OMO237

Opera Mundi EUROPE

A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

CONTENTS

June 29, 1967 — No 415

Opera Mundi EUROPE

A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

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

OPERA MUNDI EUROPE

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

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

SWITZERLAND
54 Rue Vermont GENEVA
TEL: 33 7693

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

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

o

SUBSCRIPTION RATES

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

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

THE WEEK IN THE COMMUNITY

June 19 - June 25, 1967

From Our Correspondents in Brussels and Luxembourg

THE COMMON MARKET

The EEC as Hallstein Leaves

The Pace Slackens: The Middle East crisis continues to overshadow events in the Community and also to affect them, by absorbing both the time and the attention of its Foreign Ministers. It does not therefore look as if the mini Franco-British "summit" of June 19 can have gone far towards resolving the difficulties raised by Britain's application for EEC membership. French reservations about the effects of widening the Community are still there as is the French Government's determination to block any attempts at early negotiations (see External Affairs, below). It already looks as if the consultation required by Art. 237 of the Treaty of Rome on the handling of an application for membership by a third country has been booked to the single Commission, which does not come into being until July 6, and even then its mandate will contain no strictures as regards time. If the Ministers do bring the matter up, the Commission will probably not be able to give a decision before the summer recess, which would also allow the French delegation to ask for a postponement of any hearing by the EEC Council of a mission from London. Again, Harold Wilson has told the Commons that a clear picture should emerge around Christmas so it looks as if things are unlikely to move very fast in the coming weeks.

Tenth Report: Economic Policy: In the meantime the Communities are too busy taking stock and taking leave to produce anything creative (once again, the meeting of the Transport Ministers has been called off as the EEC experts continue to defend diametrically opposed positions). In the wake of Euratom, the EEC Commission has just published its tenth and final overall report (see Blue pages for details). The document is prefaced by an eighty-page "declaration" carefully listing the many tasks awaiting the single Commission on the road to complete fulfilment of the Treaty's objectives. There is the usual long list of measures of all kinds which must be applied before true integration of the six national economies is achieved, from harmonisation of Customs legislation to free circulation of capital. The Commission has specially emphasised co-ordination of economic, monetary and finance policies, which should produce a situation "where devaluation of the currency of one or several member-states would be both futile and impossible".

Other Policies: The report also makes a deeper analysis of the common industrial policy. The Commission has rejected outright liberalism under which free circulation of goods would automatically bring the production apparatus into line with it, in favour of a huge joint effort by the Community and the member-states to co-ordinate production. This would mainly involve individual policies for each sector of industry, especially those in straitened circumstances (coal, steel and ship-building), the removal of any legal and fiscal obstacles in the way of a "European" company, a common energy policy, better co-ordinated regional development programmes, and finally a policy on scientific and technical research. All these questions have already been raised in greater or lesser detail and some have even been closely studied, but the fact that the Commission's swan-song should touch on them again does give some indication of their importance in the minds of the EEC officials.

Hallstein's Speech: In his farewell speech to the European Parliament on June 21, Professor Walter Hallstein also underlined the fact that "the realisation of the European Economic Community would be the most positive advance towards the goal of all European efforts: the establishment of a political Community in the fullest sense of the term... based on a federal constitution". He has no difficulty in recognising the political effects of the Common Market: the Six's policies are so closely related that another war in Western Europe would be unthinkable; through common action (Kennedy Round) the EEC has managed to come to terms "with crushing external pressures". Even on basic questions, the Community's institutions could usefully intervene in reaching joint decisions, etc, and the Commission gets only some of the credit for this progress. Hallstein feels that its main function was to act as the "stern guardian of the Treaty, in the face of the established authorities of the member-States, in the face of existing powers, in the face of organised interests". It had also had "the courage to make up its mind", to be the driving force in the Community; and when it was not doing so there was nobody else capable of taking over this role. The Commission was also able to balance idealism and realism: idealism always advocated Community interests whilst realism sought a detailed knowledge and careful consideration of national interests "not to stifle these but to satisfy them".

President Hallstein also said that "in the long term, Europe cannot rely on others for its security" which gained him resounding support from a packed house. All the political groups were full of praise for him, including the Gaullist element which recognised that Walter Hallstein has played an essential part in bridging the gap between national interests. In his speech of acknowledgement, the Professor said that he was leaving, but not retiring, as regards either concrete action or ideas. Better still, he only wanted to say "au revoir" to the European Parliament, which indicates that this eminent German statesman may yet return to the political scene.

* * *

The Economic Outlook: Expansion

The Commission has just submitted a draft recommendation to the EEC Council on the future economic policy of the member-States. For the first time in several years it does not give absolute priority to stabilising prices and costs, but considers that support and encouragement for expansion has become equally as important, at any rate in some countries and in certain forms. The economy is in need of a boost in Germany especially, and also in Belgium and France. On the other hand, caution is required in Italy, were the rate of expansion is still increasing. Revival should also be ensured by increased investment, rather than by growth in consumer spending. On this point, the balancing of budgets by reducing Government expenditure on consumer goods and reducing the deficits of loss-making public enterprises is still strongly recommended.

The Labour Factor: This comparative redirection of economic policy is mainly due to the changes in the Community labour market, which up to eighteen months ago was extremely tight. But this has been succeeded by a fairly marked relaxation in demand, according to the statistics published by the EEC Commission. The number of unfilled jobs in the Community fell from 828,000 in 1965 to 764,000 in October of the same year. In the same period the number of unemployed dropped marginally to 1,432,000 at the end of October 1966. This fall should be attributed mainly to Italy, which has recovered considerably since 1964-65. On the other hand, unemployment has increased considerably in several other member-States.

* * *

July 1, 1967

On July 1, the remaining tariff duties on industrial goods between member countries will be reduced by 5% to 15% of their 1957 level, and this remainder will be abolished on the same day in 1968. But the final changes and adjustments to the Common External Tariff, already 60% below their original level, will be made on July 1, 1968.

Internal duties on agricultural products, which at present stand at 35% of the starting level for some products and 40% for others will be reduced to 25% on July 1 of this year. On the same day the common market organisation for cereals, pork, eggs, poultry and oilseeds will come into force, and so will the common rules for sugar (for prices, see Agriculture, below).

* * *

AGRICULTURE

Modernising EEC Structures.

Important proposals concerning the development of the Community's agriculture and its backward regions have just been sent to the member States by the EEC Commission. These cover ten programmes aimed at guiding the work of FEOGA (the Agricultural Guidance and Guarantee Fund) for a three year period at a total cost of $672 million.

Strengthening Brussels: The importance of the proposed move lies in its political implications, and it is likely that there will be some tough talking in the Council of Ministers. If the scheme is adopted as it now stands, agricultural and regional development policies in the member States will no longer be run by national governments, but by the institutions in Brussels, thus strengthening the scope of Community power.

A New Line: The scheme shows a departure - to some extent - from the Community's "traditional" approach of being mainly concerned with production, as it is largely aimed at improving the marketing aspects of Common Market agriculture, and even in some cases at food-processing facilities. If it is adopted, the FEOGA will only provide financial support for projects included within its list of programmes. Any support normally amounts to 25% of the cost, although in regions such as Southern Italy, this may rise to 45%.

Balancing the Six: Although the proposal applies to all member countries, it has been said that some countries do not really have any backward areas (no part of the Benelux countries could be reckoned backward, when compared with parts of France and Southern Italy), but, for political reasons, any move to leave one of the Six out would probably have been found unacceptable.

The proposals are listed below:

1. $70 million for improving farms, including the rationalisation of holdings.

2. $50 million for land drainage.

3. $50 million for irrigation.

4. $12 million for forestry.

5. $80 million for improvements to the marketing of fruit and vegetables. This includes the building of better storage and sales premises, and possibly that of processing facilities.

6. $100 million to improve the quality of dairy farming equipment, and assist mergers, considered essential.

7. $90 million to be used to increase beef production, as well as for building abattoirs of profitable scale in meat-producing areas.

8. $40 million for improving the quality of wine.

9. $50 million for improving the quality of Italian olive oil.

10. A total of $130 million for improving agricultural regions in difficulty and backward areas of the Community. This will cover all types of investments, and is aimed at allowing these areas to take part in the growth of the Common Market.

* * *

Review of Agricultural Prices

The Commission has just proposed to the Council that the price of soft wheat for the 1968-9 season should be maintained at its current level of $106.25 per ton, but that the price of maize should be raised from 90.63 to $99 per ton and of barley from 91.25 to $96. This is an indirect encouragement for some degree of redirection in cereal production. The Community in fact produced a surplus of soft wheat, while it still has to import large quantities of secondary cereals. An increase in the price of rice from $18.12 to $19 per 100 kgs is also proposed. Virtually no change will be effected on other agricultural prices subject to review.

* * *

A Common Market for Wine

The Commission has just put forward a proposal to the Council that a common market organisation should be established for wine, the one major agricultural sector as yet unco-ordinated in the EEC. This will involve harmonising the different technical rules governing the industry within the Six and using the $40 million allocated to improve wine quality under the Community agricultural modernisation schemes. (see above - item 8).

Prices and Surpluses: Basic prices for a limited and representative number of table wines - mainly Italian and French - will be fixed each year, and will take into consideration prices for the same wines during previous years. An intervention price will then be fixed at between 75% to 80% of the basic price.

If a wine surplus seems likely for the coming year, steps will be taken to encourage producers not to market all of their harvest during the same year. For certain grades of quality wines, financial assistance in stocking their production for at least nine months will be available, whilst voluntary distillation will be encouraged, together with the promotion of purchases of alcohol, but if prices start to fall, measures will be taken to support prices.

Quotas and Protection: Although trade barriers to intra-Community movements of wines will have to be eliminated, these are unlikely to have much effect on table wines. The abolition of quotas however, is expected to increase the demand for quality wines. As the Common External Tariff will also protect wines, (at approximately 3/-a gallon) the proposal considers that quotas in relation to imports from non-member countries should also go. Additional protection for Community producers against low cost imports will be furnished by a sluice-gate price for wine (basic price plus 15% as a maximum). However, if imports (including tariff duties) are lower in price than the sluice-gate price then they will have to pay a further levy. The effect of this measure on French purchases of North African wines is uncertain, but the Commission seems to think that special arrangements for the Maghreb countries should fall within the terms of reference of any association agreement.

* * *

EXTERNAL AFFAIRS

Slow Progress for Britain

The meeting of the Common Market Council of Ministers in Brussels on Monday and Tuesday of this week produced little change in known attitudes. The French were out to delay as far as they could, within the bounds of discretion, any progress towards opening negotiations with Britain, whilst the Five and especially the Benelux countries were trying to get matters moving as quickly as possible.

A United Five: It became clear, after the long session on Monday night, that more progress had been made than might have been expected. As Signor Moro, who is on an official visit to Britain with his Foreign Minister Signor Fanfani, said in London on Tuesday, the Five proved united in their opposition to France, although in differing degrees. The French remained insistent that to ask Britain to state her case to the Council of Ministers would be tantamount to opening negotiations, which they consider should be delayed until a decision has been reached amongst the Six on the problems of enlarging the Community. (This must have been of interest to Mr Lynch, Prime Minister of Eire who was visiting Bonn this week). But M. Couve de Murville was unable to prevent the Council from agreeing to debate Britain's application at its next meeting in Brussels on July 10, and 11, and another matter over which he appears to have modified his position was consideration of the bid under Article 237 of the Rome Treaty.

The Commission's Opinion: This means that the Commission have been asked to give their opinion to the Council, but although some member Governments think this could be done quickly, it is unlikely to be ready before the end of September, as the new single Commission takes over on July 1, and the August holidays soon follow. The new body will be watched to see whether it will make an independent move and hold direct consultations with British representatives, or whether it will confine itself to studying the problems as seen from Brussels.

Using the WEU: As the French refused to give way over allowing Britain to state her case directly to the Council of Ministers, the Belgian Foreign Minister, Pierre Harmel (see below) suggested that the British Government should use the next meeting of the Western European Union in The Hague, in the first week of July, to state their case for joining the Common Market. M. Couve de Murville thought that the Council of Ministers was not the place to be discussing matters relating to the WEU, which should have no real bearing on the EEC.

No let-up: The most encouraging result of the meeting for Britain has been the united stand of the Five, as well as the fact that only full membership, and not association, often proposed by France but always rejected by Britain, was considered. It would be wrong to expect the Five to take a tough line with Paris, since General de Gaulle has shown a fresh interest in the political unity of the Common Market. But if Signor Fanfani's remarks about the Five having to use persuasion rather than force to change the French attitude are borne in mind, as well as their common stand in Brussels, then the British Government have good reason for continuing to press their case wherever possible and for refusing to take "No" as an answer.

Britain: The Belgian Position

Pierre Harmel, Belgian Foreign Minister, in an interview with "Le Monde" last week, was at pains to stress that for his country at least the key issue in the EEC today is that of Britain's proposed membership of the Community: not only is it incumbent upon present members, constitutionally ("une obligation juridique") to look closely - and immediately - into the application; it is also their duty to respond fairly to an undertaking, made in good faith, to abide by the Treaties and accede to legislation carried out to date by the Community. Again, it would appear absurd, if there is any likelihood of British membership at any stage, to make any moves towards political union before that membership is realised - and this indicates the earliest possible resolution of the issue once and for all. It would be a fatal mistake deliberately to reject Britain, and compel her to turn towards the other side of the Atlantic. On this point, he alluded to the dangers of a "power game" developing between the two main members of the EEC as it stands, and the role Britain could play as a mediator in the balance of the Community.

