERING & METAL

** The Belgian group TREFILERIES LEON BEKAERT Sprl, Zwevegem (see No 267), has raised from 80% to 99.8% the controlling interest it has held, since its formation in 1963 (see No 227), in the marketing company BEDAERT - FRANCE Sarl, Paris (capital Ff 500,000). The balance is held by the subsidiary ETECO-EUROPEAN OVERSEA TRADING CO, Zwevegem, which has accordingly had its share reduced from 20% to 0.2%.

** The New York engineering group STONE & WEBSTER INC (see No 276) has formed a Dusseldorf subsidiary, STONE & WEBSTER SERVICE (DEUTSCHLAND) GmbH (capital DM 20,000) whose managers are Messrs. L. Storrs Jr. of New York, and F.W. Sullivan of Dusseldorf. The American company already has a number of Common Market interests: in Paris, STONE & WEBSTER ENGINEERING SA (through STONE & WEBSTER ENGINEERING CORP, Boston, Massachussetts and STONE & WEBSTER INTERNATIONAL INC), and in Amsterdam STONE & WEBSTER SERVICE (HOLLAND) NV (through STONE & WEBSTER SERVICE CORP and CONVERSIONS & SURVEYS INC, New York.

** TRAFILERIE & LAMINATORI DI METALLI SpA, Milan (non-ferrous metals foundry - see No 329) has acquired from PECHINEY-CIE DE PRODUITS CHIMIQUES & ELECTROMETALLURGIQUES SA (see No 351) the Italian sales rights for light beryllium alloys.

The Italian company (capital Lire 5000 million - president Sig A. Cappelli), includes FIAT SpA, Turin and TREFIMETAUX SA, Paris amongst its shareholders, (see AMERICAN CAN Co - No 353).

** The agreements recently signed (see No 351) between STRUTHERS SCIENTIFIC & INTERNATIONAL CORP, New York (STRUTHERS WELLS CORP, Titusville, Pennsylvania - see No 268) and a Belgian group comprising COCKERILL OUGREE SA, Seraing, TRACTION & ELECTRICITE SA, Brussels, SOBELCO SA, St. Gilles, Brussels and SYBETRA SA, Brussels have led to the formation of a jointly-owned New York subsidiary, UNIVERSAL WATER CORP INC. The Belgian group is linked to the STE GENERALE DE BELGIQUE.

The latter, which will promote the sale of sea-water desalination installations, has received the American group's rights and know-how for the LTV distillation process, developed by W.L. Badger;from the Belgian group; apart from the capital necessary for the first prospection phase, it has also received the advantages of its international contacts, on the understanding that the four member companies will be general contractors, supplying equipment and engineering requirements. Universal Water will offer to users, apart from the two distillation processes, LTV and MSF, all other methods, such as the use of membranes or freezing, discovered by itself or acquired from elsewhere.

** SALZGITTER FRANCE SA, Paris - the former metal and laminated goods traders MERCURE-VULCAIN SA (capital Ff 150,000 - see No 147) has formed a sales subsidiary MERCURE VULCAIN Sarl, Paris (capital Ff 10,000) which will be run by the parent company's own president M. G. Simon.

Salzgitter was formed in 1937 under the name of STE D'OUTILLAGE DU CREUSOT Sarl and is mainly controlled by WALZWERK NEVIGES GmbH, Neviges, Rhineland (a former subsidiary of the German group SCHLIKER - see No 232 - whose capital, recently raised to DM 6 million, is owned by THESAURUS CONTINENTALEEFFEKTEN GES, Zurich) and OTTO R. KRAUSE AG, Basle (see No 214) a subsidiary of OTTO R. KRAUSE EISENGRAUSSHAUS GmbH, Düsseldorf (a former subsidiary of the Schlieker group bought by HUETTENWERK SALZGITTER AG of the state-owned SALZGITTER AG group - see No 324). The French company shares control of the sales company OTTO R. KRAUSE Srl, Milan which was formed in September 1961 with Otto R. Krause, Düsseldorf and its Swiss subsidiary.

** ETS QUILLERY SA, Paris (civil engineering) has raised its capital from Ff 4,810,000 to Ff 7,850,000 and changed its name to ETS QUILLERY-GOUMY SA. This follows its takeover of GOUMY & CIE SA, Aubervilliers, Seine-St-Denis, (metal furniture etc - capital Ff 3.2 millions), which was a subsidiary of CIE INDUSTRIELLE DE MATERIEL DE TRANSPORT (CIMT-LORRAINE) SA, Neuilly (capital Ff 16.7 millions; see No 193). Goumy held shares in LUCIEN LANAVERRE SA, Bordeaux (capital Ff 550,000), which specialises in polyester laminates for shipbuilding and industry, and has a patroll of about 200.

Ets Quillery has no connection with STE QUILLERY SA, La Garenne-Colombes, Hauts-de-Seine (capital Ff 10.1 millions), which processes plastics for the motor industry (steering wheels, dashboards, handles, trim etc).

** POWELL DUFFRYN LTD, London (building, ventilation etc - see No 352) through its Cardiff holding company POWELL DUFFRYN ENGINEERING CO LTD has taken over the Dutch engineering company GEESINK NV, Weesp (capital Fl 2,200,000 - pantechnicons and fire appliances).

