

# Opera Mundi **EUROPE**

A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

## CONTENTS

### THE WEEK IN THE COMMUNITY

September 16 - September 22, 1968

**LIBRARY**

THE COMMON MARKET Page 1

Waiting for the Weekend

AGRICULTURE Page 4

No Help for Belgian Cheese

Structural Policy takes shape

EURATOM Page 6

An Uncertain Future

ECSC Page 7

State Firms and the Energy Policy

SCIENCE & TECHNOLOGY Page 10

The Bersani Report *Ref files 4412.1*

EFTA

Trade Figures

### VIEWPOINT

Towards the SDR Standard

by Rune Höglund, President of the Svenska Handelsbanken, Stockholm

### EUROPEAN

### TECHNOLOGY

Television:

A European Colour Problem (I) *Ref files: 654.1*

### **EUROFLASH: Business penetration across Europe**

Headlines

Page A

Index

Page S

September 26, 1968

No 480

~~LT~~

AS

~~B~~

~~V~~

~~E~~

~~AD~~

~~S~~

## THE WEEK IN THE COMMUNITY

September 16 - September 22, 1968.

## THE COMMON MARKET

Waiting for the Weekend

The way in which the political development of Europe is to go during the coming years may be clearer after the two important meetings which are due at the end of this week. On Friday there is the first meeting, since the summer break, of the Foreign Ministers of the Six and the next day in Bonn, the French President will be holding the second meeting this year with Chancellor Kiesinger under the Franco-German Treaty of Friendship. Both series of talks are likely to be dominated by two topics, which are interrelated: the Czech crisis with its after-effects and Britain's continued bid for membership of the European Economic Community.

The ministers of the Five have been hard at work in previous weeks visiting each other in an effort to find a solution to the differing attitudes which they and the French hold as to the question of enlargement of the Community. They have also been in contact with the new French Foreign Minister M. Debre, who would seem to rank amongst the Gaullist hawks. His attitude towards the idea of Britain joining the EEC is still far from favourable and his remarks that France does not accept the political ideology of the Rome Treaty are probably more representative of General de Gaulle's true view of the Communities than anything else the French government has said for a long time. The French President said on Saturday whilst welcoming the new British ambassador, Mr. Christopher Soames, to Paris, that he viewed with favour Britain's movement towards the Continent of Europe. The point was to know how far she had travelled.

On September 22nd, the Dutch Foreign Minister was in Paris for talks with his counterpart at the Quai d'Orsay. Since their views on Britain joining the EEC could with difficulty be more opposed, it is not expected that Dr. Luns was able to overcome the feeling that little progress will be made at the Council of Ministers on Friday, a feeling which he got during his visit to Bonn at the end of last week. He then accompanied his Prime Minister Mr. de Jong and they had talks with Herr Willy Brandt and Chancellor Kiesinger. They discussed the Benelux Plan, the most ambitious of the various proposals from certain EEC countries for closer cooperation between themselves and the candidate countries in fields not covered by the Rome Treaty. The West Germans have never been very keen on this plan and have already put forward their own proposals for some form of limited trading agreement between the Six and Britain. In theory this is supposed to be backed by Paris, but the signs are that if it comes to a final decision, the French will find once again some reason for invalidating the proposals. Herr Brandt in recent weeks has also put out the suggestion that in certain specific sectors such as coal, transport and agriculture, it might

be possible to cooperate between the Six and the experts of the candidate countries. Paris now states that there has been a misunderstanding, for it was never intended that any discussions should take place outside the Community framework.

Such an attitude does not bode well for those who are optimistic about the outcome of Friday's meeting of the ministers. No doubt the Commission's President, M. Jean Rey has a fair idea of what M. Debre will say and what he intends, since last week M. Rey visited Paris at the French Foreign Minister's request. The latter's speech about the ideology of the Rome Treaty cannot have helped to reassure M. Rey as to the attitude which France will take when the Commission publishes its proposals for the merger of the three treaties. Brussels is expected to make provision for a strengthening of the Community executive, a move which would hardly be appreciated in Paris at the best times, but now is likely to provoke an even stronger outburst from Paris.

Chancellor Kiesinger would like to be able to contribute to furthering the political integration of Europe, and that of the Six in particular, but all the evidence points to the fact that he is unwilling to have an open clash with France on this topic. However the situation has been changed somewhat by the invasion of Czechoslovakia by the Warsaw Pact countries. Not only does this create a threat along Germany's frontiers which was not quite so pressing before, but the danger of Soviet intervention in the Federal Republic itself under the so-called "enemy clauses" of the United Nations Charter, and the repeated Russian assertions of their right to do this has increased the pressure from those who like to see a stronger NATO once again. It has probably given an impetus as well as to the right-wing movements, including the NPD, and it is to prevent such groups that the USSR is claiming the right to intervene; it should not be forgotten however, Bonn has decided to investigate the NPD and other similar groups and may well go as far as banning them. The West German government would welcome strengthening of NATO, as the Chancellor has called for this himself. Britain, France and the United States have assured Bonn that any attack on her would result in the action necessary to defend West Germany.

It remains to be seen to what extent the Chancellor and President will agree in this tricky field. General de Gaulle has proclaimed since the Czech crisis his continued belief in the need for the search for a detente with East Europe to continue. . . Most Western statesmen would agree to this, but many would take a different line to the French President over the immediate future. The general opinion is that for the time being at least, the Atlantic Alliance should be revitalised so as to discourage the USSR or her allies from taking any further irrational action, such as a thrust into West Germany or against West Berlin. Apart from the need for the reinforcement of Western military security, it is also argued by many that the events in Czechoslovakia have proved the need for the closer integration of Western Europe, through an enlargement of the Common Market. This view is not accepted in Paris, although it has some support in West Germany, on whose behalf the British government has taken care to react quickly and positively to Soviet pressure. The governmental view in France is that with Britain in the Community,

the whole organisation would have been even more subject to American influence than at present and thus even less in a position to react against Russian action, especially if such action was not sufficient to warrant American moves.

Britain's firm line with the renewed Soviet pressure against the Federal Republic is therefore based on two grounds: preventing any further Russian action, whilst at the same time increasing pressure on the German government to take a firmer line with General de Gaulle for rational - and popular - defence reasons. Whether this will succeed is far from certain, the more so since Chancellor Kiesinger quite often seems mesmerised by the President. However, London now appears to have decided to take a stronger line with the French government over the latter's opposition to British membership of the EEC. It can therefore be expected that Mr. Stewart's summoning of the French Minister to discuss the statement by M. Debre that the admission of the candidate countries would result in a lessening of Europe's chances of independence, and his rejection of the Rome Treaty's ideology is a forerunner of things to come. Nor did it help when a couple of days later, Dassault, which builds Mirages for the French government, announced that it was to cooperate with the American group Ling-Temco Vought in developing a carrier replacement for the ill-fated F.111; it should be pointed out that Dassault's existing and successful single - engined Mirage G. was developed under a governmental contract. Furthermore it is France who has often objected to Britain joining the EEC by saying that she cannot accept the Treaty. However Britain has probably made this gesture just before the meeting of the Ministers to show what might lie ahead, for up till now she has done little in the open to counter Gaullist statements.

The Belgian Foreign Minister M. Harmel was in London last week for talks and it was stated afterwards that the British government was still prepared to consider a purely trading arrangement between Britain and the Six, provided it was put forward by all of the Six and provided it was inextricably linked to the principle of eventual British membership of the EEC. Both ministers hoped that the next meeting of the Six would provide further light on the Franco-German trade proposals, so that it could be seen whether these were worth following up. However they also envisaged steps to activate the Benelux Plan.

During this week the Council of Europe and the European Parliament are meeting in Strasbourg. Both the Czech crisis and the British bid with their repercussions will be discussed under many different angles. In particular there will be a report on the enlargement of the Communities, and another on scientific and technological research as a factor in the political unity of Europe. But whatever happens during the next few days the thorny and conflicting approaches to the construction of Europe-not just the integration of West Europe are likely to be with us for many days to come.

\* \* \*

## AGRICULTURE

No Help for Belgian Cheese .

The Brussels meeting on Monday and Tuesday of the Agricultural Ministers produced little in the way of concrete solutions to the problems facing the agricultural community within the six member countries .

One of the main topics facing the Council was the Belgian complaint that their cheese producers have been hard hit by the recent invasion of their national market by Dutch cheeses . There are several reasons for this state of affairs . Some are "natural" in that the Dutch producers are without any doubt more competitive than their Belgian counterparts . Another factor is that the regulations adopted by the Council early this summer are probably not as well-conceived as they might have been . Unfortunately the latest meeting of the Council has produced no answer to the problem, and the ministers have asked the Commission to prepare proposals with a view to finding a solution . The Belgians probably have the sympathetic support of France, whose own cheese producers are also facing difficulties in finding outlets . The Council did work out an agreement in principle as to regulations governing egg-marketing standards within the Community . In particular these will cover the weight and quality of eggs .

The Council was also due to discuss the question of "Community programmes" under the FEOGA's "Guidance" section, the aim of which is to improve production conditions . Some \$ 285 m. is put aside for this, but at present there is no overall Community programme and although the matter is to some extent now dependent on the discussions in the near future as to the structural policy changes in store for the CAP, it was expected that the Council would have adopted four "mini-programmes" . The first will cover irrigation and traditional forms of structural investment, the second with animal production, the third with other products (olive oil, wines, fruit and vegetables,) whilst the fourth will cover investments in the Community's most backward agricultural areas .

It was also expected that the new French Minister of Agriculture, M. Robert Boulin would discuss with his colleagues from the other Common Market countries the new guidelines which he was envisaging for French agriculture following his long voyage through the different provinces of France . This is a further confirmation of the fact that major agricultural decisions in any single Community country are now dependent on a favourable reception in Brussels . Any eventual changes in France will require the assent of her partners and such changes will in turn be reflected throughout the Six .

\*

\*

\*

Structural Policy Takes Shape

Some indications on the shape of the Commission's proposals for a structural policy are beginning to filter out of Brussels, although they are as yet quite unofficial. The agricultural directorate has been working on the memorandum to be submitted to the six ministers for some months, but so far the greatest official reticence has been preserved. According to talk which is now circulating the programme is to be for a term of ten years - 1970 to 1980 - and will deal with the structural reform of both production and marketing. Every type of official action will be concentrated on one single objective: to create economically viable units of production. The actual form of the unit will vary according to region and will be designed to fit in with regional development policies. But whatever the formulas adopted they will all involve a continued and very probably accelerated drive to reduce the numbers of individual farmers.

It appears that three main guide lines have been adopted: - the definition of the common structural policy is to be the preserve of the Community institutions - the Commission and the Council of Ministers. But its execution will be the job of national governments. Paradoxically, the growing realisation by national governments that the mounting cost of market support and export subsidies is making structural policy a live issue is causing some concern in Brussels; it is feared that national governments may "jump the gun" and embark on policies which later may not fit into the scheme devised and adopted by the Community. All the more reason, thinks the Commission, for pushing ahead as fast as possible with a co-ordinated policy.

The scheme to be submitted to the Council and to governments will be laid out on a completely regional basis, though these regions will be expressed in terms of the Community as a whole and will not necessarily be confined to national frontiers. Objectives, methods, finance and the organisation of production will be conceived in terms of the needs and potentialities of the region.

Individual farmers will, in general, have freedom of choice, whilst persuasion and incentives rather than coercion will be the guiding principles. There will be no imperative procedures which might induce the agricultural community to militancy and to action which is the opposite of Community aims. Critics are dubious, pointing out that this type of policy in the hands of a skilful administrator can be so used as to restrict the freedom of the individual severely. State aid, for instance, can easily be made conditional upon acceptance of the official policy.

