8
12, 13, 14

Opera Mundi EUROPE

A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

LT AS JB KL EK AD IS

CONTENTS

THE WEEK IN THE COMMUNITY

May 20 - May 26, 1968

Opera Mundi EUROPE

A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

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

OPERA MUNDI EUROPE

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

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

SWITZERLAND
54 Rue Vermont GENEVA
TEL: 33 7693

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

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

SUBSCRIPTION RATES

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

Printed and Published by EUROPEAN INTELLIGENCE LIMITED
at Europa House, Royal Tunbridge Wells, Kent, England

THE WEEK IN THE COMMUNITY

May 20 - May 26, 1968

THE COMMON MARKET

July 1 Deadline: Hope Remains

The Common Market scene during the past week has been dominated by the crisis facing France, but despite this, ministers of the Six have held are due to hold their meetings originally intended for this week. The meeting of the Finance ministers was however postponed until September, when it will be held in Rotterdam, for at the start on Monday, the ministers from the three most important members of the Community were unable to be present. Italy is still searching for a new government after the recent elections; internal matters are pressing in West Germany and M. Debre for France - who has reportedly offered his resignation - was of course detained because of events there.

Monday afternoon saw the Agricultural Ministers arrive in Brussels in what has been described as a last-ditch attempt to solve the organisation of the dairy and beef common markets, originally due to come into force on April 1, then postponed until June 1 and now expected to become effective on July 1. They were greeted by 5,000 farmers from all over the EEC who had come to protest in a "manifestation" against the proposals made by the Commission's Vice-President, Dr. Sicco Mansholt, for lower prices for butter and milk. The Community is faced, if the existing agricultural policy continues to be applied with escalating support costs, and huge stocks of butter (150,000 tons by April 1, 1968); both Italy and West Germany have been trying to bring about reductions in the expenditure. Dr. Mansholt considers that prices can no longer be used to bring about the changes required in the Community farming industry if it is to survive. Therefore efforts should be made - bearing in mind the social consequences of such moves - to improve the structure of the farm industry, and to switch from dairy to beef cattle. This will take a considerable length of time, but efforts must be made to reduce the existing fragmentation of land utilisation. The farmers claim - and this is true to some extent - that their incomes will fall if the Mansholt proposals for lower prices for milk and butter are put into effect.

The meeting was chaired by M Edgar Faure of France, who was expected to take a stronger line following pressure from French farmers and a speech by M. Pompidou promising that the government would defend their interests in Brussels. It seems however the compromise agreement reached in Luxembourg in early May by M. Faure was used as the basis for the discussion. After a long night of talks agreement was reached around 6 am on Wednesday, May 29. Concessions have been made to Belgium and Luxembourg whose butter prices to farmers were threatened, whilst French dairy farmers will receive government help. French sources considered that the agreement is more favourable to France, than the compromise worked out by M. Faure was. The butter support price has risen, and there has been a slight increase in the farm gate price of milk. No changes have been with regard to powdered milk, whilst the beef common organisation has been confirmed.
Opera Mundi - Europe No 463

The important aspect of the agreement is that the chances of the July 1 deadline for the EEC's industrial customs union to come into effect are now rather stronger, since France had previously indicated that failure to reach agreement over these agricultural problems might delay the customs union. To that extent, this is a sign of French intentions, but with circumstances changing so rapidly, it would be unwise to make definite forecasts. Even if France does avoid delaying the customs union - whose advent is already a major source of worry for her industry - she may ask for permission to postpone application of cuts due under the Kennedy Round on July 1. Furthermore since the agricultural agreement has been reached, the Foreign Ministers who are due in Luxembourg on Thursday, will not have to deal with this problem.

The situation in France as it continues to change every hour, is causing concern amongst the rest of the Five. It is not just that the government is in serious difficulty, with the latest reports suggesting that it may be unable to last until the referendum on June 16, but because of the economic costs of the prolonged freeze and paralysis of the whole of France's industrial and business life. Even after the first proposals put to the workers on Monday, French growth rate was likely to fall this year. The main terms of the agreement were that wages would be increased by 10% this year, but because of previous commitments, this is only a real rise of 4%, the guaranteed minimum wage was to go up by 35% to F 3 an hour, whilst the working week would be gradually cut to 40 hours. The government also agreed to review the social security ordannces introduced by decree last year, to study the high level of unemployment, increase family allowances and old age pensions. Trade unions, whose rights within factories are limited, were promised changes.

However the workers have rejected these proposals, and the strike continues.French exports will suffer, and imports are likely to rise. The franc - which has been the subject of a knocking campaign before the recent events - will now be in a difficult position and already international support has been given. It is more than possible that exchange controls will have to be introduced. Given the inflation which will hit the French economy, the country's reserves will doubtless be mobilised, but prestige projects will be cut back. The possibility of a devaluation of the franc is now closer, though the international financial community will provide considerable help to avoid worsening the world monetary situation. In any case a devaluation would have serious repercussions within the Community, affecting amongst other matters both the agricultural policy and trade. (see "How does the EEC devalue" No 440).

Whatever the political outcome of the present crisis, France will now find herself on the level of her partners in the Six once again. When the Community recovers it will no doubt work much more on the principle of "give and take" than it has done in recent months.

* * *

E.E.C. ECONOMY

The Common Market Commission has just published its quarterly economic report in which it states that the EEC's gross product might rise by 5% this year, a half- per cent increase on previous forecasts. However this report and the monthly economic review dealt with below, were both prepared before the recent events in France which are likely to have considerable economic repercussion throughout the Community. However, the Commission already considered that reflationary measures taken in France and Belgium allied to an unexpected rapid rise in West German investment demand would provoke a strong expansion in private consumption. The Common Market's balance of trade is expected to worsen under this pressure, accompanied by an increase in imports, whilst exports are not expected to rise significantly.

In its latest monthly economic report, the Commission indicates that whilst industrial production revived in a pronounced manner, in February-March unemployment stood at a high level. In West Germany in particular industrial expansion continued, due to rising gross fixed asset formation and efforts to replenish stocks. In the Benelux countries, industrial production also made a good recovery and the influence of the situation in West Germany undoubtedly accounted for some of this. In France, it is considered that recent Government measures were having an appreciable effect, especially in the building industry. Demand by private consumers fell off in Italy, although industrial production expanded at a faster pace due to exports and private investment. The Commission's report considers that production will continue to rise rapidly within the Six during the next few months.

Although in recent months, there has been an improvement in the labour market throughout the Community the number out of work remains high. The increase in industrial output has been achieved without drawing appreciably on existing sources of labour, and thus productivity within the Six has continued to rise. In West Germany and the Netherlands there does seem to have been a slight improvement, whilst in Belgium and France the position appears to have worsened. In the latter two countries, there are however signs of a slight recovery. Italy would seem to have no way of expanding production, except through a fall in the number of unemployed and the report considers that Italian industry might be faced with a shortage of skilled workers in the foreseeable future.

Consumer prices in the February-March period rose only slightly or remained stable, except in the services sector. This was due to cyclical factors and the fact that the upward pressure of certain agricultural prices, common at this time of year, was weaker than expected. However the price level in the Netherlands during February and in France during March was nearly 4% above 1967 (and the recent events there are likely to bring a sharp increase during the rest of this year); in March the rises for Belgium and Luxembourg were respectively 3% and 3.5% higher than in 1967. But in West Germany, the increase was small at 1% and in Italy the price level was only 2% up on the previous year.

Visible exports by the six countries of the Community, which were rising in the last quarter of 1967, continued their upward trend. Amongst the reasons given for this in the Commission's report was the pre-Budget rush in Britain, especially for imported goods. (EEC exports to Britain were 12% up on 1966 last year). Exports to the United States also continued to rise: not only did this reflect the buoyancy of internal economic activity, but a considerable part was due to the demand for steel for fear of a strike in the American steel industry. Exports to the countries of Eastern Europe also picked up, whilst those to the developing countries-relying on sales of commodities whose prices have fallen-have not yet been seriously affected.

The improvement in the seasonally adjusted trade balance of the Community continued. As already noted above, exports rose and this played an important part in maintaining the trend. West Germany again recorded high surpluses in visible trade with non-member countries, especially with the United States and Britain. Similar factors resulted in a surplus for the BLEU, and France's foreign trade position improved slightly due to exports to Eastern Europe and the franc area. There was an improvement in the seasonally adjusted Italian trade balance for January-February, but this may well have been a statistical phenomenon. The Netherlands however recorded a debit balance on trade with non-member countries because of a continued high level of imports.

The dynamic development of intra-Community trade, which started last autumn, still continued (11% up over the previous year for December-February) and was largely the result of the increased West German imports, which have helped to stimulate both exports and industrial production amongst the rest of the Six.

During the first quarter of 1968 the official gold and foreign exchange reserves of the Community as a whole increased, but this was attributable exclusively to the heavy inflow of capital into West Germany. In January there had been a fall in West Germany due to the usual window-dressing operations by the commercial banks at the start of the year, but later on due to the general unrest on foreign exchange markets, there was an unusually heavy inflow of foreign exchange. In the other Common Market countries the fall in official reserves was probably largely due to the interest rates on the Eurodollar market which rose once again during March. The temporary increase in the official reserves of the BLEU and Italy probably reflected an improvement in the balance of long-term capital movements, whilst the fall in the Netherlands was also affected by a Canadian drawing on the IMF. In France there was a fall, but later signs of a recovery.

The survey of Community manufacturing industries, with the exception of those in the Netherlands, which was made during March shows that 13% of businessmen in the EEC as a whole considered that the their order books were above normal: the highest figure was in Italy (14%) and the lowest in Luxembourg (1%). As regards export orders, those who considered that these were above normal averaged 14% for the Community, with 16% in West Germany and 1% in Luxembourg. The average for the Five, of those who thought their stocks of finished goods were above normal was 6% in March, ranging from 26% in France, 21% in Belgium, 18% in Italy to 5% in Luxembourg.

Amongst the Five, an average of 7% of the businessmen interviewed throughout the Community expected production to rise. This went from 29% in France, 23% in West Germany to 5% in Luxembourg. Although 82% of those covered the survey expect prices to stay level for their products, the average of those expecting a rise within the Community is 8%, going from 70% in Luxembourg, 10% in Italy and France and 6% in West Germany.