** After long preparations (see No 148) an amalgamation is taking place within the leading private steel company in Italy, ACCIAIERIE & FERRIERE LOMBARDE FALCK SpA, Milan (see No 327), which is merging with one of its subsidiaries SOC NAZIONALE DI ELECTROMETALLURGICA - SONDEL, SpA Rome. This company has been linked for four years to the French group UGINE, by an agreement giving it the right to produce ferro-chrome under the Ugine-Perrin patents (carbon content less than 0.03%) in its factory at Novato-Mezzola, Lombardy.

Falck (capital Lire 22,000 million) controls NAZIONALE FERRO METALLI CARBONI SpA, Bergamo (capital Lire 2,100 million), ADRIATICA FERRAMENTA & METALLI SpA, Venice (capital Lire 1,200 million) and holds a 40.3% interest in ACCIAIERIE DI BOLANZO SpA, Bolanzo; a 20% interest in STEI-STA TERMOELETTRICA ITALIANA, Tavazzano (together with MONTECATINI EDISON SpA, AGIP SpA and AEM, Milan), a 7% interest in SIDMAR –SIDERUGIE MARITIME, Gand, France (see No 278), a 50% interest in ACCIAIERIA & TUBIFICIO DI BRESCIA SpA, Brescia, and it has almost total control of CANTIERI METALLURGICA ITALIANA SpA, Naples, etc....

** Two leading German crop protection equipment firms, have amalgamated. They are GERBRUEDER HOLDER MASCHINENFABRIK KG, Metzingen, Wuerttemburg (520 staff) and CARL PLATZ GMBH, Frankenthal, Pfalz (400 staff). The Holder family, which owns the company of the same name, has taken control of Carl Platz (capital Dm 1,512 million), which was managed by Herr K. Blumenstock. Holders thus strengthen their position in the agricultural machinery sector, where they already control HOLDER GmbH de Grunbach b. Stuttgart (capital Dm 6 million) and its subsidiary LANDMASCHINEN FINANZIERUNG AG - FIGELAG, Frankfurt.

** The Belgian machine tool firm L.V.D. Co Sprl, Gullegem, (hydraulic - press, bending and folding machines, and guillotines) has formed a West German sales subsidiary, DEUTSCHE L.V.D. GmbH, Krefeld (capital Dm 100,000) whose managers are MM.J. Lefebvre, (Mouscron), M. Vanneste, (Bruges), R. Dewulf (Ingelmunster, Belguim) and Herr M. Radeka, Krefeld. The Belgian firm recently signed a manufacturing link with THE McKAY MACHINE CO, Youngstown, Ohio (see No 335).

** USINOR -UNION SIDERUGIQUE DE NORD DE LA FRANCE, Paris (see No 353), whose expansion was recently boosted by two important policy decisions - the absorption of LORRAINE-ESCAUT SA, Paris (see No 345) and the taking back of the "Iron and Steel" division of FORGES DE STRASBOURG SA, Paris (see No 346), is continuing its expansion by taking over FORGES & ACIERIES DE NORD & LORRAINE SA, Paris, (see No 335). The latter is controlled by the DENAIN-NORD-EST SA, which is changing to DENAIN NORD-EST LONGWY with the absorption of STE DES ACIERIES DE LONGWY SA, Paris. (an investment company).

Usinor, whose capital will thus increase from Ff 540.2 millions to Ff 554.2 millions, will gain a 71% interest in STE DES HAUTS FOURNEAUX REUNIES DE SAULNES & UCKANGE SA, where the remaining 30% is held by FORGES DE SAULNES & GORCY, Paris (see No 339)

** The INTERNATIONAL NICKEL CO OF CANADA LTD, Copper Cliff, Ontario (see No 336) intends to build a nickel and non-ferrous metal refinery in the Common Market to refine ore from the group's new Guatemalan mine, to be opened by the end of 1966.

The Canadian company recently made several moves in Europe. These include; 1) the merger in Milan of CENTRO DI INFORMAZIONI DEL NICKEL SpA with INTERNATIONAL NICKEL (ITALIA) SpA, which has thus increased its capital to Lire 50 million; 2) The capital of its Paris subsidiary, STE INTERNATIONAL NICKEL FRANCE SA has been increased from Ff 20,000 to Ff 1,500,000); 3) It has formed NICKEL ALLOYS INTERNATIONAL SA, Brussels and INTERNATIONAL NICKEL (NORDISKA) A/B, Stockholm.

** An amalgamation is taking place within the Italian group RIVA FINANZIARIA, Milan, which is headed by the Ucelli di Nemi family (see No 334): COSTRUZIONI MECCANICHE RIVA SpA, Milan (capital Lire 1,440 million) is taking over STA ALESSANDRO CALZONI SpA, Bologna and Milan (capital Lire 1,000 million - see No 347).

Calzoni (metal working and mechanical engineering) recently made over some of its Bologna plant (Foundry Department) to GLISENTI-CASTER SpA, FONDERIE & OFFICINE MECCANICHE SpA, Milan (precision castings and moulds for the mechanical engineering industry) which was created in the merger between the pump, machine-tool and lathe equipment manufacturers CASTER SpA (Milan subsidiary of Riva Finanziaria) and GUIDO GLISENTI SpA, Cascina-Brescia (linked with WILTON TOOL MANUFACTURING Co, Schille Park, Illinois in WILTON GLISENTI SpA, Milan since 1962 - see No 193). The Milan group also controls the Pavia foundry, MONCALVI run by Sig. P. Levi.

