Opera Mundi EUROPE

A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

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THE WEEK IN THE COMMUNITY

June 12 - June 18, 1967

THE COMMON MARKET

Focus on the Grand Trianon

With little of great importance happening last week in the Commission or on the EEC ministerial front, Community observers have obviously been mainly concerned with the Wilson-de Gaulle talks at the Grand Trianon Palace in the grounds of Versailles, on Monday and Tuesday, June 19 and 20. As was expected, Mr Wilson "would not want to suggest that he (General de Gaulle) is more enthusiastic about British entry than he has been at any other time", but the talks were claimed by the Prime Minister to have been a "most useful and wide-ranging exchange of views". On the face of it, with the French President unwilling, as a non-devotee of the nuclear test-ban treaty, to make any open statements about the Chinese H-bomb explosion, and unready, as regards the Middle East crisis, to align his country too closely with one that has been accused of some sort of complicity with Israel, nothing very specific was, or could have been expected to be achieved on the international situation. There were the usual undertakings for efforts to be made, and reasonable solutions to be sought in common, of course, but a frustrating air of vagueness seems to hang over the outcome of the discussions. It would seem that "posture" has become very much the operative word in international diplomacy of late, and not least when it comes to a meeting of the British and French leaders.

It was much the same story when it came down to discussion of Britain's position vis-a-vis the Common Market: French observers are insisting that the talks achieved little or nothing, while Mr Wilson, in reporting back to the House of Commons, has been at pains at least to give the impression that the "momentum is being sustained", this being his tactic for the British entry campaign. His "posture" - he used the word on various occasions in the House on June 20, can, of course, be summed up in his avowed determination for Britain not to take "no" for an answer on this issue, while de Gaulle has moved not one jot from his stand of not offering "no" for an answer.

Meanwhile, the machinery of diplomacy continues to tick over: Britain scored a success at the WEU Assembly last week (see below), achieving almost unanimous support for her candidature, and the failure of the EEC to reach a common stand over the Middle East crisis must inevitably add weight to the political argument for enlarging the Community. For France, the tactics seem to remain negative - just how negative, we shall see when the Council of Ministers meets next week, on which occasion the question of opening negotiations with Britain must be raised. The crux of the matter here is with what degree of insistence France will try to delay the issue: there is undoubtedly, at the present time, a growing pressure from her fellow members to get talks under way, and Wilson made a point in his talks with de Gaulle of pressing for some sort of contact between top-level British representatives and Brussels, to "answer the difficulties" presented by the British candidature to the Community at large (he claims to have done this with de Gaulle at the Trianon meetings).

By way, perhaps, of anticipating French tactics, Mr Wilson has stressed that in his view the real crux of the problem lies not in the principle of British membership of the EEC, but in the timing of this, and this can only mean that the real outcome to Britain's approaches will lie in a diplomatic "battle of postures", to coin a phrase: will French inertia prove strong enough to ensure that British momentum eventually loses its force, or is the cause now gathering enough strength, boosted by increasing political arguments for British membership, to be sure of some real breakthrough in the coming weeks? Mr Wilson's assertion that "we ought to know where we stand by Christmas" can hardly fail to be realised: too many issues inside the Community now hinge upon the British question for the candidature to remain in doubt for much longer - without an answer in the near future, the EEC could well be faced with a "crisis of orientation".

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IMF - Group of Ten Meeting Inconclusive

The final joint meeting of the IMF and the Group of Ten is taking place in Paris this week, and the search for a compromise scheme which would create more drawing rights for IMF member countries still goes on. Unless some unexpectedly good progress is made, however, it still seems that the chance for any reform is more than doubtful, and in any case major changes will require political decisions. If these have to be taken they will probably be dealt with by the Group of Ten during their London meeting in July.

The problem involves the French on one side and the Americans on the other, with Britain and the other Common Market countries between these two, but tending to support their partners in differing degrees. British support for the US view is strong, whilst the attitude of the Five towards France seems to vary, being much stronger just after meetings, when the French make a great play of Community solidarity. After the Munich meeting, however, it became apparent that the French tactics had not been as successful as they made out, and the Dutch and Italians were strongly opposed to their ideas. Even the German support could only be described as polite, as shortly afterwards the Bonn Government stated it would continue its practice of not converting dollars into gold.

The Americans, supported by Britain, would like to see the creation of new drawing rights on the IMF, to increase world liquidity, whilst France wants any such rights to be subject to tight control by the IMF. The French would also like to see an EEC blocking vote in IMF meetings, either by making an 85% majority necessary for major decisions - at present the total EEC vote is 16.34% - or by increasing their voting power to 20%. The US may be moving towards a more flexible position on new drawing rights, but the conditions governing their use are still more than uncertain, since France is unable to count on support for all her proposals from the other Five. The way for a compromise is therefore open, provided the political will to do so exists. Little progress is likely to be made in Paris, although some technical details may be agreed. It will be left to the Ministers to take the necessary decisions in London, after the meeting of the Common Market Finance Ministers on July 6.

INTERNAL BUSINESS

The EEC Economy: Expectant

The most recent economic reports by the Common Market Commission seem to confirm that business activity in the Community has been virtually stagnant during the past few months. Industrial production still seems to be weak in most of the Six, although in Italy it is still improving, and Italian management expects this trend to continue, whilst in West Germany the downward trend in orders appears to have been halted, and an upswing is expected in the latter half of the year.

Unemployment: This still seems to be on the increase, whilst the number of unfilled vacancies is falling, but this is considered normal when a period of economic stagnation is drawing to a close. In West Germany, although the unemployment figure is still high, the number of those out of work does appear to be rising at a much slower rate. The trend in the Community at large may be attributable to structural weakness, rather than to the business situation as such.

Wages: During the first quarter, these continued to rise at a slow but steady pace, although in West Germany there was hardly any increase at all over the previous quarter. In Belgium and the Netherlands, because of the operation of wage agreements, the increase was greater than the economic situation seemed to indicate, and in Italy wage rises appear to be increasing in momentum.

Wholesale Prices: These remained stable throughout the Six, due to a decline in world market prices for raw materials and semi-finished products. Agricultural prices rose only slightly and fell in a number of cases, whilst industrial prices appear to have made little progress and may even have dropped, due to the weakness of demand.

Retail sales: These rose only slightly and although there was an increase in France and Italy, in the other members of the Six this was much less marked. In fact there seems to be a widespread impression that a larger part of the consumer's purchasing power than before has been finding its way into the service sector.

Trade Balance: The Community's balance of visible trade continued to increase during early spring, and it seems that compared with the same period last year this may be on average $400 million higher. In West Germany surpluses on trade, although high, are not increasing as rapidly as before, and this is due to higher exports rather than lower imports. In France and Italy imports have slackened but have been matched by higher exports. It is felt that the removal of the UK's import surcharge may have had some affect on the overall position. In general, imports throughout the Community have fallen off and were below the same period for last year, and this can be attributed to the slowing-down in expansion of the Common Market's economy as a whole.

Despite this picture of the Common Market's economy, a recent report by the heads of firms within the EEC seems to indicate that they expect production to pick up.

The Commission, for its part, considers that the economic situation will not deteriorate any more, since production assessments tend to change some time before it is reflected in order books.

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TRANSPORT POLICY

The Public Service Concept

The Commission recently laid before the Council a proposed regulation dealing with the concept of public service in transport, since Government intervention in this sphere is one of the principal causes of distortion. The new move will aim at harmonizing provisions regarding competition in the transport market. Although this concept should only be used to help transport services maintain an adequate service, exceptions may be made in the case of special rates and conditions for certain classes of passenger. But such adjustments on social grounds must be made by uniform Community methods.

The Commission's proposal recognises that member States will need time to examine and remove non-essential public service obligations. The time-limit set for this is December 31, 1972.

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AGRICULTURE

Preserving Sugar

A proposed regulation on trade arrangements for processed fruit and vegetable producers has just been submitted to the Council by the Commission, as the common market organisation for sugar comes into effect on July 1. Two groups of products are dealt with. The first consists of fruit and parts of plants preserved with sugar, as well as those which contain added sugar. The other involves other preparations of fruit and vegetables.

Up to June 30, 1968 a small import levy may be charged on products involved in intra-Community trade. If necessary this may be increased to cover the difference between sugar prices in the member states concerned, but a single sugar price will be in force from July 1, 1968.

Common arrangements have had to be made for the import of these goods from third countries. These will be subject to the CET-Common External Tariff as from July 1, 1968, and a "sugar" component charged. Community producers will be helped in their fight against outside competition as provision has been made for the possible refund of the "sugar" component on exports to third countries; such refunds will only be granted for intra-Community trade up to June 30, 1968.

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Cutting the Risk from Dangerous Substances

The Council recently adopted a directive aimed at the approximation of laws and regulations dealing with the classification, labelling and packaging of dangerous substances. This is the first directive in its field and sets out to fulfill two of the Rome Treaty's objectives: to protect both the life and health of the population, as well as that of persons who have to handle such substances; and to achieve freedom of movement for dangerous substances.

The directive classifies these substances by type of risk. General rules on packaging and labelling are laid down, and warning signs as well as instructions for their use are given. The directive will come into force 30 months after being published in the official gazette. As technical progress and new knowledge may indicate the need for changes in the directive, the Council has asked the Commission to carry out a periodic review.

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Control over Advertising Branded Pharmaceuticals

A fourth draft directive aimed at the approximation of laws and regulations governing branded pharmaceuticals advertising and information literature has been submitted to the EEC Council by the Commission. The aim of the proposal is the establishment of a Common Market for these products. It sets out to protect public health against objectionalbe methods of advertising pharmaceuticals, whilst avoiding the creation of obstacles to trade or the distortion of competition. The general principle is that no publicity for such pharmaceuticals which is inexact or impossible to verify should be allowed.

Previous directives: The first directive in this sphere laid down unified principles for the marketing and labelling of these products. The second directive dealt with the detailed application of the controls to be carried out by the manufacturer and the examination of applications for permission to market the products. Materials permitted for colouring pharmaceuticals were listed in the third directive submitted to the Council last year.

Removal of barriers to Community trade: The idea behind the approximation of legal regulations governing pharmaceuticals is that the removal of import restrictions would be insufficient if different controls were maintained by member states, as these might distort competition within the Community's pharmaceuticals industry. These distortions include different advertising methods in the six countries. A Common Market presupposes not only free trade and undistorted competition, but also a substantially uniform advertising approach to the consumer.

Specialist and public advertising: As far as specialist advertising is concerned, it is proposed that detailed information concerning the manufacture of the drug, its use and composition, should be made available. When dealing with the general public, it is considered that advertising should not be allowed to make claims for dealing with particularly serious illnesses or for drugs which require a prescription. Public promotion should be forbidden by member states where: 1) it might induce a sort of anxiety psychosis; 2) it conceals its commercial aim; 3) it is directed to all intents and purposes to people under 18; 4) it is linked to material advantages.

