Opera Mundi EUROPE

A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

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COMMENT

A Letter from Brussels

TIME FOR A CHANGE?

It looks very much as though the Six are now heading towards a new Treaty of Rome, a new-look Community, no less - but is this a good or a bad thing? It is early days yet to make any rash statements about a development that could be so sweeping, and much could swing on what happens in the USA in the next year or two: Europe could as easily veer towards a commercial grouping as towards political union. With three major issues before it - British membership, first mooted in 1963; the merger of the Treaties and the CAP and its financial administration, both stemming from 1965 - the European Economic Community is at a critical crossroads, at present prevented from taking any one sure direction by the contention between the Six. All of these issued are far more pressing than the protracted argumentation between the Six and the Commission would seem to indicate, and little or no apparent effort is being made to link the three issues as fully as logic would seem to dictate.

1) British Membership

It was again this issue that brought tension into the foreign ministers' council meeting last Friday, April 5, when tempers were once again pushed almost to the limit by France's continuing instransigeance. As was foreseen, in considering the report produced by the Commission on commercial links with the candidates (see No 455), any hint of a commitment to British membership is still for France unthinkable, and the fact that this was mooted in the report elicited from M. Couve de Murville some of his most unequivocal rejections yet of the Five's schemes for allowing Britain in. He maintained that the report was simply the Italian and Benelux proposals in another guise, and could only merit the same dismissal as those plans received on December 19. Moreover, for France the Commission's proposals in effect added up to entry for Britain without the negotiations that at first had been assumed. The fact that the Commission made no specific allusion to the length of the transition, and further promised a subsequent report on the suitability of Britain for membership after the arrangements had been in force for a period of time seem to have cut no ice whatever with the French minister. M. Harmel of Belgium championed the Five and the candidate at the meeting, stressing especially that countries applying for membership should not be treated as though some penalty were appended to their candidacy, and it was further maintained that Britain could never be expected to reduce her imports from the Commonwealth in the sort of trading arrangements envisaged by France unless she were absolutely certain of full membership. None of these or any of the other now familiar arguments put forward swayed Couve de Murville, and the only tenuous thread of an "agreement to disagree", as opposed to open conflict was secured in his accession to the suggestion that the Commission now be put to preparing a report on technical cooperation (still felt by France to be adequate in its present forms) for the next meeting, planned for May 9.

If we look at the issue in the least pessimistic way, it could be said that the disagreement is simply a matter of the Five wanting Britain in straight away, while France wants the country to complete her "European conversion" first, all being agreed that in principle British entry is to be desired. Nothing has changed since 1963, and neither the first nor the second French veto have really altered the situation. Last week's refusal to budge from France came precisely because the report under consideration in effect revived the British membership issue. France's proposals for trading arrangements having been designed specifically to avoid this chestnut. In the short term, the issue could resolve itself in various ways: the debate could drag on until complete deadlock is reached; the council could eventually come up with a solution that would be totally unacceptable to Britain; the dossier could be bandied around from committees to councils to commissions, and round again, and so on... Whatever proves to be the outcome, nothing will stop the issue from remaining in the limelight for the time being, nor will its form alter one iota. Once again, it may be quite simply a matter of time along: when Britain has put her economy to rights - and she has already set out on this difficult task - when she has restored her balance of payments, and when it is clear for all to see that sterling has finally relinquished its reserve role, what possible reason can there be to refuse Britain membership of the club? Only then, and the time could come within the next two years, can the real acid test of everyone's good faith be made, with no more room for subterfuge. When such a time comes, two things may happen:

a) The go-ahead may be given for British entry, and for that of the other candidates whose applications may be in at the time. Should this happen, the European Treaties will surely have to be re-negotiated, for it is absurd to imagine that they can simply be modified. A Community of ten would demand the revision of the institutional weight of the various members, bringing with it the modification of the Commission, perhaps majority voting in the Council of Ministers, a change in the role of the European Parliament and so on. All this is elementary, but of vital political significance, since the institutions, their function and way of working are the Community's only political lever.

b) France may still continue to follow her present line, but how would any of her partners put up with this? Such an outrage could not go unsanctioned, and the Community, based on the Rome and Paris Treaties, could hardly fail to break up under such strain. The Six, or the Five, could only get back on their feet again after such a crisis by making new pacts, different treaties, the substance of which is beyond conjecture at this stage, but which would probably retain virtually nothing of the present structure other than its tariff provisions, modified according to political rather than economic considerations.

2) The Merger of the Treaties

The renegotiation of the Treaties has become more of a possibility since the Six decided to merge the three communities which embrace their common interests between now and 1970. This would be a mere formality, perhaps were it not for the fact that it has become clear, since the coming to power of de Gaulle in 1958 and the Luxembourg compromise of February 1966 that some of the institutional machinery operating under the present Treaties is not accepted by all. France, of course, is content with the present system, but she is not the only one of the member states - and this is not always evident to the public at large - that would not like to see major decisions subject to a majority vote. There are several that, at one time or another have disputed moves made by the Commission. There is obviously something lacking in the Community's institutional framework, and this something must be put to right, some way or other.

Britain has yet to offer any specific comment on the "political" running of the Community, and when he was sounded out on this recently, Lord Chalfont merely stated that it was not for a candidate to give its opinion until it was integrated into the system. Perhaps one of the most plausible theories one could offer is that, of all the institutional agreements made between the Six, it would be the Luxembourg compromise that the British Government would be most willing to ratify. Be that as it may, one must confess that there appears to be some sort of connection, in substance as well as in time, between British entry - which would bring with it the re-negotiation of the Treaties - and merger of these same Treaties, as planned by the Six.

3) Common Agricultural Policy

It is well known that the most difficult technical aspect of any negotiations with Britain would once again be the CAP and the financing of it. At the same time the Six are compelled to give the farm finance regulations their final form before the end of 1970, inasmuch, of course, as this could ever be a "final form". There seems not the least doubt that the renewal of FEOGA has now come into full debate once more, with question of establishing the single dairy products market.

There can be no questioning of the principle of common financial responsibility in such matters, of course, but the corollary of this is that member states' contributions to FEOGA must be proportional to their purchases outside the Community, which is the only - partially at least - of ensuring "Community preference". This of itself does not however mean that FEOGA should be called upon to "carry the can" for - we will not even say subsidise - this or that blunder in the sector it covers. The important thing now is for the Community to rationalise its agriculture, which means modifying both systems and structure, and the distribution of FEOGA "manna". There is no question of adopting the British deficiency payments system, which would simply not work under the Community; nor could such member states as Germany, Italy - or indeed Britain - be allowed to buy their produce more cheaply on the world market. The only possible answer lies in the strengthening of the Community's farm programming: fixed or variable contribution rates; modification of the 1:4 ratio in the sharing of finance between the Community and national exchequers for structural improvements; the removal of any ceiling on the Orientation section of FEOGA; the establishment of a maximum/minimum range for its Guarantee section are all methods by which the common agricultural policy could be given a more orthodox form.

Italy and Germany are certain to request modifications in the farm finance regulations before the end of next year, and the merger of the Treaties could be the opportunity for writing new provisions into the CAP, but at the same time, British entry could offer a way of solving some of the problems of expenditure, provided that London recognises and adopts the fundamental principles of the common agricultural market.

Thus while there is no strict connection between the renewal of the EEC's farm finance regulations and British entry, or between this and the merger of the Treaties, one cannot escape the fact that there are links and affinities, points at which they overlap and matters in which they are firmly allied. Jointly and severally, it is in the interest of all concerned to consider these questions together.

This leaves one question outstanding, perhaps the most vital one of all: when the Six get down to their overall negotiations, which they surely must, will it lead them on to political union, or will they be obliged to turn their eyes towards an alternative form of community, radically different to the one envisaged by the founding fathers of the Common Market?

THE WEEK IN THE COMMUNITY

April 1 - April 7, 1968

THE COMMON MARKET

Chance of Faster Tariff Cuts

The Luxembourg meeting of the Economic and Finance Ministers of the Six held on Tuesday April 9 resulted in the Common Market countries finally agreeing that they should accelerate their Kennedy Round tariff cuts with the aim of helping the Americans overcome their balance of payments deficit, provided the latter abolish the American Selling Price system and renounce the imposition of any protectionist trade measures.

The proposals by the Commission on this particular topic were transmitted to the member states last Friday. These suggested that the Community should accelerate its own tariff reductions by a year, whilst the United States would be allowed - provided all the members of GATT agreed - to delay their cuts for a year. In effect this meant that in addition to the two-fifths cuts agreed on for July 1 of this year there should be another one-fifth cut on January 1, 1969, twelve months in advance of the original date, whilst the Americans, who have already made a one-fifth cut, would delay their second cut until January 1, 1970. Previously the West Germans and Dutch had shown a considerable amount of support for the proposals by the President of the British Board of Trade when he suggested that all the Kennedy Round cuts on certain conditions - should be made by January 1, 1969. This had received support from other EFTA countries as well as from Canada and Japan, but not from France, or in reality from the Commission, whose foreign trade representative M. Jean-Francois Deniau has described the British proposals as "hardly realistic", although he accepted the need for some gesture to be made so that the American government would have an argument to overcome the pressure for protectionist measures. Paris was the capital within the Six most worried by such a speed-up in Kennedy Round cuts for France only six months after the Kennedy Round and Common Market tariff changes on July 1, would have been faced by the problem of even more competition, since she along with Italy has the highest level of protection at present. The Italians were however less worried about an acceleration of the tariff cuts.

After a daylong discussion with M. Debre, the French Minister in the chair, the ministers decided to agree to the cuts provided certain conditions are fulfilled. Apart from the abolition of the Americans Selling Price system by January 1, 1969 - already agreed on as part of the Kennedy Round deal, no new protectionist measures for imports or new export subsidies must be introduced. The cuts proposed in the tariffs are the same as those put forward by the Commission, but a further condition is that since they will apply to all GATT members, the main other industrialised nations of EFTA, as well as Canada and Japan must do the same. It is estimated in Brussels that this could produce a favourabl e swing in the United States balance of payments of $150 million in trade with the Community countries and $300 million when the other countries take part. The ministers also decided that if the United States was unable to take all the necessary steps in time - because of the legislative problems in getting Congress to accept the changes in an election year - the Six would be prepared to introduce the acceleration at a later date. It is also possible that the final cut, which is due to be made on January 1, 1972 might be advanced to 1971.

It is however too soon to be sure that the proposals made at Tuesday's meeting will come into effect, for apart from the need for the other leading industrialised members of GATT to agree to reciprocal cuts, the decision whether to go ahead with the Community's offer is dependent on a unanimous decision of the Council of Ministers, who will probably meet in December, to see whether the Unites States has fulfilled the necessary conditions. This of course means that France, which has been unenthusiastic about an acceleration, can still block the successful outcome of the proposals. The ball is therefore in the American court, and if they can catch and return it cleanly, the outlook is hopeful. If not, the danger of increased protectionism on both sides of the Atlantic will return.

* * *

Import Duties & Export Rebates

The Finance Ministers of the Six have adopted a common system of working out the average rate for import duties and export rebates. This is aimed at ensuring that the rates in question do not exceed the limits fixed by Article 97 of the Rome Treaty, in other words are not greater than the internal taxes they are to replace. The method applies to those countries which have not yet adopted the TVA system and will remain valid until it is introduced. In effect this means Italy, Belgium and Luxembourg, since the TVA system is now in force in France and West Germany, and will come into operation in the Netherlands on January 1, 1969. Furthermore the Belgians maintain that their existing rates are already calculated on the basis of the common method.

Italy will be the country in reality affected by the common method which will not apply to present rates, but to new rates or changes in rates. Although Italy was at first unwilling to agree that there should be a directive, it later conceded the point in return for some changes in the wording of the text. In particular it is possible for former internal taxes to be compensated on a 100% basis, and these include taxes whose overall effect on the cost of finished products is very small.

E.C.S.C.

Reconversion: A Higher Levy Rate Needed?