As for the actual machinery of negotiation, M. Harmel was concerned about the possible interpretation of Article 237 of the Treaty of Rome, the constitutional channel through which new members may join the Community; this article declares that the Council of Ministers must obtain the advice of the Commission and then reach a unanimous decision, before a new member may be admitted. He urged that this process should be gone through in a spirit of "mutual goodwill", and expressed his uncertainty as to the way it might be approached. The article lends itself equally to immediate consultation with a British delegation by the Commission (which is eager to play its part in the talks), which would place it in a sound position to offer its advice to the Ministers, and to the situation where the Commission is only allowed to give representatives of the candidate country a hearing when and if the Council itself embarks on negotiations. There have been several instances of the first case, when applications for association have been dealt with, and in the second case, the Commission would be placed in a poor position to give a really considered appraisal of the application and its possible repercussions.

The Belgian position is clear: she wants Britain in, and she is bent on getting a British delegation a fair hearing by Brussels as soon as possible (and the Council meeting this week showed that the rest of the Five are entirely with her). As for the sometimes mooted "association formula", M. Harmel was quite certain that this could only be countenanced as an interim measure, and should only be used as a way of smoothing the passage of any new adherent to the Community to full membership. Provided that they had (as is the case with Britain and other present candidates) undertaken to abide by existing Community legislation and institutions, all countries seeking membership of the EEC "should be give their chance".

* * *

Herr Brandt and Scandinavia

During the past week the West German Foreign Affairs Minister, Herr Willy Brandt - President of the Common Market Council of Minister as from July 1 - has been visiting the capitals of Scandivavia with the exception of Copenhagen. Both Denmark and Norway want to become full members, but the position of the Swedish Government is still uncertain. Officially, Sweden appears willing to have an arrangement which would not be incompatible with her traditional attitude of neutrality, but it is feared that full membership of the EEC would affect this.

However, the Stockholm Government is being pressed to make a decision by the opposition, industry and the unions who favour the aim of full EEC status. If they do not apply to join or attempt to forge links, there is a grave risk of economic hardship, since Sweden's major EFTA partners-Britain, Norway and Denmark - would probably be inside the Community.

Only a few days before, Herr Brandt, talking to journalists in Bonn said that the Federal Government supported the Norwegian decision to apply for full membership of the Common Market. The Foreign Minister said, "We are aware of the problems faced by Norway, but we believe that the members of the Six will look at them sympathetically".

* * *

E.C.S.C.

European Parliament Approves High Authority Policies

The Parliamentary debate on the High Authority's 15th General Report last week hinged upon a report presented by Mlle. Lulling (Luxembourg Socialist), and ended with the passing of a resolution approving High Authority action in all its spheres of responsibility. Of course, the High Authority's powers of intervention have been limited by a Treaty, hastily conceived at a time of crisis and partially inapplicable to the current situation, and so it has been unable to provide basic and lasting solutions to recurrent crises in the steel and particularly the coal and iron-mining sectors. But sterling efforts have been made, in close co-operation with the Governments of the member States in the Council of Ministers, and the European Parliament has invited the High Authority, and subsequently the single Commission, to continue its work in the same spirit which made it possible to find a solution, among others, to the coking-coal problem. There is no longer any question that the Community's internal coal production will have to be modified, and this will only be possible through some reduction of domestic extraction: but the majority of Parliamentarians underlined the point that this scaling-down of coal must be done without economic and social damage; no closures should take place unless alternative employment is provided in the affected areas.

The Lulling Report: In presenting this report, Mlle. Lulling emphasised the gravity of the crisis by pointing out that since last year, employment has fallen 4% in the Community steel industry, 9% in the coal-mining industry and 14% in the iron sector. Unused productive capacity for steel in the Community at present stands at over 22 million tons, and in the coal industry, where State aid reached more than $1,200 million, oil and coke stocks are standing at 50 million tons. Coal, therefore, needs a concerted policy at European level, and also a common energy policy embracing all forms of power.

Political Power: The Parliament also observed that the institutional development of the Community tends automatically to increase the Council's powers of decision, and Parliament has no control over this. It therefore requested that, in order to improve inter-institutional balance, it should, in future, be consulted before any major measures are introduced in the ECSC, under a procedure similar to the one used in the EEC.

Executive Power: This report was the High Authority's last, as it will be merging with the two other Executives on July 1. The Authority's Vice-Président, M. Coppe, also tried to trace the direction in which the High Authority should move after the merger. In the light of the experiences of the last few years, he said, care should be taken to ensure that the Community has sufficient resources to carry out a Market-wide industrial policy. By an industrial policy, the High Authority means not only a structural policy aimes at expansion and gaining the maximum profit from technological progress, but also one which could provide the necessary impetus to ensure balanced development of the various sections of the common market, taking social requirements into account at the same time. According to him, certain provisions in the Treaty of Paris should not be reintroduced into the single Treaty, and some others, which do not figure in the present ECSC manifesto, should be written in. The High Authority, among others, considers that grants for industrial retraining, inaugurated by the ECSC, should be extended after the merger to become an integral part of the policy structure of the EEC. In the same vein, the single Treaty could provide opportunities for the Community institutions to stimulate investment in sectors of vital importance to the even development of the economy as a whole.

Research policy will also have to be solidly grounded in the single Treaty. It will not be enough to rely on inter-Governmental co-operation, the institutions will have to be in a position to establish priorities and draft positive policies.

Consequently, and with a view to ensuring adequate means of actions for the future single Executive and the future united Community, the financial independence of the Community must be maintained.

No Application of Article 58 to the EEC Coal Market

In accordance with the mandate given it by the Council of Ministers at its meeting on June 5, the High Authority has examined a German request asking for application of Article 58 of the Treaty ("manifest crisis") to the coal market (see No 413). As expected, the request was refused. The High Authority considers that the provisions of Article 58 bear little relation to the requirements of the structural crisis facing the Community's coal industry, mainly because it does not allow for selectivity in fixing production quotas. The High Authority will propose instead that the Council should apply Article 95, which is more flexible, but which require unanimous approval by the six Governments.

Major Financial Decisions

At its last meeting, the High Authority decided on the allocation of borrowing resources representing the equivalent of $19 million (u/a) for investment and industrial reconversion projects. These facilities are part of the loan raised on February 10, 1967, on the international capital market (this loan was raised to $25 million), and also the remainder of a 15,000 million Lire and a 20 million florin loan.

The High Authority also agreed to grant retraining aid to about 14,000 steel-workers and miners.

* * *

The New Commission

The new fourteen-member single Common Market Commission, which commences its duties under the presidency of Jean Rey on July 1, was officially nominated on June 27. Professor Hallstein and Robert Marjolin, of course, have retired, and those of the old nine-man EEC Commission who move into the single executive, apart from Rey himself, are Sicco Mansholt of the Netherlands, who retains his vice-presidency; Lionello Levi Sandri of Italy, likewise; Hans von der Groeben of Germany, who becomes a vice president for the first time; Henri Rochereau of France, and Guido Colonna of Italy.

From the other executives, the Euratom Commission and the ECSC High Authority, and from the ranks of the officials in Brussels, the following new members have been nominated: Fritz Hellwig, vice-president of the High Authority, for Germany; Albert Coppe, acting president of the same since the resignation of Signor del Bo, for Belgium; Raymond Barre and Jean Deniau for France; Wilhelm Haverkamp for Germany; Edoardo Martino for Italy; Emanuel Sassen for the Netherlands, and Victor Bodson for Luxembourg.

* * *

Paris-London Commercial Talks

On Wednesday, June 28th, a high-powered team from the London Chamber of Commerce, under the leadership of Lord Erroll, is holding a meeting in Paris with its opposite number - headed by M. Henri Courbot - to discuss Britain's bid to join the Common Market. Although the meeting, which it is hoped will become a regular event, is unlikely to have wider repercussions, it does indicate interest and support from an important group, which would be affected in the event of Britain's acceptance into the EEC.

* * *

E.I.B.

Help for Franco-Dutch Gas Link

As indicated in Opera Mundi-Europe last week, the EIB has just signed a loan contract with the Gaz de France for a total of $16 million at 7% to help finance the building of a gas pipeline carrying Dutch natural gas to Northern and Eastern France, as well as to the Paris region. Costing a total of nearly $80 million, the pipeline, 675 kilometres in length, will run from Groningen, and will carry some 5,000 million cubic metres of natural gas every year.

* * *

Boosting Turkish Cement Production

As a part of the outline financing contract with the Turkish Industrial Development Bank made in February of this year for a total of $5 million, the EIB has decided to make available $2.25 million to increase the production capacity of an Istanbul cement works from 300,000 tons to 560,000 tons p.a. This is necessary because of the ever-increasing home demand for cement, and existing inability of home production to meet this demand.

This is the second loan made under the outline financing contract, making a total of $2.95 million so far granted, and the EIB is making it in accordance with the association agreement signed between Turkey and the Common Market. The project (total fixed investment of $5.6 million) will be carried out by the Anadolu Cimentolari T.A.S., in which the Belgian finance company, Compagnie d'Anvers, has a considerable shareholding. The Industrial Development Bank will lend the money at Turkish Market conditions to Anadolu Cimentolari.

* * *

THE TENTH ANNUAL REPORT OF THE E.E.C. COMMISSION

The Community's Economy

During 1966, the gross Community product rose by about 4% in real terms, but the underlying picture, taking the Six one by one, and the changes occurring during the year, is less encouraging. The GNP (1965 figure in brackets) rose by 5% in France (3.5%), 5.5% in Italy (3.5%), 2.7% in Germany (4.8%), 4.5% in the Netherlands (5.4), and just under 3% in Belgium (3.3%), whilst in Luxembourg there was little change, at about 2%. There was an overall increase in the consumer price index from 3.3% to 3.5%. However, the Community's current account rose by some $500 million.

Short-term Planning: The failure of the Commission and the Council to persuade member States to adopt a common approach on short-term economic policy may have made things more difficult for those countries experiencing problems, and it was only at the end of 1966 that the Council approved guide-lines for 1967.

Much has still to be done to improve forecasting and analysis methods within the Community. A consumer survey will be carried out in the near future. Recommendations were made to some of the member states, so as to achieve improved business trends statistics. The fact that business trends varied from country to country is a reflection of the amount of co-ordination still required between national policies.

Financial Measures: The financial measures in the public sector taken by Germany and the Benelux countries to reduce the pressure on demand did little to improve the strain, and monetary policy was used in a restrictive manner most of the year to further these measures. Interest rates were forced up largely because of the U.S. authorities' use of monetary policies to combat inflationary trends, which resulted in sharp rises in interest rates and a strain on the Euro-dollar market. The move to cut back U.S. balance of payments deficits reduced American direct investment in Europe, and meant that more funds had to be found in Europe itself.

Co-ordination: The report stresses the need for a closer co-ordination of financial and monetary policies in view of the approaching deadline of the customs union and because of the development of capital movement and increased tax harmonisation. Where possible, co-ordination should take the form of consultation between member States before major decisions likely to have economic repercussions throughout the Community are taken. Because of the continued growth of the EEC's balance of payments, it has special international responsibilities.

Medium-term Policy: During the year, the Six adopted their first medium-term economic policy programme, and it was decided that a report would be prepared each year from the member's economic budgets, in which trends for the past year and forecasts for the coming year would be compared with the medium-term economic outlook. An aspect of the medium-term economic programme with very wide repercussions is the need for a balanced regional growth of under-developed regions in the Community, which should be established on a common pattern. Areas which were dealt with include Southern Italy, Bavaria and Northern Germany, as well as frontier areas between Belgium and France, Belgium and the Netherlands, and it seems more than likely that during the coming years the FEOGA will play an important role in helping to develop these regions.

* * *

Community Growth

Intra-Community trade during 1966 showed little change compared with 1965. The growth rate was 12% in value and 10% by volume, compared with 13% in value and 12% by volume from 1964 to 1965, but these mask a considerable slowing down towards the end of the year, essentially due to the less active economy of certain member countries, especially Germany, which explains the below-average value of inter-Community trade ($22,700).

* * *

Common Competition Policy

TVA: One of the most important steps taken during the period under review was the decision by the member States to adopt a common added value tax system. This means that the French TVA system will have to be modified to meet the Community scheme, whilst the other Five will switch from their cascade tax system. Proposals dealing with the harmonisation of direct taxation were also made.

Exclusive Dealing: Block exemption for certain categories of exclusive dealing agreements was adopted and came into force on May 1, 1967. It is hoped that exemption measures, which might otherwise affect the growth and position of small to medium sized firms, will be extended. Steps have been taken towards the creation of a "European company", and this is still under study.

* * *

Consumers

During the year, the Commission has continued its study of the effects of the Common Market on the consumer, and information is now becoming available on price levels for many articles of everyday consumption in member States. A survey made during the latter half of 1966 provided information on price differences for some 200 common consumer articles, and revealed considerable variations for similar products throughout the Six. On average, the difference between the highest and lowest prices is 57%.

* * *

Free Movement of Goods

With regard to the removal of intra-Community customs duties, the only changes made since the previous report have affected certain agricultural products. Duties on industrial products will be reduced by 5% on July 1, 1967, with the final 15% going on July 1, 1968, but tariff disarmament for agricultural products will continue as laid down in the regulations (already in force or about to be introduced), setting up the common market organisations.