BRITAIN & THE E.E.C.

Brandt Agrees with Stewart

The repercussions of the current crisis in France were felt last week during the visit made by British Foreign Secretary, Mr. Michael Stewart to his West German counterpart and leader of the Social Democrats, Herr Willy Brandt. Certain circles in Bonn believe that the British government may well adopt a more flexible line over the question of Common Market membership since the departure of Mr. George Brown from the Foreign Office. It is felt that if Britain were willing to accept some sort of trading agreement, the course of events would inevitably bring about full membership of the EEC, but this point of view is not shared in public by British ministers.

Mr. Stewart once again stressed that Britain would examine anything proposed by the Six as a whole, provided it was firmly linked to ultimate membership. Furthermore Herr Brandt agreed with him that any transitional arrangements would be worthwhile only if they culminated in full membership also for Denmark, Ireland and Norway. The question of the attitude of the French governmen was discussed, and this should come to light during the meeting of the Foreign Ministers of the Six on Thursday and Friday of this week. It is thought that France will have even more reason for opposing any concessions, as increased competition is the last thing she wants under the present circumstances.

Although the British government wants proposals for closing the gap to come from the Six as a whole, it still supports the Benelux plan for co-operation, in areas not strictly covered by the Rome Treaty, between the candidate countries and those members of the Common Market interested in the idea. In a speech made in London last Friday before a conference of European Socialists, Lord Chalfont, the Minister of European Affairs said that until full membership was possible, there must be a system of joint consultation and joint ventures, especially in the technological field. Technological co-operation is one of the main features of the Benelux Plan, and Britain has boosted her technological image throughout the bid to joint the Community, though this has been somewhat tarnished in recent weeks by the decision to withdraw from the European space effort in 1971. Lord Chalfont considered that the European centre for technology might be established to study the problems of, and to encourage industrial integration on a European scale.

Co-operation in the technologly sector between the Six and the candidate countries has also been the subject of a recent report by the Commission to the Council of Ministers, and the Foreign Ministers are expected to discuss this during their meeting later this week. However this meeting is likely to make little progress since Belgium and Italy are still without governments, and even M. Couve de Murville will be under the influence of events in Paris. Some observers now believe that West Germany will be able to take a stronger line with Paris, but his far from certain.

* * *

E.D.F.

Congo-Brazzaville puts forward various Projects to the European Development Fund.

M. Edouard Babackas, Congo-Brazzaville's Minister of Finance and Mines has been in Brussels to discuss the possibilities of getting finance for development projects in his country. Talks have been held with Common Market officials as well as with key figures in the world of finance and industry in Belgium.

The principal projects that M. Babackas has put forward to the E.D.F. deal with the formation of an adequate system of ports and roads within the country. Aid has already been granted by the EDF for the construction of a road linking Kinkala with Boko and for the development of a viable inland waterway system based on rivers. The Fund has also financed viability studies for the construction of major roads between Olombo and Obouya and between NSah Djambala and Lekana. The Congo is also seeking aid from the EDF to help in the diversification of its agricultural production.

* * *

TRADE

Relations with Hungary

The EEC statistical office has just published, in a series on the Eastern Bloc, a report on Hungarian trade. This shows a steady upward trend in both total imports and exports as well as in trade with the EEC. From 1965 to 1966 imports rose by 8.8% and exports by 17.1%. Agricultural products represented about a quarter of Hungary's total exports and imports. The EEC was an important client, taking 33.67% of her agricultural exports in 1966. In return the Community supplied that year only 10.4% of Hungary's agricultural imports.

Hungary's foreign trade rose by 140% from 1958 to 1966, reaching $3,158 m. (£1,315.8 m.) in 1966 compared with $1,314 m. (£547.5 m) in 1958, an annual rate of increase of 11.6%. Her balance of trade position too shows a steady improvement. While she had a trade deficit of $143 m. (£59.6) in 1964, 1966 ended with a trading surplus of $28 m. (£11.7 m.). The socialist countries were her principal trading area, accounting for 65% of imports and 68% of exports in 1966. About 50% of this trade was with the U.S.S.R. Then comes the EEC representing 13.2% of total imports and 13% of total exports. These percentages have remained more or less constant since 1958, although there was a slight increase in 1966.

An analysis of commercial trading on a product basis shows that machinery and vehicles represented 20.7% of total imports in 1966 and 31.5% of total exports. Agricultural products came next, representing 24.4% of total exports; 41.4% of agricultural imports came from the socialist bloc and 43.6% of agricultural exports went to these countries. While 25.6 per cent of her agricultural purchases came from developing countries, only 2 per cent of her agricultural exports went to that destination.

The EEC is becoming a more and more important client for Hungarian agricultural producers. In 1966 the EEC absorbed 33.7% of her agricultural exports compared with only 24.7% in 1965. West Germany and Italy were Hungary's principal buyers, accounting for 80% of EEC imports of agricultural products from Hungary. France provided 42.5% of the Community's exports to Hungary, followed by West Germany with 27.5%. 79% of total Hungarian exports to France consisted of agricultural products.

* * *

LEGAL MATTERS

Commission threat to France on Freedom of Establishment

The Commission recently initiated, then decided to drop proceedings against the French government for contravening the Rome Treaty as regards the right to the freedom of establishment. The Commission alleges that France has not fully and effectively incorporated into its national law, "Community directives enabling nationals of other member states to carry on business, reside in and enter France". Paris had one month's grace, and has now satisfied the Commission by promising action.

There are four basic points which the French government should abolish or amend. Firstly there should be no need for nationals of other member states to have a "foreign trader's identity card" when they are conducting certain business activities in France. Secondly, the need for French nationality if a person wishes to be an authorised agent or dealer in the Paris wholesale food market should be abolished. Thirdly, steps should be taken to abolish the requirement of compulsory French nationality for issuing mining concessions or the right to sign on behalf of a mining company.

The Commission does not allege that France is not putting the directives into practice, but believes that existing French legislation should be modified to incorporate them, so that those who benefit from the directives will have legal security. When France has been asked to comply with the requirements of the Rome Treaty in this area on previous occasions, the reply was, as it is now, that the necessary legal documents are being prepared. It is hoped that this time the French government may be as good as its word, for if it is not, then the matter may have to be taken in the final resort to the Court of Justice.

* * *

DEVELOPING COUNTRIES

New EEC Policy On Aid To Developing Countries

The Commission and the special agricultural committee of the European parliament have now submitted proposals as to the internal administration of the EEC annual contribution of 1.035 million tons of grain to the international aid agreed under the Kennedy Round discussions in Geneva whereby developing countries would receive 18 million tons of grain over the next four years. Instead of the EEC making a direct gift of the grain to the developing countries the grain will be sold against currency, the equivalent of which will be credited to a fund to finance development projects in the respective developing country. This it is hoped will encourage developing countries to solve their food problems by expanding agricultural production rather than go on receiving unlimited aid consignments and spending the money saved imprudently.

It has not yet been decided where these funds are to be established and who will administer them. There are two possibilities; either each developing country receiving grain will establish its own fund under the proviso to spend the money only on measures considered by the EEC likely to further the country's development; or the EEC will establish a fund for each recipient country, duly pledging itself to spend the sums involved only in the interests of and within the recipient country. Except in cases of famine the Commission is of the opinion that the Community's interests would be best served by the first solution, safeguarded by a clause stipulating the joint management of the fund, since it would offer certain political and administrative advantages without any serious disadvantages. Nor can one exclude the likelihood of criticism from various developing countries as to possible political and monetary consequences that might develop if foreign governments were to hold funds in their national currencies.

Suitable projects come within five categories :-

1) Projects relating to plant or animal products including fish (irrigation, land consolidation, fish breeding, measures for the introduction of new crops and strains etc);
2) Projects relating to agronomical research and the expansion of modern techniques (construction of agricultural research centres, technical schools, propagation of new production methods, fertiliser application and the use of pesticides etc);
3) Projects for marketing improvements (roads linking agricultural regions and towns, warehouses etc);
4) Projects for the manufacture of agricultural requirements (fertiliser plants, agricultural implement factories etc);
5) Projects for the processing of foodstuffs (preserving and canning factories, mills, oilmills, sugar refineries etc.)

Other industrial projects and measures for the improvement of the infrastructure will be also be considered for financing out of funds mobilised by grain aid. In these cases the responsibility for providing foreign exchange for the projects must already have been accepted by another financial source. Preferably, these sources should be EEC countries or the EEC itself.

Both the Commission and the agricultural committee agree that as a rule the EEC grain contribution should comprise grain produced in the Community; in average years the EEC quota would approximate to the volume of wheat bought in under intervention measures. Though the use of EEC grain for aid consignments should be the rule it should not be a rigid principle. Purchases on the world market would be in order if there were insufficient EEC produced grain or in the event of disasters calling for immediate aid which could be supplied more speedily by buying on the world market.

To avoid disrupting EEC and international wheat markets the grain available from the EEC would be offered to the developing countries by the Brussels authorities who would liaise with the EEC grain marketing administrative committee. Since this is made up of officials from the Six it would be informed as to the state of intra-EEC markets and the volume and location of available grain lots. This committee would decide when grain should be bought, where grain was being offered at the most favourable price and how the purchases would be transacted. The procedure proposed by the Commission is that private dealers should be asked to submit offers.

According to the Commission, the financing of the food aid programme will be accomplished through the intermediary of the EEC agricultural fund. On the principle that a transaction under the food aid programme involving grain produced in the EEC should rank as a commercial transaction, that part equivalent to export refunds should be debited to the Guarantee section.

Though the EEC has declared itself in favour of an autonomous administration of EEC food aid, in view of the political and economic advantages ensuing from the direct administration of such important aid, the Commission feels it should be willing to collaborate with international organisations, for example, in determining the needs of certain countries or for executing emergency measures.

* * *

INDUSTRY

Britain's IRC: A Matchmaker for Europe?

Fifteen months after it first went into action, the Industrial Reorganisation Corporation produced its first report, published this week, on its activities up to the end of March. This body, which was formed at the instigation of the British Government to promote the restructuring of industry, and to identify and eliminate obstacles to this where they occur, has had talks so far with over 400 companies, and has disposed of some £50 million of the £150 million made available for it to lend. It has been instrumental in a number of major mergers in the United Kingdom, in particular the Leyland/ B.M.H., G.E.C./A.E.I. and English Electric/Elliott Automation moves. It is paying particularly close attention to the engineering, wool and paper and board industries, and also scientific instruments, steel, micro-electronics and the nuclear sector.

