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A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

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Opera Mundi EUROPE

A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

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EUROPA HOUSE ROYAL TUNBRIDGE WELLS KENT *TEL. 25202/4 TELEX 95114*

OPERA MUNDI EUROPE

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

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

SWITZERLAND
54 Rue Vermont GENEVA
TEL: 33 7693

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

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

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COMMENT

A Letter from Paris

WHAT BECAME OF THE GOLD POOL?

For a few days last week, the world of gold and the dollar went mad. The closure of the London market, the scramble to buy gold on the Paris market - the only one that continued trading last Friday - had side effects as bizarre as they were typical. A number of hotels and airlines in London and Paris either refused to accept or limited dollar settlements from their clients at the week-end, as though there was even the merest risk of the dollar being devalued in relation to sterling or the franc, come what may in the money market. Indeed, even those who are sceptical about the United States' ability to maintain dollar parity at 35 to the ounce of gold were on the look-out only for a rise in the price of gold, either by the concerted revaluation of this against all currencies (a formula rejected absolutely by the U.S. administration), or by allowing the return of the play of supply and demand on the free gold market (which would affect all currencies equally), without there being any change in the official price of gold. One can envisage no situation whatever in which the dollar would be devalued without all other currencies going with it. No expert has ever begun to entertain such a possibility. All of which goes to show just how likely people are to lose their heads when there is a panic in the monetary world, as strange and unknown to hoteliers and airlines as it is to the man in the street.

Unquestionably, the United States' monetary problems stem from the chronic balance of payments deficit, aggravated as it is by the astronomical cost of the Vietnam War, but the present crisis is more directly rooted in the workings of the gold pool in the London market. This pool was established in 1961 by the USA, Britain, France, West Germany, Italy, Belgium and the Netherlands, for the purpose of preventing any return of the severe imbalance of the market that had occurred in the previous year. The first provision of the agreement was that none of these countries, through their central banks, should purchase gold on the international markets - thus courting the danger, at certain times, of increasing pressure on rates - but should exchange their dollars solely at the Federal Reserve Bank of New York. It was in a second phase that these countries set up a "pool" (one limited, moreover, to some $100 to 200 million), for interventions on the London market, which, since it re-opened after the War in 1954, has attracted by far the largest volume of transactions on any market, mainly because its speculation level is particularly low. The United States took the lion's share of this pool - 50%, a figure which rose last year to 59%, by the addition of the 9% that had been held by France, after she withdrew from the pool. (We should bear in mind here that France still considers herself bound by the first provision of the agreement - not to exchange gold for dollars anywhere but at the Federal Reserve.) Interventions in the gold pool are nevertheless the sole prerogative of the Bank of England, and this is why it is in the line of fire of any criticism being levelled at the philosophy behind the establishment of the gold pool.

Indeed, one might fairly be allowed to reproach the administrators of the pool for their exceptionally rigid approach, which had the effect, almost automatically, of pumping dollars into the market when the upper dollar rate limit - $35.19\frac{3}{4}$ - had been reached. It was in this predictability of intervention in the pool that its greatest weakness lay, as it made the game all too easy for the speculators. This way of handling matters also explains why the anticipated volume of the pool was swiftly surpassed, to the extent that in 1967 (without including the most recent transactions) some $1,500 million of official gold went down the drain. (Reputable papers have in fact suggested far higher figures, but here they include the total losses of all members of the pool, which of course include - especially in the cases of Britain and the USA - many outflows of gold having nothing to do with the gold pool.) Such a pool simply cannot live up to the thinking behind it unless it is administered in a fairly flexible way, without allowing speculators to divine the course of intervention, and of course without bringing in any rigid pegging to maintain strict rates. On the contrary, the way to proceed is to allow exchange rates to climb a certain amount without taking action, and then, swiftly and decisively, to use the volume of the pool as a lever to bring the rate down, thus anticipating the speculators, and finally to buy back when it has come down again. Not once has the Bank of England acted according to these well-tried principles: if it had applied them with flexibility the ample means at its disposal in the pool would surely have proved sufficient, for use as a permanent regulator. A number of countries have, after all, found it perfectly possible in the long run to recoup all the funds used to stabilise the market. The Bank of England, far from doing this, as the party responsible for the pool, has allowed itself to be undermined by speculation, and it was the realisation of this fact - that there is a permanent pumping-out process at work, a very dangerous thing for official gold stocks (59% of them accounted for by the American Treasury) - that helped to spark off this latest gold rush crisis.

What made the whole situation worse was the series of conflicting proposals emanating in recent weeks from competent - though never from specific official - sources. Proposals covered the entire gamut, ideas for stopping the gold-drain ranging from revaluation "a la Rueff", as with George S. M. Moore, Chairman of the First National City Bank, to an embargo on dollar conversions on the part of the central banks. These ideas, bandied about in public, were obviously seized upon in financial circles and, combined with all manner of psychological factors, they inevitably led to a panic situation. Is there a bank, anywhere in the world, that can feel itself absolutely immune to the danger of a run, if enough commentators are suggesting to the public at large that it is likely to stop meeting depositors' demands, or at least only pay them up to 50% of the value of what they have deposited?

We asked a European central banker, who took part in the 1961 discussions that led to the formation of the London gold pool, why the Americans, who bear most of the brunt of the financial obligations that stem from it, should have left the Bank of England in charge of operating it. His comments went as follows: "Americans have always had great respect for the British in monetary affairs, especially when it comes to delicate intervention moves in the markets. Unfortunately, that is their mistake, for our British colleagues have only recently demonstrated that at times they can be rather ham-fisted in such matters; thus they allowed themselves to be forced into a position where they had to spend considerable amounts - altogether too much - on supporting the pound on the forward market before devaluation."

Such a view of the situation shows that there was nothing very surprising about the decision reached by the seven central bank governors in Washington late on Sunday evening. It was clearly complete madness to allow the London market to continue indefinitely to drain gold off at a guaranteed price. Indeed, the terms in which the communique issued at that time is couched reveals the absurdity behind the concept of the pool, and the manner in which it functioned: "They (the governors) decided no longer to supply gold to the London gold market or any other gold market". No intervention pool, on any market in the world, could ever in fact be designed to supply that market, but only to intervene, skilfully and discreetly, to influence trends in that market, and to direct its evolution in the manner required. What in fact happened with the pool as it was managed was that it degenerated into a mere "supply line" for the market, and in this regard the governors chose precisely the correct wording for their communique.

It is, perhaps, to be regretted that in the plan outlined at the Washington meeting no machinery was devised for reconstituting a gold pool of the other type, functioning in a way never yet tried, that is, marginally. Of course, there is nothing to say that such an unofficial pool, the establishment of which would scarcely be shouted from the rooftops, may not now begin to operate. It would give the central banks a legitimate means of directing the future floating price of gold on the open European markets, and preventing it from going too high: since such a pool would not, like the last one, be a "bucket with a hole in it", the funds required would be relatively modest and limited. Again, there is no reason to suppose that France would not participate in such a safeguard measure, for although this has never been spelled out, her withdrawal from the pool last year was largely determined by a view of the situation much akin to the one outlined above.

Certain aspects of the two-tier gold price system nevertheless remain dubious, the more so if the price of gold on the open market settles at a level considerably higher than the official one, of $35 an ounce. There would be considerable pressure to raise the official rate nearer to the average price fetched on the open market. However, the two prices may well be able to co-exist, provided always that the two circuits to which they relate remain strictly separate, with no interflow whatever. On this score, the governors' communique states that "henceforth they will not sell to monetary authorities to replace gold sold in private markets". This in fact is a more euphemistic way of saying that the USA reserves the right to go on selling gold at the rate of $35 an ounce from the Federal Reserve solely to countries that will offer firm guarantees that this gold will not be used for arbitration with the open market, allowing them to accrue improper profits. This is only fair, for if we do not prevent the creation of such communicating vessels, the whole object of the new system is lost, and we would find ourselves back in the situation of grave danger that the draining gold pool presented - but one cannot deny that supervision is going to be an extremely difficult matter with such a system.

THE WEEK IN THE COMMUNITY

March 11 - March 17, 1968

COMMON MARKET - AGRICULTURE

The Milk Crisis: Mansholt's Aims

On the 21st and 22nd of this month, the European Parliament will be holding a special session in Strasbourg to discuss the so-called Mansholt proposals, the purpose of which is to try and reorganise the common milk market, using lower prices and structural reform (see No 452). The president of the Agricultural Council of Ministers, the French M. Edgar Faure, is expected to take part in the debate, along with the Commission's vice-president, Dr. Sicco Mansholt, and this is likely to make the discussions unusually political in character, even though the object of the exercise is only to decide the nature of the Parliament's "opinion".

Dr. Mansholt wanted the Parliament to discuss the proposals, for even if they are turned down - which is more than likely - he will have brought the whole problem out into the open and drawn the attention of the public opinion within the Six to the question. As we saw last week, the Council of Ministers strongly criticised the Commission's proposals, which were variously described as "bad" and "shocking". The ministers also found it that much easier to object to lower prices, since 150 representatives of farmers' associations from all six countries met outside the Palais de Congres in Brussels to adopt a motion rejecting the proposals and demanding a higher tax on margarine.

However, the proposals put forward by Dr. Mansholt have clearly brought to light the main problem; the sheer financial cost of the CAP. It was suspected that the need to take action to cut FEOGA's ever-rising costs lay behind last year's Strauss-Colombo communique. In turn this meant that the whole financial aspect of the agricultural question agreed on by the Council after a whole year of argument and near-crisis in the spring of 1966 might be threatened. It was therefore hardly a surprise to observers when the West German agricultural minister proposed national quotas for milk production or when his Italian counterpart suggested that payments should be made to FEOGA for national surpluses. This would involve a levelling out of FEOGA expenditure, thus tampering with the Six's financial solidarity, which is at the very basis of the CAP. Furthermore, there is the problem that the French only agreed to the free movement of industrial products on condition that FEOGA expenditure should not be cut.

The aim of the proposals, which Dr. Mansholt must have known would be unpopular, was to avoid this danger. It is very difficult, politically, to tamper with the income which small farmers make from milk production, and one can hardly imagine that the founder of the CAP really believes that prices could be changed a few days before the introduction of the common market.

It is obvious to all that the Commission's proposals will have to undergo considerable modification if they are to be adopted by the Council of Ministers, and it is more than possible that Dr. Mansholt may himself make some changes. However, by his stroke, the Commission's vice-president has probably achieved his two main aims.

The first was to keep expenditure on the dairy sector within reasonable limits. The indicator price for milk will remain at 39 pfennigs, but it is not this which costs the Community money. The factors creating expense are those aimed at ensuring an income for producers: the butter intervention price, support action for powdered skim milk and ordinary milk. Although the Six will not comply with all of the Commission's demands, they will probably be prepared to accept a cut in their cost. Furthermore, it seems that despite objections from the Dutch and West Germans a higher margarine tax will be introduced, producing another $100 for the FEOGA budget.