Common Tariff: The Common Customs Tariff (CCT) for industrial products will come into effect on July 1, 1968, and will be introduced gradually for agricultural products up to that date. The CCT will need a uniform interpretation of the tariff nomenclature, and considerable progress towards achieving this has been made. The Commission has continued to make efforts to draft Community customs legislation as well as carrying out studies with the Six in attempt to evolve common rules for entrepot trade. Directives were issued to abolish the difference between national goods and those imported from member countries, and a proposal aimed at preventing administrative formalities blocking imports from one member State to another was put forward. Measures were recommended concerning State monopolies, particularly those in France and Italy.

* * *

Freedom of Establishment and Freedom to Supply Services

Most firms and industries can now establish themselves in other member States, but work continued on replacing bilateral agreements by new rules. A directive was made concerning self-employed activities in real estate and business services, whilst two proposed directives concerning direct insurance, other than life assurance, which will be dealt with later, were made. A draft directive was also made on oil prospecting and test drilling, whilst a number of proposals were being prepared on various aspects of the pharmaceuticals industry.

Banking: A study of regulations governing banking in the Community was started, and is due for completion by the end of 1967. Around 40 proposals for directives dealing with the professions and mutual recognition of degrees are likely to be made during the coming months.

* * *

Industrial and Scientific Policy

Ways and means of developing the competitive capacity of European companies were examined. This study took in general operations to ensure for firms the legal framework, and the financial and technical resources needed for a large market, as well as operations covering specific industries - those already facing difficulties, and those whose future depends on increased scientific and technological development. The work undertaken included a survey of the European electronics industry, faced as it is with strong American competition, and a special study was made on U.S. investment in this sector.

The executives of the three Common Market institutions submitted a report to the Council during March of this year on "The problems of scientific and technological research in the Community".

* * *

Common Transport Policy

Steps were taken to examine how a more balanced organisation of transport might be achieved, and proposals were made for setting up a common transport policy, which would be two-staged, the first phase ending on December 31, 1969, and the second on December 31, 1972. Regulations governing international road transport of passengers were adopted, whilst studies concerning various aspects of Community inland waterway traffic continued. Proposals were also made concerning the harmonisation of competition in this sector.

* * *

Social Policy

The Council has continued its work regarding many aspects of Community social life, in addition to those laid down under the Treaty. These include the working and living conditions of young people, women, disabled persons and the elderly. During March of this year, the Commission submitted a memorandum to the Council with regard to the labour market during the coming period. This concluded that retraining and labour mobility must be encouraged, the latter especially so in France and Italy, whilst principles of equality of treatment and priority in the Community market should be observed in countries with declining economic activity.

A draft regulation dealing with complete freedom of movement for all Community workers, to come into force on July 1, 1968, at the same time as the customs union has been put forward.

* * *

African and Overseas Associates

The development of the exports from these countries has been one of the principal matters under consideration by the Association institutions. Because of the evolution of world prices, it has been possible to increase aid for structural improvement and reduce that for price support. During 1966, exports from the countries in question were 16% up in value on those for the same period in 1965, with 12 out of the 18 states actually increasing their share, whilst the Community's overall exports went up by only 3% in value.

Training schemes undertaken to help the development of supervisory staff were more diversified, and research activities have been continued.

Turkey and Greece: The two Councils of Association responsible for the operation of the agreements with these two countries held a number of meetings covering the development and harmonisation of the economies of both.

* * *

Other External Developments

The final phase of the Kennedy Round was successfully concluded, and should be approved by President Johnson on June 30th. In the industrial field, it was largely successful, but rather less so for agricultural products. The Community may well make special efforts to help the developing countries through moves of its own. In fact the latter had a favourable trade balance with the Community of $3,357 million for 1966. Britain, Denmark and Eire have applied to join the EEC, whilst the talks held with Austria have made considerable progress. Exploratory talks with Spain continued, and the possibility of a non-discriminatory trade pact with Yugoslavia is under consideration. Links were forged, and talks held with Kenya, Uganda and Tanzania, and the latter two have set up a joint Brussels office, whilst negotiations with the Maghreb countries are still in a state of flux.

The trade agreement with Iran has been extended for another year, whilst that with the Lebanon has not yet taken effect. Israel requested that the existing trade agreement should be replaced by an association agreement, and moves are being made to follow this request up.

* * *

STUDIES & TRENDS

FLEXIBLE EXCHANGE RATES IN THE COMMON MARKET

by

F. Boyer de la Giroday,

Director, Monetary Problems Division,
General Directorate on Economic and Financial Affairs, EEC, Brussels*

Part II

1) International and Regional Integration

Since the word "integration" itself tends to be somewhat ambiguous, it is as well first to assess the scope and the choices stemming from the process, and to be aware of the subsequent limitations. On the world scale, the present integrational system consists essentially in the IMF - GATT link-up, the main aim of which is to promote the widest possible international division of work, through the non-discriminatory liberation of current transactions - i.e. limited integration. The IMF, however, is so constituted that no restrictions or qualifications are placed upon other factors conducive to a far more sweeping form of integration, for instance in the fields of capital movements and policy alignment. By thus limiting the degree of integration to be attained, those taking part have sought to retain some measure of autonomy in the internal management of their own economies. The ultimate device for expressing this autonomy - and this was a logical provision, since freedom in this field is considered to be the best guarantee of full employment - is a country's right to alter its exchange rate.

The logic of the system, however, has been shaken somewhat by subsequent developments: the specified limits (current transactions) have been exceeded, and attempts have been made, at least amongst industrialised countries, to integrate in other fields (or at least in the one field that really matters at this level - capital), but still without sacrificing autonomy. Inevitably, difficulties have begun to arise. True, it would be a useful exercise to find an answer that did not dissipate the benefits likely to accrue from movements of capital that could be harnessed, but, in the foreseeable future at least, this would appear to be far too wide a framework to allow the successful achievement of the high degree of policy alignment demanded by economic integration on a scale beyond that of mere current transactions.

This is by no means a condemnation of the existing system, but it does indicate its limitations, which approximate to those apparently set by participating nations, for the time being, on the degree to which they are prepared to commit themselves to

* 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.

economic integration. Until such time as ways are found of resolving the problem of policy alignment, we must rest content with partial, interim measures that will not prejudice the basic goal - integration of current transactions. It would be very risky, before these ways are evolved, to subject international arrangements to the modifications put forward by the 27 professors (see Part I - No 414), as this might mean adding further obstacles to international trade, and thus inhibiting the course of integration in current transactions still further. Moreover, there is no certain way of ensuring that these trade losses would be more than balanced by gains in international capital movements, a field in which uncertainty about exchange rates always makes for dramatic drops in activity.

If one looked upon the EEC venture merely as an attempt to set up some sort of free trade zone, then we have already said enough, but if one believes it to be the building of an economic entity, then policy alignment can only be seen as a fundamental, permanent necessity. In such a context, fluctuating rates, whose dual role is maintain a continuous flow of trade and more or less marked divergences in policy, militate against the common interest.

There are two types of policy in question here. On the one hand, we have those directly affecting the factors of production, which take the form of institutional, legislative or administrative intervention in the pattern and mobility of the economy, and on the other we have those overall policies whose function is, at all stages of progress towards economic integration, to ensure the maintenance of intercourse between the economies concerned (by anticipating and alleviating balance of payments crises). Modifications in the first type of policy are undoubtedly a long-term proposition, and they would stand no chance of success whatsoever if growing intercourse between economies were not so managed as to promote increasing alignment in the prices of goods and services and in the various factors of production under the influence of the play of the market. The process, moreover, can only continue and succeed while exchange rates between the currencies involved remain stable, though this does not mean that all modifications in exchange rates between countries seeking economic integration are excluded. There are times when progress towards this end indicates that the parity existing at the outset is no longer compatible with the structural equilibrium demanded. When this happens, parity must be adjusted - once and for all, but there is nothing to indicate that any of the EEC currencies are in such a position at the present time.

Even now, however, there are those who ask whether the existing scope of exchange rate fluctuations between EEC currencies, and other features of the current payments pattern within the area (such as the cost of and delay in concluding transactions), do not already constitute such a weighty obstacle to the progress sought that transfer facilities in the Community should immediately be more closely aligned to those existing in a single currency area. Such ideas were being mooted even before the Council of Ministers adopted the documents that laid the foundation of the Common Agricultural Policy, which is due to come into force on July 1 of this year. Obviously, this event is likely to have the most profound effects on monetary relations within the Community: not only will the implementation of the CAP preclude any return to floating rates, but there is every chance that variations in parity thereafter (at least, when a certain critical stage is reached) may become impossible without jeopardising all the Community's hard-won achievements in this sector.

2) Exchange Rates and the CAP

The price-aligning process we have described applies mainly, in practice, to industrial products and to services, where it expresses the fulfilment of the integrational process. In agriculture, however, the economic peculiarities of the various countries, the political and social repercussions of these and the highly complex and varied national interests involved call for a different and more rapid course of action. All the major problems arising, the vast and lengthy process of negotiation and the decisions ultimately taken led to the conclusion that the most expedient recourse would be price-alignment "ab initio".

In attempting to define these major problems, we reveal the basic misunderstanding that underlies one statement by the authors of the reform scheme, Professor Sohmen, who maintained that greater flexibility in the exchange system would in no way act as an obstacle to the implementation of "the agricultural system envisaged by the EEC", and would do nothing to prejudice its chances of success. Thus for Professor Sohmen, "the creation of a Common Market is the abolition of the frontiers separating its member countries", but this is a vast over-simplification: it is not only the establishment of a single market by the elimination of barriers to trade that is being sought, but numerous other things as well, two of which we shall examine here. On the one hand, those nations best equipped to produce the goods concerned (and different countries come out best, according to the commodity - fruit and vegetables, cereals, sugar, milk etc) aim to ensure a market for their production, with relative protection against third countries. On the other, countries less well placed are not prepared to subject their farmers to a sudden fall in returns, perhaps even total collapse of their business. Thus during the difficult negotiations, for every commodity there were countries seeking the lowest possible prices, and others who would only countenance an agreement if growers' guaranteed market prices within the community system remained close to existing ones in less productive areas.

It is difficult to imagine an emergent Community, having to face such divergent interests, successfully finding a solution to its agricultural problems, compatible with Professor Sohmen's ideal, when neither the old European nations (nor those of other continents) had ever ventured even as far as attempting such a project. This is why, and with such difficulty, a formula was eventually found that many, regretfully, can only define as protectionist. The formula is complicated by the fact that it had, at one and the same time, to achieve the unity of the market and of prices in a multi-currency area, to respect the aims of marketing, production and maintenance of income we have described, especially by offering protection against third countries, and to ensure stability in the income and expenditure of the EEC's agricultural budget.

The most expedient method for tackling these various problems was found to be the following: in the first place, there being no single currency, a unit of account was chosen (i.e. a common instrument of monetary measure), in which all those elements of the CAP that demanded cash evaluation could be expressed. This applied particularly to community prices, levies on imports, whose role is analogous to that of customs duties, income and expenditure connected with the workings of the Community's financial machinery etc. This unit of account (which is not currency) is linked with the national currencies specified in the documents through parities declared at the IMF.

When the system comes into force in July, of course, the private sector will continue to conduct its business at the current rate of exchange, but given the narrow limits of tolerance within which these rates can vary, the sort of gaps that might appear between current rates and parity are unlikely to place the realisation of the objectives of the CAP in jeopardy. Indeed, it would probably be fair to say that the present exchange pattern is such that variations in rate between the currencies affected (both in the Common Market and in other countries whose currencies are used for trade in agricultural produce) are too small to produce trade distortion, by comparison with other variables relating to the movements of goods, such as insurance and freight charges.

Having said this, however, if the current margins were at all widened, a system based on both the unit of account and declared parity would most certainly fail, at least to the extent of producing trade distortion and erratic movements of goods. This would also have a detrimental effect on producers' guaranteed prices, and this is illustrated in the model given at the end of this article. In short, the present system would have to be changed completely and a new formula found: there is no reason to suppose that this would be any less complicated, or that it would better satisfy the agreed objectives of the common market countries. Re-thinking the system in this way would be an intriguing exercise for the experts, but it would seem to stand little chance of getting any serious consideration from the national governments or the EEC authorities.

Returning to Professor Sohmen's views on maintaining farmers' income, he rightly suggests that, "if farm prices are fixed within a European unit of account ... it would mean that, with a fixed pattern of exchange rates, when price levels go up, farm prices alone will remain constant": he maintains that, in these circumstances, farmers would suffer increasingly, and he concludes that "if ... flexible exchange rates obtained, and if in this way the problem of imported inflation in the EEC could be avoided, it would be easier than under the present system to maintain industrial prices and real trading terms for farm produce...". This theory, however, is hardly likely to fit in with foreseeable trends, because it is not sufficient to append but one condition - elimination of imported inflation. In addition, there are those local factors that tend to push prices of manufactured goods up. If we accept that it is really rather unrealistic to set our sights on the total elimination of this tendency, then the combination of the machinery devised for the implementation of the common agricultural market, and stability in exchange rate levels has the best chance, in the long term, of reducing agricultural protectionism in the EEC. Here, one must add the proviso that prices fixed under the community scheme should also remain stable. This means that those who really seek a better international division of work would be glad to see it become increasingly difficult for farm prices, once agreed under a multilateral scheme, to undergo modifications at national level.