The organisation, though modest (with only 30 staff and a board of 10), and though met at the outset with some mistrust, has now begun to enjoy some acclaim for the part it is playing in the streamlining and rationalisation of British industry, and this may well be due to its unique constitution and the deliberate, high-pressure approach it has adopted. Firstly, the group is run by businessmen to commercial ends, at least in the sense that it works on the principle of reaping reasonable returns on what it invests, albeit at somewhat more favourable rates to the beneficiary than might be found elsewhere (all its appropriations to date should be giving a fair return within two years). Second, the nature of the corporation is somewhere between merchant bank and industrial consultant, but its precise workings have been allowed to develop fairly fluidly, such that from responding to requests from "clients" at the outset, there is now by way of being a mutual flow from and to it. It now seeks liaison with industries likely to need its services, and actively encourages action on their part. The ambitious scale, moreover, of even its earliest moves has tended to boost its stature very rapidly, and it is already looking to the international scene to find fresh scope for action.

Its new chief executive, Mr. Charles Villiers, received a favourable reaction in Germany early in the week, and is scheduled, if it is possible, to hold talks with the French Patronat and the Commissariat du Plan in the very near future. The idea here is to promote the sort of mergers it has backed already, but on the cross-frontier scale, and with the accent on science-based industries. In this respect, the IRC may well have a key role to play in the quest for building European industry up to meet the challenge of American penetration and hegemony.

The IRC's own approach to the matters that come before it tends to be coldly logical, if not ruthless, and even slightly dubious at times, if we are to judge from the fact that "ambassadorial representations" were made on one occasion, when the Corporation intervened in a business matter, securing a £2 million contract for a British concern, and the possibility of perhaps £100 million worth of work in all. The protest, of course, came from the country of origin of the company that lost the contact to the IRC's client. In its report, the group openly states that, while it hopes that rationalisation can be induced by agreement, it "will not flinch from exercising its collective business judgment in supporting positive action". To this end, in fact, the IRC takes it upon itself to arbitrate on the management structure of the new groups it helps to create, and actually names executives, as happened with the B.M.C./Leyland merger.

On the national level, of course, a body such as the IRC can afford to adopt such approaches as these, and it has the power of legislation behind it - the Industrial Expansion Bill, the Monopolies Commission and so on (though of course, in the case of the latter there are times when conflict may arise). Nevertheless, Mr Villiers feels that a similar function could be fulfilled within the European framework, and that, just as the worst enemies in Britain are reaction and vested interests, a yen for the status quo, so, on the international scale, it is national prestige-seeking that has to be overcome, to instil in the heads of industry the real desire to create European companies as such.

The point is made that even such international European giants as Philips, Nestle and Fiat are in fact essentially national concerns, only having wide ramifications and networks of interests. The Agfa-Gevaert merger was one of the few real international mergers, in that even directorial power was divided across frontiers. The situation is aggravated by the fact that the larger the companies become, the more resistant they seem to grow to true internationalisation - and this is not helped by the fact that national governments frequently invest heavily in them, in R & D, defence contracts and so on. It is almost as if the major companies have taken over from the armies as the national "emblem of might", the power now being to conquer markets. This indeed is a tough nut to crack for those in Europe who want to see the continent as a unit holding its own in the industrial world, and it helps to explain the relaxed line that Brussels now takes over market-dominating industrial giants. Only these can spearhead the counter-attack on the American challenge, and the point, says Villiers, is not to preserve competition above all, by protecting small, weak companies, but to accept the fact of the opening markets of the world, and to guard against abuses, in the case of Europe by a fully competent monopolies commission for the Community.

Clearly, the IRC has an eye to the possibilities offered by Europe, both for its own tried and tested approach, and for the industries that are looking more and more to it for a lead. It is certainly becoming clear that either the Commission or some agency working to the same end as the IRC is going to be needed if European industry is to be galvanised into the sort of determined action that must be taken if the challenge is to be met.

* * *

AFRICAN ASSOCIATES

Further Thoughts on the Yaounde Convention

On June 1st it will be exactly one year till the old Yaounde Convention elapses and this day will mark the beginning of the real discussions on the shape and form of the new agreement. As was explained in the 'Comment' last week, the problems surrounding the working of the Convention are not as much economic as political, such as the amount of participation each member country should have in the Yaounde system. The framework of the Convention does not however allow for the solution of problems posed by the inequalities of political power within the Community - it can only deal with economic problems. The clauses of the Treaty, the functions of the EEC Commission and the text of the Yaounde Convention seem all to be angled to deal with economic problems. In addition, the original Yaounde Agreement of 1963 has had to deal with a situation which has developed far more slowly than had been expected. The only way to tackle the problems here is to use the tools at our disposal and to start with the economic and commercial problems.

What is most striking when one studies the trade statistics for the developing countries and the EEC is that trade with the non-associated countries has developed much more dynamically than trade with the associated countries. Comparing the first three years of operation of the Rome Treaty (1958 - 1960) with the last three, it appears that imports from the associated countries to the EEC (including countries outside Africa) have increased by 43%. whilst exports to the associates have fallen slightly. Over this same period imports from the non-associated African countries (excluding South Africa) rose by some 115% and exports to these countries increased by some 50%. These figures do not bode well for the future working of the Convention, considering the economic weight of the EEC countries, the importance of the Eighteen countries which form the backbone of emergent Africa and the not inconsiderable level of preferential agreements which the latter enjoy. In addition to these factors, large amounts of capital have been poured into the associates by the European Development Fund. Aid has been running at some 130 million units of account over recent years, a figure which should permit the Yaounde Countries to place substantial orders with the EEC countries for such items as would build up the economic infrastructure of Africa.

Trade with the Eighteen Associates:

	1966	1967 (first 11 months)
Imports from the Eighteen:	$1,319 m.	$1,194 m.
Exports to the Eighteen:	$ 833 m.	$ 840 m.

The 1966 imports from the Eighteen countries may be broken down as follows:

	Millions of Dollars
Coffee, cocoa, tea, spices:	233.3
Fruit and nuts (mainly bananas):	70.4
Vegetable oils and fatty substances:	172.0
Metals and minerals:	490.6
Timber:	176.1
Textiles (mainly cotton):	37.1
Other products	139.3
	$1,318.8

If Africa is to become a real economic power it cannot remain at this relatively low level of development. On the other hand, however, the member countries of the EEC are unwilling (naturally) to allow the associate countries to develop in directions which might lead to competition with their own products. Whilst the Commission is keen to do all that is possible to help the associates to build up their own domestic industries, it is fully aware, thanks to constant reminders from the representatives of the member countries, that the "legitimate interests" of European industry must be safeguarded. At the moment both sides are making do with an interim compromise; the Commission has asked for a more liberal attitude on the importation of agricultural goods so that the African nations will be encouraged to rationalise and industrialise their agricultural sector.

If the Yaounde system is to be really effective much greater amounts of capital and know-how will have to be poured into Africa, but this seems to be both politically and economically impossible at this time. The political factor is the crucial one and this depends on the internal struggles within the Community and the willingness of member countries to keep the system going. In fact the Community now finds itself in rather a tricky position with regard to the Convention, in that it is now really too late to pull out of the agreement. Over the last five years certain bonds have been built up between the Community and the Associates, bonds which have put on the Community a burden which has become increasingly difficult to throw off. Even if the EEC did manage to break these links with the Eighteen Countries, it would then run the risk of leaving a power vacuum into which one or other of the Communist countries would step.

STUDIES AND TRENDS

EUROPE & THE WORLD MOTOR INDUSTRY

Part I

Closing the Ranks

The increased specialisation of automobile manufacturers, the soaring capital costs of developing and producing cars and the cut-throat nature of the world motor market have all in recent years markedly changed the character of the industry. Today, the industry has apparently polarised around three centres: Detroit, the hub of the United States automobile industry, South West Japan, the main centres being Tokyo, Nagoya, Suzuka, Osaka and Hiroshima, and Europe.

Europe, which will be our special interest in this study, still suffers from an unrationalised and unintegrated motor industry; in spite of the existence of the EEC and of EFTA, national frontiers still tend to act as barriers to the full integration of the industry in Europe, though this tendency is now declining. The economic production of consumer durables, and in particular of cars, in a market situation where competition is becoming increasingly sharp and encompasing the world, demands ever-increasing volumes of production and increased specialisation. High capital and development costs demand large outputs in order that the unit cost of the product should be kept to the minimum. The development of the Lucas fuel injection system cost £1 million and was spread over a period of ten years; tooling up for the new Lucas alternator cost something in the region of £2 million. It is evident that only the largest firms can support this sort of expenditure and carry it for some time before returns start coming in on the investment, and the increased sophistication of the motor business means increasingly tough component specification.

All these factors point to the necessity of rationalising, simplifying and concentrating the European motor industry; if the industry is to survive in the face of the increasing competition from the United States and Japan, individual manufacturers must co-operate and make a concerted assault on the world market.

The European industry shows all the signs of being able to survive. According to the latest figures, Europe now produces more private motor vehicles than the United States.

WORLD PRODUCTION 1967

	1966	1967	Percentage change
1.United State	8,598,917	7,407,980	-13.85%
2.Japan	2,290,000	3,146,486	+27.22%
3.Germany	3,050,000	2,482,000	-18%
4.France	2,025,000	2,000,000 (est)	+1.25%
5.Britain	2,042,354	1,937,119	-5.15%
6.Italy	1,365,898	1,437,367	+12.8%

Last year American output fell by 1.2 million compared with the previous year, to only 7.4 million vehicles; the European industry over this period produced 8.1 million units. In the words of Robert G. Layton, the head of Ford of Europe Inc., "the biggest opportunities now lie in Europe - we cannot expect any more real growth in the USA". By the beginning of the 1970's, Europe will be producing a good nine million units per annum and even today one third of all Fords are produced and sold in Europe.

The important fact is that the pressures on the manufacturers mentioned above have already begun to have their effect. European motor manufacturers have begun to co-operate and the list of links, mergers, and agreements between European manufacturers (not to mention their foreign subsidiaries) is quite an impressive one.