The memorandum will undoubtedly make reference to the cost of the proposed policy, but it is likely to be silent about the means by which the necessary money is to be raised, leaving this political decision to the Council of Ministers. It is apparently M. Mansholt's wish that they should first decide on the value of the policies proposed to them. If they are agreed that it is desirable to pursue them, the Commission will then prepare a further financial plan.

\* \* \*

## EURATOM

An Uncertain Future

The Commission has decided to submit to the Council of Ministers in early October - the 14th and 15th has been suggested - its proposals for Euratom's Third Five Year programme which is estimated to cost some \$ 450 million. It is not expected that there will be any overall increase in the number of staff, whilst the programme will follow an accepted pattern in its general guidelines.

Before finalising this programme, which it discussed with the national experts last week, the Commission drew on the conclusions of the failure of the procedure set in motion by the Council last winter. At the end of 1967, the ministers had decided in principle to modify the way in which Euratom worked: in particular they had decided that the future of the cooperative effort between the Six should be based on a common research programme and on multilateral action. The Council had given itself until June 30th to draw up the list of projects which would form part of the overall common programme, in other words projects acceptable to all the member countries. However, the Six have still not made any real progress in achieving this aim.

The Second Five year programme terminates at the end of the current year. In order to ensure that Euratom is not faced with complete uncertainty the Commission has decided to carry out its responsibility and put forward proposals. But this does not in any way mean that the Commission's initiative will speed up the necessary decisions, as Brussels is unable to commit the member states to any particular project. It has therefore included as many proposals as possible: this may relaunch the discussions without necessarily providing any new solutions. The problems facing the future of Euratom are difficult to dissociate from technological cooperation, and both are in turn dependent on political factors.

But it remains to be seen whether the members of the Community at their next meeting on this subject will be able to take the necessary decisions which are needed if Euratom is going to survive as a worthwhile organisation.

\* \* \*

ECSC .

State Firms and the Common Energy Policy

At a time when the Commission is drawing up its preliminary conclusions as regards the Common Energy Policy, since it is due to present proposals to the Council of Ministers before the end of the year as to the policy decisions and the ways of carrying out such decisions, it is also receiving evidence from interested parties. One of these is the Centre Europeen de l'Entreprise Publique - C.E.E.P. (the European Centre of State Firms). In the Commission's view, the contribution made by the CEEP to the drafting of the CEP - Common Energy Policy is especially worthwhile, as state concerns play a major role in all aspects of the energy sector in members of the Six: for instance, production (Charbonnages de France) or consumption (state-owned power stations and gas-works) or energy distribution. The CEEP's own energy committee has spent several months preparing its submission as to the guide-lines of a common energy policy, and its conclusions were presented to the Commission last week. The report in which these conclusions are contained first of all surveys the energy market and its future prospects. It then suggests that the overall objectives should be defined before an attempt is made to consider how these objectives should be fulfilled.

To start with, the demand for energy has not fallen during twenty years, but despite this continued high level of demand - perhaps because of it - the abundance of energy supplies available at reasonable prices has also continued, and the CEEP considers that this situation is likely to persist. No doubt there are some factors which may cause price rises in the future: a probable small increase in the cost of exploration, the eventual increase in the revenue paid to exporting states, and a rise in financial costs, but these do not greatly effect the overall picture. And if one takes into account the influence of nuclear energy, it would seem that favourable factors should at least balance those threatening to make matters more difficult. Thus prices should stabilise themselves, whilst it is also possible that there will be a fall in the cost of imported fuels.

When dealing with Community coal, the CEEP states that a number of mines now being worked are so placed that the only reasonable answer is for them to be closed down as soon as possible. But in order to ensure sufficient work for those affected by closures, an active policy to create fresh employment is also required. Since such problems should form part of an overall regional policy, they will require a large injection of public funds for an effective solution. This means that they are no longer matters mainly for the coal or even energy sectors. Nuclear energy, according to the CEEP's experts, will only have a slight immediate and medium-term influence, but over a long period it will be decisive.

What, therefore, should be the aims of the future CEP? The report considers that there should be an overall aim allied to complementary objectives. The overall aim should be to bring about on a long term basis, the cheapest possible supply and utilisation costs. Such expenditure should be interpreted in the widest sense, when trying to work out what the community should pay for its energy needs. It should include the social expenditure thus



created, as well as the extra expense of ensuring secure external supplies for the Community. At the same time Community energy producers because they use European energy products and thus provide the latter with a market, can help to balance the external trade account.

For all these reasons the CEEP believes that there must be a voluntary and rational reorganisation of the common market's coal interests over a period of time, allied to the development of Community's petroleum, gas and nuclear industries, both within and outside the Six.

The practical application of the CEP has three main facets. It must ensure that Community interests receive priority treatment, whilst being progressive and able to adapt itself to the different circumstances existing when each particular stage of the CEP is put into practice. This is why the CEEP believes that a good moment has come to provide for channels for Community and member states to take further action because of the differing degree of Community interest in the various problems.

In more detailed terms the CEEP suggests the following measures:

#### I. Measures Within the Community

a) A direct or indirect form of price control should be established. This is necessary to ensure a sufficient market transparency without which it would be impossible to define the conditions needed to achieve a balance between the different forms of energy. A common commercial policy should unify the measures adopted by the member states, but in general no specific taxation of energy or any particular form of energy is desirable. Care should thus be taken to avoid the non-justified increase in the price of imported energy in order to maintain old-fashioned community energy producers, whether because they are out-dated or for social reasons. Overall taxation would be able to operate more effectively at the same time since the picture would not be so distorted.

At the same time the price of imported energy would be able to act as a guide-line for the fixing of community energy prices provided of course that production costs would make this possible immediately or on a long-term basis. Subsidies should be used to promote the sale of stocks which would otherwise be kept, but not to prop up declining industries.

b) Secondly stocks should be built up within the Community - where necessary - to enable the member states to cope with a reduction of imported energy supplies for a limited period.

c) Action should be taken to develop the Community's internal energy supplies, and at the same time improve the conditions governing production. This would cover the rate of production, conditions of sale and transport costs.

d) Efforts should be made to encourage and boost Community research, especially in the nuclear sector. In fact no real progress is likely in this sector except on a cooperative

basis, because of the scale of the effort which is needed. This would cover the development as far as possible of existing reactors, the development of new types of reactors such as the fast-breeders, plasma-reactors, and thorium-breeders. Only a continual and permanent exchange of views will enable steps to be taken to decide which short-term measures might be better sacrificed, in order to make long-term gains. Furthermore the sharing out of the risks and responsibilities involved is essential if research is to continue in all fields, without creating an intolerably high financial burden for the Community.

e) Next the CEEP believes that a much greater effort should be made to establish and develop a nuclear industry on a community basis. This includes a fissile materials mining industry operating both within and outside the community, the production of enriched uranium, and greater cooperation between the industrial producers of nuclear equipment and plant. All these steps would help to bring about the needed diversification of the member states sources' of primary energy, and thus enable them to progressively reduce their present high dependence in imported energy supplies.

f) The CEEP would like to see a progressive coordination of investment policies which would do away with double-working and thus eliminate the last obstacle to agreements (covering electricity exchanges) between electricity concerns in member countries, as well as with those in third countries. It would thus be possible to build the most effective size of plant and ensure the optimal use of surplus capacity.

A study of the best system of sharing the resources of the capital markets between the different energy sectors might well lead to a policy concerning the distribution of loans raised or backed by the Community's executive.

g) Next it would enable governments to work out satisfactory solutions to the social and regional problems raised by the closure of coal mines: for instance the reconversion of former coal-mining areas should be carried out as part of overall economic development plan compatible with the Community's industrial policy.

## 2) Measures Outside the Community:

a) Diversification of imported hydrocarbon suppliers.

b) A coordination of the moves to gain supplies from sources or from production units outside the Community. This should take the form of collective negotiations and the creation of links of economic interdependence with the third countries thus involved.

## 3) Measures favouring Community firms:

The CEEP's report contains a number of suggestions as to how Community concerns might receive special treatment. Measures might be taken to ensure outlets for the hydrocarbon production of Community concerns, as well as to eliminate the differences

in the competitive strength of Community-based firms and those from non-member countries. To achieve such aims certain advantages might be reserved for Community firms - especially direct financial aid - for those who would be needing such help. However the definition of a Community firm should not be based solely on strict legal concepts, but also on the basis of the parallel interest between the firm's operations and the Community's needs as defined by the Common Energy Policy.

Finally, any organisation of the market requires a harmonisation of the conditions governing competition. This will involve a discussion as to how firms obtain their energy supplies. There should not be any discrimination or distortion in the conditions between Community firms themselves or between Community firms and those based in non-member countries, but nor should the latter be in a privileged position as regards competition when compared with Community firms.

However, harmonisation does not mean equality: if artificial distortions must be eliminated, it is because they create a false situation. But this does not mean that objective differences should also disappear, since these are the result of actual costs, which are reflected in prices and thus provide the necessary competition if one believes in a market governed by the price system.

The CEEP does not consider that the report it has made to the Commission covers all aspects of the problems involved; rather it is a point of departure for the work and discussions, which must now follow. Herr Haferkamp, the member of the Commission responsible for energy problems has welcomed the contribution made the CEEP with the aim of helping the Commission in the complex task it faces. The Brussels executive is now about to finalise a report as to the different problems raised by the introduction of a common energy policy. This will be followed by a third report discussing the possible lines of action, and the policy decisions which the Council of Ministers will have to decide upon.

## INTRA-EFTA TRADE 1967, BASED ON EXPORTS f.o.b.

(in million US dollars)

September 19, 1968

	Austria	Denmark	Finland	Norway	Portugal	Sweden	Switzerland	UK	EFTA
Reporting country									
Austria . . . . .		35,0	16.1	22.2	11.5	64.8	156.4	100.5	406.5
Denmark . . . . .	31.2		50.6	182.6	11.9	344.3	58.6	573.4	1,252.6
Finland . . . . .	7.5	58.5		38.1	3.6	137.8	14.5	314.8	574.7
Norway . . . . .	8.5	136.9	35.9		9.5	271.5	18.0	335.7	816.0
Portugal . . . . .	10.2	18.2	7.1	8.7		32.6	12.6	136.1	225.5
Sweden . . . . .	53.9	427.5	232.1	539.0	24.2		100.0	604.1	1,980.8
Switzerland . . . . .	179.9	76.6	38.6	44.4	40.0	117.8		261.8	759.1
United Kingdom . . . . .	111.9	405.4	201.3	358.6	134.4	620.9	324.4		2,156.9
EFTA . . . . .	403.1	1,158.1	581.7	1,193.6	235.1	1,589.7	684.5	2,326.4	8,172.1