** ELEKTRIZITAETS AG VORM W. LAHMEYER & CO, Frankfurt (capital DM 30 millions) has formed an engineering subsidiary, LAHMEYER INTERNATIONAL GmbH, Frankfurt, (capital DM 1.2 million: managers Messrs H. Blind, C. Löffler and H. Sachs). The founding company is more than 50% controlled by RWE-RHEINISCH-WESTFAELISCHES ELEKTRIZITAETS WERK AG, Essen (see No 265), while it is linked (24.8%) to ELEKTROWATT ELEKTRISCHE & INDUSTRIELLE UNTERNEHMUNGEN AG, Zurich (see No 256).

Lahmeyer holds shares in several West German electrical firms: 45.37% in LECH-ELEKTRIZITAETSWERKE AG, Augsburg; 34.22% in MAIN KRAFTWERKE AG, Frankfurt, 34.61% in KRAFTWERK ALTWUERTTEMBERG AG, Ludwigsburg; 25% in STARKSTROM-ANLAGEN GEMEINSCHAFT GmbH, Frankfurt; 46.35% in AG FUR ENERGIEWIRTSCHAFT, Mannheim; 28.33% in DEUTSCHE PROJEKT UNION GmbH, Bonn, etc.

** R. STAHL MASCHINENFABRIK KG, Stuttgart-Wangen, West Germany which makes lifts, hoists, escalators, cranes, mobile ladders and transport equipment (see No 296) has formed an Italian sales subsidiary in Genoa, STAHL ITALIANA Sas with Herr W. Stahl one of the parent company's owners, as manager and shareholder (Stahl's contribution is Lire 10 million or 85%). The new company will have a branch at Milan run by Sig. S. Mori (Sig. R. Mori of Genoa is 10% minority shareholder).

The parent company has controlled a similar company, ADOLF ZAIZER MASCHINENFABRIK GmbH, Stuttgart-Zuffenhausen, for the past year. It has a Greek subsidiary, shared with P.CH. DAMASKOS, Athens and a Swiss subsidiary in Basle, R. STAHL TRADING GmbH (see No 292).

** INDUSTRIELE MIJ BERK-BECCON NV, Kampen, Netherlands (capital Fl 7.5 million - see No 293) has formed a marketing company in West Germany for hardware and household requisites in aluminium, stainless steel and plastic. The new firm (capital DM 200,000), DELTA HAUSHALTWAREN GmbH, is located at Emmerich, and has as its director Herr J.R. Beukhof of Kampen. Berk-Beccon itself was formed by the amalgamation of NV KON KAMPER METAALWARENFABRIEK v/h H. BERK & ZOON, Kampen, with NV BECCON, Doetinchen.

FINANCE

** The long discussed link-up (see No 341) between the Belgian group EMPAIN (represented mainly by BANQUE PARISIENNE POUR L'INDUSTRIE SA and its holding company ELECTRORAIL SA, Brussels - see No 353), with SCHNEIDER & CIE Sca (and its bank UNION EUROPEENNE INDUSTRIELLE & FINANCIERE) and BANQUE DE L'INDOCHINE SA (see INSURANCE) has just been concluded. All the participants will thus be able to adapt their financial and manufacturing capabilities to the new dimensions of European business. Although there will be no actual merger, each partner will have shares in the others and capital will be increased, thus creating cross-shareholdings.

Apart from the continued 25% interest which Empain will retain in Schneider (which is being transformed into a Societe Anonyme under the presidency of M.R. Gaspard), both Empain and Schneider will have a 7% interest in Banque de l'Indochine (see No 352). The latter, on a reciprocal basis, will be the second shareholder with a 7% interest in both Schneider and Electrorail, and with a 10% interest will be the second shareholder (after Schneider's 33%) in Union Europeenne.

** UNAFINA-UNION AUXILIAIRE DE FINANCEMENT SA, Paris (capital Ff 3,500,000) has been formed as the result of a 45-55 agreement between the New York group MARINE MIDLAND CORP (through MARINE MIDLAND INTERNATIONAL CORP, New York) and UNION EUROPEENNE INDUSTRIELLE & FINANCIERE SA, Paris (see above). The new company, whose president is M.G. de Chassey, will coordinate its founders' interests on the international scene, and it will benefit from the assets of the French company, especially those in CIE BANCAIRE SA (see No 344), LOCA-FRANCE SA (see No 347), SOVAC-CREDIT MOBILIER & INDUSTRIEL SA (see No 352) and SEFFICO-STE FRANCAISE DE FINANCEMENT DE LA COPROPRIETE SA (see No 342).

The American group, whose main banking interests are in New York State, acquired another New York bank, GRACE INTERNATIONAL BANK, last year through MARINE MIDLAND TRUST CO. Until then Grace International had been controlled by W.R. GRACE & CO, New York (see No 344).