International Links between Major Motor Manufacturers in Europe

COMPANIES INVOLVED:	TYPE OF DEAL:
M.A.N.-SAVIEM (Renault).	The two companies are to co-operate in the design, manufacture and marketing of a new range of commercial vehicles.
CITROEN-MASERATI	Takeover of the Italian firm by Citroen but not yet officially confirmed. Cooperation in engines has already begun. Maserati will probably remain a separate entity, but financial control will be exercised by Citroen.
CITROEN-NSU	A joint company has been formed in Luxembourg with the probable intention of manufacturing a car with the Wankel engine. The companies have been co-operating for 2 years on the project through a joint company in Switzerland, Comobil. Reports indicate that Citroen is intending to buy a large holding in the German company.
B.M.C.-INNOCENTI	Innocenti assembles Mini's 1100's and A-H Sprites in Milan, whilst manufacturing bodies and trim itself. Last year it assembled some 38,000 units.
FORD(G.B.) & FORD (GERMANY)	Co-operation of the two companies to increase through Ford of Europe Inc. with the idea of attacking the European market with one major model, the Escort (and to oust VW.)

COMPANIES INVOLVED:	TYPE OF DEAL:
B.M.C.-I.M.V.	B.M.C. has two agreements with Industria Motornih Vozil of Yugoslavia: 1) the assembly of 5,000 B.M.C. cars p.a. in Yugoslavia and 2) the importation of 2,500 medium-sized petrol engines for installation in the country. Negociations continue with IMV regarding plans to set up a BMC assembly plant near Belgrade, for the production of 1100's and 1300's.
DAF-RENAULT	DAF has concluded a licensing agreemtent with Renault which allows the former to install the 1100 c.c. Renault engine in the DAF-55.
SIMCA-ROOTES(Chrysler)	Gradual integration of management, technical skill and sales force; Rootes products already sold through its sister company's outlets in France, Germany and Italy as part of the world-wide marketing rationalisation by Chrysler. Rootes' general manager is now on the Simca board and the president of the French company sits on the Rootes' board.
LANCIA-MERCEDES	The two companies are said to be considering a joint servicing-marketing or co-production agreement.
RELIANT	Reliant Motor have built a new factory in Istanbul where 5,000 fibreglass bodied cars are produced per annum, worth £1 m. in exports to Britain.
BERLIET-PERKINS	Co-operation in the diesel engine sector was announced last autumn for engines from 8 to 20 litres capacity. A new factory is being built at Lyons to produce engines, for vehicular, marine, industrial and agricultural application, to be marketed by both companies.
LEYLAND-MIZZI	The Leyland group has concluded a deal with Car Assembly (Malta), part of the Mizzi group, to assemble the Rover 2000 in Malta. The group already assembles Triumph Heralds, Hillman Hunters and Austin 1100's. Many of the cars produced by Mizzi go to Greece.

COMPANIES INVOLVED:	TYPE OF DEAL:
SAAB-LEYLAND	A contract has been signed between the two companies by which Leyland is to supply Saab with a new 1.8 litre engine to power the Saab 99, a two door, four seater compact saloon. Full production is not to begin until 1969 when the value of the deal will be about £3.5 m. in exports for Britain. Saab has been producing a car with a German Ford V-4 engine for about a year ago under a contract ageement.
FIAT-UNIC	In 1966 Fiat became the majority shareholder Simca Industries, Paris which produces Unic lorries and tractors. Together with Ste Metallurgique de L'Etoile and Fiat France, this became Fiat France SA.
LEYLAND-S.A.V.A.	Leyland has recently signed an agreement with the Sociedad Anonima Vehiculos Automoviles for the production in Spain (Valladolid) of Nuffield tractors, Production to be not less than 7,000 p.a. Leyland already has important interests in Spain, in Enasa, the largest producer of commercial vehicles.
FIAT Togliatti Plant	Although strictly outside the European market, Fiat's Russian deal is of such large dimensions thatit cannot be overlooked. The deal, worth at least $600 m. is for the construction of a car plant at Togliatti on the lower Volga. Allied to the plant will be a Pirelli tyre factory at nearby Balakovo. The deal is a truly international one and includes subcontract work for many British, United States and continental firms. Production of a model based on the 124 is to begin in 1970 and annual output should be in the region of 600,000 units.

Rationalisation in Europe: From this list of examples of links between motor manufacturers across national boundaries it appears that increased association of individual companies is inevitable. The classic example of international association is the recently announced link between Saviem, the commercial vehicles subsidiary of Regie Renault and Maschinenfabrik Augsburg Nurnberg A.G. (M.A.N.), part of the Gutehoffnungs Hütte group, of Germany. The two companies have in fact been working together for five years now under an agreement whereby M.A.N. has supplied Saviem with engines for its heavier models and the Renault subsidiary has been using some of M.A.N.'s expertise in the engines it has been assembling in France. By working together in this way the two firms found that they shared common problems and that the next logical step was obviously some close form of association. Co-operation of this kind often tends to lead to the consolidation of links as in the case of the Citroen-Maserati link which became a merger following co-operation on engines.

The French and German firms in fact dove-tail remarkably well. Both had one main preoccupation - to extend their effective market coverage beyond their frontiers; this they have been able to achieve by association. Since March 1967 M.A.N. has been selling in Germany the Saviem range of commercial vehicles under seven (metric) tons, models which the German range did not cover. The French company followed by marketing in France the Nurnberg company's public service vehicles, units of over thirty-six tons, thereby completing its own range up to the very biggest vehicles. In the intermediate range each company works for itself, competing with its partner. Another reason why the link-up was particularly logical is that Saviem specialises in particular in chassis and body construction, whereas M.A.N. is one of the world leaders in engine design. (Rudolf Diesel was a notable early collaborator with the firm). The future tendency will no doubt be for this specialisation to increase, for Saviem to give up engine design and development and eventually even manufacture in favour of M.A.N., whereas the latter will similarly cede chassis and body design, development and manufacture to Saviem.

This system of co-operation will have one extremely useful net result: both Saviem and M.A.N. will be able to offer for sale on their respective markets a very broad range of commercial vehicles under their own names and furthermore they will be the only firms in Europe who can offer the European lorry driver an after sales service which covers the whole of the Community. This service will include 750 service stations in Germany and France in addition to the Italian sales network of Alfa Romeo, who manufactures in Italy for Saviem, lorry engines with the M.A.N. combustion system.

The Pitfalls: However, even an association which seems as ideal as this one has its drawbacks. Full co-operation between the two firms is as yet hampered by the fact that the legal systems of their two home countries have not been brought into line; this is of special importance with regard to company law and tax law. The international frontier which separates the two companies will hamper the efficiency of the co-operation agreement until the full ramifications of the common market have been implemented. (In particular the creation of the so called "European Company"). It would then be partly true to say that this association has anticipated the existence of the free and open common market; whilst the preparations for unrestricted free trade and common legal system with the Community are being made, Saviem and M.A.N. can profitably use their time making sure the foundations of a true European company.

---- and the Critics: There are those, however, who do not see co-operation and mergers as the inevitable trend of the future. The late Professor Heinrich Nordoff, ex-President of the Volkswagenwerk, had this to say in an interview with the "Times" last year: "I am not a strong beliver in merging. There certainly will be occasions where a merger is a natural solution, but this is not a remedy for every trouble, as many people believe. I think many European automobile factories will be too small to compete successfully, but there will always be room for the small, specialist manufacturer, because bigness has its limitations - it is harder to manoeuvre. I definitely do not believe there will be just one British, one French or one German manufacturer." Bigness certainly does have its drawbacks, but the tendency continues nevertheless. Since Herr Nordoff uttered these words a year ago now, the British motor industry has been reduced to four major groups, Ford of Britain, Rootes, Vauxhall and the British Leyland Motor Corporation, one of which alone can be called truly British in that its ownership is in British hands. In the other European countries, too, the national motor manufacturers have closed their ranks: Renault is co-operating with Peugeot and has cornered 48% of the French market, Citroen with the ailing Berliet in the commercial sector, and Volkswagen itself has completed the upper end of its range by taking control of the "executive' car producing firm, Auto Union, and linking with Mercedes Benz.

EUROFLASH - HEADLINES

ARGENTINA	KLOECKNER-HUMBOLDT-DEUTZ aids FOCOEX in cement plant	N
BELGIUM	PHILIPS opens Antwerp branch to sell SIEMAG software	H
	AMOCO CHEMICALS BELGIUM to build petrochemicals plant at Geel	N
BRAZIL	ALFA ROMEO seeks closer links with F.N.M., Rio de Janeiro	B
BRITAIN	ROCKWELL (COVENTRY GAUGE) becomes agent for Italian CERUTI	I
	HESTAIR SHERPA to make French BLEREAU's Peg fork-lift trucks	K
COMECON	STANDARD ELEKTRIK LORENZ gains contracts in 3 E. Europe states	G
FRANCE	C.F.R. and PIERREFITTE join in reshaping fertilizer sector	E
	HOECHST, and SIFA, to build Rheims pharmaceuticals plant	E
	AVON COSMETICS to build factory at l'Isle-sur-la-Sorgue	G
	Government go-ahead for PILLSBURY takeover of BROSSARD biscuits	L
	LA CIOTAT shipyards reconversion scheme with BIRO FILS	N
	SHIPTON AUTOMATION pays £2.2 m. for PHONOCO telephone rentals	N
GERMANY	ARMCO STEEL forms subsidiary for new steel sections factory	C
	ROCKWELL, Pittsburgh, subsidiary to build power tool factory	J
ITALY	FIAT forms subsidiary in Sicily to run new assembly plant	B
	British READY MIXED CONCRETE merges two subsidiaries	B
	CONTINENTAL OIL buys up retail outlets of MARATHON OIL, Ohio	M
LUXEMBOURG	MORGAN CRUCIBLE forms Lux f 10 m. holding company	D
	MOHAWK DATA SCIENCES raises capital of MDS BENELUX by Bf 5 m.	I
SWITZERLAND	KLEINWORT, BENSON re-opens BANQUE INTRA, as subsidiary	L
U.S.S.R.	NATIONAL STANDARDS French subsidiary to supply FIAT factory	J
	German KABELMETAL sells 10 year cable manufacturing licence	K
VENEZUELA	SYBETRA (Generale de Belgique) to build 2 fertilizer factories	F

CONTENTS

AUTOMOBILES

** A member of the public group, I.R.I. -ISTITUTO PER LA RICOSTRUZIONE INDUSTRIALE SpA, (Rome, through its subsidiary, Finmeccanica Spa - see No 455), the Italian motor manufacturer, ALFA ROMEO SpA, Milan is at present negotiating closer ties with the Brazilian state company, FABRICA NACIONAL DE MOTORES-F.N.M. of Rio de Janeiro (see No 420).