NOTE: Example of the Dangers of Exchange Rates Ranging Too Widely

In this hypothetical, simplified model, we begin by assuming that the Deutschmark appreciates by 5%, while the Franc depreciates by the same amount. We assume also that the system of farmers' guaranteed prices remains unaltered, and that this stands at 100 units of account for one metric ton of wheat, while parity is 1 unit of account = DM 4 = Ff 5: i.e. DM 1 = Ff 1.25, and Ff 1 = DM 0.8. Under the hypothetical variations we have given, this would give current exchange ratios of DM 1 = Ff 1.381 and Ff 1 = DM 0.723.

Under the guarantee system (prices in national currency, calculated from units of account at parity), producers would obtain the following prices for a ton of wheat:

In Germany: 100 u/c; i.e. 100 x DM 4 = DM 400
In France: 100 u/c; i.e. 100 x Ff 5 = Ff 500

Middlemen (importers and exporters), however, who work on the basis of current exchange rates would, by virtue of the depreciation of the Franc and the appreciation of the Deutschmark, be led to sell French wheat in Germany. By buying a ton of wheat in France for Ff 500 (official price) and selling it in Germany for DM 400 (official price), they would make a 10% profit on the deal (the sum of the two deviations from parity), which might well more than offset transport and insurance costs etc...

Such distortions could be averted with a decision to make national currency values follow exactly the pattern of changing exchange rates, but this would annul the guarantee. If in fact the u/c remains constant and the French Franc depreciates by 5%, prices in francs should be increased accordingly, which in national currency, in this case, would mean that the producer's return went up by 5%, while that of the German producer would be lowered by the same amount. Unless a subsidy system were introduced in France, cereal prices would thus go up by 5%, and this would duly pass its effects on to prices and incomes in general. Hypothetical exchange rates variations of this sort are still further complicated if, for instance, we extend them to the dollar; this would present still more trade distortion dangers with regard to third countries, and these could only be avoided by introducing still more complications into the community levy system - complications that could well prove unworkable in practice.

AUSTRIA	AMERICAN AIR FILTER subsidiary forms company in Vienna	J
BELGIUM	BALFOUR, WILLIAMSON & CO form subsidiary in Antwerp	M
	GENERAL FOODS forms company to supervise European operations	P
	U.S. PLYWOOD CHAMPION PAPER forms sales subsidiary	Q
BRITAIN	BILLITON buys CHEMIDUS shares from YORKSHIRE IMPERIAL METALS	S
CANADA	SOGEMINES (Generale de Belgique) takes over ADBY transport	U
FRANCE	LESIEUR foods to merge with COTELLE & FOUCHER polishes	E
	CUTLER HAMMER buys BROOKHIRST IGRANIC's shares in subsidiary	F
	C.G.E. and SIEMENS to co-ordinate laboratory work (fuel cells etc.)	F
	ALCAN ALUMINIUM reorganises French and British interests	L
	SUDDEUTSCHE ZUCKER is only party to opt out of SAY consortium	N
	PERNOD opens Marseilles factory and extends ancillary interests	O
	DANONE and GERVAIS dairy products agree on merger in principle	O
	MINERALS SEPARATION group member SAFIC to expand abroad	T
GERMANY	TRW aeronautics, Cleveland, makes agreement with ERNO, Bremen	B
	VOLKSWAGEN pursues trade links with Hungary and Yugoslavia	C
	BAU DATENVERABEITUNG EDP centre formed by building companies	E
	EMERSON & CUMING plastics forms sales company	E
	HERAEUS and LEYBOLD's vacuum processes to merge	H
	Swiss KUSTO plastics subsidiaries seek additional capital	R
	RHONE-POULENC company takes over former I.G. FARBEN firm	T
ITALY	NORTHROP, aircraft instrumentation, reorganises interests	C
	RICHARDSON-MERREL pharmaceuticals reorganises interests	Q
NETHERLANDS	V.B.N. steel erection takes over STAALPROJECT DELFT	D
	KROON-OIL takes over SLIP molybdenum import subsidiary	F
	PERKINS BOILERS forms Rotterdam sales subsidiary	I
	CARGILL edible oils builds new plant in Amsterdam and France	N
U.S.A.	FINANCIERE DE SUEZ establishes New York investment bank	M

CONTENTS

ADVERTISING

** The New York agency NORMAN, CRAIG & KUMMEL INC (see No 410) is to extend its already large European network by opening offices in Milan under Sig. Alfredo Rainis, who for a number of years has managed the group's Italian branch. This is called Continental Ads Srl (see No 381), was formed late in 1965, and has Sig G. M. Moratti as president (see No 329).

Norman, Craig & Kummel's turnover in 1966 was $43 million. It has about twelve European subsidiaries and associated agencies, including: Provente - NCK SA, Paris; Norman, Craig & Kummel (UK) Ltd, London. Last September, the latter formed Norman, Craig & Kummel Europe SA in Brussels, jointly with seven associated agencies (see No 381) in Hamburg, Copenhagen, Milan, Oslo, Lisbon, Madrid and Stockholm.

** The French group AGENCE HAVAS (see No 409) has strengthened its Common Market advertising network (see No 401) by taking a 50% interest in the West German FRIEDRICH W.HEYE VERLAG GmbH, Unterhaching b. Munich. During 1965 the latter sold its boating magazine "Boote" to Krausskopf Verlag der Virtschaft GmbH, Main (see No 334) an associated agency of the London INTERNATIONAL PUBLISHING CORP. LTD, London (see No 385).

Up to now Agence Havas' European advertising interests include Havas Ltd, London, Oesterreichische Werbegesellschaft - O.W.G., Vienna, Franco-Espanola de Publicidad SA, Exclusivas Publicitarias Internationales SA (both in Madrid) Agence Havas Belge SA, Brussels and Agenzia Havas SpA, Rome.

** Nine Belgian advertising concerns have linked up with the aim of strengthening their activities. A co-operative advertising concern ADAS-ADVERTISING AUXILIARY SERVICE S.C., Brussels (starting capital Bf 180,000) has been formed and its chief backers are S.A. ROSSEELS PUBLICITE, Antwerp, ANC. ETS R.R. DEWITT SA, J. COETS & CO Sprl, LA PUBLICITE FRANCOIS SA, and PUBLICITE MARECHAL SA (the last four are all in Brussels).

** The British publisher of advertising material ARBEN PUBLISHING CO LTD, London, headed by Mr. Richard H. Bentley, has extended its interests to France with the formation of a Paris subsidiary, EDITIONS ARBEN Sarl. The latter is headed by Mr. Robert H. Jeater, and has a capital of Ff 20,000.

AEROSPACE

** German-American co-operation in the field of aeronautics has gone a stage further with the signing of a reciprocal know-how exchange agreement by TRW INC of Cleveland, Ohio and ERNO RAUMFARTTECHNIK GmbH, Bremen (see No 408). The German company is the 60-40 aerospace subsidiary of the groups VFM-VEREINIGTE FLUGTECHNISCHE WERKE GmbH, Bremen and HAMBURGER FLUGZEUGBAU GmbH, Hamburg, formed in March 1967 with a capital of DM 10 million. Hamburger Flugzeugbau is notably involved in the "MESH" satellites and space-probe project (see No 404) in conjunction with Engins Matra SA, Paris, Svenska Aeroplaan A/S (SAAB) and Hawker Siddeley Dynamics of Hatfield, Herts.

Negotiations are also going on about developing a vertical take-off fighter through a company being formed under the name of EWR Fairchild International GmbH, Munich. The parent companies involved in this venture, which was finally agreed a few months ago (see No 387), are Entwicklungsring Sud GmbH, Munich, a subsidiary of Messerschmitt, Böckow and Siebel-Werke GmbH, and the American group Fairchild Hiller Corp.

** NORTHROP CORP., Beverly Hills, California (aircraft, electronic, electrical and optical instruments for the aerospace industry - see No 387) has reorganised its Italian interests by forming a Rome subsidiary NORTHROP SpA, to take over the sales and auziliary activities connected with its aerospace business, whilst another subsidiary PAGE EUROPE SpA (a former affiliate of Edison Page SpA, Milan) which specialises in telecommunications has moved its head office there.

Northrop's European head office is in Paris and is run by Messrs G. Parsons and G. Robinson. It strengthened its electronic interests a few months ago by gaining control of Hallicrafters Co, which it turned into an aerospace division. Since 1961 it has been represented in Switzerland by a Lausanne subsidiary Northrop SA. The group has an interest in the Dutch Kon. Nederlandse Vliegtuigenfabrik Fokker NV, Amsterdam (see No 405) as it acquired in 1965 the shareholding formerly held by Republic Aviation Corp (see No 332). In France it has an interest in STEP - Ste d'Etudes & de Prefabrications SA, Genlis, Cote d'Or (see No 381) and in Spain in Casa Construcciones Aeronauticas SA, Madrid.

AUTOMOBILES

** In an effort to secure new outlets in the Eastern Bloc, VOLKSWAGENWERK AG Wolfsburg (see No 405) has negotiated a reciprocal distribution agreement with the Hungarian import-export concern MOGUERT, Budapest. This agreement covers a trade turnover of DM 40 million in either direction, and extends over five years: it further offers the possibility for Volkswagen to set up a service network in Hungary.

The German group, whose consolidated turnover for the last financial year was DM 9,998 million, is also having talks with the Yugoslavian INTEREXPORT, Belgrade, for the construction of an assembly line in that country (see No 399).

BUILDING & CIVIL ENGINEERING

** The Belgian ETS DELLOUE & CIE SA, Ans, which specialises in demolition and pneumatic plant civil engineering contracts, has opened a branch at Capellen, Luxembourg under M. O.P. Biedermann with Lux f 300,000 working capital. The Belgian firm has Bf 4 million capital, and its president is M. Robert Delloue.

** NATIONAL & CONTINENTAL INVESTMENT LTD, St Helier, Jersey (capital £5,000; director Georges Boisselet), has taken a 14% interest in forming SOFRACO-Ste Francaise de Construction & d'Entreprise Generale, Sarl, at Alfortville on the mainland. The new company, for building and civil engineering, has Ff 20,000 capital: it is managed by M. Michel le Goff of Suresnes, Hauts-de-Seine, and the principal partner is Mme A. Malet-Gassagne, who holds a 66% interest.

** The Italian civil engineering group GIOVANNI RODIO & CO IMPRESA COSTRUZIONI SPECIALI SpA, Milan (see No 413), has backed a new company in Vienna called SWIBO TIEFBOHR- & BODENFORSCHUNGS GmbH (capital Sch 480) to carry out all kinds of hydraulic works and site preparation. It is directly controlled by an affiliate of the group in Switzerland (through Holding Rodio, Zurich), the Zurich company RODIO GRUNDBAU-TECHNIK AG, and will be run by Herr Karl H. Lauger of Milan, a director of the latter.

** The Dutch engineering and steel erection concern V.B.N.-VERENIGDE BEDRIJVEN NEDERHORST NV, Gouda (frames, tanks, buildings, scaffolding, pipelines, etc. - see No 352), has extended its Dutch interests in the building sector by gaining control of STAALPROJECT DELFT NV, The Hague (see No 297).

The latter was formed early in 1965 by The Hague property group Beheermij "Eurohuis" NV (see No 324), through its subsidiary Eurowoningen NV (see No 390). It became an affiliate of the Gouda group when the latter gained control of Platterij v/h L. J. Enthoven & Co, Delft, which originally formed Staalproject Delft. The main building companies in the V.B.N. group are NV Tot Aaneming van Werken v/h L. H. J. Nederhorst, Gouda, and Internationale Funderings Mij NV, The Hague.

** The leading French slate quarry, with a production of over 75,000 tons a year, ARDOISIERES D'ANGERS SA, Angers, has formed a quarrying and sales subsidiary in Belgium called ARDOISIERES DE VIELSALM SA, Vielsalm, La Grande Carriere (capital Bf 250,000).

The French company (capital Ff 21.56 million; president M. Soulz-Lariviere) imports large quantities of slate from Britain, and previously had no foreign subsidiaries. In France it holds 24.5% in the Ste Ardoisiere de l'Anjou SA, Angers, which covers 20% of French production from its quarries in Maine & Loire and Mayenne.

** A subsidiary of CIE DES COMPTEURS SA, Paris, the French company C.E.C.-CARBONISATION, ENTREPRISE & CERAMIQUE SA, Montrouge, Hauts-de-Seine (see No 399), has strengthened its Spanish interests in the building materials sector by splitting up its subsidiary C.E.C.-IBERICA. Another company, PYCSA-PILOTES & CIMENTACIONES SA, has been set up to take over the pile-driving and reinforced concrete interests (using the "West" system) of the former.

The French concern is a leading producer of refractory materials for coking and industrial ovens. Its sanitary ware department is now expanding rapidly, and has recently acquired control of Ste Nouvelle des Ets. E. Muller (factories at Ivry, Bruillet, Soufflenheim Ping-Mons-la Pele, annual turnover around Ff 30 million), and has also taken a considerable shareholding in Ceramique de l'Aube SA, Villeneuve-en-Chere, Aube.

** Four West German building and civil engineering firms in Lower Saxony, who together employ around 1,000 persons, have decided to form an electronic data processing centre. This will be run by a company now being formed in Hamburg BAU DATENVERABEITUNG GmbH. The founders are FELSNER BAU oHG, Hermannsburg, OTTO NICKEL BAUUNTERNEHMEN KG, Hanover-Ricklingen, HERMANN BAETHGE oHG, Hanover and THEIDEL & HAGEMANN, Hanover (share capital FM 500,000).