The awakening of both governments and public opinion throughout the Six to the financial aspects of the CAP was the second of the aims. If Dr. Mansholt is thereby able to make his "constituents" understand that the Community has just avoided a breakdown over the milk market, he will have been able to set in motion a discussion as to the aims and methods of the Common Market's agricultural policy. This will prepare everyone for the memorandum on the CAP, which he is due to present to member states before the summer. At the moment it is plain that the farming community within the Common Market finds it difficult to accept that the use of prices alone cannot effectively solve the problem of their income. Since equality of farmers' incomes with those of other sectors is one of the aims of the Rome Treaty, many farmers believe that the way to achieve this is to raise prices in accordance with increases in production costs. If, however, this line alone were taken, the gap in income between farmers and industrial workers would continue to widen, for in industry, increased pay only comes from greater productivity and not from higher prices.

In other words the only effective method of achieving higher incomes for farmers is to raise productivity, and, as with industry, this requires structural changes. The need for such a structural policy is recognised, but its overall completion is likely to take some considerable time. During the next five years, the Community will begin to prepare itself for these structural changes by going through what some might call a "social" phase. Obviously the solution to all these problems, e.g. those farmers whose sole "certain" income is from the daily output of three or four cows, cannot be found overnight.

The next five years and the problems they bring are going to be difficult. To understand what the Common Market is, and explain it successfully to the people of the Six, without causing major upsets, is also difficult, and will demand a lot of thought.

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Further Agricultural Regulations

The Commission is preparing the last series of proposals aimed at regulating agricultural products within the Community. Already the most important products are governed by regulations, or are about to be, as in the case of milk and beef. For some months now the Council has had before it proposals for wine and tobacco, and last week the Commission submitted a proposal for a regulation on those products for which the Rome Treaty makes no proposals involving specific common market organisation.

This regulation will cover live horses and asses, horsemeat, pedigree animals for breeding, honey, dried leguminous vegetables, sugar beet, fodder roots and green fodder; coffee, tea, cocoa, spices, many tropical fruits and nuts, straw and bran, seed and fruit for sowing; meat extracts and juices; cider; cork; by-products of sugar, beer and starch manufacture.

If accepted, the proposal will result in free movement within the Community for goods listed by the regulation as from July 1, 1968, and the disappearance of quantitative restrictions, customs duties or equivalent measures, as well as the application of the CET - Common External Tariff. The general rules of the Rome Treaty (Articles 92 - 94) on aids will have to be applied, whilst some protection may be given to certain products likely to be threatened by outside competition. These products include horses for slaughter, horsemeat, certain types of seeds for sowing, and cork. The form of protection includes the use of import licences, a levy if the goods are offered at 85% or less than the domestic price, or even the suspension of import licences. The regulation also envisages the use of a safeguard clause similar to that for other products.

The Commission has also announced that it intends to submit market proposals in the near future for processed products based on fruit and vegetables, and fisheries. Before the end of the year further proposals covering flax and hemp, hops, potatoes, bananas, alcohol, sheep and chicory roots are expected, whilst existing market organisations will be extended to cover certain products, such as grape marc.

* * *

ECONOMICS AND FINANCE

World Trade and Monetary Problems

Next Monday - March 25 - will see the Economic and Finance Ministers of the Six Common Market countries meeting in Brussels to discuss the report - due to have been handed over early this week - which they asked the Commission to prepare to see whether or not it might be possible to speed the tariff cuts agreed upon as part of the Kennedy Round. The West Germans and the Dutch have suggested that in order to help the American economy the Six should make unilateral cuts, but the other four member countries are less than enthusiastic about such proposals and believe the United States should make simultaneous cuts.

Kennedy Round Cuts: Observers believe that the Commission has tackled the question in a different manner. The Commission's experts apparently consider that the Community could consolidate the first two annual cuts on July 1, 1968, whilst the United States would wait until July 1, 1969, before making her second round of cuts. This would have the advantage of not opening up either the French or the Italian markets to excessive competition, although of course it would not be equally balanced on the American side.

Britain's Proposals:- However, this solution would clash with the proposals, made last week by the British government, to the end of maintaining an expansion of world trade. These would result in the first 40% of cuts being carried out on schedule by July 1 of this year, with the remaining cuts on January 1, 1969, instead of being staggered until 1972. The proposals were subject to three conditions: 1) that the rest of EFTA, the EEC and Japan do the same; 2) the US government should not introduce export rebates, import surcharges or similar measures; 3) that the US government keeps to the existing timetable for its own Kennedy Round cuts and speeds the abolition of the American Selling Price system for chemicals.

The chances of Britain's proposals being accepted by the Six seem slight, since both France and Italy are already faced with the scheduled Kennedy Round cuts on July 1 as well as lowering their tariffs through the introduction of the Common External tariff, and the likelihood of them agreeing to another 80% cut in protection by January 1, 1969, are small, if not virtually non-existent.

-- and her Bid for Entry: Informed circles consider that the Board of Trade's proposals might also contain the seeds of another British bid to enter the Common Market, since it is possible to use them to link the British bid and the Kennedy Round, and it is thought that one of the Five may use the opportunity to raise the question of talks between the Six and Britain at the meeting of the Council. The advantages to Britain of the acceptance of her proposals could be considerable, as well as outflanking French concessions for the creation of limited access to Community markets in return for buying French agricultural produce. If all of the Kennedy Round cuts were made by January 1 next year, Britain would obviously be subject to much more foreign competition internally, but since the government's measures to control domestic demand will still be in force, imports are not likely to rise quickly. On the other hand exports - and especially those to the Six - should rise through the much lower tariff barriers (a 35% average cut for industrialised products) and the continued effect of devaluation, which might well have faded by 1972.

Thus Britain could increase her trade with the Six, and give a boost to her balance of payments without having to accept Community agricultural produce. This would strengthen her overall links with the Common Market and help to prepare the ground for entry. But opposition to the cuts is likely, especially from France on political grounds.

Commission on Britain: Reports from Brussels as to the content of the report the Commission is making for the Council of the Foreign Ministers who are due to meet on April 5 indicate that the Common Market's executive intends to suggest ways of overcoming the crisis caused by the problem of British entry. It will, of course, deal with the three approaches: the Benelux plan, the Paris Declaration and/or the Brandt proposals, and the Fanfani memorandum. The Commission expect to complete their report by March 28.

The Six and S.D.R.'s: The whole international monetary situation will be discussed in Stockholm at the end of the month by the Group of Ten, when one of their main topics will be the implementation of Special Drawing Rights. The attitude taken by the Community to this problem will be very important, and a meeting on March 18 and 19 of the Common Market's Monetary Committee dealt with this. It was decided that the Commission should try and get the Six to adopt a single attitude to the SDR question; in fact this means trying to persuade France, who is still unconvinced that there is a real need for the SDR's, to step in line with her five partners. The Finance Ministers may well meet before the Stockholm talks to ensure that their approach to the SDR question is as unanimous as possible.

* * *

EUROPEAN PARLIAMENT

Topics of Interest at the European Parliament

Trade with East: M. Deniau, the member of the Commission with special responsibilities for external trade, spoke on Wednesday last on the relations of the Community with Eastern Europe. Trade with Eastern Europe has increased markedly since 1958, imports by the Six from the East having increased by 196% and exports to the East by 237%. Last year trade in both directions amounted to $3,921 million, with a balance of $309 million in the Community's favour. Trade with the East is now more important in volume than trade with Latin America, 7% of the overall figure compared with 6.5% for Latin America. M. Deniau was of the opinion that the tendency towards product diversification in the East would lead to a solution of the imports problem from which this part of Europe suffered.

"Today," said M. Deniau, "the problem is no longer one of deciding whether it is right or not to trade with the East, but rather of how best to trade with Eastern Europe, in a way which will benefit both parties." In future he hoped that the accent would swing from the purely juridical and administrative questions of trade between the Eastern bloc and the EEC, to considerations of the economic structure of trade. What had been important in the past was that individual relationships between member countries and the Eastern bloc should not upset the internal stability of the Common Market. This was still important, but M. Deniau thought it was now time for such transactions between individual countries and the Eastern bloc to give way to "more active forms of co-operation" by the Community as a whole.

Taking Stock: M. Raymond Barre, the vice-president of the Commission, also spoke at the European Parliament on Wednesday. Having in mind that the European Parliament had now been in operation a full ten years, he spoke in general terms about his hopes for the future of the institution. The Community was now in a position where it could become "the centre of a powerful, independent economy". In the period of monetary and financial uncertainty, the Community could easily become a "pole of monetary confidence". Economic expansion was still continuing in the Six, and the expansion for 1968 promised to be up on last year's figures, 5% instead of $4\frac{1}{2}$% last year.

Amidst these inspiring but vague phrases, however, the realities of the shortcomings of the European Parliament had been quietly overlooked. In a meeting called on Thursday evening to commemorate the ten years of existence of the European Parliament, attended by such notables as Jean Monnet and the 142 representatives of the Six member countries, the President of the Assembly, M. Alain Poher, pointed out the significance of the occasion when, ten years ago, the Six, in spite of all the delays and crises, became united as one of the significant political forces in the world. But the full potential of the Parliament, as defined by the Treaty of Rome, had not been realised; the issue had really been side-stepped. The Parliament had not made the transition to election by universal suffrage. "Under the present system," said M. Poher, "the European Parliament can only reflect the composition of the national parliaments by which the members are elected. The Parliament's political authority could be seriously affected if the break-down of the seats in the national parliaments is not reflected sufficiently faithfully in the European Parliament. We hope that the national parliaments will be able to make possible a more rapid nomination of the members to the European Parliament." He then called upon the President of the Commission to extract from its files the plans for the election of members to the European Parliament by universal suffrage. Though some have chosen to forget this aspect of the Rome Treaty, there were others who were still keen to implement this provision. The overlooking of this plan laid out in the Treaty was a telling sign of the contempt with which some of those connected with the Community treated the original ideals of European co-operation.

Jean Rey then took his stand on the rostrum, first to underline the importance of the Parliament to any political system (making mention of the Greek crisis), and then to reassure those present of the intention of the Commission authorities to pursue the idea of universal suffrage for the Parliament in the not too distant future. M. Rey brought his speech to a close with a comforting note for Britain, saying that he was confident that a progressive solution would be found to the crisis over the enlargement of the Community.

* * *

TRADE

The Elimination of Technical Obstacles to Trade

As reported last week (see No 452), the Commission of the European Communities recently submitted to the Council of Ministers a general programme for the elimination of technical obstacles to trade, resulting from discrepancies between the domestic laws of member countries. Sufficient progress has now been made in this direction for it to be possible to predict that most of the directives, under which national legislations will be aligned, will be adopted by January 1, 1970.

The process of eliminating technical obstacles will be divided into three phases, as follows:

Phase 1: Submission to the Council of proposed directives not later than July 1, 1968 - decisions by the Council not later than December 1968. The sectors of industry concerned are: motor vehicles, agricultural tractors and machinery, crystal glassware, electrical appliances and machines, measuring instruments, dangerous substances, metal scaffolding, oil pipelines, timber and foodstuffs.