Control of competition: Lastly, the proposal sets out to achieve an approximation of the different laws governing competition. Some member states require prior approval for all public promotion of all pharmaceuticals, whilst in others supervision takes place afterwards. The Commission does not propose prior approval, but provides for an obligation to submit advertising material for examination and the possibility of prohibition.

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EXTERNAL AFFAIRS

WEU: More Power to Britain's Elbow

The British delegation to the Western European Union Assembly, which groups representatives from Britain and the Six, did some successful canvassing in the country's "EEC election campaign" on June 14, when the assembly carried by 55 votes (none against; six abstentions, all Gaullist) a motion proposed by Maurice Edelman, MP for Coventry North, that the WEU should give "full support for British membership".

This is the first time that the British suit has been submitted to an organisation outside those immediately concerned with the problem, and although in the end members did not go as far as calling on member governments of the Six to support the British candidature, the predominant feature of the debate was the consistent opposition of the Five to the series of "wrecking amendments" put up by the French, the effect of which would have been to drain the motion of all substance.

The main speakers for Britain were Lord Gladwyn, champion for the "European idea" in Britain, Mr Edelman, Sir Alec Douglas Home and Mr Duncan Sandys.

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Britain and the Six:Political Support for Europe

At its meeting in Brussels on June 15, the Action Committe for a United States of Europe which is headed by M. Jean Monnet, and includes prominent European statesmen and party leaders from all the member countries of the Six, (except Gaullists and Communists) agreed on three resolutions to be put by them to their respective parliaments for approval. The signatories included the two top Social Democrats in the Bonn government, Herr Brandt and Herr Wehner, and from Italy Pietro Nenni, Vice-President of the Italian Council of Ministers.

If the three resolutions are adopted it may well make the French position towards Britain's attempt to join the EEC more difficult, especially as the feeling behind these is not a complete reflection of General de Gaulle's attitude. The substance of the three resolutions is as follows:

1) In the light of Britain's bid to join the EEC, with the same rights and obligations as the Six, negotiations on the measure to be adopted should be rapidly carried through. Other democratic EFTA countries who wish to join should be welcomed, or if this proves impossible, be granted associate status.

2) The Common Market institutions should be asked to speed up measures aimed at the creation of "European" companies and the organisation of a European financial market. They should also draw up a plan for the technological development of the Community, in the light of the British bid, and indicate how this could be best achieved - aims, institutions and size of budget.

3) As the Kennedy Round has proved that Europe and the USA can negotiate on a basis of equality, steps should be taken at once to institute a committee, on an equal basis between the US government and the Brussels organisations, which would discuss and exchange views on matters of common interest ranging from the international monetary reform, to aid for developing countries.

* * *

Norway Decides to Seek EEC Membership

In a White Paper submitted to the Storting on June 16, the Norwegian Government stated that it believed Norway should apply for full membership of the EEC, Euratom and the ECSC, and it is expected that a formal application will be handed over in Brussels during July.

Although the move may cause difficulties for some sectors of Norway's economy, in particular its agriculture and fisheries, on balance it is considered that she would stand to gain by joining the Common Market. The Government's move is expected to be approved by a larger majority than in 1962. One other factor which the White Paper brought out was that Sweden seems likely to follow Oslo's example and apply to join.

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Malta

Although Maltese industrialists believe that the island should become a member of EFTA before joining any other organisation, it was announced by Dr. Spiteri, Minister of Trade, that the Maltese Government was studying the timing of an application to join the Common Market. But any such move will obviously also have to involve consideration of the way the British bid is treated.

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E.C.S.C.

Prospects for World Steel Production

Because productive capacity has increased faster than consumption by the processing industries, prices and returns in the steel sector have gradually deteriorated, and this trend will not be reversed until balance has been restored. Within the Community, the High Authority - in conjunction with the Council - is trying to encourage the various steel companies in the Market to gear their production to existing outlets. In this way it aims to prevent the various national steel firms from exporting their own problems to the steel industry of neighbouring countries and abusing the intra-Community trading system.

ECSC Policy: In the longer term, the main object is to harmonise investment so as to prevent over-investment from further aggravating the already considerable imbalance between productive capacity and demand for steel. Although it would be useful in the short term if production were related to outlets, this would entail reduced use of productive capacity and consequently increase production costs. But with the current low price levels (and there seems to be little possibility of any substantial increase, using the measures envisaged at present), this will have serious effects on the companies' financial state, especially as investment expenditure is still very high, the steel industry having launched hefty investment programmes during the healthy years of the steel market, i.e. before the crisis of 1962-64.

Unhealthy Finances: If we add to these the tough financing conditions governing most of the Community's steel industries, it is easy to see the increasing deterioration in the financial state of nearly all the EEC steel firms. With a few exceptions, these are now in a far greater state of indebtedness than any of the world's other major steel producers, and what is even more significant about the developments of the past few years is the rate at which this indebtedness has grown since 1960.

The degree of liability is denoted by the relationship (expressed as a per centage) between the net liability and the firm's total balance sheet: the net liability being made up of long-term debts + the balance of short-term debts and immediately available resources. In 1965 the average rate of liability of all the Community steel firms was 43.5% (against 28.8% in 1960), an increase of 51% in only five years. During the same period, the Community's productive capacity for crude steel increased by only 33%. So there is a considerable gap between liabilities and growth of productive capacity, a phenomenon which only exists in the Community, as can be seen from the table below:

TABLE I

	1960 %	1965 %	Increase in Liabilities (net) 1960 - 1965 %	Increase in Productive Capacity %
EEC	28.8	43.5	+51	+ 33
Germany	30.5	42.5	+39	+ 29
Belgium	23.8	39.8	+67	+ 32
France	32.3	46.8	+45	+ 27
Italy	36.4	57.2	+57	+ 72
Luxembourg	not significant	1.4	-	+ 16
Netherlands	-	19.1	-	+ 67
U.K.	14.8	24.1	+63	+ 20.2
U.S.A.	11.6	12.2	+ 5	+ 9.5
Japan	42.8	44.9	+ 5	+100
Canada	4.8	6.2	+29	+ 66
Austria	22.5	17.4	-23	+ 7.3

So, as far as the Community is concerned, one can see the comparatively low degree of liability of the Netherlands, and the extremely low one of the Luxembourg steel industry, which in the last twenty years has managed to finance nearly all its investments without intervention. Italy has the greatest liabilities of any country in the Community, but its steel industry has also shown the fastest increase in productive capacity. It should also be noted that the Italian steel sector has benefitted from the most generous financing conditions. In France it has been stated that the Government is to take a hand in reorganising the industry and similar measures are envisaged in other member countries.

The Relative Position of the ECSC: At any rate, with the exception of Luxembourg and the Netherlands all the Community's steel industries are in debt (and therefore faced with interest and depreciation liabilities) to a much greater extent than is the case in other major steel-producing countries with which it is in direct competition. The sole exception to this is Japan, but her steel industry has doubled its productive capacity for raw steel between 1960 and 1965, which obviously implies considerable capital investment, and whereas the growth of capacity reached 100% between 1960 and 1965, the indebtedness of the Japanese steel industry only increased by 44.9%.

The Investment Position: These heavy liabilities are only one aspect of the present troubles facing the EEC steel industry, but the point is one of considerable importance as regards encouraging investment. Although the High Authority's recommendations warn against unwarranted increases in productive capacity for steel, member countries are still obliged to make large investments, if only to maintain and improve the competitive positions of their steel industries. New investment programmes published by the High Authority during the first quarter of 1967 show that inclination to invest on the part of the Community's steel industry has fallen off considerably, and this state of things could have very serious effects on the ECSC if nothing is done to reverse the position as quickly as possible.

Estimates and the World Market: Returning to the quantitative side of the problem, however, we know that the High Authority periodically publishes (every five years, in principle) its General Objectives for the steel industry, in which it analyses estimated steel requirements (at home and for export) and the internal production needed to cover this demand. However, it has become increasingly clear over the past few years that it is impossible, in working out these estimates, to stick exclusively to the Community market. The imbalance between productive capacity and demand for steel is in fact a world problem, and will become even more so if, after the introduction of the customs duties negotiated for steel products in the Kennedy Round, the Common Market barrier for steel falls to 6% (against 11% today), thereby offering negligible protection. Then the pressure of excess capacity on the world market will become even more apparent within the Community and it will become even more necessary to look outwards when working out investment and production programmes.

Circumspect Study: The High Authority has therefore commissioned its services to embark on a huge study of the future development of steel production resources and needs throughout the world. This will be a sort of "World General Objectives for Steel", which, although purely of an informative nature, should nevertheless be of great use to those responsible for the development of the Community's steel industry.

The first of these estimates, that is, an analysis of investment plans and production capacities for steel in the various countries of the world, has just been completed, and will be published shortly (the section on the development of the needs of the processing industries in non-member countries will probably be finished by the autumn).

Future Capacity: The study indicates that, by 1970, world capacity for crude steel production will reach a total of 671 million tons in 1970, compared to 521 million tons in 1965 and only 285 million tons in 1955, as can be seen from the following table (in millions of tons of crude steel).

TABLE II

Production Capacity for Steel

	1955	1960	1965	1970
EEC	55.0	76.2	102.0	120.0
Britain	20.7	26.2	31.5	37.0
U.S.A.	117.3	137.9	148.0	162.0
Japan	9.5	22.9	45.9	71.0
Small Western Producer-countries	13.0	20.7	30.3	40.4
Traditional Importing countries of the West	6.8	12.0	28.0	50.2

Table II cont.

	1955	1960	1965	1970
World without Eastern Europe, Red China, North Korea and North Vietnam	222	296	386	481
U.S.S.R.	45.3	65.3	91.0	126.5
Rest of Eastern Europe	14.3	21.2	28.6	39.1
Red China, Korea and North Vietnam	3.0	19.2	15.3	24.7
World without Red China and U.S.A.	165	245	359	487
World Total	285	402	521	671

So for the world as a whole, it is expected that the years 1965-70 will show an annual increase of 30.1 million tons in productive capacity for crude steel, of which only 3.6 million tons is accounted for by the EEC countries. With productive resources increasing faster than internal consumption, both in the five major world steel-producing countries and in the smaller ones, the surplus supply is continually increasing - and this can be considered as the maximum supply available for export. This export supply has risen from 35 million tons of crude steel in 1955 to 86 million tons in 1960 and 112 millions in 1965. If we exclude the USA (which produces mainly for the home market and whose surplus has hardly any effect on the world market since it includes emergency reserves), the figures come out at 22, 36 and 82 million tons.

The Evils of Competition: The pressure exerted by surplus supplies (which, of course, are available for export and thus oppose one another on the world market) has adversely affected the development of Community deliveries of steel to third countries. Indeed, the High Authority's experts have noted that whilst the Community's exports in tonnage of crude steel increased impressively during the fifties, there was a decline between 1960 and 1964, after which trade picked up again. This was mainly because exports to the USA rose under the influence of threatened strike action by US steel workers.