** The CIE AFRICAINE DE BANQUE SA, Casablanca, now called STE FINANCIERE & DE PARTICIPATIONS SA, has made over its banking department to CREDIT LYONNAIS-MAROC SA, Casablanca, which has thus increased its capital from 6 to 8 million dirham (approximately \$30 million to \$40 million). The latter, which has now become CREDIT DU MAROC SA was formed in 1963, has branches in Rabat, Meknes, Fez, Oujida, Mohammedia, Kenitra, Safi, Marrakesh, Berkane and Berrechid. It is a 48.75 subsidiary of CREDIT LYONNAIS, Paris (see No 327) which is asssociated with BANQUE MAROCAINE DU COMMERCE EXTERIEUR, Rabat.

** When EED-EUROPEAN ENTERPRISES DEVELOPMENT SA (see No 348) recently raised its capital to Lux f 243,750,000 (out of the increase to Lux f 400 million that was authorised in February 1966), twenty-four banks and financial and industrial groups, including the MIDLAND BANK LTD, London, joined its shareholders.

EED is a holding and administration company which also deals with investments and business studies. The most important backers of it in this issue of capital are: THE COMPANY FOR INVESTING ABROAD, Philadelphia, Pennsylvania; BANCO FONSECAS, SANTOS E VIANNA SA, Lisbon; SHAWMUT INTERNATIONAL CORP and AMERICAN RESEARCH AND DEVELOPMENT CORP, both of Boston, Massachusetts; KREDIETBANK SA, Luxembourg; CANADIAN ENTERPRISE DEVELOPMENT CORP, Montreal; ANDRESENS BANK FOLKE-REALBANKEN A/S, Oslo; COMMERZBANK AG, Düsseldorf, and AMSTERDAM ROTTERDAM BANK NV, Amsterdam.

** OMNIUM FRANCAIS DES PETROLES SA, Paris has increased its 20% interest in BRITISH & CONTINENTAL BANKING CO LTD, London (capital £350,000) where it is linked with L'UNION DES MINES - LA HENINSA, Paris (see No 326). Omnium Francais is a subsidiary of CFP- CIE FRANCAISE DES PETROLES.

In 1964, in order to consolidate and diversify its interests, Omnium Francais sold part of its interest in OMNIUM DE PETROLES SA, Geneva (capital - Sf 18 million) to CIE DE SAINT - GOBAIN (5%) and to L'UNION DES MINES - LA HENIN (20%), in exchange for an interest in the London bank and a 13% interest in REMBOURS & INDUSTRIEBANK NV, Amsterdam, (capital Fl 2 million - see No 344).

FOOD & DRINK

** Two Belgian sugar concerns, RAFFINERIE TIRLEMONTOISE SA, Brussels (see No 353), and RAFFINERIE & SUCRERIE DU GRAND PONT SA, Hoegaarde (see No 326) have made an agreement to rationalise their investments: there is no question as yet of a takeover.

The two companies are already linked by common interests: in particular, both hold shares in STE BELGE DE GRAINE DE BETTERAVE SUCRIERE SA (see No 195), which Raffinerie Tirlemontoise actually controls at 37.1%, and in SEMENCES FRANCO-BELGES SA, Paris.

** ETS L'HERITIER-GUYOT SA, Dijon (factories at Gilly-les-Bougeot and Chambolle Musigny) has formed a sales subsidiary at Baden Baden, DEUTSCHE L'HERITIER GUYOT HANDELS GmbH. The new firm (capital Dm 20,000) is to be managed by M.J.C. Laroche, director general of the parent company, and by a Baden Baden lawyer, Herr P. Karvelis.

Guyot (capital Ff 1.9million) produces and trades in Burgundy wines, Cassis liqueurs and "Junova" brand fruit juices and concentrates. Its main agents for the American market are the New York firms KOBRAND CORP, CHRISTIANI & CO and ANDRE PROST INC.

** BUITELAAR NV, the Hague, which is engaged in the meat and livestock trade, has formed a subsidiary in West Germany, BUITELAAR GmbH, Emmerich, (capital DM 50,000), which is to be managed by MM A. Buitelaar (Vlaardingen) and J. van der Voort (Hondelersdijk).

** GERDABEL SA (capital Ff 900,000) has just been formed in Paris as the joint research and development subsidiary of three of France's largest cheese and milk products concerns: DANONE SA, Levallois Pettet, Hauts-de-Seine (see No 224); FROMAGERIES BEL LA VACHE QUI RIT SA, Paris (see No 342), and FROMAGERIES CHARLES GERVAIS SA, Paris (see No 252). Its first task will be to build a factory in the province of Navarre: a subsidiary is being formed in Spain to run this.

Danone and Gervais already have four 50-50 joint subsidiaries in France: MIDI FRAIS SA (formed in February 1963 in Marseilles: capital Ff 8 millions); L'ARMORICAINE DES PRODUITS FRAIS Sarl, Rennes (capital Ff 1 million); NORD FRAIS Sarl (formed at Seclin, Nord, in September 1964: capital Ff 50,000), and STE DES FERMIERS REUNIS DES FLANDES SA, Steenwoorde, Nord, which is the largest French producer of Dutch-style cheeses, and the second largest maker of yogurt ("Steenwoorde" brand). In Belgium they each hold a third of the shares of STE DANONE EXTENSION BELGE SA, Rotselaar, the other shareholder being CIE DES PRODUITS LACSOONS SA, Rotselaar (a member of the Chicago group BEATRICE FOODS CO: see No 238). Bel is a member of the FIEVET group, and recently formed a company in Paris, SOFICO-STE FINANCIERE & COMMERCIALE Sarl (capital Ff 9,090,000; see No 342): this is the first link-up it has embarked upon with the other two firms.