For a matter of months now the European Commission has been called upon almost fortnightly to arbitrate upon a whole series of requests for re-adaptation aid for miners affected by structural reform in the ECSC industries. Only recently, it has been granting such aid to thousands of coal and iron miners and steelworkers in the Community, to the sum of nearly $3 million. Bear in mind here that, according to Article 56 of the Paris Treaty, all the sums disbursed by the Commission towards re-adaptation are matched by equal sums from the national governments in question. Under the overall heading of aid for re-adaptation, of course, come a number of different categories of financial assistance:

1) Encouraging former ECSC industry workers to accept a new job less remunerative than their old one.

2) To facilitate re-employment in another industry (re-training).

3) To facilitate re-employment in another region, by aid for resettlement, defraying removal and transport costs etc.

4) Aid to ease workers through the redundancy period between the old job and the new one.

The most noticeable development in the last few months has been the fact that a growing number of iron miners and steelworkers are being put forward by governments for benefits under Article 56, whereas until now, at least since the coal crisis set in, it has been the coal miners who have predominated. The hard fact of the matter is that, if the Community's steel industry is to maintain, indeed improve its position on the world market, it must go through a phase of rationalisation and concentration, and the implementation of this is beginning to entail redundancies, which cannot be caused without social upheaval, unless the re-adaptation system developed under the ECSC Treaty is made to work.

We should also note that, for the most part, it has not proved very difficult to reclassify ECSC workers affected by restructuring, although during the last year certain difficulties have begun to arise, because of the tendency towards recession, and the resultant decline in the capacity of the labour market. These economic problems apart, however - and one trusts that they are but a passing phase - there remains the more chronic problem of workers aged 45 and over, having little or no skill to recommend them, and those not suited for work in the mines.

Observers and the Commission alike are of the opinion that the system of re-adaptation aid for workers (coupled of course with the complementary system of industrial reconversion aid instituted only a few years back by the High Authority) is one of the most positive measures introduced by the former ECSC executive. This therefore is something that must be preserved in the merger of the Treaties, and the Commission's experts - in their report on the problems involved in this operation - suggest a study in depth of this matter, to see whether it would not be feasible to extend the system to other industrial sectors.

Even now, re-adaptation aid is a major item in the High Authority's - or rather the executive Commission's - budget, with expenditure in this direction amounting to no less than $100 million in the period from March 1954 to December 1967, $62 million of the sum having been paid out between 1960 and 1967 alone. With an eye to the increasing cost expected from the more or less swingeing closure programmes for the various fields in the Community, the High Authority, over a period of years, has been raising its provisions for financial resources in its annual budgets, a policy that has frequently incurred harsh criticism from ECSC industries. Now that the High Authority's forecasts have been borne out, and even look like being outstripped by events, this policy is beginning to bear fruit.

The question now is whether the means available, those accruing from the ECSC levy at its present rate, that is, will in fact be sufficient to cover the costs of re-adaptation still to be carried out. The Community's companies have only just made a number of sweeping decisions on iron and coal mine closures, and with the labour market less absorbent than it has been in past years, there seems to be every likelihood that the money needed to ensure the reclassifying of workers affected may go on increasing.

Thus it is on the cards that in June the Commission will make some slight increase in the rate of the levy. At the present time, there is no further scope for cutting down on the other items in the Commission's budget: the ECSC's contribution to the administrative costs of the single Commission, its joint services and the common institutions has been fixed at $18 million per budgetary year, whilst credits for R & D have already been pruned so far back that any further reduction would render them totally ineffectual. The only other expense to come out of funds raised by the levy is in face re-adaptation aid, which depends not on the Commission, but on the national governments, who alone can put in requests for such aid, which in principle the Commission must ratify when these meet with the requirements inscribed in Article 56 of the Treaty.

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SHIPBUILDING

E.E.C. Shipyards Need Reshaping

The Commission's experts have just completed a study of the Community's shipbuilding industry in which they maintain that it is faced by two major problems. Firstly there is the distortion of competition created on the world shipbuilding market by the excessive aid given by some governments to their own national industries, and second there is the recoil of the major changes now taking place in the world's shipping industries through the trend to ever-larger ships and new forms of cargo-carrying, such as the container ship.

Whilst countries such as Japan, and to a lesser degree Sweden, Norway, Poland and Yugoslavia, have been able to adapt themselves to these changes, the competitive position of the Community's industry has declined.

Progress in Other Countries: Governmental action in a number of other non-Community countries is felt to explain some of the progress made by the shipbuilding industry in those countries. Japan is characterised by considerable help as regards credit for ship sales - a very important aspect of the question - as well as by the adoption of coherent policies based on cooperation between the State and the shipbuilders, covering exports, investments and ship development. In Sweden, yards have been able to benefit from a tax system encouraging investment, from State-backed export credits and a policy aimed at ensuring sustained investment.

Within the Community: Despite all the measures taken in the different countries of the Six such as the closure of unprofitable yards and the establishment of larger groups enabling specialisation to be achieved, there are still difficulties. However the experts believe that the best of the Community's yards are already competitive on an international basis, but if the Common Market's shipbuilding industry is to survive and expand, steps must be taken to overcome the different approaches existing amongst the Six towards their national shipbuilding industries, with the considerable sums of money that this so often involves. Furthermore the Community should suggest measures which on a world-wide basis might do away with the factors distorting competition, but until this can be carried out, the Six should ensure amongst themselves that action be taken as far as possible to overcome such factors, and particular attention should be given to providing easier sales credit facilities.

On a Community basis such aid should be aimed at inducing structural changes as quickly as possible, whilst modernisation and scrapping grants could also be made available. Cooperation between yards should also be encouraged, to enable them to offer a wide range of all types of ships. Finally the European Social Fund should be more vigorous than at present in using its influence in the social and regional spheres.

* * *

EXTERNAL RELATIONS

Switzerland

On the eve of the last meeting of the Council of Ministers, a month ago, Switzerland took steps to make its position clear regarding links with the Community. Without wanting to compromise in any way its traditional neutrality, it would nevertheless like to take part in any commercial arrangement which might in the future be formulated between the Six and the candidate countries. According to the Basle "National Zeitung" though, the executive Commission of the Common Market in its report to the Council of Ministers declared itself to be against any link, association or trade agreement which fell short of full membership for the candidate countries; any commercial link with either Switzerland or Sweden was then out of the question. The paper went on to say that Brussels had yet to discern in the Swiss attitude "a frank acceptance of the forms of integration that the member countries of the Six intended to implement".

Swiss officialdom seems to be ignoring the contents of this report, even though, in the final analysis, it will be the Council of Ministers that will make the decision as to the character of any relationship between Switzerland and the Six. Berne, on the other hand, puts greater store by the fact that France would like to associate all candidate countries without exception under the conditions already envisaged. Perhaps this is merely a political move by France to reduce the Community to the sort of free trade area of which the General spoke in his November press conference.

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Turkey

Two meetings have been held recently between representatives of the EEC and Turkey with regard to the latter's association to the Community. The first was a meeting of the Mixed Inter-parliamentary Commission, consisting of members of parliament from both the EEC countries and Turkey, and held in Venice from April 1 - 4. Briefly, the Commission agreed on three 'recommendations'; firstly, it welcomed the success of the association during the course of 1967 and looked forward to the increased future collaboration between all the organs of the association. Secondly, in the commercial sphere, the Commission welcomed the efforts of the Council of Association to increase trade links between the two parties and in particular the work put in by the Council to promote the sales of Turkish goods on the Community markets. The Commission went on to exhort the Council to seek a solution to the ever-pressing problem of exporting olive oil to the Community. Lastly, relating to the transitional period from the first stage of the cooperation agreement to the second, the Commission invited both the Turkish and the Community authorities to press on with their efforts to find a successful solution to their problems so that the negotiations under Article 1 of the provisional protocol could begin by December 1, 1968.

The second meeting was held at ministerial level on Friday, April 5 at the Kirchberg European Centre in Luxembourg. This is now the eighth time that the Association Council of the Association between the Community and Turkey has met. The meeting was largely routine. It consisted of the approval of the third Annual Report on the Parliamentary Committee of the Association, an exchange of views on Article 22 (second paragraph) of the Ankara Agreement, the examination of the problem relating to the changeover to the transitional stage of the agreement, and a general statement by the Turkish delegation on the recent developments in Turkey's economic situation and on the results of the first five-year plan. Both parties seemed pleased with the way the association was shaping up and 1967 seems to have been an especially good year. As in the meeting in Venice, both Turkey and the EEC underlined their keenness that everything should be done to facilitate the discussions which will commence in the Association Council on December 1, 1968.

*

New Central African Grouping

Three African associate countries of the Community, the Republic of Chad, the Central African Republic and the Congo-Kinshasa last week signed a charter setting up the United States of Central Africa. Two days later this was changed to the Union of Central African States to avoid suggestions of American influence. The new grouping, which is expected to function as a loosely-knit organisation with limited powers covers an area of 1,637,757 square miles with a total population in the region of 21.4 million.

The agreement was signed by President Mobutu of Congo-Kinshasa, who has become the grouping's first chairman, President Tombalbaye of the Chad and President Bokassa of the Central African Republic. The official declaration states that the three countries will harmonise their industrial policies, development plans, transport and telecommunication policies.

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EUROPEAN DEVELOPMENT FUND

Over $17 million for Associate Countries, Overseas Territories and Departments

On April 2, the Commission approved 10 grants totalling $17.603 million following the endorsement of the projects in question by the EDF Committee. This brings the total commitments of the second EDF to $501.297 million, exclusive of supervision and administrative costs.

In brief, the projects and sums involved are:

1)	BURUNDI :	$491,000 for a national college of public administration at Bujumbura.
2)	CHAD :	$466,000 which like the earlier instalments for production aid, will be used entirely to support cotton prices, at present very weak.
3)	CENTRAL AFRICAN REPUBLIC :	$2.034 million for a new slaughterhouse at Bangui - capable of handling 40,000 animals - and all necessary facilities.
4)	CONGO-KINSHASA :	$1 million (additional) on two marine dredgers for the lower Congo.
5)	NIGER :	$466,000 for Niamey-Zinder highway improvement plans. Already the EDF has spent $14.5 million on improving the Niger road system.
6)	MARTINIQUE :	$1.269 million on improved sanitation in Fort-de-France and Schoelcherx.
7)	SURINAM :	$1.612 million for modernisation of the east-west coast road.
8)	MADAGASCAR :	$7.855 million to support rice and pepper prices, as well as for structural improvements to rice, pepper, coffee and cotton (third annual instalment).
9)	COMORO ISLANDS:	$1,803 million for road improvements.
10)	WALLIS and FUTUNA ISLANDS:	These are French Pacific possessions and Futuna will receive $607,000 towards the construction of an earth road. This is the first community scheme in the islands since the coming into effect of the Rome Treaty.

GERMANY

Bundestag Unanimously Endorses the Monnet Committee Resolutions

Last week the German Bundestag became the fourth parliament of the Six to endorse the resolutions of European unity put forward last June by the Monnet Committee, or to give it its proper title, the Action Committee for a United States of Europe. The previous three parliaments to carry out this step have been those of Luxembourg, the Netherlands and Italy. Briefly, the recommendations of the Committee were:

1) To clear the way for the entry of Great Britain into the European Economic Community and for the entry or association of other "democratic countries" of the European Free Trade Association.

2) To develop technology within Europe and specifically to help set up a European capital market and a European trading community with special reference to the entry of Britain into Europe.

3) To establish liaison committees between the United Europe and the United States on "a basis of equality".

4) To increase cooperation between the West and the East by setting up contacts and consultation groups between the EEC and the countries in East Europe, including the Soviet Union, especially in the fields of economics and culture.