Phase 2: Submission to the Council of proposed directives not later than December 31, 1968 - decisions by the Council not later than July 1969. Sectors concerned: motor vehicles, agricultural tractors and machinery, measuring instruments, electrical appliances and machines, pressure devices, non-electrical heating, cooking and water-heating appliances, fertilisers, precious metals, textiles, dangerous preparations, cartridge-operated stud and nail drivers, and foodstuffs.

Phase 3: Submission to the Council of proposed directives not later than July 1, 1969 - decisions by the Council not later than December 31, 1969. Sectors concerned: measuring instruments, pressure devices, electrical appliances and machines, non-electrical heating, cooking and water-heating appliances, gas pipelines, boring equipment, hoisting gear and lifts, various foodstuffs.

The Commission, mindful of the possibility that national governments might try to introduce further legislation to restrict trade between the Six nations, has prepared a draft plan to avoid this eventuality. The national representatives will soon be asked to give their approval to this draft plan, which will then exclude the possibility of such unilateral action by individual governments. The draft plan makes it mandatory for all new legislation, regulations or administrative rules to be submitted for approval to the Commission before implementation. If the Commission finds that the legislation is contrary to the terms of the Rome Treaty, it can arrange for the member state concerned to amend or defer the implementation of that legislation in return for an undertaking by the Commission that proposals to the Council for the harmonisation of legislation in the sectors concerned would be given priority.

In addition to these provisions, the general programme also includes two draft Council resolutions. These touch upon the mutual recognition of supervision systems and the adaptation of directives to technical progress. In the latter case, the procedure is very flexible and is based on the delegation of powers to the Commission, together with certain safeguards which include the setting up of a Committee to assist the Commission in dealing with the matter. Should the Commission and the Committee fail to agree, the matter in dispute may be referred to the Council. These provisions should ensure, with the co-operation of the member states, that the Common Market system will work more effectively.

* * *

LEGAL MATTERS

Bankruptcy within the Community

The technical work involved in the preparation of a draft Community convention on bankruptcy has been finished, and it will shortly be sent to the member states, and to professional bodies - such as the legal profession - for their comments.

The purpose of the convention is to strengthen the position of creditors with regards to debtors, and especially to make it easier for creditors to claim all of the bankrupt's goods as quickly as possible. The draft attempts to achieve this by harmonising the approach to the question.

The decision to make a declaration of bankruptcy is in principle the responsibility of the courts in the member state, where the bankrupt has his head-quarters, and in normal circumstances this is where the majority of his assets and creditors are also to be found. Furthermore, the declaration of bankruptcy within one state, automatically entails the extension to the other states of the bankrupt's powers to deal in any way with his property, as a result of the procedure applying throughout the Community, whilst the syndic can also operate in all of the states signing the convention. The syndic is a person or persons appointed by the court to supervise the bankruptcy, as well as to represent unsecured creditors, and also acts as the debtor's representative. The distribution of assets, because of the considerable differences existing between the Six, are to remain subject to national legislation, since harmonisation in this sector will take some time.

According to the laws in force in each country, creditors will be repaid from the realisation of the assets in that country. However, if these are insufficient, then they may be able to claim assets from the bankrupt's country of domicile. But as an exception to the general principles, employees will be able to claim in all of the contracting states, the special privileges granted to them by the laws of those states.

* * *

E.C.S.C.

Towards a Balanced Community Steel Economy.

Even as the Commission's institutions table the job of working out new plans for the iron and steel policy, the promise of improvement in the general state of the iron and steel industry in the Community is at last beginning to be fulfilled; this can only be a good thing for the establishment of the common iron and steel policy for the Community as a whole. The aim of the policy is not in the first place to remedy the shortcomings of the iron and steel market; what it seeks to do is to attack the structural imbalance of the system and to provide the Community iron and steel companies with the wherewithal to deal with these imbalances. It is evident that, following the work carried out by the ad hoc committee on "iron and steel problems", real progress in this direction has too often been frustrated by the determination of the representatives of the different member countries to consider almost exclusively the transient problems of national iron and steel economies, due to the fact that at the moment a real common market for iron and steel is but sketchily developed. It is only necessary at this point to mention the stand made by the French delegation on the rapid increase in one-sided trading in steel in the Common Market - that is to say the disproportionate increase in the importation of iron and steel from certain of the member countries. With the improvement in the iron and steel economy, the effects of this disequilibrium has to a certain extent been mitigated, and this will also be true of any other disewuilibria which have been caused over the past two years by the slump in steel sales.

These hopes for an improvement in the iron and steel economy result from the revised programme for the sector for the second quarter of 1968, a programme that the Consultative Committee of the ECSC will discuss in Luxembourg on March 25. The expansion of the sector within the Community can be traced to the recent upsurge in economic activity, following the decline in buying by the steel consumers during the course of 1967, a decline caused mostly be developments in West Germany. Given that retrograde tendencies have been apparent in France as well as in the Benelux countries, the rapid expansion that had taken place in Italy was not sufficient to modify the overall picture. However, compared with previous quarters, the forces of expansion have now begun to get the economy off the ground and to start during the first quarter of 1967. This tendency should continue:

1) In Germany, the rate of recovery of the economy has not been the same in all sectors, but orders are increasing in the majority of the steel-utilising industries, especially in the machinery and motor industries.

2) In the Netherlands, where expansion has been very slow in 1967, it has been forecast that in the second quarter of 1968, production will go up again in the majority of sectors using steel, and especially in the motor industry, whilst the building industry seems to be going through a period of stagnation. As in other member countries, devaluation of sterling could hit certain sectors, but, according to the calculations of the Commission experts, the tendency could be balanced out if the improvement in the economy leads to an increase in deliveries to the other member countries of the Community.

3) In the Belgo-Luxembourg Economic Union a certain degree of expansion can be expected, thanks in part to the improvement in the West German economy. However, as indicators of a recovery in the economy are few at the moment, we can only count on a slow expansion in the steel-utilising sector. It is to the building, cold extrusion and rolling sectors that we must look for the greatest hopes of expansion.

4) In France, where expansion in the steel-utilising sectors was slow in 1967 (in spite of large increases in production in certain sectors such as the building, metal and electrical engineering industries), the measures introduced by the government to encourage expansion will probably take effect during the months to come. Speaking in general terms for the whole of the steel using sector, it appears that for the time being, increases in production cannot be regarded as a foregone conclusion.

5) In contrast to almost all the other member countries, Italy has benefited from a very appreciable expansion in its steel using industries over the last few years. Rates of expansion have levelled off somewhat now because certain sectors have reached capacity production, but the increase in production is still considerable in practically all sectors. An exceptional rate of expansion has been achieved in the motor, non-electric machinery, furniture, metal container and the hardware industries. The building industry is the only one where expansion has been at a fairly normal rate. According to the experts, the overall expansion of the steel consuming industries in Italy ought to continue, but at a reduced rate; this is due to a reduction in the reserve capacity available.

Under these condition, real consumption of steel within the Community ought to increase by 5% overall during the second quarter of 1968 compared with the same period last year. Exports and imports of iron and steel goods to and from third countries ought not to change much, but stocks, which fell over the course of last year, should rise slightly again. Production of crude steel within the Community could thus go up by more than 7% in the second quarter of 1968, compared with last year.

*   *   *

TRANSPORT

Competition Rules Come in on July 1

The Commission has just submitted to the Council an amended proposal for a regulation making the rules of competition applicable to rail, road and inland waterways transport. This was necessitated by the obvious call for amendments to the Commission's initial proposal made in 1964. The application of competition rules to these three transport systems is deemed a vital facet of the common transport policy and of general economic policy.

If the Council accepts the proposed regulation it will apply as from July 1, 1968 to "agreements, decisions and concerted practices whose purpose or effect is to fix transport rates and conditions, limit or regulate the supply of transport, share transport markets, or make use of improved techniques or technical co-operation and to the exploitation of dominant positions in the transport market."

Agreements by firms or groups of firms, and practices which might impair trade amongst the Six, and cause the prevention, restriction or distortion of competition within the Community will be prohibited. Furthermore, no prior decision to carry this out is required. Any company or companies taking action which might impair trade between the Six, or any abuse of a dominant position will also be prohibited. All agreements and decisions prohibited by the regulation will be null and void.

There are two categories of exemptions. Firstly agreements, decisions and concerted practices in the transport sector can be exempted if their main purpose is to increase technical improvements or technical co-operation. Secondly action by groups of companies with the aim of the joint purchase or supply of transport services will be exempted, provided the group's carrying capacity does not exceed a certain maximum fixed in relation with the other firms supplying transport services to the same market. Both categories are however subject to the Commission's power or intervention in the case of abuse.

In a move which will affect the power of member states, the proposed regulation says they will not have authority to introduce or maintain measures concerning private or public transport undertakings to which they grant special rights, where these measures would conflict with the new regulation. Competition rules will also apply to transport concerns which are required to run services of general economic interest, unless the rules prevent them from fulfilling their special objectives.

Finally the development of trade must in no case be adversely affected by measures contrary to the Community interest.

Need for a Common Shipping Policy

At a recent annual meeting of the French shipowners association, the head of its central committee, M. Antoine Veil, once again called for the co-ordination of shipping policies within the Community.

M. Veil said that the shipping interests of the Six were becoming closer. Apart from the Netherlands, none of the Community's merchant fleets carried a reasonable proportion of its commercial trade. This loss of trade was not due to traditional foreign competitors, who had also to balance income against expenditure, but mainly to the State-owned lines of Eastern Europe, quite willing to undercut and ruin shipping interests in the Community in order to gain increased trade. This system was a threat to all of the Common Market's shipping interests including those of the Netherlands, and there was a need for joint defence action.

The meeting also discussed the problem of freight charges, which until the devaluation of the pound last November had been always based on sterling. Since then the dollar seem to have gained favour, but M. Veil thought that another approach might be; taken. "Why not make use of the de facto monetary interdependence of the Six. This could mean sea-freight charges being quoted in relation to one or other of the Community's currencies and would thus be less vulnerable to change."

* * *

FREE TRADE

An "Anti-Market" View of Recent Developments

In an article published in the Guardian of March 15, Mr. Douglas Jay, former president of the Board of Trade, and a leading spokesman in Britain for those opposed to EEC membership, offered his appraisal of the present state of the country's second, foundering bid for entry. He maintains that the first thing now should be for Britain to ascertain, on the one hand, whether France will be amenable, despite her latest assertions that only bilateral trade agreements with aspiring members of the EEC would be acceptable, to a trading arrangement devoid of any association or transition-to-membership clauses, and on the other to forge ahead with pursuing free trade with EFTA, the Commonwealth and other countries.

This, he feels, is the way to a broader, more long-term solution to the trading and economic problems of the advanced countries and by extension (through non-reciprocal preferences) to those of the developing world. The "no-strings" approach, says Mr. Jay, allows immediate progress, avoiding politically-motivated obstructionism, such as France presents to Britain's bid, and is likely to satisfy far more countries. He feels that EFTA, the five Common Market countries other than France, the USA and the Commonwealth favour, or could easily be brought round to thinking in terms of such a solution. The venture is one that could be embarked upon piecemeal, thus avoiding the sort of "historical decision" that has so often been known to fail. The neutral EFTA countries could avoid the repercussions that EEC membership as such would have on their political status in the world; the USA is growing weary of the attitude of such countries as France to the matter of accelerating Kennedy Round cuts and looking more toward N.Atlantic free trade possibilities; for countries like Canada and Australia wider free trade is by far the best long-term answer to their problems, and so on.