Alfa Romeo intends to take control of the Brazilian automobile concern; the move will cost it something in the region of $26 million. Alfa's already have a minority holding in the company which for some time has been producing its cars, coaches and sports cars under licence.

** The FIAT SpA motor group of Turin (see Nos 462 and 458) has formed a subsidiary in Sicily under the name of SISILFIAT SpA to run the factory that the group is building at Terminal Imerese. This will assemble up to 50,000 vehicles a year from parts and engines produced at the main Fiat works in Turin. The site covers 400,000 square meters. With a payroll of 147,000 the group's turnover in 1967 was Lire 1,194,000 million, with over 1,340,000 vehicles produced.

BUILDING AND CIVIL ENGINEERING

** The READY MIXED CONCRETE (UNITED KINGDOM) LTD group of London (see No 455) has simplified the organisation of its interests in Italy: it has merged READYMIX GENOVA SpA of Milan with READY MIXED CONCRETE ITALIANA SpA, also of Milan (see No 313). As a result of this move the latter's capital has been increased to Lire, 1,000 million.

A few months ago R.M.C. Italiana took over one of its sister companies, Readymix Padova SpA (see No 304), which was also set up in Milan in April 1965 in association with Italcementi-Fabbriche Riunite Cemento SpA, Bergamo; during the course of the move the company's capital was increased to Lire 555 million. The British group is holding company for pre-stressed concrete firms, which controls more than 260 factories in the United Kingdom, France, Austria, Israel, West Germany, Ireland etc. and has holdings in Readymix Roma SpA (factories at Quarto di Ponte, Valcanuta, Grotta Perfetta and Torze Tre Teste), which was formed in 1963 by Ready Mixed Concrete Italiana, Fiduciaire Mobiliare and Immobiliare SpA, Rome (member of the Istituto Romano dei Beni Stabili SpA - see No 440).

** The Cologne farm machinery and heavy engineering group KLOECKNER-HUMBOLDT-DEUTZ AG (see No 448), which ranked 30th amongest German companies in 1966-7, (turnover Dm 1,312 m.) is to offer technical aid to the Spanish FOCOEX SA, Madrid, for the construction of a cement factory in Argentina.

The Cologne group's interests are world-wide, and in Latin America, it has five main subsidiaries; two in Argentina (DECA - Deutz Cantabrica Industrial & Comercial SA and Soc Argentine de Maquinas & Motores SA (S.A.M.) and three in Brazil; DEMISA - Deutz Minas SA, Deutz do Brasil SA and Otto Deutz SA.

** The Belgian CHARBONNAGES DE WERISTER, Liege, which is in the course of diversifying and reconverting to the new conditions existing in the Common Market, and which recently backed the formation of Ramm Bloc Belge, for the manufacture of building materials, has formed WERICO - WERISTER CONSTRUCTIONS, with Bf 25 million capital. This will build, sell, hire out and act as an agency for civil engineering and materials-handling plant.

** BAUMAG ITALIANA SpA (authorised capital Lire 10 m.) has just been set up in Milan by the Swiss company BAUMAG BAUMITTEL AG, Glarus. The new venture will be directed by Sig. C. Mauzoni, and with Sig. E. Glogg as a minority shareholder, the company will be concerned with the importation and sale of materials, equipment and machinery for the building and civil engineering sector.

** The Italian BORINI SpA group has joined with local investors in forming BORINI ESPANOLA SA in Bilbao with Ptas 3.2 million capital, to tender for civil engineering contracts.

** ARMCO STEEL CORP, Middletown, Ohio, which has some twenty or so foreign subsidiaries, including Armco Ltd, London, has formed ARMCO EUROTEC GmbH in West Germany to supervise the implementation of a project to build and run a factory on a 40-acre site at Voerde, near Wuppertal, Westfalen, to produce pre-painted, pre-engineered steel buildings. Most of the capital for the new venture has been raised by a $15 million Eurobond issue, and the rest from local banking interests. The new plant is to come into operation early in 1970, and will employ some 120 people at the outset.

Armco's other main European interests are in Belgium (APSA - Armco - Pittsburgh SA and Armco SA); France (Armco SA); West Germany (Armco Eisen GmbH and Armco-Thyssen Breitband-Verarbeitung GmbH, in association with the Thyssen group); Italy (Armco SpA and Armco-Finsider Applicazioni Prodotti Piatti SpA, in association with the state I.R.I. group); Spain and Sweden.

CHEMICALS

** Belgium's top firm, the chemical group SOLVAY & CIE (see No 428) is to link with SADACI of the STE GENERALE DE BELGIQUE SA group to build a production unit capable of making 8,000 tons of sodium chlorate; this is due to start operations in September or October 1969. The Solvay group, employs nearly 40,000 people (1,800 in R & D) in over 30 factories and 6 research centres. Apart from considerable interests in Belgium, its main foreign stakes are in the Netherlands, France, Italy, West Germany, Spain, Switzerland, Portugal, Austria, Algeria, Brazil and the United States.

** The American company DAUBERT CHEMICAL CO, Chicago, has formed an Amsterdam subsidiary called DAUBERT INTERNATIONAL NV (capital Fl 90,000). The purpose for which the new concern has been established is the sale of glues, insulating materials and anti-corrosive products.

** The British group MORGAN CRUCIBLE CO LTD, London (refractories, carbon and graphite processing etc - see No 405) has joined 60-40 with the local Delvaux family in forming MORGANITE LUXEMBOURG SA as a Luxembourg holding company with Lux f 10 million capital. Associated with Morgan Crucible in the move are two of its ten main British subsidiaries, SHIP CARBON CO OF GREAT BRITAIN LTD, Romford, Essex, and MORGANITE CARBON LTD, London. The group already has subsidiaries in the main Commonwealth countries, Latin America, the USA, Japan, Switzerland, and in the EEC: two in France (Ets Marshall SA and Fours-Rousseau - Creusets Morgan SA, Argenteuil, Val d'Oise, which recently bought up the firebrick concern Ets Rebe Amand); Morgan SA in Belgium, and Morganite subsidiaries in Germany and Italy.

** The Brussels paint company BELGOLAC SA, which was formed in the middle of 1967 by the Dutch paints and varnish group Pieter Schoen & Zoon NV, Zaandam (see No 416) and Oleochim, Brussels (see No 416) is to build a factory at Seneffe which will make industrial and marine paints as well as those used in the building industry.

Belgolac (initial capital Bf I m.) was formed as a joint venture by the two firms to take over its Dutch parent's sales in Belgium (previously handled by the Antwerp subsidiary Pieter Schoen & Zoon NV) and the paints division of Oleochim. The latter is represented in the Netherlands by Heybroek Co's Handelmij. NV, Amsterdam (see No 363); making a wide range of ethers and fatty acids, it is a 50% interest of the Belgian oil group PETROFINA (the second-ranking concern in Belgium - see No 461) through Palmafina, and the American, Archer Daniels Midland Co, Minneapolis.

Archer Daniels recently linked the Spanish, Jose Maria Fuentes SA, San Sebastian for the production of maleic, acrylic and epoxy resins and formed a new firm for this purpose called Scado y Fuentes SA. The move was carried out through a Dutch 30% affiliate of Archer Daniels, the Zwolle firm, Scado-Archer-Daniels NV (synthetic resins, polymer and polyester plasticisers) which is controlled by the Unilever group (see No 406).

** Further to its takeover of the German chemicals concern, CHEMISCHE FABRIK HOESCH KG, Düren (see No 441), the Dutch chemical and food group KONINKLIJKE ZOUT-ORGANON NV, Deventer (see No 458) has now taken control of the German firm's subsidiaries. Thus it now owns SILIKAT-CHEMIE GmbH, Düren and INTERSTAB-CHEMIE GmbH, as well as acquiring the capital of Hoesch's Swiss interest, HOESCH-CHEMIE GmbH.

** The French company, INTERPLAN, Paris has signed an agreement with the American firm CRAIN CHEMICAL CO INC, Dallas Texas. As a result of this operation the former will distribute in France, the chemical products made by the American concern in Dallas and Accra, Ghana.

** JOHNSON & BLOY LTD, London (inks) has appointed FINCO-FORNITURE INDUSTRIALI COMMISSIONARIA SAS, Milan, (directed by Sig.G.Finocchiaro) as its agent. Johnson & Bloy has factories in Crawley, Sussex and Skelmersdale, Lancashire where it produces metallic pigments, metal foil and heat transfer powders. It has a large network of agents and distributors abroad, (see No 283)

** CIE FRANCAISE DE RAFFINAGE-C.F.R. SA, Paris (see No 439), and PIERREFITTE - STE GENERALE D'ENGRAIS & DE PRODUITS CHIMIQUES SA (see No 459) are collaborating on a re-structuring of the fertiliser sector, which the latter company entered a year ago (see No 401). The plan is to pool production of ammoniac and both simple and compound fertilisers.

This will take the form of two joint subsidiaries specialising in nitrates, and compound fertilisers. Their production facilities will cover the whole country: Soulom, Pardies and Sette in the South, Grand Quevilly, Le Havre, and Oissel near the mouth of the Seine, Roisel in the North and La Pacille and Bordeaux in the West. In several of these factories the main joint subsidiary of C.F.R. (50.36% subsidiary of C.F.P. - Cie Francaise des Petroles - see No 459) and of Pierrefitte, is associated with a number of important groups trading in the same sector, and in particular to Azote & Produits Chimiques SA, Toulouse, a new subsidiary of Entreprise Miniere & Chimique SA - see No 459).

CHEMICALS

** The Frankfurt group FARBWERKE HOECHST AG (the fifth company in West Germany, and 3rd in the chemical industry - see No 459) which already has a large number of French manufacturing subsidiaries controlled in conjunction with French firms, is extending its interests.