This means, in effect, that even though exports have in some measure recovered, the ECSC has far from retrieved the position it held on the world market before 1960. During the fifties, it commanded something like 45-48% of world trade in steel, and although this sank to around the 32% mark in 1963, it has only risen since then to around 37% in 1965.

The Critical Price Position: At least as important as the quantitative aspect of ECSC exports to third countries, however, is the matter of prices. These have tended to decline under the influence of the imbalance existing in the steel market between supply and demand: this tendency has been particularly marked since 1960, and even though the situation has improved quantitatively since 1964, prices have barely changed at all.

Indeed, as far as rolled products are concerned, 1966 prices were the lowest since 1955. Table III below shows the annual average export prices (in dollars per ton) in a number of representative products over this period:

TABLE III

Export Prices

Year	Merchant Bars	Wire Rod	Heavy Plate	Cold-rolled Strip
1955	112	112	115	150
1960	101	118	102	175
1961	98	96	95	126
1962	86	84	94	123
1963	79	78	84	109
1964	88	90	105	120
1965	87	86	90	107
1966	84	80	88	109

Towards Control: Whilst prices are kept low by a generalised imbalance between supply and demand, however, we should not forget how large a role is played in this by producing countries in the Community, who still account for a third of all world exports. Although there is keen competition between them inside the Community, this largely disappears when they meet on the world market, and the High Authority has accordingly recommended ECSC producers to avoid any disastrous competition on the world market in future. Quite recently, we learned of the formation of an international steel institute embracing all the world's main producing countries, and the head of the Institute is in fact a community steel man, Herr Sohl of the Federation of German Steel Industries: one has every hope that such a body will at last be in a position to restore some semblance of order to steel export policy.

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EURATOM

The Tenth Annual Report

With nuclear energy in the European Community now nearing the industrial stage, the Commission's report for the year March 1966 - February 1967 reveals a policy orientated towards the incorporation of nuclear power supplies into the overall EEC pattern, the integration of research projects, the preparation of the sector, in terms of safety precautions, insurance, etc. towards industrial gearing and the ensuring of material supplies for the future. The fact that the communities are about to be merged, and the growing sense of the affinities of this sector with community industry in general, have also played their part in recent months, in the general guidance of Euratom. The main topics in the report are current development trends, research policy and projects, industrial promotion activities , and such features as safeguards, supplies, health, information and foreign relations.

Development: Although the constructional side of the industry in the Community still shows a lack of cohesion (new types of reactor must be proven in prototype, and government or community authorities must work together on this), the general prospects for the various reactor types seem relatively unchanged. However, since the target programme was prepared, the projected minimum of nuclear energy to be produced in the Community in 1980 looks like reaching something around the 60,000 MWe mark, as against the 40,000 MWe first estimated. Nuclear power stations actually in service represent 2,106 MWe, but those being built or at the design stage promise to bring this figure up to 8,329 MWe. Development trends may therefore be reasonably tabulated as follows:

Probable Output of Nuclear Power in the EEC (in MWe)

	Belgium	Germany	France	Italy	Netherlands	EEC
Present	143	317	1,039	607	-	2,106
1970	145	935	2,574	607	50	4,309
1980	4,000	25,000	17,000	12,000	2,000	60,000

(The second figure consists of present output plus power stations under construction)

The total for Community stations operative, under construction or at the design stage is 8,329, as against the world figure of 45,000 MWe.

Research: The second five-year research programme expires at the end of this year, and now that certain types of reactor are soon to go into the industrial stage, and it has the estimates given above as its disposal, the Commission has proposed a number of main lines along which future policy should be directed: these include direct action, mainly in the form of work by the Euratom Joint Research Centre, on completion of the Orgel project, the construction of a pulsed reactor (SORA), and studies of the direct conversion of nuclear energy into electric power. Apart from this, the Community will assist members with financial or material aid, or the contribution of personnel for national projects, in addition to which the creation of an industrial promotion fund is under review.

The report goes on to summarise work by the Community's various centres, and the main projects at present in hand, covering the Orgel (heavy water cooled) and Essor (materials-testing) reactors at Ispra, where Sora (see above) and the Brown-Boveri/Krupp direct converter are also being designed or tested. Elsewhere, at Petten, Geel and Karlsruhe, irradiation, nuclear measurements, fast reactor and fuel element testing have been carried out. Although there have been drawbacks in finance and organisation, and trouble over contracts, it has nonetheless been in the last year that the Dragon high-temperature gas reactor, the Masurca, Harmonie and Rapsodie devices at Cadarache, and the Sneak critical assembly at Karlsruhe have all gone critical.

Industrial Promotion: Four nuclear power stations included in the Euratom/USA power programme are now operative: Garigliano and Latina, Italy; Chooz, France and Belgium; and Gundremmingen, Germany. Further stations are being built at Dodewaard, Netherlands, and Lingen at Obrigheim, Germany. In return for financial aid, Euratom receives and collates considerable quantities of data and statistics from these installations.

After much work on the use of radioisotopes in industry in 1966 (particularly in the iron and steel and textiles industries), a real promotion campaign is to be launched in the near future with the use of a mobile irradiation source, to tour the Community and demonstrate the wider applications of this technology (see article below).

Information: 1966 saw the inauguration of the CID (Information and Documentation Centre), which has all available nuclear data "on electronic tap". At present available only to research workers, this rapid-access information service will soon be thrown open to companies and interested parties both within and outside the Community.

Safeguards: Bilateral agreements on supplies of fissile materials to Belgium, France and Germany by the USA and Britain were not renewed, and these substances are now covered by the Community's own system of external guarantees (this has a bearing on the non-proliferation issue and the role of the International Atomic Energy Agency in Vienna - see Comment, No 391). Quantities involved here were of the order of 7,500 kilos of enriched uranium and 400 kilos of plutonium from the USA alone.

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"Door-to-Door Irradiation"

As part of the Community's industrial promotion campaign, the Eurisotop Bureau has just commenced a tour of member countries at Wageningen in the Netherlands with "Irma", the largest mobile irradiator in the world.

This device, made by Conservatome-Industrie SA of Courbevoie, Hauts-de-Seine, a member of the Saint-Gobain group, is mounted on a trailer and contains a 175,000 curie source, capable of such operations as pasteurizing 200 kilos of fish. It will be used at Wageningen in the Institute for Atomic Sciences in Agriculture to process strawberries, mushrooms, bananas, beans, fish and meat. Thereafter it will cover over 6,000 miles, touring the Community to demonstrate irradiation techniques, not just for food preservation, but for metal inspection, plastic-to-wood lamination, and various other applications, in an attempt to familiarise companies and laboratories with the potentialities of this new technology.

E.I.B.

Speeding the Brussels-Paris Link

On June 15, the EIB signed an agreement with the Belgian Fonds des Routes for a loan contract worth $16 million (Bf 800 million) for the construction of the Belgian section of the Brussels to Paris motorway. This loan will cover the building of the Centre-Borinage section between Houdeng and the French frontier; this particular section is common to the Wallon motorway, and will provide a fast road link between Paris and the Ruhr. The completion of this scheme will help the redevelopment of the Borinage and Centre, neither of whose road systems are adapted to large-scale traffic. A three-lane dual carriageway will be built from Houdeng to Havre, and a two-lane dual carriageway from Havre to the French frontier. The whole project is expected to be completed by 1971. The EIB is expected shortly to make a loan covering the building of part of the French section of the motorway.

Future Trends: The Bank is also expected to start extending its activities to projects considered to be of value to the whole Community. It has been suggested that it should help the Gaz de France to finance the construction of pipelines carrying Dutch natural gas to Northern and Eastern France. Another possible development is that it might use its resources to promote mergers between Community firms.

Boosting Turkish Power

The EIB has just made a $7.3 million loan contract (£T 65.7 million) to Turkey for 30 years at 3%, but with a seven year period of grace. This will be used to help finance the construction of a dam on the Sakarya near the village of Gökcekaya in North-Western Turkey, as well as the associated 300 MW hydro-electric power station, which will be used for supplying peak energy. The total estimated cost of the project is $64.8 million (£T 583.2 million), of which $28.6 million (£T 257.4 million) is in foreign exchange. This latter expenditure is being borne by the EIB, Italy and the US-AID.

The project is being carried out by the Directorate-General of State Hydraulic Works (D.S.I.) under the control of the Turkish Ministry of Power and Natural Resources.

* * *

European Development Fund: $20 million for African Associates

Senegal: The groundnut industry will be helped by a loan exceeding $10 million, aimed at supporting prices and strengthening the growing structure. This is the third annual instalment of such production aid.
Dahomey: Two schemes totalling $8,621,000 to support crop prices, and promote large-scale agricultural development.
Rwanda: $1,250,000 for a junior teachers' training college for girls.

STUDIES & TRENDS

FLEXIBLE EXCHANGE RATES IN THE COMMON MARKET

by

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Part I

The vast majority of both theorists and practitioners are agreed that in any scheme for the monetary system some sort of compromise must be wrought between totally rigid and, at the other extreme, undefined, fluid exchange rates. At the same time, most people feel that the sort of flexibility that seems to be demanded of any international monetary system, feasible at the present time, should stem not only from its exchange rates, but also from such other devices as "held" reserves, facilities developed by issuing bodies ("swaps", for instance), intervention by international organisations etc. These two main preoccupations are rooted in the idea that it would be prejudicial to the smooth and ordered running of international monetary relations to require each currency zone always to be in balance with the others, if indeed this were even possible, without resorting to such violent recourses as completely fluid exchange rates or a return to the gold standard. The logical line taken is that a country with an adverse balance of payments should be given time to set its house in order; but while this is understood, the whole problem still lies in determining what is a reasonable limit to set to such a situation, and to what extent the authorities responsible should use the remedial devices at their disposal, such as domestic economic policy, international financial co-operation, policy alignment, and so on, all of which can have a bearing on exchange rates. It is in this context that we can now consider the reforms proposed in 1966 by a select group of 27 University Professors, who suggested that international monetary regulations, and Article IV of the IMF Statutes in particular, should be subject to the following two modifications:

a) The margin of variation currently permitted for exchange rates should be increased from its present level of parity plus-or-minus 1% to 4 or 5% either side of parity.

b) Member-countries of the IMF, which at present are not entitled to alter parity for their currencies without agreeing the move beforehand with the IMF, should be allowed to do so unilaterally, but within a limit of 1 to 2% a year: all other parity modifications would remain illegal.

1) Flexible Exchange Rates under the Present System and the Implications of the Proposed Reforms:

First, we should bear in mind that, although the present system limits parity variations to plus-or-minus 1% (allowing a maximum fluctuation between currencies of 2%), the regulation in the IMF Statutes is couched in such general terms that it has been "bent" in both law and practice. Thus, under the European Monetary Agreement, it was agreed that countries having an exchange market would limit internal exchange rate variations in their currencies to a margin declared to the directorates responsible for that Agreement, and based on a standard. The countries concerned decided that this margin would, in practice, stand at plus-or-minus 0.75% of parity against the American dollar, thus giving variations around the dollar of 1.5%: but this meant that variations between currencies other than the dollar could extend to 3%. If this is actually occurring under the present system, one wonders how to interpret the reforms proposed...