** HSM-HOLLANDSCHE MELKSUIKERFABRIEK NV, Uitgeest, Netherlands (specialists in chemical products derived from milk) is expanding its only manufacturing subsidiary (92%) within the Common Market. This is the French firm SA POUR LA FABRICATION DU SUCRE DE LAIT, Sains-du-Nord, Nord (president M. Kranen) which has increased its capital to Ff 600,000 as well as obtaining a Ff 1,200,000 loan from BANQUE JORDAAN SA, Paris. The French firm, which produces galactoses, lactoses and lactalbumins, has its sales office in Paris.

The Dutch group has a large number of foreign agents and distributors for its "HSM" products: COMPTOIR COUVREUR & VIDA SA, Brussels, HENRY REYNAUD LTDA, Lisbon, KUBRO & Co, Oslo, W.F. JAEGGI, Basle and MUTCHLER CHEMICAL CO INC, New York.

INSURANCE

** Further to the link-up between SCHNEIDER & CIE Sca, Paris (and its bank UNION EUROPEENNE INDUSTRIELLE & FINANCIERE), ELECTRORAIL SA, Brussels (main holding company of the Belgian EMPAIN group) and BANQUE DE L'INDOCHINE; the parties concerned are to form reciprocal links with LA PATERNELLE SA, which heads one of France's main private insurance groups (see No 347). In exchange for some of its assets and a 7% interest in Banque de l'Indochine by La Paternelle, the former (whose capital will be increased to around Ff 239.3 million) will become the principal shareholder (15% interest) in La Paternelle, and will also have an interest (20%) in its most important subsidiary LA PATERNELLE RISQUE DIVERS SA (see No 333).

OIL, GAS & PETROCHEMICALS

** UIP-UNION INDUSTRIELLE DES PETROLES SA, Paris (see No 351) has taken a 90% interest in the newly-formed UNION CORSE DES PETROLES SA, Paris (capital Ff 2 million) which will market hydrocarbons in Corsica. Other shareholders in the new company are ALGERONAPHTE SA, Marseille (capital Ff 3.2 million - a 7.5% interest) and its subsidiary STE MEDITERRANEENNE DE COMBUSTIBLES SA, Paris has a 2.5 interest. The UIP is 60/40 subsidiary of the public company UGP-UNION GENERALE DES PETROLES SA, Paris and CALTEX SAF, Paris.

** A company being formed in Switzerland, RAFFINERIE ROMANDE SA, will take over the assets of RAFFINERIE DU RHONE SA, Collombey-Muraz, Valais, which until now ran the refinery at Collombey (2 million tons a year), and which has just gone into liquidation. 59.97% of Raffinerie du Rhone's (Sf 100 million) capital was held by SFIS-STE FINANCIERE ITALO-SUISSE SA, Geneva (see No 326).

STANDARD OIL CO OF NEW JERSEY, New York (see No 353) will have a 60% interest in the new company. The remaining 40% will be shared equally by THE BRITISH PETROLEUM CO LTD, London (see No 341) and AGIP SpA, Milan (see No 339), a 79.87% subsidiary of ENIENTE NAZIONALE IDROCARBURI SpA, Rome.

** Mr A. Rozin, New York and Brussels, has made over his Brussels optical business, ETS A. ROZIN SA (gross assets Bf 12,180,000; see No 271), to a new firm which has been formed there under the same name. Some of the Brussels company's assets, in particular the agency for Belgium and Luxembourg for the German optical firm MARWITZ & HAUGER oHG, Stuttgart, were made over some time ago to LUNETTES MARWITZ SA, Brussels, of which Mr Rozin again is president.

** CFP-CIE FRANCAISE DES PETROLES (see No 353) is making new investments in Italy in order to discharge the liabilities of its main subsidiaries there...
(1) ICIP-INDUSTRIE CHIMICHE ITALIANA DEL PETROLIO SpA, Milan (refinery at Mantua) will halve its capital and then raise it again to its present level of Lire 7,000 millions. (During the first half of 1965 CFP gained full control of ICIP when it bought up the minority shareholding of OMNIUM FRANCAIS DES PETROLES).
(2) TOTAL, STA PER AZIONI SpA, Milan (see No 252), which showed a loss of Lire 2,600 million in 1964, will reduce its capital to 2,500 million and then raise it to Lire 15,000 millions.

In addition, TOTAL, Milan is to take over a concern running hotels in the Mezzogiorno, REDIS-RETE DISTRIBUZIONE SUD SpA, Palermo (capital Lire 200 millions; president Sig A. Cova). The CFP group, owning its refineries in Trieste and Mantua, has a 20% shareholding in a refinery at Pantano di Grano, Rome, which is run by RAFFINERIA DI ROMA SpA (see No 252) - a subsidiary of the Brussels group PETROFINA SA, while 23.32% of its shares are held by AQUILA SpA, Trieste (capital Lire 5,000 millions). CFP also holds 49.9% in the distribution concerns DISTRIBUZIONE LOMBARDA CARBURANTI SpA-DILCA, Monza, Milan, and FULGOR SpA, Milan, whose capital stands at Lire 900 millions and Lire 250 millions respectively. It also controls the liquid gas company FLAMINA SpA, Milan (capital Lire 1,000 million), which was taken over by Total SpA in 1962 (see No 204).