CHEMICALS

** The Dutch manufacturer of insecticides, herbicides, fungicides and chemical agricultural and veterinary products, CHEMISCHE PHARMACEUTISHE INDUSTRIE LUXAN NV, Arnhem (director Mr Willem Hoefnagelo) has formed a commercial subsidiary in Belgium, called SA INDUSTRIE CHIMIQUE PHARMACEUTIQUE LUXAN-BELGIQUE SA, at St Martens-Latem, near Ghent. It shares control of the capital (Bf 500,000) with five agricultural co-operatives in Rotterdam (COBECO), Veghel, Roermond, Haarlem and Arnhem.

** The American company EMERSON & CUMING INC, Canton, Massachusetts, which makes ceramics and plastics for the electronics industry, has strengthened its European division with the formation of a sales company in West Germany, EMERSON & CUMING GmbH, Echterdingen (capital DM 20,000), whose managers are Herren Rolf Schmitt and Maurice d'Hont.

The American firm is represented in Britain by Systems Engineering Services Ltd, London, and since 1964 has had an 80% Belgian subsidiary, Emerson & Cuming Europe NV, Mol (see No 278).

** The West German sales subsidiary ALCHEMINE KAMIN- INNENABDICHTUNG GmbH, Kehl-am-Rhein, of the French company ALSACIENNE DE CHEMISAGE-ALCHEMIE SA, Strasburg-Neudorf, has strengthened its sales network by opening a Hamburg branch headed by Herr Edgar Kasner. It opened a similar office in Munich under Herr Alwin Wenzi during June 1966.

The French company, which specialises in proofing chemicals (see No 285), has another foreign subsidiary, Alchemibe SA, Basle (capital Sf 51,000).

** The scheduled link-up between the French household cleanser firm ETS COTELLE & FOUCHER SA, Issy-les-Moulineaux, Hauts-de-Seine (president M. Marotte: see No 382) and the food group of GEORGES LESIEUR & SES FILS SA, Paris (see No 414) will become effective when the former becomes a holding company called COTELLE & FOUCHER SA while its industrial and sales effects (Ff 88.6 million net) are transferred to an administration company, STE D'EXPLOITATION DES PRODUITS DE GRANDE CONSOMMATION SA, in which it will have a 30.67% interest.

The latter (president M. Michel Lesieur) was formed three months ago. Its Ff 50,000 capital is to be raised to Ff 180 million and the company will receive net assets of Ff 200.33 million from Lesieur which will give the group 69.33% control.

** CIE ROUSSELOT SA, Paris, the largest French manufacturer of stearines for rubber and lubricants, and an important producer of photographic gelatines, has increased its Belgian and British interests by gaining 100% control of two firms in which it acquired majority interests in 1966 (see No 376). Rousselot has Ff 30.3 million capital: its 1966 turnover reached Ff 199.3 million, and 37% of this went for export (see No 414).

The company (affiliated with Produits Chimiques Pechiney-St-Gobain) has increased its interest in Rousselot SA, Brussels, (capital Bf 117 million) by gaining control of the Belgian holding company Osseine & Engrais de Selzaete SA, Ghent (capital Bf 1 million). Its British subsidiary is called Rousselot Gelatine Ltd, Clifford Hill, Northampton, and has £75,000 capital: in its turn, it controls Sterling Gelatine Ltd and Associated Rousselot Traders Ltd, both of which are in London.

** Headed by M. W. van der Boom, the Dutch company KROON-OIL NV, Almelo (formerly OLIE- VETFABRIEK & VERFINDUSTRIE DE KROON NV, Wierden) with a capital of Fl 500,000 has gained control of the Rotterdam SLIP (HOLLAND) NV. This imports and markets in the Netherlands "Molyslip" molybdenum lubricants and chemical additives for lubricating oils. It was formed in 1963 with a capital of Fl 100,000 by Oerlemans & Co NV, Rotterdam, and the products it markets are made in Britain by the Slip Group of Companies, whose subsidiary Slip International Ltd will remain a minority shareholder represented by Mr. F. G. Hughes, a co-director with M. A. G. van Leersum.

The British group's factories are at St. Albans, Herts, and since 1966 it has been represented in Eire by Fit Remoulds (Ireland) Ltd, Kilkenny. On the continent, it is represented by "Slip" or "Molyslip" subsidiaries in West Germany (Frankfurt and Stuttgart), France (Magny-en-Vexin), Italy (Milan) and Switzerland (Geneva).

ELECTRICAL ENGINEERING

** The American group CUTLER HAMMER INC, Milwaukee, Wiscanton, has gained total control of its Ff 1 million Paris subsidiary CUTLER HAMMER IGRANIC CONTROL SA (see No 407), which makes electrical automation and control equipment, by buying out the 50% interest held by the British company BROOKHIRST IGRANIC LTD, Bedford (a subsidiary of the Glasgow group Metal Industries Ltd).

The French company - formed in March 1967 - heads a network of manufacturing and sales companies throughout the Common Market. It has a factory at Geldermassen, Netherlands, whilst there are sales subsidiaries at Anderlecht, Neuss and Milan (see No 397). It will remain the continental representative for Metal Industries.

** With the aim of harmonising their research work on fuel cells and low-temperature electrotechnical applications, the leading electrical engineering concerns in France and West Germany, C. G. E.-CIE GENERALE D'ELECTRICITE SA, Paris (see No 409), and SIEMENS AG, Berlin (see No 402), have signed a technical know-how exchange agreement covering work by their laboratories at Marcoussis and Eslangen, linked with an exchange of licences for five years.

** The Belgian group ACEC-ATELIERS DE CONSTRUCTIONS ELECTRIQUES DE CHARLEROI SA (affiliated to the EMPAIN group - see No 410) which has just taken over the Cologne company making electric motors for lifts, COLNER ELEKTROMOTOREN-FABRIK JOHANNES BRUNCKEN oHG (formed in 1907 by its current proprietor Herr J. Bruncken) has decided to set up a new firm to run this, its first German industrial investment: this is BRUNCKEN ELEKTROFABRIKATE GmbH, Cologne (capital DM 1.5 million). The directors of the new concern are M. Jozef Langenus of Muizen, Belgium (managing) and MM Charles Galhausen, Jean Melon and Roger van Lint of Brussels, Andre Massart (Marcinelle) and Josef Pelsser of Cologne.

Previously, all the Belgian group's Common Market interests have been concentrated in France, Italy and the Netherlands: 99.9% in the Paris company Clarel SA; 87.5% in Ste Nouvelle Des Ets BECA SA, Paris; 13.6% in SETEL-Ste Europeenne De Teleguidage Sarl, Paris and 6.4% in Ets Merlin & Gerin SA, Grenoble; ACEC Italiana SpA, Milan (100%); 99.3% in ACEC-Nederland NV, Apeldoorn and 40% in Verenigde Centrifugaal Pompen Nederland NV, The Hague.

ELECTRONICS

** F.M.A. INC, El Secundo, California (see No 288) which specialises in peripheral and display equipment for electronic data processing, has given backing proportional to its 50% shareholding to the financial improvement of its Brussels subsidiary CIE EUROPEENNE POUR LA TECHNOLOGIE DE L'INFORMATION SA - E.T.I. SA. The latter's capital was reduced and then raised to Bf 24 million, and this will allow it to finance its own expansion. The other 50% is held by the Ste Generale de Belgique SA, Brussels.

Formed at the end of 1962, E.T.I. (president M. A. Dubuisson) formed a Paris subsidiary in 1964, E.T.I. France Sarl. Since 1965 it has represented the "Data Recorder Mohawk" in the Benelux countries: this single piece of equipment combines all the processes of printing, verification and magnetic tape perforation for data input to computers.

** Two European vacuum specialists have made an agreement covering their manufacturing and marketing programmes; ARTHUR PFEIFFER HOCHVAKUMM-TECHNIK GmbH, Wetzlar, West Germany and BALZERS AG FUER HOCHVAKUUMTECHNIK & DUENNE SCHICHTEN.

The latter is represented in France by SIDEN-Ste Industrielle de Developpement Electronique & Nucleaire SA, Paris (capital Ff 1.675 million) and in the USA it has a 40% interest in Bendix Balzers Vacuum Inc, Rochester, formed in 1963 in association with the Bendix Corp group of Detroit, Michigan (see No 411). The West German firm (capital DM 1.5 million) is owned by the Wetzlar foundation Dr. Erich Pfeiffer Stiftung e.V. and employs some 300 persons. Since January 1966 it has a London subsidiary Pfeiffer Vacuum Engineering (G.B.) Ltd (capital £10,000).

** The American company U.G.C. INSTRUMENTS INC, Houston, Texas (see No 275), intends to reorganise its French interests and by linking with local interests, will reduce to 75% its shareholding in the subsidiary BENSON FRANCE Sarl, Fontenay s/Bois. Since 1966, the Houston firm has been a member of the Detroit group Pennzoil Co, following the latter's merger with its parent company, United Gas Corp, Schrereport, Louisiana.

The French company, which, like its English counterpart Benson-Lehner Ltd, Southampton, Hants, specialises in electronic equipment for the computer industry, will be merged with a company yet to be formed.

ENGINEERING & METAL

** Two of the largest German vacuum process concerns, HERAEUS HOCHVAKUUM GmbH, Hanau, and E. LEYBOLD'S NACHFOLGER KG, Cologne, are to merge. The resultant company will be called Leybold-Heraeus GmbH & Co KG, Cologne: it will employ some 2,400 people and achieve a turnover in the region of DM 100 million. The principal management executives will be Herren Helmut Gruber, Georg-Wilhelm Oetjen and Werner Otten.

Leybold, which absorbed Leybold-Hochvakuum-Anlagen GmbH, Hanau, in January of this year (see No 392) is linked with the Cologne mining and chemicals group Sachtleben AG für Bergbau & Chemische Industrie. It has numerous direct and indirect interests in Europe, including: Ste Technique Leybold, Construction & Etudes d'Installations pour le Vide Sarl, Paris; Leybold Chima SpA, Milan; Leybold-Anlagen Holding AG and Leybold Holding AG, Zug; Leybold Vacuum Ltd, London; Leybold Iberica SA, Madrid, and E. Leybold's Nachfolger GmbH, Vienna.

Heraeus Hochvakuum (capital DM 5 million), is the former vacuum division of the Hanau group W. C. Heraeus GmbH, which became a separate company in December 1965 (see No 382), and its main foreign interest is Heraeus High Vacuum Ltd, London, a subsidiary formed in December 1966.

** The London group HOLMAN BROTHERS LTD (see No 394) has backed the formation of a sub-subsidiary for sales in The Hague called MAXAM (NEDERLAND) NV, which will deal in pneumatic tools, valves and hydraulic equipment. It is directly controlled by MAXAM POWER LTD, Camborne, Cornwall (see No 364) a subsidiary of the group through Climax Rock Drill & Engineering Co Ltd, Redruth, Cornwall.

The British group makes compressors, drilling, and pneumatic equipment, pumps and "Maxam" fluid control valves. Its existing Continental interests include Climax-France SA, Neuilly-sur-Seine, Maxam Pneumatik GmbH, Dusseldorf and Holman Iberica SA, Madrid.

** The Swiss firm, which specialises in air conditioning and metal products GEMA AG APPARATEBAU, St-Gall (capital Sf 800,000) has formed a West German manufacturing and sales subsidiary at Hockenheim. Called GEMA APPARATEBAU GmbH (capital DM 400,000)it has the managing director of the founder Herr Werner K. Mann, as its head.

** A further rationalisation of the metallurgical interests (see No 406) of the Italian state group I.R.I.-ISTITUTO PER LA RICOSTRUZIONE INDUSTRIALE, Rome, will benefit its holding company FINSIDER-STA FINANZIARIA SIDERURGICA (see No 412). This will take over five wholly-owned subsidiaries, the main ones being SIDERURGICA INDUSTRIALE TAVERE-S.I.T. SpA and SOC. SIDERURGICA TIRENNA SoA (both in Rome and both with Lire 1,000 million capital) and SINTEREL SpA, Naples (capital Lire 500 million).

** A member of the West German steel group HOESCH AG HUETTEN-WERKE, Dortmund (see No 412), being a wholly-owned subsidiary of DORTMUND-HORDER HUETTENUNION AG (see No 406), the Dortmund company EISENWERK ROTHE ERDE GmbH has formed a Paris sales subsidiary, ROBALLO FRANCE Sarl (capital Ff 20,000). With M. Hans E. Diekhaut, Essen, as manager, this will market its founder's products throughout France.

** The British boiler and central heating equipment manufacturers PERKINS BOILERS LTD, Derby, has formed a 60% Rotterdam subsidiary responsible for its Common Market sales. With a capital of Fl 100,000, Perkins Boilers Europa NV has as a managing director and minority shareholder M. H. B. Barends, of Rotterdam.

** The French group UGINE-KUHLMANN SA (see No 414) has gained a directo 79.4% control of the non-ferrous metal and stainless steel bolt firm UGINE HARPER SA (see No 254), which will now be called UGIVIS SA, with its capital doubled to Ff 2 million.