## EFTA IMPORTS AND EXPORTS 1967 BY MAIN REGIONS AND RATES OF GROWTH \*

Imports (c.i.f.)	From world			From EFTA			From EEC			From USA			From rest of world		
	1967 \$m.	1966 -67 %	1959 -67 %	1967 \$m.	1966 -67 %	1959 -67 %	1967 \$m.	1966 -67 %	1959 -67 %	1967 \$m.	1966 -67 %	1959 -67 %	1967 \$m.	1966 -67 %	1959 -67 %
Austria . . . . .	2,309.3	-0.8	9.2	421.7	13.8	15.6	1,352.0	-1.1	9.5	80.6	-20.1	0.4	455.0	-9.0	6.4
Denmark . . . . .	3,141.6	5.1	8.8	1,247.2	10.7	10.7	1,028.6	0.0	7.3	270.0	14.2	7.9	595.8	-0.7	12.7
Finland . . . . .	1,708.1	-0.5	9.3	613.2	0.0	11.9	468.9	-4.2	7.3	83.8	-13.4	7.9	542.2	5.0	8.2
Norway . . . . .	2,746.3	14.3	9.7	1,212.9	19.8	11.9	690.4	3.2	5.2	176.0	-2.0	8.4	667.0	23.2	11.6
Portugal . . . . .	1,013.3	0.1	10.0	236.4	-0.1	11.2	340.0	-2.8	7.9	71.2	-10.2	12.0	365.7	5.6	10.7
Sweden . . . . .	4,704.5	2.9	8.8	1,655.4	6.4	13.0	1,654.9	0.3	6.6	435.3	1.8	7.0	958.9	1.9	7.2
Switzerland . . . . .	4,105.3	4.4	10.0	679.4	10.9	12.9	2,448.0	3.1	9.9	335.5	-5.4	6.5	642.4	8.9	9.5
United Kingdom . . . . .	17,742.5	6.6	6.0	2,590.6	9.9	8.6	3,479.3	12.6	10.5	2,234.5	10.4	10.0	9,438.1	2.6	3.3
Total EFTA . . . . .	37,470.9	5.2	7.6	8,656.8	9.8	11.1	11,462.1	4.0	8.8	3,686.9	5.4	8.7	13,665.1	3.2	4.8
Exports f.o.b.															
Austria . . . . .	1,808.1	7.4	8.2	406.5	19.9	16.9	735.6	-2.1	5.6	77.3	-0.1	3.8	588.7	14.2	8.1
Denmark . . . . .	2,480.4	3.3	7.6	1,252.6	8.1	10.2	567.4	-7.1	3.3	175.3	-10.1	5.8	485.1	9.7	8.6
Finland . . . . .	1,546.9	3.4	8.0	574.7	8.6	11.0	364.6	-11.4	6.6	90.2	-6.0	8.1	517.4	12.6	6.2
Norway . . . . .	1,736.4	11.2	10.0	816.0	15.2	12.1	404.4	6.6	8.5	140.5	1.4	6.7	375.5	11.8	9.1
Portugal . . . . .	684.6	9.2	11.3	225.5	21.0	20.5	115.5	-4.9	7.3	70.1	-0.8	11.9	273.5	10.1	8.3
Sweden . . . . .	4,528.0	6.0	9.3	1,980.8	11.6	11.7	1,212.6	-6.2	7.5	330.9	12.6	8.2	1,003.7	10.1	8.3
Switzerland . . . . .	3,510.7	6.9	9.7	759.1	17.8	13.4	1,281.5	2.6	8.4	359.9	1.3	8.4	1,110.2	6.9	9.2
United Kingdom . . . . .	14,396.3	-1.9	5.1	2,156.9	1.3	8.6	2,877.1	-1.6	9.2	1,761.0	-3.5	6.4	7,601.3	-2.4	2.8
Total EFTA . . . . .	30,691.4	2.3	7.0	8,172.1	9.4	11.1	7,558.7	-2.3	7.7	3,005.2	-1.4	6.9	11,955.4	1.8	4.6

\* For 1959-1967, compounded annual rates.

Source: National Statistics and EFTA Secretariat

## VIEWPOINT

TOWARDS THE SDR STANDARD

by Rune Göglund

President of the Svenska Handelsbanken, Stockholm.

Mid-way through 1968, the economic state of the Western world seems generally healthy. The fifth post-war recession, the first signs of which appeared in the United States during the latter half of 1966 before spreading to West Germany and then to France has passed more quickly than its predecessors, although Britain remains a special case with its very poor growth rate. According to the OECD, there should be an overall rise of more than 4 % for member countries in 1968, compared with the 3 % achieved in 1967. Such statements should however always be accepted with care, and the recent crisis in France illustrates this need for prudence. However it does seem that the OECD's forecast is a reasonable one, and that in the final analysis the slowing-down in economic growth for just over a year, was in the nature of a pause rather than a halting of the post-war boom.

The uncertainty affecting the international monetary situation nevertheless remains a major question. Since both the two reserve currency countries - Britain and the United States - are faced with serious balance of payment deficits, thus supplying the rest of the world with liquidities, there has first of all been a loss of confidence in the pound, later in the dollar. The most striking example of this has been the ever more frenzied speculation in gold. If the efforts by the British and American governments to overcome their deficits are to be successful, there will have to be considerable return of international capital into both countries: it will mean around \$ 3,000 million for the United States and around \$ 1,000 million in the case of Britain. The balance of payments situation in other countries will worsen overall by a similar amount, and thus the amount of international capital in circulation will be greatly reduced if it does not cease altogether.

The possibility of such a situation raises two immediate questions:

1) What would be the effect of this on international trade; 2) How would the rest of the world react to the switch of the key-currency holdings on such a massive scale.

Until now world trade has been growing at a steady pace and has been an expansionary factor in the world's economic growth. Admittedly in 1967 it rose by only 15 % in volume, considerably lower than the figures recorded in previous years, but it seems that this decline was due rather more to the general economic slowdown, than to any special monetary factors. It is expected that 1968 will achieve a much higher growth rate, although at present it is not possible to give any exact figure. But what would happen if the pound and the dollar were no longer there to boost international liquidity? And what has been their exact role in the expansion of world trade up till now? No one is able to reply to these questions with any degree of certainty; it can only be hoped that the fears which have been expressed are not well-founded, and that they are unrealistic.

When a study is made of the increased financial requirements which the growth in world trade will sooner or later make necessary, it may become apparent that, taken as a whole, a number of countries possess surplus liquidity. It is also possible that the repatriation of considerable quantities of pounds and dollars would not have too severe an effect on the countries of Western Europe. Furthermore it has not been proved beyond all doubt that the economic programmes adopted by Britain and the United States would result in a shortage of international liquidity. On the other hand if these programmes succeed, that is if Americans and British can move into a balance of payments equilibrium or surplus, there will be an upsurge of confidence in both reserve currencies. This in turn would probably mean a considerable quantity of gold coming back on to the market, as well as back to the Central Banks.

But even if this optimistic prediction were borne out, according to which no real shortage of liquidities would be created, the danger would remain that other countries might take counter-measures to cope with the effects of the American and British plans to re-establish their balance of payments. And from this point of view, the choice of the measures used to restore the balance of payments equilibrium is of considerable importance, since certain of them might create even more serious problems. There is little doubt that the US Administration should have clamped down on internal demand at an earlier stage, since this is the only method which would have prevented a chronic balance of payments deficit. The fact that Congress has finally accepted the tax increases put forward by President Johnson is to be welcomed in this connection, for up till now internal demand has been swollen by an increasing budgetary deficit, linked to the growing balance of payments deficit. It is also clear for all to see that any measure resembling exchange controls provides other countries with an excuse to impose similar regulations; if this happened the likely chain-reaction would destroy the foundations of world trade, as well as the international payments system.

For the time being most of the major countries have adopted a positive attitude towards Washington's efforts and have said they are ready to accept the consequences. But should the Administration in Washington prove unable to resist the continual pressure from the different protectionist lobbies with their demands for import surcharges and export rebates - as well as the direct limitation of certain goods, the picture would probably change immediately. The danger of retaliation would at once be present, and world trade would be threatened by a serious danger; it can only be hoped that all the governments concerned are aware of the dangers inherent in any attempt to reconstitute protectionism.

This being the case it does not seem - despite the evidence - that the international payments situation is in any immediate danger. The corrective measures decided upon by Britain and the United States have been considered by most other nations as more or less inevitable, for no country, however strong it is or however large the size of its resources, can continue to have a balance of payments deficit growing larger each year. It is thus most important for the future of the international settlements system, as understood by everyone,

that the two major reserve currency states should eliminate their deficits. To achieve this, both countries need a period of respite, provided of course that monetary recovery is achieved without causing too much harm to the chances of expanding their own economy or upsetting world trade in too drastic a manner. In other words they should be allowed time to carry through a rational programme aimed at improving their balance of payments, so that the measures like those which have just been decided upon in the United States can be rapidly revoked, and even more drastic steps avoided.

The question now arises as to how this necessary period of respite can be found. The suppression of the minimum gold backing requirement within the United States has enlarged the American government's room to manoeuvre in, although this still remains insufficient as the United States can hardly envisage reducing any further the size of its gold reserves. Another move in the bid to gain time has been the decision of the members of the Gold Pool to cease selling gold to private purchasers. At the same time the American Treasury reaffirmed its intention to continue to buy and sell gold at \$ 35 per oz. to those Central Banks, refraining from putting gold on the market. In the words of the Chancellor of the Exchequer, Mr. Roy Jenkins this double decision was "an important and delicate moment for the international monetary system".

This raises in turn the problem of whether the two-tier gold price system can be effectively maintained. There are a considerable number of factors involved here and it is therefore difficult to make a forecast. However the announcement of the new system resulted in the price of gold falling to around \$ 40 per oz compared with the \$ 45 being paid when the speculation was at its highest, just before the Washington meeting of the gold pool. The British budget with its impressive range of taxes continued this trend. Finally all the recent Basle agreements, illustrating the cooperative strength of international monetary solidarity in the bid to help the pound, have reinforced this trend. Nevertheless it remains possible that some Central Banks may be tempted to operate on the free market, despite the risk that price fluctuations thus caused may upset the whole system.

As long as the seven Central Banks, which took part in the Washington meeting - when it was decided neither to buy nor sell gold on the open market - continue to maintain the new system, they will be unable - taken as a whole - to increase or diminish the size of their gold holdings. In effect this will mean a gradual decline in the worth of their gold holdings, so that the two-tier system is no valid answer to the problem of international liquidity. There will not even be an increase of a single dollar in the overall amount in international reserves.

Naturally enough, if there had been a generalised increase in the price of gold the results would have been rather different. To start with the United States would have gained enough respite to work out a well-conceived plan to systematically restore their balance of payments. Secondly - and provided the increase had been sufficiently large - there would have been an immediate increase in all monetary reserves. In fact, the dollar value

of the American gold reserves would have become much more reasonable in relation to the country's short-term debts; gold production would have been stimulated, whilst the upsurge of speculation would have gone into reverse, in turn giving a considerable boost to world monetary reserves.

One obvious criticism of such a move is that the principal beneficiaries would have been the monetary world's "bad boys": the two top international producers, South Africa and the Soviet Union, speculators and those countries which had converted as many dollars as possible into gold. It would have probably been difficult for public opinion to have accepted a move whereby various troublemakers would have made a profit of several thousands of millions of dollars. Another criticism and one which is well-founded in principle, is that an increase in the price of gold would have result in world-wide inflation. In practice however the decision whether to tackle inflation rests with each government, and today it seems certain that a good number of them are aware of the difficulties created if inflation is not resisted.

Nevertheless and despite all the objections that have been raised, it is possible that an increase in the price of gold may seem to be the only solution for the present international monetary uncertainty. If the choice has to be made between the constant worsening of the international payments situation - with the resultant damage to world trade - and giving a reward to the "bad boys", it would seem that the latter solution is the lesser of the two evils. But even this does not mean that an increase in the price of gold is an effective long-term solution to the international payments problem. But it could create a breathing-space during which a valid reform of the system could be worked out, so that the world would become less dependent on gold production and on the reserve currencies. Furthermore the United States would find itself with sufficient time to adopt a systematic approach to its efforts to move into surplus.