The essence of the Jay approach is fluidity. With French assent, the EEC could be associated with the scheme from the start; without it, the first orientation could be the North Atlantic, leading perhaps to a "bargaining from strength" situation for the free traders with the Community. In the long term, the objective would be to extend the arrangement from EFTA-plus to North Atlantic, to North Atlantic plus Commonwealth, to the world at large, including such countries as Japan. For all that the free trade concept is of minimal political content in essence, in fact its long term implications are to Mr. Jay far more sweeping than any community approach. For such entities as the EEC, enlargement is an issue fraught with difficulty, and prone to sabotage from any one member, whereas, by working solely through the trade sector, progress can be directed in whatever direction allows at any given time.

AUSTRALIA	C.F.P.'s TOTAL HOLDINGS links with BORAL LTD	M
BELGIUM	WHEEL HORSE PRODUCTS link with Norwegian NORSK LETTMETALL	H
	BURMAH OIL takes over TRADING SA for 672 Benelux outlets	N
	ESSO MOTOR HOTELS forms company to run 20th European motel	Q
BRITAIN	GORDON & GOTCH, ROYLE & WILLAN to co-operate with HACHETTE	O
CANADA	BAYER forms Toronto subsidiary, controlled by American MOBAY	C
FRANCE	CIBA/PROUVOST MASUREL/TRENTE-SAUX textiles printing link	C
	ALBRIGHT & WILSON establishes second EEC subsidiary	D
	LEROY and SOMER electric motors: from sales pooling to merger	D
	ELINTER, Spanish lifts and hoists, forms manufacturing company	F
	TIRLEMONTOISE to sell 33% in EUROPEAN SUGARS to TATE & LYLE?	K
	DARBLAY and KIMBERLY CLARK back expansion of joint subsidiary	N
GERMANY	M.A.N. and RENAULT's SAVIEM extend manufacturing links	B
	I.T.T.'s S.E.L. to cede subsidiary to A.E.G.'s OLYMPIA	E
	14 German firms plus 2 others form plant consortium for East	G
	BADENWERK and ENERGIE SCHWABEN to link for atom power stations	H
	BfG, through UNION TREUHAND, takes over BANKHAUS MAERKLIN	J
	THE DIEBOLD GROUP, consultants, forms branch to Belgian member	P
	DEUTSCHE LUFTANSA and PAN-AM subsidiary for joint hotel scheme	Q
ITALY	B.A.T.'s YARDLEY cosmetics forms sales and manufacturing company	D
	GENERAL MILLS gains stake in FONTI LEVISSIMA soft drinks	L
MEXICO	German DEGUSSA, precious metal refining, forms subsidiary	G
NETHERLANDS	TENNESSEE GAS TRANSMISSION subsidiary takes over BEWOID glues	C
	STRAND HOTEL LTD (LYONS) and K.L.M. moot £3 m. hotel project	Q
U.S.A.	German FERD. PIEROTH wines forms sales subsidiary	L

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Building & Civil Engineering	B	Paper & Packaging	N
Chemicals	B	Plastics	O
Cosmetics	D	Printing & Publishing	O
Electrical Engineering	D	Services	P
Electronics	E	Textiles	Q
Engineering & Metal	F	Tourism	Q
Finance	H	Trade	R
Food & Drink	J	Transport	R
Office Equipment	L	Various	R

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AUTOMOBILES

** The links between the German firm M.A.N.-MASCHINENFABRIK AUGSBURG NUREMBERG AG, Augsburg (see No 448 - a member of the HANIEL group), and the French company SAVIEM-SA DES VEHICULES INDUSTRIELS & EQUIPEMENTS MECANIQUES, Suresnes, Hauts-de-Seine (a member of the REGIE RENAULT group - see No 434), are to be extended to cover the latter's heavy vehicles. This will involve the assembly by the German firm in its Munich factory of Saviem lorries of 7.5 tons and over.

Furthermore, there will be increased exchanges of parts between the two companies. Saviem will supply light engines and cab parts, and M.A.N. will supply heavy engines and lorry parts.

BUILDING & CIVIL ENGINEERING

** A 75-25 link-up between the import/export concern COMPTOIR COMMERCIALE & INDUSTRIEL Sprl, Ixelles, Brussels, and the Dutch EUROBREVETS HOLLAND NV, Tilburg, has resulted in the formation of EUROPEENNE DES PRE-FABRIQUES BREVETES-E.P.B. SA (capital Bf 1 m.). Headed by M. Jean-Marie d'Hondt, Tilburg, this will manufacture and trade in all types of building products and materials, and especially prefabricated modules.

Since September 1961, the Belgian founder has been represented in Paris by and export subsidiary, Comptoir Commercial & Industriel Afrique SA.

** The well-known manufacturers of "Cerame" tile floorings for building and decoration MANUFACTURES DE CARRELAGES CERAMIQUES (formerly Ets. Simons & Cie SA) of Paris has formed a portfolio company in Luxembourg, STE GENERALE CERAMIQUE DU BATIMENT SA (capital Lux F 150,000), with its own chairman as director, holding a 52% interest.

Carrelages Ceramiques (factory at Le Cateau, Nord, and directed by M. J. F. Chenel) has a F 2.29 million capital, held by the Loze (majority shareholders) and Chenel families. Its main products are "Simons" and "Cristal" tiles, glazed plinths, "Procenor" earthenware and "Graphiceram" fancy tiles.

CHEMICALS

** The New York aromatics concern FELTON CHEMICALS CO has formed a sales subsidiary in Milan, Felton (Italy) Srl, with Lire 900 000 capital, headed by Messrs. I. Kapp, New York, E. Conti, Milan, E. Corcellia, Milan, and P. Alegi, Chicago. A 4% interest is held by FELCO INDUSTRIES INC, New York. The parent company is headed by Messrs. I. Kapp, D. Weisman, and June Kapp, and it is represented in France by Felton Co France Sarl, Versailles, Yvelines.

** TRANSICOL N.V, Rotterdam and Geertruidenberg, has gained control of the NEDERLANDSE BEWOID MIJ. NV, and made it into a division.

TRANSICOL N.V. is a member of the TENNESSEE GAS TRANSMISSION CO. group through its Dutch subsidiary TENNECO CHEMICALS CO (see No 443). It exploits in the Netherlands "Bewoid" patents for the manufacture of glues used by the paper industry. The French firm, Ste Industrielle de Resines (S.I.R) SA, Begles, Gironde, and the Italian firms, Bewoid Italiano & Calligaro SpA, Milan and Bewoid Italiano & Calligaro Del Sud, Sora, Frosinone, carry out similar operations. Both are controlled by the American chemical group Hercules Inc. Wilmington, Del. (see No 438).

** COLORIFICIO ITALIANO MAX MEYER SpA, Milan (varnishes, colourants and allied products), has wound up MAX MEYER FRANCE Sarl, the sales subsidiary it formed in Paris in 1961 (initial capital F 10,000, raised in 1966 to F 1.3 m.) and has appointed its manager, M. Raymond Nefussy, as liquidator.

** The Stockholm A/B CASCO (a member of the Swedish group FOSFATBOLAGET A/B - formerly STOCKHOLMS SUPERFOSFAT FABRIKS A/B - see No 345) has raised the capital of its Paris sales subsidiary COLCO SA to F 100,000. The latter was formed in 1959 with a capital of F 20,000.

Casco has some 500 people on its payroll, and specialises in the manufacture of "Casco" glues and synthetic resins, "Panogen" disinfectants for seeds and "Lustra" preservatives. Its main foreign subsidiaries are Kemi-Casco A/S, Copenhagen, and A/S Norcasco, Kolbotn, Oslo.

** M. Noel de Plasse has been nominated the president of STE DES PROCEDES SUBLISTATIC SA of Roubaix, set up in France with a capital of F 1 million to exploit its new process for printing on textiles (or on other materials) by the application of paper dipped in special colourants. The new company's founders are:
1) the Basle chemical group CIBA AG (see No 451) which will supply the colourants and will be represented on the board by its directors Messrs. Victor Gerhart and Charles Weidmann, 2) the Roubaix textile group, FILATURES PROUVOST MASUREL & CIE - LA LAINIERE DE ROUBAIX SA (see No 446), the company which has perfected the process and will see to its commercial implementation and 3) the paper, card-box, aluminium foil and cellulose film manufacturer TRENTE-SAUX-TOULEMONDE SA, Tourcoing (see No 335) which will supply the printing paper.

** The foreign interests of the West German chemical group FARBENFABRIKEN BAYER AG, Leverkusen (see No 446) have been strengthened with the formation of a Canadian subsidiary, MOBAY CANADA LTD, Toronto, Ontario, which is under the direct control of MOBAY CHEMICAL CO, Pittsburgh, Pennsylvania (see No 421). The latter makes plastics raw materials, especially polyurethane, and is the wholly owned subsidiary of the Toronto holding company Bayforin-Bayer Foreign Investments Ltd. The American group Monsanto Co, St-Louis, Miss., held a 50% interest in the Pittsburgh firm, but relinquished this holding after action by the U.S. Department of Justice under the anti-trust legislation (see No 397).

** The British chemical group ALBRIGHT & WILSON LTD, London and Oldbury, Birmingham, has decided to open its second Common Market factory in France at St-Mihiel, Meuse (see No 450). Directly controlled by MARCHON ITALIA SpA, Castiglione delle Stiviere, Mantua, the new venture will start operations this month, and will employ some 50 people.

COSMETICS

** The London cosmetics group YARDLEY & CO LTD, formerly under the 50% control of the Gardner family, and a member for the last 12 years of the group BRITISH AMERICAN TOBACCO CO LTD (see No 431), has had Mr. Donald W. Welton, Milan, form a sales and manufacturing subsidiary in Milan called YARDLEY OF LONDON SpA. The new firm has Lire 500 million authorised capital, and its president is Mr. Leslie J. Rowley.

The British group produces soaps, cosmetics and toiletries, and has manufacturing subsidiaries in France (Yardley & Cie SA, Courbevoie, Hauts-de-Seine) and Frankfurt. Its other main sales subsidiaries are in the United States, Canada, Australia, Mexico, Venezuela, South Africa, etc.

** A 77.2% subsidiary of the Paris manufacturers of hair-care and beauty products and hairdressers' requisites, WELLA AG, Darmstadt (see No 404 - the balance being held by the Swiss holding company Univest AG of Basle - ETS PELLERAY Sarl (capital recently increased to F 2.65 m.), has transferred its central depot for France to Sens, Yonne; this move has created some 50 new jobs. Since 1955, the company has been manufacturing its parent company's hair-care products in its factory at Sarreguemines, Moselle; hairdressers' requisites have always been imported from West Germany.