The first possibility is that the present system would remain in essence, and the dollar would continue to be the reference currency: if this were so, and remembering both the calculation we have just made, and the provisions of the reforms suggested (+ 4-5% of parity rate variations, and 1-2% latitude for unilateral parity alterations), then in the extreme case, the cumulative variation between two currencies other than the dollar could go as high as 16-20% a year.

Secondly, we may find that the reforms are designed to apply to the dollar also: this would preclude its continuing use as the standard in the exchange markets.

It seems most unlikely that the Professors had the former case in mind, as it could cause untold disorder within the exchange markets, and a similar accusation could be levelled at the second possibility, which, moreover, would also demand a radical change in the working norms of the exchange markets, and present the central banks with grave problems as to co-ordinating their intervention in these markets, where there is every likelihood that the change could produce completely anomolous conditions. Again, this situation would leave some countries facing an "agonising choice": those which want to avoid linking the fate of their currency with that of the dollar (by involving themselves in a dollar-standard system, and thus leaving themselves open to making good US deficits beyond a reasonable level), but which at the same time feel it is a good thing that the dollar should continue to play its role in the composition of their reserves, feel that its total disappearance from these could have a damaging effect on the global monetary situation. Lastly, and this would affect all countries, exchange rate variations on the scale made possible by this second possible outcome of the reforms would gravely impair the dollar's international role as a payment and accounting currency for private international transactions.

All this constitutes a weighty argument against the proposed reforms, and the objections would be scarcely less tenable even if substance were given to the suggestion that certain currenceis showing similar rate variation tendencies should be grouped, to keep the trend wholly aligned. Such a move, however, would serve to sanction (possibly disastrous) ruptures in international monetary relations, and one finds it surprising that economists as liberal in outlook as those who signed the declaration on flexible exchange rates should even begin to accept the idea of such ruptures.

The other side to this coin is that a case could be made for accepting all these disadvantages, if it could be proved that the present rigidity of the system was subjecting the authorities to an even more difficult choice - between growth and employment on the one hand, and maintaining a favourable balance of payments on the other. Before we can answer this, we must remember that the present system, or rather the practical norms on which it is based, have other built-in forms of flexibility, besides the sort of exchange-rate variability we have described.

2) Other Flexible Qualities of the Present System:

We need not dwell too long here upon the elements that serve to add flexibility to the present monetary system, and the way in which they further financial co-operation. The reserve currency system has played a major role in this respect, and at those times when it has shown signs of becoming over-worked, the authorities have found new ways and means of coping, and have developed and amplified existing ones. There are, in fact, very few who claim that the system suffers from a lack of liquidity, or ever has, and our main anxiety now is for the future, and for the albeit distant prospect of the USA regaining a favourable balance of payments.

At the same time, it is worth noting that those countries which, when faced with situations of basic monetary imbalance, have been unable or have not felt it their duty to propose parity modifications to the IMF, have been in the minority. On the other hand, there have been times when the IMF has stepped in and sanctioned the practice of flexible rates, when this has appeared justifiable. Canada, for instance, has been using this device for some years: at the outset, she was faced with an extremely complex problem, one of the chief factors in which was the inflationary effect of incoming capital, especially in liquid form, and usually in spasmodic bursts. The conditions under which she had to deal with this, in view of her proximity to the New York finance market and her close economic relations with the USA, proved quite uncontrollable, but at the same time, she was in no position to take more radical action to sever herself from this market. Canada was able to save the situation by resorting to flexible exchange rates, and she continued to use these until conditions changed, and she was able to devalue her currency and return to the normal system. As to whether Canada's experience achieved positive or negative overall results, the debate on this particular issue still continues.

Be that as it may, this case does make it absolutely clear that the IMF will give the go-ahead to introduce flexible exchange rates for countries, even important ones, who feel that they must have this facility for a period, as the best way of coping with their problems. Indeed, one should stress that there are circumstances in which a determined country may be able to use the flexible exchange rate device (under the auspices of the international bodies) as a recourse less prejudicial to international economic relations than, say, taxes, restrictions and embargoes. But this is as far as an agreement on this question could ever go, for it would appear to be a highly dangerous move, to attempt to institutionalise such a recourse, and incorporate it into international monetary legislation, as it would then become yet another source of difficulties for the international monetary situation. There is little to be gained by hoping, even if one expresses this as emphatically as, for instance, Professor Sohmen did, "that otherwise uncontrolled exchange rates, by the application of an appropriate monetary policy or other means, should be kept stable if not absolutely constant". It would be far safer not to introduce into the present system a factor which, far from promoting the policy sought in principle, might well lead to a radical departure from it. We shall now examine these possibilities in the light of both internal and external monetary relations...

3) Where Theory and Practice Fail to Meet:

We have already seen that the present exchange rate system, from the international point of view, is by no means as inflexible as some people maintain, but it may still be too rigid to allow individual economies to run smoothly within each country. The question we must ask is whether the reforms some people would like to introduce (i.e. additional flexibility) would really improve the economic lot of all concerned, both within and outside of national economies.

The theorists tend to adopt the following scheme as a framework for argument, suggesting that these are the four different ways in which the problem of imbalance can strike a country:

A:	1)	External surplus	-	Internal under-employment
	2)	External deficit	-	Internal over-employment
B:	1)	External surplus	-	Internal over-employment
	2)	External deficit	-	Internal under-employment

The situations posited in "A" are relatively straightforward: the problem could be solved, in the first instance, by stimulating employment, and in the second by applying a brake to economic activity. In the two cases in "B", however, we are faced with a dilemma which, because we cannot use restrictive measures as these in theory never furnish lasting solutions, can only be resolved by taking action on the exchange rate. In the first situation, this would take the form of revaluation, and in the second of devaluation - either permanent, or by the flexible exchange rate device. In theory, this line of reasoning cannot be faulted, but in taking this abstract approach, one tends to look upon the conditions described in "B" as some sort of "act of God", and this really has very little bearing on the realities of the situation. By these, we mean the sort of economic policy decisions that face the administrators of a real economy, during its evolution towards a crisis situation: an evolution which is never precipitate, for the very reason that the system does have inherent forms of flexibility.

The situation given in "B" 1) defines the position in which a number of European countries have found themselves in recent years. Thus, passing from the theory to observable fact, we find that the surpluses in question, more often than not, have reached alarming proportions, mainly as the result of erratic capital movements. These themselves may be ascribed in part to an unfortunate coalescence of the very devices that had necessarily to be used in the normal running of the economies of the countries in question. Far from being the consequence of a basic misunderstanding of scientific and economic trends, these crisis-producing combinations of administrative devices have reflected a carefully-pondered choice: the use of monetary instruments has been exaggerated in the hope that, in the long term, it would be possible to avoid wielding those forms of fiscal intervention that can incur considerable opposition from public opinion.

We should also recall that from time to time, certain of these countries have been faced with the combination of a deficit (or the fear of one) with over-employment of the production factors. The authorities responsible, however, though they may at times have been slow to intervene with the policy changes indicated, have nevertheless been able to avoid extreme situations without posing any severe (or at least lasting) threat to either the level of employment or to growth. This applies not only to EEC countries, but also to others in Europe, and Japan - that is, to almost all the industrialised nations.

We would be hard put to it nowadays to find a case to illustrate the second hypothesis, but those who favour the flexible exchange rate system tend to find one example, or an approximation to it, in the situation of the USA during the years leading up to the beginnings of the Johnson administration. However, upon closer scrutiny of trends in policy, and of the more recent annual reports by the Council of Economic Advisers to the White House, we cannot but conclude that this is not a fair example, and that the problem of under-employment in the USA is largely a unique case. Indeed, on the one hand, we find that the relationship between external trade and the GNP is far more loose in the USA than in any other industrialised country, which makes the fight against under-employment rather less difficult, and on the other that the population has a very marked lack of homogeneity. This is why any effective drive against under-employment demands action far beyond the sphere of economics alone, and touches upon structural phenomena, in particular social policy. The full-scale campaign in this sphere was embarked upon only recently, and in the last few years both a dramatic reduction in under-employment (at a time when the working population was also increasing) and a lowering of the balance of payments deficit have been achieved - thanks to an appreciable improvement in the current account (see Note, below). The external situation has admittedly deteriorated of late, but this is because of new factors (the Vietnam war), and stems also from the fact that the economic policy now being pursued is less elastic than before, again because of the fear of the consequences of using fiscal measures in certain political situations.

4) Conclusions:

From what we have said, it becomes clear that in the period since the War, there have been very few cases of a real conflict (not a hypothetical one) between any country's external balance of payments and the demands of full employment within. When in fact such situations have become well established, the cause has not been inherent defects in the system itself, but usually one of two other possibilities. The first of these is that in the country in question (such as the USA) there may exist unique conditions that intervention in the form of introducing flexible exchange rates can have no real effect upon, and it might well have damaging effects on all other countries. In the second case, as far as other countries are concerned, difficulties may have arisen as the result of choices made deliberately and repeatedly, in the hope that the consequent ill-effects might be offset indefinitely, either by recourse to the inherent financial flexibility of the system, or by other leading countries taking the same sort of measures as themselves. Undoubtedly, this hope has to some extent been realised, but it is fortunate that the system does have certain built-in restraints (fear of depleting reserves, need to follow procedure in order to obtain credit, the requirement to report infringements of current legislation etc), which protect it from excessive pressure, and all of which currently tend towards inflation.

For all of the countries concerned, this protection would be lowered appreciably by the relaxation of the current system under the sort of reforms proposed, whereas only a few of them have been facing extreme difficulty for any length of time. Thus the cure would seem to be out of all proportion to the malady.

However, there is an even more basic objection to offering all countries the facilities proposed by the Professors: we have, in fact, no proof that exchange rate stability is comparable in its effects with the official fixing of market prices: it may therefore be an artificial device, and not conducive to "price stability", which would leave us with the need to exercise controls over supply and demand. In this sense, currency is a yardstick, and it is only at the risk of producing chaos that we may venture to connect exchange rates to prices. Those who propose the IMF reforms are obviously well aware of this, for they certainly do not advocate complete freedom for exchange rates, nor do they put forward a case for gold revaluation. But even if we leave aside the limits they suggest should be placed upon exchange rate variations - and these are made very elastic by unilateral decisions to devalue - it would appear that the Professors' scheme could as easily serve to revive national "dirigisme" as to promote economic integration on the world scale. We have only to look at Keynes' writings on this subject to verify such a suggestion, for it was virtually a leitmotiv with him that flexible exchange rates made it possible for an economy to isolate itself from outside influences. What was true then still holds today, and we would be treading on dangerous ground indeed if we were to resort to flexible exchange rates as a means of seeking "improved guarantees for external trade".