In reality, time is the only factor which the United States needs. The dollar is still the world's strongest currency, backed as it is by the country's enormous economic resources. It should not be forgotten that the US balance of payments deficit amounts to hardly 0.5 % of the GNP or just under 10 % of the growth in the GNP during 1968.

The most radical solution to the gold-price problem would have been effectively to demonetise gold, in other words for the United States to refuse to sell gold - not just on the free market - but also to the Central Banks. Although this has been suggested by a good many economists from different countries, it does not seem to have been seriously considered at the Washington meeting, as the conviction that the free convertibility of the dollar is the very basis of the international monetary system is too strongly held, as well as being too widespread. Such a change would therefore in all probability bring about the collapse of the system if its last link with gold was cut, for when international confidence is on the wane it is absolutely essential that there should be a last basic value. This is still gold today, as it was one thousand years ago. One may regret such a state of affairs, and the monetary function of gold can be considered as "a barbarous relic of the past, deprived of all real value", but its magical properties are still extremely powerful.



There is however another way in which gold can be eliminated; that is to replace it by an international currency based on confidence and trust. The first step in this direction was made at last year's annual meeting of the International Monetary Fund - IMF in Rio de Janeiro when the Special Drawing Rights plan was put forward. In effect the SDRs can be considered as a form of currency issued by the IMF, for even if they are formally linked with gold, their introduction into the world's monetary system signifies a lessening of gold's importance. Furthermore it is not impossible that in time their links with gold will be cut. But again time - a lot of time if present plans are anything to go by - will be needed before the system can be put into practice. If the total amount issued each year is \$ 2,000 m. a year - the maximum proposed in the existing plans - it will take 15 years before the SDRs can replace existing dollar reserves. In other words such a formula would not really help to solve the crisis we are faced with today.

As matters stand therefore, the most important need is for the reserve currencies to stave off further threats until the SDR system can be put into practice and shown that it can work. But it also means that everyone must understand that the one depends on the other; that the strength of the reserve currencies, and especially the dollar, is the necessary condition for the introduction of the SDRs. In order slowly to introduce the use of more rational payment system, one which is not so magical in its own properties as gold, it is essential that the present Gold Exchange System should function properly for a good many years to come. Without this the world is liable to fall between two stools and this will mean the end of an era of international cooperation whose chief turning points up till now have been Bretton Woods, the Marshall Aid programme and the Kennedy Round.

September 26th, 1968

EUROFLASH - HEADLINES

A

AUSTRIA	ZANUSSI -FRED .BLAUMAUER catering equipment deal	D
BELGIUM	VADEMECUM sale subsidiary established	D
	WALSTON & CO INC (New York) brokers set up in Brussels	J
	CHAUSSURES ANDRE in sales venture	M
BRITAIN	FINANCIERE DE SUEZ /BROWN BROTHERS HARRIMAN London link	K
	GEA to manufacture in Northern Ireland	H
EEC	KANGOL (seat belts)-SOLAR INDUSTRIES, Glasgow production link	B
FRANCE	DASSAULT/LING-TEMCO-VOUGHT swing-wing plane cooperation	B
	SIDELOR makes over TUBES DE NORMANDIE to VALLOUREC	J
	PARIBAS/CIFAL/LOUIS DREYFUS back Franco-Roumanian trade	K
	AGACHE -WILLOT group takes over MASUREL (textiles)	Q
GERMANY	PREUSSAG boosts stake in BERLINER BOLLMEYER	G
	ALCOA reshapes stake: boosts BECKER & WICANDER	H
	WIELAND/TRANSELEKTRO, Budapest cooperation link	E
	FRANCAISE D'EDITIONS (I.P.C.affiliate) opens office	P
	PHOENIX GUMMIWERKE seeks to scquire ARTHUR BRUGGER	P
	PAN AM/LUFTHANSA back 600 bed Hamburg hotel	R
ITALY	ELETTRONICA SICULA acquired by State firms	F
	S.A.I./FIAT finance and investment firm established	J
NETHERLANDS	ARMA/WATTS REGULATOR central heating equipment firm	I
	PENNZOIL UNITED forms The Hague finance concern	N
SOUTH AFRICA	KLOCKNER /UNION STEEL CORP. steel sales company formed	I
SWITZERLAND	NATIONAL BANK OF HUNGARY opens Zurich office	J

CONTENTS

Aerospace	B	Food and Drink	L
Agricultural Machinery	B	Footwear	M
Automobiles	B	Insurance	M
Building & Civil Engineering	C	Oil Gas and Petrochemicals	N
Chemicals	C	Paper & Packaging	N
Consumer Durables	D	Pharmaceuticals	N
Cosmetics	D	Plastics	O
Electrical Engineering	D	Printing & Publishing	O
Electronics	F	Rubber	P
Engineering & Metal	F	Textiles	P
Finance	J	Tourism	R
		Trade	R

**AEROSPACE**

\*\* The French aerospace group STE DES AVIONS MARCEL DASSAULT Sarl, St-Cloud, Hauts-de-Seine (see No 468) has linked with the American L.T.V. AEROSPACE CORP. (a member of the LING TEMCO-VOUGHT INC group, Dallas, Texas - see No 419) in an agreement covering technical cooperation in the development of advanced aircraft. There is also a second agreement under which Dassault will make available its technical expertise and assistance to LTV for the development of swing-wing aircraft.

Dassault received a contract from the French government to develop this type of aircraft in October 1965. Britain and France decided also to produce a swing-wing plane, but the deal fell through in the summer of 1967 when France stated that the cost was too great. In November the same year, the Dassault "Mirage G" powered by a SNECMA "TF 306 E" flew for the first time, and thus became the second swing-wing aircraft in the West after the American "F.III". The French air force is interested in the two-engined version (G.4) for about 1975 to replace its Mirage IVs, whilst the French fleet arm is interested in the single-engined aircraft, because its take-off and landing capabilities might well make it a suitable replacement for their carrier-borne American "Crusaders". These are in fact made by LTV Aerospace, which is working on the VFX swing-wing aircraft to replace the version of the F.III dropped by the American navy for carrier operations.

A division of LTD, Vought Aeronautics has recently won a contract from McDonnell-Douglas, Santa Monica, California, to supply stabilisers and other equipment for the DC-10 airbus.

**AGRICULTURAL MACHINERY**

\*\* The West German agricultural machinery manufacturer JOSEPH BAUTZ GmbH, Saulgau, Württemberg, has enlarged its own sales network within the Common Market by establishing an Italian subsidiary called BAUTZ ITALIA Srl, Casalecchio di Reno, Bologna (capital Lire 200,000).

The founder makes combine-harvesters, pick-up balers, hay rakes and diesel powered tractors. There are other subsidiaries in Belgium, Bautz-Belgique SA, St-Gilles-Dendermonde and in France, Ste Agrimac, Pantin, Seine-St-Denis.

**AUTOMOBILES**

\*\* Two British concerns specialising in the manufacture of automotive accessories, KANGOL MAGNET LTD, Carlisle, Cumberland (manufacturer of seat belts and a member of the KANGOL LTD group, London) and SOLAR INDUSTRIES LTD, Glasgow (see No 455), have decided to set up joint manufacturing subsidiaries in the Six, and in particular in West Germany, France and Italy. The new companies will also have the task of selling the two companies products throughout the Common Market.

BUILDING & CIVIL ENGINEERING

\*\* CHEMALA NV, Amsterdam, (import and export of building materials), has opened a branch in Switzerland (Zug) under the direction of M. Otto Blöchliger.

The founder company was itself set up in June of this year, (capital of Fl.25,000) by British interests represented by Messrs Christopher and Lebbens Hordern, in association with Dutch interests, (Messrs Pieter Droog, Pim de Jung and Marinus Wesselink.

CHEMICALS

\*\* SHIPLEY CO, Wellesley and Newton, Massachusetts (see No 386) has formed an almost wholly-owned Paris subsidiary called SHIPLEY SA (capital F 100,000) with M.J. Urbanek as president. The American firm makes chemical products for metal deposit or coating without electrolysis, which are used mainly for printed circuits and electronic components; its products include "Cuproxit" and "AZ" photo-sensitive resins and there was already a Paris representative, International Bureau Sarl. Other European interests include a British licensee, P.D.M. Chemicals Ltd, Coventry, Warwickshire and representatives in Italy, Rossi Adriano & F. LLI Spa, Milan, and in West Germany, Candorchemie Almegard & Co GmbH, Bochum.

\*\* Under German/American control, the Dutch enterprise TAKCHEM NV, Breda (originally Oudheusden & Bartels, capital Fl. 300,000) has set up a subsidiary in France called TAKCHEM Sarl, Drancy, Seine-St-Denis, to sell anti-dust chemical products. Mr R. Hoorens van Heiningen (a Dutchman resident in Frankfurt) is the manager of the new concern. The capital of F 20,000 is shared between the founder and its sister-company in Belgium Takchem NV, Schaerbeek.

The latter (originally Oudheusden & Bartels Pvba, capital FB 50,000) has for its principal shareholders, Messrs van Heiningen, J. Bartels, Steinbach, Tennessee and J. Oudheusden, Windsor, Connecticut.

\*\* SOLANS SpA, Milan, (chemical products for agriculture, under Signor M.F. Solimini) formed in late 1966 as a result of the merger between SOLANS Srl and G.S.L. - GENERAL SUPPLIES LABORATORY Srl, has obtained from the American chemical and pharmaceutical group UPJOHN CO, Kalamazoo, Michigan (see No 325) the Italian agency for its "Acti-Dione" antibiotics and fungicides and its "Enide 50 W" weed-killers.

The American group has long possessed a subsidiary in Italy - Upjohn SpA, Caponago, Milan, directed by Signor V. Kettlitz. Its agency in plastic and polymeric products (Papi, Isonate etc) is held by the company Dr. Druno Zeriali, Milan and Rome.

\* \* \*

\*\* KONINKLIJKE ZOUT-ORGANON NV, Arnhem, the Dutch group (see No 477) have negotiated through their Hengelo and Delfzyl subsidiary, KON. NED. ZOUTINDUSTRIE NV, the take-over of BOUVY ZOUT NV, Amsterdam and Muiden (salt-pans). The latter company (formerly NV J.J. Bouvy & Zoon's Zoutindustrie de Paauw - capital Fl. 600,000) has a payroll of about 25. The manufacturing side of the company will be gradually cut, but the sales side will remain.

### CONSUMER DURABLES

\*\* An agreement has been signed between the Italian electrical domestic appliances group INDUSTRIE A. ZANUSSI SpA, Pordenone (see No 460) and the Austrian concern FRED. BLUMAUER, UNTERNEHMEN FUER HOTEL- & GROSSKUECENERICHT-UNGEN KG, Vienna, under which a subsidiary of the Italian firm, Industrie Zanussi Grandi Impianti (hotel and catering establishment kitchens) will be represented in Austria by the Viennese concern.

The latter, which has subsidiaries in Innsbrück and Salzburg, already acts as the Austrian representative for a number of foreign groups, Hobart Mfg Co; Borg Warner Co; Häilde, Rowenta, Lükon, Turmix. Zanussi's Austrian interests have recently been put under a new Viennese firm, Zanussi GmbH with Signor Luigi Lanari in charge (see No 467).