Wella is owned by the Ströher family, and, with a capital of Dm 16 million, employs some 5,000 people in its factories at Darmstadt and Hünfeld; its annual turnover is in the order of Dm 400 million. The company has a subsidiary in Berlin, Wella Friseurbedarf GmbH, and has representatives, subsidiaries or agents in 118 foreign countries. Its coverage of Austria is particularly good - it has a subsidiary, Wella GmbH, at Linz, which has in turn branches in Graz, Innsbrück and Vienna. One of the company's more recent moves was to set up a manufacturing subsidiary in Spain, Hispawel-Sta Espanola Para la Fabricacion de Productos Cosmetics SA.

ELECTRICAL ENGINEERING

** Having amalgamated theis sales networks a year ago and subsequently formed a company to run the sales side of the business, the French manufacturers of small industrial electric motors, MOTEURS LEROY Sarl, Angouleme (see No 407), and STE MECANIQUE & ELECTRIQUE DU RHONE (SOMER) SA, Lyons, are about to tighten their existing links, and will eventually merge with Moteurs Leroy as the major party of the new group.

The latter company (capital F 7.05 m. and turnover of F 150 m. p.a.) produces annually in its factories at Sillac, Charente, and Ravion (two factories) some 40,000 motors of capacity ranging from $\frac{1}{4}$ h.p. to 100 h.p. The company's sales network abroad includes representatives and subsidiaries in Milan (Leroy Italiana Srl, under M. G. Chavanes), Frankfurt (Elektromotoren Leroy GmbH), London (Leroy Electric Motors Ltd), Utrecht (Elma NV), Brussels, etc. Somer (capital F 660,000, and an annual turnover of F 20 m.) produces some 130,000 motors at its factory at Poncet-St-Symphorien, Isere; these motors have ratings of between 1.12 and 15 h.p.

** Headed by the Swiss holding company WASHING MACHINE HOLDING AG, Lugano, which is run by Sig. G. Accornero (see No 376), the domestic appliances group CASTOR SpA, Turin (see No 388), has decided to rationalise its interests by absorbing two associated electrical companies, INDUSTRIA MOTORO ELETTRICI-IMEI Srl, Chiusa St Michele (capital Lire 150 m.), and CASARINI SpA, Rivoli (capital Lire 50 m.).

As a result, Castor, which is headed by Sigs. G. Accornero and F. Casarini, has raised its capital in two separate moves to Lire 3,500 million. It is known for its "Superdry", "Muniwash" and "Dismatic" washing machines, and has a sales subsidiary called Castor International Sas (headed by Sig. A. Piazza), which in turn controls sales companies in Amsterdam, Cologne and London.

** M. Maurice Ball is a majority shareholder (around 80%) in the newly-formed Brussels company PLANNED MUSIC SA (Bf 3 m.), where his principal partner is M. Charles de Paux, who also heads an important Belgian property group (see No 429). The other director of the new company is M. E. de Limburg Stirum, and it will be involved in marketing, adapting and exploiting all types of sound reproduction equipment, especially for background music.

M. Maurice Ball is the head of the Brussels firms BALL INTERNATIONAL SA (see No 416), which was taken over in 1966 by the American group E. F. MAC-DONALE & CO, Dayton, Ohio - the latter group has numerous Common Market sales promotion interests, and also is involved in marketing consumer goods. In Belgium it has a direct subsidiary, E. F. Macdonald Co Benelux SA, and also controls - through Ball International - Delmonico SA and Tops SA (both in Brussels). Control of the latter is shared with the chain store group Sarma SA.

ELECTRONICS

** Through their respective subsidiaries, STANDARD ELEKTRIK LORENZ AG, Stuttgart, and OLYMPIA WERKE AG, Wilhelmshaven (see No 447), the New York group I.T.T. - INTERNATIONAL TELEPHONE & TELEGRAPH (see No 449) and the Berlin group A.E.G.-TELEFUNKEN (see No 451) have made an agreement, under which the data processing and precision engineering concern Standard Elektrik Lorenz Feinmechanik GmbH, Stuttgart-Zuffenhausen (capital Dm 4.7 m.), has been taken over by the Berlin concern and has been renamed Olympia Feinmechanik & Elektronic GmbH.

Olympia, which intends to give a rapid boost to the number of people employed by its new subsidiary (from 800 to 1,200), had a turnover of Dm 336 million in 1967 from its sales of typewriters and calculating machines.

** Until the end of 1967, the Dover concern EASTERN AIR DEVICES INC was an 85% interest of the New York company CRESCENT CORP, but then came under the control of a group headed by Mr. Siegfried Susskind. Eastern Air Devices, through BANQUE INTERNATIONALE A LUXEMBOURG SA (see No 428), has now formed in Luxembourg a holding company called EASTERN AIR DEVICES INTERNATIONAL SA (capital $500,000). With Mr. Susskind as president, the board of the new venture includes Messrs. Taeni and Bullock of New York and Holdt of Copenhagen.

Eastern Air Devices has subsidiaries in Sweden (Radio A/B Peerless, Malmö), and in Denmark (Peerless Fabrikwerne A/B, Copenhagen). It recently signed an agreement in France with the precision engineering concern Ets Bretton SA, Cluses, Haute-Savoie, under which it acquired a 67% interest in the latter. In the United States it paid $5 million to its former parent company, to acquire three its subsidiaries, Acton Envorometal Testing Corp, Acton, Massachusetts, General Switch Co, Brooklyn, New York, and National Tel-Tronics Corp, Yonkers, New York.

ENGINEERING & METAL

** The Spanish firm ELINTER, CIA INTERNACIONAL DE ELEVADORES SA, Barcelona, has extended its interests to France with the formation of ELINTER-FRANCE, CIE INTERNATIONALE D'ELEVATEURS SA, Garonne (capital F 120,000). With M. Bertrand Motte as president and Senor Luis Morral as managing director, this will be involved in manufacturing, installing, maintaining and selling all types of lifts, hoists and escalators, both in France and elsewhere.

** The Italian-American manufacturer of valves for the chemical and petrochemical industries WESPA-WALWORTH EUROPA SpA, Patti, Messina (see No 374), has negotiated the acquisition of an interest in the two companies which represent the American firm WALWORTH CO, Oakland, California, in Britain and the Netherlands: WALWORTH-ALOYCO LTD, London, and WALWORTH-ALOYCO INTERNATIONAAL NV, Rotterdam.

Originally, Wespa-Walworth Europa was linked with the FASCO group, headed by Signor Michele Sindona. Today its shareholders are the General Waterworks Corp, Philadelphia (37.6%), Officine Meccaniche & Fonderie Napoletane SpA, Naples (33.4%), as well as the Walworth Co (24.6%) and the latter's subsidiary Grove France SA (5.6%).

** The West German family group INDUSTRIEWERK SCHAEFFLER oHG (see No 389) has strengthened and rationalised its Italian precision engineering interests and thus strengthened the position of its sole subsidiary INA RULLINI SpA, Momo, Novara (see No 389).

Formed in late 1964 the latter(president Herr Georg Schaeffler, Herzaugenaurach) has taken over another sales company Ina Italiana SpA (capital Lire 100 m.) formed in 1961 in Milan as a result of an agreement with C.I.E. SpA, Milan, former representative of the German group for its precision ball bearings. Ina Italiana SpA has raised its capital to Lire 350 million and made its sales branches in Bologna, Turin, Milan, Vicenza and Brescia into technical assistance centres. The German group's other interests are the manufacture of carpets.

** The West German horticultural and agricultural tool manufacturer WOLF-GERATE GmbH, Betzdorf, Sieg (see No 450) has made its Viennese branch a subsidiary. The new WOLF GERÄTE GmbH (capital Sch. 100,000) has Herren Dieter Wolf and Gustav Patri as managers. Linked by distribution agreements with two American companies, O.M. Scott & Sons Co, Marysville, Ohio, and Yard-Man Inc, Jackson, Michigan, the founder has numerous subsidiaries and sister companies abroad, especially in France, Belgium, the Netherlands, Britain and Switzerland (see No 441).

** The Frankfurt chemical and metal processing concern DEGUSSA-DEUTSCHE GOLD & SILBER SCHEIDEANSTALT VORM. ROESSLER AG (see No 444) has strengthened its foreign interests with the formation in Mexico of METALO-QUIMICA MEXICANA SA (capital Mex.$ 600,000).

This new subsidiary has sister companies in the United States, Japan and the Common Market. These are in France and Italy, and in the latter country the group recently gained control of the colorants and ceramics manufacturer Colorificio Romer SpA, Florance (see No 434).

** An international concern has been formed in Karlsruhe with the aim of providing complete industrial plants (turn-key contracts) to the countries of Eastern Europe and the developing world. The new venture is called EXPORT CONSORTIUM EUROPAISCHER AUSRÜSTER VON INDUSTRIEANLAGEN AG. Its capital (Dm 280,000) is shared equally by fourteen concerns; the Belgian company INTEGRAL N.V. Antwerp (a subsidiary of the industrial design and civil engineering group AG FÜR INDUSTRIEPLANUNG, Essen - see No 375), the Swiss company DR. BREHM & A. KEHR AG, Zurich, as well as the German companies WIEGAND APPARATEBAU GmbH, Karlsruhe; INDUSTRIEOFENBAU FULMINA FRIEDRICH PREIL oHG, Edingen; ALPINE AG, Augsburg; E. HAPPLE & SOHN, Weissenhorn; NIKOLAUS SORG GmbH & CO KG, Pflochsbach; UNIVERSAL MASCHINENFABRIK DR DUROLF SCHIEBER GmbH, Westhausen; GEBR. BECKER, Beckum, GUSTAV SPANGENBERG MASCHINENFABRIK GmbH, Mannheim; HÖFLINGER & KARG, Waiblingen, ROBERT HILDEBRAND oHG, Oberboihingen; H. STRUNCK & CO KG MASCHINENFABRIK, Cologne and WEHRLE WERK AG, Emmendingen.

** Two West German electricity generating and distributing concerns, BADENWERK AG, Karlsruhe, and ENERGIE VERSORGUNG SCHWABEN AG, Stuttgart (see No 390) which are already linked in a project to operate the nuclear power station at Obrigheim (due to start supplying electricity this year) have also agreed to link with the aim of building further nuclear power stations.

Badenwerk (capital Dm 190 m.) is owned by the Land of Baden-Wurttemberg and has an annual turnover exceeding Dm 380 million. For its part Energie Versorgung Schwaben AG (capital Dm 200 m.) is owned by the Land of Baden-Wurttemberg (10.36%) and various local authorities including that of Stuttgart (13.25%).

** A 50-50 link-up between the Norwegian manufacturer of lawn mowers A/S NORSK LETTMETALL, Anskim, Oslo, and the American WHEEL HORSE PRODUCTS INC, South Bend, Indiana, has resulted in the formation of a new Brussels company called AMNOR NV (capital Bf 50,000). This will manufacture and market lawn mowers, cultivators, snow-ploughs and other similar equipment, and it will be run by Messrs Knut Eng and Roy J. Caperton.

** The West German manufacturer of staples, RAIMUND BECK KG HEFTKLAMMERN-FABRIK, Waldkraiburg, has opened an Austrian branch under Herr Taymond Wouters. Headed by Herr R. Beck, the founder has about 500 people on its payroll.