Formed in May 1964 with the American group H. M. Harper Co, Morton Grove, Illinois, taking a 50% interest (see No 359), Ugine Harper had as an original minority shareholder (20%) a subsidiary of the former UGINE group, the metallurgical concern CEFILAC- Cie du Filage des Metaux & des Joints Curty SA, which today is a 65% interest of Ugine-Kuhlmann (see No 332).

** The West German GEA LUFTKUEHLERGESELLSCHAFT HAPPEL GmbH & Co KG, Bochum (see No 273) which makes heat exchangers, as well as heating, refrigeration, drying and air-conditioning equipment is negotiating to open a factory in Northern Ireland.

The Bochum concern already has numerous foreign interests: Gea Air Changers Ltd, formed in London during 1962; Gea Warmtetransport NV, The Hague; Gea Wärmetauscher Gesellschaft Happel KG, Gaspolsshofen, Austria; Cia Iberica Gea SA, Bilbao; Gea Airexchager Inc, New York (formed in 1963); and Gea Scambiatori di Calore Srl (formed in Milan in 1964). Run by Frau E. Happel and Herren F. Schulenberg and R. Janke it employs some 1,100 persons in its factories at Bochum and Wanke-Eickel.

** The American group AMERICAN AIR FILTER CO INC, Louisville, Kentucky, well-known for its dust removal equipment, has made its Dutch manufacturing subsidiary, AMERICAN AIR FILTER NEDERLAND NV (see No 255), responsible for its expansion to Austria. The latter has therefore formed a Viennese company, AMERICAN AIR FILTER GmbH (capital Sch 490,000), which will carry out manufacturing and sales operations under Messrs. John Frazier, and Franz Kalab.

The American group (turnover $69 million in 1966) is linked in Switzerland with American Air Filter (International) AG, Zug, whilst its British licensee is Air Control Installations Ltd, Ruislip, Middlesex.

** Headed by M. Maurice Belpomme, and controlled by CIE THOMSON-HOUSTON HOTCHKISS-BRANDT SA (see No 412), the French engineering consultants SODETEG-STE D'ETUDES TECHNIQUES & D'ENTREPRISES GENERALES SA, Plessis-Robinson (capital Ff 6 million) has opened a Madrid branch and intends later on to form a subsidiary. SODETEG was formed at Clamart in 1966, and is an affiliate of Ste Financiere Electrique, a holding company of the same group (see No 366). During 1965 it gained control of a Paris subsidiary of Jiveco Electronics SA, which has since been re-named Ste Europeenne d'Etudes & d'Essais d'Environnement SA, and specialises in vibration, centrifugal equipment, and associated techniques.

** STE LYONNAISE DE CHAUDRONNERIE & TUYAUTERIES SA, Venissieux, Rhone (700 on payroll and turnover of Ff 20 million - capital Ff 2.4 million) has formed a sales subsidiary, SOLYTRI BENELUX SA. This has a capital of Bf 50,000, most of which has been supplied by M. R. Palayer, president of the founder, M. Saleur, assistant manager, and M. J. Richard, technical manager.

Ste Lyonnaise de Chaudronnerie & Tuyauteries SA makes boilers, as well as pipes for heating and industrial purposes.

** Represented by M. P. Zwaenepoel, Aderghem, the Liechtenstein investment company ETS METALORGANA was the sole contributor when the Belgian chemical and metal trading firm COMECHIM SA, Schaebeck, Brussels, increased its capital recently to Bf 6.25 million.

The latter, which is controlled by the Swiss concern Homba SA, Bauten & Finanzierungen, Zurich, had already raised its capital to Bf 3 million in 1965, when it was the almost wholly-owned subsidiary of another Belgian company, Laminoirs & Trefileries de Hall SA (capital Bf 45 million), itself under Swiss control with M. Theo Stadler, Dornach, Solenne, as president.

** Three of the main subsidiaries of the Swiss clock and watch firm ASVAG-ALLGEMEINE SCHWEIZERISCHE UHRENINDUSTRIE AG, Neuenburg, Neuchatel (see No 404), have linked to form a further joint sales company for their foreign customers. Based at Chaux-de-Fonds, the new company will be called SOPAREM SA, and its founders are Soparem d'Assortiments Reunies SA, Locle; Les Fabriques de Balanciers Reunies SA, Ponts-de-Martel; and Societe des Fabriques Reunies SA, Geneva.

** The Swedish manufacturer of metal and plastic crockery and kitchen utensils A/B NILSJOHAN, Stockholm, has formed a Hamburg sales subsidiary, NILS-JOHAN GmbH (capital DM 20,000), whose manager is Herr Jonas Nilsson, its head. Formed in 1888, the firm has a capital of Kr 1.2 million.

** The West German manufacturer of winches and lifting equipment, WINDENFABRIK GOTTFRIED SCHOBER, INH. A. & W. PFAFF KG, Augsburg, which has around 300 on the payroll, has formed a Viennese sales company, PFAFF SILBER-BLAU WINDEN & HEBEZEUGE GmbH with a capital of Sch 100,000. This has Herren Reinhart and Heinz Pfaff as managers.

** Headed by Mr. Arthur Linder, the Swiss company POSALUX SA, Biel (capital Sf 200,000), has formed a French sales subsidiary, POSALUX-FRANCE Sarl, and it holds 76% of the Ff 100,000 capital. The new company, which will import and export industrial equipment, has M. G. Caspar as manager.

** The American group CLEVITE CORP, Cleveland, Ohio, (see No 344), which specialises in precision castings for engines and rolling stock, has strengthened its control of its Italian subsidiary CLEVITE ITALIA SpA, Gardoli di Trento (formerly Glyco Italia SpA - see No 383), by purchasing the remaining minority shareholding held by the German firm GLYCO METALLWERKE DAELEN & LOOS GmbH, Wiesbaden.

The American company had acquired a 60% interest in Clevite Italia in 1964 (see No 263). In July of that year, it formed a Milan subsidiary, Clevite SpA (see No 271), which was wound up at the end of 1965. Its other European interests include Clevite Service Europe NV, Antwerp (formed in July 1966) and Brush Clevite Co Ltd, Hythe, Southampton (see No 285).

** GEMMER-FRANCE SA, Suresnes, a member since early 1966 of the T.R.W. INC group of Cleveland, Ohio (which shares control with its subsidiary Ramsey Corp, Manchester, Missouri, whose 49% interest was acquired from Ross Gear Corp), has merged with S.F.E.P.-STE FRANCAISE ENGINEERING PRODUCTIONS SA, Courbevoie, Hauts-de-Seine, the subsidiary of ENGINEERING PRODUCTIONS (CLEVEDON) LTD, Clevedon, Somerset, which specialises in automobile steering and suspension systems.

Gemmer-France (president M. M. Barba, also president of Ste Usinages & Fournitures Mecaniques-U.F.M. SA) has had its capital increased to Ff 7.007 million as a result of the move. It makes manual or power-assisted steering systems, and also has a manufacturing subsidiary in the Vosges, Ste d'Usinages des Vosges SA, Ramonchann, whose president is M. N. Bataillon-Debes.

** The ALCAN ALUMINIUM group of Montreal (see No 411) which employs over 60,000 people throughout the world with a turnover of nearly $1,000 million in 1966 and production of 1,030,000 tons of metal, is expanding and consolidating its European interests, first of all by taking up shares in two new French processing companies and then by forming a UK holding company to control its operations there as well as in Ireland and Scandinavia.

The Paris subsidiary Aluminium Alcan De France (see No 297) has joined Ateliers De Constructions Schwartz Haumony SA in taking over the assets of one of the latter s three factories at Anizy-Pinon, Aisne under two new companies now being formed: Ste Industrielle De La Metallurgie & De L'Aluminium-SIMETAL (capital Ff 5.5 million in which the Canadian company will be the majority shareholder with 51%) which will make and finish profiles for the construction industry; and Ste Industrielle De Transformation & De Construction-SITRACO (capital Ff 12 millions; Alcan will have a minority 15% holding) which will carry on the Aisne plant's traditional production using profiles supplied by SIMETAL.

A new holding company called Alcan Aluminium (UK) Ltd is being formed in London with Mr S. E. Clotworthy as Chairman and Mr J. Elton as director. It will co-ordinate some of the group's main UK subsidiaries, Alcan (UK) Ltd (chairman Mr Elton) which handles the group's sales in the UK, Ireland and Scandinavia, and five industrial concerns including three wholly-owned subsidiaries (Alcan Industries, Alcan Polyfoil, Alcan Foils - formerly Fischer's Foils) and two 50% subsidiaries (Alcan Enfield Alloys and Architectural Aluminium Ltd.)

** J. M. VOITH GmbH, Heidenheim, Brenz (see No 404) which makes heavy engineering products, turbines, machine tools and machinery for the paper and timber industries, has extended its foreign interests (see No 344) by forming a Milan subsidiary VOITH ITALIANA (capital Lire 5 million), in which the only other shareholder, Signor Roberto Roesch, Como has a 10% interest. The new venture is headed by Herr C. Krepp Boetticher, and it will be able to carry out all types of manufacturing operations as well as those connected with patents or licences held by its founder.

J. M. Voith recently consolidated its French hydraulic control, gears, ventilation and refrigeration interests by forming Voith France Sarl, Nanterre, Hauts-de-Seine. It has subsidiaries covering sales and marketing in Britain (Glasgow), Austria (St Pölten), Spain (Tolosa), Switzerland (Zurich), Brazil (Sao Paulo) and India (Rourkela).

** The French company SOPASID SA, Amnniville, Moselle has formed a Luxembourg subsidiary SIDELUX-STE LUXEMBOURGEOISE DE TECHNIQUES SIDERURGIQUES SA (capital Ff Lux 1 million). With a 20% shareholder M. L. Schroeder as president, the new venture will be involved in developing and promoting the use of steel technology through the metal industries.

FINANCE

** After recent successful negotiations, the Rome finance group ROMANA FINANZIARIA-SIFIR SpA (see No 414) will be absorbed by LA CENTRALE

FINANZIARIA GENERALE SpA, Milan (its main shareholder - see No 414). The latter will have a capital of Lire 77,500 million after this operation and reserves of some 80,000 million. It already held nearly 42% in SIFIR, representing some Lire 19,000 million of its balance sheet at the end of 1966 or around 26.4% of its total portfolio.

** Two investment companies ETS DADUR-STE DE FINANCEMENT & DE PARTICIPATION, Vaduz, Liechtenstein and SOFIM SA HOLDING, Luxembourg have each taken a 50% interest in the formation of the Luxembourg holding company D.G.C.-DIVERSIFIED GROWTH CORP SA. With an authorised capital of $500,000 ($50,000 issued and $450,000 held as reserves), the new investment company has M. J. Hellinck as president.

** BALFOUR, WILLIAMSON & CO LTD, London, the merchant bankers headed by Mr Stephen J. Unwin (see No 338) - a subsidiary of the BANK OF LONDON AND SOUTH AMERICA LTD, BOLSA - has formed an Antwerp subsidiary called BALFOUR WILLIAMSON (BELGIUM) NV (capital Bf 100,000) with M. Hendrik G. C. Dhont as managing director.

BOLSA - an affiliate of Lloyds Bank Ltd, London and Mellon National Bank & Trust Co, Pittsburgh recently strengthened its Common Market interests as the result of an agreement with Banque Worms & Cie SA, Paris (see No 406) under which it gained a 10% shareholding in the latter. Its subsidiary Balfour Williamson & Co has an interest in Cie Commerciale Francaise SA, Paris (an import credit house which in turn controls Sopag SA, Paris) and a few months it reorganised its "exports" business by merging four subsidiaries, Allied National Corp Ltd., S. G. Read & Co, Osmond Boyes and Tracey Blagden, with Balfour Williamson (Export Services) Ltd.

** With 16.8% of its assets in dollars at the end of 1966 and 20.5% of its placements in the dollar zone, the CIE FINANCIERE DE SUEZ SA of Paris (see No 413) has extended its US penetration by forming an investment bank in New York called SUEZ AMERICAN CORP. This new firm will take part in issues launched on the American and Euro-Dollar markets. The chairman is M. M. Caplain and the president M. R.C. Juncker, Director-General of Suez International Investment Corp, New York, another wholly-owned subsidiary of the group.

Previously all Suez operations in America were handled by French American Banking Corp (33% affiliate: see No 368), of which MM P. Truffer and F. de Lajugie are respectively chairman and president.

FOOD & DRINK

** The German mail-order group QUELLE GUSTAV SCHICKEDANZ AG, Fürth, Bayern, which is merging its two Fürth breweries (see No 412), has sponsored the absorption of BRAUEREI GEISSMANN GmbH by BRAUEREI JOH HUMBSER AG, which has thus changed its name to Brauerei-Humbser-Geissmann. The new company's capital has been raised to DM 35 million, and the company taken over has become an investment concern under the name of VGF Verwaltungs & Grundstücksgesellschaft Fürth mbH.

** The German group SUDDEUTSCHE ZUCKER AG, Mannheim, is the only company approached which has not taken up the offer made two months ago (see No 406) by STE F. BEGHIN SA, Thumeries, Nord, for a European consortium to take control of RAFFINERIES & SUCRERIES SAY SA (see No 313).