NOTE: ($ million)

Current Transactions in the USA	Under-Employment (% of working population)	GNP Index	External Transactions: Surplus, Goods & Services	External Transactions: Tot. Deficit (Liquidity b.)
1960	5.6	100	4,067	- 3,881
1961	6.7	103	5,633	- 2,370
1962	5.6	111	5,149	- 2,203
1963	5.7	117	5,917	- 2,670
1964	5.2	125	8,560	- 2,798
1965	4.6	134	7,137	- 1,269

(from the President's Economic Report - January 1966)

NOTE: continued

The increase in the surplus of goods and services was only partly due to restrictive intervention (tied aid, for example), and this is why surpluses in the overall trade balance (i.e. including exports financed by the Government) went up from $4,700 million in 1960 to 6,800 million in 1964 (+ 44%). If we subtract state-backed exports from this, the trade balance increased from $2,800 million to 3,900 million, an increase, still, of 39% (see Survey of Current Business, June 1966, p.32).

TO BE CONTINUED

NOTE: The views expressed in this article, written with the assistance of Dr. H. Burgard, EEC Commission executive, do not purport to be the official Community line on the issues involved.

BELGIUM	PECHINEY-CEGEDUR-TREFIMETAUX concentration continues	E
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	A.B. DICK duplicators and copiers in expansion programme	K
	SAMUELS jewellers place only EEC subsidiary in liquidation	O
BRITAIN	WESTMINSTER BANK and three others form international credit bank	I
FRANCE	ALCOA to build tabular aluminium plant in the Indre	F
	PROVIDENCE subsidiary forms company to sell ZEHNDER radiators	G
	CAVENHAM FOODS-SOURCE PERRIER links strengthened	J
	KIMBERLY-CLARK-DARBLAY subsidiary to build paper plant	L
	ROTARY ENGINEERING sells shares in SAMEGA instruments	P
GERMANY	EVERSHARP to set up its own sales and promotion network	D
	WARNER ELECTRIC BRAKE & CLUTCH initiates reorganisation scheme	E
	THOMSON-HOUSTON HOTCHKISS-BRANDT grants licence to OBERMOSER	E
ITALY	ROWAN CONTROLLER gains control of GHIA to make electric car	B
	EFIM to take over DUCATI mopeds and engines from BREDA	G
JAPAN	HOECHST to join MITSUBISHI in forming colourants subsidiary	C
	BAYER increases stake in NOYAKU SEIZO pesticides	D
NETHERLANDS	PONT-A-MOUSSON forms pipeline subsidiary in Amsterdam	C
	L.W.P. of Croydon forms vending machines import subsidiary	F
	BARBER-GREENE to build asphalt plant factory in Zwolle	H
	INDOHEEM to cease production of SINFAC's "Solex" mopeds	H
	BEL-GERVAIS-DANONE joint subsidiary to open depot	J
	SPERRY RAND regroups REMINGTON and UNIVAC interests	L
	UNITY CORSET FACTORIES, Bristol, opens first EEC subsidiary	N
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	VAN RIEVELT GOUDRIAAN to take over BLACK DIAMOND service to USA	O
U.S.A.	FORD plans company to supervise European operations	B
	SAINT-GOBAIN to acquire stake in CERTAIN-TEED fibreglass	K

CONTENTS

ADVERTISING

** The Swiss advertising agency GERSTNER, GREDINGER & KUTTER AG WERBEAGENTUR, Basle (capital Sf 500,000), which has gained FORD-WERKE AG's press and advertising budget for 1968, has opened a new branch in Düsseldorf, called CGK DUSSELDORF, which will be headed by Herr Karl Gerstner.

The Swiss company has a Basle sister company: Gerstner, Gredinger & Kutter Produktions GmbH (capital Sf 21,000), and in 1966 it had a turnover of Sf 18 million. Since November 1965, it has also had a Milan branch (see No 333).

AUTOMOBILES

** The FORD MOTOR CO, Dearborn, Michigan (see No 388), is to reorganise its European subsidiary network (its main centres being Dagenham and Cologne - see No 400), and rationalise and integrate its manufacturing interests by forming an administrative company called FORD OF EUROPE. The chairman of this new body will be Mr. J. S. Andrews (at present vice-president of the group in charge of European operations), whilst vice-presidents will be Messrs. Stanley Gillen (Ford Motor Co Ltd), J. L. Hooven and R. G. Layton (Ford-Werke AG).

Apart from its British and West German car and lorry factories, the group owns Nederlandsche Ford Automobiel Fabriek NV in Amsterdam, where it also has an assembly line for auto parts and tractors imported from the USA, and other assembly lines at Genk (Belgium), and in Ireland, Denmark and Portugal: its agency network covers the whole of Europe.

** The American manufacturer of electrical control equipment, ROWAN CONTROLLER CO, Westminster, Maryland, has paid $625,000 for control of the Turin body manufacturer GHIA SpA (see No 363). The American firm plans to build an electric car, driven by lead-acid batteries, in conjunction with the Italian concern.

BUILDING & CIVIL ENGINEERING

** The Belgian agricultural insurance agency ASSURANTIE VAN DE BELGISCHE BOERENBOND NV, Louvain (see No 336), has taken a 7.7% shareholding in GROUPE I- GROUPE IMMOBILIER BELGE SA, Brussels (see No 397), whose capital has been raised to Bf 130 million.

Groupe I was formed early in 1965, and carries out the development and building of scientific centres. Its backers, 13 all told, are Belgian, Dutch and French insurance, financial and building concerns, headed by Banque de Paris & des Pays-Bas SA (through its subsidiary Copeba SA), Financiere Lacourt SA, La Royale Belge SA and Assubel SA (all three in Brussels) and Verenigde Bedrijven Bredero NV, Utrecht.

** The French group CIE DE PONT-A-MOUSSON SA, Nancy, Meurthe & Moselle, has increased its Dutch water, gas and oil-pipeline interests by forming an indirect 70% subsidiary in Amsterdam called SOCEA NEDERLAND NV (authorised capital Fl 2 million; 25% paid-up). It is associated in this venture with the P. C. ZANEN group through its investment company Participatie- & Beleggingsmij P. C. Zanen NV, Heemstede. 65% of its holding is held by Eau & Assainissement-SOCEA SA, Paris (see No 402) and 5% by NV Handels-Industrie Transport Mij NV (HITMA), Amsterdam (see No 393).

In 1966, Eau & Assainissement had a turnover of Ff 311 million with a capital of Ff 48 million, of which 37% is directly held by Pont-a-Mousson, the remainder being shared by two companies in the group, Union Bancaire & Industrielle SA (16%) and Ste Financiere Bayard SA (11%). Its main foreign operations in 1966 were the laying of pipelines in the Netherlands for Nederlandse Gasunie (see No 408) and water pipelines at Lataquieh in Syria. Control of the Amsterdam subsidiary HITMA (capital Fl 2 million) is shared 24-75 between SA De Participations & d'Etudes SAPE, Paris (see No 410), and Nederlandse Handel & Industrie Mij (NEHDI) NV, Amsterdam (capital Fl 1.5 million), a direct, wholly-owned subsidiary of Pont-a-Mousson.

** The Dutch international traders in building materials URBAFEST NV, Vreeland, has opened a West German subsidiary at Remscheid. The founder itself was established in January 1967 (capital Fl 50,000) with Mme G. Urbalin, Remscheid, and M. H. Hoffmann, Vreeland, as managers.

CHEMICALS

** The West German chemical group FARBWERKE HOECHST AG, Frankfurt (see No 413), is going to strengthen its existing Japanese interests by taking part in the formation of a colourants firm, KASEI HOECHST. It will be linked in the new company with MITSUBISHI CHEMICAL INDUSTRIES LTD, Tokyo (part of the Mitsubishi Heavy Industries Ltd group - see No 409), whose main industrial complexes are at Yokkaichi and Yawata.

Hoechst already has a 50% shareholding in the chemical firm Hoechst Gosei (capital of Yen 180 million - £180,000).

** The Brussels co-operative company PLANCHIM-STE BELGE DE PROGRAMMATION CHIMIQUE S.C. has acquired an exclusive European licence for the exploitation of a pilot crushing plant using the Coldstream Impact Process belonging to the American METALLURGICAL INTERNATIONAL INC, Passaic, New Jersey. This will be used either by Planchim or its backers, and the option held by the Belgian company is for one year.

This was formed in April 1961, and specialises in planning and building chemical complexes. Its shareholders are Poudreries Reunies de Belgique SA (see No 403), Cie des Metaux d'Overpelt-Lommel & de Corphalie SA (see No 480) and Carbochimique SA (see No 410).

** The German chemicals group FARBENFABRIKEN BAYER AG, Leverkusen (see No 406), has increased its holding in the Japanese company NIHON TOKUSHU NOYAKU SEIZO K.K. (capital £225,000) from 28 to 50%. This company specialises in the manufacture of pesticides and was formed in 1956 with local interests having the majority share.

The German group had a world turnover of DM 6,900 million in 1966. It also recently increased its capital from DM 1,350 million to DM 1,500 million.

COSMETICS

** Following the termination early in 1967 of its distribution agreement in West Germany with BARNANGENS VADEMECUM GmbH, Frechen, Cologne (a member of the Swedish group BARNANGENS TEKNISKA FABRIKERS A/B, Stockholm - see No 294), the American EVERSHARP INC, Milford, Connecticut (see No 367 razors, shaving accessories and cosmetic products), has decided to set up its own West German marketing network. "SCHICK" EVERSHARP GmbH (capital DM 1 million) has been formed in Cologne with Herr Kurt Tamke as manager.

The new company will market stainless steel blades made in Amsterdam by Schick Safety Razor Co, whose existing output capacity of a million stainless blades daily is shortly to be doubled. The American group's most recent European move was the formation (see No 367), through its subsidiary Eversharp Nederland NV, Amsterdam, of Eversharp Belgium SA, Brussels (capital Bf 1 million).

ELECTRICAL ENGINEERING

** The Italian manufacturer of electrical equipment for the domestic appliances industry BASSANI SpA, Milan (see No 405), has increased the capital of its Paris subsidiary TICINO FRANCE SA to Ff 4.5 million with the aim of enabling the latter to expand.

Controlled by the Liechtenstein holding company Hannover Anstalt Für Finanz & Industrie, Vaduz, the French subsidiary was formed in 1960 and makes switches and commutators. It has sister companies in Belgium and West Germany: Promotion Ticino Belge SA, St-Gilles, Brussels (see No 374) and Elektrogeräte Handel Ticino GmbH, Hanover.

** The German washing-machine and dish-washer manufacturer HERMANN ZANKER KG MASCHINEN- & METALLWARENFABRIK, Tübingen (see No 379), has increased to 60% its holding in its Brussels subsidiary, ZANKER NV, which has just raised its capital from Bf 2 to 2.5 million. Until now it had owned this firm 50-50 with the Van Vlierbergh family.