In endorsing these proposals, Bonn has put its name to the cause of a more broadly-based and a stronger Europe; but it has also done its best not to compromise its position vis-a-vis Paris. The two top Social Democrats in the Bonn coalition government, Herr Brandt and Herr Wehner, who were signatories of the original draft of the resolutions, may be keen to push Germany towards the ideal of a united Europe; Herr Kiesinger however remains mindful of his duty to preserve the Franco-German Treaty of Friendship as best he can. In the Bundestag the German Chancellor took pains to balance out his arguments in favour of British entry with palliatives to the French. First of all he underlined his intention of finding some solution to the problem within the framework of the Community institutions, but then went on to say that, contrary to the views of Paris, the time might well have come to open negotiations with Britain on entry into the Common Market and that Germany for one was ready to embark upon such negotiations. In fact it seemed from this speech in the Bundestag that Herr Kiesinger is becoming less and less sympathetic towards the French point of view and that the Treaty of Friendship is coming under increased strains.

The general tone of the Bundestag meeting was backed up by a speech by Herr Walter Scheel of the liberal opposition party who spoke in favour of a more dynamic attitude on the part of the Federal Government towards Britain's proposed entry into the Common Market and towards French opposition to the move. It remains to be seen however whether this resolution has any effects on the seemingly implacable position that France has assumed. With the large Gaullist contingent in the National Assembly (only two short of an overall majority), the Monnet Resolution is unlikely to get through the French Parliament, especially as the Communists will probably vote against it. The only other country that has not put the resolution to the vote, Belgium has not yet done so because of its internal political problems.

* * *

ITALY

Support from Italian Industrialists

Further advocacy of Britain's joining the European Community was voiced at a meeting in London last week of the Britain and Italy Co-ordinating Committee, a trade association of British and Italian industrialists. Amongst the prominent speakers was Senator Giuseppe Medici, Italy's former Minister for the Budget, who seemed to speak for all his colleagues when he said "Italy is profoundly convinced of the necessity to enlarge the Common Market". Sig. Medici felt that the Common Market had given a great impulse to the development of the Italian economy and the whole of Europe, but the EEC still needed to expand its frontiers. Mr. P.G. Smyrk of the Association of British Chambers of Commerce spoke of the complexities and pitfalls of the Italian taxation system which had already been the bugbear of British exporters to Italy, but this cautionary tale was balanced by a more hopeful speech by Sig. A. Cattini, Chairman of Olivetti computers, who said Britain should go ahead on the assumption that she would soon enter the Market. With the adoption by the Commission of proposals for a reduction of up to 30% in industrial tariffs between the EEC and the countries applying for membership, we had already moved into an interim period. Dr. E. Minola, a director of Fiat, spoke of the increased trade between Italy and Britain, trade which was expanding at a rate which was above the world average. Increased co-operation was called for between the British and Italian computer industries, building industries and nuclear industries, and Dr. Jeremy Bray, Joint Parliamentary Secretary to the Ministry of Technology put forward the somewhat laboured government point of view: "It is quite clear that European technological collaboration can come to full fruition only in an enlarged Common Market which includes Britain".

VIEWPOINT

FINANCIAL DEVELOPMENTS IN EUROPE

by Julien-Pierre Koszul

Senior Vice President for Europe

First National City Bank

Of the financial situation in Europe for 1968, the very least that one can say is that there seem to be more variables than usual at play, stemming from Sterling's devaluation, the vigorous measures taken and contemplated in the United Kingdom, the United States' balance of payments programme, the unknown international liquidity factor - all this nicely combined with the sure prospect of an unusual dose of Governmental intervention in many European countries. If you agree that Government action is not always deprived of the arbitrary and is sometimes blessed with a dash of the unexpected, we can reliably conclude that the period ahead is especially endowed with uncertainty and that the past will be less a guide to the future than ever.

The really predominant factor during the year will be the problem of Europe's balance of payments, the balancing taking place in most cases between the conflicting aims of external and internal politics and policies.

The United Kingdom

In the United Kingdom, as stated at the end of the year by Chancellor of the Exchequer Jenkins, "the objective is evident: bring about an important balance of payments surplus". To this first priority will no doubt be sacrificed internal demand and to a certain extent economic growth.

The devaluation of the pound, from $2.80 to $2.40 - 14.3% - on November 18, gave U.K. exporters a healthy net cost advantage of something like 10%, even if allowance is made for the cancellation of the export and selective employment tax rebates. This competitive advantage will largely depend, as to its quantitative importance and its duration, on public response to the austerity programme, and especially on the degree of co-operations shown by the Trade Unions. Prime Minister Wilson has recommended that wages not be increased by more than 3.5% for the period July 1968 - June 1969, but the Trade Unions Congress disagrees. On the import side, Britain will benefit to the extent that the Sterling price of several primary products, of which it is a large buyer, will rise only slowly.

The devaluation will also bring relief to the United Kingdom in the form of a diminution of the gold or dollar countervalue of that part of the U.K.'s external debt which has no foreign exchange guarantee, i.e. essentially the so-called "non resident Sterling balances".

However courageous the measures already adopted to reduce internal demand, others are needed and, it seems, will be forthcoming. The cuts announced by Mr. Wilson for the fiscal year 1968 - 1969 leave public expenditure 4.5% above 1967 - 1968 in real terms. In current prices, the rise of course is bigger. True, Governmental expenditures in foreign exchange - representing something between \$1 and \$1,500 million - are one of the main causes for the deficit of the balance of payments. But the cuts decided in this respect will not begin to take effect before 1969, and it is only the rate of increase of these expenditures which will be diminished.

The future is far from clear but the efforts made are no doubt oriented in the right direction, and it would be a great mistake to forget that Britain, even before devaluation, was the world's third largest exporter of manufactured goods - the real area where efficiency and ability to sell products is vital. We should keep in mind that the balance of current payments of Britain has not been far from equilibrium in the last few years, and that the deficits were due to export of private capital, especially to the rest of the Sterling area, and to public expenditures abroad. But, as everybody knows, deficits of the balance of payments in the case of a reserve currency country like Britain, are all too liable to see their effects multiplied by psychological movements. Just as an example, the leads and lags - that is to say, the propensity of importers to hasten to cover the foreign exchange cost of their imports or of exporters to postpone repatriation of their foreign exchange - is a phenomenon which, for Britain, may fast reach widely unsuspected dimensions. A very few months shift, one way or the other, in the settlement of purely commercial transactions means a difference of thousands of millions of dollars. Hence the primordial importance of restoring the balance of payments to equilibrium.

Who will feel the devaluation squeeze most? According to the Organsation for Economic Co-operation and Development (O.E.C.D.), exports of other countries shipping mainly manufactured goods, and including the U.S.A., Japan and Canada, may be reduced by some 1 - 1.5% below what they might have been. The Netherlands, Belgium, Norway and Sweden, where trade is a large percentage of GNP, are likely to be hit hardest, but even these countries clearly did not consider the pinch unbearable since their respective currencies did not accompany the pound's devaluation.

The Common Market

After a noticeable slowdown in the first part of last year, economic expansion has been resumed after the summer months. While performance continued very good in Italy, definitely improved in Germany, the Netherlands and Luxembourg, it became feebly better in France and remained rather stagnant in Belgium. For the Community as a whole, the last weeks of 1967 and the first weeks of 1968 evolved favourably and the Common Market Executive Commission announced that it expects the GNP to go up 4% or 4.5% in real terms this year, with Italy in the lead, Germany, France, the Netherlands, Belgium and Luxembourg following in about that order. It is timely here to remember that the Executive Commission 12 months ago predicted a 3.5% increase of the Community's GNP for 1967, and that, after modifying its estimate many times, it now computes the gain at 2.5% for last year.

At this juncture, it is worth noting that, in order to counteract the deflationary influence of the measures taken in the U.S. and in Britain, the Commission recommended to the Six a deliberate expansionary economic policy, which, it specified, the situation of their respective foreign exchange reserves fully warrants.

Germany

Everyone will recall how swiftly and strongly the German Government reacted two years ago to cool an overheated economy and correct a budding unsatisfactory trend in the balance of payments with the help of stringent fiscal and monetary policies. The age-old recipe worked admirably, thanks to the discipline of the German people, vivid memories or past inflationary misdeeds and constant awareness of a particularly big and disquieting Eastern neighbour. It worked so well that the authorities, after having turned off the tap, felt justified in turning it on in the form of two supplementary budgets and a dramatic relaxation of interest rates.

As Economics Minister Schiller pointed out at the International Monetary Fund meetings in Rio last September, Germany has no intention of pursuing any "beggar my neighbour" policy by exporting recession, and is determined to expand in 1968. There is every reason to believe that in view of the strong foreign exchange reserves and the excellent balance of trade (with a surplus of $4,000 million in 1967), the German policy will aim at continued reflation of the economy, even at a cost of a less satisfactory outcome in the balance of payments.

For the time being, prospects are that the GNP will increase this year by 6.2% at current prices, or by 4% in real terms since prices are expected to rise by some 2%. Inventories are diminishing, backlogs of unfilled orders are increasing, and no substantial wage boosts are expected to take place before the second leg of the year, when a number of labour contracts are due for renewal. There is no doubt that the Government will be quick to react again if there is any threat of a dangerous run of wage increases, budgetary distortion or substantial losses of reserves. Whatever action that eventually may be required will need a good deal of fine tuning, since the U.S. measures will already be in the process of dampening the German economy, especially on account of an unexpected reduction of American capital inflow in the order of $375 to $500 million, according to Mr. Schiller.

France

Following the recent recommendation of the Executive Commission of the Common Market, the French Government has just embarked on a policy of accelerated economic expansion at the cost of a $600 million increase in the contemplated budget deficit, which will thus come close to $1,000 million for 1968. The balance of payments is expected to suffer and the surplus, which dropped from $1,100 million in 1965, to $400 million in 1966, to $100 million or thereabouts in 1967, is likely to be replaced by a deficit of a few hundred million dollars this year.

The expansionary measures include reduction of private income tax for the majority of tax payers, increase of social security allowances by 4.5%, aid for low-cost housing construction and fiscal encouragement to business investments.

The aim is to ensure a 5% increase of the Gross National Product in 1968 as against a little less than 4% in 1967. This looks optimistic in view of the expected impact of the U.S. and U.K. programmes and of the suppression on July 1 of the remaining tariff duties among the Six combined with the full implementation of the Common Market external tariff. But the Government has made it clear that it will not hesitate to resort to further expansionary measures if necessary.

On the whole, there is no doubt that 1968 will definitely be for the country a period during which preoccupations of budgetary and external payments equilibria will take a back seat to economic expansion.

Italy

Italy last year enjoyed the fastest rate of growth in the Community, and shows no signs of slackening this year. The GNP is expected to rise 5.5% in real terms in 1968, the same pace as in 1967. The social atmosphere is calm and wage increases promise to be reasonable. The financial cost of the damages caused by the recent earthquake in Sicily is estimated at $150 million, and will be covered by the Governmental budget.

1968 is an election year in Italy, and the Government has publicly stated its determination to maintain the very satisfactory rate of economic expansion, even at the cost of a certain slippage in the balance of payments, the surplus of which reached about $350 or $400 million, about half of what it was in 1966. A fortnight ago, the Minister of the Treasury emphasised that the impact of the U.S./U.K. measures on Italy is not preoccupying, that interest rates will be kept stable, and that all the money required to finance investments considered good for Italy will be found locally. This does not seem too optimistic an assumption considering the country's very good prospects for 1968, the avowed Government will to assist, and the fact that for the past three years Italy has been a supplier of funds to the outside world - a new and remarkable development due to a number of favourable circumstances: substantial balance of payments surpluses and the resulting creation of internal liquidity, monetary stability and increased formation of savings, lack of past unhappy experiences in foreign investment, timely offer through the local banking system of securities bearing the name of first class American corporations.

Belgium

For three consecutive years, economic expansion in Belgium has been hesitant. The expansion of Gross National Product is estimated to have been something like 2.25% in 1967 as against 2.7% in 1966, and 3.5% in 1965. The Belgian economy is always highly sensitive to economic conditions abroad, with exports equivalent to more than one third of GNP, and it is bound to be affected particularly severely by the latest measures in this country since it has benefitted so greatly from American investments in the past.

The recently published annual O.E.C.D. report recommends a determined policy of expansion for Belgium as margins of unused productive capacity, both material and human, are large, prices and wages are rising much more slowly, the balance of payments is in surplus, and foreign exchange reserves stand at a relatively high level.