** The Paris company MILLET & CIE CARLTON SERVICE SA (machinery for the leather industry) has decided to close down the West German sales subsidiary MILLET & CIE CARLTON SERVICE GmbH, Wuppertal, which it formed in May 1964 (see No 256). The manager of the German concern was M. Rene Millet.

** Two West German firms, well known for their enamelled sheet products, W. & H. FRIEDLING, STANZ- & EMAILLIERWERK VERZINNEREI, Oelde, and BAUMANN STANZ- & EMAILLIERWERKE, Amberg (around 500 employees) have linked to form BFB GLAZED STEEL CO OF WEST GERMANY GmbH, Amberg (capital Dm 30,000). With Herren Werner Baumann, Walter Friedling and Hans-Joachim Münzner as managers, this is mainly intended to promote sales of the two founder companies in the United States and Canada.

FINANCE

** The Paris group CREDIT VENDOME SA, has acquired control of STE FRANCAISE DE FINANCEMENT DE VENTES A CREDIT (SOFIFRANCE) SA (capital F 7 m. - see No 340) especially through its subsidiary Credit A L'Achat de Materiel d'Equipement-C.M.A.E. SA (10% - see No 439).

Sofifrance was formerly an 83.5% interest of the Vancouver financial group LAURENTIDE FINANCIAL CORP which since 1966 has been controlled by Power Corp of Canada, Montreal. This interest was through its Zurich subsidiary Laurentide Finance SA.

C.M.A.E. is a 32.8% affiliate of Union d'Escompte SA (capital F 12 m.) in which Credit Commercial de France SA and Cie Financiere SA (a member of the Edmond de Rothschild group) have recently become shareholders at 10% and 5.5% respectively. Recently it acted together with Credit Vendome SA and Union d'Escompte SA to acquire control of two French vehicle and equipment leasing companies C.C.A.M.A. -Comptoir de Credit Pour L'Achat De Materiel Automobile, Paris (formerly Comptoir De Credit Automobile SA) and Ste Autonome Francaise de Financement-S.A.F.F. Le Mans, Sarthe.

** BANQUE DE PARIS & DES PAYS-BAS (see No 452) which is already a shareholder in STE FINANCIERE & INDUSTRIELLE LATIL SA, intends to take a majority interest of at least 51%. Its present interests in the investment company, which has a capital of F 4.1 million (see No 272) are held through its affiliates SA D'Etudes & D'Applications Industrielles & Commerciales (see No 419) and Auxom SA (see No 405).

Ste Financiere & Industrielle Latil became an investment company after having made over its industrial plants at St-Ouen and Suresnes (heavy engineering and lorry production) to Saviem-SA Des Vehicules Industriels & D'Equipements Mecaniques (a member of the Renault group see No 446). Ste Financiere & Industrielle Latil SA also has a 27% interest in Cie Generale D'Entreprises Automobiles SA, Paris - in which Banque de Paris & Des Pays-Bas holds a 10% interest - which with its refuse collection services and public transport interests and vehicle hiring activities, has a turnover exceeding F 45 million.

** The Milan bank BANCA PRIVATA FINANZIARIA SpA (see No 397) has gained control of the Geneva BANQUE DE FINANCEMENT SA-FINABANK (see No 390). The Milan bank is already affiliated to the American bank Continental Illinois National Bank & Trust Co, Chicago (15%) and the British, Hambros Bank Ltd, London (25%).

LA BANQUE DE FINANCEMENT SA-FINABANK, whose capital was doubled to Sf 20 million in 1967 was the Swiss centre for the interests of the Italian group Fasco Italiana Sas (headed by Sig Michele Sindona - see No 446) which in 1960 gained control of Banca Privata Finanziaria SpA, and raised its capital to Lire 2, 500 million.

** The sale in West Germany of Luxembourg issued certificates of the investment fund INTERNATIONAL FUNDED LAND TRUST CORP will now be the responsibility of the newly-formed INTERNATIONAL FUNDED LAND MANAGEMENT VON DEUTSCHLAND GmbH, Munich (capital Dm 100,000 - manager Herr Georg Dersch).

In August 1967, the Luxembourg investment fund was formed with an initial capital of $ 1.910 million, which was then raised to $ 12 million. The main backers at the time were Messrs William C. MacMillen (a New York banker), Kinji Kanazawa and Herbert Horita (Honolulu, Hawaii), Martin Blau and Ralph Losso (New York lawyers) and William Friedmann (a Chicago lawyer).

** Two wholly-owned investment subsidiaries of the Amsterdam banking group PIERSON, HELDRING & PIERSON (see No 448), NV MIJ. VOOR EXECUTEELE & TRUSTZAKEN, Amsterdam (see No 425), and NV AMSTERDAMSCHE DEMIDDELINGS & CONTROLE MIJ., Amsterdam, have associated 50-50 in order to form a holding company in Amsterdam called NV NECESSE (capital Fl 20 m. - 20% paid-up).

The first of these two companies recently set up an almost wholly-owned investment subsidiary, DEELNEMINGS- & FINANCIERINGSMIJ. "NOVA ZEMBLA" NV in Amsterdam, with a capital of Fl 20,000; Mr. Johan G. Mutingo of Hilversum has a token shareholding in the firm and it is also linked 50-50 in NV Administratie Kantoor Nijdar of The Hague with Administratie & Trust-Kantoor 's-Gravenhage NV. The second of these companies is already associated 50-50 with the first within the holding group NV Participatie Mij. de Grachten (capital Fl 4 m.), founded in Amsterdam in September 1967.

** Through its subsidiary UNION TREUHAND GmbH (see No 445), the Frankfurt BANK FUER GEMEINWIRTSCHAFT AG (see No 452) has gained control of the Frankfurt merchant bank BANKHAUS MAERKLIN & CO KG, until now headed by Herr Edgard Kunath, and which has been going through a period of financial difficulty (see No 452).

Bankhaus Märklin's interests include a founding share in Chemie-Commerz GmbH. This was formed in Frankfurt in 1965 with a capital of Dm 20,000 (see No 322), and is engaged in importing and marketing Bulgarian chemical products. It is controlled by the State concern Chimimport, Sofia, which also has subsidiaries in Milan, Vienna and London.

FOOD & DRINK

** Another concentration is taking place within the French sugar industry:. STE VERMANDOISE DE SUCRERIES SA, Paris and Villers-Faucon, Somme, is to take over SUCRERIE DE BEAUCHAMPS SA, Beauchamps, Somme (see No 372). The former, whose F 13.2 million capital will be raised to F 17.8 million as a result, had increased its shareholding in Beauchamps when the sugar and paper group STE F. BEGHIN SA, Thumeries, Nord (see No 451), decided to reduce its 5.9% interest.

Beauchamps was formed in 1964 by Beghin and Vermandoise. In 1967 with a capital of F 12 million, turnover amounted to F 38 million, whilst that of Vermandoise was F 40.9 million.

** One of the leading West German canned meat concerns, BOEKLUNDER KONSERVENFABRIK GmbH, Böklund, über Schleswig (see No 409), has linked 50-50 with a Hamburg firm in the same sector, CARL KUEHNE KG (under Herr Herbert Kühne). As a result of this move they have formed a joint French subsidiary called KUEHNE & BOEKLUNDER FRANCE Sarl, Champigny-sur-Marne, Val-de-Marne (capital F 20,000), with Herr C. Steiffling as manager.

** The Brussels group RAFFINERIE TIRLEMONTOISE SA (a 56.7% shareholder in STE EUROPEAN SUGARS (FRANCE) SA, which was recently formed in Paris with a capital of F 100,000 - see No 447) has agreed with its British partner TATE & LYLE LTD, London, should Britain enter the Common Market, to sell it shares in this concern, giving it a 33.3% interest. This would be similar to the interests held by the same groups in the Belgian company formed in June 1966, European Sugars SA (see No 355). The main part of the London group's shareholding (held by its subsidiary TATE & LYLE INVESTISSEMENTS LTD) in the French company will be made over to a new subsidiary in the Netherlands, Tate & Lyle Holland NV.

With M. E. Demont as president, European Sugar (France) is a 51% interest of C.E.I.S. - Cie Europeenne de l'Industrie Sucriere SA (see No 413) - the majority shareholder in Raffineries & Sucreries Say SA - whose other shareholders are the French group Ste F. Beghin SA (33.4%) and the Italian group Sta Eridina Zuccherifici Nazionali SpA (15.6%).

** By increasing its capital from F 600,000 to F 1 million, the French food concern STE DAUTREVILLE & GUYOMARC'H Sarl of Beynes, Yvelines, gained a new shareholder (with 15.75% holding), the Belgian company REMY DE GAILLON SA, Wygmael, and it has now changed its name to Ste Guyomarc'h, Dautreville & Remy (G.D.R.) SA; the managers of the new firm now include Messrs. Cauvin, Vzrmesch and van Eetvelde. Following this operation, the holdings of its founders, Dautreville & Lebas SA, Paris, and Ste Jean Guyomarc'h SA, Vannes (see No 370), have been revised, to stand at 35% and 49.25% respectively.

Specialists in the production of cattle fodder and in battery rearing of chickens, Ste Jean Guyomarc'h employs more than 300 people in its factories in Vannes, Morbihan, Brest, Finistere and Montargis, Loiret. Amongst its shareholders are Ufinal - Union Financiere pour le Developpement de l'Industrie Alimentaire SA, Paris, as well as the dairy group Genvrain SA, since 1966 (see No 452), directly and through its subsidiary S.A.F.R. - SA des Fermiers Reunis (see No 401).

** As a result of a merger decided on in Belgium, the canned food group LA CORBEILLE SA, Wespelaar (see No 445), will take over its affiliate NUCA-NOUVELLE USINE DE CONSERVES ALIMENTAIRES SA, Westmeerbeek, and will raise its capital from Bf 40 to Bf 48 million. NUCA has some 500 people on its payroll, and specialises in canned fruits and vegetables (brand names include "Proba", "Consul" and "Tantoro"); its products are marketed through its subsidiary Ste Commerciale Nuca SA, Westmeerbeek.

In April 1967, the Wespelaar group decided to cease its Italian manufacturing activities, and it recently put up for sale the factory built at Provialio, Reggio Emilia, Parma, in 1960 by its subsidiary, La Corbeille SA.

** The Dutch fruit and vegetable trading firm HANDEL-MIJ. P. VAN WYLICK NV has strengthened its West German interests by providing its subsidiary FRUCHTIMPORT P. VAN WYLICK GmbH, Düsseldorf, with a branch at Recklinghausen.

** The West German wine concern WEINGUT FERD. PIEROTH GmbH, Burg Layen, Bingen, has added to its foreign sales network a subsidiary in the United States called PIEROTH CORP, Matawan, New York. The founder intends to carry out market surveys in the Far East and will open branches in Formosa and Japan with this aim in mind.