PAPER & PACKAGING

** CROWN CORK & SEAL CO INC, Philadelphia, USA, has increased its Common Market interests by forming a Frankfurt subsidiary - CROWN CORK & SEAL CO GmbH, whose initial capital of DM 1 million has immediately been inreased to DM 18.5 million. Like its parent company, it will manufacture and sell equipment machinery and moulds for bottling and sealing.

The American group, which has 10,000 on its payroll, had a 1965 turnover of $256 million. Since March 1961 it has had a Frankfurt sales subsidiary, DEUTSCHE CROWN CORK GmbH (capital DM 500,000). It has numerous other European interests: in France STE DU BOUCHON COURONNE CROWN CORK SA, Viry-Chatillon, Essonne; in Italy, CROWN CORK CO (ITALY) CIA TAPPI CORONA SpA, Milan (a 75% interest), INIZIATIVE INDUSTRIALI INTERNAZIONALI SpA (a 90% interest) and has recently taken a majority share in FAIB-FABRICA ACCESSORI IMBOTTIGLIAMENTO BEVANTE SpA, Latina; in Belgium, CROWN CORK CO (BELGIUM) SA, Merksem-Antwerp (a 50.8% interes) which itself controls INTERNATIONAL MANUFACTURING & FINANCE CO SA, Brussels (formerly SOUS-BOCK SA); in the Netherlands, CROWN CORK CO (HOLLAND) NV, Amsterdam; in the United Kingdom it has 72.3% interest in THE CROWN CORK CO LTD, London (see No 346). The group hopes to extend its interests to Portugal in the near future, by taking over a local company.

** VISCORA ITALIANA SpA (capital Lire 20 million - president M. Bernard Thery of Paris), has been formed to sell and process the food-packing products of NOVACEL - NOUVELLES APPLICATIONS CHIMIQUES & CELLULOSIQUES SA, Paris (see No 308) which has a direct 5% holding in it. The new company is controlled by STE VISCORA SA, Paris (see No 284), a joint subsidiary of Novacel and UNION CARBIDE CORP, New York (see No 245) which makes cellulose casings at its factory in Beauvais, Oise (see No 207).

Novacel (capital Ff 12,660,000 since it took over the holding company SOPATEX SA, Paris) is a member of the GILLET group, mainly through PRICEL SA (which controlled Sopatex) and SOPRINA SA. It is represented in Milan by SOPACI-STE PARTICIPAZIONI CHIMICHE SpA (see No 220), president M. Robert Degain. Sopaci is a subsidiary of PROGIL SA in which Pricel and Soprina are direct shareholders.

PHARMACEUTICALS

** The American pharmaceutical group A.H. ROBINS CO, Richmond, Virginia has gained control of LABORATOIRES MARTINET SA, Paris. Martinet (president M. Diez) specialises in ophthalmic products at its St Mande factory, and in 1962 it merged with LABORATOIRES PILLET Sarl, Paris.

The American group, which is run by Messrs C. Robins and W.L. Zimmer, intends to widen the manufacturing capacity of the new subsidiary by building a factory at Dreux to make a new range of "Robitusson DHM" and "Donnasep" products, which have recently been launched in over 55 countries. It already has a European subsidiary - A.H. ROBINS CO LTD, Horsham, Sussex, whose manager is Mr. C.E. Hart.

** The numerous direct and indirect Belgian interests of the chemical, food and pharmaceutical group, KON ZWANENBERG -ORGANON NV, Oss (see No 349) have been widened with the formation of a subsidiary ASCIPHAR NV, St.Josse-ten-Noode (capital Bf 300,000) which will import and sell biological, chemical, cosmetic, dietetic and pharmaceutical products. Its president is Dr A. Fanard and the managing director is Dr B.H.M. Van Dommelen; ownership is shared by the parent company and six subsidiaries and associates, ZWANENBERG'S FABRIEKEN NV and ORGANON NV, both of Oss; WIJNBERGEN'S FABRIEKEN NV, Mill; DESTRUCTORBEDRIJF AMSTELLAND NV, Uithoorn; NV INDUSTRIE-EN HANDELSONDERNEMING VAN ZWIETEN,and NED. CONSERVFABRIEKNECO NV, both of Ijmuiden.

The group's main Belgian interests are in the canned food sector: ZWANENBERG'S LEVENSMIDDELENEBEDRIJF ZWAN NV, Schoten, Antwerp, and in the dietetic, pesticides and pharmaceutical sector, ORGANON BELGE SA, Brussels. It also owns CALIFORNIA SOEPEN NV, Antwerp and FINO FABRIEKEN NV, Holtrust, recently bought from ZWITAL BELGE SA, Brussels (see No 315) a subsidiary of the pharmaceutical firm ZWITAL NV, Apeldron (see No 259).