The German company has an annual turnover of over DM 110 million, and a payroll of 1,300. Its foreign interests include Zanker Nederland, Amsterdam (40-60 with Eximport Handelscompagnie, Amsterdam); Zanker Haushaltgeräte, Zurich; and Zanker Haushaltgeräte GmbH, Vienna (see No 327). Its French distributor is Zanker France, Paris (formed in January 1962 by French interests).

** The American WARNER ELECTRIC BRAKE & CLUTCH CO, Beloit, Wisconsin (see No 403), has reorganised its West German interests by making over to a company formed for the purpose, the work carried out up till now by its wholly-owned subsidiary WARNER ELECTRIC GmbH, Neuhausen. The latter (capital DM 350,000) was formed at Stuttgart in December 1960; the new company has acquired its predecessor's name, and with a capital of DM 100,000, is based at Wolfschlugen. Its managers are Herren Joannes Fleischer and Wolfgang Dietz.

The American concern strengthened its Common Market interests with the setting-up in November 1966 of Ste de Vente Warner Electric SA (capital Sf 100,000) on the premises of Warner Electric SA. This was in addition to Warner France SA, Courbevoie, Hauts-de-Seine, the wholly-owned Warner Electric SpA, Milan, and Warner Electric SA, Brussels. In Britain it has a 30% affiliate, Westool Ltd, Bishop Auckland, Co. Durham, which recently opened a Paris branch (see No 403).

ELECTRONICS

** THOMSON AUTOMATISMES SA, Chatou, Yvelines (capital Ff 2 million), a member of the Paris group THOMSON-HOUSTON HOTCHKISS-BRANDT (see No 412) has granted a manufacturing licence for electronic industrial motor speed regulators and transistorised process control relays to the German OBERMOSER-ELEKTRONIK GmbH, Bruchsal, in which it has also purchased an interest. This company is a joint interest of Antriebstechnik Helmut Weiner, Kockenheim, and Motorenfabrik Albert Obermoser KG, Bruchsal (factory at Head Office and Miesbach, Obb).

In West Germany, the French group already holds shares in Thomson GmbH, Frankfurt; Demag-Houston-Automation GmbH, Duisburg (50-50 with Demag AG); Koch & Sterzel KG, Essen (through Cie Generale de Radiologie SA, Paris) etc..

ENGINEERING & METAL

** Under the structural reorganisation following its concentration (see No 408) with the French companies CEGEDUR and TREFIMETAUX, the PECHINEY group (see No 412) is to discontinue the manufacturing activities of its Belgian subsidiary Laminoirs de l'Escaut SA, Brucht-lez-Anvers (see No 359). This company (capital Bf 160 million) came under Pechiney's control in 1958, mainly through l'Aluminium Francais SA. Some of its activities will be taken over later by another concern in a form which is still being studied.

The Pechiney group has other interests in Belgium, especially a minority holding in Ste Industrielle de l'Aluminium-SIDAL SA (see No 376). This is an Ugine-Kuhlmann subsidiary, and an affiliate of Cobepa, of the Banque de Paris & des Pays-Bas group, which itself owns an interest in the Belgo-American company Simec-Lupton SA, Brussels. It also maintains close links with La Metallo-Chimique SA, Brussels (capital Bf 75 million), Sereco SA and Sicomet SA (both at the same head-office as Sidal in Brussels).

** The West German engineering and metalworking firm, HALBERG-HUETTE GmbH, Brebach über Saarbrucken, has acquired a minority shareholding in the foundry concern GEBRUEDER GIENANTH-EISENBERG GmbH, Eisenberg, Pfalz. Until now the wholly-owned property of the van Gienanth family, the latter (capital DM 2.6 million) employs some 600 people and produces 25,000 tons of castings annually, mainly for the manufacture of machine tools and diesel engines.

The Brebach company is the 60% subsidiary of the French Cie de Pont-a-Mousson SA group of Nancy, and is an affiliate of Saarlandische Industriegesellschaft mbH, Neunkirchen, Saar (part of the Gebrüder Stumm GmbH group). It has begun a major rationalisation of its machanical interests, following agreements recently signed with several French companies, including Pompes Guinard SA, Saint-Cloud and Chateauroux (see No 411). In 1966, it had a turnover of DM 229 million.

** ALUMINUM CO OF AMERICA-ALCOA, Pittsburgh (see No 387), has decided to build its first Common Market aluminium extrusion factory in the industrial zone of Chateauroux, Indre, France, rather than at Boutheon, Loire, which was favoured at the end of 1966. To start with, the new venture will employ around a hundred staff, and will be run by a new subsidiary called ALCOA FRANCE Sarl. Its output will be aimed at the building industry, and will be marketed in France, other Common Market countries and parts of Africa.

Alcoa set up a Rotterdam subsidiary a few months ago, Alcoa (Nederland) NV, headed by Mr. W. W. William, which is building a factory in the Europort area to make tabular aluminium using bauxite from an EEC overseas associate, Surinam. The American group's European head office is in Lausanne, where it is represented by a subsidiary, Alcoa International SA (see No 339), and it controls a Luxembourg finance company, Alcoa Europe SA, formed at the end of 1965. There are also manufacturing affiliates in Norway, Mosjøen Aluminiumverk, Elektrokemisk Aluminium A/S & Co, in Britain International Alloys Ltd and Impalco Foil Ltd, as well as sales companies in Oslo, Mosal Aluminium A/S and Imperial Aluminium Co Ltd in Birmingham, Bradford, Glasgow and London, and Pressoturn Ltd, Leamington Spa, Warwickshire.

** L.W.P. LTD, Croydon, Surrey, is represented on the board of the new L.W.P. AUTOMATEN NEDERLAND NV, Amersfoort, Netherlands, by Messrs. H. J. Lavington, K. B. Payne and L. W. Payne. The new company is to import and distribute automatic food and consumer products vending machines. The Dutch has Fl 50,000 capital, and a minority interest of 49% in it is held by Messrs. M. Wijfschaft of Maarn, and Leonard W. Payne of Kingswear, Devon.

** The Swiss manufacturer of machine tools MASCHINEN- & WERKZEUGFABRIK O. BAY, Subingen, Soleure, has formed a French sales subsidiary, AVANTE Sarl, St-Maur-des-Fosses (capital Ff 20,000). Nearly all of this has been supplied by its owner, M. Otto Bay, Subingen, and managed by M. Maurice Berland. The new company has Dr. G. H. Arstang, Essen, as the other shareholder.

** The West German company LANGBEIN-PFANHAUSER WERKE AG, Neuss (see No 352), which specialises in the electronic and chemical treatment of metal surfaces, has gained outright control of the Zurich company LANGBEIN-PFANHAUSER WERKE ZUERICH AG, in which it previously held a 20% shareholding. The latter (capital Sf 1.7 million) had losses in 1966 estimated at Sf 320,000.

The German firm, whose capital has now been raised from DM 3.4 to 4.08 million, is amongst the leaders in this sector in West Germany, and has an annual turnover around DM 45 million. Controlled by Herr Michael C. Thieme, Strümp, it has a shareholding in the Dutch firm Elpewe NV, Uithoorn, as well as many foreign licensees.

** The Dutch ironmongery and tool group NEDERLANDSE SCHROEFBOUTENFABRIEK NV, Helmond (see No 384), has consolidated its debts on its French sales subsidiary, NEDSCHROEF-FRANCE SA, Chatou, Yvelines, and raised the latter's capital to Ff 750,000. The Dutch firm has a Belgian subsidiary, Machinefabriek Herentals NV (capital Bf 20 million - see No 249), and six months ago it formed an Amsterdam subsidiary, Nedschroef-Mac Lean International (Nederland) NV in association with the American stainless steel bolt concern Mac Lean-Fogg Lock Nut Co, Chicago.

** Because of the present crisis in the Italian motor-cycle and scooter industry, the Bologna manufacturer DUCATI MECCANICA SpA (see No 338) of mopeds, auxiliary and agriculture engines, and self-driven pumps will be taken over by the Rome based state finance concern E.F.I.M. SpA (see No 402). Until now it was controlled by FINANZIARIA ERNESTO BREDA SpA, Milan (see No 406).

E.F.I.M. SpA was formed a few years ago and has Sig. Pietro Sette as president, with Sig. Attilio Jaboboni as managing director. It took over the public interests (51.3%) of Finanziaria E. Breda (see No 347), in which foreign companies own 23% of the capital. Ducati Meccanica (capital reduced a few months ago to Lire 750 million), has Branches in Rome and Milan, as well as in Lisbon, and in Avignon, France.

** M. Andre Job has been appointed president of ZEHNDER-FRANCE SA (see No 395; capital Ff 200,000) which has now been established in Paris by STE DES TUBES DE LA PROVIDENCE SA, Lexy, Meurthe & Moselle, an 88.68% subsidiary of the Belgian group COCKERILL-OUGREE-PROVIDENCE SA (see No 409). The new firm will take over French distribution of radiators produced in Switzerland by GEBR. ZEHNDER AG RADIATORENFABRIK, Gränichen, Aargau (see No 240) and previously handled by the heating department of Tubes De La Providence (see No 405).

The latter (capital Ff 40 million) in 1966 produced some 128,000 tons of welded tubes. 24,000 tons of these went to its factory at Fresnoy-le-Grand, Aisne, acquired from the former Ste Metallurgique De L'Aisne SA, Paris which it absorbed at the end of 1964 (see No 281). The Swiss company is represented on the board of the new French company by MM H. J. Zehnder, A. A. Zehnder and M. M. Wiesner and has had its own sales company at Riegel in Germany since the end of 1963.

** The German steel firm BAU-STAHLGEWEBE GmbH, Düsseldorf (see No 409; metal grids and mesh) has acquired 80% control of NV HANDELMIJ VOOR BETONSTAALMATTEN (capital Ff 200,000), the formation of which was recently scheduled for Rotterdam (see No 378), under an agreement with the local firm HANDELMIJ VOOR DRAADPRODUCTEN NV (20%). The new concern will market German reinforced concrete materials in the Netherlands.

Under the terms of the agreement, Handelmij Voor Draadproducten (director Mr H. J. J. Baker) decided in September 1966 to build a factory making reinforcements for precast concrete at Alphen, Rijn in association with the wire-drawing firm of Van Tiel's Draadindustrie, Beek-on-Donk.

** The American civil engineering plant manufacturer BARBER-GREENE CO, Aurora, Illinois (see No 345) plans to build a factory in the Netherlands, employing 50 people in the production of asphalt crushers and spreaders for sale in the Common Market. A site has been purchased covering 5 acres in Zwolle.

Barber-Greene has had a 51% sales subsidiary in Rotterdam since 1962 called Barber-Greene Europa NV, a 39% interest in which is held by its British subsidiary in Bury St Edmunds, Suffolk. Interests of 2% each are also retained by its five main European distributors: Ste Technique Industrielle de Material d'Entreprise SA, Paris; Charles Keller Baumaschinen GmbH, Düsseldorf; Il Cingolo SpA, Milan; Matermaco-Belgique SA, Brussels, and Wijnmalen & Hausmann NV, Bunnik.