A subsidiary HOECHST-SOMEDIA, in which the French pharmaceuticals firm Societe Industrielle Francaise des Antibiotiques - SIFA has a stake, is to build an ultra-modern factory in the western industrial zone of Rheims on a 25 acre site (with a further 25 acres available for expansion). The factory will make and pack pharmaceutical products, and is due to start production in 1970 with between 100 and 150 employees. Work on the factory itself is due to commence later this year and by 1975 it is expected that it will employ 700 to 800 persons.

In France, Hoechst (capital Dm 2,749 m. - 68,000 employees) is associated with L'Air Liquide (see No 459), Houilleres du Nord-Pas-de-Calais (part of the CDF-Charbonnages de France group (see No 452), Ethylene Plastiques, Melle-Bezons (see No 447 - part of the Pechiney Saint-Gobain group - see No 459) Naptachimie (see No 378) and Nobel-Bozel.

** The Swedish group BOLIDEN A/B, Stockholm (copper and lead mining, chemical and fertiliser interests) is linking with the British group based in East Grinstead, Sussex, THE RENTOKIL GROUP LTD (see No 404). Under this move the two sides will co-operate in the development and marketing of wood-preserving chemicals throughout the world. The agreement will come into being on July 1, 1968 when Rentokil takes over the marketing of Boliden chemicals and Celcure preservatives, products and services formerly the responsibility of Boliden and Celcure, whilst Boliden will be in charge of the manufacture of all preservatives for vacuum and pressure treatments.

Rentokil (it already has subsidiaries in the Commonwealth and the EEC), will take responsibility for Celure subsidiaries in Australasia, South Africa and Malayasia and other countries. The Boliden group itself, has one direct interest in the Common Market: Boliden France SA, plus another subsidiary in Switzerland, Bolisse AG.

** MARCHON ITALIA SpA, Castiglione delle Stiviere, Mantua (see No 450), one of the four direct or indirect Italian interests of the British group ALBRIGHT & WILSON LTD, London and Oldbury, Birmingham (see No 462), is to build a plastics, detergents, chemicals and catalysts factory at Saint-Mihiel, Meuse in France, covering initially a site of 15 acres, and eventually of some 50 acres. The factory should be complete in about a year's time, when it is planned to take on about 50 skilled workers: the payroll should then rise steadily to 100 over two years, to 300-500 when development of the site is complete. The immediate work of running the factory will be the responsibility of the group's recently-formed French subsidiary, Marchon France SA (see No 453).

** POUDRERIES REUNIES DE BELGIQUE SA, Brussels (see No 435) has formed a Woluwe-St-Pierre subsidiary called INTERNATIONAL INDUSTRIAL PRODUCTS SA. The new company will exploit several patents in the gun powder, explosives and physical chemistry sectors.

Directors of the company (capital Bf.100,000) will be Messrs. J. Roegiers, J. Trempont, J. Servin and A. Rassinfosse and control of the firm is in the hands of the founder, the Societe Generale of Belgique group and its subsidiary, Coopal et Cie, Poudreries Royale de Wetteren SA, Woluwe-St-Pierre (see No 428).

** L'UNION CHIMIQUE-CHEMISCHE BEDRIJVEN SA - UCB (see No 457) of St-Gilles, Brussels has formed two new companies. The first called VEDIM (capital Bf 5 m.) will be involved in the research and development, as well as the manufacture, packing and sale of all types of chemical and pharmaceutical products, medical and surgical instruments. The other company (capital Bf 5 m.) has a similar purpose, but is also backed by the Swiss firm Protochemie.

One of UCB's most recent moves was the formation of Econo Therm SA (capital Bf 1.25 m) as a 50-50 venture with the Oklahoma, Econo-Therm Corp (petrochemical and mining equipment supplies). Their subsidiary will supply material to European refineries and allied industries.

** SYBETRA-SYNDICAT BELGE D'ENTREPRISES A L'ETRANGER SA (see No 451) a member of the SOCIETE GENERALE DE BELGIQUE group (see No 459) is negotiating the construction in Venezuela of two fertiliser plants. Each is expected to have a capital of $14 million backed by semi-State organisations, and to begin with they will be able to make 1,000 tons of ammoniac daily, a figure comparable to that for an existing Sybetra plant in Rumania. It is also possible that a later date Sybetra will organise the construction of a uric acid plant. Apart from the Belgian concern, British, French and West German firms are expected to take part in building the two ammoniac plants.

One of Sybetra's recent moves was to link with 12 other Belgian firms to form the Brussels co-operative Ste de Services & D'Echanges Avec Les Pays de L'Est-SOCSER SC, (initial capital Bf. 3.5 m - see No 451) to increase trade with the countries of Eastern Europe. Other founders were Socotroisem-Ste Commerciale des Mines Minerais SA (see No 451), Union Chimique-UCB (see above), La Brugeoise & Nivelles Sait Electronics SA and Intertropical Comfina SA (for all three see No 451).

COSMETICS

** AVON COSMETICS FRANCE SA, Liancourt, Oise, French subsidiary of the New York cosmetics group AVON PRODUCTS INC (see No 408), is to build a factory on a 5-acre site at l'Isle-sur-la-Sorgue, Vaucluse, to produce beauty preparations, in addition to a factory already planned for the industrial estate at Rantigny, in the same department. Avon already has a distribution subsidiary in Paris, whilst its main Common Market manufacturing interests are centred, as from early 1967, at Olgnate Cosmaco, Lombardy, in a factory run by its Italian subsidiary, Avon Cosmetics SpA, Milan (see No 398). The group's other main European interests are its British manufacturing subsidiary, Avon Cosmetics Ltd, Northampton, and others in Bornem and St-Josse-ten-Noode, Belgium, and Munich, Eching and Vienna.

ELECTRICAL ENGINEERING

** The Belgian E.M.G.O. - EUROPESE MAATSCHAPPIJ VOOR DE FABRICAGE EN DE VERKOOP VAN GLOEILAMPONDERDELEN NV, Lommel, originally formed in 1965 as the wholly-owned subsidiary of the Dutch PHILIPS NV, Eindhoven group (see No 294), and which raised its capital in 1966 to finance a new electric light bulb making plant (see No 381), has now raised its capital again from Bf 100 to 250 million. The French Claude, Paz & Vissieux SA (now called Claude SA - see No 447), has not in fact contributed again to this operation, which involves, roughly in the ratio 6-1-6, OSRAM GmbH, Berlin, and the French CIE DES LAMPES SA, Paris (see No 409), which both subscribed to E.M.G.O.'s last capital increase, and a number of subsidiaries of the Philips group, the original parent company.

** An agreement has been concluded between GULTON INDUSTRIES INC., Metuchen, New Jersey and FABRICA ITALIANA MAGNETI MARELLI SpA, Milan (see No 461) granting the latter (a member of the Fiat SpA group of Turin) access to patents and technology belonging to the American group in the electrical and electronic materials and equipment sector for electrically powered vehicles.

Represented in Europe by a subsidiary in Britain, Gulton Industries (Britain) Ltd of Brighton, Sussex, Gulton Industries went into association at the end of 1967 with American Motors Corp. of Detroit (see No 442) in order to develop the 'Amitron' car, a three-seater powered by a lithium battery; the prototype version of this car will be tested at the end of this year. At the beginning of 1961, the company concluded an agreement with the French group, SCHNEIDER RADIO TELEVISION SA, Ivry-sur-Seine, Val-de-Marne (see No 429) by which a joint subsidiary, Gulton Schneider SA was formed in Paris.

** S.E.L. - STANDARD ELEKTRIK LORENZ AG, Stuttgart, (see No 453), West German member of the New York I.T.T. - INTERNATIONAL TELEPHONE & TELEGRAPH CORP group (see No 459), has secured contracts totalling Dm 44 million for work in Rumania, Bulgaria and the U.S.S.R. In Rumania, it is to build a factory, probably near Bucharest, to produce black-and-white TV tubes, and it will also assist with work on the modernisation of the railway system.

Bulgaria has ordered telephone equipment from the Stuttgart firm, from which it has further received a manufacturing licence for this, while the Russian order is for teletype equipment.

ELECTRONICS

** Further to its cooperation agreement (see No 448 with the German electronics concern SIEMAG FEINMECHANISCHE WERKE GmbH, Eiserfeld, in which it holds an indirect 40% interest, through Alldelphi - Allgemeine Deutsche Philips Industrie GmbH, Hamburg, the Dutch PHILIPS GLOEILAMPENFABRIEKEN NV, Eindhoven, is opening a branch in Antwerp to sell, service and supply software for Siemag "Data 4000" and "Data 8000" computers. Philips is currently reorganising its Belgian interests, and its two most recent moves have been to join the SETIS space consortium, based in Courbevoie, Hauts-de-Seine (see No 441) through its Belgian subsidiary M.B.L.E., Brussels, and to link with A.C.E.C. (see No 446) of the Empain group in the pooling of their electrical heating interests. Siemag has one foreign subsidiary, Wean-Damiron SA, France.

** SYMA ITALIANA ELETTRONICA Srl (capital Lire 475,000) has been set up in Milan with M. Clement Levy as managing director, in order to represent and sell in Italy electronic equipment and accessories produced or supplied by the French company SYMA SA, Aubervilliers.

A member of the LEBON & CIE SA group (see No 447) through Radio Belvu SA, Malakoff (see No 409), and Ste de Participation Aux Techniques Nouvelles - Sopten SA (which controls the company). The latter specialises in radio aerials, car radios and electronic equipment. Its expansion abroad is being looked after by Syma International SA, Brussels, a Belgo-Italian company formed in 1966 with Messrs. C. Levy, Ixelles, A. Cabrossi, Milan, and E. Mizzahi, Milan, on the board.

** The ING. C.L. OLIVETTI EN CO. SpA group of Ivrea (see No 460) has rationalised its interests in the electric and electronic component sector. It has closed down one of its subsidiaries, ARIEL-APPLICAZIONE E RICHERCHE ELTTRONICHE SpA, Milan (see No 391) and appointed Sig. R.M. Jona as liquidator.

Ariel-Applicazione was formed at the end of 1966 with an authorised capital of Lire 200 million and with Sig. Dino Olivetti and the holding company, Etablissement Onida, Vaduz as principle shareholders. The Vaduz company has holdings in a number of companies within the group, notably in D. Olivetti SpA, recently set up in Aprila and Ceres SpA of Cornaredo, Milan.