** BECTON DICKINSON & CO, East Rutherford, New Jersey (see No 223) and INSTITUT MERIEUX SA, Lyons, which have been linked for some time, are to form a 50-50 subsidiary at St Germain sur l'Arbre, Rhone, I.F.F.A.CARWORTH SA. This is to select and breed laboratory animals and produce feed for them. The new firm, whose president is M. D. de Beuplain, has been financed (with Ff 1.5 million capital) through the American company's subsidiary BECTON DICKINSON FRANCE SA, Pont de Claix, Isere (capital Ff 1.9 millions), which makes hypodermic syringes and instruments for sampling, transfusions and skin-grafting. Merieux' backing has been carried out both directly and through its subsidiary INSTITUT FRANCAIS DE LA FIEVRE APHTEUSE Sarl, Lyons (the former has Ff 15.5 millions capital and the latter Ff 7.5 millions).

The American group, which makes surgical instruments and equipment for medical diagnosis and laboratory analysis, has two other subsidiaries in Europe: BECTON DICKINSON CO LTD, Ireland, and BECTON DICKINSON UK LTD, London (formed in June 1965 with £1,000 capital). The French group is represented in Brussels by INSTITUT MERIEUX BENELUX SA (formed in July 1962 in association with PHARMACOMIN Sprl, Repuwelz, and PROMEDY SA, Eterbeek - see No 160). Merieux also embraces such firms as B.D. MERIEUX SA, Marcy l'Etoile, Rhone, and MERIAL SA, Paris.

PLASTICS

** PLASTIC COATINGS LTD, Guildford, Surrey (managing director Mr J.H. Blakely) has formed THE PLASTIC COATING RESEARCH CO SA, Brussels, to manufacture and market plastic coatings, and machines and products related to them. The new company's capital (Bf 100,000) has been supplied by Mr J.H. Blakely and two of the British group's companies: THE PLASTIC DIPPING CO LTD and THE PLASTIC COATING RESEARCH CO LTD, both of Camberley, Surrey.

The British group, which specializes in plastic coatings for metal, includes DURABLE PLASTIC LTD, NYLON COATINGS LTD, TECHNIPLAST LTD, PLASTINTER CO LTD (a Coleshill, Warwickshire firm acquired in 1964, whose work has been transferred to Guildford and Winsford) and PCL (PLASTICS) LTD, Farnham, Surrey formed in April 1964 with a capital of £1,000.

TEXTILES

** CARRINGTON & DEWHURST LTD, Eccleston, Chorley, Lancashire (see No 334) in which ICI-IMPERIAL CHEMICAL INDUSTRIES, London (see No 352) holds 6%, and COURTAULDS LTD (see No 346) holds 6.2%, has strengthened its indirect interests within the Common Market. It has taken over TORCITURA DI PORLESSA SpA, Northern Italy, and its British mother company. CHESLENE & CREPES LTD, Macclesfield, Cheshire, both of whom make terylene fibres, under the trademark "Crimplene". The rights for "Crimplene" were ceded to ICI in 1959 by their inventors Cheslene & Crepes and ERNEST CRAGG & SONS LTD.

The Chorley group, which intends to acquire another factory for its Italian subsidiary, has recently joined THE KLINGER MANUFACTURING CO LTD, Edmonton, London, (a 22% ICI interest) in forming a Paris company, KLINGER EUROPE Sarl, in which it has 39% interest.

** FELIX WATINE & FILS Sarl, Wattrelos, Nord (see No 304) has raised to Bf 1 million the capital of its sales subsidiary FILATURES DU SARTEL, Woluwe St Lambert, Brussels, which is managed by MM. F. Watine-Tiberghien and P. Watine-Motte. The French company (capital Ff 6 millions) has regional branches at Nantes, Paris, Rouen, Rennes etc. and a year ago formed a sales subsidiary in Düsseldorf, SARTEL GARN GmbH.

** FILLATTICE SpA, Milan (elastic threads) and CIE FRANCAISE DES FILS ELASTIQUES MODULA SA, Paris have made an agreement to manufacture and sell elastic threads in France. The result of this is a new company in Lyons called FILLATTICE-FRANCE SA (capital Fl 1.5 million) which is controlled by the Italian partner (58%), and which has as its president M.R. Forra.

TOBACCO

** R.J. REYNOLDS TOBACCO CO, Winston-Salem, North Caroline, USA, has been exclusively represented for fifty years in the Netherlands by ALVANA NV, the Hague, a member of the THEODORUS NIEMEYER NV group, Groningen (see No 332). Reynolds has just signed a licence agreement with Niemeyer to manufacture several brands of tobacco and cigarettes, including "Camel" in the Netherlands. Amongst the Dutch group's shareholders are GALLAHER LTD, Belfast, Northern Ireland, which has a 25% interest, and it also has a 25% interest in GEBR VAN SCHUPPEN'S RITEMEESTER SIGARENFABRIEKEN NV, Veenendall (see No 323).

The American group is represented in Britain by SINGLETON & COLE LTD, Birmingham. Since 1960 it has had a West German manufacturing subsidiary ZIGARETTENFABRIK HAUS NEUERBURG KG, Cologne, in which REYNOLDS NEUERBURG GmbH holds shares. It has recently formed a Swiss manufacturing subsidiary, REYNOLDS CIGARETTE CORP AG, Zug (president Dr. P. Gmuer - capital Sf 1,500,000) and has made a manufacturing agreement in Austria similar to the one made with Niemeyer.