** The Dutch group INDOHEEM NV, The Hague (see No 403) has decided to stop making French "Solex" mopeds under licence in the Netherlands (see No 317) because competition is too keen, and because of the cost of labour. The company concerned is Eerste Nederlandse Autorijwielfabriek NV (see No 355), which turns out 50,000 models a year at Laakweg, and the licence is issued by Sinfac Sarl of Courbevoie, Hauts-de-Seine (see No 317). The machines in question will still be distributed in the Netherlands, by R. S. Stockvis & Zonen, Rotterdam, which will import them from France.

** The two Dutch engineering firms of NV BEDUMER MACHINEFABRIEK, Bedum (see No 352) and NV MACHINEFABRIEK & REPARATIEBEDRIJF J.H. KELLER, Rotterdam, have taken equal shares in forming a hydraulic equipment maintenance subsidiary in Rotterdam called Hydro-Holland-West (capital Ff 250,000; director A. Keller).

Bedumer Machinefabriek has itself had a subsidiary in Meppel for the last year: this is called Hymas NV, and is a joint interest with Noord-Nederlandsche Machinefabriek, Winschoten. It makes "Hymas" excavators under a Norwegian licence issued by Hygrama AG of Zug, Switzerland.

FINANCE

** The New York McGRAW-HILL INC publishing company (see No 402) has formed a wholly-owned subsidiary to STANDARD & POORS INC, New York, in Brussels, under the name of Standard & Poors International SA (capital Bf 100,000). McGraw-Hill gained control of the latter in 1965: it specialises in financial and economic intelligence, investment consultancy and financial studies.

** A new banking establishment has come into existence in Italy following the merger (see No 410) of eight banks representing the banking interests of the Bergamo cement group ITALCEMENTI-FABBRICHE RIUNITE CEMENTO SpA, through its Milan investment subsidiary ITALMOBILIARE SpA, which is headed by Signor Carlo Presenti.

The new bank, ISTITUTO BANCARIO ITALIANO SpA (formerly Credito di Venezia & del Rio de la Plata SpA, Milan - capital Lire 3,000 - see No 329), has a capital of Lire 10,000 million, and holds funds worth Lire 230,000 million. It has forty outlets belonging to the banks it has absorbed: Banco di Credito & Risparmio, Banco Romana, Istituto Bancario Romano (all three in Rome) Banca Torinese Balbis & Gugielmone, Turin, Credito Mobiliare Florentino, Florence, Banca di Credito Genovese, Genoa, Banca Naef-Ferrazzi, La Spezia.

** The Swiss holding company INDELEC-SCHWEITZERISCHE GESELLSCHAFT FUER ELEKTRISCHE INDUSTRIE AG, Basle (see No 371), has exchanged its minority shareholding in the LA CENTRALE-FINANZIARIA GENERALE SpA, Milan (see No 405), for a similar shareholding in the supermarket chain MAGAZZINI STANDA SpA, Milan (see No 377). In 1966, Standa came under the control of the Montecatini-Edison group for Lire 38,600 million (see No 369). It has an annual turnover of over Lire 200,000 million, with some 130 points of sale throughout the country (65 towns).

Indelec's other main holdings in Italy include: the Rome investment company Romana Finanziaria-SIFIR SpA (see No 363), which forms part of the La Centrale group and will shortly be merged with it; and the publicly-controlled holding companies IMI-Istituto Mobiliare Italiano SpA, Rome, and ENEL-Ente Nazionale Per l'Energia Elettrica SpA, Rome.

** Two British and two American banks, WESTMINSTER BANK LTD (see No 386), and the HONG KONG & SHANGHAI BANKING CORP (see No 346) and the FIRST NATIONAL BANK OF CHICAGO (see No 391) and IRVING TRUST CO, New York, have all taken on equal interest in the formation of INTERNATIONAL COMMERCIAL BANK LTD, London. Of the £10 million authorised capital, £3,150,000 will be paid-up in cash immediately. The West German bank COMMERZBANK AG, Düsseldorf (see No 408), has a minority shareholding in the new concern.

It will start operations in the autumn, and with resources in sterling, dollars and European currencies, will be equipped to handle all types of banking business and will specialise in providing medium and long term credit to clients for their operations in all parts of the world. The founders are providing the new venture with a long-term loan in US dollars and sterling worth £5,850,000.

FOOD & DRINK

** The Irish company CROWNEX LTD, Lismore, which specialises in animal products for the food preservation industry (sausage skins), has formed a Rotterdam sales subsidiary CROWNEX (NEDERLAND) NV. Headed by M. Dirk Verhoef, this has a capital of Fl 50,000.

** As the result of a recent increase in its capital, SICA-UNILAIT now includes a new shareholder DISTILLERIES BRETONNES which holds nearly 50% of the capital. Sica is a member of the Francexpa group and exports products (butter, powdered milk) made by its five members: UCALM-Union des Cooperatives Laitieres du Maine; UCALEX-Union des Cooperatives Laitieres d'Exportation; Les Cooperatives de Verneuil, Indre and Distilleries Bretonnes.

** As a result of the links established by the British confectionery group CAVENHAM FOODS LTD, Slough, Bucks (see No 404) and the French mineral waters group SOURCE PERRIER SA, Vergeze, Gard a move has been made affecting UFICO-Union Francaise d'Industrie de Confiserie et de Chocolaterie.

An investment company CIE FRANCAISE DE CONFISERIE (capital Ff 1 million in which Perrier holds 51% and Cavenham 49%) has taken over UFICO's manufacturing assets. The links between the two groups are being strengthened on the British side by the formation of Cavenham Confectionery which will work with Francaise de Confiserie in promoting wider industrial and commercial co-operation.

** GERDABEL SA, Paris, the joint subsidiary since April 1966 (see No 354), of the French dairy products and cheese groups FROMAGERIES BEL-LA VACHE QUI RIT SA, Paris, CH.GERVAIS SA (see No 401) and DANONE SA (see No 411) as well as of of their respective subsidiaries Ste Industrielle & Commerciale de l'Alimentation SA, Fromageries Ch.Gervais SA (both in Paris) and Ste des Produits Laitiers SA, Pessac, Gironde, is to strengthen its foreign marketing network by setting up subsidiaries in Italy and the Netherlands. It already has a manufacturing subsidiary in Spain (see No 411).

The former will be called GERDABEL ITALIANA SpA and will be involved in marketing. It is due to commence operations during the coming autumn, whilst GERDABEL NEDERLAND NV will have its first storage depot in Amsterdam. Their parent company intends to raise its capital to Ff 6.9 million with the aim of boosting its foreign sales.

** The Belgian sugar group RAFFINERIE TIRLEMONTOISE SA, Woluwe-St-Pierre (see No 408) has gained through its subsidiary RAFFINERIE BELGE SA (see No 376) a 20% shareholding in two Brussels-based companies AGENCE EUROPEENNE DE VINS-AGEVIN SA (see No 314) and STE COMMERCIALE VINICOLE-LA VINICOLE SA, and it will be represented on their board by two directors MM R. R. Jaquemyns and Paul Wahl.

Agevin (capital increased to Bf 37.5 million) specialises in the import of wines and alcohol, whilst La Vinicole (capital also increased to Bf 37.5 million) runs a series of retail "wine supermarkets" in Brussels and elsewhere in Belgium. Both are controlled by the Luxembourg holding company Socfinal SA, which belongs to the Belgian group Sofin-Ste Financiere des Caoutchous SA (see No 396). The latter also has a direct interest in Agevin and La Vinicole, whose other shareholders are the Luxembourg holding company Afico-Administration & Finance Corp. SA and Fininter-Cie Financiere Internationale Pour Le Commerce & L'Agriculture SA, which belongs to the same group, whose president is M. Paul van den Bosch with M. Philippe Fabri as managing director.

GLASS

** One of the largest American building materials and fibreglass concerns, CERTAIN-TEED PRODUCTS CORP, Baltimore, Maryland, and Ardmore, Pennsylvania (research labs at Ambler, Pennsylvania, and Savannah, Georgia) is having talks with CIE DE SAINT-GOBAIN SA, Neuilly, Hauts-de-Seine, with a view to making a partial division of its interests in the fibreglass thermal and acoustic products sector. It plans to make over three of its nineteen factories to a joint 50-50 concern called Certain-Teed-Saint-Gobain Insulation Corp. This will have $25 million capital, and, with access to the technical resources of either company, it will be able to offer a wide variety of domestic and industrial insulation materials for sale on the American market, its main outlets being domestic equipment and the building trade.

The French group's American interests are held by a 58% subsidiary called American Saint-Gobain Corp, Kingsport, Tennessee, which in 1966 made a net turnover of $56,850,000. This company specialises in plate glass, and it has subsidiaries in Jeannette and Arnold, Pennsylvania; Kingsport and Ellwood City, Tennessee; Okmulgee, Oregon, and Greenland, Tennessee.

INSURANCE

** Two Amsterdam reinsurance groups, UNIVERSEELE REASSURANTIE MIJ.NV (capital Fl 10 million) and ALGEMENE HERVERZEKERING MIJ.NV, (see No 264) have agreed to concentrate their respective activities over a period. To start with, this will result in the formation of a new company NEDERLANDSE REASSURANTIE ASSOCIATIE NV, Amsterdam to co-ordinate the business of its two founders as their merger is completed.

Algemene Herverzekering (capital Fl 10 million) has interests in the Netherlands as well as abroad: Algemene Levensherverzekering Mij NV, New London Reinsurance Co Ltd, Hollandia Reinsurance Co of South Africa Ltd and Philadelphia Reinsurance Corp.

OFFICE EQUIPMENT

** The American manufacturer of offset duplicators and electrostatic photocopiers, A.B. DICK of Chicago (see No 373) has increased its Belgian sales coverage by setting up a regional office in Liege. This is the first stage in a plan to open branches of the Brussels subsidiary, A.B. DICK BENELUX, in all the country's major towns.

The Chicago company's duplicating and photocopying equipment was introduced into Belgium eight years ago, and a few months ago the European head office was transferred from Zug, Switzerland to Brussels. In addition to subsidiaries in Utrecht and Frankfurt, the group has representatives and distributors for France (Y.A. Chauvin SA, Paris), Germany (Pape & Rohde, Düsseldorf) and Italy (Nebuloni & Picozzi, Milan, Rome and Turin).

** The New York office equipment and accounting machine group SPERRY RAND CORP is continuing the reorganisation of its Common Market interests and has now rationalised its Dutch ventures. SPERRY RAND HOLLAND NV, Amsterdam, headed by M. A. Uyttenbroek has taken over the four divisions of the former Amsterdam subsidiary REMINGTON RAND NV (capital Fl 14 million) formed 60 years ago, and which now employs some 1,600 perons: UNIVAC, REMINGTON OFFICE EQUIPMENT, REMINGTON OFFICE EQUIPMENT FACTORY and REMINGTON ELECTRIC SHAVERS.