\*\* A rationalisation agreement linked with a move towards progressive integration has been made in Belgium between three manufacturers of kitchen and heating equipment as well as of domestic appliances: these are FONDERIES BRUXELLOISES FORBRUX SA, Vilvorde, LA COUVINOISE SA, Couvin, and FONDERIES & POELERIES DE TAMINES, Taminés, Namur. An agreement in principle to merge was decided upon in 1967 (see No 410) between La Couvinoise and Fobrux, which as the pivot of this new three sided move will first reduce its capital of Bf 62.4 million in order to strengthen its financial position before raising it to Bf 30 million. The new group thus formed, will be backed by a strong foreign sales network including Fobrux France SA, Chateauroux, Indre, La Couvinoise France SA, Mezieres, Ardennes; C.V. Oil GmbH, Cologne; Ceve Ltd, London; and La Couvinoise SA, Rolle, Vaud.

A few months ago a Vilvorde firm, Hubimont Freres SA acquired from the Taminés concern some of the land and buildings it was using, in return for a minority shareholding (see No 455).

### COSMETICS

\*\* The Swedish group BARNAENGENS TEKNISKA FABRIKERS A/B, Stockholm (toiletries, perfumes, hygiene products and drugs - see No 460) has strengthened its interests in Benelux, represented up to the present by a branch at Mortsel, Antwerp (see No 230), belonging to its German subsidiary BARNAENGENS VADEMECUM GmbH, Frechen, Cologne. The latter has now set up a sales subsidiary in Woluwe-St-Lambert, VADEMECUM SA (capital FB 600,000) control of which is shared with several other companies of the Frechen group: SHANTUNG COSMETICS GmbH, TOVA GmbH and FABRIKEN TOMTEN ALEX LAGERMANN JR. GmbH.

Apart from its German subsidiaries, the Swedish group has various interests in the Six, notably in France with Vademedum Sarl, Paris, and Laboratoires Pharmaceutiques Vademedum Sarl, Pontchateau, Loire -Atlantique, as well as in London, Austria (Feldkirchen), Switzerland (Bienne), Denmark etc.

ELECTRICAL ENGINEERING
------------------------

\*\* The Belgian manufacturer of electrical equipment and accessories ETS JACQUES CARLIER SA, Forest-Brussels, which is headed by MM. Jacques and Hermann Carlier (see No 449) has formed a 50% Luxembourg sales subsidiary called ELECTRICENTRE SA (capital F. Lux 1 million) with M. F. Proess, Luxembourg as managing director. He has a 10% stake.

The founder acts as an agent for several factories and imports goods on behalf of a number of foreign firms including Hasler AG, Berne (control and measuring equipment, calculating machines); Le Joint Francais Sarl, Bezons, Val d'Oise, a subsidiary of the Paris group C.G.E. - Cie Generale d'Electricite SA; Cie Deutsch SA, St-Cloud, Hauts-de-Seine. Carlier its itself represented on the Dutch market by Benecom v/h Hans Speijer NV, Krimpen, Ijssel and Lekkerkerk.

\* Negotiations have opened between the Hungarian trading concern, TRANSELEKTRO, Budapest and the German concern, F. WIELAND ELEKTRISCHE INDUSTRIE GmbH, Bamberg, with a view to developing cooperation between the two in the ventilation and dust-extraction sectors.

The German company is a family concern with a capital of Dm 1.5 million and a payroll of some 900 persons; it operates mainly in the electrical equipment sector and is represented in France by Sermes - Ste d'Etudes de Representations en Materiels Electriques SA, Strasbourg (capital F 1.3 m.).

\*\* The Berlin firm CHEMISCHES LABORATORIUM FUER TONINDUSTRIE PROF. DR H. SEGER & E. KRAMER KG, (controlling and measuring instruments for the minerals, concrete and ceramic products sector) has founded the TONINDUSTRIE FRANCE SARL company in Paris to boost the sale of its new products. The capital of F 20,000 is shared 90/10 with one of its sleeping partners Herr Horst-Udo Hecht.

The founder company, which employs approximately 150 people, has a branch in Goslar, Harz, and subsidiaries in Malmö, Sweden, and in Graz, Austria.

\* \* \*

\*\* LANDIS & GYR AG, Zug, the Swiss electrical engineering concern (see No 443) have increased their interests in Italy by forming an industrial and sales subsidiary in Como, LANDIS & GYR SpA (capital Lire 50 m.) - president Herr Gottfried Straub.

The company has several manufacturing subsidiaries abroad including those in France, (Montlucon, Allier), the Netherlands (Waalwick) as well as Frankfurt, London and Vienna; there was already a subsidiary in Milan, Landis & Gyr Italiana SpA Salerno (payroll 625), which produces some 1.8 million controls and thermostats a year.

\*\* A 54 % subsidiary since 1967 of I.T.T. - INTERNATIONAL TELEPHONE & TELEGRAPH, New York, the lamps and lighting tubes manufacturer CLAUDE SA, Paris (see No 447) has made over control in West Germany of SAAR --NEON BECKLER CLAUDE PAZ & VISSEAUX & CO KG, (held through its subsidiary Claude Paz & Visseaux Verwaltungs GmbH,) to ERNST--RUDOLF BECKER GmbH, all of Saarbrücken. But it will keep its other subsidiary Copel Neon GmbH, Cologne.

ELECTRONICS

\*\* The Palermo electronics equipment factory of EL. SI-ELETTRONICA SICULA SpA (controlled by the Machlett Laboratories Inc. and Raytheon Co. groups of Lexington, Massachusetts - see No 455) which closed before passing into the hands of the official receiver in March 1968 has been given a new lease of life. Three Italian state concerns, I.R.I. SpA, Rome, ESPI SpA and I.M.I. have formed a joint subsidiary (in which ESPI and IMI will hold 45 % each) to take over control of the manufacturing assets in Sicily.

The management of EL.SI (which employed a thousand and exported 50 % of its production) will be in the hands of an American group, GENERAL INSTRUMENTS CORP., Newark, New Jersey (see No 431), under the terms of an agreement concluded with the three Italian concerns.

ENGINEERING AND METAL

\*\* Messrs. Andre Bertrand and Daniel Plouvier are respectively president and managing director of a new company, STE DE DIFFUSION DE PARKINGS AUTOMATIQUES-MECAPARK SA (see No 477), set up in Paris with a capital of F.200,000 to sell licences in the automatic parking equipment sector, as well as to use the equipment for its own profit (especially through concessions).

The new venture consists of a 50-50 association concluded four months ago between the British group, Land & General Developments Ltd. (represented in this sector by its London subsidiary, Motoparks Ltd) and the Franco-Belgian company, Ste de Constructions Electromecaniques Jeumont-Schneider SA (see No 472), represented by its subsidiaries Cerci-Cie d'Etudes & de Realisations de Cybernetique Industrielle SA, Paris and C.E.E.M.T.P.-Cie d'Entreprises Electriques, Mecaniques & De Travaux Publics SA, Levallois-Perret, with holdings of 17.5 and 32.5 % respectively.

\*\* The chemical, petrochemical and electrochemical plant engineering group ORONZIO DE NORA IMPIANTI ELETTROCHIMICI Sas, Milan (see No 439) has formed a 55 % plant engineering subsidiary -- PERMELEC SpA, (authorised capital Lire 100 million.) The remaining interest is held by CHEMNOR CORP, Panama (30%) and SERAC SA -- STE EUROAMERICAINE DE RECHERCHES & D'APPLICATIONS CHIMIQUES, Vaduz, Liechtenstein (15%).

\*\* MATTHEW HALL ENGINEERING LTD, London, a member of the mechanical engineering group, MATTHEW HALL & CO LTD, London has made an agreement to cooperate in the gas liquefaction and low temperature installations sector with the Frankfurt firm, MESSER GRIESHEIM GmbH.

A 66.67 % subsidiary of Farbwerke Hoechst AG, Frankfurt (see No 479), the balance being held by the Messer family, Messer Griesheim is linked by agreements of the same nature with another Frankfurt concern, Lurgi Gesellschaft für Wärme & Chemotechnik GmbH, a member of the German-Swiss group, Metallgesellschaft AG, Frankfurt (see No 477).

\*\* The Hanover metals and engineering concern, PREUSSAG AG (see No 469), has increased from 37.5 % to 75 % its holding (directly held by its subsidiary Steffens & Nölle AG, Berlin - see No 344) in the large scale zinc plating concern BERLINER GROSSVERZINKEREI BOLLMEYER KG, Berlin, and has changed its name to PREUSSAG BERLINER GROSSVERSINKEREI KG.

The Hanover concern accounts for more than 40 % of West German zinc extraction with its large mines at Harlingerode, run by its subsidiary, Unterharzer Berg & Hüttenwerke GmbH, Goslar (see No 438), as well as those at Grund, run by the Preussag AG Harzer Berg- & Hüttenwerke division.

\*\* PASSAVANT-WERKE KG, Michelbacher Hütte, Nassau (see No 422- water supply and purification equipment) has strengthened its manufacturing capability by gaining control of MASCHINEN- & APPARATEBAU HANS HOHMANN KG, Philipthal, Hersfeld. The latter has been renamed PASSAVANT WERKE MASCHINEFABRIK PHILIPSTHAL and it employs around 100 persons.

Passavant-Werke (capital Dm 16.5 m - 2,500 employees) extended its interests to the United States during 1967 when it formed BELOIT PASSAVANT CORP in association with the Beloit Corp group, Beloit, Wisconsin (see No 479). It has become a shareholder in the Italian chemical company Resine Impianti SpA, Novate Milanese, since renamed Passavant Resine Impianti SpA. There are also two sister companies in France, Passavant Sarl, Strasbourg and in the Netherlands; Technisch Bureau Voor Bedrijfs- & Afvalwater Zuivering NV, Utrecht.

\*\* BOLTRIVET MACHINERY ITALIANA Srl (capital Lire 990,000) has been formed in Milan with M.P. Vicider as director, by the Swiss holding company BOLTRIVET MACHINERY SA, Lugano (majority shareholder) and the Liechtenstein holding company, BALDOR ANSTALT, Schaan, Liechtenstein to import, represent and sell machinery and machine-tools.



\*\* Wholly-owned subsidiary of the American company, WORTHINGTON CORP, Harrison, New Jersey (see No 336), DEUTSCHE WORTHINGTON GmbH, Hamburg, is at present in the course of taking control of the "Engines" department (diesel and marine especially) of the Neuss concern, MASCHINENFABRIK BUCKAU R. WOLF AG, at Kiel. (see No 478). With a capital of Dm. 7.95 million, Deutsche Worthington employs some 400 people in the manufacture of machine tools, pumps, compressors, refrigeration equipment, air purifiers etc.

The American group, which formed a London subsidiary in August of last year, Worthington Controls Co. Ltd, (capital £100), also has subsidiaries under its own name in France, the Netherlands, Italy, Switzerland, Austria and Spain.

\*\* GEA LUFTKUEHLERGESELLSCHAFT HAPPEL GmbH & Co KG, Bochum (heat exchangers, equipment for heating, drying, refrigeration and ventilating - see No 432) has put into effect its plan to set up a manufacturing plant in Northern Ireland (see No 415) by forming GEA AIREXCHANGERS (N.I.) LTD, Bangor.

The founder has over 1,100 persons on its payroll and it already had a British subsidiary, GEA Airexchangers Ltd, London (formed in 1962) as well as a 50 % stake in another London concern, James Howden-GEA Ltd in association with the Glasgow group James Howden & Co Ltd (ventilators, compressors and turbines). GEA's other foreign subsidiaries are GEA Warmtetransport NV, The Hague; GEA Scambiatori Di Calori Srl, Milan; GEA Wärmetauscher Gesellschaft Happel KG, Gaspolsthofen, Austria; Cia Iberica GEA SA, Bilbao; GEA Airexchanger Inc, New York.