After the public offer was made, Say became the subsidiary of a new portfolio company called Cie Europeenne d'Industrie Sucriere SA, Paris (capital Ff 100,000), which (with M. E. Archambaud as president) is under the 51% control of the Anglo-Belgian European Sugars SA, Brussels (see No 408), itself formed in June 1966 by Raffinerie Tirlemontoise SA, Woluwe-St-Pierre (56.7%) and Tate & Lyle Ltd, London (43.3%). Cie Europeenne d'Industrie Sucriere's other shareholders are: Ste F. Beghin (33.4%) and Eridiana Zuccherifici Nazionali SpA, Genoa (15.6%).

** The American group CARGILL INC, Minneapolis, Minnesota, has now officially established Cargill Soja Industrie NV in Amsterdam under Mr Adrianus Blankestijn (see No 395), to run the 300,000 tons p.a. edible oil plant it is currently building, mainly to produce for Britain and Scandinavia. The new company will start with Fl 500,000 capital, and it is under the direct control of two holding companies in the group: Tradax Internacional SA, Panama, and Granax SA, Geneva.

Cargill is the largest soya exporter in the world (see No 367), and it is also spending Ff 50,000 (see No 410) on building a soya bean crushing plant (125,000 tons of flour, and 25,000 of oil p.a.) in the Saint-Nazaire area of France (where the Lesieur, Bunge and Unipol groups have a similar project in hand under a study group formed three months ago under the name of Eurosoya SA - see No 404). Further to this second scheme, and pending approval from the authorities, Cargill is negotiating a 50-50 link-up with two French groups: 1) Ste des Produits Organiques - Soprorga SA, Aubervilliers, which specialises in processing animal by-products, and is linked with the Ugine-Kuhlmann and Cie Rousselot groups, and 2) Ets Provimi Sarl, Croix, Nord, which produces nitrate concentrates, mineral feeds and dietary products for animal feeding (see No 315).

** Herr Walther Kniep, president of DEUTSCHE MAIZENA WERKE, the West German subsidiary of the American CORN PRODUCTS group has been appointed head of CORN PRODUCTS EUROPE which groups the American founder's thirteen European subsidiaries. It is responsible for one third of the group's turnover and controls some 36 factories.

** The agreement linking the SOCIETE D'ALIMENTATION DE PROVENCE and GEO has now been terminated. Since 1965 GEO (annual turnover Ff 120 million) has had a majority shareholding in Alimentation de Provence (annual turnover Ff 60 million) which it acquired by buying some of the shares held by Rizieres d'Indochine. The new move has come about through Alimentation de Provence's deficit causing GEO serious losses.

** PERNOD SA, Montreuil-sous-Bois, Seine-St-Denis (see No 395), has just started to operate its new Marseilles factory, which will replace its two existing units, since these are for sale. In 1966, Pernod's turnover was nearly Ff 385 million (1965 - Ff 365m)and it is engaged in expanding the business of its hotel and bar equipment subsidiary, Pernod Equipment. Its five main depots at Vannes, Moulin, Rouen, Tours and Lille supply some 280,000 retail outlets.

Through its subsidiaries and links with foreign firms, Pernod forms part of a group with a turnover of around Ff 965 million. These include CDC-Compagnie Generale des Produits Dubonnet-Cinzano-Byrrh (in which Pernod has around 30% of the capital); Ste Pour l'Exportation des Grandes Marques-SEGM; the wine firm DMS-Prefontaines; Ste en Production des Boissons Gazeuses-SPBG (manufacturers in France of Coca-Cola and Fanta), as well as Ste des Produits d'Armagnac.

** The DANONE SA group, Levallois-Perret, Hauts-de-Seine, and the dairy holding company CH. GERVAIS SA, Paris, with its subsidiary FROMAGERIES CH. GERVAIS SA, Paris, have decided in principle that they should merge. An announcement to this effect has just been made by the chairmen of the two companies, M. Norbet Lafont of Danone and M. Jacques Corbiere of Gervais. Since 1964, they have been linked on a 50-50 basis in Ste des Fermiers Reunis des Flandres SA, Steenvoorde, Nord (the second French producer of yoghurt, and a producer of Dutch-type cheeses - see No 354).

When the move is approved by the shareholders, two new companies will be formed, and the existing groups will have equal representation on their boards. The first will be "Gervais-Danone SA", and will take over the manufacturing and marketing and sales activities of the two groups, whilst the other, "Compagnie Gervais-Danone", will be a financial company. This will absorb its three founders and run the 25 French and foreign subsidiaries not taken over by Gervais-Danone SA, which it will also control.

The new group will be one of the leading firms in this sector in France, with an annual turnover of around Ff 600 million (rising to more than Ff 1,000 million if all the group's associated companies are included). It will be comparable to Genvrain SA, but bigger than Fromageries Bel-La Vache Qui Rit SA, with which it is linked in Gerdabel. Danone holds around 35% (700 million pots of yoghurt in 1966) of the French yoghurt market, and to this will be added 150 million pots made by Fermiers Reunis des Flandres, whilst Gervais has about 30% of the fresh cheese market.

** STE SAINT-RAPHAEL SA, Paris, a member of the MARTINI & ROSSI SpA group of Turin, with sales of Ff 120 million in 1966 ("Saint-Raphael" aperitif, "Aveze" gentian bitters, "Otard" cognac, "Long John" whisky and "St-Gilles" rum), has taken up the option purchased in 1966 for £125,000 (see No 363) on a 50% interest in the Portuguese port wine concern, OFFLEY FORRESTER Ltda, Vila Nova de Gaia, Oporto. The latter, which until now has been controlled by Geo G. Sandeman Sons & Co Ltd (see No 404), is already linked with the French group, which markets its products in France.

** Two German dairy co-operatives, MANNHEIMER MILCHZENTRALE AG, Mannheim and HEIDELBERGER MILCHVERSORGUNG GmbH, Heidelberg have merged to form a new company under the name of MILCHZENTRALE MANNHEIM-HEIDELBERG AG. The new venture will have an annual production of some 130,000 tons of milk.

The Mannheim firm has a capital of DM 2 million and an annual turnover of around DM 48 million. The Heidelberg concern has a capital of DM 2 million and a staff of 300 with an annual turnover in the region of DM 48 million. The Heidelberg one (capital DM 600,000) has 150 employees and a yearly turnover of over DM 20 million.

** The GENERAL FOODS CORP group of White Plains, New York (see No 384) has formed a branch in Brussels under Mr Edward Pope to co-ordinate its European interests but with no industrial or sales connections.

The American group is established in nearly every country in Europe where it produces frozen foods, coffee, flaked cereals, sweets etc. A few months ago it marked its arrival on the Belgian market by taking over the rice and dessert manufacturer RIJSTPELLERIJEN N. & CO. BOOST NV, Merksen, Antwerp through its subsidiary General Foods Overseas Development Corp.

INSURANCE

** The Belgian insurance broking company, ASSUTRA NV, Antwerp, whose managing director is M. P. Basyn, is to increase its foreign business by forming branches in Milan, Geneva and Athens. Its expansion outside Belgium was marked in 1966 by the establishment of a French subsidiary, Assutra SA, Paris (capital Ff 100,000), and it will continue by virtue of agreements now being made with brokers in Amsterdam and London.

** The French UNION FRANCAISE DE REASSURANCES SA, Paris (see No 289) has decided to reduce its investments in Italy. Its Milan subsidiary UNION FRANCAISE DE REASSURANCES has had its capital reduced to Lire 950,000 and has been made into a limited company, although its former president M. R. Juteau will remain in charge.

** The German life and sickness insurance company HAMBURG-MANNHEIMER VERSICHERUNGS AG, Hamburg has opened a branch in Brussels directed by M. Karl F. Lissack of Antwerp. The company has had a capital of DM 9 million since 1963 and is linked with the Swedish group FORSAKRINGS A/B (through its Hamburg subsidiary SVEA FEUERVERSICHERUNGS AG). It is jointly controlled (36% each approximately) by Allianz Versicherungs of Berling and Munich (see No 409) and Münchener Rückversicherungsges. AG, Muncih (see No 403).

** The Italian insurance group RAS-RIUNIONE ADRIATICA DI SICURITA' SpA, Milan (see No 335) has initiated a reorganisation scheme in favour of its subsidiary ASSICURATRICE ITALIANA SpA, Milan (capital Lire 1,200 million - see No 331). This will in fact absorb four Milan property companies including RICE-Riscostruzione Comparti Edili SpA (capital Lire 250 million) and Immobiliare Guarap SpA (Lire 300 million).

PAPER & PACKAGING

** The Dutch board and paper packaging firm SCHOLTEN CARTON & PAPIER NV, Groningen, is going to strengthen its interests through the acquisition of control of a family concern in Veendam, VEENDAMMER CARTONNAGEFARBIEK NV, (authorised capital Fl 1.5 million), which is run by MM. R. P. Veenhoven, R. Veenhoven and A. E. van Linge.

The Groningen group is headed by MM. D. G. S. Landveer and H. J. Engbers, and it has two wholly-owned manufacturing subsidiaries: Carton & Papierfabriek v/h W. A. Scholten NV, Groningen, and Debee Golfcarton- & Papier Warenfabriek NV, as well as having minority interests in Research - & Adviesbureau Voor Stroverwerking-R. A. S. NV and Stocartonfabriek Ablon NV, Oude Pekela.

** The American U.S. PLYWOOD CHAMPION PAPERS INC, New York (see No 408), has formed a wholly-owned sales subsidiary in Brussels called Champion Paper Corp SA (capital Bf 20,000), for distribution of paper pulp, paper, wood derivates and machinery and equipment for the paper industry.

The American group, which merged a few months ago with Champion Papers Inc, Hamilton, Ohio (see No 363), received the latter's shares in Intermills SA, Malmedy, and it has subsequently enlarged this interest (see No 394). With the latter, and with Papeteries Navarre SA, Paris, it shares control of the Brussels sales company I.C.N. SA, which has already set up branches in London, Amsterdam, Cologne and Paris.

PHARMACEUTICALS

** The American pharmaceuticals group RICHARDSON-MERREL INC (see No 397) has reorganised its Italian interests by merging ISTITUTO CHIMICO EUROSUD SpA, Rome, (see No 395) with WM. S. MERREL SpA, Milan (capital thus raised to Lire 595 million).

The first of these was formed in 1963 by the Basle holding company Europharm AG, and produced digestive products such as "Diger Selz" and "Diger Mint".

** Signor Augusto Bonapace, Milan, is the sole director of R. IN. DEV. SpA (capital Lire 5 million) formed at Trezzano Sul Navigo, Milan, to carry technology research and development in connection with the pharmaceutical, chemical and food industries. The Swiss holding company Pharminden Holding SA, Lugano, has an 80% controlling interest in the new venture.

** Taken over two years ago (see No 325) by the French L'OREAL SA group (see No 393), LABORATOIRE GARNIER SA, Paris (capital Ff 150,000), which specialises in products for hair treatment and care, has decided to close its Brussels branch. The latter's business will be taken up by L'OREAL SA, Brussels (capital recently increased to Bf 55 million, and controlled directly and through Orinter SA, Paris).

** The Italian pharmaceutical subsidiary of the MONTECATINI-EDISON and RHONE-POULENC groups, FARMITALIA-FARMACEUTICI ITALIA SpA, Milan (see No 413), has considerably increased the resources of the Brussels subsidiary it formed late in 1965, FARMITALIA-BENELUX SA (see No 338) by raising its capital to Bf 10 million.

A former 51% subsidi ary of Montecatini SpA, Farmitalia also has a German subsidiary called Deutsche Farmitalia GmbH, Freiburg, which it controls jointly with the Swiss holding company Diora SA, Fribourg.

The Italian company will also be expanding in the British market, where it has just formed a London subsidiary called Farmitalia (U.K.) Ltd (capital £30,000), which will be directed by Messrs. A. Giachim, A. Schweiger, M. Campiglio and D. Cattapan.

** The West German manufacturer of bandages, plasters and toiletries, P. BEIERSDORF & CO AG, Hamburg (see No 391), whose foreign sales accounted for 35% of its 1966 total turnover of DM 404.3 million, has gained control of the Milan LABORATORI COSMOCHIMICI SpA, until now its representative, and changed its name to BEIERSDORF SpA-MILANO.

A 25% affiliate of the Berlin and Munich group Allianz Versicherungs AG, Beiersdorf had previously consolidated its Belgian and French interests, and thus strengthened Beiersdorf NV, Schaerbeek-Brussels (formerly Spindo NV) and Beiersdorf France SA, Paris, and Givet, Ardennes (formerly Tesa SA). The group has numerous other foreign subsidiaries under its own name in Amsterdam, Basle, Copenhagen, Vienna, Madrid, Mexico, and Queluz, Portugal.

** The Dutch pharmaceutical wholesale group KONINKLIJKE PHARMACEUTISCHE FABRIEKEN v/h BROCADES STEEHMAN & PHARMACIA NV, Meppel and Amsterdam (see No 406), intends to set up a French sales subsidiary to strengthen the m arket for its products: Cyclospasmol and disipal. Since 1959, it has had a Brussels sales subsidiary, Brocades Belga NV (see No 347).

PLASTICS

** Two companies, formed recently in West Germany (see No 404) to use the patents held by the Swiss plastics compounds concern, KUSTO AG, Stallikon, Zurich (see No 357) - IBBENBUERENER KUNSTSTOFFWERK AG, Ibbenbüren, and RUETHENER KUNSTSTOFFWERK AG, Rüthen - have immediately encountered difficulties, and have received several offers of further investment from German and other companies. Each at present has DM 20 million capital, and their main shareholders (with 50% and 35% respectively) are the Swiss bankers Jack Reiss-Hamburger and Harry Reiss-Silber, who have already been dismissed from their boards.