TRADE

** AMEREX SA, Brussels (see No 232), has given 50% financial backing to a new Brussels firm, JAPAN PEARL IMPORT SA, which is to import and sell Asian pearls and gems. The other 50% of this firm's (Bf 1 million) capital has been provided by M. B. Rubinlicht, who has been appointed its president.

Ameriex SA was formed in 1963 by a Panamanian concern which embraces both American and Japanese interests, AMEREX INTERNATIONAL CORP. The latter is represented in Tokyo by Mr A.E. Stivetz, in New York by Mr J. Retor, and in Milan by Mr G. Ferber. Towards the end of 1963 this same company formed a sister firm in Frankfurt, AMEREX TRADING CONTINENTAL GmbH (capital now doubled at DM 200,000), which is managed by Herr I. Weinbaum.

TRANSPORT

** Three West German transport companies have formed a joint subsidiary in Rotterdam, HOLLAND RIJN MAIN BEVRACHTINGS MIJ. NV as an agency for the German charter firm HOLLAND RHEIN MAIN BEVRACHTUNGS GmbH, Wurzburg. The new company (capital Fl 18,000) is controlled at 50% by MAIN SCHIFFAHRTS GmbH, Wurzburg, whilst the balance is shared between two companies belonging to the 'VELBERT' group, Frankfurt: they are DEMERAG-DONAU-MAIN-RHEIN-SCHIFFAHRTS AG, Nuremberg (see No 187) and its 50% subsidiary BAVARIA SCHIFFAHRTS UND SPECITIONS AG, Bamberg, which is controlled by the holding company TRANSPORT VERWALTUNGS UND FINANZIERUNG GmbH, Zug.

** AUXILIAIRE INTERNATIONALE DE CHEMIN DE FER SA, Brussels (see No 329 - president M. Caspers) has taken a minority shareholding in the Italian waggon-hiring company L'AUSILIARE SpA, Milan which has increased its capital to Lire 1,000 million. This completes the group's foreign interests which include: STE INDUSTRIELLE D'EXPLOITATION DES MOYENS DE TRANSPORT-SIMOTRA SA, Paris (capital Ff 25 million); ALLG TRANSPORTMITTEL AG-ATA, Düsseldorf; EISENBAU;WERKEHRSMITTEL AG-EVA, Düsseldorf (which increased its capital to DM 30 million in 1965); CIE AUXILIAIRE DE CHEMIN DE FER AUXIFER SA, Zurich; EISENBAHN-TRANSPORTMITTEL AG-ETRA, Zurich; and STORAGE TRANSPORT SYSTEM LTD-STS, London.

TEXTILES

** GREAT UNIVERSAL STORES, London (see No 296) is expanding its sales of ready-mades in the Common Market through one of the main companies in the group, BURBERRYS LTD, London (gabardine waterproof fabrics and clothing) which is directly controlled by RYLANDS & SONS LTD, Manchester. Burberrys will set up a subsidiary in Germany, where sales have increased considerably over the past two years. It will be located at Düsseldorf and, under the direction of Mr Dane, will take over the business of the group's former local agents.

Burberrys has its own Paris branch and in 1965 signed an agreement in Spain with COMERCIAL EBRO SA, Barcelona (Eugene Mora group) for the manufacture of waterproof clothing at Mataro - through a 50-50 subsidiary BURBERRYS SPAIN SAE. Great Universal Stores has many Common Market holdings including: The Dutch mail-order sales company WEHKAMP ALGEMENE POSTORDER COMBINATIE NV, Dedemsvaart, Avereest (see No 267); various tourist companies such as GLOBAL OF LONDON (VIAGGI & TURISMO) SpA, Milan; VOYAGES FLANDRAC SA, Paris; GLOBAL TOURS (FRANCE) SA, Paris; the finance and sales promotion company GRANDS MAGASINS UNIVERSELS SA, Paris (see No 175) which was formed in September 1961 and in which Burberrys has a minority shareholding; etc.

VARIOUS

** A/B STIL-INDUSTRI, Vargarda, Sweden (safety-belts - capital Kr 100,000) has formed a marketing subsidiary in Frankfurt, SCHWEDENGURTE GmbH (capital DM 20,000) - managers MM O.L. Lindblad, Vargarda and A.M. Barca, Zurich.

** The firms LENNOX INDUSTRIES INC, Marshalltown and MIDLAND HEATER CO, Columbus, Ohio has set up a sales company in Frankfurt, LENNOX GmbH (capital DM 20,000). Its managers are Messrs K. Purschke, Frankfurt and R.B. Trezevant, Addington, Surrey: the latter is managing director of LENNOX HEATING CO LTD, Croydon, Surrey, the British subsidiary of the group, which has a sister company in Rotterdam LENNOX NV (see No 307).

** The German food and beer group OETKER, Bielefeld, which recently strengthened its position on the Italian market by forming PRINZEN BRAU BARI SpA, (see No 342), has bought a minority shareholding in the Barcelona firm DAMM SA, whose breweries in Seville, Granada, Barcelona and Ceuta have an annual output of some 13,200,000 gallons of beer.

In 1965 (see No 311) Damm SA gained control of the brewing company UNIBRA SA, Brussels and made over to it a shareholding in another Barcelona brewery CISCA CIA INTERNACIONAL DE CERVEZAS SA (see No 325).