\*\* The Pittsburg group ALCOA-ALUMINIUM CO OF AMERICA, (see No 479) has carried out a partial reorganisation of its West German manufacturing interests by making BECKER & WICANDER GmbH, Worms solely responsible for the production and sale of metal bottle tops. This company has been renamed ALCOA FLASCHENVERSCHLUESSE GmbH (capital increased from Dm 20,000 to Dm 4.5 m); it will remain a shareholder in Wicander & Co KG, Worms whose production will concentrate on closures for other forms of container. The Swedish firm Wicanders Korkfabrik A/B, Linköping recently sold its 50 % stake in the latter company.

The American group has also reinforced its position in West Germany (see No 479) by establishing an aluminium container-leasing agency of its Integrated Container Service Inc, Pennsylvania in Hamburg.

\*\* The German turbo-compressor, fans and evaporators manufacturers, KUEHNLE, KOPP & KAUSCH AG, Frankenthal, has increased its links with the British group, AMALGAMATED POWER ENGINEERING LTD, Bedford, whose subsidiary W.H. Allen Sons & Co. Ltd, Bedford (see No 332) is its exclusive distributor in Britain, Ireland and the Commonwealth - following the signing of a technical cooperation agreement.

With a payroll of some thousand employees, the German firm has two administration companies in Zurich, Rotor Holding GmbH and Dreika Holding GmbH.

\*\* The American company, McQUAY INC., Minneapolis (see No 409) has extended the ramifications of its only manufacturing company within the Common Market, the Italian manufacturer of air conditioners, McQUAY EUROPA SpA, Ariccia-Ceechina, Roma by opening new sales branches in Turin and Florence.

McQuay Europa has a new factory employing 120 people, backed by an investment of Lire 1,080,000 million (Lire 450 m. of which was financed by the E.I.B.-European Investment Bank and granted in late 1967). The company was formed as the result of an association between the American company and Air Con of Ariccia, which has been linked to the former since 1965 by technical agreements (see No 267).

\*\* THE RIDGE TOOL CO, Elyria, Ohio (see No 449 - a member of the EMERSON ELECTRIC CO group, St-Louis, Missouri since 1966) which makes bolt and pipe machinery, has rationalised its interests and thus strengthened its Belgian subsidiary, RIDGE TOOL SA, Saint-Trond, Hasselt. The latter has taken over another subsidiary within the group RIDGE TOOL INTERNATIONAL CO, Panama (gross assets estimated to be worth Bf 28.36 m) and as result raised its own capital to Bf 20 million. Since 1965, Ridge Tool International has shareholdings in a British company based in Hitchin, Herts and in a Danish firm from Copenhagen.

\*\* The Duisburg group KLOECKNER & CO KG (see No 471) has linked with the South African group UNION STEEL CORP. OF SOUTH AFRICA LTD, Vereeniging to form a steel sales company there called NATIONAL MATERIALS SERVICES CORP.(PTY) LTD (capital Rands 1 m).

The South African partner is linked by a technical agreement with the London group British Insulated Callender's Cables Ltd (see No 435), and it specialises in processing steel products as well as copper and aluminium wire-drawing. Its other interests include The African Disc Co (Pty) Ltd (50 %) and African Aluminium (Pty) Ltd. Klöckner's most recent move in the area was to gain control of South West African Lithium Mines (Pty) Ltd (see No 456).

\*\* The Dutch gas oven builder ARMA NV, Seest (under Mr. C.J. Herwig) has linked 50-50 with the American firm WATTS REGULATOR CO, Lawrence to make central heating equipment for the Common Market countries. A joint subsidiary called WATTS NV, Soesterberg (authorised capital Fl 1 m.) has been set up which is due to start manufacturing in late 1969, and employ some 100 persons.

The American partner makes boiler valves, self-lubricating accessories for pneumatic equipment as well as regulators and filters. Its Common Market agents and representatives include: Waircom A.P.I., Milan; R.S. Stockvis & Fils SA, Paris; and Pumpen-Wart Anton Wening, Ekrath.

\*\* Four European groups are to boost their interest in the American company HALCO (MINING) INC (see No 394) until now controlled on a 51 % basis by HARVEY ALUMINIUM INC, Torrance, California. The increases in shareholdings will result in the following stakes: VEREINIGTE ALUMINIUMWERKE AG, Bonn (see No 404 - 10 %); MONTECATINI EDISON SpA, Milan (6%); PECHINEY SA, and UGINE KUHLMANN SA will raise their interest to 10% overall compared with previous individual shares of 5 % and 1 %.

September 26th, 1968

J

Harvey Aluminum will end up with a 20 % stake after having sold further shares to Alcan-Aluminium Ltd, Montreal (see No 448) and Alcoa-Aluminium Co of America, Pittsburgh (see No 479). Halco has a 51 % stake in the exploitation of aluminium deposits in the Guinea Republic at Sangarédi-Boke: total investment in the project is expected to reach \$ 180 million by 1972 and it will be run by a combined state and private company, Cie des Bauxites de Guinee SA. The smelter will be at Port Kamsar some 135 km from the deposits.

\*\* SIDELOR-UNION SIDERURGIQUE LORRAINE SA, Metz (see No 477), a member of the PONT-A-MOUSSON SA, Nancy group, has made over to VALLOUREC SA (capital increased to F.252.72 m.) - in exchange for a 3.8 % holding - the 52 % control of the new firm, CIE DES TUBES DE NORMANDIE SA, Paris (capital F 50 m.); it however remains the holder of almost the whole of the company's remaining share capital.

Sidelor recently transferred to the latter firm (formerly Ste de Construction & d'Appareillages Mecaniques-S.C.A.M. SA- capital F.100,000) its 80,000 tons p.a. seamless tube factory at Deville-lez-Rouen, which fell outside the scope of the recent amalgamation programme (see No 459), its manufacturing facilities and those of De Wendel & Cie SA, Paris. France's number one producer of steel for tubing (it owns 18 factories), Vallourec is controlled by Usinor SA and Denain-Nord-Est-Longwy, 41 % and 18 % respectively.

FINANCE
---------

\*\* WALSTON & CO. INC., the New York brokers has formed a subsidiary in Brussels, WALSTON & CO. SA (capital Bf 1 m.) with Mr. Daniet Cullen of San Mateo, California as president and M. Marcel Crabbe, Ohain as managing director.

For several years the American company's activities in Europe had been conducted by a branch in Basle, Switzerland; in 1967 this moved to Geneva and direction passed to M. Nicolo Moederle.

\*\* With the aim of furthering trade between Hungary and Western Europe; MAGYAR NEMZETI BANK, Budapest (the National Bank of Hungary) has opened an office in Zurich. It already has one in Paris.

It was also in Zurich that the Soviet Union set up a trading bank called WOZCHOD HANDELSBANK AG during 1966 (see No 363).

\*\* The Turin insurance group S.A.I.-STA ASSICURATRICE INDUSTRIALE SpA (capital shortly to be raised to Lire 4,000 m. - see No 472) and in which the FIAT group has a direct shareholding (see No 439) has linked with a company belonging to the latter group, I.F.I.-ISTITUTO FINANZIARIO INDUSTRIALE SpA, Turin (see No 466). Together they have formed a Turin investment and finance company, SAIFI FINANZIARIA SpA. With Signor Emanuele Nasi as president and a capital of Lire 500 million, the new company's main directors are Sigs A. Vola (vice-president); Umberto Agnelli, C. Curti, G. Furlotti, R. Lombardi, L. Porro and M. Pastrovitch.

\*\* Sigs. Pietro Brocchi and Fernando Garzoni, directors of BANCA DELL GOTTARDO SA, Lugano, Ticino (see No 360) have been appointed directors (respectively) of two new portfolio companies, SOCAN HOLDING SA, and LUXHOLCY SA (authorised capital Sf. 500,000), in which Finimsa SA, Luxembourg has paid up almost all of the first tranche (Sf. 100,000).

Finimsa SA (see No 466) is a portfolio company, and a subsidiary of Kredietbank SA Luxembourgaise (see No 477), which is itself controlled by the Belgian group, Kredietbank NV, Antwerp and Brussels. Banca del Gottardo SA, (of which M. Maurits van Lerberghe, a member of the board of management of the Brussels group, is managing director) belongs to an Italian group, Banco Ambrosiano SpA, Milan (see No 394), which has had a minority shareholding in Kredietbank SA Luxembourgaise since 1966.

\*\* The BANQUE DE PARIS & DES PAYS-BAS SA group (through its subsidiary CIE FINANCIERE DE PARIS & DES PAYS-BAS) and CIFAL-COMPTOIR INDUSTRIEL & COMMERCIAL FRANCO-ALLEMAND SA, Paris (see No 434) have respective shares of 28% and 10 % in the new joint Franco-Roumanian company SOCE TOM SA, Paris (capital F 500,000) which will aim at boosting industrial, commercial and technical trade between the two countries.

The president of the new concern is M. Francois Pezet - also president of the Ste Franco-Sovietique de Cooperation Industrielle-Sofracops SA (see No 461) and the other shareholders are: 1) LOUIS DREYFUS & CIE SA, Paris (12 % - see No 428); 2) the 50 % Roumanian share is held by six Bucharest-based state concerns: MASINIMPORT (imports of machinery for the steel, paper, textile, forestry, chemical and plastics industries), INDUSTRIALIMPORT (which acquires licences and contracts for "turn-key" plants); MASINEXPORT (machinery exports); INDUSTRIALEXPOR T (sales of patents and plant exports), ROMANOEXPORT and CONSERVEEXPORT.

Cifal specialises in carrying out industrial projects in Eastern Europe (see Nos 311 and 360). A few months ago it took a 25 % share in the formation of the Franco-Bulgarian firm Sofbim SA (see No 472).

\*\* The Paris group CIE FINANCIERE DE SUEZ & DE L'UNION PARISIENNE SA (see No 466) has recently linked in London with one of New York's oldest private banks BROWN BROTHERS HARRIMAN & CO (see No 403) which has taken a 10 % stake in the merchant bankers, FLEMING SUEZ LTD (see No 458).

The latter was established in May 1968 (authorised capital of £1 million) by the Paris group and the London merchant bankers, ROBERT FLEMING & CO LTD (51 % majority shareholder). The American bank, whose partners include the former Under-Secretary at the Treasury, Mr. Robert V. Roosa, since July 1966, has had a Zurich subsidiary from 1967 onwards: Brown Brothers Harriman Services AG (capital Sf 1m) whose president is Mr. Frank W. Hoch.

Robert Fleming & Co, backed by its subsidiary Robert Fleming Inc. New York, has recently formed Fleming Fund SA, Hassan (authorised capital \$ 20 million) in association with Financiere de Suez, to administer American funds. M. D.de Grieges, the vice-president of Suez Finance Co, is the director of this new concern.

\*\* Shortly after having opened its second branch in the Argentine at Rosario under the name of BANCO ALEMÁN TRANSATLANTICO (see No 476), the DEUTSCHE UEBERSEEISCHE BANK of Berlin and Hamburg has again increased its coverage of Latin America following its purchase from the A.B.N. - Algemene Bank Nederland NV (see No 478) of its minority holding in the BANCO DE MONTEVIDEO SA, in Montevideo, Uruguay. (see No 450).

The German bank, which is the Deutsche Bank AG's overseas subsidiary, also has offices in Rio-de-Janiero, Sao-Paulo, Buenos-Aires, Santiago di Chile, Caracas, Bogota and Mexico. The Dutch bank had already sold off its interest (50 %) in the Banco Tornquist SA, Buenos Aires (see No 450), which it had inherited from H.B.U. - Hollandsche Bank Unie NV.