** The German DEUTSCHE FRIGOLIT GmbH, Worms (DM 1.2 million capital - see No 396), has negotiated a technical co-operation agreement with the Swiss KORK AG, Boswil, Aargau (capital Sf 250,000), to use the latter's adhesives manufacturing processes. The German firm is a subsidiary of Renolit Werke GmbH, Worms, and it has numerous foreign interests (see No 385), its US licensee being Creative Packaging Inc., Indianapolis, Indiana (polystyrene packaging).

** NV BILLITON MIJ, The Hague, a holding company for firms in the mining, metal, chemical, petrochemical and plastics sectors (see No 406), has acquired from the British group YORKSHIRE IMPERIAL METALS LTD, Leeds (see No 361), its 30% interest in the British CHEMIDUS PLASTICS LTD, Ashford, Kent (see No 286), of which it now has 100% control. The latter makes PVC tubing for gas and liquid transmission, mainly for the chemical and building industries.

The British group acquired some of the shares held in Chemidus by the Dutch group and another of its subsidiaries in 1964, the second party being H. J. Enthoven & Sons Ltd, London. Y.I.M. is a 50% affiliate of I.C.I.-Imperial Chemical Industries Ltd, London, and it recently acquired outright control of the Leeds plastic tubing concern, Yorkshire Imperial Plastics Ltd, by buying up ICI's 50% interest.

** The French plastic foam and synthetic rubber group SALPA SA, headed by M. Andre Bernard (see No 408), has formed three new industrial and sales companies in Sardinia: MEDITERRANEA PROFILATI-MEPRO SpA; MEDITERRANEA CALANDRATURE-MECA SpA and MEDITERRANEA SPLAMATURE-MESPA SpA. All three are based in Cagliari, and their president and managing director are respectively M. B. Bernard and N. Paziente (director of Peuge Gomma SpA, Vigevano, Pavia - see No 373 - a subsidiary of SALPA).

SALPA is to take over the Plastics Department of the French company Alsetex-Ste Alsacienne d'Etudes & d'Exploitation SA (see No 270), and merge it with its own subsidiary SITEC. It also recently formed another company in Vigevano called SELEA-Soc. Europea Lavorazzione Elastomeri & Affini SpA (president M. A. Bernard).

** The West German manufacturer of continuous mechanical handling equipment, crushing and charging machinery KOCH TRANSPORTTECHNIK GmbH, Wadgassen, Saar, has formed a second subsidiary, INTERPLAST-INDUSTRIES Sarl, at Sarreguemines, Moselle. This will make and process plastic products. Three of the owners share the capital (Ff 51,000) of the new concern equally: Herren Karl Koch (manager), Pierre Welsch and Karl Welsch.

The existing subsidiary, Ets Koch Manutention Mecanique SA (see No 397), is concerned with sales. When its founder formed a link with the French heavy engineering group Ste Fives-Lille-Cail SA, the latter took a minority shareholding in Ets Koch.

RUBBER

** The leading West German rubber group (around 40% of the market), which makes tyres, synthetic rubber and plastics, CONTINENTAL GUMMI-WERKE AG, Hanover (see No 402), has opened a Milan sales subsidiary, CONTINENTAL-PNEUMATICI PRODOTTI DI GOMMA & PLASTICI SpA. With Herr A. D. Niemayer as president, the new company has Signor Alfredo Pazze as managing director. Its capital of Lire 10 million is shared 90-10 between two of the Hanover group's wholly-owned subsidiaries, Continental Caoutchouc Export AG and Continental Caoutchouc Compagnie GmbH.

The group's main foreign manufacturing subsidiaries are in France - Usine Francaise des Pneumatiques Continental Sarl, Sarreguemines, Moselle - in Spain - Continental Industrias del Caucho SA, Madrid (a 50% affiliate) - and in Austria - Uniplastic GmbH, Völz.

** S.A.F.I.C.-ALCAN & CIE SA, Puteaux, Hauts-de-Seine (see No 395), is to give financial backing for the expansion of several of its foreign subsidiaries. SAFIC is a member of the London MINERALS SEPARATION LTD group (see No 400), through Hecht, Levic & Kahn Ltd, London, which holds a majority interest of 58% in it: it trades in raw, natural and synthetic rubbers.

The French company is to double to £250,000 the capital of its London subsidiary Hecht, Heyworth & Alcan Ltd, and raise that of its Barcelona subsidiary Importaciones & Suministros para la Industria-I.S.I.S.A. to Ptas 7.5 million. A similar move was made recently with its Milan subsidiary, Sta Alcan Italia, whose capital was doubled to Lire 120 million. SAFIC-Alcan covers about 40% of the French market in its particular field, and recently raised its own capital to Ff 19 million.

TEXTILES

** DEUTSCHE RHODIACETA AG, Freiburg, Brisgau, the pivot of the West German interests of the French RHONE-POULENC SA group, Paris (see No 402), has taken over its 76% subsidiary ROTTWEILER KUNSTSEIDEFABRIK AG, Rottweil-am-Neckar. Originally part of IG FARBENINDUSTRIE, the latter specialises in the production of polyamid threads and fibres (especially Nylon 66) and employs some 1,600 people. In 1966 it had a turnover of DM 30 million, whilst its capital stands at DM 20 million.

Deutsche Rhodiaceta employs around 4,400 people, and has a turnover of DM 202 million. Its main commercial interests are Rhodia Verkaufsgesellschaft mbH, Freiburg (wholly-owned subsidiary), Deutsche Rhovyl GmbH, Freiburg (33.3%), and Rhodia -Chemie Handelsgesellschaft mbH, Frankfurt (20%). In the research field it has a 4.15% interest in Denkendorf Forschungsgesellschaft für Chemiefaser-Verarbzitung mbH, Denkendorf-bei Esslingen.

** The New York CLARK-SCHWEBEL CORP group (see No 411) now has a 53.4% controlling interest (shared with two subsidiaries) in the Belgian concern CLARK-SCHWEBEL INTERNATIONAL SA (see No 409), which is building a fibreglass factory at Battice (for textiles and decorations - Bf 6 million p.a.). One of its subsidiaries, Clark-Schwebel Fiber Glass Corp, is making available its know-how and technical knowledge to the Battice venture, whose capital has been raised to Bf 75 million. The remainder of the capital is shared between Ste Nationale d'Investissements-S.N.I. SA, Brussels, and Ste Financiere & de Gestion Texaf SA, Brussels (affiliated to two Belgian companies, who in turn belong to the Banque de Paris & des Pays-Bas SA group).

TOURISM

** With the aim of increasing the support given by German capital to the development of tourist amenities in the Languedoc-Roussillon area of France, IMMOBILIEN MARKETING GmbH is now being formed in Hanover with the backing of VERBAND DEUTSCHER MAKLER FUER GRUNDBESITZ & FINANZIERUNGEN (the property developers and estate agents association) 40 members of the latter will equally share its capital of DM 200,000.

The French scheme which will be coordinated by the Ste Pour L'Amenagement du Languedoc-Roussillon, is backed financially by the Banque Nationale de Paris-BNP SA (see No. 413) and the Credit Lyonnaise SA (see No. 407).

** The Spanish travel agency BARRANCO & ANDRES, Madrid has finally established a subsidiary in Frankfurt under Senor Miguel Paz called SPANISCHES REISEBURO BARRANCO & ANDRES (see No. 414; capital DM 30, 000).

** The British group EMPIRE STORES (BRADFORD) LTD, Bradford, has set up a wholly-owned subsidiary in Milan under Mr. C.T. Wells, called Empire Stores Italiana SpA (initial capital Lire 1 million). This is managed by Sig. G. Monaco, and is to finance, manage and administer mail-order houses (especially for textiles).

TRANSPORT

** The British international road transport and freighting concern, FERRYMASTERS LTD, London (see No. 326) has gained outright control of its Belgian subsidiary Ferrymasters Continental NV, Antwerp (capital Bf 2 million), by buying up the 50% interest held by its local associate L. VAN GAEVER Sprl, Berchem, Antwerp, and making this over to its Dutch subsidiary Ferrymasters Holland NV, Rozenburg-Europoort, Rotterdam (see No. 262).

** SOGEMINES LTD, Montreal is negotiating the acquisition of a Canadian transport firm ADBY CONSTRUCTION & TRANSPORT CO LTD, Calgary, Alberta. The Montreal company is a member of the Brussels group Ste Generale de Belgique SA, which has direct and indirect Canadian interests (see No. 410).

Sogemines' most recent moves have included the purchase of the fertiliser interests of Canada Packers Ltd., Toronto, which will be run by its own Blockville Chemicals Ltd., Maitland, Ontario from July 1, 1967 onwards; 2) the acquisition of complete control of the New York firm Indussa Corp (see No. 401) which runs a US-Europe import-export business in heavy machinery.

VARIOUS

** The British laboratory instruments firm BECKMANN RIIC LTD, London (formerly Research Industrial Instruments Co-represented in France by EUROLABO Sarl) has formed a wholly-owned Paris subsidiary RIIC FRANCE Sarl (capital Ff 20, 000). This is headed by M. Fernand Weill, who holds a similar position in Eurolabo and Hellma-France Sarl (see No. 333). The new venture will import and sell scientific measuring and control instruments for use by research workers, industrial or medical laboratories as well as in the chemical industry.

The British company recently formed a West German manufacturing and sales company R.I.I.C. Gesellschaft Für Wissenschaftliche Geräte, Munich (capital DM 20, 000) headed by Dr. Gerhart Rothe.

** With Mr. F. Gordon Boyer as president, the American company THE EXPERIMENT IN INTERNATIONAL LIVING INC, Pitney, Vermont has opened a Brussels branch headed by M. Albert Verbroom. The founder is a non-profit making concern, which for scientific and educational aims, promotes foreign tours to study languages and scientific developments.

** Negotiations have begun between the French tanning and leather-working firm ANC ETS. A. GUILLAUMET-TANNERIES DU DRAC SA, Fontaine, Isere and a Belgian group aimed at settling its financial difficulties, which have caused it to consider closing. With M. R. Tabarly as president, the French company (capital Ff 1.3 million) employs some 200 persons in a factory covering 5, 500 m.

** The merger, planned in October 1966 between two Italian pencil manufacturers has now taken place. FABBRICA ITALIANA LAPIS & AFFINI - F.I.L.A. SpA, Florence has taken over STA LYRA, FABBRICA ITALIANA DI MATITE SpA, Milan (capital Lire 150 million) and has moved its head office to Milan, whilst its own capital has been raised to Lire 480 million.

** The Finnish manufacturer of leather goods (mainly women's boots) PARTOLAN KENKATEHDAS OY, Pirkkalo has set up a Dutch sales subsidiary PALMROTH HOLLAND NV, Waalwijk, headed by M. Pentli Palmroth. He shares control of the Fl 300, 000 capital with its subsidiary Hameen Kenkatehdas Oy, Tempere.

INDEX OF MAIN COMPANIES NAMED

I.G. Farben	T
I.P.C.	B
I.R.I.	I
Immobilien Marketing	U
Interexport, Belgrade	C
Koch Transport	S
Kork AG	R
Kroon-Oil	F
Kusto	R
Lapis & Affini	V
Lesieur	E
Leybold's Nachfolger	H
Luxan, Arnhem	E
Lyonnaise de Chaudronnerie	J
Lyra Spa	V
Mannheimer Milchzentrale	P
Martini & Rossi	O
Maxam Power	H
Metalorgana	J
Minerals Separation	T
Moguert, Budapest	C
Montecatini-Edison	R
National & Continental Investment, Jersey	D
Nilsjohan	K
Norman, Craig & Kummel	B
Northrop	C
Oerlemans	F
Offley Forrester	O
l'Oreal	Q
Otto Nickel	E
Page Europe	Ç
Partolan Kenkatehdas	V
Perkins Boilers	I
Pernod	O
Pfaff, A. & W.	K
Pfeiffer, Arthur	G
Posalux	K
Publicite Francois	B
Publicite Marechal	B

	X
Quelle Gustav Schickedanz	M
R.A.S., Milan	P
Ramsey Corp	K
Rhone-Poulenc	R, T
Richardson-Merrel	Q
Rindev SpA	Q
Rodio, Giovanni	D
Romana Finanziaria-Sifir	L
Rosseels Publicite	B
Rothe Erde, Eisenwerk	I
Rottweiler Kunstseide	T
Rousselot	F
S.F.E.P.	K
SAFIC-Alcan & Cie	T
Saint-Raphael	O
Salpa	S
Say, Sucreries	N
Schober, Gottfried	K
Schulten Carton & Papier	Q
Siemens	F
Slip	F
Sodeteg	J
Sofim, Luxembourg	M
Sofraco	D
Sogemines, Montreal	U
Sopasid	L
Suddeutsche Zucker	N
Suez, Financiere de	M
Swibo Tiefbohr	D
T.R.W. Inc	B, K
Theidel & Hagemann	E
Thomson-Houston Hotchkiss-Brandt	J
U.G.C. Instruments	H
U.S. Plywood Champion Papers	Q
Ugine-Kuhlmann	I
Union Francaise de Reassurances	P
V.B.N.-Nederhorst	D
Van Gaever, L.	U
Veendammer Cartonnage	Q
Voith	L
Volkswagen	C
Yorkshire Imperial Metals	S