** The Dutch group, NV PHILIPS' GLOEILAMPENFABRIEKEN, EINDHOVEN has rationalised its indirect interests in Italy. PYE ELECTRONICS SpA. Inverigo has absorbed ECKOVISION ITALIANA SpA, Milan (capital Lire 150 m. - see No 385).

Pye Electronics (formerly of Milan, where it still maintains a laboratory) belongs to Philips NV's subsidiary in the United Kingdom, Pye Holdings Ltd. (formerly Philips Electronic Holding Ltd.) and produces radio, television, and telecommunications equipment. Eckovision Italiana specialises in sound recording equipment, televisions and car radios.

** The Dutch industrialist, Mr. Anton Parie of Cappelle-aan-de-Yssel has formed PARIE ORGELS NV in Brussels with Bf 250,000 capital to sell electronic and precision equipment. Two Rotterdam concerns, PARIE ORGELS NV and PARVACK NV have taken token shareholdings in the new company.

** M.D.S. - MOHAWK DATA SCIENCES CORP, Herkimer, New York (see No 438), subsidiary of the Encino, Los Angeles group INTERCONTINENTAL SYSTEMS INC (see No 420) has raised the capital of its Forest-Brussels subsidiary MDS BENELUX SA from Bf 2.5 to 7.5 million. The capital was subscribed directly by the group's international administration company, MDS INTERNATIONAL INC.

The Belgian subsidiary was formed in July 1967, shortly after the formation at St-Maur, Val-de-Marne of MDS France SA (capital F 100,000) directly by Intercontinental System. Late last year also was formed in Italy MDS Italia SpA, Rome (capital Lire 62 m.). The group also has MDS subsidiaries in Germany, Switzerland, Monaco and Britain, in association with Automatic Input Systems Ltd, Croydon.

ENGINEERING & METAL

** The Italiam machine tools maker OFFICINE MECCANICHE CERUTI SpA, Bollate, Milan (milling and rebating devices - see No 411) has made an agreement with ROCKWELL MACHINE TOOL CO. LTD, London (see No 439), whereby the latter will become the Italian company's exclusive agent in Britain.

Ceruti is a member of the MONTECATINI-EDISON SpA group of Milan, while the British firm (which until now distributed the machine tools of the American, Giddings & Lewis Machine Tool Co - see No 423) is a member of the group, COVENTRY GAUGE CO LTD, Coventry, Warwicks.

** The German GOTTHOLD HAFFNER GmbH, Oetisheim, Württemberg (woodworking plant etc) has formed a French sales subsidiary under the name of HAFFNER FRANCE Sarl, Schweighouse-sur-la-Moder, Bas-Rhin (capital F 50,000).

** The Belgian group MINES & FONDERIES DE ZINC DE LA VIEILLE MONTAGNE SA, Angleur (see No 439), has taken a 19.5% holding in the engineering company STE GENIE METALLURGIQUE & CHIMIQUE-MECHIM SA, Brussels (see No 451), at the same time increasing its capital to Bf 63 million. This move has opened the way for UNION MINIERE SA (which holds some 6.2% in Vieille Montagne) to increase its holding gained in 1967 to a similar 19.6%. Mechin has general business interests throughout the world, in particular as a supplier of "Turnkey" factories in the refining and non-ferrous metal processing sectors. It has been under the control, (at some 26.2% each - holdings now lowered to 19.6%) by Metallurgie Hoboken SA, Ste Generale des Minerais SA and Cie des Metaux d'Overpelt-Lommel & de Corphalie SA - all these members of the Societe Generale de Belgique SA group), the balance being held in particular by Union Miniere and by Sofichim SA, Brussels (4.7% - see No 361). The last named is controlled by Union Miniere SA (50%) and Metallurgie Hoboken SA (25%).

** FARREL (INTERNATIONAL) NV Amsterdam (see No 393), Dutch subsidiary of the Ausonia, Connecticut group FARREL CORP (heavy engineering and plant for the rail, rubber and sugar refining sectors), and in charge of its Common Market commercial and promotional interests, has opened a Belgian branch at Grivegnee, Liege. The group has subsidiaries in Paris (manufacturing), Frankfurt, Milan and Castillanza, Como, Italy.

ENGINEERING & METAL

** Having recently gained control (see No 461) of the Belgian metal company CHAUDRONNERIE A.F. SMULDERS SA, Grace Berleur, Liege, the British engineering company BABCOCK & WILCOX LTD, London, has changed the name of its subsidiary SA BABCOCK-SMULDERS, St Josse-ten-Noode, to STE BELGE BABCOCK & WILCOX SA, and at the same time moved its headquarters to Grace Berleur.

** NATIONAL STANDARD DE FRANCE SA, Chambery, Haute Savoie, French subsidiary of the American NATIONAL STANDARD CO. Niles, Michigan, has signed a contract with the Soviet authorities for the sale of filtration equipment for the new FIAT assembly plant being built at Togliatti near Moscow (see Studies and Trends). The company will in fact supply one of the biggest ever machine tool cutting oil filtration plants. National Standard's two other main European subsidiaries, in association with the Arbed group of Luxembourg (Acieries Reunies de Burbach-Eich-Dudelange SA - see No 459) carry the Felten & Guillaume name, and are in West Germany and Luxembourg.

** ROCKWELL MANUFACTURING CO, Pittsburgh, Pennsylvania, (machine tools for wood and metal-working, powered hand tools, synthetics and metals etc - see No 393), whose Munich subsidiary ROCKWELL GmbH (capital Dm 13 m.) already runs an electric motor factory at Pinnberg, and which has branches in Brussels and Zurich (see No 391) is to build a power tool factory at Kaufering in Bavaria. The project requires the investment of Dm 6 million, and eventually the plant will employ 1,000 people. The move to Kaufering was made necessary by the impossibility of expanding further at Pinnberg. Market research has shown that the scope for expansion in the market for "do it yourself" power tools in Germany is considerable. There is no direct connection between Rockwell Manufacturing and Rockwell, the Coventry Gauge subsidiary (see this issue).

The Pittsburgh company has a number of subsidiaries in Europe, many under the name of "Audco", and sited in Austria, Belgium, France, Germany, Italy, the Netherlands and Switzerland.

** The Hounslow, Middlesex group, HESTAIR LTD,. through Hestair Sherpa (Managing Director J.N. Quinnen - mechanical and materials-handling equipment) has signed a manufacturing agreement with ETS BLEREAU SA Cenon, which has been making and selling its fork-lift trucks in France and Switzerland for two years. Under the agreement, Hestair Sherpa will begin to construct the full range of Blereau's "Peg" micro-fork trucks at its Southall factory.

** KABELMETAL, the Hamburg subsidiary of the Nuremberg metallurgical group GUTEHOFFNUNGSHUETTE AKTIENVEREIN (see No 454), which with a payroll of 71,560 had a turnover in 1966-7 of about Dm 4,200 million, has made an agreement with the Soviet authorities whereby Russian factories will be permitted to produce cables by the "Universal Wellmantel-Maschinen-Uniwema" process. The value to Kabelmetal of the release of this licence will be between Dm 4 and 6 million for the ten years covered by the agreement. This is the company's 39th licensing agreement with a foreign concern since 1952, In return for the licence, the idea has been mooted of Kabelmetal receiving a licence to draw wire of a new type, the precise nature of which has yet to be disclosed, but which is believed to be worth ten times its own weight in gold.

** ANC. ETS. CHARLES BERTHIEZ SA, Paris and Givors, Rhone (see No 278) and CIE NORMANDE DE MECHANIQUE DE PRECISION - C.N.M.P. SA, Gonfreville-l'Orcher, Seine Maritime, will soon be involved in a rationalisation scheme within the French machine tools industry, with the latter (formerly Snecma Normandie SA) absorbing the former.

With M.G. Depallens as president and M.G.J. Vallas as managing director, C.N.M.P. (capital F 15.75 million) specialises in precision machine tools, aeronautical engineering and belongs to the SNECMA SA, Paris, group (see No 455) control of which is shared by the state and United Aircraft Corp, with holdings of 89.1 % and 10.9 % respectively. Berthiez, a producer of heavy machinery, vertical lathes, groovers, milling machines and scorers, has a capital of F 4.6 million, held by CIE DES FORGES & ACIERIES DE LA MARINE, DE FIRMINY & DE SAINT ETIENNE SA (see No 439), and STE MINIERE & METALLURGIQUE DU PERIGORD SA (a member of the Cie de Pont-a-Mousson SA group - see No 417), 60.7 % and 29.6 % respectively.

** The French manufacturer of capital equipment (treatment, drying, filtering and heat storage) and mechanical installations (heating, ventilation and plumbing, etc.) TUNZINI AMELIORAIR SA (see No 461) has decided to close down its Milan subsidiary TUNZINI ITALIANA SpA, as part of its European restructuring plan. Formed in 1959, the latter company will be liquidated by Sig. V.I. Salvi.

** An agreement has been concluded between the Italian precision engineering company, SAVARA SpA Turin and the Yugoslav company, FRAD, Aleksinac by which the latter has been granted a licence and technical aid for the production of filters for internal combustion engines. (masques: "Axomicron" and "Micrometal").

Directed by Sig. Marco Notte, Savara, produces a range of other accessories for engines at its factories in Beinasco and Moncaliere; these include, thermostatic valves and 'Axopump' pumps for fuels, 'Axovalv' heating system taps for motor cars etc.

FINANCE

** BANQUE INTRA SA, Geneva, formerly the affiliate of the INTRA BANK, Beirut, but not involved in the recent bankruptcy of the latter (see Nos 380 and 425) has been taken over and re-opened as a subsidiary bank by KLEINWORT, BENSON LTD, the London merchant bank (see No 437), after negotiations initiated in December 1967. The London bank's interest in the Sf 20 million capital of Banque Intra now stands at 91.5%, the Sf 500 shares having been purchased at Sf 410 each. Kleinwort, Benson's last major move in the Community was to centre its EEC activities in Brussels in 1964 (see No 275). In the present operation, Kleinwort is following the example of a number of London merchant banks that have set up in Switzerland recently - Hill, Samuel & Co Ltd (see No 459); S.G. Warburg (see No 448); Samuel Montagu & Co Ltd (see No 430) and Schroder Wagg & Co Ltd (see No 399).