Actually, a number of stimulative actions had already been taken in the past years, and these were given another fillip a few weeks ago in the form of public investment programmes, relaxation of installment credit terms, an extended effort to enforce price stability, and increased support to exporters, especially in the form of low-cost credit and tax rebates. At the same time, taxes on imports will be raised.

The Netherlands

1967 was a good year for the Netherlands, whose GNP rose 5% in real terms, thanks mainly to fine weather and a steep increase in agricultural production, but also to a remarkable climb (7% or 8%) in industrial productivity, itself ascribable to equipment modernisation and to greater efficiency on the part of the workers.

1968 prospects are good: upward pressures on wages, cost and prices seem moderate. Even taking into account the devaluation of the pound, the GNP is likely to rise 3.5% and exports are expected to develop substantially. The balance of current payments, which was in deficit in 1966, looks to have been in slight surplus in 1967, and 1968 promises to be still better.

As Belgium, the Netherlands can only gain by a step-up in the German economy. It will, moreover, benefit increasingly from the natural gas discoveries in the North Sea. (Mobil Oil has just found a new source of gas, possibly richer still than that of Gröningen.)

* * *

The United States Treasury has urged the EEC member countries to shoulder some of the burden to help reduce the U.S. balance of payments deficit, and has suggested that the EEC "balance of payments positions must show a large change from excessive surplus to much more moderate surplus, and perhaps even to moderate deficit for a short period". Our review at a gallop gives perhaps some indication of the sort of response which may be expected from Europe.

There is no doubt that the EEC countries can afford a decline in their balances of payments, and particularly so Germany, France and Italy, whose foreign exchange reserves, including their IMF credit positions, were respectively in thousands of millions of dollars, 7.8, 6.8, and 5.6 as of October 1967.

What is more important as a practical matter is that there are indications from these countries and others in continental Europe that the preoccupation to offset the deflationary impact of external events, and to maintain or stimulate economic expansion for the time being outweigh the concern for trade and external payments equilibrium. An overall deterioration of the balance of payments of continental European countries can thus be expected, accompanied by moderate losses of reserves. To what extent this will be of tangible benefit to the U.S. is something to be dealt with elsewhere. But what can realistically be said is that no country in Europe is prepared to see its balance of payments deteriorate in any other than a temporary way and for other than limited amounts. These countries have very fresh memories of inflation and monetary erosion running beside balance of payments deficits. They remain acutely aware that once they lend themselves to a particle of inflation it is not easy to resist an abundance of it; once they run a deficit it is inclined to become a trend and to deepen. Therefore their philosophy has a lot in common with the view put by Charles Dickens in the mouth of Mr. Micawber, whose golden rule was: "Annual income twenty pounds, annual expenditure nineteen nineteen six, result happiness. Annual income twenty pounds, annual expenditure twenty pounds ought and six, result misery."

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	German FORTUNA-WERKE leather-working plant forms subsidiary	H
	BRITISH SIDAC (Imps and UCB backing) links with ICI - Polyester	O
CZECHOSLOVAKIA	Dutch A.K.U. to assist SLOVENSKY HODVAB with polyester factory	S
FRANCE	AGENCE HAVAS links with DOYLE, DANE, BERNBACH advertising	B
	ROTHSCHILD in rocketry: 9% indirect in SEPA (Hispano-Alsacienne)	B
	London, New York and Paris LAZARD FRERES in joint venture	J
GERMANY	DUFON ENGINEERING subsidiary formed to supply aerospace sector	B
	PHILIPS subsidiary, M.A.N. and M.W.M. in manufacturing link	I
	CINZANO to make and sell gin for British GILBEY	L
	DISTILLERS-CORP-SEAGRAMS/ F. LEHMENT link via CENTENARY	M
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	RAMSEY ENGINEERING and GAVAZZI form measuring systems concern	F
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	COPPERAD and METRICON takes over PILASTRO air- conditioning	H
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	GARROD & LOFTHOUSE (record sleeves) seeks 50% in DICO	Q
	EASIFIT (Calico Printers) forms manufacturing/mail order firm	R
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SOUTH AFRICA	KLOECKNER takes over S. WEST AFRICAN LITHIUM MINES (open-cast)	H
SPAIN	DAIMLER-BENZ to build assembly plant (32% stake - 2, 000 payroll)	C
U.S.A.	GLANZSTOFF's "Xylee" synthetic leather launching by LOEWENGART	T

CONTENTS

ADVERTISING

** As a result of the agreement signed between AGENCE HAVAS SA, Paris (see No 447) and DOYLE DANE BERNBACH INC, New York, the latter will make the French agency responsible for its accounts in Europe (Avis, Lufthansa and American Airlines) with the exception of Britain and West Germany. It will also make available to the French group its know-how in the field of television advertising.

D.D.B. ranks sixth amongst American agencies and has two European subsidiaries: Doyle Dane Bernbach Ltd, London and Doyle Dane Bernbach GmbH, Düsseldorf, which was formed in 1961 in association with the German agency Von Holzschuher, Bauer and Ulbricht KG (formerly Von Holzschuher & Bauer KG) which controls the Munich agency Von Holzschuher & Ulbricht GmbH.

** The Dutch and Swedish agencies NV RECLAME- ADVIESBUREAU H.V.R, The Hague and ANTONI & GEHMIN A/B, Stockholm have signed an agreement in London with the European group EMAD-EUROPEAN MARKETING & ADVERTISING LTD (see No. 435) and are now members of the group in their own countries.

EMAD was set up in 1967 (see No. 399) and now links seven agencies. Its Dutch co-founder was Vorstelman Adviesbureau Voor Reclame NV, Amsterdam, recently merged with Reclame Adviesbureau H.V.R.; whilst the other partners are Saward Baker & Co. London, Publication SA, Paris, Publi-Art Sprl, Brussels, Westag KG, Cologne and Lambert SpA, Milan.

AEROSPACE

** CIE DU NORD SA, Paris (see No 444), investment company of the group DE ROTHSCHILD FRERES SA, has bought up the 9% interest held by S.E.M.H.S. SA, Bois-Colombes, Hauts-de-Seine (see No 437) in S.E.P.A. - STE D'ETUDES DE LA PROPULSION PAR REACTION SA (see No 298). The latter employs some 500 people in the manufacture of rocket motors and propulsion units for medium and heavy-weight vehicles in its factory at Merignac, Gironde, and its other main shareholders are the groups Sud-Aviation (28%), Ugine-Kuhlmann SA (25.2%) and L'Air Liquide SA (12.6%).

S.E.M.H. is a member of the HISPANO ALSACIENNE group, which is soon to make it over, together with most of its portfolio, to the SNECMA group (see No 451).

** DUFON ENGINEERING LTD, London has formed a specialised Frankfurt subsidiary called DEUTSCHE DUFON ENGINEERING GmbH, (capital Dm. 20,000) to sell equipment for the aerospace industries. The managers of the new concern are Messrs. David Drinkwater, Thomas Smith, William Campbell and John Fraser.

Since September 1967 the British firm has had an office services subsidiary Dufon Bürodienst GmbH, Frankfurt (capital Dm. 20,000).

AUTOMOBILES.

** The French ETS JOURNEE & CIE SA, Bezons (radiator caps, tanks, anti-theft devices and other accessories for the motor industry) has formed its first foreign subsidiary in West Germany under the name of P.J. JOURNEE, DEUTSCHLAND, GMBH, Frankfurt with Dm. 20, 000 capital. The parent company, headed by M. Paul Journèe, has F. 1 million capital and employs about 200 people in its factory at headquarters and at Reilly, Oise.

** VAN DOORNE'S AUTOMOBIELFABRIEKEN N.V., Aartselaar, subsidiary of the Dutch motor group VAN DOORNE'S AUTOMOBIELFABRIEKEN N.V, Eindhoven (see No. 442) has formed a new subsidiary on its own premises N.V. AUTOMOBIELEN DAF (capital Bf. 20. m) mainly for commercial purposes, and directed by four members of the Van Doorne family. The Aartselaar concern recently became a direct 25% interest of the state concern NEDERLANDSE STAATSMIJNEN N.V., Haarlem, this being equal to the holding of the parent company.

The Dutch group has another (wholly owned) Belgian subsidiary N.V. Van Doorne's Automobielfabriek DAF, which manufactures drivers' cabs for utility vehicles.

** The German motor manufacturer DAIMLER-BENZ AG, Stuttgart-Untertürckheim (see No 446) is about to construct an assembly plant in Spain. The new production facilities, which will employ some 2, 000 people, will be run by a company yet to be formed, in which D-B. will have a 32% interest; the balance will be held by its licensee ENMASA-EMPRESA NACIONAL DE MOTORES DE AVIACION SA, Madrid (49. 5%) and the company's general agent in Spain, IDASA-INDUSTRIAS DEL AUTOMOVIL SA, Madrid (18. 5%).

Until now the foreign interests of the group have been : Otobus ve Motorlu Araclar SA, Istanbul (36%); Mercedes-Benz Argentina SA, Buenos-Aires (90. 9%); Mercedes-Benz do Brasil SA, Sao Bernardo do Campo (50%); Car Distributors Assembly Ltd., East London (an absolute subsidiary of United Car & Diesel Distributors Pty., Pretoria, in which Daimler-Benz has a 26. 7% interest) and Tata Engineering and Locomotive Co. Ltd., Bombay. (11. 7%).

BUILDING & CIVIL ENGINEERING

** The American civil engineering firm DANIEL CONSTRUCTION CO, Greenville, North Carolina, has strengthened its West German interests by opening a branch in Frankfurt to its subsidiary DANIEL CONSTRUCTION CO INTERNATIONAL GmbH. This was formed in Bonn during 1966 with a capital of Dm 100, 000 (see No 375). The American firm also has European branches in Brussels (see No 247) and in Scotland at Kilmarnock.

** SYNDICAT GENERAL IMMOBILIER SA, Brussels (see No 392 - a member of the Ste Generale de Belgique SA group-see No 455) has formed a Brussels property subsidiary called LENOIT SA, Brussels (capital Bf 1 m.). Token shareholdings in the new concern are held by CREDIT FONCIER INTERNATIONAL SA, STE MOBILIERE & IMMOBILIERE D'INVESTISSEMENT & DE COMMERCE SA and CIE GENERALE DE COMMERCE & DE REPRESENTATION "REBELCO" SA, all in Brussels.

When it was established in July 1965, the founder received shareholdings from Ste Generale de Belgique, in a number of Brussels property companies: Credit Foncier International SA, Ste Mobiliere & Immobiliere d'Investissement & de Commerce SA, L'Immobiliere Brererode and Cie Immobiliere de Belgique SA.

** Two sister banks in Amsterdam, NORTHWESTERN & PACIFIC HYPOTHEEKBANK N.V. and DE TWEEDE NORTHWESTERN & PACIFIC HYPOTHEEKBANK N.V (see No 437) have each taken an interest of one third, through their joint property subsidiary DE DERDE NORTHWESTERN VASTGOED, Amsterdam in the formation of the civil engineering company N.V. BOUWTEAM VOORSCHOTEN, Voorschoten (authorised capital Fl. 9 million - director Mr. J.H.J. Meijerink).

The other third of the capital of this new company is shared by the building promotion concern N.V. BOUWBUREAU BRANDWIJK N.V. of Leidschendam (see No 279) - which already holds a 50% interest in BOUW - & EXPOITATIEMIJ. "SERIEBOUW" N.V., Leidschendam and with N.V. BOUW- & HANDELMIJ. "WADDINXVEEN" Waddinxveen.

** The British JOHN LAING & SON LTD of London and the French ENTREPOSE SA (almost wholly-owned subsidiary of VALLOUREC SA of Paris - see No 434) and GRANDS TRAVAUX DE MARSEILLE SA (see No 451) which are already linked in certain British building contracts, have made a five-year agreement covering the manufacture and laying of gas and oil pipe lines in Britain.

To implement this co-operation, a new joint subsidiary has been formed, John Laing Pipelines Ltd, (in which the British partners will have a 50% holding) to be directed by Messrs. J. Stein (J. Laing & Son) and H de Metz (Entrepose).