\*\* The COMMERZBANK AG, Düsseldorf (see No 469), which has just opened its 600th German branch in Munich, has sold off its 25 % holding in the Nuremberg bank, VEREINSBANK IN NUERNBERG HYPOTHEKENBANK (capital Dm. 20 m.), whose main shareholder, with about 37 % of the equity, is still BAYERISCHE VEREINSBANK, Munich (see No 477). The purchaser is BRINCKMANN, WIRTZ & CO. KG, Hamburg (formerly MM. Warburg & Co. - see No 392), which has paid the Commerzbank in kind, by making over some of its shares in the department stores, Karstadt AG, Hamburg (see No 473).

\*\* Following a similar move by the BANK OF MONTREAL LTD (see No 455), a Scandinavian grouping consisting of the Swedish bank, GOTEBORGS BANK A/B, Gothenberg, and the Norwegian bank, CHRISTIANIA BANK & KREDITKASSE, Oslo (see no 477) have made an agreement to cooperate, (having taken minority shareholdings) with the French bank, BANQUE TRANSATLANTIQUE SA (capital F. 10 m.); from now on it will be represented on the board of management by Mr. Bert Lindstrom, managing director of the Goteborgs Bank.

Banque Transatlantique (total assets F 200,410,000 at the end of June 1968, including F.126 m. portfolio stock), which is directed by M. Philippe Aymard, belongs to the C.I.C. - Credit Industriel & Commercial SA, group of Paris (linked to the Pont-a-Mousson group a short while ago - see No 472).

FOOD & DRINK
--------------

\*\* M. Jacques Robert is the manager in Paris of SUNFRESH FRANCE Sarl (capital F 20,000) which has just been formed to import fruit juices and non-alcoholic drinks by LES GRANDES MARQUES EUROPEENNES SA, Charenton, Val de Marne. The latter (formerly Vasconcellos France SA - capital F 200,000) has M. Robert as president and it distributes port, liqueurs and spirits. In early 1967 it acquired from Simon Brothers Ltd., London (see No 393) the exclusive distribution rights for the latter's sherries, ports, maderia and malaga wines. Furthermore, John Harvey & Sons France SA recently made over to the Charenton firm a Paris sales establishment.

September 26th, 1968

M

\*\* The West German fishing concern "NORDSEE" DEUTSCHE HOCHSEEFISCHEREI GmbH, Bremerhaven has made over control of the canning firm it recently acquired WALTER VON EITZEN GmbH, Cuxhaven to a newly-formed concern called FISCH -UNION GmbH & CO KG, Bremerhaven-Cuxhaven.

"Nordsee" belongs to the Unilever NV group, Rotterdam and it is in the process of merging with Hanseatische Hochseefischerei AG, Bremerhaven which belongs to the Hamburg group Rudolf A. Oetker.

FOOTWEAR

\*\* Under M. J.L. Descours, the leather footwear concern, CHAUSSURES ANDRE SA, Paris (see No 321) has formed a sales subsidiary in Brussels, CHAUSSURES ANDRE-BELGIQUE SA (capital Bf. 5 million completely paid up). Control is shared with its subsidiary in Paris, ANDRE INTERNATIONAL SA, which was itself formed a year ago with a capital of F. 100,000.

Chaussures Andre (capital F. 30 m. and factory at Nancy) had interests in the Cie Francaise de la Chaussure SA, Paris until 1965; the latter firm is a member of the Pellet group which has a licence for "Hush Puppy" shoes from the Wolverine Shoe & Tanning Corp., Rockford, Michigan (see No 302). In 1966 the group absorbed its subsidiary, Sogima SA (a holding created in 1961 when the company's Algerian interests were split up) and shortly after it formed another subsidiary, Cie Vosgienne de la Chaussure SA, Paris (capital F. 1 m.).

INSURANCE

\*\* NEDERLANDSE OVERZEE HANDELSAGENTUREN NV, Amsterdam, a subsidiary of the Amsterdam bank, BANKIERSDANTOOR M. VAN EMBDEN (see No 450), has backed the formation of a new portfolio company in Amsterdam by taking a 66.6 % interest in it. This new venture is EXPLOITATIE - & HANDELMIJ, SHEFFIELD NEAVE (INTERNATIONAL) NV (capital Fl 100,000) and is directed by Miss P.M. Arens, Diemen.

The new company's minority shareholder is M. D.J. Sheffield Neave of Marly-le-Roi, who runs a number of insurance brokers in Italy including D.S. Neave & Co., (Italy) SpA, Milan and in France, Ste Sheffield Neave & Cie Sarl (which is being taken over by the Amsterdam side of the group).

\*\* The Basle insurance and reinsurance group SCHWEIZERISCHE NATIONAL VERSICHERUNGSGESELLSCHAFT AG (see No 341) has made over certain property interests belonging to its Paris branch (in Toulouse, Bordeaux, St-Cloud as well as Paris) in addition to a stake in the property company, SAINT-CLOUD BEAUSOLEIL SA, St. Cloud, Hauts de Seine to its Paris subsidiary NATIONALE SUISSE (FRANCE), CIE FRANCAISE D'ASSURANCES SA (see No 334).

The latter was formed in early 1966 in association with its subsidiaries, Union Ruckversicherungs AG and Cie Europeenne d'Assurances des Marchandises & Bagages SA, both based in Basle, as well as with the Union de Banques Suisses SA, Zurich. As a result of the new move, its capital - which has been unchanged since it was formed - has been raised to F 6.5 million and M. Lorrain Cruse has been made president.

Opera Mundi - Europe No 480

OIL, GAS & PETROCHEMICALS
---------------------------

\*\* The American group PENNZOIL UNITED INC, Detroit, Michigan, formed by the merger of UNITED GAS CORP and PENNZOIL CO (see No 475) has taken a direct Dutch interest in the formation of a wholly-owned subsidiary based in The Hague. Called PENNZOIL OVERSEAS NV (authorised capital Fl 2.6 m.) this will finance its industrial and commercial operations required for the extraction of liquid or gaseous hydrocarbons.

PAPER & PACKAGING
-------------------

\*\* The American forestry and paper group WEYERHAEUSER CO, Tacoma, Washington (see No 465) has made over the debts owed to its Brussels subsidiary WEYERHAEUSER BELGIUM SA to PRINGINT SA, Liege, whose capital it has increased to Bf 7 million in order to finance its expansion.

The latter specialises in printing on packaging materials and wrappings; it is headed by Messrs. W. Reaves, J. Jordan Dematrius, J. Jesinghaus and F. de Walke. It is affiliated to Intermills SA, Malmedy (see No 438) a joint subsidiary of the U.S. Plywood Champion Paper Inc (majority shareholder with its subsidiary P.C. International Inc, New York) of Weyerhaeuser Belgium as well as of the Brussels group Banque Lambert Scs, through Cannes SA, Luxembourg and Cie Lambert Pour l'Industrie & la Finance SA, Brussels

PHARMACEUTICALS
-----------------

\*\* As part of the cooperation agreement which it signed a few months ago (see No 469) in the pharmaceuticals sector with its affiliate, STE FRANCAISE DES LABORATOIRES LABAZ SA, Paris (see No 474), the STE BELGE DE L'AZOTE & DES PRODUITS CHIMIQUES DE MARLY SA - S.B.A., Renory-Ougree (a member of the COFININDUS-BRUFINA group) has made its "Pharmaceutical Products" division into an almost wholly-owned subsidiary called S.A. LABAZ, Brussels (capital Bf 190 million). Francaise Des Laboratoires Labaz is for the time being the minority shareholder in the new company, along with its Paris subsidiary DEROL, STE D'ETUDE, DE RECHERCHE & DE DIFFUSION SA, whose president is M. M. Leroux-Vicocq (see No 338). It will however take over control and management of the new company in the near future.

\*\* The Paris chemicals and pharmaceuticals group ETS CLIN-BYLA SA, (see No 468) has increased its interests in France by taking control of LABORATOIRES LAVRIL SA, Paris and Herouville-Saint-Clair, Calvados. Under M. Maurice G. Lavril, this firm (annual turnover F. 11 m. 1967), which manufactures skin preparations (Lactoserum, Lactacyd, Fongeryl, Uractyl etc), has a subsidiary in Italy called Sodil SpA, Milan.

As a result of this and other take-overs, Clin-Byla (consolidated sales F. 185.5 m. 1967) controls some 85% of the French dermatological products market, a sector in which it was already represented by its wholly-owned subsidiary, Laboratoires Porcher SA, Paris (see No 394), purchased at the end of 1962.

PLASTICS
----------

\*\* The American group THE BUDD CO, Philadelphia (see No 444) has strengthened its West German stake by forming a subsidiary called BUDD GmbH, Inningen (capital Dm 20,000). With M. Rene Amecin as manager this markets plastic products and insulating materials for the electrical industry.

The Philadelphia group has diversified interests which include mechanical engineering, transport equipment, vulcanised fibres, plastic materials, measuring and control instruments as well as the paper industry. It already had three West German subsidiaries: Ambi-Budd Presswerk GmbH, Wiesenau, Ferrozell Gesellschaft Sachs & Co. mbH, Inningen and Kanisterbau, GmbH, Berlin. Within the Common Market its other main interests are in France where it has an affiliate, Carel Fouche Languepin SA, Paris and two subsidiaries: La Fibre Diamond SA and Automation International SA, Neuilly, Hauts-de-Seine. Formerly called Budd SA, this latter has had a British branch since November 1966 in Camberley, Surrey under Mr. G. Chalmers.

\*\* The Danish concern ROULUNDS FABRIKER A/S, Odense, Hjallesø (rubber plastic and asbestos products) has formed a subsidiary in West Germany called ROULUND GmbH, Mülheim a.d. Ruhr, (DM 20,000) with Messrs Bjorn Bertelsen, Mogens Granly and Paul Simons as managers.

PRINTING AND PUBLISHING
-------------------------

\*\* The Hamburg record publishers (trade marks "Grammophon", "Archiv", "United Artists", "Polydor" etc), DEUTSCHE GRAMMOPHON GmbH, Hamburg (see No 468) has taken an interest in the Austrian firm in the same sector, AMADEO OESTERREICHISCHE SCHALLPLATTEN AG, Vienna. With a capital of Sch. 10 million, this firm, which is still controlled by the banking group, Oesterreichische Credit-Institut AG, Vienna, is a licensee of the New York firm, Vanguard Recording Society.

The German firm, which is a 50-50 subsidiary of Siemens AG, Berlin and Munich (see No 479) and NV Philip's Gloeilampenfabrieken, Eindhoven (see No 479), increased its capital from Dm. 18.5 to 24 million in May 1968. With a payroll of 2,000, the German company already had three subsidiaries in Vienna, Polyphon Schallplatten GmbH, Arena Musikverlag KG Hermann Schneider and Oskar Czeija GmbH & Co. KG. Its other main interests are in France (Polydor SA, Paris and its subsidiary, Editions Continental Sarl, Paris), Belgium (Polydor NV, St-Gilles-Brussels and its subsidiary Editions Musicales Belges Arena SA, Brussels - see No 390), in the Netherlands (Polydor Nederland NV, The Hague, which has an interest in Plaat Handelsmij Voor Grammofoonplaten NV, Amsterdam - see No. 438), in Britain (Polydor Records Ltd and Deutsche Grammophon-Great-Britain Ltd), and in Sweden, Finland etc.



\*\* CIE FRANCAISE D'EDITIONS SA, Paris (president M. Emmanuel Ollive - see No 461) has opened a West German office at Buderich-Dusseldorf. Under Mr. Peter Eckford this will bear the name of CIE FRANCAISE D'EDITIONS DEUTSCHLAND.