Ferd. Pieroth (capital Dm 4 m.) is one of the leading firms in this sector in West Germany with a turnover of Dm 50 million, and is wholly-owned by the Pieroth family. It has numerous other interests in West Germany, including the recently-formed subsidiary Weinalgerungs- & Vertriebs GmbH, Schwabenheim, Ingelheim, formed in conjunction with Carl Reh KG, Leiwen, Mosel (see No 449). There are many foreign subsidiaries and within the Common Market: these include Saint-Ferdinand Sarl and Pieroth Freres & Fils, Colombes, Hauts-de-Seine; Ferd. Pieroth Sprl, Brussels; Pieroth NV, Amsterdam; Casa Vinicola Pieroth Srl, Milan.

** The Hamburg tobacco and cigarette manufacturer H.F. & PH. F. REEMTSMA GmbH & CO KG, has just strengthened its interests in the brewing industry by acquiring a 25% interest in the Karlsruhe firm BRAUEREI MONINGER (see No 431), as the latter has just raised its capital from Dm 4.7 to Dm 5.46 million.

The Karlsruhe brewery, whose production capacity amounts to 325,000 hos. p.a., also has a 51% subsidiary called Brauerei Hüttenkreuz AG, Ettlingen, which has an annual capacity of 40,000 hos.

The Reemtsma group will thus control some 7% of the German beer market, and in this sector its main interests are represented by the Frankfurt company Henninger Brau KGaA (see No 399).

** The American food group GENERAL MILLS INC. Minneapolis (see No 450) has taken a shareholding in the soft drinks concern FONTI LEVISSIMA SpA, Milan, and its subsidiary S.A.G.A. SpA. Both of the Italian firms have Sig. Ettore Casella as president and manufacture lemonade and a wide range of other soft drinks (brand names "Levissima", "Lemonsoda" and "Mansoda") in their production facilities at Valdisotto-Cepira, Sondrio, Vicenza and Cantu, Como.

General Mills has had a branch to its Panama subsidiary in Milan for nearly three years (see No 310) as well as an exclusive Italian distributor Ago Chemicals Co, Como, Camerlata.

OFFICE EQUIPMENT

** The Swiss office equipment leasing concern YPIRANGA AG, Zug (capital Sf 100,000) has formed a 90% Paris subsidiary in which the balance is held by M. Roger J. Fell, Meudon, Hauts-de-Seine, who is also manager. With a capital of F 50,000 the new company will sell and deal in all types of office equipment.

OIL, GAS & PETROCHEMICALS

** The independent Rotterdam petroleum products distributor ATLAS CONTINENTAL NV (see No 450) has formed a Milan subsidiary with ATLAS CONTINENTAL ITALIANA SpA (capital Lire 1 million), with Sig. G. B. Orlandi as its head.

Atlas Continental, which is headed by Mr. Been Cornelis (the sole director of the new company), is also a member of the recently-formed European petroleum products importing group I.P.E.A. - INTERNATIONAL PETROLEUM AGENCY S.C. Established in Brussels (see No 449), the administrative offices of the group have been transferred to Paris, and are run by M. R. Burrus.

** The capital of the Essen gas distribution company RUHRGAS AG (see No 451), has just been raised from Dm 112.4 million to Dm 145 million, and as a result it has acquired a new shareholder whose interest will be progressively raised to 15% by 1970. This is SCHUBERT KG, Münster, the joint subsidiary of MOBIL OIL AG, Hamburg (part of the Mobil Oil Co group - see No 444), C. DEILMANN GmbH, Lingen (see No 451), DEUTSCHE SCHACHTBAU & TIEFBOHR GmbH, Lingen (see No 382), PREUSSAG AG, Hanover (see No 446), and GEWERKSCHAFT ELWERATH, Hanover, itself the joint subsidiary of Standard Oil Co of New Jersey and Royal Dutch Shell.

However, Ruhrgas will keep as its main shareholders Gerwerkschaft Brigitta of Hanover (another joint subsidiary of Standard Oil Co and Royal Dutch Shell), Gelsenkirchener Bergwerks AG, Essen, and Erdgas Verkauf GmbH, Münster, all three of which have interests of over 25% in the Essen company.

** Following an agreement made in Australia between TOTAL HOLDINGS (AUSTRALIA) PTY LTD, a subsidiary of C.F.P. - CIE FRANCAISE DES PETROLES SA, Paris (see No 447), and BORAL LTD, the latter will contribute to a joint company specially formed to this end, TOTAL BORAL PTY LTD (which will be in operation from January 1969), its refining activities as well as its interests in petroleum distribution: Petrochemical Holdings Pty Ltd and Valvoline (Australia) Pty Ltd.

In Australia, Total Holdings (Australia) heads a sales company, Total Oil Products (Australia) Pty Ltd at Sydney and the exploration company French Petroleum Co (Australia) Pty Ltd, Adelaide. The latter company has been associated to two local concerns since 1963, Santos Ltd and Delhi Australian Ltd, for the exploration of a concession in Queensland and another in Southern Australia. Since 1964, the company has had interests (35%) in an oil concession in Western Australia, in a 50% association with West Australian Petroleum Pty Ltd (WAPET) and 15% in Australian Aquitaine Petroleum Co Pty Ltd, a subsidiary of the S.N.P.A.-Ste Nationale des Petroles d'Aquitaine SA, Paris.

C.F.P. recently set up two new companies in Paris with a capital of F 100,000 in order to carry out research into, and exploit hydrocarbon deposits, one to cover Madagascar (Cie des Petroles Total (Madagascar) SA) and the other for the Republic of South Africa, Cie des Petroles Total (Sud-Afrique) SA.

** The £263 million BURMAH OIL group based in Glasgow (see No 441) has acquired the Belgian petroleum distributor TRADING SA, Antwerp (see No 384). The latter sells more than 1 million tons annually through its 600 outlets in Belgium and Luxembourg, and 72 more in the Netherlands. It also sells industrial oil, fuel oil and lubricants. The move is part of Burmah's plan to expand its European interests, having recently gained control of 230 outlets in Sweden, as well as taking over the British distribution group Curfew Petroleum Co. Ltd (annual turnover around £ 5 m.) at a cost of over £2 million.

PAPER & PACKAGING

** The French and American groups, PAPETERIES DARBLAY SA Paris, and the KIMBERLY CLARK CORP, Neenah, Wisconsin, have proportionate to their existing shareholdings, (1/3 and 2/3), backed the recent increase in the capital of their joint subsidiary in France, SOPALIN SA (see No 414). The capital increase was to F 33 million and was for the purpose of expansion. In May 1967, the American group increased its holding in the group to 66.6% (compared with the previous 55%) during a financial operation in which Darblay only contributed 10% of the capital: authorised capital now stands at F 40 million.

Manufacturing cellulose wadding and tissues, Sopalin has two processing factories in Corbeil-Essonne and Sotteville-les-Rouen, Seine Maritime; the second of these two factories has now bneen in operation for over a year, but its full potential will not be realised until 1971 when the factory development plan envisages the installation of a second 15,000 tons per year cellulose wadding machine.

** The Swedish group AKERLUND & RAUSING A/B, Lund (see No 436 - a member since late 1965 of the match group SVENSKA TANDSTICKS A/B, Jönköping - see No 439) has rationalised its Common Market interests by closing down its Brussels subsidiary AKERLUND & RAUSINS BENELUX SA formed in May 1965 (see No 312).

Within the Common Market the Lund group (annual turnover of around Krs. 147 million) still has a manufacturing subsidiary in West Germany, Akerlund & Rausing Verpackung GmbH, Hocheim, Main (and its own subsidiary Akerlund & Rausins Systempa Verpackungsmaschinen GmbH), an Italian manufacturing subsidiary Akerlund & Rausing Sarl, Paris. The group's products include packaging machinery and packing materials in paper, cardboard, plastics and aluminium foil.

** ALUMINIUM WALZWERKE SINGEN GmbH, Singen (see No 370), a 96.8% West German subsidiary of the SCHWEIZERISCHE ALUMINIUM AG, Chippis and Zurich (see No 448), has made a distribution agreement for its "Alustar" household aluminium foil with the food concern DR AUGUST OETKER, Bielefeld (see No 354), a member of the Hamburg group Rudolf A. Oetker (see No 451).

PLASTICS

** The West German plastic processing firm REHAU-PLASTIKS GmbH, Rehau, Bavaria (see No 422), has strengthened its Swiss interests by opening a branch in Zurich to its subsidiary REHAU PLASTIKS GmbH, Wädenswil. This will be headed by Herren Karl Meihofer and Helmut Wagner.

The Rehau company is one of the leading European firms in this sector, with some 4,000 people on its payroll, and in 1967 made around 35,000 tons of plastic articles. Outside West Germany, it has interests in France, Italy, the Netherlands, Britain, Austria, United States, Canada, Nigeria and South Africa.

** The Italian manufacturer of "Maxels" skis, INDUSTRIE PLASTICHE MAZZUCCHELLI SpA of Castiglione Olona, Varese, subsidiary of the Mazzucchelli Celluloide SpA (see No 368) group - which is itself affiliated to the Istituto Finanziaria-Rio Industriale SpA, Turin (part of the Fiat group) - is about to extend its sales network in France and Switzerland. To achieve this end it has set up a ski department within its subsidiary, S.I.C. Plastic France SA, formed at the end of 1965 at Versailles (see No 334), and has also formed a new subsidiary in St-Moritz, Grisons, called Maxel AG.

Mazzucchelli has several subsidiaries in Castiglione Olona and in particular Mazzucchelli Sicophane SpA (formerly Olin Mazzucchelli SpA), Mazzucchelli Export SpA and Domosic SpA (an affiliate of Dunlop Semtex Ltd of London since 1966). Supply to the German market is assured by Sic Plastic GmbH of Munich.

** The world's largest producer of sliding mechanisms for doors etc., YOSHIDA KOGYO KK of Tokyo is continuing to expand its sales network in Europe (see No 438); it has now opened up a subsidiary in Milan, YOSHIDA FOSSANESE Srl, with a capital of Lire 900,000, under the direction of Sig. Olivero Piero, Turin. This firm has been set up in a 50-50 association with the Italian company Bottonificio Fossanese SpA, Fossano, the Japanese group's holding being in the hands of its subsidiary in the Netherlands, Yoshida Nederland NV of Sneek.

Formed in 1964, the latter company supplies the whole of the Common Market with sliding mechanisms, thanks to its factory there, which produces 10 million metres of sliding runners a year; it also controls sales subsidiaries in France (Paris) and in West Germany (Mönchengladbach).

PRINTING & PUBLISHING

** The London subsidiary of the French group LIBRAIRIE HACHETTE SA, Paris (see No 417), THE CONTINENTAL PUBLISHERS & DISTRIBUTORS LTD (headed by Mr. John Chancellor), has made an agreement with GORDON & GOTCH HOLDINGS LTD and ALFRED ROYLE & WILLAN LTD (both based in London) with the aim of rationalising their foreign dispatch services for books and periodicals, as well as setting up a joint export office.

Formed in 1860, Continental Publishers (capital £165,000) distributes foreign publications in Britain and exports British publications. Alfred Royle & Willan specialises in the packing and dispatch of books. Gordon & Gotch Holdings distributes books and periodicals through its subsidiary Gordon & Gotch Ltd, London, but it also has around ten other subsidiaries with widely varying interests: these include Gordon & Gotch Marketing Ltd, which makes and sells "Duplex" printing presses; Gordon & Gotch Computer Centre Ltd, which leases its facilities to other companies.