FOOD AND DRINK

** The take-over of the French biscotte manufacturer ETS BROSSARD SA, St Jean d'Angely, Charente-Maritime which has been envisaged since 1967 (see No 419) by the American food group PILLSBURY CO, Minneapolis, Minnesota has now been given the go-ahead by the French government.

Brossard, which has over 400 persons on its payroll in two factories, controls just 3.5% of the biscotte market in France; Georges L.A. Brossard will remain as manager, whilst the company will become a division of Ste des Ets. Gringoire SA, Pithiviers, Loiret (acquired by the American group in 1961). The new grouping thus formed will have an annual turnover of around F. 190 million and control some 10% of the French biscuit market, putting it on the same level as Biscuits Belin SA, Chateau-Thierry, Aisne (part of the National Biscuit Co-Nabisco, New York). Brossard specialises in egg-biscuit manufacture, whilst Gringoire makes 20% of its biscuit turnover from snacks and dried biscuits, 14% from gaufrettes, 12% from manufactured pastries and 8% fromspiced bread. Pillsbury's other European interests include the Belgian, Ste Nouvelle des Ets Gringoire, plus subsidiaries in West Germany (three), and in Switzerland (two).

INSURANCE

** An agreement has been made between the French company CIE GENERAL D'ASSURANCES RHIN & MOSELLE SA, Strasbourg (see No 316) and UNION EUROPEENNE POUR L'ASSURANCE & LA REASSURANCE SA - UNIREAS, Brussels (see No 451). This agreement gives the latter the Belgian representation rights of the former's "specific risks", but excluding maritime, motor and industrial insurance. Directed by Messrs. Leonet, Rhin & Moselle (capital F 8.7 million) made an agreement some months ago with several private insurance companies (in particular the LE SECOURS SA group and LE LANGUEDOC SA, Paris, directed respectively by Messrs. R. Gaillochet and P. Nolla, to co-ordinate and harmonise their policies in the technical, administrative, commercial and financial sectors whilst each company retains its own personality and independence.

OIL, GAS & PETROCHEMICALS

** SOPI MINERAL-PRODUKTE GmbH, a wholly-owned subsidiary of the American CONTINENTAL OIL CO, Houston, Texas (see No 451) which already controls 180 filling stations in West Germany is to take over another 18 until now controlled by ALLGUTH MINERALOELE AG.

Sopi (capital Dm 1 m. - turnover around Dm 20 m.) is one of Continental Oil's nineteen European interests, including direct subsidiaries in all EEC and most EFTA countries: there are some seven German interests in all.

** The GULF OIL CORP, Pittsburgh, Pennsylavania (- over 35 European subsidiaries see No 440) which has recently been carrying out a reshaping of its Italian interests, has made another move to boost its stake there. It's subsidiary GULF ITALIANA SpA, Rome (headed by M. L. Buday) has bought up the retail sales outlets of the MARATHON OIL CO, Findlay, Ohio (see No 417) which the latter has controlled since 1964. Gulf Italiana already controls some 730 outlets(1967 sales of Lire 32,000 m.), whilst Marathon has 1,127 (1967 sales of Lire 40,000 m.): Gulf Italiana recently linked with the Fiat SpA group, Turin for off-shore drilling in the Adriatic.

Marathon which is in the process of nationalising its European interests in order to help with expansion in the United States, is also holding talks with an undisclosed buyer for its West German filling stations. Numbering 80, these are based in the Saar and were acquired during 1965 with the aim of extending them at a later date. Apart from its subsidiaries in Italy and West Germany, it has others in Eire, Luxembourg, Spain and Switzerland.

** NAFTA (B) SA (see No 438), the Soviet controlled oil company has been granted a 60 year renewable lease on $62\frac{1}{2}$ acres of Antwerp dockland; the land will be used for oil storage and for berthing. NAFTA is to import refined oil from the USSR but later it will turn to importing crude oil for refining in Belgium. To this end the company is said to be seeking refining facilities in the country, in particular at the Antwerp Albatross refinery which is controlled by British (BURMAH OIL CO LTD, Glasgow - see No 457) French, Swiss and Belgian interests.

NAFTA (capital Bf 3 m.) is owned 60% by the Soviet Export Organisation and 40% by the two Antwerp companies, Handelmij. Antoine Vloeberghs Ing. & Stevedoring Co. SA (a member of the Worms & Cie, Paris group - see No 309) and Belgian Bunkering. The latter has been linked since January 1966 on an equal basis with Agence Maritime Belgo-Danoise SA, Antwerp with Belgo-Danish Port Terminal NV (capital Bf 5 m.).

** M. Zimmer, the head of the Belgian company AMOCO CHEMICALS BELGIUM SA, 100% subsidiary of the Chicago group STANDARD OIL OF INDIANA (see No 444) has announced that his company's new plant at Geel is to be built by FERGUSON-AUXELTRA. This will have an annual production of 100,000 ton of Amoco DMT and of Amoco PTA, both used as raw materials in the manufacture of polyester fibres and films. The plant is due to be ready in the spring of 1969.

As a result of this move, Amoco Belgium has decided to raise its capital from Bf 200,000 to Bf 315 m. This has been backed by Amoco International Limited, Hamilton, Bermuda. Other Standard Oil companies in Europe are Amoco-Fina SA, Belgium, Rheinische Mineralöl-Handelgesllschaft GmbH, Amoco Netherlands Petroleum, Amoco Oil Holdings, Luxembourg, Amoco International SA and Mittelland Raffinerie AG, both in Switzerland.

SHIPBUILDING

** CHANTIERS NAVALS DE LA CIOTAT SA, La Ciotat, Bouches-du-Rhone (payroll 4,370; turnover F 334 m.; headed by M. Roger Bordat - see No 380) has, through the offices of EUROFINANCE Sarl (see No 460), which promotes such moves, formed a subsidiary jointly with the fire-fighting equipment concern BIRO FILS, St Denis, Seine-St-Denis. This forms part of La Coitat's bid to reconvert the shipyards it took over in May 1966 at Le Trait, Seine-Maritime.

As far as Biro Fils is concerned, it now has access, through the new subsidiary, BIRO SA (president M. Paul Biro) to the industrial and commercial means of La Ciotat. Its own premises at St Denis being inadquate, it will now pursue its expansion programme at the Le Trait site, and this lends scope for future concentration in the industry, by the admission of similar companies to the venture, probably again at the instigation of Eurofinance.

SHIPPING

** HOLLANDSCHE STOOMBOOT MIJ. NV. the Dutch steamship company (a member of the Nederlandsche Scheepvaart Unie NV group, - see No 437 through Stoomvaart Maatschappij "Nederland" NV) is to introduce a new container service link between the port of Felixstowe in Suffolk and Amsterdam next month.

Felixstowe, situated near the Stour-Orwell estuary north of Harwich, is the only deep water port between the Thames and the Humber and is well situated to serve both the Midlands industrial area and the London area. Recent development has provided it with facilities to handle oil and other bulk cargoes, roll-on and roll-off ferries as well as containers.

TELECOMMUNICATIONS

** The London group SHIPTON AUTOMATION LTD (automation, telephones and time mechanisms), the main foreign activities of which are based in Canada and the USA, has made an agreement in principle whereby it will take over the French telephone rental concern, PHONOCO - CIE FRANCAISE DE LOCATION TELEPHONIQUE SA. The transaction will involve the sum of £2.2 million, to be paid in the form of shares and assets.

** The recently proposed link-up between the Berlin and Frankfurt electrical group AEG-TELEFUNKEN (see No 462) and the Frankfurt telecommunications and electronics concern TELEFONBAU- & NORMELZEIT LEHNER & CO KG (see No 432) is now to be implemented. AEG - Telefunken (capital Dm 459.9 m., and a minority interest of General Electric Co, New York) employs some 140,000 people for a Dm 4,400 million turnover (1966), while Telefonbau Lehner (capital Dm 36 m. and a 42% interest of the THYSSEN group, with minority interests held by the Fuld family and the Lehner group), with 13,000 people on its payroll, had a turnover in 1967 of Dm 490 million.

Under the new agreement, AEG - Telefunken will increase its holding in the Frankfurt firm over a period of 25 years, reaching a majority interest level within 15 years. The move will take the form of a cash transaction, for a sum not disclosed, and there will be no exchange of shares between the groups.

TEXTILES

** Directed by M. Rodolphe Ritter, TEXTILE DELCER SA, St-Quentin, Aisne, has gained control of the former weaving firm COTARIEL SA, Maris (formerly Cotonniere de Saint Quentin SA), which was reorganised in 1962 into a raincoat manufacturing company, and which has several factories, in particular one at Chaune, Aisne.

Textile Delcer, which will be represented on the board of Cotariel by MM. R. Ritter, G. Groebli, the managing director of the weaving firm Tisca Sar., St Souplet Nord, and Pelletier (president) specialises in its factories at Saint Quentin and Elincourt, Nord, in the manufacture of knitteds. In particular, the group controls Cerachel Sarl, St Quentin (formerly Eurachel Sarl) and Legrand de Lyon Sarl, Villeurbanne, Rhone. It has ties with the Swiss company Walter Textile, and with the West German company Cambo Textilfabrik & Handels - GmbH, Sprendlingen Kr. Offenbach.

** The West German yarn producing concerns, SPINNEREI NEUHOFF, HOHF & ZIMMERMANN, SPINNEREI MEISENHEIM, Meisenheim, and SPINNEREI & WEBEREI ARTEN, which have been co-operating for some time, have decided to pool their promotional, sales and production interests with the formation of three companies. These are called SYNTRIC GmbH, SYNTRIC VERKAUFS GmbH and SYNTRIC PRODUKTIONS GmbH, taking their names from the "syntric" synthetic fibre produced by all the companies concerned, and which accounted for Dm 25 million of the 85 million consolidated turnover for all five mills in 1967.

TRADE

** OVERSEAS MARKETING CORP LTD - O.M.C., London, a company set up in November 1967 with a capital of £500,000, and with an 80% state holding, to help small and middle-sized U.K. companies to develop their exports, is planning to set up branches in West Germany and in France. These new branches will specialise in the sale of electronic equipment in West Germany and agricultural machinery in France.

INDEX OF MAIN COMPANIES NAMED