** The Paris subsidiary of the American group PITNEY-BOWES INC, Stanford, Connecticut (see No 411), which specialises in office and postal equipment, ADREMA PITNEY BOWES Sarl, has extended its French sales network (see No 412) by opening two new branches in Marseilles and Lille, having recently opened one in Toulouse. Headed by M. Jean Trubert, the French company has just tripled its capital to Ff 3 million so as to finance its expansion.

Pitney-Bowes has two West German subsidiaries to supply its Common Market interests: Adrema Werke GmbH, Berlin and Hepperheim, and Deutsche Pitney-Bowes GmbH, Frankfurt. In 1966 it gained control of Thomas Collators Inc, New York (see No 340), but the latter's Belgian subsidiary, Collateurs Automatiques SA, Boussu-lez-Mons, is today an independent company.

PAPER

** The French group PAPETERIES DARBLAY SA, Paris and the American KIMBERLY CLARK CORP, Neenah, Wisconsin (see No 338) have taken respective interests of 10% and 90% in the raising of the capital to Ff 25.5 million of their joint French subsidiary SOPALIN SA (see No 287) in order to finance its expansion. This makes cellulose wadding, paper handkerchiefs and similar products at Corbeil-Essonne. It has started to build a factory costing some Ff 35 million at Sotteville-lez-Rouen, Seine-Maritime which will have an output capacity of 15,000 tons of paper tissues and cellulose cotton wool.

The first stage in Sopalin's expansion started in 1966 with its capital being increased from Ff 9 to Ff 17 million, when Darblay took an interest equivalent to its original 45% shareholding. At present the aim is for Sopalin's capital to be increased to Ff 33 million at a later date.

PLASTICS

** The Belgian manufacturer of plastic products ANTONIAVOLET SA, Antoing has opened a French sales subsidiary in Maulde, Nord. With Mme. G. Vanderpierre-Duprez as president, the founder has a capital of Bf 5.5 millions.

RUBBER

** The French producer of medical and protective rubber goods MAPA SA, Villiers-le-Bel, Val d'Oise (capital Ff 8.066 million) has reorganised its West German interests by merging two subsidiaries HANSEATISCHE GUMMIWARENFABRIK GmbH will take over BLAUSIEGEL RICHTER, KAUFER & CO GmbH, Hanover and the new group will be known as FROMMS-BLAUSIEGEL-GUMMIWARENFABRIK GmbH; it employs some 300 persons in its Zeven factory. It has a company formed in 1965, Bremagum, Sprl, Schaerbeek - Brussels responsible for its Belgian sales (see No 294). The Hanover company also controlled a subsidiary Rubion GmbH & Co KG, Sarsted.

The French company (president M. Jean Menasche) is also interested in Gummiwerk Erfurt KG (see No 329). In France its production units are at Villiers-le-Bel and Lilas, Seine-St-Denis.

TEXTILES

** Two West German chemical fibre manufacturers MORAWERK & CO KG, Krefeld and HASENCLEVER & HUESER oHG, Wuppertal have decided to merge their sales networks. The former (DM 1 million share capital) has around 150 persons on its payroll with an annual turnover approaching DM 7 million. The Wuppertal concern is owned by Herren Wolfgang and Heinz Hüser and employs around 200 persons.

** The British textiles group UNITY CORSET FACTORIES LTD, Kingwood, Bristol (foundation garments, underwear and lingerie - Fantasie, Unity and Belgracia trademarks) has set up its first Common Market sales subsidiary in Amsterdam. This is called Fantasie International NV (capital Fl 50,000; director Sydney D. C. Ryall), and is directly controlled by the Kingswood subsidiary, Fantasie Foundations Ltd.

** The Italian mens' shirt manufacturer CAMICERIA PANCALDI & CO Snc, Bologna, has made over part of its French debts to a subsidiary PANCALDI E B FRANCE SA, Paris, and has quadrupled the latter's capital to Ff 2 million, in order to finance its expansion. The French company, whose President is Sig. Bruno Pancaldi, was formed in 1963, and has a workshop at Gaillefontaine, Seine-Maritime.

** The Italian manufacturer of elastic thread FILLATICE SpA, Muggio, Milan, has formed a West German subsidiary, whose primary task will be to promote sales. With a capital of DM 100,000, the new company, FILLATICE GERMANIA LATEXFAEDEN GmbH, Kerpen bz Cologne, has the managing director of its founder, Sig. Angelo Menegatto, as manager.

In February 1966, Fillatice extended its interests to France (see No 354) by forming a 58% subsidiary, Fillattice France Sarl, Lyons, where the remaining interest is held by the Paris company Cie Francaise des Fils Elastiques Modula SA.

TOBACCO

** The German tobacco importers RESTU IM. EXPORT & TABAKHANDEL GmbH, Bremen (director Herr L. B. Tien) has taken a part in forming a company in Amsterdam to import tobacco from Indonesia: HANDELMIJ UNIPRO NV (capital Fl 1 million; 20% paid-up).

TOURISM

** With the aim of extending its West German interests, the Spanish travel agency BARRANCO & ANDRES, Madrid, has formed a Frankfurt subsidiary called SPANISCHES REISEBURO BARRANCO & ANDRES GmbH. A few months ago another Madrid agency also opened a Frankfurt subsidiary; Reiseburo Melia GmbH (see No 400).

TRANSPORT

** The two Rhine shipping companies PREUSSISCH-RHEINISCHE DAMPFSCHIFFAHRTS-GESELLSCHAFT AG, Cologne (capital DM 3.15 million) and DAMPFSCHIFFAHRTS-GESELLSCHAFT FUER DEN NIEDER- & MITTELRHEIN AG, Düsseldorf (capital increased from DM 3.15 to DM 3.6 million in September 1966) have decided on a merger which will result in a new company called KOLN-DUSSELDORFER DEUTSCHE RHEINSCHIFFAHRT AG, Düsseldorf (administrative head office in Cologne).

The town of Düsseldorf holds 29% and 28% respectively in the two companies, in association with Bankhaus Sal. Oppenheim Jr & Cie KG, Cologne (see No 383) with 56% in the former, and Henkell & Co KG, Wiesbaden (see No 405) with 30% in the second. In 1966 the two companies concerned had a joint turnover of DM 26 million.

** The New York shipping firm UNITED CARGO CORP.-U.C.C., which specialises in container transport, has decided to go ahead, after a long survey, with a weekly shipping service between Yokohama, Japan and Rotterdam via the USA. With a branch in Yokohama, goods will be placed in containers and shipped to Seattle; they will then be carried across the USA by train and loaded on board ship again for London and Rotterdam. The journey should take between 26 and 28 days compared with 40 for the Japan-Singapore-Suez-Gibraltar run.

U.C.C. (president Mr Isaac Charchat) is represented throughout the world. Its main European interests are U.C.C., Rotterdam (under M. W. van Eisden). U.C.C. Milan (headed by Signor H. Lufi) and United Cargo Containers (Europe) Ltd, London headed by Mr D. B. Wallace, which has branches in Liverpool, Manchester, Nottingham, Glasgow, Belfast and Dublin. It also has offices in Antwerp and Basle and in Spain is represented by Mory Espanola SA, Barcelona, Dansk Fragtkontor A/S, Copenhagen, W. McCalla & Co Ltd, Belfast and Fallenius & Lefflers A/B, Gothenburg.

** BLACK DIAMOND STEAMSHIP CORP, New York, which has been represented in Antwerp since 1952 by its subsidiary Black Diamond Lines SA (capital reduced to Bf 2.5 million in 1962), has been made over to VAN NIEVELT GOUDRIAAN & CO's STOOMVAARTMIJ NV, Rotterdam (see No 398), the administration of the lines between Antwerp and Rotterdam and New York. As in the past, the Dutch shipping company will provide weekly sailings to and from New York, and will retain most of Black Diamond Lines' existing agencies both at ports and inland.

** The French customs and international shipping firm MARECHAUX & CIE SA, Paris, has set up a subsidiary in Milan called MARECHAUX ITALIA Srl (capital Lire 900,000). 80% of the capital has been subscribed by M. A. W. Develey, principal shareholder in the parent firm.

VARIOUS

** A Belgian businessman from Courcelles, M. Gustave Dumont, has made over to ZAFIRA-BENELUX CA, Gosselies (capital Bf 1 million - headed by M. F. Huybeus) the firm called ZAFIRA, which imports plastic and metal parts for sound reproduction equipment. These are made in Switzerland by the Geneva company Louis & Gerard Renevey-Zafira Centrale, and distributed in France by an independent concern, Zafira-France, Sarl, formed at Lyons in 1964 by MM. C. Moranzais and B. Deboille.

** The extension to the Common Market of the American correspondence course group FAMOUS ARTIST SCHOOLS INC, New York (see No 250), has continued with the formation in Paris of FAMOUS SCHOOLS INTERNATIONAL Sarl (capital Ff 20,000) with M. Bernard Guillemot as manager. Founded by Mr. Peter Lawrence Stryder of Amsterdam, the new company will be involved in all types of business connected with correspondence courses.

In the Netherlands, the New York group controls Famous Schools International NV (formerly Famous Artist School Nederland NV), headed by Mr. Peter Stryder, and International Incasebureau Colbur NV (formerly Famous Artist Schools International NV, Amsterdam. It controls similarly named firms in Belgium at St-Josse-ten-Noode and Düsseldorf.

** The Dutch horticulture and nursery concern KONINKLIJKE KWEEKERIJ MOER HEIM v/h B. RUYS NV, Dedemsvaart, (perennials, shrubs and roses), has joined 50-50 with French interests in forming a company called Rosaflor NV at Uithoorn, to select and grow roses. This new firm has Fl 100,000 capital, and is run by MM. Th. Ruys and A. A. Meilland, one of the two French partners holding a 25% interest.

** The British watchmakers and jewellers H. SAMUEL LTD, Birmingham, have taken over their only Common Market sales subsidiary, H. SAMUEL SA, Brussels, and put it into liquidation. The firm was formed in March 1963 with a capital of Bf 100,000.

** The American company ROTARY ENGINEERING Co, Midland, Texas (a member since 1959 of the White Eagle International Inc group, Midland) has sold to private French interests its shareholding in SAMEGA-STE D'ANALYSE DE MESURES & D'ETUDES DE GEOLOGIE APPLIQUEE SA (capital Ff 200,000).

The latter (president M. Alain Allene) is now entirely controlled by French interests and specialises in manufacturing and hiring out gas detectors, chromatographs, fluoroscopes, measuring and recording equipment for drilling, mining, water control schemes as well as for photogeological work. (Trade names include: Foralog, Densifer, Foracouple, Foratour, Forapieze, Nivofor, Multifor). It has branches in The Hague where it is linked with the N.A.M. group, and in Madrid where it is a technical associate of S.I.P.-Sondeos Inyecciones Pilotes SA, Madrid and Saragossa, and in Hussein Dey, Algeria. Since 1960 it has extended its interests outside the Common Market to Britain, Greece, Turkey, Egypt, Kenya, Senegal and Libya.

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