** The Dutch civil engineering firm AANNEMERS - & WEGENBOUWBEDRIJF C. SCHAGEN NV, Zwolle, has formed a Düsseldorf subsidiary called SCHAGENTIEF - & STRASSENBAU GmbH (capital Dm 50,000).

Managers of the new concern are Messrs Cornelis and Arent Schagen and Jacob Brasser, all of whom come from Zwolle.

CHEMICALS

** DU PONT DE NEMOURS (DEUTSCHLAND) GmbH, wholly-owned Düsseldorf subsidiary of the Wilmington, Delaware group E.I. DU PONT DE NEMOURS & CO INC (see No 439) has formed a branch at Uentrop, Unna to run its local factory. The Düsseldorf company has Dm 80 million capital and employs some 2,000 people in the manufacture of chemical fibres, plastics, colourants and vegetable extracts.

** STE BELGE DE PRODUITS REFRACTAIRES-BELREF SA, Andenne (see No 451) which produces about three-quarters of all Belgian refractories, special cements and puddled clay for foundries, aluminous, heat-resisting and acid-resisting products, is about to rationalise its interests by taking over STE DES PRODUITS REFRACTAIRES SEILLES-ANDENNE SA (See No 358); this company became at the end of 1965 its almost wholly-owned subsidiary after Ste Belge had bought the controlling interest, which had been in the hands of the British group, General Refractories Ltd. of Sheffield.

With some 1, 000 on its payroll, Belref has had links since 1967 with the British group, Morgan Crucible Co. Ltd. of Battersea, London (see No 444). This took the form of a specialisation agreement by which each company is to concentrate on its own speciality, and also a joint sales campaign. Its main shareholders, which are members of Generale de Belgique, are: Metallurgie Hoboken SA, Brussels; Mines & Usines de Zinc de la Vieille Montagne SA, Angleur, Glaverbel SA, Watermael-Boitsfort; Cie des Metaux d'Overpeltlommel & de Corphalie, Overpelt; Cockerill-Ougree-Providence SA, Seraing, and U.C.B. - Union Chimique SA, St-Gilles-Brussels, etc.

** The British chemicals group ALBRIGHT & WILSON LTD, London and Oldbury, Birmingham (see No 453) intends to strengthen its direct Common Market sales interests by forming another subsidiary in Italy where through its MARCHON PRODUCTS LTD division of Whitehaven, Cumberland it already controls MARCHON ITALIA SpA, Castiglione delle Stivere, Mantua, MULTICHEM SpA, CAMBRIA SpA and LEO ITALIANA SpA. It also has a direct Belgian sales company Albright & Wilson NV, which covers the Benelux countries.

The group's recent moves include the formation of a French manufacturing subsidiary Marchon France SA, St-Mihiel, Meuse and in Belgium the Brussels sales company Midland Silicones (Belgium) SA through its subsidiary Midland Silicones Ltd, Reading, Berks, controlled 60 - 40 with the American group, Dow Corning Corp, Midland, Michigan.

ELECTRICAL ENGINEERING

** Controlled directly (79.9%) and through G.G.E.M. -CIE GENERALE D'ELECTROMETALLURGIE SA, (20%) by C.G.E. - CIE GENERALE D'ELECTRICITE SA, C.I.T. - CIE INDUSTRIELLE DES TELECOMMUNICATIONS SA, Paris (see No 448) has negociated the take-over of its 52.3% subsidiary, A.M.E. -ATELIERS DE MONTAGES ELECTRIQUES SA, Paris. The latter, which has been in difficulties for a number of years now, recently gained a new shareholder (with about 30% of the shares), Ste Financiere & Mobiliere SA, a member of the Credit Commercial de France SA, (Paris) banking group.

C.I.T., the chief subsidiary of the C.G.E. group, has a turnover in the order of F. 340 million and a payroll of some 6, 500 in its factories in Paris (3), Bezons, Villarceaux; Montargis, Loiret; Pontarlier, Doubs; Aix-les-Bains, Savoie; Querqueville, Manche etc. which produce telecommunication equipment (wire, cable and radio), telephone and telegraph exchanges, electronic components etc.

** Mr. L.J. Moore Jr., managing director of the "Airconditioning" division of the New York group WESTINGHOUSE ELECTRIC CO, New York (see No 450) and Mr J.P. Littlefield have become directors of the Italian company DELCHI SpA (Milan, factory at Villasante) which the group has taken over through its Swiss subsidiary WESTINGHOUSE ELECTRIC INTERNATIONAL SA, Geneva. With a capital of Lire 1,000 million, Delchi specialises in making equipment for heating, refrigeration, air-cleansing, ventilation and heat exchangers. Signor L. Chieregatti will remain managing director, whilst its foreign sales network will now be considerably extended through use of the American group's international sales facilities and its technical know-how.

One of the Geneva company's most recent moves was the formation in Paris of Cie Westinghouse Electric SA (President Mr. Ralph J. Douglass of Geneva). The Swiss firm heads the group's European interested and thus it already had a Milan branch run by Mr. G.R. Bises (see No 9353)

** The formation in Frankfurt of the sales company SEV MARCHAL DEUTSCHLAND GmbH (see No 438) has resulted in its French founder, L'EQUIPEMENT ELECTRIQUE DES VEHICULES-S.E.V.-MARCHAL, Issy-les-Moulineaux, Hauts-de-Seine, cancelling agreements which it had with Annex-Technik GmbH, Bielefeld, Meir-Vianden GmbH, Munich; Ath-Autoteile Handels GmbH, Brebach, and Friedrich Wünschmann oHG, Berlin. The Frankfurt subsidiary, whose managers are MM. Herve Dufresnes, Jean-Pierre Marchal, Claude Amblard and Jean Lemarie, will now have sole responsibility for electrical and electronic equipment for vehicles made in France by its parent company as well as by SEV-Motorola SA, Issy-les-Moulineaux (a 66-33 subsidiary of the parent company and of the American group Motorola Inc, Franklin Park, Illinois), and Scamea SA, Asnieres, Hauts-de-Seine.

** The West German firm ELEKTROTEILE GmbH, Oberuhldingen (electro-magnets and transformers) has formed an 80% Paris subsidiary, E.T.O.-FRANCE Sarl (capital F.50,000) with M. Rene Schoch as manager, controlling the remainder of the capital.

Headed by Herr Hermann Lahr, the founder since 1967 has been the licensee of the British company EXPERT INDUSTRIAL CONTROLS LTD, Ashby-de-la-Zouche, Leicestershire (see No 407) for the manufacture of A.C. magnets. Expert Industrial is a member of the Glasgow group William Baird & Co. Ltd.

** The Milan group CARLO GAVAZZI SPA (factory at Marcallo for control and measuring equipment - see No 336) has signed an agreement with the American RAMSEY ENGINEERING CO, St. Paul, Minnesota with the aim of making components and measuring systems in Europe. A 55% subsidiary of the Minnesota firm, RAMSEY SpA (authorised capital Lire 125 m.) has been based on the Milan group's business with its managing director Signor Riccardo Gavazzi as president.

In 1967, the Italian group (capital Lire 500 m.) linked with the Stockholm group Billman Regulators A/B, and their foreign sales networks were merged.

ENGINEERING & METAL

** The American group TEXTRON INC, Providence, Rhode Island (see No 444) has backed the formation in the Netherlands of FANNER CONTINENTAL NV, Utrecht as a subsidiary to its sub-division CLEVELAND METAL ABRASIVE CO (formerly Cleveland Metal Abrasive Co - acquired in January 1966, through its FANNER CO division (formerly Fanner Mfg Co, acquired in January 1968.

Headed by Mr. L.C. Frank, the new company will pay $1. million for the Utrecht factory of KONINKLIJKE DEMKA STAALFABRIEKEN NV (see No 384), the wholly-owned subsidiary of the Kon. Nederlandsche Hoogovens Staalfabrieken NV group, Ijmuiden (see No 444) and with some 20 workers on its payroll will begin production of metal abrasives for use in the steel, engineering and shipbuilding industries. 90% of its initial production will be marketed in Europe by the Rotterdam firm Van Kranenburg NV, which specialises in abrasives used in blast-cleaning.

** CONSTRUCTIONS METALLIQUES DE PROVENCE-C.M.P., Levallois, Hauts-de-Seine has formed a London engineering subsidiary, CONSTRUCTIONS METALLIQUES DE PROVENCE (U.K.) LTD., with a capital of £10, 000.

C.M.P. (capital F. 20 m.and a turnover of some F.165 m. in 1967) produces in its three factories (at Dunkirk, Arles and Sedan) complete processing units for the petroleum, petrochemical, paper and nuclear industries. The company has a licence from Chicago Bridge & Iron for the construction of floating roofs for tanks, and from Black Sivalls & Bryson (France) for the construction of high capacity equipment (gas separators) for oil fields. It has co-operated with a large number of foreign firms in its work in Africa and in Europe, and in particular with Jos Boel & Fils, Tamise in Belgium and with Duro-Felguera SA of Madrid, in Spain.

** The Brussels mechanical and petroleum engineering concern DRESSER EUROPE SA, Belgian subsidiary of the American engineering group, DRESSER INDUSTRIES INC. of Dallas, Texas, (see No 452) has opened a Paris branch under M. Jacques Vincentè-Genod.

The company has made three such moves since October 1967, first in London (see No 434), next in Milan (see No 438) and lastly, and quite recently, at Celle in West Germany. (see No 452.

** The Canadian company AUTOMATIONS INTERNATIONAL LTD, Quebec, which is known for its automation equipment, has wound up the subsidiary it formed, in Düsseldorf in March, 1963, AUTOMATIONS INTERNATIONAL, GERMANY AUTOMATENVERTRIEBS GmbH, (capital Dm. 100, 000).

The Quebec company is still well represented in the Common Market with the following subsidiaries: Automations International N.V., Antwerp; Automations International Handelscompagnie, Amsterdam, formed in June, 1962 with Fl. 25, 000 capital, and Automations International France Sarl, Neuilly Hauts-de-Seine, formed in October, 1963 with F. 10, 000 capital.

** The German truck, trailer and civil engineering vehicles builder KARL KAESSBOHRER FAHRZEUGWERKE GmbH, Ulm, Donau, has formed a manufacturing and sales subsidiary in Austria, KAESSBOHRER-AUSTRIA FAHRZEUGWERKE GmbH, Salzburg, with Sch. 6 million capital and Herr Franz Bollinger of Ulm as manager.

The parent company is owned by Herrens Karl and Otto Kässbohrer, has Dm. 10 million capital and employs some 3,300 people in its workshops at Ulm, Dortmund, Hamburg, Frankfurt and Berlin. Since March, 1966 it has had a wholly-owned subsidiary in Paris, Kässbohrer - France Sarl (see No 350).

** The Italian engineering consultancy POLYTECNA SPA, Milan, has joined 50-50 with the American engineering group R. HARRIS INC. New York, in forming POLYTECNA HARRIS SPA, (authorised capital Lire 40 m.) in Milan with Mr. J.M. Fischer as president and Sig. Alfredo Manfredini as managing director.

The American group, which specialises in water engineering, harbour works, mechanical, chemical and nuclear engineering, is also established in the Benelux countries with subsidiaries in the Hague and at Ixelles in Belgium.

** The German heavy engineering and metal group KLOECKNER & CO. KG, (see No 448) has extended its mining interests by gaining control of SOUTH WEST AFRICAN LITHIUM MINES PTY LTD. at Windhoek in South West Africa, which exploits two open-cast mines in the Karibib area.

The group recently showed its interest in mine prospection and exploitation, mainly for rare metals, by backing the formation in Frankfurt of Uran GmbH & Co. KG (see No 444).

** The German leather and hide processing machinery manufacturer FORTUNA-WERKE MASCHINENFABRIK AG, Stuttgart-Bad Camstatt, has formed a subsidiary in the United Kingdom, LEATHER MACHINE CO. LTD, Chingford, Essex. The new company has £10,000 capital and its directors are Mr. W.D. Overton and three representatives of the parent company, notably MM. T. Lilienfein and U. Abel.