** The German ILLER KG, GRAPHISCHE BETRIEBE, Steinheim über Hanau (labels - see No 283), has made an agreement with the Belgian LITHOCHROMA SA, St-Gilles-Brussels (see No 265), covering manufacture of labels for major European breweries. The agreement has been implemented by the formation of a joint subsidiary called ILLOCHROMA SA, Brussels.

The German concern was formed in 1965 by the merger of the special purpose printing concerns Illert & Ewald KG, Steinheim, and Gebrüder Illert KG, Klein-Auheim, Main, and it prints offset and gravura labels for the food, drink and chemical industries. It holds shares in Forum-Bildkunstverlag GmbH, Steinheim, Günthers Modejournal-Verlag Günther & Co GmbH, Frankfurt, and Illert-Siedlungs GmbH, Klein-Auheim.

** Another merger in the Bavarian press will strengthen the position of MUENCHENER ZEITUNGSVERLAG KG, Munich (see No 403), whose daily paper, "Münchener Merkur", will take over as from May 1, 1968, the printing of "Freisinger Tagblatt", until now the responsibility of VERLAG DR FRANZ PAUL DATTERE oHG, Freising, Munich.

Early in 1967 (see No 398), the Munich firm linked with Büchdruckerei & Verlag Oberbayerisches Volksblatt GmbH, Rosenheim, and gained editorial rights over the daily paper "Oberbayerisches Volksblatt".

SERVICES

** The American data-processing consultant engineering group THE DIEBOLD GROUP INC, New York and Washington (see No 446), has extended its West German interests by providing its Belgian subsidiary, Diebold Europe SA, Brussels, with a branch in Frankfurt. This is on the premises of the local subsidiary, Diebold Deutschland GmbH, the capital of which was raised from Dm 20,000 to Dm 200,000 in October 1967.

One of the American group's most recent moves in the Common Market was the formation in Paris in December 1967 of the indirect subsidiary Diebold Consiel Sarl.

** Two management consultancies, INTERNATIONAL TECHNIC ASSISTANCE SERVICE SA, Luxembourg, and PIERRE BARBIER & CIE SA, Paris, have raised to Bf 2 million the capital of their 50-50 Brussels subsidiary BELGIAN TECHNIC ASSISTANCE SERVICE SA, to back its expansion. The Belgian company (formerly subsidiary of Ste Metropolitaine d'Etudes & de Participations SA, Paris) has three new directors, MM. P. E. Barbier, R. Hauser and P. de Groulard. It was formed early in 1961 to assist firms in the chemical, electrical and cybernetics industries.

TEXTILES

** Formed in Italy in July 1961 by West German interests, EUROPA SpA INDUSTRIA CONFEZIONI, Latina, has opened a branch office in Nuremberg. The Italian company, which has Lire 100 million capital, has Herr Gert Maiebücker, a Munich lawyer, as its president, and specialises in children's and dolls' clothes.

TOURISM

** The New York firm ESSO MOTOR HOTELS INC, a member of the STANDARD OIL CO OF NEW JERSEY (see No 452), has formed an almost wholly-owned subsidiary in Brussels called ESSO MOTOR HOTELS SA, in which the Antwerp subsidiary of the group, Esso Belgium NV, is a token partner. With a capital of Bf 500,000 and under the presidency of Mr. J. J. Reilly Jr., the new company is to run the 20th European motel of the group at Casteau-Mons, the new headquarters of NATO. The construction of this new hotel has cost $1.2 million, and it will be opened in April of this year.

The other motels of the group in Europe are to be found in West Germany, Italy, the Netherlands, Great Britain, Sweden and Denmark.

** Negotiations are taking place between K.L.M.-KON. LUCHTVAART MIJ. NV, The Hague (see No 404), and the British hotel group THE STRAND HOTEL LTD (a member of the London group J. LYONS & CO LTD - see No 449) with the aim of building a 600 bed hotel in Amsterdam at the cost of £3 million.

Strand Hotel operates the Cumberland (900 rooms), the Regent Palace (1,140) and the Strand Palace (800) in London, as well as the Ariel at Heathrow, and others in Birmingham and Nottingham (in 1969). KLM also has an interest (see No 404) in Hotelmij. Leiden NV, formed in association with De Centrale Levensverzekeringsbank NV, The Hague, Heineken's Bierbrouwerij Mij. NV, Amsterdam, and Eurotransport Nederland NV to operate a hotel to be built in Leyden by the U.S. group Holiday Inns of America Inc, Memphis, Tennessee.

** Negotiations are taking place in West Germany between the airline DEUTSCHE LUFTHANSA AG, Cologne (see No 438), and the New York hotel company I.H.C. - INTERCONTINENTAL HOTELS CORP (see No 417) - a member of the PAN-AM group, PAN AMERICAN WORLD AIRWAYS INC, New York. The purpose of the talks is the joint construction and operation of luxury hotels.

In West Germany, the U.S. company controls Frankfurt Intercontinental Hotels GmbH, Hannover Intercontinental Hotels GmbH, Intercontinental Hotels Betriebs GmbH, Frankfurt, and Düsseldorf Intercontinental Hotels GmbH. Lufthansa's hotel interests already include the shareholding it took in the formation during 1966 of Deutsche Hotelgesellschaft für Entwicklungsländer mbH, Cologne (see No 390). Other backers of this last venture include hotel companies, tourist concerns and financial establishments.

TRADE

** TELECTRIC CO LTD ITALIANA Srl, formed in Bologna in October 1967 by the Iranian import/export concern TELECTRIC CO LTD, Teheran, has opened a commercial branch in Milan under Mr. Mansour Eslamboli. The parent company imports electrical goods, cycles and toys, and exports Iranian products to Italy, especially carpets.

** Japanese investors headed by Mr. Tetsuo Takahashi have backed the formation in Paris of OVERSEA SERVICE TAKAHASHI-O.S.T. Sarl (capital F 20,000 - manager Mme Verger-Febre) to promote cultural (books and periodicals) and economic (trade fairs) exchanges between France and Japan.

TRANSPORT

** Further to the recent co-operation agreement (see No 446) between the two Rotterdam warehousing and cargo-handling concerns DEKA TRANSPORT MIJ. NV and HEINRICH HANNO & CO NV (through its subsidiary NV Stuwadoorbedrijf Hanno), a 50-50 joint subsidiary, Samenwerkende Stuwadoorsbedrijven Deka-Hanno NV, has been formed. This has Fl 10,000 capital, and is directed by Messrs. Onverwagt and Frich, its purpose being to co-ordinate the warehousing activities of its founders.

Deka is a wholly-owned subsidiary of the German chemical and metal group DUISBURGER KUPFERHUETTE AG, Duisburg, 90.52% of whose capital is shared equally between the German groups Farbwerke Hoechst AG, Frankfurt, Farbenfabriken Bayer AG, Leverkusen, and B.A.S.F., Ludwigshafen.

VARIOUS

** American interests represented by Messrs. Leonard Bard, Poughkeepsie, New York, and Edward Berns, Croton-on-Hudson, New York, have linked 50-50 to form QUALITY CLEANING Sarl in Paris. This has F 25,000 capital, and M. Jean Boch as manager, and will provide services, covering both cleaning and maintenance, of offices and factory premises.

** The West German manufacturer of sports shoes ADIDAS SPORT-SCHUHFABRIKEN ADI DASSLER KG, Herzogenaurach (see No 327), has formed a second Austrian subsidiary, ADIDAS SPORTSCHUHFABRIK GmbH, Andorf (capital Sch 150,000), under Herr Alfred Bente. The founder already controls Austria Puma Dassler GmbH, Vienna, through Puma-Schuhfabrik Rudolf Dassler KG, Herzogenaurach.

Adidas has around 1,200 people on its payroll in West Germany, and it makes football, rugby and ice-hockey boots, as well as athletics and tennis shoes. It also has a French manufacturing subsidiary, Adidas SA, Dettwiller, Bas Rhin (factory at head office and at La Wack), and a Swiss sales subsidiary, Adidas Sport GmbH, Kloten, Zurich.

** One of the largest American public relations agencies, RUDER & FINN INC, New York (see No 409), has formed a wholly-owned subsidiary in Paris, Ruder & Finn (France) SA (capital F 100,000 - president M. Michel Meyer) to prepare and publish public relations studies and reports.

The American agency has been represented in Geneva since 1960 by a branch to its New York subsidiary Ruder & Finn International Inc, and it has a direct subsidiary in Italy, Ruder & Finn Italiana Srl, Rome (branch in Milan), plus a joint subsidiary since 1965 with the Italian GUIDA MONACI SpA, Ruder & Finn-Guida Monaci SpA, Rome.

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Felton Chemicals	B
Finabank, Geneva	I
Fosfatbolaget	C
Friedling, W. & H.	H
General Mills	L
Gordon & Gotch Holdings	O
Hachette	O
Haniel	B
Hanno, Heinrich	R
I.T.T.	E
Iller KG	P
Intercontinental Hotels Corp	Q
International Funded Land Trust	I
International Technic Assistance	Q
K.L.M.	Q
Kimberly Clark	N
Kühne, Carl	J
Latil	I
Laurentide Financial Corp	H
Leroy, Moteurs	D
Levissima, Fonti	L
Lithochroma	P
Lufthansa	Q
Lyons, J., & Co Ltd	Q
M.A.N.	B
MacDonald & Co, E. F.	E
Mazzucchelli, Industrie Plastiche	O
Meyer, Max	C
Millet & Cie Carlton Service	H
Mobay Chemical	C
Mobil	M

Moninger, Brauerei	L
Münchener Zeitungsverlag	P
Norsk Lettmetall	H
Nuca	K
Oetker	N
Olympia Werke	E
Pan-Am	Q
Pelleray	D
Pieroth, Ferd; Weingut	L
Pierson, Heldring & Pierson	J
Planned Music	E
Preussag	M
Prouvost Masurel	C
Quality Cleaning Sarl	E
Reemtsma	L
Sehau-Plastiks	O
Remy de Gaillon	K
Renault	B
Royle & Willan	O
Ruder & Finn	S
Ruhrgas	M
Rullini, Ina	G
Saviem	B
Schaeffler	G
Schubert KG	M
Schwaben, Energie Versorgung	H
Schweizerische Aluminium	N
Sofifrance	H
Somer	D
Standard Elektrik Lorenz	E
Strand Hotel Ltd	Q
Sublistatic	C
Svenska Tändsticks	N
Takahashi, Oversea Service	R
Tate & Lyle	K
Telectric	R
Tennessee Gas Transmission	C
Tirlemontoise, Raffinerie	K
Total Holdings	M
Trading SA	N
Transicol	C
Trente-Saux-Toulemonde	C
Union Treuhand	J
Van Wylick	K
Vermandoise de Sucrerie	J
Washing Machine Holding	E
Wella AG	D
Wespa-Walworth	F
Wheel Horse Products	H
Wolf-Geräte	G
Yardley & Co	D
Yoshida Kogyo	O
Ypiranga	L