The founder already has a foreign subsidiary, Cia Espanola De Editoriales Technologicas Internacionales, Madrid, which was established in 1965 and this specialises in technical periodicals. It is affiliated (44%) to the London holding company Iliffe N.T.P. Overseas Ltd, a member of the International Publishing Corp. The latter recently (see No 469) acquired a 25% stake in the West German technical publisher, Konradin-Verlag Robert Kohlhammer GmbH, Stuttgart.

RUBBER
--------

\*\* The second-ranked West German rubber group PHOENIX GUMMIWERKE AG, Hamburg-Harburg (see No 452 - after Continental Gummi-Werke AG, Hanover) is negotiating to gain control of PARAGUMMIWERKE ARTHUR BRUEGGER GmbH, Wuppertal-Bremen (capital Dm 4 m.). This makes rubber sheeting and moulded articles (1966 turnover Dm 30 m.) and in October of 1966 it was granted Dm 6 million by the E.I.B. - European Investment Bank to build a new factory at Helmstedt. Since 1965 its shareholders are Braunschweigische Kohlen-Bergwerke, Helmstedt (51%) a member of the VEBA - Vereinigte Elektrizitäts & Bergwerks AG group, Bonn and Berlin - see No 479) as well as Saar-Gummiwerk GmbH, Blüschfeld, Saar (49% - a 76% subsidiary of Saarbergwerke AG, Saarbrücken - see No 465).

TEXTILES
----------

\*\* The Dutch ready-made clothing firm GEBR. VAN GILS CONFECTIE-ATELIERS NV, Roosendaal (see No 452) has increased the capital of its Belgian subsidiary CONFECTIEBEDRIJF DE DEMER NV, Aarschot, Louvain, to Bf 12 million with the aim of financing the latter's expansion. The subsidiary's name has now been changed to VAN GILS-BELGE NV, and it was formed in late 1963 at Merksem with a capital of Bf 4 million (doubled in early 1966).

A few months ago the parent company acquired from NV Zeeuwsche Confectiefabrieken, Middelburg, its workshops at Bergen-op-Zoom.

\*\* CORDOUAL SA, Pfasstatt-le-Chateau, (plastic-coated textiles for the fancy-goods industry, floor- and wall-coverings | see No 469) has opened a Milan branch and warehouse under the direction of Signor Diego Bandini. The founder (capital F 3.9 m. since 1964) is linked by a sales agreement covering wall-coverings with the Paris company Astral SA (a member of the Lorilleux-Lefranc SA group). The founder itself is a 34.8% interest of Produits Chimiques Pechiney-Saint-Gobain SA, and a 26.4% interest of Ets Schaeffer SA.

\* \* \*

\*\* The French textile group, AGACHE-WILLOT SA, which is controlled by the STE FONCIERE & FINANCIERE AGACHE WILLOT SA (managing director M. G. Crespel - see No 476), is to make over the key industrial assets of ETS ALBERT MASUREL & CIE SA, Roubaix (financially independent up till now - see No 367) to a new company within the group, STE GENERALE TEXTILE SA, Lille (capital F. 90 m).

With M. G. Leman as president, this company (formerly Ste Paul & Eugene Dufour SA, Helemmes and Lille) resulted from the amalgamation of the manufacturing and sales assets of eleven companies in the group, and in particular of Ets Agache SA, Perenchies, Nord, Cie Francaise de L'Industrie de la Maille-Coframaille SA, Paris, Ets Gaillard SA (cloth for sport outfits and working clothes at Barentin), Ets Cosserat (velvet at Amiens), Paul Laurent (synthetic fibres at Lomme-lez-Lille), Ste Industrielle & Commerciale des Textiles-Sincotex (Mulhouse) etc. (see No 419). With a turnover of some F.100 million, Albert Masurel (subsidiaries in the Ivory Coast, the Cameroon and interests in Germany and Italy) gained control of the Ste Cotonniere de Moislains & Golbey SA, Paris (branches at Golbey, Vosges, Renaison, Loire; and Moislains, Somme - see No 367).

TOBACCO
---------

\*\* The Antwerp group UNION FINANCIERE BELGE DES TABACS-TABACOEINA SA (see No 456) has formed a new Swiss subsidiary in order to promote foreign sales of "Laurens" brand tobacco. The newly-established LAURENS INTERNATIONAL SA, Geneva (capital Sf 1 m.) has M. Frans van den Bergh, also managing director of the Belgian company, as president.

In 1967 the Antwerp group raised its stake in the Basle investment company Holding Ed Laurens SA from 43 to 81 % and it is closely linked by manufacturing and sales agreements with Martin Brinkmann AG, Bremen (an affiliate of the South African group Rembrandt Tobacco Corp., Stellenbosch - see No 441).

The new company will coordinate the foreign sales companies selling "Laurens" products. Controlled by the Basle company, these are Ed. Laurens SA, Brussels; Ed. Laurens NV, The Hague; Ed. Laurens Verwaltungs GmbH, Wiesbaden; Ed. Laurens SA, Geneva and E. Laurens Ltd, London.

TOURISM & TRADE
-----------------

\*\* A holding company will be formed by the end of 1968 to head the consortium of West German tourist agencies created by TOUROPA GmbH & Co KG, Hanover, SCHARNOW-REISEN GmbH & Co KG, Hanover, HUMMEL REISE GmbH & Co KG, Hanover, and DR TIGGES-FAHRTEN KG, Wuppertal. The legal status of the new firm will be a limited company.

The integration of the four companies has already reached an advanced stage in the sales (see No 475) and financial spheres, since the first two companies already jointly control the sleeping capital of the latter two.

**TOURISM**

\*\* The agreements made between PAN AMERICAN WORLD AIRWAYS INC, New York (through its subsidiary in Frankfurt, INTERCONTINENTAL HOTELS BETRIEBS GmbH) and DEUTSCHE LUFTHANSA AG, Cologne (see No 453) have resulted in the formation of the Hamburg company HAMBURGER HOTEL VERWALTUNGS GmbH & Co KG. Backed by a capital of Dm 8 million this intends to build and finance a first-class hotel with 600 beds on the Alster which is expected to be opened during 1972. Several Hamburg hotel firms are also backing the project: HOTEL VIER JAHRESZEITEN, HOTEL BERLIN INH. HERMANN KROEPELS: BETRIEBS GmbH, HOTEL ATLANTIK, HOTEL REICHSHOF, HOTEL EUROPAISCHER HOF.

Deutsche Lufthansa is also taking part in talks with three other European airlines with the aim of operating a chain of hotels across Europe: these are Alitalia, BEA - British European Airways and BOAC - British Overseas Airways Corp. Through its hotel subsidiary I.H.C. - Intercontinental Hotels Corp, New York, Pan Am already had a number of other interests in this sector in West Germany: Frankfurter Intercontinental Hotels GmbH, Frankfurt; Hanover Intercontinental Hotels GmbH, Hanover; and Dusseldorf Intercontinental Hotels GmbH, Dusseldorf.

**TRADE**

\*\* The Amsterdam trading group HAGEMEIJER & CO's HANDELMIJ NV (see No 394) has gained complete control of one of the leading Dutch wholesalers of jewellery, : clocks and watches CAREL TEULINGS NV, 's-Hertogenbosch. The latter has been established for 100 years and employs around 60 persons. Its chief trade-marks are Anjer (silverware) and Mido (clocks and watches).

\* \* \*

September 26th, 1968

S

INDEX TO MAIN COMPANIES NAMED

Agache-Willot	Q	Deutsche Hochseefischerei	M
Alcoa	H	Deutsche Grammophon	O
Algemene Bank Nederland - A.B.N.	K	Deutsche Überseeische Bank	L
Amadeo Oesterreichische Schallplatten	O	Deutsche Worthington	H
Amalgamated Power Engineering	H	Dreyfus & Cie, Louis	K
Arma NV	I		
Arthur Brügger	P	Electricentre	E
Assicuratrice Industriale	J	El. SI.-Elettronica Sicula	F
		Ernest Rudolf Becker	F
Baldor Anstalt	G	ESPI	F
Banca Del Gottardo	K		
Banco de Montevideo	L	Fiat	J
Banque Transatlantique	L	Financiere de Suez	K
Barnhøgens ... A/B	D	Finisma	K
Bautz, Joseph	B	Fisch-Union	M
Bayerische Vereinsbank	L	Forbrux	D
Becker & Wicander	H	Francaise D'Editions	P
Belge de L'Azote	N	Francaise des Laboratoires	N
Blumauer, Fred.	D		
Bollmeyer, Berlin	G	GEA	H
Boltrivet Machinery	G	General Instruments	F
Bluvy Zout	D	Generale Textile	Q
Brinckmann, Wirtz & Co. KG.	L	Göteborgs Bank	L
Brown Brothers Harriman	K	Grandes Marques Europeennes, Les	L
Bucmau R. Wolf	H		
The Budd Co.	O	Hagemeyer	R
		Halco (Mining)	I
Carel Teulings	R	Hans Hohmann	G
Carlier, Ets. Jacques	E	Harvey Aluminum	I
Chaussures Andre	M	Hummel Reise	Q
Chemala NV	C		
Chemnor Corp	G	I.F.I.	J
Christiania Bank, Oslo	L	I.M.I.	F
Cifal	K	I.P.C.	P
Claude SA	F	I.R.I.	F
Clin Byla	N	I.T.T.	F
Commerzbank	L	Intercontinental Hotels	R
Cordoual	P		
Couvinoise, La	D	Jeumont-Schneider	J
Dassault	B	Kangol-Magnet	B
Derol	N	Klöckner	I

September 26th, 1968

T

Kühnle, Kopp & Kausch	H	Schweizerische National Versicherungsgesellschaft	M
Labaz	N	Seger & E. Kramer KG	E
Laboratoires Lavril	N	Serac	G
Land & General Developments	F	Sheffield Neave	M
Landis & Gyr	F	Shipley	C
Laurens	Q	Sidelor	J
Ling-Temco-Vought	B	Socan Holdings	K
Lufthansa	R	Socetom	K
Luxholcy SA	K	Solans Solar Industries	C B
Magyar Nemzeti Bank	J	Sunfresh France	L
Masurel, ets Albert	Q		
McQuay Europa	I	Tabacofina	Q
Mecapark	F	Takchem NV	C
Montecatini Edison	I	Tigges Fahrten Touropa	Q Q
National Bank of Hungary	J	Transelektro, Budapest	E
National Materials Services Corp.	I	Tubes de Normandie	J
Nationale Suisse (France)	M		
Nederlandse Overzee Handelsagenturen	M	Ugine Kuhlmann	I
Nürnberg Hypothekenbank	L	Union Steel Corp., S.A. Upjohn Co.	I C
Oronzio de Nora	G	Vademecum	D
Pan American	R	Vallourec	J
Paris & Pay-Bas, Banque de	K	Van Gils Confectie-Atelier	P
Passavant-Werke	G	Vereinigte Aluminiumwerke	I
Pechiney	I		
Pennzoil United Inc	N	Walston & Co., New York	J
Permelec	G	Walter von Eitzen	M
Phoenix Gummiwerke	P	Watts Regulator	I
Poeleries de Tamines	D	Weyerhaeuser	N
Preussag	G	Wieland Elektrische	E
Pringint SA	N	Worthington Corp.	H
Ridgetool Co	I	Zanussi	D
Robert Fleming	K	Zout-Organon	D
Roulunds Fabriker A/S	O		
Saifi Finanziaria	J		
Saint-Cloud Beausoleil	M		
Scharnow-Reisen	Q		