** The London company, COPPERAD HOLDINGS LTD. (see No 430) has formed a subsidiary in Amsterdam, COPPERAD NV, in a token association with the Dutch company, NV METRICON of Amsterdam. With an authorised capital of Fl. 500,000, the new venture has acquired the air-conditioning assets of the former Copperad-Pilastro NV, Zwanenberg, the 75% subsidiary of the British holding company. Copperad-Pilastro (see No 450) was recently split up and the Pilastro furniture side of the company has been sold off to Pilastro NV, which has passed under the control of NV de Cirkel, Zwanenberg.

The London company heads in Britain the air-conditioning undertakings (ventilation, air-conditioning and heating), Copperad Ltd., with its factories at Colnbrook, Slough and Wolverton, Bedfordshire; Copperad Export Ltd., Copperad Research & Development Ltd. and Copperad Warehouse & Transport Ltd., which together employ some 800 workers. Abroad, Metricon has a majority interest in the Belgian, Algemeen Administratie & Verkoopkantoor (A.A.V) NV of Ghent, which it formed in April 1964 with a capital of Bf. 420,000 in association with local interests.

** The German printing machinery concern D. STEMPEL AG, Frankfurt (see No 353) has increased its controlling interest in the Austrian BERTHOLD & STEMPEL GmbH, Vienna, raising this from 51 to 61%

The Frankfurt concern (1967 turnover Dm 19 m.) is itself a 54.2% subsidiary of MERGENTHALER SETZMASCHINENFABRIK GmbH, Frankfurt, which belongs 65% to the Brooklyn, New Jersey group ELTRA CORP (see No 435).

** The German DUERKOPP-NAEHMASCHINEN GmbH, Bielefeld, has made a subsidiary of the branch it formed in Vienna two years ago (see No 360), and given this the name of DUERKOPP-NAEHMASCHINEN GmbH (capital Sch 1 m.; manager Karl Clausnitzer).

The Bielefeld concern distributes domestic sewing machines, and is a member of the engineering (especially ball-bearings) group F.A.G. - KUGELFISCHER GEORG SCHAEFER & CO, Schweinfurt, itself well established abroad (see No 420).

** The Dutch group NV PHILIP'S GLOEILAMPENFABRIEKEN, Eindhoven (see No 455), has linked its subsidiary DELPHI-ALLGEMEINE DEUTSCHE PHILIPS INDUSTRIE GmbH, Hamburg (see No 448) - the pivot of its interest in West Germany - with licensing agreements covering the manufacture of a hot gas motor based on the "Stirling" principle, which it has developed. The licensing agreement is with the heavy engineering firm M.A.N. - MASCHINENFABRIK AUGSBURG NUERNBERG AG, Augsburg (a member of the HANIEL group - see No 453), as well as with the Mannheim firm M.W.M. - MOTOREN-WERKE MANNHEIM AG VORM. BENZ ABT. STATIONAERER MOTORENBAU (a subsidiary of the Munich company Knorr-Bremse KG - see No 452).

** The Dutch manufacturer of civil engineering equipment, MACHINEFABRIEK "WERKLUST" NV, Apeldoorn, has appointed the West German concern AHLMANN-CARLS-HUETTE KG, Rendsburg (see No 434), as its distributor for its front-loading equipment. It already controls a sales subsidiary in Bonn, INDUSTRIEMASCHINEN-VERTRIEB "WERKLUST" GmbH, which will continue to operate as a central maintenance branch and a storage depot.

The Rendsburg company, which is owned by the Ahlmann family, has over 2,000 people engaged in its manufacturing activities. These include the manufacture of baths, taps, sanitary equipment, boilers, cast iron radiators and levelling equipment.

FINANCE

** The Amsterdam leasing concern LEASECO NEDERLAND NV has raised its authorised capital from Fl 3.6 millionto Fl 10 million and at the same time its issued capital has gone up from Fl 900,000 to Fl 3 million. As a result, the Amsterdam merchant bank LABOUCHERE & CO NV (see No 281) has increased its shareholding from 49 to around 66.6% whilst that of the American group LEASEWAY TRANSPORTATION CORP., Cleveland, Ohio (see No 437) - held by its Swiss subsidiary LEASEWAY INTERCONTINENTAL LEASECO AG, Zug - has fallen from 51% to around 33.3%

The Cleveland group, through its Zug subsidiary, also holds a 10% interest in the French capital goods and equipment leasing firm Vendome-Equipment-Leaseco SA, Paris, which recently took over its road transport equipment leasing subsidiary Vendome Equipment-Transeco-V.E.Transeco SA, Paris. One of the Amsterdam banks most recent moves was the formation of the financial consultancy Adviesbureau Voor Vermogensvorming NV, Amsterdam (capital Fl 100,000) in which a token shareholding is held by NV Industrieele Trust - & Handelmij., Amsterdam.

** The FIRST NATIONAL CITY BANK, New York (see No 431) has decided to enlarge its West German interests with the opening of two new branches, in Düsseldorf and Munich. At present it has branches in Frankfurt, Hamburg and Berlin.

** LAZARD FRERES & CIE S.C.S., Paris (see No 451), LAZARD BROTHERS & CO. LTD. of London and LAZARD FRERES & CO. of New York, three banks all originating from New Orleans in 1847, have decided to tighten their links by forming a joint subsidiary in Paris, with each partner holding $33\frac{1}{3}$% of the equity. The new venture will have the task of mobilising the companies' resources on the international capital market and to represent them in all joint operations.

The new company, LAZARD SA (initial capital F.500,000) has M. Claudio Segre, associate director of French Lazard as President. The British and American companies are represented on the board by Messrs. Fred Zollinger and S. de Jongh Osborne respectively.

** THE ROYAL BANK OF CANADA LTD, Montreal, is about to take a 25% interest in a bank belonging to the EMPAIN group, namely the BANQUE BELGE POUR L'INDUSTRIE SA; the reserves of the latter will be increased to Bf.239 million and the capital to Bf.188 million. The company is at present controlled by two portfolio companies within the group, Electrorail SA of Brussels (28.8%) and Ste Parisienne d'Etudes & de Participations SA, Paris (20%)

The Montreal bank (114 branches abroad) has been established in Paris and London for a long time now - it has two wholly-owned subsidiaries there, the Royal Bank of Canada (France) SA and the Royal Bank of Canada Trust Corp. Ltd. (which in particular controls Roy Trust Nominees Ltd.) Amongst its recent moves in overseas finance has been the taking of a minority interest in Libya in the Banque des Activités Economiques in Beirut and the formation of a subsidiary in Brazil, Banco Real do Canada SA, which has the task of taking over the activities of its four agencies in the country.

** Mr. Yannic P. Mercier, New York partner of the brokers EASTMAN DILLON, UNION SECURITIES & CO. INC. has been appointed director of this company's newly opened Paris branch.

** CREGELUX-CREDIT GENERAL DU LUXEMBOURG (see No 406) - a member of the STE GENERALE DE BELGIQUE SA group through BANQUE GENERALE DU LUXEMBOURG SA - has been responsible for the formation of the holding company TRIAD FUND INVESTMENT FUND SA, Luxembourg (authorised capital of $ 150,000 immediately increased to $2 million).

Directors of the new company are Messrs Aduan Khashoggi and Adil Khashoggi, respectively directors of the Saudia Arabian companies Triad Investment Corp. and Triad Corp. of Saudi Arabia, Messrs Essam Khashoggi and S. Deif, directors of the Lebanese company Triad Investment Corp., Beirut and F. Traboulsi, director of Triad Corp., Beirut.

Cregelux has also formed a subsidiary called TRIAD INVESTMENT FUND HOLDING CO. SA (authorised capital $ 2,000) which under M.Andre Elvinger will be at least 90% self controlling.

FOOD AND DRINK

** Directed by M. Louis Ceuppens, the Belgian cheese concern JACKY Sprl of Groot Bijgaarden, Brabant has set up a 50% manufacturing and sales subsidiary in Madrid called JACKY ESPANOLA SA, Alcobendas, with an initial capital of Pts. 10 million.

** Two leading dairy co-operatives in Artois and Flanders, the LAITERIE D'HAZEBROUCK and the PROSPERITE FERMIERE, Arras have decided to merge. The new concern will be "LA PROSPERITE FERMIERE", CO-OPERATIVE LAITIERE D'ARTOIS & DES FLANDRES and backed by some 13,000 producers will process over 200,000 gallons of milk a day.

It has four production plants: Arras (pasteurised butter), Hazebrouck (sterilised milk and semi-hard cheeses), Saint-Pol-sur-Ternoise (powdered milk and food for calves) and Vieil-Moutier (pasteurised milk, fresh cheese, yoghurts and milk jellies).

** The milk co-operative, CO-OPERATIEVE VERENIGING TOT HET VERWERKEN & VERHANDELEN VAN MELK "CO-OPERATIVE MELK-CENTRALE" G.A.(C.M.C.) of The Hague (see No 450) has linked in Rotterdam with CO-OPERATIEVE VERBRUIKSVERENIGING U.A. "CO-OP VOORUITGANG", the holding company EMCEE DELTA NV (capital Fl. 500,000) and the director of the latter, Mr. A. van Hilteen (who is also the president of the Stitchting Delta Foundation) in order to form the portfolio company, CENTRALE MELK MIJ. NV. With an authorised capital of Fl. 50 million and directed by Messrs van Blarcum, van der Linden and J. de Jong, this company has a holding in NV MELKINRICHING "De Combinatie", of Rotterdam, which was contributed by Stichting Delta, C.M.C. and Emcee Delta and another in Melkinrichting Vooruitgang NV, Rotterdam, contributed by Co-op Vooruitgang.

It was this latter company which recently set up Melkinriching Vooruitgang (capital Fl. 500,000) by making over to it the "Adfeling Melkingrichting" department of its Co-op Vooruitgang and by placing it under the direction of Mr. J.de Jong, one of the directors of the new Centrale Melk.

** The RUDOLF A. OETKER group of Hamburg (see No 451) has increased its interests in the food sector by taking a 10% interest in RUDOLF HUSSEL AG SUSSWAREN, Hagen (see No 447)

This company (1967 turnover Dm. 73 m.), which supervises the activities of more than 300 confectionery shops, remains under the control of Herr Herbert Eklöl (50% of the share capital), whilst I.H.B. Investitions - & Handelsbank AG, Frankfurt (recently taken over by the Braunschweigische Staatsbank, Brunswick - see No 452) retains a 25% holding. The company has a wholly-owned subsidiary in Switzerland, Intercandy AG. Zurich.

** The Italian sugar group ERIDANIA-ZUCCHERIFICI NAZIONALI SpA, Genoa (see No 453) is to carry out a further simplification of its structure (see No 408) by absorbing three of its affiliates: 1) DECA-DISTILLERIE & COMMERCIO ALCOLI SpA, Milan; 2) the investment company IGREL-ISTITUTO GESTIONI RICUPERI & LIQUIDAZIONI SpA, Genoa and 3) the property company CLAUDIO SpA. DECA was formerly the spirit and wine concern S.I.S. - Sta Italiana Spiriti SpA, Rome and Asti which took over the former Distillerie Italiana SpA - the first to bear the name was absorbed in 1967.

Eridania (capital recently raised to Lire 40,000 m.) belongs to the Genoa group Industrie Agricole Ligure Lombarda SpA, and it has interest in the French company C.E.I.S. - Cie Europeene de l'Industrie Sucriere (capital recently raised to F. 200,000 - see No 451). In Genoa it is also linked with a subsidiary of the Belgian group, Raffinerie Tirlemontoise SA in Ste Sucriere d'Etudes & de Conseils Italienne SpA formed in 1967 with a capital of Lire 50 million.

** The American publishing concern RODALE INTERNATIONAL INC, Emmans, Pennsylvania, has formed a second wholly-owned Paris subsidiary called RODALE FRANCE Sarl (capital F20,000) on the premises of its first wholly-owned subsidiary RODALE PRESSE Sarl (capital F20,000 - see No 452).

The manager of both subsidiaries is Mlle N. Yvelin de Beville, and the new concern will carry out all manufacturing and sales operations connected with dietary foods, whilst its sister company is responsible for publishing and distributing health books and periodicals, as well as with the sale of its founder's works.

** An agreement covering the West German market has been signed between GILBEYS LTD, London (part of the IDV - INTERNATIONAL DISTILLERS & VINTERS LTD group - see No 384) and FRANCESCO CINZANO & CIA GmbH, Frankfurt which will result in the latter making and distributing "Gilbey's Gin".

Last year the British company sold around 70,000 gallons of gin to West Germany and is the second-ranking firm for gin sales. Since 1966 it has been linked by a bottling agreement with the Italian group Francesco Cinzano & Co SpA, Turin. The latter recently made over the European assets of its Canadian holding company Cinzano Ltd, Montreal - including control of the Frankfurt firm - to its Luxembourg holding company Cinzano International SA (see No 444).

** The negociations recently reported (see No 454) in West Germany between the Canadian group DISTILLERS CORP. - SEAGRAMS LTD, Montreal and the Kiel spirit and fruit juice concern FRITZ LEHMENT GMBH & CO KG have resulted in the Montreal group taking a minority shareholding in the German firm through its subsidiary CENTENARY DISTILLERS LTD. The Kiel concern will change its name to FRITZ LEHMENT GmbH (capital Dm 10 million) and will remain under the control of Herren Friedrich and Joachim Lehment; in 1967 it had Dm 60 million turnover from its "Schwarzer Kater" and "Polar Rum" brands. As part of the move, Lehment will distribute various "Seagram" products.

INSURANCE

** The London insurance company PEARL ASSURANCE CO LTD has opened a Brussels branch bearing the name of STE IMMOBILIERE & HYPOTHECAIRE AFRICAINE SA.

Until now its interests in Continental Europe were represented by a Portuguese subsidiary Cia de Seguros. Elsewhere it has interests in the United States, Australia and Kenya.

** The recently agreed merger of two Amsterdam insurance companies, AMSTLEVEN-AMSTERDAMSCHE MIJ. VAN LEVENSVERZEKERING NV and HOLLANDASCHE SOCIETEIT VAN LEVENSVERZEKERINGEN NV has resulted in the formation of the holding company DELTA VERZEKERINGSGROEP NV, whose capital of Fl 50 million (20% issued) is shared equally by its founders. The directors are Messrs Smitt and Barth of Hollandasche and London and Koo of Amstleven.

OIL, GAS & PETROCHEMICALS

** Through its subsidiary CHEVRON OIL EUROPE INC, New York, the STANDARD OIL CO OF CALIFORNIA, San Francisco, (see No 448) has agreed to link with the Utrecht transport and fuel group S.H.V. - STEENKOLEN-HANDELSVEREENIGING NV, (see No 454). This will result in the formation of a joint subsidiary in which the Dutch partner will have a shareholding of at least 50%. Operational by 1970, it will distribute heavy and light oils in the Benelux countries through the sales networks of the "PAM" subsidiary of SHV and Chevron. Furthermore PAM BENZINE EXPLOITATIE MIJ NV which controls the "Pam" chain of service stations will be supplied with petroleum products by the American group.

The latter already has a number of Benelux interests; Chevron Petroleum Mij. (Nederland) NV, Chevron Centrale Laboratoria NV, (both in the Hague), Chevron Petroleum CO SA, Luxembourg and Chevron Petroleum Co NV, Brussels.

In the Benelux countries SHV's "Pam" subsidiaries include Pam Belgium SA, Brussels; Pam-Olieservice's - Gravenhage NV, The Hague, Pam-Eemland NV, Soest and Pam Zuid-Limburg NV, Maastricht.

** The German petroleum distribition company TH. WEISSER KG. Hamburg has backed the formation in Zurich of the transit company, TRANSCONTAL GmbH (capital Sf. 100, 000); the directors of this company are Messrs. Paul Lehner, Hermann Metzger and Joachim Schreiber. Weisser's direct holding in the new company stands at 48%, the balance being held by Petrotrade AG, Zurich with 4% and by Mr. Moustaha Mahfouz of Cairo with 48%.

Linked by distribution agreements in West Germany and Benelux with the Kuwait National Petroleum Co. (see No 410) the parent company has a number of other subsidiaries, including those that bear the name of Mabanaft in Belgium, Italy, the Netherlands, Great Britain, Switzerland and the United States, as well as in Morocco (Transcontal SA), in Congo-Kinshasa (Concordia Scrl, San Congo Scrl, Intercaf Scrl)etc.

** The Milan group MONTECATINI-EDISON SpA has rationalised its interests in the petroleum industry by taking over two of its wholly-owned Milan subsidiaries specialising in hydrocarbon exploration: AMI ITALIA SpA and PETROLIFERO CENTRO SpA.

The first of these was formerly called Chietti SpA, Milan and it recently took over the assets of Ausonia Mineraria Ami SpA (see No 390) in the gas and oil exploration and exploitation sector. At the same time its capital was raised to Lire 450 million.

** An underground hydrocarbon concern similar to Geostock-Ste Francaise de Stockage Geologique Sarl, Courbevoie, Hauts-de-Seine (see No 368) has been formed in West Germany called NORD-WEST KAVERNEN GmbH, Wilhemshaven. This will use around ten underground workings with a total capacity of 200, 000 cubic metres in the salt mines near Wilhemshaven.

The founders of the new company are linked within the petroleum transport and storage concern NORD-WEST OELLEITUNG GmbH, Wilhemshaven (see No 367). They are ESSO AG, BP BENZIN & PETROLEUM AG (both in Hamburg), SCHOLVEN-CHEMIE AG, Gelsenkirchen-Buer, UNION RHEINISCHE BRAUNKOHLEN KRAFTSTOFF AG, Wesseling, Cologne and FINA RAFFINERIE AG, Duisburg.

OPTICAL & PHOTOGRAPHIC

** HIGHGATE OPTICAL & INDUSTRIAL CO. LTD., London (formerly Highgate Optical Manufacturing Co. Ltd.) 75% of the shares of which are held by its directors, Messrs. M. & H.R. Martin and F. Stauss - the well-known import and distribution concern for optical and electrical goods, has increased its interests in France by opening a direct branch in Paris at the headquarters of its subsidiary MIREN & CIE SA (capital F. 250, 000). This subsidiary was formed in May 1963 to import optical goods from the United Kingdom, West Germany and Japan and to distribute them on the French market.

In the United Kingdom, the parent company markets such items as hearing aids manufactured by the Berlin and Munich group, Siemens AG, as well as transistor radios, gramaphones and video tape recorders made by Loewe Opta GmbH, Berlin (with subsidiaries in Kronach and Düsseldorf), which is administered by the holding company, Internationale Industrieverwaltungs AG, Berlin (formerly Loewe Opta AG). The company also distributes under its own brand names, "Tormat" cameras, "Regent" and "Simor" binoculars, "Kilfitt" lenses and photographic equipment and "Highgate Acoustics" radio equipment.

PAPER AND PACKAGING

** The AMERICAN CAN CO. group of New York (see No 438) has taken a majority interest in the Netherlands company, SCHIECARTON NV (formerly Schiedamsche Cartonnagefabriek NV) of Schiedam. With a payroll of some 450, the company produces folding wrapping materials for display purposes and for the pharmaceutical, tobacco and confectionery industries; the company exports some 15% of its output, mostly to West Germany, Belgium, Luxembourg and Great Britain.

The interests of the American group in the Netherlands already included:

1) A 50% interest (through its wholly-owned subsidiary M. & T. Chemicals Inc.) in Billiton - M.T. Chemische Industrie NV, formed in 1963 in The Hague in association for the balance with Billiton Mij., The Hague (see No 450;)

2) A wholly-owned subsidiary (through M. & T. Chemicals): M. & T. Metallic NV; and

3) the 66.6% control of Tuboplast France SA, a joint subsidiary with Produits Chimiques Pechiney-Saint-Gobain SA, Paris.

** Two firms in the Italian paper industry are to merge. CARTIERA DI CARBONERA SpA, Carbonera, Treviso is to raise its capital to Lire 253.53 million at the same time as it takes over CARTIERE VENERANDO Sas DI. G. MURANI & CO.

PHARMACEUTICALS

** MM. G. de Baeker and van den Kerchove have sold their 50% interest in the Belgian company PHARMA-UNION SA, Deotelbergen-lez-Gand (see No 394) to the British group I.C.I. - IMPERIAL CHEMICAL INDUSTRIES ~~LTD~~, London which now has complete control.

Since 1955 ICI's pharmaceuticals interests have been represented by Pharma-Union in which it took a 50% shareholding during 1964. This packs a number of pharmaceutical products made by the group's Dutch subsidiary, I.C.I. (Holland) NV, Rotterdam, whilst I.C.I. (Belgium) SA, Brussels distributes in Belgium the chemical products, plastic materials, colourants and synthetic fibres made by the group.

PLASTICS

** Specialists in cellulose and plastic films (polypropylene), BRITISH SIDAC LTD. of St. Helens, Lancashire, control of which is shared by STE FINANCIERE DE LA CELLULOSE SA, Luxembourg (part of the U.C.B. Group-Union Chimique SA, Brussels) and MARDON INTERNATIONAL LTD. of London (part of Imperial Tobacco Ltd.), 39.6 and 37.8% respectively, has made an association agreement with I.C.I. - IMPERIAL CHEMICAL INDUSTRIES LTD. for the manufacture of polypropylene film for packaging. It is I.C.I. which has 51% control of Sidex Ltd., which was recently formed to run a new £3 million factory due to be operational in 1971.

I.C.I. which produces its polypropylene film, "Propafilm" in Dumfries, has had a licensing agreement with British Sidac since 1965. British Sidac's main products are cellulose films, distributed by its subsidiary, British Rayophane (Overseas) Ltd.

** The Milan rubber group PIRELLI SpA (see No 454) has sold its 70% controlling interest in the Monza plastics processing concern PIRELLI PLAST SpA (capital Lire 450 m. - see No 323) to the MONTECATINI-EDISON SpA group, also of Milan. This was already a 10% shareholder in the company, with the remainder held by the American group Union Carbide Co, whose name has been changed to PLASTECNICA.

In the same sector, Pirelli has made over its factory at S. Damiano di Nrugherio, Milan to Esercizi Plastici Italiani SpA, Milan (formerly Energia Petrolio d'Italia SpA, Rome - capital raised to Lire 451 million).

PRINTING & PUBLISHING

** The Amsterdam publishers V.N.U. - VERENIGDE NEDERLANDSE UITGEVERS BEDRIJVEN NV - which is headed by the holding company NV VERENIGDE BEZIT VAN AANDELEN VER.NED. UITGEVERSBEDRIJVEN NV (see No 450) - has decided to take over NEDERLANDSCHE ROTOGRAVURE MIJ NV with which it already has cooperation agreements. The latter has some 850 persons on its payroll and produces magazines such as "Televizier", "Evo", "TV-2000", "Barend de Beer", "Sportspiegel" (25% of its work) as well as printing calendars, reporductions etc.

V.N.U. (5,500 employees) has an annual turnover of around Fl 260 million and in the Netherlands controls some half-dozen companies. It produces the periodicals "Margriet", "Libelle", "Revue", "Aveneu" and "Pep".

** Recently formed (see No 449) by the reorganisation of the Dutch publishing book and periodical import-export an newspaper despatch group MEULENHOFF & CO NV, Amsterdam, MEULENHOFF INTERNATIONAL NV, Amsterdam is controlled on an equal basis by the former and by three other firms in the sector. These are NV DRUKKERIJ BOSCH, Utrecht, L.T.L. DRUKKERIJEN NV, Amsterdam (see No 390) and NV TRUSTMIJ.ROKIN (see No 272). With an authorised capital of Fl 1 million and under Mr. D.W. Bloemena of Amsterdam, it is a sister-company to

Meulenhoff-Bruna NV (capital Fl 1.5m)- in which Bruna NV, Utrecht holds a token shareholding, also formed as a result of the recent move. Other partners in the group are EDUCATIEVE UITGEVERIJ J.M. MEULENHOFF NV, ALGEMENE UITGEVERIJ MEULENHOFF NEDERLAND NV and COBOEKING NV, all from Amsterdam.

Drukkerij Bosch has controlled NV Utrechtse Drukkerij Nout & Co since December 1967. For its part L.T.L. Drukkerijn is a holding company whose formation in April 1966 was the result of the merger of the printing firms Jan de Lange NV, Deventer, L. Van Veer & Co NV, Amsterdam and H. Tulp NV, Zwolle. Trustmij. Rokin was one of the founders in Amsterdam of Europaclub voor Boeken & Grammofoonplaten NV, a 65% subsidiary of the West Germany publishing group C. Bertelsmann Verlag, Gütersloh along with several other Dutch firms in the same sector including Meulenhoff & Co.

** The printing and publishing concern GARROD & LOFTHOUSE LTD, London, is at present negociating the acquisition of a 50% share in the Amsterdam company, NV DRUKKERIJ DICO.

The British group, which is Europe's biggest producer of record sleeves, has for a long time had interests in the French company, L'IMPRIMERIE DU NORD. In July 1967, G.&.L bought from Thomson Printers Ltd. of London (a 60/40 subsidiary of The British Printing Corp. Ltd. and the Thomson Organisation Ltd.) the Stockport companies, Galleon Printers Ltd. and Kayebon Press Ltd.

TEXTILES

** Through its subsidiary OJA-MODEN GmbH, the West German textile group WILH. BLEYLE KG (both are in Stuttgart) has strengthened its Austrian interests by taking over the manufacturing and sales activities of the Vienna firm E.G. SELZERS ERZEUGUNG VON SPORTBEKLEIDUN GmbH (formerly EXI MODELLBEKLEIDUNG AG). The latter acquired its present name in January 1968 when its American backer, Mr. Whitestag decided to withdraw. It specialises in making anoraks and ski trousers. Since May 1964 it has controlled a West German subsidiary, Exi Modellbekleidung GmbH, Munich (capital Dm 20, 000).

Bleyle has had a subsidiary in Vienna, Bleye GmbH (capital Sch 100, 000) since September 1965 (see No 332). Altogether the group has more than 4, 000 persons on its payroll and an annual turnover exceeding Dm 100 million. Other foreign subsidiaries include Ste Bleyle France Sarl, Paris, Wilh. Bleyle Srl, Milan and Bleyle Verwaltungs GmbH, Chur, Grisons, Switzerland.

** HUGO KLOETER & CO KG, Säckingen, the West German manufacturer of angora wool clothes for medical purposes has formed an Austrian subsidiary called ANGORANA GmbH, Salzburg (capital Sch 300, 000). In December 1962 it carried out a similar move in Switzerland with the formation of ANGORANA GmbH, Stein (capital Sf 20, 000).

** Three firms in the Italian textile industry have merged. GUIA Spa, Fonte, Treviso has changed its name to UNI-MAC Spa and raised its capital to Lire 550 million following the takeover of GUIDO RUGGERI Srl (capital Lire 350 million) and TESSITURA DI VIMODRONE Spa, Vimodrone, Milan.

** One of the biggest wool groups in Italy, MANIFATTURA LANE G. MARZOTTO FIGLI SpA, Valdagno, Vicenza (see No 446) has extended its network of subsidiaries by forming a new company at Caldagno, INTERTEX SpA (authorised capital Lire 500 m.). The company's sole director is. Carlo Riedo, who also directs two other making up subsidiaries, Intersmar SpA and Marattes SpA, which were formed under similar conditions and with the same capital.

** The wholly-owned subsidiary of the American group, BURLINGTON INDUSTRIES INC., Greensboro New Jersey, formed recently in Switzerland under the name of STOFFEL AG, St-Gall (see No 445), has proceeded with a rationalisation of its interests in France. This has taken the form of a take-over of Ets. Stoffel France Sarl Paris by its subsidiary, Stoffels Mouchoirs Sarl, Paris, the capital of which was increased as a result to F.500,000.

The other interests of the Swiss company in Europe include Stoffels-Taschentuch GmbH, Langenau, West Germany, Stoffels-Taschentuch GmbH, Lauterach, Austria, Stoffels-Taschentuch AG, St-Gall, Switzerland and in the United States, Stoffel & Co. Ltd.

** BEGY - STE EUROPEENNE DE BAS SANS COUTURE SA, Autun, Saone & Loire (seamless stockings and tights) has formed a West German sales subsidiary, BEGY GESELLSCHAFT FUER NAHTLOSE STRUEMPFE DEUTSCHLAND GmbH, Oberhausen, Rhineland with Dm 20,000 capital and Herr Bernard Giberstein as manager (its own president).

Begy has F. 19.67 million capital and is an affiliate of Rhodiaceta SA, of the Rhone-Poulenc group (see this issue), employing some 2,600 people in its factories at Autun, Bourban-Lancy, Epinac-les-Mines and Louhans, Seine-et-Loire; Chateau-Chinon, Nievre; Nantes and Saint-Nazaire, Loire Atlantique. It has a factory at Timbo in Sweden and a manufacturing subsidiary in Israel, Gibor Ltd of Kiryat Shmonehr (see No 422), in 74-26 association with the local concern Sabrina Ltd, of the Clal Investment Ltd group.

** Recently formed in the Netherlands (see No 448) under the aegis of the British textile company, EASIFIT COVERS CO. LTD., Oldham, Lancashire - a member of the Manchester textiles group, THE CALICO PRINTERS ASSOCIATION LTD. - EASIFIT COVERS (HOLLAND) NV of Almelo has a capital of Fl.250,000, of which 75% (Fl. 50,000) was subscribed by the Oldham company, Medlock Manufacturing Co. Ltd. (a sister company of Easifit Covers). The rest of the paid-up capital was subscribed in association with Universele Textielhandelsmij. NV (Almelo). The new company, which is directed by Mr. Alexander Cook of Oldham is to start out as a direct sale and mail order business (in co-operation with two German mail order companies) for car seat and furnishing covers. The company will later turn to finishing the covers put out by its parent.

The Calico Printers Association recently passed under the control of another British textile company, ENGLISH SEWING COTTON CO. LTD., Manchester (see No 420), itself an affiliate (12.5%) to each of the two British chemical concerns, I.C.I. - Imperial Chemical Industries - and Courtaulds Ltd.

** ELISAS TEXTIEL INDUSTRIES NV, Eindhoven (a member of the textiles group KON. NED. TEXTIEL-UNIE NV, Endschede - see No 397) has agreed to take over the assets of another firm in the same sector NV WEVERIJEN G. KERSSEMAKERS & ZONEN, Boxtel and Eindhoven. This has some 150 workers engaged in making high-quality cotton and canvas goods for use by households and hotel ("Kersolin").

Textiel-Unie recently merged two of its subsidiaries when D.J.Ten Hoopen & Zoon NV, Haaksbergen took over NV Kon. Oldenzaalsche Stoomweverij. v/h J.H. Molkenboer Jr., Oldenzaal. Its latest developments within the Netherlands include the formation in Enschede of a wholly-owned subsidiary called K.N.T.U. - Spinners NV (capital Fl 100,000) to process and sell thread and other textile products.

** The American underclothes, lingerie, scoks and stockings firm, HANES CORP., Winston-Salem, North Carolina (see No 423) and the Dutch lingerie and stocking company, KOUSENFABRIEK HIN NV, Haarlem have made concrete their collaboration plans by forming a 50-50 subsidiary in Haarlem, NV INTERNATIONALE HANDELMIJ. HANES-HIN INTERNATIONAL. With an authorised capital of Fl 500,000 (of which 20% is paid up) and under the direction of Mr. J. Jaspers, this company is to manufacture and sell stockings and textile products as well as distribute goods made by its two parent companies.

** Under a recent agreement, the Dutch chemical and textiles group A.K.U.-ALGEMENE KUNSTZIJDE UNIE NV, Arnhem (see No 449), will make available to the Czech state concern SLOVENSKY HODVAB NV, its know-how and equipment for a polyester fibre factory to be built at Senica. With a capacity of 3,000 tons p.a., this will come into service in 1970. A similar agreement already links the Dutch and Czech firms. This was signed in 1967, and covers the construction of a nylon factory at Humene. With an annual capacity of 6,000 tons, this is due to start operations before the end of 1968.

TRADE

** I.N.E.S.C.O. - INDUSTRIAL EQUIPMENT & SUPPLY CO.SA, Brussels (capital Bf 17 m, - see No 317) a sales promotion company has formed COBEL-TRADING CO FOR BELGIUM SA, Ixelles - Brussels (capital Bf 500,000) with Mr. Kenneth H. Ross as managing director. This will trade in and represent all types of products. The founder is the 50-50 interest of two Brussels companies COFININDUS - Cie Financiere & Industrielle SA (see No 453) and BRUFINA -Ste de Bruxelles Pour L'Industrie & La Finance SA (see No 450).

Mr. Ross is also manager in Paris of the subsidiary Inesco-France Sarl (capital F. 500,000) formed in July 1965.

TRANSPORT

COWARD BROS (EUROPEAN) LTD, Romford, Essex has linked 50-50 with Dutch interests represented by Messrs H. Van Driel and H. Viergever in forming a Rotterdam goods and passenger transport concern called COWARD BROS (EUROPEAN) NV with Fl 50,000 capital (directors, the two Dutch founders and Messrs Henry and Victor Coward of Romford).

VARIOUS

** An agreement has been signed between the West German company GLANZSTOFF AG, Wuppertal (see No 451) and the New York firm LOEWENGART INC covering the launching on the United States market of "Xylee" synthetic leather for use by the shoe industry. To start with this will mean no more than joint sales co-operation, but later on will be developed to covering joint R & D work. When this latter stage is reached, it is intended that another West German firm MAYER & SOHN LEDERFABRIK AG, Offenbach, Mainz, which has recently become the licensee of the Glansztoff should take part (see No 449).

The Wuppertal firm is a member of the Dutch chemical and textile group A.K.U.-Allgemene Kunstzijde Unie NV, Arnhem. It has also formed an Italian sales subsidiary Glansztoff Italia Sarl, Milan (see No 451) during January 1968.

** The German firm FRUEDENBERG KG, Weinheim, Bergstr., which makes leather and plastic materials used in the shoe industry, has backed the formation of a manufacturing and sales subsidiary called FRUEDENBERG-FRANCE SA, Varces-Allieres and Ricet, Isere,(president M. Maurice Bernard, Grenoble).

The founder (share capital Dm 110 m.) has around 11,000 people on its payroll, and its main West German interests include Conrad Tack & Co. GmbH, Offenbach, Main; Gustav Hoffmann GmbH, Kleve, and Fremawerk Martini & Co KG, Augsburg. One of its most recent moves abroad was the formation in London of a subsidiary called Carl Feudenberg & Co (U.K.) Ltd (see No 440)

** The West German photographic and optical equipment mail order firm "DER PHOTO FORST" HANNS PORST KG, Nuremberg, has opened an office in Tokyo to co-ordinate its purchases in the Far East.

Porst heads a group of companies run by Herr Hannsheinz Porst. One of these, EX DATA GmbH, Nuremberg, has a Swiss affiliate, Exdata AG, Chur, Grisons, which was formed in 1963 with a capital of Sf 50,000. Recently the Nuremberg firm sold its Austrian branch in Salzburg to the London group G.U.S. -Great Universal Stores.

** The Dutch camping and sailing gear concern E.K.S., Sliedrecht has formed "ALPEN-KREUZER" GEBR KRAMER GmbH in West Germany with Dm 21,000 capital and Messrs Johan Gerard and Wilhelm Kramer of Sliedrecht as managers.

** The Swiss chemical engineering consultancy JOHANN SELLIN, Monthey, Valais has formed a West German company called I.N.T. - INDUSTRIEG-ESELLSCAFT FUER NEUE TECHNOLOGIEN mbH, Linden with a capital of Dm 50,000 and Herr Johann Sellin as manager.

INDEX OF MAIN COMPANIES NAMED